

EXHIBIT I

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' OBJECTION TO CLAIM NO. 192
PURSUANT TO § 502(b) OF THE BANKRUPTCY CODE,
BANKRUPTCY RULES 3001, 3003 AND 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’ Objection to Claim No. 192 Pursuant to § 502(b) of the Bankruptcy Code, Bankruptcy Rules 3001, 3003 and 3007, and Local Rule 3007-1 (the “**Objection**”),² and am directly, or by and through my personnel or agents, familiar with the information contained therein and in the Proposed Order, attached hereto.

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.

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 included time spent analyzing and attempting to verify the CVS Claim, resulting in the Debtors' Objection.

3. The Debtors have concluded, based on a review of their books and records, that CVS' historical product return rates were the following:

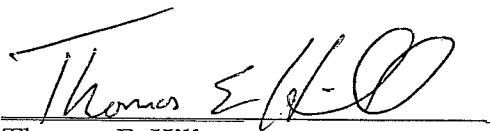
<u>Year</u>	<u>CVS Product Returns</u> <i>(excluding Aldara)</i>	<u>CVS Aldara Returns</u>
2011	\$1.3 million	\$8.8 million*
2010	\$0.9 million	\$0.7 million
2009	\$1.1 million	\$0.3 million
2008	\$1.0 million	\$0.1 million

*The vast majority of Aldara returns in 2011—nearly 80%—were delivered to the Debtors in Q2. By Q4 of 2011, the monthly average returns of Aldara from CVS had dropped to \$37,000.

4. Thus, after reviewing their books and records, the Debtors have determined that the CVS Claim is invalid. The Debtors therefore seek to disallow the CVS Claim, in full.

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