

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

In re:

GRACEWAY PHARMACEUTICALS, LLC,
et al.,¹

Debtors.

Chapter 11

Case No. 11-13036 (MFW)

Joint Administration Pending

**DEBTORS' APPLICATION FOR AN ORDER PURSUANT TO SECTIONS 327(a) AND
328(a) OF THE BANKRUPTCY CODE AUTHORIZING DEBTORS TO RETAIN AND
EMPLOY ALVAREZ & MARSAL NORTH AMERICA, LLC AS RESTRUCTURING
ADVISORS FOR THE DEBTORS *NUNC PRO TUNC* TO THE PETITION DATE**

("A&M Retention Application")

The above-captioned debtors and debtors-in-possession (collectively, the "**Debtors**") file this application (the "**Application**") for entry of an order (the "**Order**"), in substantially the same form attached hereto as Exhibit A, for authorization to employ and retain Alvarez & Marsal North America, LLC, together with employees of its wholly owned subsidiaries, agents, affiliates that provide professional advisory services (all of which are wholly-owned by Alvarez & Marsal North America, LLC's parent company and employees) and independent contractors (collectively, "**A&M**") to serve as restructuring advisors to the Debtors in these cases *nunc pro tunc* to (the "**Petition Date**") (defined below). In support of this Application, the Debtors respectfully state:²

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); 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).

² The facts and circumstances supporting this Application are set forth in the Declaration of Gregory C. Jones in Support of Chapter 11 Petitions and First Day Motions (the "**First Day Declaration**"), filed on the Petition Date (defined below).

Jurisdiction

1. This Court has jurisdiction over this Application under 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue of this proceeding and this Application in this District is proper under 28 U.S.C. §§ 1408 and 1409.

2. The statutory bases for relief sought herein are Sections 327(a) and 328(a) of title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as amended (the “**Bankruptcy Code**”), Rule 1014(a) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”) and Rule 2014-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (“**Local Rules**”).

Background

3. On the date hereof (the “**Petition Date**”), each of the Debtors filed a petition with this Court under chapter 11 of the Bankruptcy Code (collectively, the “**Chapter 11 Cases**”). The Debtors are operating their businesses and managing their properties as debtors in possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these Chapter 11 Cases, and no official committees have been appointed or designated. Concurrently with the filing of this Application, the Debtors have requested procedural consolidation and joint administration of these Chapter 11 Cases.

4. A description of the Debtors’ businesses, the reasons for commencing these Chapter 11 Cases, and the relief sought from this Court to allow for a smooth transition into chapter 11 (including the facts and circumstances supporting this Application) are set forth in the First Day Declaration.

Relief Requested

5. By this Application, the Debtors request, pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code, Bankruptcy Rule 2014(a) and Local Rule 2014-1, entry of the Proposed Order authorizing them to employ and retain A&M as restructuring advisors on the terms set forth herein and in the engagement letter between Graceway Pharmaceuticals, LLC and A&M, dated March 19, 2010, and amended August 27, 2010 (the “**Engagement Letter**”). A copy of the Engagement Letter is attached hereto as Exhibit B and incorporated by reference herein. In support of the Application the Debtors submit the Declaration of Thomas E. Hill (the “**Hill Declaration**”), attached hereto as Exhibit C.

A&M’s Qualifications

6. The Debtors are familiar with the professional standing and reputation of A&M. The Debtors believe that A&M has a wealth of experience in providing advisory services in restructurings and enjoys an excellent reputation for services it has rendered in large and complex chapter 11 cases on behalf of debtors and creditors throughout the United States. A&M is currently working on a number of large bankruptcy proceedings, including Lehman Brothers Holdings Inc., Tribune Company, Blockbuster Inc. and Washington Mutual, Inc.

7. Thomas E. Hill will be leading this assignment. Mr. Hill is well-suited to provide the restructuring services required by the Debtors. Mr. Hill has an extensive background in providing services to financially distressed businesses and/or chapter 11 debtors in the past. Certain of Mr. Hill’s company-side representations include Tribune Company, USG Corporation, Peter J. Schmitt Co. Inc., Allied Products and Addington Energy Inc. (AEI). Mr. Hill has also had significant creditor-side representations, including Collins & Aikman, United Press International, and True Temper Sports, Inc.

8. Moreover, Mr. Hill and various other A&M employees have devoted substantial amounts of time and effort pre-filing to, among other things, researching options relative to maximizing the enterprise value of the Debtors, advising and assisting the Debtors with respect to ongoing bank negotiations, supporting the financial department in the management of its liquidity resources and assisting the Debtors in their contingency planning efforts. A&M professionals were invaluable to the Debtors throughout this process and have played an instrumental role the Debtors' recent restructuring efforts to date.

Scope of A&M's Services³

9. Among other things, A&M will provide assistance to the Debtors with respect to the management of their chapter 11 process, including support with the administrative efforts of a chapter 11 proceeding, the development of business and financial analyses and support with the negotiations between the Debtors, their advisors and their creditors with respect to the development of the Debtors' exit strategy related to these Chapter 11 Cases.

10. Pursuant to the Engagement Letter, A&M will provide such restructuring support services as A&M and the Debtors shall deem appropriate and feasible to manage and advise the Debtors in the course of the Chapter 11 Cases, if and to the extent needed, including, but not limited to:

- (a) assistance to the Debtors in the preparation of financial related disclosures required by the Court, including the Schedules of Assets and Liabilities, the Statement of Financial Affairs and Monthly Operating Reports;
- (b) assistance to the Debtors with information and analyses required pursuant to the Debtors' Debtor-In-Possession ("**DIP**") financing;
- (c) assistance with the identification and implementation of short-term cash management procedures;

³ To the extent that this Application and the terms of the Engagement Letters are inconsistent, the terms of the Engagement Letter shall control. Capitalized terms used but not defined herein shall have the meanings set forth in the Engagement Letter.

- (d) assistance with the identification of executory contracts and leases and performance of cost/benefit evaluations with respect to the affirmation or rejection of each;
- (e) assistance to the Debtors' management team and counsel focused on the coordination of resources related to ongoing Chapter 11 efforts;
- (f) assistance in the preparation of financial information for distribution to creditors and others, including, but not limited to, cash flow projections and budgets, cash receipts and disbursement analysis, analysis of various asset and liability accounts, and analysis of proposed transactions for which Court approval is sought;
- (g) attendance at meetings and assistance in discussions with potential investors, banks and other secured lenders, any official committee(s) appointed in these Chapter 11 Proceedings, the United States Trustee, other parties in interest and professionals hired by the same, as requested;
- (h) analysis of the creditor claims by type, entity, and individual claim, including assistance with development of databases, as necessary, to track such claims;
- (i) assistance in the preparation of information and analysis necessary for the confirmation of a plan in these Chapter 11 Proceedings, including information contained in the disclosure statement;
- (j) assistance in the negotiation and implementation of any asset purchase agreements, including purchase price allocations or purchase price adjustments;
- (k) assistance, if applicable, in any wind down activities of the Debtors;
- (l) assistance in the evaluation and analysis of avoidance actions, including fraudulent conveyances and preferential transfers; and
- (m) rendering such other general business consulting or such other assistance as Debtors' management or counsel may deem necessary that are consistent with the role of a financial advisor and not duplicative of services provided by other professionals in this proceeding.

A&M's Disinterestedness

11. A&M has informed the Debtors that, except as may be set forth in the Hill Declaration, to the best of A&M's knowledge, A&M (i) has no connection with the Debtors, their creditors, or other parties in interest in this case, (ii) does not hold any interest adverse to the Debtors' estates, and (iii) believes it is a "disinterested person" as defined by Section 101(14) of the Bankruptcy Code. A&M is connected with the Debtors by virtue of this engagement, as

detailed above, and A&M may represent or have represented certain of the Debtors' creditors or other parties in interest, or interests adverse to such creditors or other parties in interest, in matters unrelated to these Chapter 11 Cases. The Debtors' knowledge, information and belief regarding the matters set forth in this paragraph are based, and made in reliance, upon the Hill Declaration. A&M informed the Debtors that it has undertaken a detailed search of available information as set forth below, to determine and to disclose whether it is performing or has performed services for any significant creditors or insiders in such unrelated matters.

12. If any new material facts or relationships are discovered or arise regarding the Debtors or any other pertinent relationships that require disclosure in these Chapter 11 Cases, A&M will promptly provide the Court with a supplemental declaration.

13. A&M has agreed not to share with any person or firm the compensation to be paid for professional services rendered in connection with these cases.

Terms of Retention

14. A&M's performance of prepetition services for the Debtors started on March 19, 2010. Prior to the Petition Date, A&M billed and collected approximately \$2.5 million in fees and expenses (the "**Total Billings/Collections**") relating to these prepetition services.

15. The Debtors understand that A&M intends to apply to the Court for allowance of compensation and reimbursement of expenses for restructuring advisory support services in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, orders of this Court and guidelines established by the United States Trustee. The hourly rates, subject to periodic adjustments, charged by A&M professionals anticipated to be assigned to this case are as follows:

Tom Hill	\$775
Justin Schmaltz	\$550

Hamish Allanson	\$450
Jodi Ehrenhofer	\$425
Paul Krolicki	\$325

Additional A&M professionals may be required from time to time and the customary hourly rates, subject to periodic adjustments, charged by such professionals are as follows:

Managing Director	\$650 - \$850
Director / Senior Director	\$425 - \$650
Associate / Senior Associate	\$350 - \$450
Analyst / Consultant	\$250 - \$350

16. In addition to compensation for professional services rendered by A&M personnel, A&M will seek reimbursement for reasonable and necessary expenses incurred in connection with the Debtors' Chapter 11 Cases, including but not limited to, transportation costs, lodging, food, telephone, copying, and messenger services.

17. As of the Petition Date, A&M held a retainer in the amount of approximately \$270,000, which will be credited against amounts requested for compensation and reimbursement beginning with its first such request.

18. A&M will seek interim and final allowance of compensation and reimbursement of expenses pursuant to Sections 330 and 331 of the Bankruptcy Code, applicable Bankruptcy Rules, the Local Rules, the guidelines promulgated by the Office of the United Trustee for the District of Delaware (the "**U.S. Trustee**"), orders of this Court, and any procedures fixed by order of this Court. Such compensation will be provided in accordance with the terms and conditions set forth in the Engagement Letter. The Debtors are informed that A&M has agreed to file with this Court interim compensation motions for the monthly payment of fees. The Debtors have also been informed that A&M has agreed to accept as compensation any sums as may be allowed by the Court. A&M understands that interim and final fee awards are subject to approval by this Court. Furthermore, the U.S. Trustee will retain all rights to object to any fees

sought pursuant to the Fee Structure by A&M based on the reasonableness standard provided for in Section 330 of the Bankruptcy Code.

19. The Debtors request that the approval of A&M's retention be approved *nunc pro tunc* to the Petition Date. The Debtors advised A&M that there was an immediate need for A&M to perform services for the Debtors as soon as reasonably practicable. The Debtors submit that these circumstances warrant *nunc pro tunc* approval.

Indemnity Agreement

20. The Engagement Letter includes an indemnity agreement (the "**Indemnity Agreement**"), incorporated by reference in the Engagement Letter. The indemnification provisions reflected in the Indemnity Agreement are customary and reasonable terms of consideration for restructuring firms such as A&M for proceedings both out of court and in chapter 11.

21. The Terms of the Indemnification Agreement were fully negotiated between Debtors and A&M at arm's-length and in good faith. In light of the fact that Debtors need the services provided by A&M to successfully complete the Chapter 11 Cases, the Debtors respectfully submit that the Indemnity Agreement, viewed in conjunction with the other terms of the Engagement Letter, are reasonable and in the best interests of Debtors, its estate and all parties in interest. Accordingly, as part of this Application, Debtors request that the Court approve the Indemnity Agreement, as amended by the Order attached hereto.

Dispute Resolution Procedures

22. The Debtors and A&M have agreed, subject to the Court's approval of this Application, that notwithstanding the Engagement Letter: (a) any controversy or claim with respect to, in connection with, arising out of, or in any way related to this Application or the services provided by A&M to the Debtors as outlined in this Application, including any matter

involving a successor in interest or agent of any of the Debtors or of A&M, shall be brought in this Court or, if the reference is withdrawn, the United States District Court for the Southern District of New York (the “**District Court**”); (b) A&M and the Debtors and any and all successors and assigns thereof, consent to the jurisdiction and venue of such court as the sole and exclusive forum (unless such courts do not have or retain jurisdiction over such claims or controversies) for the resolution of such claims, causes of actions, or lawsuits; (c) A&M and the Debtors, and any and all successors and assigns thereof, waive trial by jury, such waiver being informed and freely made, (d) if this Court, or the District Court (if the reference is withdrawn), does not have or retain jurisdiction over the foregoing claims and controversies, A&M and the Debtors, and any and all successors and assigns thereof, will submit first to non-binding mediation; and, if mediation is not successful, then to binding arbitration, in accordance with the dispute resolution procedures (as set forth in Exhibit D attached hereto); and (e) judgment on any arbitration award may be entered in any court having proper jurisdiction. By this Application, the Debtors seek approval of this agreement by the Court. Further, A&M and the Debtors have agreed not to raise or assert any defense based upon jurisdiction, venue, abstention or otherwise to the jurisdiction and venue of this Court or, if the reference is withdrawn, the District Court to hear or determine any controversy or claims with respect to, in connection with, arising out of, or in any way related to this Application or the services provided hereunder.

