

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

In re:

GRACEWAY PHARMACEUTICALS, LLC, *et al.*,¹

Debtors.

Chapter 11

Case No.: 11-13036 (PJW)
(Jointly Administered)

Ref. Nos.: 551 and 657

**TRC VALLEY CREEK ASSOCIATES-C, LP'S JOINDER TO LIMITED OBJECTION
OF CARDINAL HEALTH INC. TO CONFIRMATION OF THE DEBTORS' AMENDED
CHAPTER 11 PLAN OF LIQUIDATION AND RESERVATION OF RIGHTS**

TRC Valley Creek Associates-C, LP ("TRC" or "Landlord"), by and through its undersigned counsel, hereby submits TRC Valley Creek Associates-C, LP's Joinder to Limited Objection of Cardinal Health Inc. to Confirmation of the Debtors' Amended Chapter 11 Plan of Liquidation and Reservation of Rights (the "Joinder"). In support of the Joinder, TRC states as follows:

BACKGROUND

1. On September 29, 2011 (the "Petition Date"), the above-captioned debtors and debtors-in-possession (each a "Debtor" and collectively, the "Debtors") each filed a voluntary petition for relief under chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"), in the United States Bankruptcy Court for the District of Delaware (the "Court").

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are: Graccway 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. Pursuant to Bankruptcy Code sections 1107(a) and 1108, the Debtors continue to manage their property as debtors-in-possession.

3. On October 12, 2011, the Office of the United States Trustee for the District of Delaware appointed the official Committee of Unsecured Creditors (the "Committee").

4. Debtor, Graceway Pharmaceuticals, LLC ("Graceway"), and TRC are parties to that certain lease agreement dated January 9, 2007 (as amended, the "Lease") whereby Graceway leased 27,127 square feet of office space located at Building 222, Valley Creek Corporate Center, Third Floor – Suite 300, Exton, Pennsylvania 19341 (the "Property") from TRC.

5. Pursuant to the Court's Order Authorizing the Debtors to (i) Reject Certain Unexpired Leases of Nonresidential Real Property, (ii) Sell Certain Property Outside the Ordinary Course of Business, (iii) Abandon Certain Expendable Property and (iv) Reject Certain Executory Contracts, entered December 29, 2011 [D.I. 416], the Lease was rejected effective as of December 31, 2011.

6. To date, TRC has filed the following claims in the Debtors' bankruptcy cases: (i) claim number 176, filed as a general unsecured claim for \$12,261.48 for amounts due under the Lease before the Petition Date; and (ii) claim number 209, filed in the aggregate amount of \$551,631.98, which is a partially secured claim representing TRC's damages related to the Debtor's rejection of the Lease (the "Rejection Damages Claim").

7. Pursuant to Lease section 3.7, the Landlord currently holds a \$198,931.32 security deposit (the "Security Deposit"). Specifically the Lease provides

As additional security for the full and prompt performance by [Graceway] of the terms and covenants of this Lease, [Graceway] has deposited with the Landlord the sum of Two Hundred Ninety-Eight Thousand Three Hundred Ninety-Six and 98/100 Dollars (\$298,396.98) [], which shall not constitute rent for any month (unless so applied by Landlord on account of and Event of Default or as provided below). Provided no Event of Default exists and it continuing, the amount of the

Security Deposit shall be reduced on the first (1st) anniversary of the Rent Commencement Date such that One Hundred Ninety-Eight Thousand Nine Hundred Thirty-One and 32/100 Dollars (\$198,931.32) of the Security Deposit shall remain for the duration of the term of this Lease. Upon [Graceway's] written request, such reduction of the cash Security Deposit shall be applied against the rent due under the Lease.

Lease § 3.7.

8. On April 3, 2012, Cardinal Health, Inc. and certain of its affiliates ("Cardinal") filed its Limited Objection of Cardinal Health Inc. to Confirmation of the Debtors' Amended Chapter 11 Plan of Liquidation and Reservation of Rights [D.I. 657] (the "Limited Objection").

JOINDER

9. Out of an abundance of caution, TRC hereby joins Cardinal's Limited Objection to the Plan. Specifically, TRC adopts the Limited Objection to the extent that the Plan attempts to foreclose or limit TRC's rights to setoff the Security Deposit against the Rejection Damages Claim under Bankruptcy Code sections 506(a)(1) and 553 in any way.

RESERVATION OF RIGHTS

10. TRC reserves all rights to assert additional objections prior to or at the time of the confirmation hearing.

Dated: April 3, 2012

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