

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:

GRACEWAY PHARMACEUTICALS, LLC,  
*et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 11-13036 (PJW)

Jointly Administered

**BALLOT FOR VOTING ON THE ABOVE-CAPTIONED DEBTORS' CHAPTER 11 PLAN**

**Class 5 – General Unsecured Claims**

PLEASE READ AND FOLLOW THE ENCLOSED INSTRUCTIONS FOR  
COMPLETING THIS BALLOT CAREFULLY BEFORE COMPLETING THIS BALLOT.

**THIS BALLOT MUST BE COMPLETED, EXECUTED AND RETURNED SO THAT  
IT IS ACTUALLY RECEIVED BY THE VOTING AND CLAIMS AGENT ON OR BEFORE  
4:00 P.M. PREVAILING EASTERN TIME ON APRIL 3, 2012 (THE "VOTING DEADLINE").**

The above-captioned debtors and debtors-in-possession (the "Debtors") are soliciting votes with respect to the First Amended Joint Plan of Liquidation of Graceway Pharmaceuticals, LLC, et al. [Docket No. 551] (as may be amended from time to time, the "Plan") as set forth in the Disclosure Statement for the Plan [Docket No. 566] (the "Disclosure Statement"). The Bankruptcy Court<sup>2</sup> has approved the Disclosure Statement as containing adequate information pursuant to Section 1125 of the Bankruptcy Code, by entry of an order on March 1, 2012 [Docket No. \_\_\_\_] (the "Disclosure Statement Order"). Bankruptcy Court approval of the Disclosure Statement does not indicate approval of the Plan by the Bankruptcy Court.

You are receiving this Ballot because our records indicate that you are a direct holder of a Class 5 General Unsecured Claim, as of the Voting Record Date (the close of business on March 1, 2012). Accordingly, you have a right to vote to accept or reject the Plan. Additionally, you may be receiving this Ballot if you have asserted an Other Secured Claim. If you have asserted such Other Secured Claim and believe a portion of your asserted Other

<sup>1</sup> 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.

<sup>2</sup> Capitalized terms used but not otherwise defined herein will have the meanings set forth in the Plan, Disclosure Statement, and Motion of the Debtors for Entry of an Order (a) Approving the Disclosure Statement, (b) Establishing the Voting Record Date, Voting Deadline and Other dates, (c) Approving Procedures for Soliciting, Receiving and Tabulating Votes on the Plan and for Filing Objections to the Plan and (d) Approving the Manner and Forms of Notices and Other Related Documents [Docket No. 485], filed on January 25, 2012), as applicable.

Secured Claim should be treated as, and counted as for voting purposes, a Class 5 General Unsecured Claim, you may indicate your vote to accept or reject the Plan with respect to such portion of your claim that shall be treated as a Class 5 General Unsecured Claim.

Your rights are described in the Disclosure Statement, which is included (along with the Plan, Disclosure Statement Order and certain other materials) in the Solicitation Package you are receiving with this Ballot. If you need to obtain additional solicitation materials, you may contact BMC Group, Inc., the voting and claims agent retained by the Debtors in these Chapter 11 Cases (the "**Voting and Claims Agent**"), by: (i) calling the BMC Call Center at (888) 909-0100; (ii) visiting BMC's website at: [www.bmcgroup.com/graceway](http://www.bmcgroup.com/graceway) and/or (iii) writing to BMC Group, Inc., attn: Graceway Pharmaceuticals Solicitation Requests, PO Box 3020, Chanhassen, MN 55317-3020. You may also obtain copies of any pleadings filed in these Chapter 11 Case for a fee at: <http://www.deb.uscourts.gov> or free of charge at [www.bmcgroup.com/graceway](http://www.bmcgroup.com/graceway).

This Ballot may not be used for any purpose other than for casting votes to accept or reject the Plan. If you believe you have received this Ballot in error, or if you believe that you have received the wrong Ballot, please contact the Voting and Claims Agent immediately at the address or telephone number set forth above.

You should review the Disclosure Statement and the Plan before you vote. You may wish to seek legal advice concerning the Plan and the Plan's classification and treatment of your Claim. Your Claim has been placed in Class 5 – General Unsecured Claims under the Plan. If you hold Claims in more than one Class, you will receive a Ballot for each Class in which you are entitled to vote.