No Duplication of Services

23. The Debtors will use their reasonable efforts to ensure that the services performed by A&M will not duplicate or overlap with the services being performed by other professionals retained by Debtors in the Chapter 11 Cases.

24. The Debtors are submitting, concurrently on the date hereof, a separate application seeking authority to retain Lazard Freres & Co. LLC ("**Lazard**") as investment banker to the Debtors. In contrast to those tasks required in the engagement of the Debtors' other professional advisors, including Lazard, A&M has been and will be principally and predominately engaged in providing general financial advisory services to the Debtors and assisting the Debtors with the preparation of these Chapter 11 Cases. In contrast, the Debtors seek to retain Lazard to conduct a sale of substantially all of the Debtors' assets, including preparing for an auction, negotiating with creditors, evaluating bids and assisting potential purchasers with diligence inquiries prior to the submission of final bids. Furthermore, the Debtors will work with A&M and Lazard to avoid duplication of their work to the extent applicable.

Approval Pursuant to Section 330

25. The Debtors seek approval of the Fee Structure under the Engagement Letter pursuant to Section 330 of the Bankruptcy Code. Section 330 provides, in relevant part, that a "professional person" may be awarded "reasonable compensation for actual, necessary services." 11 U.S.C. § 330.

26. The Debtors respectfully submit that these hourly fee compensation arrangements, which are similar to fee arrangements which have been authorized in other chapter 11 cases in which A&M has rendered services, are reasonable in light of industry practice, market rates both in and out of chapter 11 proceedings, A&M's experience in restructurings and the scope of work to be performed. Compensation arrangements for A&M in their capacity as either financial or restructuring advisors have been approved and implemented in many other chapter 11 cases. See, e.g., In re Eddie Bauer Holdings, Inc., Case no. 09-12099 (MFW) (Bankr. D. Del. July 7,

2009); In re Tribune Co., Case No. 08-13141 (Bankr. D. Del. Feb. 11, 2009); In re Woodside Group, LLC, Case No. 08-20682 (Bankr. C.D. Cal. Nov. 4, 2008); In re Movie Gallery, Inc., Case No. 07-33849 (Bankr. E.D. Va. Oct. 18, 2007).

27. The indemnification provisions reflected in the Engagement Letter are customary and reasonable terms for restructuring advisors such as A&M for proceedings both out-of-court and in chapter 11 cases. The limitation of liability procedures are similar to those approved by courts in this and other jurisdictions. See, e.g., In re Propex Inc., No. 08-10249 (JCC) (Bankr. E.D. Tenn. Feb. 13, 2008); In re NEC Holdings Corp., No. 10-11890 (PJW) (Bankr. D. Del. July 14, 2010); In re Regent Communications, Inc., No. 10-10623 (KG) (Bankr. D. Del. Mar. 22, 2010); In re Eddie Bauer Holdings, Inc., Case no. 09-12099 (MFW) (Bankr. D. Del. July 7, 2009); In re Tribune Company, Case No. 08-13141 (Bankr. D. Del. Feb. 11, 2009); In re Woodside Group, LLC, Case No. 08-20682 (Bankr. C.D. Cal. Nov. 4, 2008); In re Movie Gallery, Inc., Case No. 07-33849 (Bankr. E.D. Va. Oct. 18, 2007); In re Acterna Corp., Case No. 03-12837 (Bankr. S.D.N.Y. June 24, 2003); In re Exide Techs., Case No. 02-11125 (JCA) (Bankr. D. Del. Aug. 21, 2002).

28. Based on the foregoing, the Debtors submit that the relief requested is necessary and appropriate, is in the best interests of their estates and creditors, and should be granted in all respects.

Notice

29. 18. The Debtors have provided notice of this Application to: (a) the United States Trustee for the District of Delaware; (b) financing counsel to the administrative agent for the lenders under the Debtors' prepetition first lien credit facility; (c) special restructuring and bankruptcy counsel to the administrative agent for the lenders under the Debtors' prepetition first

lien credit facility; (d) counsel to the administrative agent for the lenders under the Debtors' prepetition second lien credit facility; (e) the administrative agent for the lenders under the Debtors' prepetition unsecured mezzanine credit facility; (f) the creditors listed on the Debtors' consolidated list of 30 largest unsecured creditors, as filed with the Debtors' chapter 11 petitions; (g) the Food and Drug Administration; (h) the Internal Revenue Service; and (i) all parties requesting notice pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors submit that no further notice is required or needed under the circumstances.

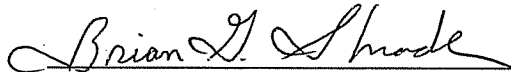
30. A copy of the Application is available on the Court's website: www.deb.uscourts.gov. Additional copies of the Motion are available for free on the website of the Debtors' proposed claims, noticing, soliciting and balloting agent, BMC Group, Inc., at www.bmcgroup.com/graceway, or can be requested by calling (888) 909-0100 from within the United States or +1 (310) 321-5555 if calling from outside the United States.

WHEREFORE, the Debtors respectfully request that the Court enter the Order, substantially in the form attached hereto as Exhibit A, (a) authorizing the Debtors to retain and employ A&M to serve as restructuring advisors to the Debtors *nunc pro tunc* to the Petition Date and (b) granting such other and further relief as this court deems appropriate.

Dated: September 29, 2011
Wilmington, Delaware

Respectfully Submitted,

GRACEWAY PHARMACEUTICALS, LLC

A handwritten signature in cursive script, reading "Brian G. Shrader", is written over a horizontal line.

Brian G. Shrader
Chief Financial Officer

On behalf of the other Debtors listed on Schedule I hereto:
Authorized Signatory

Schedule I

Graceway Pharma Holding Corp.
Graceway Holdings, LLC
Graceway Canada Holdings, Inc.
Graceway International, Inc.
Chester Valley Pharmaceuticals, LLC
Chester Valley Holdings, LLC

Exhibit A

Proposed Order

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

In re:

GRACEWAY PHARMACEUTICALS, LLC,
et al.,¹

Debtors.

Chapter 11

Case No. 11-13036 (MFW)

Joint Administration Pending

**ORDER PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE BANKRUPTCY
CODE AUTHORIZING THE DEBTORS TO RETAIN AND EMPLOY ALVAREZ &
MARSAL NORTH AMERICA, LLC AS RESTRUCTURING ADVISORS FOR THE
DEBTORS NUNC PRO TUNC TO THE PETITION DATE**

("A&M Retention Order")

Upon consideration of the application (the "Application")² of the Debtors for entry of an order authorizing the Debtors to employ, retain and compensate Alvarez & Marsal North America, LLC, together with employees of its wholly owned subsidiaries, agents, affiliates that provide professional-advisory services (all of which are wholly-owned by Alvarez & Marsal North America, LLC's parent company and employees) and independent contractors (collectively, "A&M") to serve as restructuring advisors to the Debtors in these cases; and upon the declaration of Thomas E. Hill in support of the Application; and it appearing that this Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and it appearing that this Application is a core proceeding pursuant to 28 U.S.C. § 157; and adequate notice of the Application and opportunity for objection having been given, with no objections or requests for

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); 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).

² Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Application.

hearing having been filed, or all objections having been overruled, as the case may be; and it appearing that no other notice need be given; and after due deliberation and sufficient cause therefore, it is hereby ORDERED, ADJUDGED, AND DECREED that:

1. The Application is GRANTED.
2. In accordance with Sections 327(a) and 328(a) of the Bankruptcy Code, Bankruptcy Rules 2014 and 2016 and Local Rule 2014-1, the Debtors are authorized to employ and retain A&M as of the Petition Date as their restructuring advisors on the terms set forth in the Application.
3. Notwithstanding any language in the Engagement Letter to the contrary, A&M will file with this Court interim compensation motions for the monthly payment of fees, subject to a customary holdback, pursuant to the guidelines established in an interim compensation motion for case professionals to be filed with the Court in accordance with the procedures set forth in Sections 330 and 331 of the Bankruptcy Code and any other applicable procedures and orders of the Court.
4. Notwithstanding anything in this Order to the contrary, the United States Trustee for the District of Delaware shall retain all rights to object to any fees requested by A&M based on the reasonableness standard provided for in Section 330 of the Bankruptcy Code.
5. A&M shall apply any remaining amounts of its prepetition retainer as a credit toward postpetition fees and expenses, beginning with A&M's first request for payment of such postpetition fees and expenses.
6. The Debtors are authorized to indemnify and hold harmless A&M and its affiliates, their respective directors, officers, partners, members, agents, employees, consultants and each other person, if any, controlling A&M or any of its affiliates, and each of their

respective successors and assigns (collectively, the “**Indemnified Persons**”), pursuant to the terms and conditions set forth in the Engagement Letter, subject to the following conditions:

- (a) A&M shall not be entitled to indemnification, contribution, or reimbursement for services other than the services provided under the Engagement Letter, unless such services and the indemnification, contribution, or reimbursement therefore are approved by the Court;
- (b) Notwithstanding anything to the contrary in the Engagement Letter, the Debtors shall have no obligation to indemnify any person, or provide contribution or reimbursement to any person, for any claim or expense to the extent that it is either (i) judicially determined (the determination having become final and no longer subject to appeal) to have arisen from that person’s gross negligence or willful misconduct; (ii) for a contractual dispute in which the Debtors allege the breach of A&M’s contractual obligations unless the Court determines that indemnification, contribution, or reimbursement would be permissible pursuant to In re United Artist Theatre Co., 315 F.3d 217 (3d Cir. 2003); or (iii) settled prior to judicial determination as to the exclusions set forth in clauses (i) and (ii), but determined by this Court, after notice and a hearing, to be a claim or expense for which that person should not receive indemnity, contribution, or reimbursement under the terms of the Engagement Letter as modified by this Order; and
- (c) If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in these Chapter 11 Cases (that order having become a final order no longer subject to appeal) and (ii) the entry of an order closing these Chapter 11 Cases, A&M believes that it is entitled to payment of any amounts by the Debtors on account of the Debtors’ indemnification, contribution, or reimbursement obligations under the Engagement Letter (as modified by this Order), including without limitation the advancement of defense costs, A&M must file an application before this Court, and the Debtors may not pay any such amounts to A&M before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time under which this Court shall have jurisdiction over any request for payment by A&M for indemnification, contribution, or reimbursement, and not a provision limiting the duration of the Debtors’ obligation to indemnify A&M.

7. To the extent that this Order is inconsistent with the Engagement Letter with respect to the terms and conditions of A&M’s retention and employment by the Debtors in these Chapter 11 Cases, the terms of this Order shall govern.

8. Notwithstanding anything to the contrary contained herein, any payment to be made, or authorization contained, hereunder shall be subject to the requirements imposed on the Debtors under any approved debtor-in-possession financing facility, or any order regarding the use of cash collateral.

9. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order in accordance with the Application.

10. This Court shall retain jurisdiction with respect to all matters arising or related to the implementation and enforcement of this Order.

Dated: _____, 2011
Wilmington, Delaware

United States Bankruptcy Judge

Exhibit B

Engagement Letter



55 West Monroe Street, Suite 4000, Chicago, IL 60603
Phone: 312.601.4220 Fax: 312.392.4589
www.alvarezandmarsal.com

March 19, 2010

Mr. Jefferson J. Gregory
Chairman and Chief Executive Officer
Graceway Pharmaceuticals, LLC
340 Martin Luther King Junior Boulevard,
Bristol, TN 37620

Dear Mr. Gregory:

This letter confirms and sets forth the terms and conditions of the engagement between Alvarez & Marsal North America, LLC ("A&M") and Graceway Pharmaceuticals, LLC and its subsidiaries and affiliates (jointly and severally, the "Company"), including the scope of the services to be performed and the basis of compensation for those services. Upon execution of this letter by each of the parties below and receipt of the retainer described below, this letter will constitute an agreement between the Company and A&M (the "Agreement").

1. Description of Services

- (a) A&M shall provide consulting services to the Company at the direction of the Company's Chief Executive Officer and Chief Financial Officer ("Responsible Officer(s)") in connection with their efforts in seeking to evaluate its restructuring options. It is anticipated that A&M's activities shall include the following:
 - (i) assistance in the development and management of a 13-week cash flow forecast;
 - (ii) shall perform a financial review of the Company, including but not limited to a review and assessment of financial information that has been, and that will be, provided by the Company to its creditors, including without limitation its short and long-term projected cash flows;
 - (iii) assistance in evaluation of the Company's current business plan and in preparation of a revised operating plan and cash flow forecast and presentation of such plan and forecast to the Company's Board of Directors (the "Board") and its creditors as necessary;
 - (iv) assistance in identification of cost reduction and operations improvement opportunities;
 - (v) assistance in financing issues including assistance in preparation of reports and liaison with creditors;

- (vi) report to the Company's Board of Directors (the "Board") as desired or directed by the Responsible Officer(s); and
- (vii) other activities as are approved by you, the Responsible Officers or the Board and agreed to by A&M.

