

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

In re:

GRACEWAY PHARMACEUTICALS, LLC,  
*et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 11-13036 (PJW)

Jointly Administered

Ref. Docket No. 28

**SUPPLEMENTAL DECLARATION OF MARK YARBROUGH IN SUPPORT OF  
THE APPLICATION OF THE DEBTORS TO RETAIN AND EMPLOY  
PRICEWATERHOUSECOOPERS LLP AS TAX CONSULTANT  
NUNC PRO TUNC TO THE PETITION DATE**

Pursuant to Rule 2014(a) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), Mark Yarbrough, under penalty of perjury, declares as follows:

1. I am a Partner of the firm of PricewaterhouseCoopers LLP (“**PwC**”), an accounting and financial services firm that has offices within the United States. I am duly authorized to make and submit this supplemental declaration (the “**Supplemental Declaration**”) on behalf of PwC to supplement my prior declaration (the “**Original Declaration**”) in support of the application for entry of an order authorizing the retention and employment of PwC, *nunc pro tunc* to the Petition Date,<sup>2</sup> as tax consultant to Graceway Pharma Holding Corp. and certain of its affiliates, as debtors and debtors-in-possession (collectively, the “**Debtors**”).

---

<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Graceway Pharma Holding Corp., a Delaware corporation (9175), Case No. 11-13037 (PJW); Graceway Holdings, LLC, a Delaware limited liability company (2502), Case No. 11-13038 (PJW); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385), Case No. 11-13036 (PJW); Chester Valley Holdings, LLC, a Delaware limited liability company (9457), Case No. 11-13039 (PJW); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713), Case No. 11-13041 (PJW); Graceway Canada Holdings, Inc., a Delaware corporation (6663), Case No. 11-13042 (PJW); and Graceway International, Inc., a Delaware corporation (2399), Case No. 11-13043 (PJW). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy). On October 4, 2011, Graceway Canada Company filed an application in the Ontario Superior Court of Justice (Commercial List) pursuant to the *Courts of Justice Act*, R.S.O. 1990, c. C. 43.

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

2. Except as otherwise noted in this Supplemental Declaration, I have personal knowledge of the matters set forth herein or have been informed of such matters by other professionals of PwC.

### **Disinterestedness**

3. As set forth in my Original Declaration, in connection with PwC's proposed retention by the Debtors, PwC undertook a search to determine, and to disclose, whether it or its affiliates, is or has been employed by or has other relationships with any of the Debtors or their affiliates, subsidiaries, directors or officers, or any of the Debtors' significant creditors, customers, equity security holders, professionals or other entities with significant relationships with the Debtors (the "**Potential Parties in Interest**").

4. As further set forth in my Original Declaration, PwC may have in the past represented, may currently represent, and likely in the future will represent the entities identified on Schedule 2 to my Original Declaration in connection with matters unrelated to the Debtors and these Chapter 11 Cases.

5. Specifically, PwC determined that certain relationships should be disclosed as follows:

- a. PwC provides services in matters unrelated to the Debtors to certain Potential Parties in Interest listed on Schedule 2 to my Original Declaration or their affiliates.
- b. In the ordinary course of its business, PwC and its affiliates have business relationships in unrelated matters with its principal competitors, which together with their affiliates may be Potential Parties in Interest in these Chapter 11 Cases. For example, from time to time, PwC and one or more of such entities may work on assignments for the same client or may otherwise engage each other for various purposes.
- c. PwC and/or its affiliates have provided or currently provide professional services to certain equity holders of the Debtors listed on Schedule 2 to my Original Declaration in matters unrelated to the Debtors.

d. Certain Potential Parties in Interest may be adverse to and/or involved in litigation matters with PwC or its affiliates in connection with matters unrelated to the Debtors.

6. To the best of my knowledge, three of the clients listed on Schedule 2 to my Original Declaration accounted for more than 1.0% of PwC's revenues for the fiscal year ended June 30, 2011. However, none of these clients accounted for more than 1.5% of PwC's revenues for that fiscal year.

7. As set forth in my Original Declaration, PwC provided prepetition services to the Debtors beginning in September 2009. The Debtors paid PwC fees totaling approximately \$201,980 in the 90 days prior to the Petition Date. As of the Petition Date, no amounts were outstanding with respect to invoices issued by PwC prior to the Petition Date. An analysis of the payments made by the Debtors to PwC during the 90 days prior to the Petition Date is attached hereto as Schedule 1.

8. Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: October 16, 2011

  
Mark Yarbrough, Partner  
PricewaterhouseCoopers LLP

**Schedule 1**

<b>Date Invoice Sent or Payment Received</b>	<b>Amount of Payment Made by Graceway to PwC</b>	<b>Amount Owed by Graceway to PwC as Reflected in Invoice</b>	<b>Retainer Balance</b>
7/20/2011		\$67,455.00	\$0.00
8/10/2011		\$70,000.00	\$0.00
8/17/2011	\$67,455.00		\$0.00
8/17/2011	\$70,000.00		\$0.00
9/02/2011		\$36,200.00	\$0.00
9/19/2011		\$28,325.00	\$0.00
9/20/2011	\$25,000.00		\$0.00
9/26/2011	\$28,325.00		\$0.00
9/28/2011	\$11,200.00		\$0.00

All invoices were issued after the services were rendered to the Debtors. Payment was due within fifteen days of invoice date.