UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE

	X
In re:	
Graceway Pharmaceuticals, LLC, et al.,1	Chapter 11 Case No. 11-13036 (PJW)
Debtors.	(Jointly Administered)

LIQUIDATING TRUSTEE'S STATEMENT WITH RESPECT TO BANK ACCOUNT RECONCILIATIONS AND BANK STATEMENTS FOR THE PERIOD OCTOBER 1, 2012 THROUGH DECEMBER 31, 2012

Kip Horton ("Trustee"), the Liquidating Trustee, appointed under that certain Graceway Liquidating Trust ("Trust") Liquidating Trust Agreement ("Trust Agreement"), dated May 4, 2012 and pursuant to the Debtors' First Amended Joint Plan of Liquidation [D.I. 551], confirmed by entry of the confirmation order on April 20, 2012 [D.I. 722], hereby files the third quarterly report of cash and disbursements in accordance with section 4.14(d) of the Trust Agreement.

Bank Statements

The Trustee affirms that bank statements for all open and active bank accounts are retained by the Trustee.

Closed Bank Accounts

The Trustee affirms that no bank accounts were closed during the current reporting period.

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.

Opened Bank Accounts

The Trustee affirms that no bank accounts were opened during the current reporting period.

General Depository Account Wells Fargo Bank Account xxx-6558

Cash Receipts October 1, 2012 through December 31, 2012

Source	Date	Amount
Service Fee Refund	10/03/2012	\$2,099.56
Service Fee Refund	12/18/2012	\$1,708.27
Cardinal Health	11/07/2012	\$4,851,577.64*
Total Receipts		\$4,855,385.47

* Cardinal Health overpaid the settlement amount of \$4,581,577.64 by \$270,000 by reversing two digits of the amount. The Trustee refunded the overpayment.

Cash Disbursements October 1, 2012 through December 31, 2012

Recipient	Date	Amount
Service Charge	10/09/2012	\$3,893.85
Payment of Admin. Claims	11/08/2012	\$1,072,354.15
Service Charge	11/13/2012	\$2,098.35
RPA Advisors	11/14/2012	\$55,937.50
Cardinal Health	11/14/2012	\$270,000.00*
First Lien Lenders	11/16/2012	\$4,525,640.14
Service Charge	12/11/2012	\$1,708.27
U.S. Trustee	12/17/2012	\$14,950.00
Marsh USA	12/17/2012	\$4,268.00
Service Charges	12/18/2012	\$715.53
DLA Piper	12/21/2012	\$65,874.78
Total Disbursements		\$6,017,440.57

Trust Administrative Account M&T Bank Account xxx-0880

Cash Receipts October 1, 2012 through December 31, 2012

Date	Amount
10/31/2012	\$4.08
10/18/2012	\$300,000.00
11/30/2012	\$3.89
12/07/2012	\$122,544.59
12/31/2012	\$1.92
	\$422,554.48
	10/31/2012 10/18/2012 11/30/2012 12/07/2012

Cash Disbursements October 1, 2012 through December 31, 2012

Recipient	Date	Amount
TCI Group	10/03/2012	\$1,770.00
Service Charge	10/09/2012	\$206.14
BTES	10/12/2012	\$1,738.00
RPA Advisors, LLC	10/18/2012	\$43,086.86
DLA Piper	10/18/2012	\$99,024.48
BMC Group	10/18/2012	\$5,726.85
RPA Advisors, LLC	10/18/2012	\$42,806.35
Atmos Energy	11/06/2012	\$29.53
BTES	11/06/2012	\$1,547.58
Service Charge	11/08/2012	\$196.11
RPA Advisors, LLC	11/14/2012	\$36,950.00
Cherie Whitson	11/19/2012	\$9,636.99
Johnson City Utilities	11/19/2012	\$59.75
RPA Advisors, LLC	11/26/2012	\$48,064.03
BMC Group	12/05/2012	\$4,235.72
Atmos Energy	12/05/2012	\$34.31
Service Charge	12/10/2012	\$181.17
BTES	12/11/2012	\$1,549.75
Total Disbursements		\$296,843.62

First Lien Trust Administrative Account M&T Bank Account xxx-0948

Cash Receipts October 1, 2012 through December 31, 2012

Source	Date	Amount
M&T Bank - Interest	10/31/2012	\$1.73
M&T Bank – Interest	11/30/2012	\$0.97
M&T Bank – Interest	12/31/2012	\$0.48
Total Receipts		<u>\$3.18</u>

Cash Disbursements October 1, 2012 through December 31, 2012

Recipient	Date	Amount
Service Charge	10/09/2012	\$178.94
DLA Piper	10/18/2012	\$24,307.00
Service Charge	11/18/2012	\$179.03
Service Charge	12/10/2012	\$178.85
Total Disbursements		\$24,843.82

Book Account Balances for All Accounts as of December 31, 2012

Account	Balance
CCR Account	\$16,717,377.16
General Depository Account	\$4,872,957.50
Holdback Account	\$4,184,649.72
Other Assets Account	\$1,000,520.79
Trust Administrative Account	\$149,321.66
First Lien Trust Administrative Account	\$26,303.47
Total Cash on Hand	\$26,951,130.30

CERTIFICATION

I, Kip Horton, the Liquidating Trustee, hereby certify as follows:

The foregoing report is a listing of the Trustee's bank accounts, by account number, and the closing balances for the reporting period. Such accounts were reconciled in accordance with the Trustee's ordinary course accounting practices during the reporting period.

Dated: New York, New York January 5, 2013

Kip Horton, Liquidating Trustee

RPA Advisors

45 Eisenhower Drive Paramus, NJ 07652

(201) 527-6653