For the avoidance of doubt, this Agreement shall only apply to the scope of services described above and any additional services outside such scope shall not be commenced until the parties have entered into a separate written agreement (or amendment hereto) describing such additional services.

You understand that the services to be rendered by A&M may include the preparation of projections and other forward-looking statements, and numerous factors can affect the actual results of the Company's operations, which may materially and adversely differ from those projections. In addition, A&M will be relying on information provided by the Company in the preparation of those projections and other forward-looking statements. A&M makes no representation or guarantee that an appropriate restructuring proposal can be formulated for the Company, that restructuring is the best course of action for the Company or, if formulated, that any proposed restructuring plan will be accepted by the Company's creditors, shareholders and other constituents. Further, A&M assumes no responsibility for the implementation or selection of any restructuring proposal which it assists the Company in formulating.

In rendering its services to the Company, A&M will report directly to the Responsible Officer(s) and will make recommendations to and consult with the Responsible Officers and other senior officers as the Board or Responsible Officer(s) direct.

- (b) In connection with the services to be provided hereunder, from time to time A&M may utilize the services of employees of its affiliates and wholly-owned subsidiaries. Such affiliates are wholly owned by A&M's parent company and employees.

A&M personnel providing services to the Company may also work with other A&M clients in conjunction with unrelated matters.

2. Information Provided by the Company and Forward Looking Statements

The Company shall use all reasonable efforts to: (i) provide A&M with access to management and other representatives of the Company; and (ii) to furnish all material, and other information concerning the business, assets, liabilities, operations, cash flows, properties, financial condition and prospects of the Company that A&M reasonably request in connection with the services to be provided to the Company. A&M shall rely, without further independent verification, on the accuracy and completeness of all publicly available information and all information that is furnished by or on behalf of the

Company and otherwise reviewed by A&M in connection with the services performed for the Company. Company acknowledges and agrees that A&M is not responsible for the accuracy or completeness of such information and shall not be responsible for any inaccuracies or omissions therein.

3. Limitation of Duties

A&M makes no representation or guarantee that, inter alia, (i) an appropriate restructuring proposal can be formulated for the Company (ii) any restructuring proposal or strategic alternative presented to the Board or Responsible Officers will be more successful than all other possible restructuring proposals or strategic alternatives, (iii) restructuring is the best course of action for the Company or (iv) if formulated, that any proposed restructuring plan or strategic alternative will be accepted by the Company's creditors, shareholders and other constituents. Further, A&M does not assume any responsibility for the Company's decision to pursue, or not pursue any business strategy, or to effect, or not to effect any transaction. A&M shall be responsible for assistance with the implementation only of the restructuring proposal or strategic alternative approved by the Board or Responsible Officers and only to the extent and in the manner authorized by and directed by the Board or Responsible Officers and agreed to by A&M.

4. Compensation

- (a) A&M will receive fees based on the following hourly rates:

Tom Hill	\$775
David Schlissel	\$600
James Morden	\$450

A&M may have additional personnel on the engagement with the following rate structure:

Director, Senior Director or Managing Director	\$450-850
Associates/Analysts	\$225-450

Such rates shall be subject to adjustment annually at such time as A&M adjusts its rates generally.

- (b) In addition, A&M will be reimbursed for its reasonable out-of-pocket expenses incurred in connection with this assignment, such as travel, lodging, duplicating, messenger and telephone charges. All fees and expenses will be billed and payable on a monthly basis or, at A&M's discretion, more frequently.
- (c) The Company shall promptly remit to A&M a retainer in the amount of \$250,000, which shall be credited against any amounts due at the termination of this engagement and returned upon the satisfaction of all obligations hereunder.

5. Term

The engagement will commence as of the date hereof and may be terminated by either party without cause by giving 30 days' written notice to the other party. A&M normally does not withdraw from an engagement unless the Company misrepresents or fails to disclose material facts, fails to pay fees or expenses, or makes it unethical or unreasonably difficult for A&M to continue to represent the Company, or unless other just cause exists. In the event of any such termination, any fees and expenses due to A&M shall be remitted promptly (including fees and expenses that accrued prior to but were invoiced subsequent to such termination). The Company may immediately terminate A&M's services hereunder at any time for Cause by giving written notice to A&M. Upon any such termination, the Company shall be relieved of all of its payment obligations under this Agreement, except for the payment of fees and expenses through the effective date of termination (including fees and expenses that accrued prior to but were invoiced subsequent to such termination) and its obligations under paragraphs 9 and 10. For purposes of this Agreement, "Cause" shall mean if A&M breaches any of its material obligations hereunder and does not cure such breach within 30 days of the Company having given written notice of such breach to A&M describing in reasonable detail the nature of the alleged breach. A&M shall be entitled to immediately terminate its services hereunder for Good Reason. For purposes of this Agreement, termination for "Good Reason" shall mean either its resignation caused by a breach by the Company of any of its material obligations under this Agreement that is not cured within 30 days of A&M having given written notice of such breach to the Company describing in reasonable detail the nature of the alleged breach or a filing of a petition under Chapter 11 of the United States Bankruptcy Code in respect of the Company unless within 45 days thereafter (or, if sooner, prior to the date on which a plan of reorganization is confirmed or the case is converted to one under Chapter 7), the Company has obtained judicial authorization to continue the engagement on the terms herein pursuant to an order which has become a final, nonappealable order.

6. Relationship of the Parties

The parties intend that an independent contractor relationship will be created by this engagement letter. Neither A&M nor any of its personnel or agents is to be considered an employee or agent of the Company and the personnel and agents of A&M are not entitled to any of the benefits that the Company provides for the Company employees. The Company acknowledges that A&M's engagement shall not constitute an audit, review or compilation, or any other type of financial statement reporting engagement that is subject to the rules of the AICPA, SEC or other state or national professional or regulatory body.

7. No Third Party Beneficiary

The Company acknowledges that all advice (written or oral) provided by A&M to the Company in connection with this engagement is intended solely for the benefit and use of the Company (limited to its Board and management) in considering the matters to which

this engagement relates. The Company agrees that no such advice shall be used for any other purpose or reproduced, disseminated, quoted or referred to at any time in any manner or for any purpose other than accomplishing the tasks referred to herein without A&M's prior approval (which shall not be unreasonably withheld), except as required by law.

8. Conflicts

A&M is not currently aware of any relationship that would create a conflict of interest with the Company or those parties-in-interest of which you have made us aware. Because A&M is a consulting firm that serves clients on a national basis in numerous cases, both in and out of court, it is possible that A&M may have rendered or will render services to or have business associations with other entities or people which had or have or may have relationships with the Company, including creditors of the Company. In the event you accept the terms of this engagement, A&M will not represent, and A&M has not represented, the interests of any such entities or people in connection with this matter. Each of the Companies acknowledges and agrees that the services being provided hereunder are being provided on behalf of each of them and each of them hereby waives any and all conflicts of interest that may arise on account of the services being provided on behalf of any other Company. Each Company represents that it has taken all corporate action necessary and is authorized to waive such potential conflicts of interest.

9. Confidentiality / Non-Solicitation

A&M shall keep as confidential all non-public information received from the Company in conjunction with this engagement, except: (i) as requested by the Company or its legal counsel; (ii) as required by legal proceedings or (iii) as reasonably required in the performance of this engagement. All obligations as to non-disclosure shall cease as to any part of such information to the extent that such information is or becomes public other than as a result of a breach of this provision. The Company, on behalf of itself and its subsidiaries and affiliates and any person which may acquire all or substantially all of its assets agrees that, until two (2) years subsequent to the termination of this engagement, it will not solicit, recruit, hire or otherwise engage any employee of A&M or any of its affiliates who worked on this engagement while employed by A&M or its affiliates ("Solicited Person"). Should the Company or any of its subsidiaries or affiliates or any person who acquires all or substantially all of its assets extend an offer of employment to or otherwise engage any Solicited Person and should such offer be accepted, A&M shall be entitled to a fee from the party extending such offer equal to the Solicited Person's hourly client billing rate at the time of the offer multiplied by 4,000 hours for a Managing Director, 3,000 hours for a Senior Director and 2,000 hours for any other A&M employee. The Company acknowledges and agrees that this fee fairly represents the loss that A&M will suffer if the Company breaches this provision. The fee shall be payable at the time of the Solicited Person's acceptance of employment or engagement.

10. Indemnification and Limitations on Liability

The attached indemnification and limitation on liability agreement is incorporated herein by reference and shall be executed upon the acceptance of this Agreement. Termination of this engagement shall not affect these indemnification and limitation on liability provisions, which shall remain in full force and effect.

11. Miscellaneous

This engagement letter (together with the attached indemnity provisions): (a) shall be governed and construed in accordance with the laws of the State of New York, regardless of the laws that might otherwise govern under applicable principles of conflict of laws thereof; (b) incorporates the entire understanding of the parties with respect to the subject matter hereof; and (c) may not be amended or modified except in writing executed by both parties hereto. The Company and A&M agree to waive trial by jury in any action, proceeding or counterclaim brought by or on behalf of the parties hereto with respect to any matter relating to or arising out of the engagement or the performance or non-performance of A&M hereunder. The Company and A&M agree, to the extent permitted by applicable law, that any Federal Court sitting within the Southern District of New York shall have exclusive jurisdiction over any litigation arising out of this Agreement; to submit to the personal jurisdiction of the Courts of the United States District Court for the Southern District of New York; and to waive any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of New York for any litigation arising in connection with this Agreement. Notwithstanding anything herein to the contrary, A&M may reference or list the Company's name and/or a general description of the services in A&M's marketing materials, including, without limitation, on A&M's website.

INDEMNIFICATION AND LIMITATION ON LIABILITY AGREEMENT

This indemnification and limitation on liability agreement is made part of an agreement, dated March 19, 2010 (which together with any renewals, modifications or extensions thereof, is herein referred to as the "Agreement") by and between Alvarez & Marsal North America, LLC ("A&M") and Graceway Pharmaceuticals, LLC (the "Company"), for services to be rendered to the Company by A&M.

- A. The Company agrees to indemnify and hold harmless each of A&M, its affiliates and their respective shareholders, members, managers, employees, agents, representatives and subcontractors (each, an "Indemnified Party" and collectively, the "Indemnified Parties") against any and all losses, claims, damages, liabilities, penalties, obligations and expenses, including the costs for counsel or others (including employees of A&M, based on their then current hourly billing rates) in investigating, preparing or defending any action or claim, whether or not in connection with litigation in which any Indemnified Party is a party, or enforcing the Agreement (including these indemnity provisions), as and when incurred, caused by, relating to, based upon or arising out of (directly or indirectly) the Indemnified Parties' acceptance of or the performance or nonperformance of their obligations under the Agreement; provided, however, such indemnity shall not apply to any such loss, claim, damage, liability or expense to the extent it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Party's gross negligence or willful misconduct. The Company also agrees that (a) no Indemnified Party shall have any liability (whether direct or indirect, in contract or tort or otherwise) to the Company for or in connection with the engagement of A&M, except to the extent that any such liability for losses, claims, damages, liabilities or expenses are found in a final judgment by a court of competent jurisdiction (not subject to further appeal) to have resulted primarily and directly from such Indemnified Party's gross negligence or willful misconduct and (b) in no event will any Indemnified Party have any liability to the Company for special, consequential, incidental or exemplary damages or loss (nor any lost profits, savings or business opportunity). The Company further agrees that it will not, without the prior consent of an Indemnified Party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding in respect of which such Indemnified Party seeks indemnification hereunder (whether or not such Indemnified Party is an actual party to such claim, action, suit or proceedings) unless such settlement, compromise or consent includes an unconditional release of such Indemnified Party from all liabilities arising out of such claim, action, suit or proceeding.
- B. These indemnification provisions shall be in addition to any liability which the Company may otherwise have to the Indemnified Parties. In the event that, at any time whether before or after termination of the engagement or the Agreement, as a result of or in connection with the Agreement or A&M's and its personnel's role under the Agreement, A&M or any Indemnified Party is required to produce any of its personnel (including former employees) for examination, deposition or other written, recorded or oral presentation, or A&M or any of its personnel (including former employees) or any other

Indemnified Party is required to produce or otherwise review, compile, submit, duplicate, search for, organize or report on any material within such Indemnified Party's possession or control pursuant to a subpoena or other legal (including administrative) process, the Company will reimburse the Indemnified Party for its out of pocket expenses, including the reasonable fees and expenses of its counsel, and will compensate the Indemnified Party for the time expended by its personnel based on such personnel's then current hourly rate.