The Bankruptcy Court can confirm the Plan and bind you if the Plan is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Claims in each Impaired Class who vote on the Plan and if the Plan otherwise satisfies the applicable requirements of Section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court nonetheless may confirm the Plan if it finds that the Plan (a) provides fair and equitable treatment to, and does not unfairly discriminate against, each Class rejecting the Plan and (b) otherwise satisfies the requirements of Section 1129(b) of the Bankruptcy Code. If the Plan is confirmed by the Bankruptcy Court, it will be binding on you whether or not you vote or affirmatively vote to reject the Plan. To have your vote counted, you must complete, sign and return this Ballot to the Claims and Voting Agent by the Voting Deadline.

**Class 5 — General Unsecured Claims**

**INSTRUCTIONS FOR COMPLETING THIS BALLOT**

1. The Debtors are soliciting the votes of holders of Claims with respect to the Plan attached as Exhibit A to the Disclosure Statement.
2. To ensure that your vote is counted, you must complete the Ballot and take the following steps: (a) make sure that the information required by Item 1 below has been inserted (if you do not know the amount of your claim, please contact the Voting and Claims Agent); (b) clearly indicate your decision either to accept or reject the Plan in the boxes provided in Item 2 below; (c) provide the information required by Item 3 below and (d) sign, date and return an original of your Ballot to the address set forth on the enclosed pre-addressed envelope.
3. If a Ballot is received after the Voting Deadline, it will not be counted, unless the Debtors have granted an extension of the Voting Deadline in writing with respect to such Ballot. Additionally, the following Ballots will **NOT** be counted:
  - any Ballot that is illegible or contains insufficient information to permit the identification of the claimant;
  - any Ballot cast by a Person or Entity that does not hold a Claim in a Class that is entitled to vote to accept or reject the Plan;
  - any Ballot cast for a Claim that is not listed on the Schedules, or that is scheduled at zero, in an unknown amount, or, in whole or in part, as unliquidated, contingent, or disputed, and for which no proof of Claim was filed;
  - any Ballot that is properly completed, executed and timely filed, but (a) indicates both an acceptance and rejection of the Plan or (b) partially accepts and partially rejects the Plan;
  - any Ballot submitted by facsimile, telecopy or electronic mail;
  - any unsigned Ballot or Ballot not bearing an original signature;
  - any Ballot sent to anyone other than the Voting and Claims Agent, including, but not limited to, any Ballot sent to the Debtors, the Debtors' agents/representatives (other than the Voting and Claims Agent), any indenture trustee, or the Debtors' financial or legal advisors;
  - any Ballot executed by the holder of an Allowed Claim, but which does not indicate acceptance or rejection of the Plan; and/or
  - any Ballot not cast in accordance with the procedures approved in the Disclosure Statement Order.
4. The method of delivery of Ballots to the Voting and Claims Agent is at the election and risk of each holder of a Claim. Except as otherwise provided herein, such delivery will be deemed made only when the Voting and Claims Agent **actually receives** the originally executed Ballot. Instead of effecting delivery by first-class mail, it is recommended, though not required, that holders use an overnight or hand delivery service. In all cases, holders should allow sufficient time to assure timely delivery.
5. If multiple Ballots are received from the same holder of a Claim with respect to the same Claim prior to the Voting Deadline, the last Ballot timely received will supersede and revoke any earlier received Ballots.
6. You must vote all of your Claims within a particular Class either to accept or reject the Plan and may not split your vote. Further, if a holder has multiple Claims within the same Class, the Debtors may, in their discretion, aggregate the Claims of any particular holder within a Class for the purpose of counting votes.

7. The Ballot is not a letter of transmittal and may not be used for any purpose other than to vote to accept or reject the Plan. Accordingly, at this time, holders of Claims should not surrender certificates or instruments representing or evidencing their Claims, and neither the Debtors nor the Voting and Claims Agent will accept delivery of any such certificates or instruments surrendered together with a Ballot.
8. This Ballot does not constitute, and shall not be deemed to be, (a) a proof of Claim or (b) an assertion or admission of a Claim.
9. Please be sure to sign and date your Ballot. If you are signing a Ballot in your capacity as a trustee, executor, administrator, guardian, attorney in fact, officer of a corporation or otherwise acting in a fiduciary or representative capacity, you must indicate such capacity when signing and, if required or requested by the Voting and Claims Agent, the Debtors or the Bankruptcy Court, must submit proper evidence to the requesting party to so act on behalf of such holder. In addition, please provide your name and mailing address if it is different from that set forth on the attached mailing label or if no such mailing label is attached to the Ballot.
10. If you hold Claims in more than one Class under the Plan you may receive more than one Ballot coded for each different Class. Each Ballot votes only your Claims indicated on that Ballot, so please complete and return each Ballot you received.

