

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

In re:  GRACEWAY PHARMACEUTICALS, LLC, <i>et al.</i> , <sup>1</sup>  Debtors.	Chapter 11  Case No. 11-13036 (PJW)  Jointly Administered  <b>Re: Docket No. 162</b>
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**SUPPLEMENTAL AFFIDAVIT OF RAFAEL X. ZAHRALDDIN-ARAVENA  
IN SUPPORT OF APPLICATION FOR ORDER PURSUANT TO  
BANKRUPTCY CODE §§ 328(a), 1103(a), AND 1103(b) AUTHORIZING  
EMPLOYMENT AND RETENTION OF ELLIOTT GREENLEAF AS  
CO-COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS EFFECTIVE *NUNC PRO TUNC* TO OCTOBER 11, 2011**

STATE OF DELAWARE                    )  
  ) ss:  
COUNTY OF NEW CASTLE            )

Rafael X. Zahralddin-Aravena, being duly sworn, does depose and say as follows:

1. I am a Shareholder and Chair of the Commercial Bankruptcy and Restructuring Practice at the firm of Elliott Greenleaf (“EG”), located at 1105 North Market Street, Suite 1700, Wilmington, DE 19801. I am duly authorized to make this Affidavit on behalf of EG. I am admitted to practice law in the states of Delaware and California, in the Commonwealth of Pennsylvania, in the Third Circuit Court of Appeals, in the United States District Court for the District of Delaware, as well as in the United States Supreme Court. I submit this Affidavit in

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<sup>1</sup> The Debtors in these cases, along with the last four digits of each Debtors’ 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).

accordance with Section 1103 of Title 11 of the United States Code (the “Bankruptcy Code”) and Rules 2104(a) and 5002 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) in connection with the application (the “Application”) of the Official Committee of Unsecured Creditors (the “Committee”) to retain and employ EG in the above-captioned bankruptcy case (the “Bankruptcy Case”). I make this Affidavit on personal knowledge or on information and belief as set forth herein.

2. I am fully familiar with the facts hereinafter stated, and am authorized to make this supplemental declaration (the “Supplemental Declaration”) on behalf of EG. The information contained in this Supplemental Declaration, unless explicitly noted otherwise, is of my own personal knowledge, conversations with EG partners or associates, or derived from my own review of the file in this case or other public filings and documents.

3. I submit this Supplemental Declaration to provide continuing disclosures as required pursuant to Section 1103(a) of Title 11 of the Bankruptcy Code and Bankruptcy Rule 2014(a), regarding EG’s representation of the Committee of Graceway Pharmaceuticals, LLC, *et al.* (the “Debtors”).

4. This Supplemental Declaration is submitted as a supplement to the Declaration (the “Zahralddin Declaration”) submitted on October 27, 2011 in support of the Application for an Order Authorizing Employment and Retention of Elliott Greenleaf as Attorneys for the Official Committee of Unsecured Creditors (Docket No. 162) to represent it in the (“Bankruptcy Case”). Disclosure regarding 3M was not submitted on Exhibit 2 to the Zahralddin Declaration due to a filing error. This Supplemental Declaration describes EG’s relationship with 3M in detail.

5. In the Zahralddin Declaration, EG reviewed a master conflict list provided by the Debtors and completed the review and appropriate disclosure for certain categories identified by the Debtors on their master conflict list.<sup>2</sup> EG disclosed in the Zahralddin Affidavit that it was still in the process of reviewing the remaining categories identified by the Debtors on their master conflict list.

6. As set forth in Zahralddin Declaration, EG continues to review and update any connections with the Debtors, creditors, parties-in-interest, and professionals as required under Bankruptcy Rule 2014. Accordingly, I make this Supplemental Declaration in recognition of my ongoing obligation to disclose all connections to the Debtors and their estates as provided under Bankruptcy Rule 2014. In discussions with the attorney for the United States Trustee, attorney for the Trustee indicated that certain categories were a priority. Due to the voluminous nature of the parties involved, in addition to prior review and disclosures in the Zahralddin Declaration, we have completed the analysis of the following additional list of entities identified as priority by the United States Trustee and other categories EG found necessary in light of circumstances known to EG in the Debtors' bankruptcy cases: "All Known Lenders (including current and former agents and constituent lenders under credit facilities)," "Current and Former Officers, Directors and LLC Managers," "Indenture Holders, Indenture Trustees and Major Bondholders and Surety Parties," "Holders and Beneficial Holders of 1% or More of Any Outstanding Common Equity Securities of the Debtor," "Lienholders and Parties to Joint Venture and Licensing Agreements," "United States Bankruptcy Judges in the District of Delaware," "United States Trustee for the District of Delaware (and Key Staff Members)," "Clerk of Court for the

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<sup>2</sup> EG reviewed the entities identified as "Debtors and Affiliated Entities," "Restructuring Professionals of Debtor and Affiliates," "Counsel to Administrative Agents," "Top 30 Unsecured Creditors," "Members of the Official Committee of Unsecured Creditors," and the agent for the first lien lenders, Bank of America and for the agent for the second lien lenders, Deutsche Bank in the Zahralddin Affidavit.