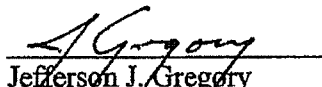
- C. If any action, proceeding or investigation is commenced to which any Indemnified Party proposes to demand indemnification hereunder, such Indemnified Party will notify the Company with reasonable promptness; provided, however, that any failure by such Indemnified Party to notify the Company will not relieve the Company from its obligations hereunder, except to the extent that such failure shall have actually prejudiced the defense of such action. The Company shall promptly pay expenses reasonably incurred by any Indemnified Party in defending, participating in, or settling any action, proceeding or investigation in which such Indemnified Party is a party or is threatened to be made a party or otherwise is participating in by reason of the engagement under the Agreement, upon submission of invoices therefor, whether in advance of the final disposition of such action, proceeding, or investigation or otherwise. Each Indemnified Party hereby undertakes, and the Company hereby accepts its undertaking, to repay any and all such amounts so advanced if it shall ultimately be determined that such Indemnified Party is not entitled to be indemnified therefor. If any such action, proceeding or investigation in which an Indemnified Party is a party is also against the Company, the Company may, in lieu of advancing the expenses of separate counsel for such Indemnified Party, provide such Indemnified Party with legal representation by the same counsel who represents the Company, provided such counsel is reasonably satisfactory to such Indemnified Party, at no cost to such Indemnified Party; provided, however, that if such counsel or counsel to the Indemnified Party shall determine that due to the existence of actual or potential conflicts of interest between such Indemnified Party and the Company such counsel is unable to represent both the Indemnified Party and the Company, then the Indemnified Party shall be entitled to use separate counsel of its own choice, and the Company shall promptly advance its reasonable expenses of such separate counsel upon submission of invoices therefor. Nothing herein shall prevent an Indemnified Party from using separate counsel of its own choice at its own expense. The Company will be liable for any settlement of any claim against an Indemnified Party made with the Company's written consent, which consent shall not be unreasonably withheld.
- D. In order to provide for just and equitable contribution if a claim for indemnification pursuant to these indemnification provisions is made but it is found in a final judgment by a court of competent jurisdiction (not subject to further appeal) that such indemnification may not be enforced in such case, even though the express provisions hereof provide for indemnification, then the relative fault of the Company, on the one hand, and the Indemnified Parties, on the other hand, in connection with the statements, acts or omissions which resulted in the losses, claims, damages, liabilities and costs giving rise to the indemnification claim and other relevant equitable considerations shall

be considered; and further provided that in no event will the Indemnified Parties' aggregate contribution for all losses, claims, damages, liabilities and expenses with respect to which contribution is available hereunder exceed the amount of fees actually received by the Indemnified Parties pursuant to the Agreement. No person found liable for a fraudulent misrepresentation shall be entitled to contribution hereunder from any person who is not also found liable for such fraudulent misrepresentation.

- E. In the event the Company and A&M seek judicial approval for the assumption of the Agreement or authorization to enter into a new engagement agreement pursuant to either of which A&M would continue to be engaged by the Company, the Company shall promptly pay expenses reasonably incurred by the Indemnified Parties, including attorneys' fees and expenses, in connection with any motion, action or claim made either in support of or in opposition to any such retention or authorization, whether in advance of or following any judicial disposition of such motion, action or claim, promptly upon submission of invoices therefor and regardless of whether such retention or authorization is approved by any court. The Company will also promptly pay the Indemnified Parties for any expenses reasonably incurred by them, including attorneys' fees and expenses, in seeking payment of all amounts owed it under the Agreement (or any new engagement agreement) whether through submission of a fee application or in any other manner, without offset, recoupment or counterclaim, whether as a secured claim, an administrative expense claim, an unsecured claim, a prepetition claim or a postpetition claim.
- F. Neither termination of the Agreement nor termination of A&M's engagement nor the filing of a petition under Chapter 7 or 11 of the United States Bankruptcy Code (nor the conversion of an existing case to one under a different chapter) shall affect these indemnification provisions, which shall hereafter remain operative and in full force and effect.
- G. The rights provided herein shall not be deemed exclusive of any other rights to which the Indemnified Parties may be entitled under the certificate of incorporation or bylaws of the Company, any other agreements, any vote of stockholders or disinterested directors of the Company, any applicable law or otherwise.

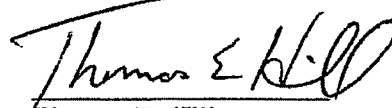
Graceway Pharmaceuticals, LLC

By:


Jefferson J. Gregory
Chairman and Chief Executive Officer

Alvarez & Marsal North America, LLC

By:


Thomas E. Hill
Managing Director

August 27, 2010

Mr. John Bellamy
Executive VP, Corporate Secretary and General Counsel
Graceway Pharmaceuticals, LLC
340 Martin Luther King Junior Boulevard,
Bristol, TN 37620

Dear Mr. Bellamy:

This letter is an addendum to the terms in the original engagement letter dated March 25, 2010, between Alvarez & Marsal North America, LLC ("A&M") and Graceway Pharmaceuticals, LLC and its subsidiaries and affiliates (jointly and severally, the "Company" or the "Debtors"). Upon execution of this letter by each of the parties below, this letter will constitute an agreement between the Client and A&M.

All other terms of the previous engagement letters remain in effect unless modified herein.

1. Revised Term of Engagement Letter

The effective date of this addendum and the amendments to the original engagement letter contained herein will be August 27, 2010.

2. Revised Description of Services

A&M will provide such restructuring support services as A&M and the Debtors shall deem appropriate and feasible in order to manage and advise the Debtors in the course of the Chapter 11 Cases, including, but not limited to:

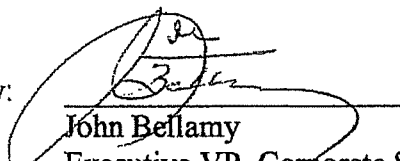
- a. Assistance to the Debtors in the preparation of financial related disclosures required by the Court, including the Schedules of Assets and Liabilities, the Statement of Financial Affairs and Monthly Operating Reports;
- b. Assistance to the Debtors with information and analyses required pursuant to the Debtors' Debtor-In-Possession ("DIP") financing;
- c. Assistance with the identification and implementation of short-term cash management procedures;
- d. Assistance with the identification of executory contracts and leases and performance of cost/benefit evaluations with respect to the affirmation or rejection of each;

- e. Assistance to Debtors' management team and counsel focused on the coordination of resources related to the ongoing reorganization effort;
- f. Assistance in the preparation of financial information for distribution to creditors and others, including, but not limited to, cash flow projections and budgets, cash receipts and disbursement analysis, analysis of various asset and liability accounts, and analysis of proposed transactions for which Court approval is sought;
- g. Attendance at meetings and assistance in discussions with potential investors, banks and other secured lenders, any official committee(s) appointed in these Chapter 11 Cases, the United States Trustee, other parties in interest and professionals hired by the same, as requested;
- h. Analysis of creditor claims by type, entity, and individual claim, including assistance with development of databases, as necessary, to track such claims;
- i. Assistance in the preparation of information and analysis necessary for the confirmation of a plan of reorganization in these Chapter 11 Cases, including information contained in the disclosure statement;
- j. Assistance in the evaluation and analysis of avoidance actions, including fraudulent conveyances and preferential transfers; and
- k. Render such other general business consulting or such other assistance as Debtors' management or counsel may deem necessary that are consistent with the role of a financial advisor and not duplicative of services provided by other professionals in this proceeding

If the foregoing is acceptable to you, kindly sign the enclosed copy to acknowledge your agreement with its terms.

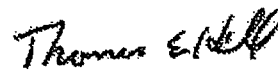
Graceway Pharmaceuticals, LLC

By:


John Bellamy
Executive VP, Corporate Secretary and
General Counsel

Alvarez & Marsal North America, LLC

By:


Thomas E. Hill
Managing Director

By reason of the foregoing, I believe A&M is eligible for retention by the Debtors pursuant to sections 327(a) and 328(a) of the Bankruptcy Code and the applicable Bankruptcy Rules and Local Rules.

Dated: _____, 2011

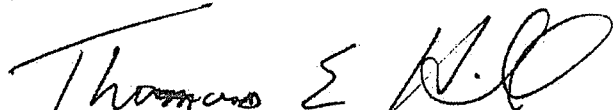

Thomas E. Hill, Managing Director
at Alvarez & Marsal North America, LLC

Exhibit C

Declaration of Thomas E. Hill

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

In re:

GRACEWAY PHARMACEUTICALS, LLC,
et al.,¹

Debtors.

Chapter 11

Case No. 11-13036 (MFW)

Joint Administration Pending

**DECLARATION OF THOMAS E. HILL IN SUPPORT OF DEBTORS' APPLICATION
FOR AN ORDER PURSUANT TO SECTIONS 327(a) AND 328(a) OF THE
BANKRUPTCY CODE AUTHORIZING THE DEBTORS TO RETAIN AND EMPLOY
ALVAREZ & MARSAL NORTH AMERICA, LLC AS RESTRUCTURING ADVISORS
FOR THE DEBTORS NUNC PRO TUNC TO THE PETITION DATE**

I, Thomas E. Hill, being duly sworn, hereby state as follows:

1. I am a Managing Director with Alvarez & Marsal North America, LLC (together with its wholly owned subsidiaries, professional services provider affiliates (all of which are owned by Alvarez & Marsal North America, LLC's parent company) and employees, agents, independent contractors, and employees, "**A&M**"), a restructuring advisory services firm with numerous offices throughout the country. I submit this declaration on behalf of A&M (the "**Declaration**") in support of the *Debtors' Application for an Order Pursuant to Sections 327(a) and 328(a) of the Bankruptcy Code Authorizing Debtors to Retain and Employ Alvarez & Marsal North America, LLC as Restructuring Advisors for the Debtors Nunc Pro Tunc to the Petition Date* (the "**Application**")² on the terms and conditions set forth in the Application and the

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); 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).

² Capitalized terms used but not otherwise defined herein shall have the meaning ascribed to such terms in the Application.

engagement letter between Graceway Pharmaceuticals, LLC and A&M, dated March 19, 2010, and amended August 27, 2010 (the “**Engagement Letter**”). Except as otherwise noted, I have personal knowledge of the matters set forth herein.³

Disinterestedness and Eligibility

2. A&M utilizes certain procedures (the “**A&M Procedures**”) to determine its relationships, if any, to parties that may have a connection to any of the Debtors in the Chapter 11 cases. In implementing the A&M Procedures, the following actions were taken to identify parties that may have connections to the Debtors and to determine A&M's relationship with such parties:

- (a) A&M requested and obtained from the Debtors extensive lists of interested parties and significant creditors (the “**Potential Parties in Interest**”).⁴ The Potential Parties in Interest reviewed include, among others, the Debtors and their non-filing affiliates, prepetition and proposed post-petition lender, current and former officers and directors, potential officers and directors, significant unsecured creditors of the Debtors (on a consolidated basis), significant competitors, parties holding ownership interests in the Debtors and various professionals related to the Engagement, as represented in Schedule A, attached hereto.
- (b) A&M then compared the names of each of the Potential Parties in Interest to the names in the master electronic database of A&M's current and former clients (the “**Client Database**”). The Client Database generally includes the name of each client of A&M, the name of each party who is or was known to be adverse to such client of A&M in connection with the matter in which A&M is representing such client, the name of each party that has, or has had, a substantial role with regard to the subject matter of A&M's retention, and the names of A&M professionals who are or were primarily responsible for matters for such clients.
- (c) An email was issued to all A&M professionals requesting disclosure of information regarding: (i) any known personal connections between the respondent and/or A&M on the one hand, and either the Potential Parties in Interest or the Debtors, on the other hand; (ii) any known connection or representation by the respondent and/or A&M of any of the Potential Parties in

³ Certain of the disclosures herein relate to matters within the personal knowledge of other professionals at A&M and are based on information provided by them.

⁴ As may be necessary, A&M will supplement this Declaration if it becomes aware of a relationship that may adversely affect A&M's retention in these cases or would otherwise require disclosure.

Interest in matters relating to the Debtors; and (iii) any other conflict or reason why A&M may be unable to represent the Debtors.

- (d) Known connections between former or recent clients of A&M and the Potential Parties in Interest were compiled for purposes of preparing this Declaration. These connections are listed in Schedule B annexed hereto.

3. As a result of the A&M Procedures, I have thus far ascertained that, except as may be set forth herein, upon information and belief, if retained, A&M:

- (a) is not a creditor of the Debtors (including by reason of unpaid fees for prepetition services) or an equity security holder of the Debtors;
- (b) is not and has not been, within 2 years before the date of the filing of the petition, a director, officer, or an employee of the Debtors; and
- (c) does not have any interest materially adverse to the interests of the Debtors' estates, or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtors, or for any other reason.

4. As can be expected with respect to any international professional services firm such as A&M, A&M provides services to many clients with interests in the Debtors' Chapter 11 cases. To the best of my knowledge, except as indicated below, A&M's services for such clients do not relate to the Debtors' Chapter 11 cases.

5. Further, as part of its diverse practice, A&M appears in numerous cases and proceedings, and participates in transactions that involve many different professionals, including attorneys, accountants, and financial consultants, who represent claimants and parties-in-interest in the Debtors' Chapter 11 cases. Further, A&M has performed in the past, and may perform in the future, advisory consulting services for various attorneys and law firms, and has been represented by several attorneys and law firms, some of which may be involved in these proceedings. Based on our current knowledge of the professionals involved, and to the best of my knowledge, none of these relationships create interests materially adverse to the Debtors in matters upon which A&M is to be employed, and none are in connection with these cases.

