

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 (KJC)

(Jointly Administered)

VERIFIED FINAL REPORT IN CHAPTER 11 CASES

I, Kip Horton, in my capacity as the liquidating trustee (the “**Liquidating Trustee**”) of the Graceway Liquidating Trust (the “**Liquidating Trust**”), hereby declare under penalty of perjury that, to the best of my knowledge and belief, and after reasonable inquiry, that the following is true and correct:

1. On September 29, 2011 (the “**Petition Date**”), the above-captioned debtors (the “**Debtors**”) each filed a voluntary petition for relief (the “**Graceway Chapter 11 Cases**”) pursuant to chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”).

2. On February 28, 2012, the Debtors filed the *First Amended Joint Plan of Liquidation of Graceway Pharmaceuticals, LLC, et al.* (“**Plan**”) ² [D.I. 551].

3. On April 20, 2012, this Court entered the *Findings of Fact, Conclusions of Law and Order Confirming First Amended Joint Plan of Liquidation of Graceway Pharmaceuticals, LLC, et al.* (the “**Confirmation Order**”) [D.I. 722].

4. The Effective Date of the Plan was May 4, 2012 (the “**Effective Date**”) and on the Effective Date the Liquidating Trust was created and the Debtors’ remaining assets (the “**Debtors’ Assets**”) vested in the Liquidating Trust. Pursuant to the Plan, on the Effective

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385), Case No. 11-13036 (KJC); and Graceway Canada Holdings, Inc., a Delaware corporation (6663), Case No. 11-13042 (KJC).

² All capitalized terms used, but not otherwise defined, herein shall have the meaning given in the Plan.

Date the Debtors, on their own behalf and on behalf of the Beneficiaries and the Liquidating Trust, executed the Liquidating Trust Agreement, which established the Liquidating Trust for the purpose of liquidating the Debtors' Assets and distributing the proceeds thereof to the Beneficiaries, among other things.

5. Pursuant to the Plan, on the Effective Date all of the Debtors' Assets vested in the Liquidating Trust.

6. Under the Plan and the Liquidating Trust Agreement, the Liquidating Trustee was responsible for distributing the Liquidating Trust assets to the Beneficiaries.

7. Since the Plan's Effective Date, the Liquidating Trustee has been engaged in a variety of efforts to maximize the value of and liquidate the Assets of the Liquidating Trust including, without limitation, the prosecution of various avoidance actions held by the Liquidating Trust, the collection of outstanding accounts receivable, the sale of the Debtors' real property, winding down of the Debtors' pension plan filing required tax returns and the winding down and transfers of remaining funds from Graceway Canada to the Liquidating Trust.

8. On February 27, 2017, the Liquidating Trustee filed the *Motion of the Liquidating Trustee for an Order (I) Approving Final Accounting and Granting Authority to Make Final Distributions Contemplated by the Plan; (II) Excusing the Liquidating Trustee from Compliance with Withholding Tax Laws Under Plan or in the Alternative Disallowing the Claims of Claimants Who Failed to Provide the Liquidating Trustee With I.R.S. Form W-9; (III) Granting a Final Decree and Closing These Cases; (IV) Terminating Claims and Noticing Agent Services and (V) Granting Related Relief* (the "**Closing Motion**") [D.I. 1141].

9. An order granting the relief in the Closing Motion will serve to close the Graceway Chapter 11 Cases and grant a final decree.

10. The following is a breakdown of the results in the Graceway Chapter 11 Cases:

The approximate amount of aggregate fees and expenses awarded to the Estate's professionals from the Petition Date through the Effective Date were as follows:

ESTATE PROFESSIONALS	FEES AND EXPENSES AWARDED
Young Conaway Stargatt & Taylor LLP (Co-Counsel to the Debtors and Debtors in Possession)	\$321,192.43
Latham and Watkins LLP (Counsel to the Debtors and Debtors in Possession)	\$3,405,089.76
Alvarez and Marsal North America, LLC (Restructuring Advisors to the Debtors and Debtors in Possession)	\$1,548,056.37
PricewaterhouseCoopers LLP (Tax Consultant to the Debtors and Debtors in Possession)	\$167,140.36
Stikeman Elliot LLP (Special Canadian Counsel to the Official Committee of Unsecured Creditors)	\$41,997.24
Lowenstein Sandler PC (Counsel to the Official Committee of Unsecured Creditors)	\$262,732.41
FTI Consulting, Inc. (Financial Advisor to the Official Committee of Unsecured Creditors)	\$417,146.33
Elliot Greenleaf (Co-Counsel to the Official Committee of Unsecured Creditors)	\$290,287.01
TOTAL:	\$6,453,641.91

11. The following distributions to be made under the Plan on account of allowed claims in these Chapter 11 Cases have been made in accordance with the Plan. The percentages of dividends paid to claimants are as follows:

TYPE OF CLAIM OR INTEREST	APPROXIMATE DISTRIBUTION PERCENTAGE	APPROXIMATE DISTRIBUTION AMOUNT
Class 1 (Other Priority Claims)	100%	\$1,500.00
Class 2 (First Lien Facility Claims)	98.86% ³	\$451,638,485.46 ³
Class 3 (Second Lien Facility Claims)	0%	\$0.00
Class 4 (Other Secured Claims)	0%	\$0.00
Class 5 (General Unsecured Claims)	1.89% ⁴	\$8,742,056.70
Class 6 (Intercompany Claims)	n/a	(cancelled under Plan)
Class 7 (Old Equity)	n/a	(cancelled under Plan)
Class 8 (Old Equity Rights)	n/a	(canceled under Plan)


12. No trustee or examiner was appointed in these Chapter 11 Cases.

³ This calculation of the approximate distribution amount and percentage is based on the balance fixed and the distributions permitted by the *Order Permitting Distributions Under the Plan and Liquidating Trust* [D.I. 1115] (the “**Distribution Order**”). See Distribution Order, at ¶ 3. Further, under the Distribution Order, the Liquidating Trust retained, pending the resolution of the R&G Claim (as defined therein), a certain cash reserve held back from distribution to the First Lien Agent. See Distribution Order, at ¶ 5. The balance of this reserve, after subtracting any payment on account of settlement of the R&G Claim and certain costs and expenses of the Liquidating Trust will be released to the First Lien Agent.

⁴ This approximate distribution percentage assumes that the Court approves the treatment of Noncompliant Claims requested by the Liquidating Trustee in the Closing Motion.

13. All required fees due under 28 U.S.C. § 1930 from the Petition Date through the date of the closing of these Chapter 11 Cases have been or shall be paid by the Liquidating Trust.

Executed on March 28th, 2017

By: 
Kip Horton
Liquidating Trustee,
Graceway Liquidating Trust