District of Delaware,” “Professionals Retained by Official Committee of Unsecured Creditors,” “Members of the Official Committee of Unsecured Creditors (3M),” “Parties to Major Litigation,” “Other Secured Creditors,” and “Major Intellectual Property Providers.” See Exhibit 1 (a list of all entities that were reviewed for the Supplemental Affidavit). The complete list of all categories of interested parties on the master conflict list provided by the Debtors to the Committee’s professionals is attached to the Zahralddin Declaration. A list of entities appearing in these cases which have been subjected to a supplemental connection review, and to which EG has determined that there is no connection, is annexed hereto as Exhibit 2.

7. A list was created of all potential matches and the names already included in the EG Conflict Identification System. If it was determined that there was an existing relationship with an entity, EG attorneys discussed the nature of the representations of, respectively, the Debtors, the Committee, and the entity. If, after investigation of the match it was determined that there was no connection, the name has been moved to Exhibit 2. In all cases, other than as disclosed in Exhibit 3 hereto, I concluded that EG did not represent the said entity in connection with the Debtors, Committee, or the Committee members.

8. As set forth in Zahralddin Declaration, EG continues to review and update any connections with the Debtors, creditors, parties-in-interest, and professionals as required under Bankruptcy Rule 2014. A list of entities appearing in these cases that will be reviewed in the near future<sup>3</sup> and were not identified as priority by the attorney for the United States Trustee, are attached hereto as Exhibit 4, and includes the following: “Counterparties to Major Capital, Real Property and Personal Property Leases, License and Registration Rights Agreements,” “Insurers and Beneficiaries of any Guarantees or Performance Bonds,” “Real Estate Lease

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<sup>3</sup> To the extent a party is included in more than one category it has been removed or added to a list as appropriate.

Counterparties,” “Major Suppliers/Vendors/Contract Counterparties,” “Major State and Other Relevant Governmental Authorities,” “Major Customers,” and “Other.”

9. EG will continue to research potential connections with respect to its representation of the Committee in this case, and reserves the right to supplement its disclosures as necessary in order to disclose any connections as appropriate.

10. EG’s attorneys may now or in the future represent, or may in the past have represented entities that are related to claimants or interest holders of the Debtors in matters unrelated to the Bankruptcy Case or the Debtors or the members of the Committee. However, EG will not represent any unsecured creditors in the Bankruptcy Case.

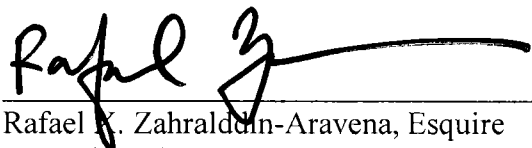
11. EG has represented 3M as a creditor or defendant in a number of other bankruptcy matters in a variety of jurisdictions. At the outset of these Chapter 11 Cases, EG entered a notice of appearance for 3M and discussed with the attorney for the United States Trustee the issues of the notice of appearance and that EG would accompany 3M to the formation meeting. After disclosure to the United States Trustee, EG accompanied 3M to the formation meeting, but was not involved in the deliberation or selection of any counsel (lead or local) for the Official Committee of Unsecured Creditors ("Committee"), which took place immediately following the United States Trustee's appointment of the Committee. After EG was selected as co-counsel to the Official Committee of Unsecured Creditors, EG withdrew its notice of appearance for 3M. EG is informed and believes, and upon such information and belief, states that 3M has retained and is represented in this bankruptcy matter by another law firm and not EG.

11. EG is not a creditor of the Debtors. EG employs 55 full-time attorneys and has a sophisticated and diversified practice that includes the representation of many financial institutions and commercial entities, some of which, or their affiliates, may be creditors or

parties-in-interest in the Bankruptcy Case. No EG attorney will represent the Debtors or any other related entity in connection with the Bankruptcy Case. No EG attorney will represent any creditor in this case that holds a secure claim.

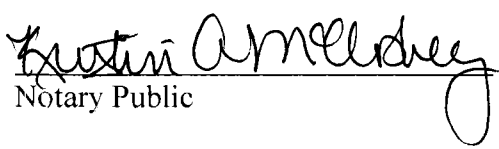
12. EG will not, while employed as counsel for the Committee, represent any other entity having an adverse interest in connection with the cases.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 4<sup>th</sup> day of November, 2011, at Wilmington, DE.



Rafael X. Zahradan-Aravena, Esquire  
Managing Shareholder - Wilmington  
Elliott Greenleaf

Sworn to and subscribed  
Before me this 4<sup>th</sup> day of  
November, 2011.

  
Notary Public

**KRISTIN A. McCLOSKEY**  
**NOTARY PUBLIC**  
**STATE OF DELAWARE**  
My commission expires Aug. 6, 2012