6. Prior to joining A&M, Keith Ghezzi, currently a Managing Director of A&M, served as a member of the board of directors of Chesapeake Research Review. Mr. Ghezzi terminated his membership on the board of directors in 2008 prior to joining A&M and has no continuing relationship with Chesapeake Research Review.

7. Neither A&M nor its employees are an equity security holder of the Debtor. Certain Firm employees may own de minimis amounts of the equity interests in certain Parties-in-Interest.⁵

8. To the best of my knowledge, no employee of A&M is a relative of, or has been connected with, the U.S. Trustee or its employees. We note that Kelly Beaudin Stapleton is an employee of A&M's parent company, Alvarez & Marsal Holdings, LLC. Ms. Stapleton was the United States Trustee for Region 3 from January 2005 through May 2008.

9. If any new material relevant facts or relationships are discovered or arise, A&M will promptly file a supplemental declaration.

Compensation

10. Subject to Court approval and in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, applicable United States Trustee guidelines, and the local rules of this Court, A&M will bill in hourly increments and will seek payment for compensation on an hourly basis, plus reimbursement of actual and necessary expenses incurred by A&M. A&M's customary hourly rates as charged in bankruptcy and non-bankruptcy matters

⁵ In reviewing its records and the relationships of its professionals, A&M did not seek information as to whether any A&M professional or member of his/her immediate family: (a) indirectly owns, through a public mutual fund or through partnerships in which certain A&M professionals have invested but as to which such professionals have no control over or knowledge of investment decisions, securities of the Debtors or any other party in interest; or (b) has engaged in any ordinary course consumer transaction with any party in interest. If any such relationship does exist, I do not believe it would impact A&M's disinterestedness or otherwise give rise to a finding that A&M holds or represents an interest adverse to the Debtors' estates.

of this type by the professionals assigned to this engagement are outlined in the Application. These hourly rates are adjusted annually.

11. According to A&M's books and records, during the ninety day period prior to the Petition Date, A&M received approximately \$900,000 from the Debtors for professional services performed and expenses incurred.

12. To the best of my knowledge, (i) no commitments have been made or received by A&M with respect to compensation or payment in connection with these cases other than in accordance with applicable provisions of the Bankruptcy Code and the Bankruptcy Rules, and (ii) A&M has no agreement with any other entity to share with such entity any compensation received by A&M in connection with these Chapter 11 cases.

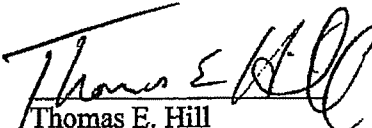
Graceway Pharmaceuticals, LLC
March 19, 2010
Page 7

If the foregoing is acceptable to you, kindly sign the enclosed copy to acknowledge your agreement with its terms.

Very truly yours,

Alvarez & Marsal North America, LLC

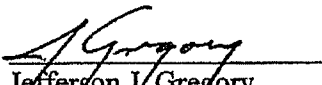
By:


Thomas E. Hill
Managing Director

Accepted and agreed:

Graceway Pharmaceuticals, LLC

By:


Jefferson J. Gregory
Chairman and Chief Executive Officer

Schedule A to Hill Declaration

List of Potential Parties in Interest

Master Conflicts Check List For Graceway

Debtors and Affiliated Entities

Chester Valley Holdings, LLC
Chester Valley Pharmaceuticals, LLC
Graceway Canada Company
Graceway Canada Holdings, Inc.
Graceway Costa Rica SA
Graceway Guatemala SA
Graceway Holdings, LLC

Graceway Honduras SA
Graceway International, Inc.
Graceway Mexico Opco S. de R.L. de C.V.
Graceway Mexico S. de R.L. de C.V.
Graceway Pharmaceuticals, LLC
Graceway Pharma Holding Corp.

Restructuring Professionals of Debtor and Affiliates

Alvarez & Marsal
Latham & Watkins, LLP
Lazard Freres & Co. LLC
Goodmans LLP
PriceWaterhouse Coopers

BMC Group, Inc.
Young Conaway Stargatt and Taylor

Counsel to Administrative Agents

Morgan Lewis & Bockius LLP
Sidley Austin LLP
Wachtell, Lipton, Rosen & Katz

All Known Lenders (including current and former agents and constituent lenders under credit facilities):

505 CLO I Ltd
Aberdeen Loan Funding Ltd
ABS Loans 2007 Ltd
ACP Master LTD
Aegon
Aegon USA
Aegon USA Investment Mgmt/Ic
AIMCO CLO Series 2005 A
AIMCO CLO Series 2006 A
Alcentra

Allstate
Allstate Life Insurance Company
Archimedes Funding IV (Cayman) Ltd
Armory Master FD
Armstrong Loan Funding Ltd
Atlantis Funding Ltd
Aurelius
Aurelius Capital Master Ltd
Aurelius Convergence Master Ltd
Avery Street CLO Ltd

Babson
Babson Capital Management LLC
Babson CLO Ltd 2004-1
Babson CLO Ltd 2004-II
Babson CLO Ltd 2005 III
Babson CLO Ltd 2006 I
Babson CLO Ltd 2006 II
Babson CLO Ltd 2007 I
Babson CLO Ltd 2008 II
Babson CLO Ltd. 2003-1
Babson Mid Market CLO Ltd 2007 II
Baker Street CLO II Ltd
Baker Street Funding CLO 2005 1 Ltd
Ballyrock CLO II Limited
Bank of America
Bank of America, N.A.
Bank of America, N.A. (DEAL PLUG)
Bank of America Trade
Barclays
Barclays Bank PLC
Battalion CLO 2007 I Ltd
Beach Point
Beach Point Distressed Mf, L.P
Big Sky III Senior Loan Trust
Bill & Melinda Gates Foundation Trust By: Babson Capital Management LLC as Investment Advisor
Bank of America
BK AMER
BNY Mellon Special Situations
Brentwood CLO Ltd
Brentwood CLO II Ltd
Bridgeport CLO II Ltd
Bridgeport CLO Ltd
Brigade
Brigade - Battalion CLO 2007-I
Brigade Capital
Burr Ridge CLO Plus Ltd
CAI Distressed Debt Opportunity
Callidus
Callidus Debt Partners CLO Fund II Ltd
Callidus Debt Partners CLO Fund III Ltd
Callidus Debt Partners CLO Fund IV Ltd
Callidus Debt Partners CLO Fund V Ltd
Callidus Debt Partners CLO Fund VI Ltd

Callidus Debt Partners CLO Fund VII Ltd
Camulos
Camulos Capital, LP
Camulos Loan Vehicle I Ltd
Canaras
Canaras Summit CLO Ltd
Carlyle
Carlyle Bristol CLO, Ltd.
Carlyle Azure CLO, Ltd.
Carlyle Arnage CLO, Ltd.
Carlyle VeyronCLO, Ltd.
Carlyle Vantage CLO, Ltd.
Carlyle Modena CLO, Ltd.
Carlyle McLarenCLO, Ltd.
Carlyle Daytona CLO, Ltd.
Caspian Alpha Long Credit Fund
Caspian Select Credit Master
Caspian Solitude Master Fund
Catalyst CR Opportunity MAS FD
Cetus Capital LLC
Chelsea Park CLO Ltd
CIT
CIT Group
Citibank NA
Citigroup
C.M. Life Insurance Company
COHANZICK
Cohanzick Credit Opportunities Master Fund, Ltd.
Cohanzick Absolute Return Master Fund, Ltd.
Columbus Park CDO Ltd
Corporate Debt Opp Fund LP
Credit Capital Investments
Credit Suisse Loan Funding LLC
Cumberland II CLO Ltd
D-Star Ltd
DA Cap - Duane Street CLO 1
DA Cap - Duane Street CLO II
DA Cap - Duane Street CLO III
DA Cap - Duane Street CLO IV
DA Cap - Lispernard Street Cr
DA Cap - Pond View Credit, LP
DA Cap Duane Street CLO
D.A. Capital Management, LLC
Deerfield

Deerfield Capital
Deerfield Capital Management
Deerfield International Limited
Deerfield Partners LP
Delaware Investments
Deutsche Bank
Deutsche Bank AG
Deutsche Bank AG Cayman Island
Deutsche Bank Trust Company Americas fka Deutsche Bank Trust Co Americas
Deutsche Bank Trust Company Americas
DFR Middle Market CLO Ltd
Duane Street CLO I Ltd
Duane Street CLO II Ltd
Duane Street CLO III Ltd
Duane Street CLO IV Ltd
Duquesne
Duquesne Capital Management
Eagle Loan Trust
Eastland CLO Ltd
Eaton Vance
Eaton Vance - Senior Debt Port
Eaton Vance - SFRT
Eaton Vance CDO IX Ltd
Eaton Vance CDO VII Plc
Eaton Vance CDO VIII
Eaton Vance CDO VIII Ltd
Eaton Vance CDO X Plc
Eaton Vance Credit Opps Fund
Eaton Vance Floating Rate Income Trust
Eaton Vance Institutional Senior Loan Fund
Eaton Vance Limited Duration
Eaton Vance Limited Duration Income Fund
Eaton Vance Loan Opportunities Fund Ltd
Eaton Vance Management
Eaton Vance Management/CHI
Eaton Vance Medallion Floating Rate Income Portfolio
Eaton Vance Mgmt./NY
Eaton Vance Senior Floating-Rate Trust
Eaton Vance Senior Income Trust
Eaton Vance Vt Floating-Rate Income Fund
Emerson Place CLO Ltd
Endurance CLO I Ltd Fka Kzh Ing-1 LLC
Feingold O'Keeffe Capital, LLC

Feingold O'Keeffe Distressed
Feingold O'Keeffe Distressed Loan Master Fund Ltd
Feingold O'Keeffe Master Fund
Fidelity
Fidelity Central Investments Port: FRC
Fidelity Central Investments Portfolios LLC
Fidelity Floating Rate Central Investment Portfolio
Fidelity Puritan Trust: Fund
Fidelity Pyramis FL RT H I CO
First Light Funding
First Trust Four Corners Sr (FCM) Floating Rate Income Fund
First Trust Four Corners Sr (FCT) Floating Rate Income Fund II
Firstlight Funding I Ltd
Forest Creek CLO Ltd Fka Sauganash CLO Ltd
Four Corners
Four Corners - SFR, Ltd.
Four Corners CLO 2005-1 Ltd
Four Corners CLO 2005-I
Four Corners CLO II Ltd
Four Corners CLO III Ltd
Fraser Sullivan
Fraser Sullivan CLO I Ltd
Fraser Sullivan CLO II Ltd
Gallatin CLO II 2005-1 Ltd
Gallatin CLO III 2007 1 Ltd Fka Gallatin CLO III 2006 1 Ltd
Gallatin Funding I Ltd Fka Horizon Funding I Ltd
Gateway CLO Limited
Gateway CLO Limited Fka Duane Street CLO V Ltd
Ge
General Electric Capital Corporation
Genesis CLO 2007 1 Ltd Fka Carlyle Loan Opportunity Fund
Gleneagles CLO Ltd
Global Plus Investment Management
Goldman Sachs
Goldman Sachs Asset Management CLO PLC
Goldman Sachs Asset Mgt.

Goldman Sachs Bank USA
Goldman Sachs Credit Partners, L.P.
Goldman Sachs Group, Inc.
Golub
Grand Central
Grand Central Asset Trust Cameron I Series
Grand Central Asset Trust Sarn Series
Grand Central Asset Trust Sazu Series
Grand Horn CLO Ltd fka Baker Street CLO III Ltd
Grayson & Co
Grayson CLO Ltd
Grayston CLO II 2004-1 Ltd
Green Island CBNA Loan Funding LLC
Greenbriar CLO Ltd
GSO
Gulf Stream
Gulf Stream Compass CLO 2002-1 Ltd Fka Gulf Stream Compass CDO 2002-I
Gulf Stream Compass CLO 2003-1 Ltd
Gulf Stream Compass CLO 2004-1 Ltd
Gulf Stream Compass CLO 2005-1 Ltd
Gulf Stream Rashinban CLO 2006 1 Ltd Fka Gulf Stream Compass CLO 2006 1 Ltd
Gulf Stream Sextant CLO 2006 1 Ltd
Gulf Stream Sextant CLO 2007 1 Ltd
GulfStream Asset Management
Halbis Distr. Opp., New York
Hamilton
Hamilton - OWS CLO I Ltd.
Hamilton - OWS II Ltd.
HFR DS Feingold Okeefe Master Trust
Highland
Highland Capital
Highland Capital Management
Highland Capital Management LP
Highland Credit Opportunities
Highland Credit Opportunities CDO Ltd Fka Highland Credit Opp CDO Fund Lt
Highland Floating Rate Loan
Highland Loan Funding V Ltd
HIS WILL Foundation
Invesco
Jasper CLO Ltd
Jefferies

