

EXHIBIT II

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 (PJW)

Jointly Administered

**DECLARATION OF THOMAS E. HILL IN SUPPORT OF DEBTORS'
THIRD OMNIBUS (SUBSTANTIVE) OBJECTION TO CLAIMS
PURSUANT TO § 502(b) OF THE BANKRUPTCY CODE,
BANKRUPTCY RULE 3007, AND LOCAL RULE 3007-1**

I, Thomas E. Hill, pursuant to 28 U.S.C. § 1746, declare:

1. I am a managing director for Alvarez and Marsal North America, LLC (“**Alvarez**”), the court-approved restructuring advisors to the above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”). In my capacity as a managing director of Alvarez, I am one of the persons responsible for overseeing the claims reconciliation and objection process in these Chapter 11 Cases. I have read the Debtors’ Third Omnibus (Substantive) Objection to Claims Pursuant to § 502(b) of the Bankruptcy Code, Bankruptcy Rule 3007, and Local Rule 3007-1 (the “**Objection**”),² and am directly, or by and through my

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), 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 400, 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.

² Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to them in the Objection.

personnel or agents, familiar with the information contained therein, the Proposed Order, and the exhibits attached thereto.

2. Considerable resources and time have been expended in reviewing and reconciling the Proofs of Claim filed or pending against the Debtors in these Chapter 11 Cases. The claims were carefully reviewed and analyzed in good faith utilizing due diligence by the appropriate personnel. These efforts resulted in the identification of the “Cross-Debtor Duplicate Claims,” the “No Liability Claims,” the “Modified Amount Claims,” and “Modified Priority Claims,” identified respectively in Exhibits A through D to the Proposed Order.

3. The information contained in Exhibits A through D to the Proposed Order is true and correct to the best of my knowledge.

4. The claimants asserting the Cross-Debtor Duplicate Claims identified on Exhibit A to the Proposed Order asserted duplicate claims against multiple debtors. After reconciling the Cross-Debtor Duplicate Claims against their books and records, the Debtors have determined that the claimants asserting the claims identified on Exhibit A to the Proposed Order, in all likelihood, inadvertently filed multiple claims against multiple debtors. In an effort to maintain an accurate claims register, the Debtors seek to disallow those duplicate claims filed against the inappropriate debtor, while preserving the claim filed against the proper debtor. Accordingly, one of the claims filed by the claimants asserting the Cross-Debtor Duplicate Claims will remain on the claims register as indicated on Exhibit A to the Proposed Order.

5. The Debtors have reviewed their books and records and determined that the claims identified on Exhibit B to the Proposed Order are claims for which the Debtors are not liable. The Disputed Claims on Exhibit B to the Proposed Order constitute claims that are not

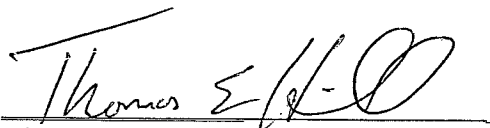
reflected in the Debtors' books and records. Accordingly, the Debtors seek to disallow the No Liability Claims.

6. The Debtors have reviewed the proofs of claim in these Chapter 11 cases and have determined that the Disputed Claims listed on Exhibit C to the Proposed Order represent amounts that are either higher or lower than the amounts reflected in the Debtors' books and records. Accordingly, the Debtors seek to modify the amount of the Disputed Claims listed on Exhibit C to the Proposed Order.

7. The Debtors have reviewed the Modified Priority Claims, together with any supporting documentation attached thereto, and have determined that the Modified Priority Claims are not entitled to administrative or priority status. Because the Debtors have determined that the Modified Priority Claims listed on Exhibit D to the Proposed Order do not warrant administrative or priority status, the Debtors seek to modify the priority of the Modified Priority Claims to reflect their proper priority in these cases.

I declare under penalty of perjury that the foregoing information is true and correct to the best of my knowledge, information, and belief.

Executed on February 15, 2012

A handwritten signature in black ink, appearing to read "Thomas E. Hill", written over a horizontal line.

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