**PLEASE MAIL YOUR BALLOT PROMPTLY!**

**IF YOU HAVE ANY QUESTIONS REGARDING THIS BALLOT,  
THESE VOTING INSTRUCTIONS OR THE PROCEDURES FOR VOTING,**

**PLEASE CALL THE VOTING AND CLAIMS AGENT AT: (888) 909-0100.**

**IF THE VOTING AND CLAIMS AGENT DOES NOT ACTUALLY RECEIVE  
THIS BALLOT ON OR BEFORE THE VOTING DEADLINE, WHICH IS 4:00 P.M.  
PREVAILING EASTERN TIME ON APRIL 3, 2012, THEN YOUR VOTE  
TRANSMITTED HEREBY WILL NOT BE COUNTED.**

NO PERSON, INCLUDING THE VOTING AND CLAIMS AGENT, HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR ADVICE, INCLUDING LEGAL ADVICE, OR TO MAKE ANY REPRESENTATION, REGARDING THE DEBTORS OR THIS PLAN.

Wilmington, Delaware  
\_\_\_\_\_, 2012

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***ATTORNEYS FOR DEBTORS AND DEBTORS-IN-POSSESSION***

**Item 1. Amount of Claim.**

The undersigned hereby certifies that as of the Voting Record Date (the close of business on March 1, 2012), the undersigned was the holder of a Class 5 General Unsecured Claims against the Debtors in the following unpaid amount:

\$ _____
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**Item 2. Vote on Plan.**

The holder of a Class 5 General Unsecured Claims against the Debtors set forth in Item 1 above votes to (please check one box below):

<input type="checkbox"/> <b><u>ACCEPT</u></b> (vote FOR) the Plan	<input type="checkbox"/> <b><u>REJECT</u></b> (vote AGAINST) the Plan
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THE DEBTORS RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

**IMPORTANT INFORMATION REGARDING THE THIRD PARTY RELEASE:**

**BY VOTING, I ACKNOWLEDGE THAT A VOTE TO ACCEPT THE PLAN IS ALSO A VOTE TO ACCEPT THE RELEASE BY THE CLAIM HOLDER OF THE RELEASED PARTIES AS SET FORTH IN ARTICLE XI OF THE PLAN.**

**Item 3. Certifications.**

By signing this Ballot, the undersigned certifies to the Bankruptcy Court and the Debtors:

- (a) that either: (i) the undersigned is the holder of the Class 5 Claims being voted; or (ii) the undersigned is an authorized signatory for an Entity that is a holder of the Class 5 Claims being voted, and, in either case, has the full power and authority to vote to accept or reject the Plan with respect to the Claims identified in Item 1 above;
- (b) that the undersigned has received a copy of the Disclosure Statement and the Solicitation Package and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein;
- (c) that the undersigned has cast the same vote with respect to all Class 5 Claims in a single Class; and
- (d) that no other Ballots with respect to the amount of the Class 5 Claims identified in Item 1 above have been cast or, if any other Ballots have been cast with respect to such Claims, then any such earlier Ballots are hereby revoked.

Name of holder:	
	(Print or Type)
Social Security or Federal Tax Identification Number:	
Signature:	
Name of Signatory:	
	(If other than holder)
Title:	
Address:	
Telephone:	
Date Completed:	

No fees, commissions or other remuneration will be payable to any Person for soliciting votes on the Plan.  
If your address or contact information has changed, please note the new information here.

**PLEASE COMPLETE, SIGN AND DATE THIS BALLOT AND  
RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED TO:**

<p><b><u>By regular US mail:</u></b> BMC Group, Inc. Attn: Graceway Pharmaceuticals Ballot Processing PO Box 3020 Chanhassen, MN 55317-3020 Telephone: (888) 909-0100</p>	<p><b><u>By Messenger or overnight courier:</u></b> BMC Group, Inc. Attn: Graceway Pharmaceuticals Ballot Processing 18675 Lake Drive East Chanhassen, MN 55317 Telephone: (888) 909-0100</p>
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THIS BALLOT MUST BE ACTUALLY RECEIVED  
BY THE VOTING AND CLAIMS AGENT ON OR BEFORE:

**4:00 P.M. PREVAILING EASTERN TIME ON APRIL 3, 2012.**

**BALLOTS SENT BY FACSIMILE, TELECOPY  
OR ELECTRONIC MAIL WILL NOT BE ACCEPTED**