Jefferies & Company
Jefferson Pilot Financial Insurance Company
Jfin CLO 2007 Ltd
JMP Credit Adv-Rosedale CLO II
JP Morgan Chase
JPMorgan Chase Bank National Association
Juggernaut Fund, L.P.
Katonah
Katonah - Katonah VII CLO
Katonah - Katonah VIII CLO Ltd
Katonah 2007 I CLO Ltd Fka Briarcliff I CDO Ltd
Katonah 2007 I CLO Ltd
Katonah 2008 I CLO Ltd Fka Katonah 2007 II CLO Ltd Fka Katonah XI CLO Ltd
Katonah 2008 I CLO Ltd
Katonah 2008 II CLO Ltd
Katonah Debt Advisors
Katonah IX CLO Ltd
Katonah VII CLO Ltd Fka Katonah VII Ltd
Katonah VII CLO Ltd
Katonah X CLO
Katonah X CLO Ltd
Latitude CLO I Ltd
Latitude CLO II Ltd
LCM I Limited Partnership
LCM II Limited Partnership
LCM III Ltd
LCM IV Ltd
LCM V Ltd
LCM VI Ltd
Leg Partners Deben SBIC
Lfsigxg LLC
Liberty CLO Ltd
Lime Street CLO Ltd
LMA Spc
LMA Spc - Map 80 Seg Portfolio
Loan Funding IV LLC
Loan Funding VII LLC
Loan Funding VII LLC By Highland Capital
Loan Star State Trust
Lone Star Partners, L.P.
Long Grove CLO Limited Fka Long Grove CLO Ltd
Long Grove CLO Limited

Longhorn Credit Funding LLC
Lufkin
Lufkin - Latitude CLO I
Lufkin - Latitude CLO III
Lufkin Advisors
Lyon
Lyon - LCM I
Lyon - LCM II
Lyon - LCM III
Lyon - LCM IV
Lyon - LCM V
Lyon - LCM VI Ltd.
Lyon Capital
MACQUARIE BANK LTD
Macquarie CAF Lending Division
Maps CLO Fund I LLC
Maps CLO Fund II Ltd
Marathon
Marathon Asset Management L.P.
Marathon Blue Active Fund Ltd
Marathon Credit Dislocation Fund LP
Marathon Credit Opportunity Master Fund Ltd
Marathon Liquid Credit Long Short Fund
Marathon Special Opportunity Master Fund Ltd
Mariner – Caspian CAP Part, L.P.
Mariner LDC
Market Square CLO Ltd
Marquette Park CLO Ltd
Massachusetts Mutual Life Insurance Company
Mercer Park Special Situations Master Fund LP
MJX – Veer Cash Flow CLO
MJX Asset Management
MJX - Venture II CDO 2002
MJX - Venture III CDO
MJX - Venture IV CDO Ltd
MJX - Venture IX CDO
MJX - Venture V CDO Ltd
MJX - Venture VI CDO
MJX - Venture VII CDO
MJX - Venture VIII CDO
MJX - Vista Lev Income Fund
MJX Investors

Monarch
Monarch Master Funding Ltd
Morgan Stanley Investment Management
Morgan Stanley SR Fund
Morgan Stanley Senior Funding Inc
MW Post - The Opportunity Fund
Neptune Finance CCS Ltd
Norinchukin Bank of New York Branch
Normandy Hill
Normandy Hill Master Fund Lp
Nuveen
Nuveen Floating Rate Income Fund
Nuveen Floating Rate Income Opportunity Fund
Nuveen Fltg Rate Inc Fund
Nuveen Senior Income Fund
Nuveen Sr Income
Nuveen Symphony Credit Opportunities Fund
Ocean Trails CLO I
Ocean Trails CLO II
Ocean Trails CLO III
One Wall Street CLO II Ltd Fka Ows II Ltd
One Wall Street CLO II Ltd
One Wall Street CLO III Ltd
Ore Hill
Orix
Orix Finance Corp
OW Funding Limited
OWS CLO 1 Ltd
Pacific Select Fund Floating Rate Loan Portfolio
Pacifica CDO II Ltd Fka Pacifica Partners II LP
Pacifica CDO II Ltd
Pacifica CDO IV Ltd
Pacifica CDO V Ltd
Penteli Master Fund Ltd
Permal Capital Structure Opportunities
Permal Capital Structure Opportunities Ltd
Permal Stone Lion Fund Ltd
PIMCO
Pioneer
Pioneer Investment
Pioneer Investment Management

Pioneer Series Trust VI – Pioneer Floating Rate Fund
Pointstate Capital LP
Pointstate Fund LP
Post Advisory
Post Strategic Master Fund L.P
Post Total Return Master Fund
Princeton - Rosedale CLO II
Princeton Advisory
Prospero CLO I BV
Prospero CLO II BV
Prudential
Pyramis Floating Rate High Income Commingled Pool
QP SFM Capital Holdings Limited
Quantum Partners LP
Red River CLO Ltd
Republic Loan Funding Ltd
Rockwall CDO II Ltd
Rockwall CDO Ltd
Rosedale CLO II Ltd
Rosedale CLO Ltd
Rosemont CLO Ltd
Sandler Capital
Sandler Capital Management/Ny
Sandler Capital Structure Opportunities Master Fund Ltd
Schiller Park CLO Ltd
Scotia Capital
Seix Advisors
Senior Debt Portfolio By Boston Management & Research fka Senior Debt Portfolio
Senior Debt Portfolio By Boston Management & Research
Serf Corp
Shiprock Finance SPC
Sfr Ltd
Southfork CLO Ltd
Stanfield
Stanfield - Bristol CLO, Ltd
Stanfield - Daytona CLO
Stanfield - McLaren CLO, Ltd.
Stanfield - XI Re Europe Ltd
Stanfield Arnage CLO Ltd
Stanfield Azure CLO Ltd

Stanfield Bristol CLO Ltd
Stanfield Capital Partners LLC
Stanfield Carrera
Stanfield Carrera CLO Limited
Stanfield Daytona CLO Ltd
Stanfield McLaren CLO Ltd
Stanfield Modena CLO
Stanfield Modena CLO Ltd
Stanfield Vantage CLO
Stanfield Vantage CLO Ltd
Stanfield Veyron CLO
Stanfield Veyron CLO Ltd
Steelmill Master Fund LP
Stone Lion Portfolio LP
Stratford CLO Ltd
Symphony
Symphony Asset Management
Symphony Asset Management LLC
Symphony CLO I Ltd
Symphony CLO II Ltd
Symphony CLO III Ltd
Symphony CLO IV
Symphony CLO IV Ltd
Symphony CLO V Ltd
Symphony CLO VI Ltd
Symphony Credit Opportunities Master Fund LP
Symphony Cr Opp Master Fund, LP
Symphony Credit Opportunities Fund Ltd
Symphony Cred Opp Fund, Ltd
Symphony-Nuveen Fl Rt Inc Opp
Teak Hill
Teak Hill Master Fund LP
Transamerica Life Insurance Company
Turf Moor
UBS
UBS AG
UBS AG, Stamford
UBS AG Stamford Branch
Ulysses Partners LP
Ursamine
Ursamine Credit Advisors LLC
US Bank Loan Fund M Master Trust
Veer
Veer Cash Flow CLO Limited fka Veer Loan

Opportunities Fund Limited
Veer Cash Flow CLO Ltd
Venor Capital Master Fund Ltd
Venture II CDO 2002 Limited
Venture III CDO Limited
Venture IV CDO Ltd
Venture IX CDO Limited
Venture V CDO Limited
Venture VI CDO Limited
Venture VII CDO Limited
Venture VIII CDO Limited
Veritas CLO I Ltd
Veritas CLO II Ltd
Verition Multi-Strategy Master
Victoria Court CBNA Loan Fund
Victoria Court CBNA Loan Funding LLC
Virginia Retirement System – Pimco
Visium
Visium Asset Management
Visium Funds
Visium Balanced Master Fund Ltd
Visium Credit Master Fund Ltd

Vista Leveraged Income Fund
West Gate
West Gate Horizons
West Gate Horizons Capital Advisors LLC
Westchester CLO Ltd Fka Amherst CLO Ltd
Westchester CLO Ltd
Westgate - Endurance CLO I
Westgate - Ocean Trails CLO I
Westgate - Ocean Trails CLO II
Westgate - Wg Horizons CLO I
Westgate- Ocean Trails CLO III
Westwood CDO II Ltd
WG Horizons CLO I
Whitehorse
Whitehorse Capital Partners LP
Whitehorse V Ltd
Whitehorse V Ltd By Whitehorse Capital Partners LP
Windmill Master Fund Lp
XL RE Europe Limited

Counterparties to Major Capital, Real Property and Personal Property Leases, License and Registration Rights Agreements

SJ Strategic Investments, LLC
TRC Valley Creek Associates – C, L.P.

PM Street, Inc.

Holders and Beneficial Holders of 1% or More of Any Outstanding Common Equity Securities of the Debtor

Gracetre Investments, LLC	GTCR Fund IX/B, Graceway Splitter, L.P.
GTCR Fund VIII, L.P.	Robert J. Moccia
GTCR Fund IX/A, L.P.	Michael T. Nordsiek
GTCR Fund VIII/B, Graceway Splitter, L.P.	Brian Shrader

Indenture Holders, Indenture Trustees and Major Bondholders and Surety Parties

Lincoln General Insurance Company
Merchants Bonding Company
RLI Insurance Company

Insurers and Beneficiaries of any Guarantees or Performance Bonds

ACE American Insurance Company
ACE Fire Underwriters Insurance Company
ACE Indemnity Insurance Company
ACE Medical Risk
ACE Property and Casualty Insurance Company
Ace USA
ACE USA International Advantage
ACE USA Professional Risk
ACE USA U.S. International
Avalon Risk Management, Inc.
AXIS Surplus Insurance Company
AXIS U.S. Insurance
Bankers Standard Fire & Marine Company
Bankers Standard Insurance Company
Chartis
Chartis Broker Services
Chartis Insurance
CHUBB
CNA
Columbia Casualty Company (CNA)
Debra E. Clark-Kinkead
Donald Wake
Federal Ins Co
Harford Accident and Indemnity Company
Harford Underwriters Insurance Company
Hartford Casualty Insurance Company
Hartford Fire Insurance Company
Hartford Insurance Company of the Midwest
Hartford Technology Practice
Illinois Union ACE

Illinois Union Insurance Company
Indemnity Insurance Company of North America
Insurance Company of North America
Ironshore Specialty Insurance Company
Joseph R. Poplawski
Lincoln General Insurance Company
Lisa M. Gelsomino
Marsh FINPRO
Marsh Mercer Kroll
Marsh USA Inc.
Mary Y. Volmar
Merchants Bonding Company
Multiple Writing Cos of The Hartford
National Union Fire Insurance Company
National Union Fire Insurance Company of Pittsburgh, Pa.
Pacific Employers Insurance Company
RLI Insurance Company
RLI Surety
Roy C. Die
Sentinel Insurance Company, Limited
SIR
Tara W. Mealer
The Hartford
Twin City Fire Insurance Company
Westchester Fire Insurance Company
Yolanda Orwat

Current and Former Officers, Directors and LLC Managers

Graceway Pharma Holding Corp.	
Greg Jones – Senior VP of Business Development	Brian G. Shrader – Chief Financial Officer
Jefferson J. Gregory – Chairman of the Board / Chief Executive Officer	John A. A. Bellamy – Executive VP / General Counsel / Secretary

Michael T. Nordsiek – Executive VP of Product Development	Xavier Yon – Board Member
Robert J. Moccia – Board Member / President / Chief Operating Officer	Robert Withrow – Treasurer
Edgar D. Jannotta, Jr. – Board Member	Edward J. Fiorentino – Manager/Director
Constantine S. Mihas – Board Member	Kenneth C. Dunn – Board Member
Subsidiary Officers, Directors and LLC Managers:	
<u>Current:</u>	
Edgar Odio – Secretary – Graceway Costa Rica SA	
Graceway Holdings, LLC	
Edward J. Fiorentino – Board Member	John A.A. Bellamy – Executive Vice President / General Counsel / Secretary
Edgar D. Jannotta, Jr. – Board Member	Jefferson J. Gregory – Chairman of the Board / Chief Executive Officer
Constantine S. Mihas – Board Member	Brian G. Shrader – Chief Financial Officer
Robert J. Moccia – Board Member / President / Chief Operating Officer	Robert Withrow - Treasurer
Xavier Yon – Board Member	Kenneth C. Dunn – Board Member
Graceway Pharmaceuticals, LLC	
Kenneth C. Dunn – Board Member	Jefferson J. Gregory – Chairman of the Board / Chief Executive Officer
Edgar D. Jannotta, Jr. – Board Member	Robert J. Moccia – President and Chief Operating Officer
Constantine S. Mihas – Board Member	John A.A. Bellamy – Executive Vice President / General Counsel / Secretary
Robert J. Moccia – Board Member / President / Chief Operating Officer	Robert Withrow – Treasurer
Xavier Yon – Board Member	Brian G. Shrader – Chief Financial Officer
Edward J. Fiorentino – Board Member	
Chester Valley Holdings, LLC	
Jefferson J. Gregory, Chairman	Jefferson J. Gregory – Chairman of the Board / Chief Executive Officer
Edgar D. Jannotta, Jr. – Board Member	Robert J. Moccia – President and Chief Operating Officer
Constantine S. Mihas – Board Member	John A.A. Bellamy – Executive Vice President / General Counsel / Secretary
Robert J. Moccia – Board Member / President / Chief Operating Officer	Robert Withrow – Treasurer

Xavier Yon – Board Member	Brian G. Shrader – Chief Financial Officer
Edward J. Fiorentino – Board Member	Kenneth C. Dunn – Board Member
Chester Valley Pharmaceuticals, LLC	
Jefferson J. Gregory – Chairman	Jefferson J. Gregory – Chairman of the Board / Chief Executive Officer
Edgar D. Jannotta, Jr. – Board Member	Robert J. Moccia – President and Chief Operating Officer
Constantine S. Mihas – Board Member	John A.A. Bellamy – Executive Vice President / General Counsel / Secretary
Robert J. Moccia – Board Member	Robert Withrow – Treasurer
Xavier Yon – Board Member	Brian G. Shrader – Chief Financial Officer
Edward J. Fiorentino – Board Member	Kenneth C. Dunn – Board Member
Graceway Canada Holdings, Inc.	
Jefferson J. Gregory, Chairman	Jefferson J. Gregory – Chairman of the Board / Chief Executive Officer
Edgar D. Jannotta, Jr. – Board Member	Robert J. Moccia – President and Chief Operating Officer
Constantine S. Mihas – Board Member	John A.A. Bellamy – Executive Vice President / General Counsel / Secretary
	Robert Withrow – Treasurer
	Brian G. Shrader – Chief Financial Officer
	Brian G. Shrader, Financial Manager
Graceway International, Inc.	
Jefferson J. Gregory – Chairman of the Board / Chief Executive Officer	Brian G. Shrader – Chief Financial Officer
Robert J. Moccia – Board Member/ President / Chief Operating Officer	Robert J. Moccia – President and Chief Operating Officer
Robert Withrow – Treasurer	John A.A. Bellamy – Executive Vice President / General Counsel / Secretary
Graceway Canada Company (Canadian Corporation)	
Jefferson J. Gregory	Jefferson J. Gregory, Chief Executive Officer
Constantine S. Mihas	Robert J. Moccia, President and Chief Operating Officer
	John A.A. Bellamy, Secretary
	Robert Withrow, Treasurer
	Brian G. Shrader, Chief Financial Officer
Graceway Mexico, S. de R.L. de C.V. (Mexico)	[DIVESTED 6/28/10]
Jefferson J. Gregory	Jefferson J. Gregory, Chief Executive Officer
Robert J. Moccia	Robert J. Moccia, President and Chief Operating Officer
	John A.A. Bellamy, Secretary
	Robert Withrow, Treasurer

	Brian G. Shrader, Chief Financial Officer
Graceway Mexico, Opco S. de R.L. de C.V. (Mexico)	[DIVESTED 6/28/10]
Jefferson J. Gregory	Jefferson J. Gregory, Chief Executive Officer
Robert J. Moccia	Robert J. Moccia, President and Chief Operating Officer
	John A.A. Bellamy, Secretary
	Robert Withrow, Treasurer
	Brian G. Shrader, Chief Financial Officer
Graceway Guatemala SA (Guatemala)	
Jefferson J. Gregory	Jefferson J. Gregory, Chief Executive Officer
Robert J. Moccia	Robert J. Moccia, President and Chief Operating Officer
	John A.A. Bellamy, Secretary
	Robert Withrow, Treasurer
	Brian G. Shrader, Chief Financial Officer
Graceway Honduras SA (Honduras)	
Jefferson J. Gregory	Jefferson J. Gregory, Chief Executive Officer
Robert J. Moccia	Robert J. Moccia, President and Chief Operating Officer
	John A.A. Bellamy, Secretary
	Robert Withrow, Treasurer
	Brian G. Shrader, Chief Financial Officer
Graceway Costa Rica SA (Costa Rica)	
Jefferson J. Gregory	Jefferson J. Gregory, President
Robert J. Moccia	Robert J. Moccia, Treasurer
	John A.A. Bellamy, Comptroller
	Edgar Odio, Secretary

Top 30 Unsecured Creditors

Real Estate Lease Counterparties

SJ Strategic Investments, LLC
TRC Valley Creek Associates-C, L.P.

Major Suppliers/Vendors/Contract Counterparties

3M
3M Argentina S.A.C.I.F.I.A.

3M Company
3M Drug Delivery Systems

3M Healthcare LTD
3M Innovation Singapore Pte Ltd.
AAI Pharma Services Corp.
ABF Freight System
Activmed Practices & Research
Almirola Motor Sports, Inc.
Alvogen, Inc.
American Academy of Dermatology
ADP
AETNA Health Management
American Express
American Express Travel Related Services Company, Inc.
Answerthink
Aon Consulting
Archstone Insights, LLC
Arnall Golden Gregory
Ashfield Healthcare, LLC
Atlanta North Gynecology, P.C.
Atmos Energy
ATP, LLC d/b/a PPD Medical Communications
Automatic Data Processing, Inc.
AXA Assistance USA
Bailey Computing Technologies
Bank of America, N.A. NY
Schoeneckers, Inc.
Billy Ballew Motorsports, Inc.
Biokosmes R.L.
Biokosmes S.R.L.
BlueCross and BlueShield of Tennessee
Brightech International, LLC
Bristol Tennessee Essential Services
Brown, Edwards & Company
Budget Conferencing, Inc.
Bulletin News, LLC
California Aids Drug Assistance
Capital Returns, Inc.
Cardinal Health
Caremark
Caremark PCS Health LP
Carretta USA, Inc.
Catalyst RX Government Services, Inc.
Century Link
The Certified Medical Representatives Institute, Inc.

Chamberlain Communication
Chamberlain Communications, LLC
Chesapeake Research Review, Inc.
CIGNA Healthcare Inc
Cingular
Cingular/AT&T Mobility
Clinical Professional, Inc.
Commissioner of Social Service
Compliance Implementation Services, LLC
Comprehensive Neuroscience, Inc.
Concur Technologies, Inc.
Contract Pharmaceuticals LTD
Corporacion Sanpue S.A.
Covance Central Laboratory Services, LP
CPL
CVS Pharmacy, Inc.
Decision Development, Inc.
Dermatology Foundation Clin. Symposium
Dermatology Treatment Research Center, PA
DermResearch, Inc.
DermResearch Center of New York, Inc.
DHS MN Dept of Health Service
Division of Medical Assistance
Discovery Clinical Research, Inc.
Document Solutions Group, Inc.
Downtown Womens Health Care
DPT
DPT Laboratories
DPT Laboratories, LTD
DR3 Productions
Draxis
Drexel University College of Medicine
Drugs for the Elderly
ECRM
EDS
EPL Pathology Archives, Inc.
Edwards Angell Palmer & D
Edwards Angell Palmer and Dodge
Elsevier Inc
Emblem Health Services Company
Enterprise Fleet Services
Enterprise Leasing Company of Philadelphia
eResearch Technology, Inc.
Ethos Health Communications
Evince Communications, LL

Experchem
Experchem Laboratories, Inc.
Falcon Consulting Group, LLC
FedEx
Fidelity Information Services
First DataBank, Inc.
Fisher Clinical Services, Inc.
Foundation for Research and Education
Franklin Pharma Services
Franklin Pharma Services, LLC
Frontage Laboratories, Inc.
Furst Pharmaceuticals Services, Inc.
Gilead Sciences, Inc.
Gleacher & Company Securities Inc.
Global Compliance Services, Inc.
Grand Rapids Womens Health
GSW
GTB Research, Inc.
Harmony
Harmony Labs, Inc.
HCF
Health Market International, LLC
Healthcare Clinical Daqta, Inc.
High Performance Technologies
Hogan Lovells-US LLP
Honeywell International, Inc.
Huntingdon Life Sciences, Ltd.
HVAC, Inc.
IC AXON
Illumiti Consulting LLC
I-Many Inc.
iNova Pharmaceuticals Pty, Ltd.
IMS Health, Inc.
Innovation Printing & Company
Integrium, LLC
INTERNATIONAL PHARMA LABS S.A.R.L.
Interphase Systems, Inc.
Iowa Medicaid Enterprises
Jackson Clinic, PA
Jacqueline Shaw
Johnson City Utility System
Journal of Drugs in Derma
Keystone Mercy Health Plan
Kirkland and Ellis LLP
KPMG LLP

Lachman Consultant Services, Inc.
Liquent, Inc.
Loughlin Meghji & Company
Luipold Pharmaceuticals
Luitpold
Luitpold Pharmaceuticals, Inc.
Magee Women's Research Institute
Marsh USA, Inc.
Masergy Communications, Inc.
Mcdermott Will & Emery LLC
McKesson Specialty Arizona, Inc.
Meda AB
Medco Health Solutions, Inc.
MediMedia Information Technologies Group
Medisys Health Communications, LLC
MedPharm LTD
MedPharm Ltd
MedPro Systems, LLC
Medscape LLC
Met life
Metaphor
Metropolitan Life Insurance Company
Microsoft Licensing, GP
More Pharma Corporation
NC XIX Drug Rebate Program
NCXIX Drug Rebate Program
NEA Women's Clinic
New York University School of Medicine
NextRx Services, Inc Conc
NYS Epic Program
Online Business Applications, Inc.
OptumHealth Bank
Ovid Technologies, Inc.
PAETEC Communications, Inc.
Panalpina Inc.
Panalpina World Transport LTD
Panalpina-Ocean
Perrigo
Perrigo Company of South Carolina, Inc.
Pfizer, Inc.
Pharma Packaging Solutions
Pharmakinnex, Inc.
PharmaKinnex, Inc.
PharmaNet, Inc.
Physicians Desk Reference, Inc.

Physicians Interactive Holdings, LLC
Pinnacle Research Group
Pinnacle Research Group LLC
Poretta & Orr Inc.
PPD Medical Communication
Prasco, LLC
Precision Trials, LLC
Prescription Solutions
Pricewaterhouse Coopers, LLP
Prime Therapeutics LLC
Prosoft Software, Inc.
Prudential
Prudential Insurance Company of America
Ropes & Gray LLP
RWD Technologies LLC
Saginaw Valley Medical Research Group, LLC
Saiber, LLC
Schenker Canada
Schenker LTD
SDI Health LLC
SDG Life Sciences
Serena Mraz, MD
Sheraton Great Valley Hot
Sidley Austin, LLP
SilverScripts, Inc
Sinclair
Sinclair Pharmaceuticals Limited
SJ Strategic Investments, LLC
Source Healthcare Analytics, I
Sprint
Standard and Poor's
Stay in Front
Steepprock, Inc.
Stericycle, Inc.
Strategyx LLC
Sunset Logistics, Inc
The Journal of Drugs in Dermatology

Parties to Major Litigation

3M Innovative Properties, Co.
Nycomed US, Inc.
Perrigo Company
Perrigo Israel Pharmaceuticals, Ltd.

The Judge Group
Tidewater Clinical Research, Inc.
TKL Research, Inc.
TRC Valley Creek Associates
Tricare
TrialCard, Incorporated
Tri-Cities Information Management, LLC
Two Labs Marketing LLC
University Hospitals of Cleveland
University of California at Irvine
University of Hertfordshire
University of Maryland
University of Texas Southwestern Medical Center
University of Texas MD Anderson Cancer Center
Ventiv Commercial Services. LLC
Venture Aviation Group, LLC
Verizon
VSP
Waste Management of Tri-Cities
Wells Fargo
West, a Thomsen Reuters business
Westin Chicago River North Hotel
Women's Care Center of Memphis, M PLLC
Women's Health Care, Inc.
Women's Health Practice
Women's Health Research
Women's Health Research Center
Wright Express
WV Dept of Health and Human Resources
Xavier Yon

River's Edge Pharmaceuticals, LLC

Major State and Other Relevant Governmental Authorities

Alabama Department of Revenue
Alabama Medicaid Agency
American Medical Association
Center for Medicare & Medicaid Services
City of Bristol, TN
City of Philadelphia
Comptroller of Public Accounts, Texas
D.C. Treasurer Government of D.C. Office of Tax & Revenue
Food and Drug Administration
Food and Drug Administration
Franchise Tax Board
Health and Human Services Commission
Internal Revenue Service
Kansas Department of Revenue
Kansas Health Policy Authorities
Kentucky Department of Revenue
Kentucky State Treasurer
Louisiana Department of Health
Maryland Board of Pharmacy
Medicaid
Medicare
Michigan Department of Treasury
Minnesota Department of Revenue
Missouri Department of Revenue Taxation Division
MO Division of Medical Service
NE Department of Health and Human Services
Nebraska Department of Health and Human Services, Division of Public Health
NH DRA
North Dakota State Board of Pharmacy
Office of Pharmacy Affairs of the U.S. Department of Health and Human Services Health Resources and Services Administration
Office of State Tax Commissioner, North Dakota
Ohio Department of Taxation

Oklahoma Health Care Authority
Oregon Board of Pharmacy
Pennsylvania Department of Revenue
People of the State of California, Pharmacy Board Contingent Fund
SC Dept of Health and Human Services
State of Arizona, Board of Pharmacy (ASBP)
State of California Franchise Tax Board
State of Connecticut
State of Indiana, Professional Licensing Agency, Board of Pharmacy
State of Maryland Dept of Assessment & Taxation
State of Mississippi
State of Nevada and the Nevada State Board of Pharmacy
State of New Jersey Division of Taxation
State of Tennessee, Notary Commissioner
State of Washington Dept of Revenue
Sullivan County, TN
Tennessee Department of Revenue
Tennessee Department of Revenue
Treasurer of the State of Colorado
Treasurer, State of New Hampshire
U.S. Customs Service Bureau of Customs & Border Protection National Finance Center Revenue Division, Bond Team
U.S. Department of Veterans Affairs
U.S. Public Health Service
United States Department of Homeland Security
US Department of Treasury
West Virginia State Tax Department
Wisconsin Department of Health and Family
Wisconsin Department of Regulation & Licensing
Wisconsin Department of Revenue

Other Secured Creditors

Konica Milota Premier Finance
Tennessee Department of Labor

Major Customers

AmerisourceBergen
Cardinal
McKesson

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Major Intellectual Property Providers

3M Company
3M Innovative Properties Company
Riker Laboratories, Inc.

Lienholders and Parties to Joint Venture and Licensing Agreements

GTCR
International Pharma Labs, S.A.R.L.
Meda Pharmaceuticals

United States Bankruptcy Judges in the District of Delaware

Judge Kevin J. Carey
Judge Judith K. Fitzgerald
Judge Kevin Gross
Judge Brendan L. Shannon

Judge Christopher S. Sontchi
Judge Mary F. Walrath
Peter J. Walsh

United States Trustee for the District of Delaware (and Key Staff Members)

David Buchbinder
Roberta A. DeAngelis
Mark Kenney
David Klauder
Jane Leamy
Tony Murray
Tiara Patton

Juliet Sarkessian
T. Patrick Tinker

Clerk of Court for the District of Delaware

David D. Bird

Members of Official Committee of Unsecured Creditors

Professionals Retained by Official Committee of Unsecured Creditors

Counsel to Individual Members of Official Committee of Unsecured Creditors

Staff for the Honorable []

Other

Aetna
AmeriHealth Mercy/Perform Rx
Amneal Pharmaceuticals, LLC
Angela Renee Stuart
Banc of America Securities, LLC
Bank of America, Credit Inquiry

Bank of Montreal
BBVA Bancomer
Bellco Health
Blue Shield of California
Burlington Drug Company
Capital Services & Supplies, Inc.

Capital Wholesale Drug Company
Cardinal Health
CareFirst BlueChoice (Maryland)
CareFirst BlueChoice (Delaware)
Caremark PCS
Catalyst Rx
Cherie L. Montgomery
Cigna
Cigna Healthcare
CVS Caremark Part D Services, LLC (SilverScript)
Dakota Drug, Inc.
Deutsche Bank Securities Company, Inc.
DIK Drug Company
Discount Drug Mart
DMS Pharmaceutical Group, Inc.
DUSA
EmblemHealth (fka HIP Health Plan of NY)
Express Scripts, Inc. – Unspecified CPC
Express Scripts, Inc. - Access
Frank W. Kerr Company
Galderma S.A.
Gilead
Gilead Sciences, Inc.
Harvard Drug Group
Harvard Pilgrim
H.D. Smith Wholesale Drug Company
HealthPartners
Humana
International Pharma Labs, S.A.R.L.
John C. Bowles
Kaiser Permanente
King Drug Company
Kinray, Inc.
KV Pharmaceuticals
Lannett
Lovelace
Lovelace Health Plan
McKesson Corporation
McQueary Brothers Drug Company
Meda Pharmaceuticals
Medco

Medco Health Solutions
Medco Managed Care LLC
MedImpact
Medicis Pharmaceutical Corporation
MedPharm Limited
Miami-Luken, Inc.
Mission Pharmacal, Co.
MMCAP
Morris & Dickson Company, LLC
Mount Sinai School of Medicine
N.C. Mutual Wholesale Drug Co.
New York University Medical Center
North Carolina Mutual Wholesale Drug Company
Peyton's, A Division of the Kroger Company
PPD
Prescription Supply, Inc.
Publix Supermarkets, Inc.
R & S Sales, LLC
RDC – Rochester Drug Cooperative, Inc.
Rite Aid Corporation
Ropes & Gray, LLP
RSM Richter, Inc.
RxAmerica
RxSolutions
Sciele
Select Health
Smith Drug company
Suzanne Bruce and Associates, P.A.
TRIAX Pharmaceuticals
Valley Wholesale Drug company, Inc.
Value Drug
Value Drug Company
Wachovia Bank, N.A.
Wal-Mart Stores, Inc.
Xanodyne Pharmaceuticals, Inc.
Pfizer, Inc.
Barrier Advisors, Inc.

Schedule B to Hill Declaration

Known Connections to Potential Parties in Interest

Graceway 2011

Current and Former Clients of A&M and/or its Affiliates¹

3M Company
Ace Insurance Companies
Aetna
Alcentra
Allstate
American Express
Amneal Pharmaceuticals, LLC
Aon Consulting
AT&T Mobility
AXA Assistance USA
Bank of America
Bank of Montreal
BBVA Bancomer
Bill & Melinda Gates Foundation
Blue Shield of California
BNY Mellon Special Situations
Camulos
Cardinal Health
Cigna
CIT Group
Citibank
Citigroup
City of Philadelphia
CNA
Credit Suisse Loan Funding LLC
EmblemHealth
Express Scripts, Inc
FedEx
General Electric Capital Corporation
Global Compliance Services, Inc
Goldman Sachs
Golub
GSO
HIP Health Plan of NY
Humana
Jefferies & Company
Jefferson Pilot Financial Insurance Co.

JPMorgan Chase
Kaiser Permanente
KPMG LLP
Lazard Freres & Co. LLC
Macquarie Bank
Marsh FINPRO
McKesson
MediMedia USA, Inc.
MetLife
Microsoft Licensing, GP
Mount Sinai School of Medicine
Morgan Stanley
OptumHealth Bank
Perrigo Company
PIMCO
Prescription Solutions
Prudential
State of Mississippi
Thomson Reuters
Transamerica Life Insurance Company
UBS AG
Univ. of TX MD Anderson Cancer Center
Verizon
Wachovia Bank, N.A
Wal-Mart Stores, Inc
Waste Management of Tri-Cities
Wells Fargo
XL RE Europe Limited

Significant Equity Holders of Current and Former A&M Clients²

Ace USA
American Express
AXA Assistance USA
Bank of America
BBVA Bancomer
Bill & Melinda Gates Foundation
BNY Mellon Special Situations
Cardinal Health

¹ A & M and/ or an affiliate is currently providing or has previously provided certain consulting services to these parties or their affiliates in matters unrelated to the Debtors' chapter 11 cases.

² These parties or their affiliates are significant equity holders of clients or former clients of A&M or its affiliates in matters unrelated to the Debtors' chapter 11 cases.

Cigna
 CIT Group
 Citibank
 Citigroup
 CNA
 Credit Suisse Loan Funding LLC
 Deutsche Bank Securities Company, Inc
 Duquesne Capital Management
 General Electric Capital Corporation
 Goldman Sachs
 GSO
 Honeywell International, Inc
 Jefferies & Company
 JPMorgan Chase
 Lazard Freres & Co. LLC
 Macquarie Bank
 Marsh FINPRO
 Massachusetts Mutual Life Insurance Co.
 Microsoft Licensing, GP
 Morgan Stanley Investment Management
 Mount Sinai School of Medicine
 Prudential
 UBS AG
 Verizon
 Wachovia Bank, N.A
 Waste Management of Tri-Cities
 XL RE Europe Limited

Creditors in A&M Engagements³

3M Company
 Ace USA
 Aetna
 Allstate
 American Express
 AmerisourceBergen
 AT&T Mobility
 Bank of America
 Bank of Montreal
 BBVA Bancomer

³ A&M is currently advising or has previously advised these parties or their affiliates as creditors or various official creditors' committees in which these parties or their affiliates were members or which represented the interests of these parties or their affiliates. In each case, such matter is and was unrelated to the Debtors chapter 11 cases.

BNY Mellon Special Situations
 Boston Management & Research
 Cardinal Health
 CIT Group
 Citibank
 Citigroup
 Credit Suisse Loan Funding LLC
 Deutsche Bank Securities Company, Inc
 Honeywell International, Inc
 JPMorgan Chase
 Konica Minolta Premier Finance
 Massachusetts Mutual Life Insurance Co.
 McKesson
 Morgan Stanley Investment Management
 Norinchukin Bank
 PIMCO
 Princeton Advisory
 Prudential
 Scotia Capital
 Sprint
 Transamerica Life Insurance Company
 UBS AG
 Verizon
 Wachovia Bank, N.A
 Waste Management of Tri-Cities
 Wells Fargo

Members of Noteholders Group⁴

American Express
 AmeriHealth Mercy/Perform Rx
 CNA
 Credit Suisse Loan Funding LLC
 Fidelity
 JPMorgan Chase
 Morgan Stanley Investment Management
 Prudential

⁴ A&M is currently advising or has previously advised various official or unofficial noteholders' committees in which these parties or their affiliates were members or which represented the interests of these parties or their affiliates. In each case, such matter is and was unrelated to the Debtors chapter 11 cases.

Professionals & Advisors⁵

Arnall Golden Gregory
Barrier Advisors, Inc.
Edwards Angell Palmer and Dodge
Goodmans LLP
Hogan Lovells US LLP
Kirkland and Ellis LLP
KPMG LLP
Latham & Watkins, LLP
Loughlin Meghji & Company
Mcdermott Will & Emery LLC
Morgan Lewis & Bockius LLP
Pricewaterhouse Coopers, LLP
Ropes & Gray, LLP
Sidley Austin LLP
Wachtell, Lipton, Rosen & Katz
Young Conaway Stargatt & Taylor, LLP

Significant Joint Venture Partners⁶

Ace USA
MetLife
Microsoft Licensing, GP
Mount Sinai School of Medicine
Sprint

Fund/Fund Managers⁷

⁵ These professionals have represented clients in matters where A&M was also an advisor (or provided crisis management) to the same client. In certain cases, these professionals may have engaged A&M on behalf of such client.

⁶ These parties or their affiliates are significant joint venture partners of other clients or former clients of A&M or its affiliates in matters unrelated to the Debtors chapter 11 cases.

⁷ With respect to these private equity funds, hedge funds or other investment vehicles or fund management entities (along with certain other fund and managers within their investment group) which are parties in interest to the Debtors Chapter 11 cases: (i) A&M or its affiliates currently provides or has previously provide certain consulting services to them or other related entities or affiliates within their investment group (the “**Fund Related Parties**”) in matters or transactions unrelated to the Debtors’ chapter 11 cases, (ii) such parties in interest or one or more of their Fund Related Parties are significant equity holders of other clients of A&M or its

Aberdeen
Aegon
Archimedes
Aurelius
Babson
Brentwood
Carlyle
Deerfield Capital
Eaton Vance
Endurance CLO
Fidelity
Fraser Sullivan
Golub
Grayson & Co
GTCR
GulfStream
Highland Capital
Invesco
Katonah
Kzh Ing-1 LLC
Lufkin Advisors
Marathon
Marquette Park
MJX Asset Management
Nuveen
Ore Hill
Orix Finance Corp
Pacifica CDO
Pioneer Investment
Post Advisory
Pyramis
Sandler Capital
Seix Advisors
Stanfield Capital Partners LLC
Symphony
Whitehorse Capital Partners LP
West Gate Horizons

affiliates and/or (iii) A&M currently advises or has previously advised such parties or one or more of their Fund Related Parties as creditors or advises or has previously advised official or unofficial creditors’ committees in which such parties in interest and/or Fund Related Parties were members or which represented the interests of these parties in interest and/or Fund Related Parties, all in matters unrelated to the Debtors’ chapter 11 cases.

Exhibit D

Dispute Resolution Procedures

The following procedures shall be used to resolve any controversy or claim (a “**Dispute**”) as provided in this agreement. If any of these provisions are determined to be invalid or unenforceable, the remaining provisions shall remain in effect and binding on the parties to the fullest extent permitted by law.

Mediation

A dispute shall be submitted to mediation by written notice to the other party or parties. In the mediation process, the parties will try to resolve their differences voluntarily with the aid of an impartial mediator, who will attempt to facilitate negotiations. The mediator will be selected by agreement of the parties. If the parties cannot agree on a mediator, a mediator will be designated by the American Arbitration Association (“**AAA**”) or JAMS/Endispute at the request of a party. Any mediator so designated must be acceptable to all parties.

The mediation will be conducted as specified by the mediator and agreed upon by the parties.

The parties agree to discuss their differences in good faith and to attempt, with the assistance of the mediator, to reach an amicable resolution of the dispute. The mediation will be treated as a settlement discussion and therefore will be confidential. The mediator may not testify for either party in any later proceeding relating to the dispute. No recording or transcript shall be made of the mediation proceedings.

Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

Arbitration

If a dispute has not been resolved within 90 days after the written notice beginning the mediation process (or a longer period, if the parties agree to extend the mediation), the mediation shall terminate and the dispute will be settled by arbitration and judgment on the award rendered by the arbitration may be entered in any court having jurisdiction thereof. The arbitration will be conducted in accordance with the procedures in this document and the Arbitration Rules for Professional Accounting and Related Services Disputes of the AAA ("**AAA Rules**").