IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re: GRACEWAY PHARMACEUTICALS, LLC, et al., Debtors.	Chapter 11 Case No. 11-13036 (PJW) Jointly Administered **Objection Deadline: 12/22/2011 @ 4:00 PM** **Hearing Date: Only if Objections are Filed**

FIRST MONTHLY APPLICATION OF LOWENSTEIN SANDLER PC FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED AS COUNSEL FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR THE PERIOD OF OCTOBER 11, 2011 THROUGH OCTOBER 31, 2011

Name of Applicant:	Lowenstein Sandler PC
Authorized to provide professional services to:	Official Committee of Unsecured Creditors of Graceway Pharmaceuticals, LLC, *et al.*
Date of Retention:	November 7, 2011, effective as of October 11, 2011
Period for which compensation and reimbursement is sought:	October 11, 2011 through October 31, 2011
Amount of Compensation sought as actual, reasonable and necessary:	$ 94,704.40 (80% of $118,380.50)
Amount of Expense Reimbursement sought as actual, reasonable and necessary:	$ 3,703.38

This is a: _x_ monthly ____ interim ____ final application

ATTACHMENT TO FIRST MONTHLY APPLICATION

I. SUMMARY OF TIME CHARGES AND HOURLY RATES

Name of Professional	Title	Hours Spent	Hourly Rate	Charge
Lerner, Michael J.	Shareholder/Member	0.30	$750.00	$225.00
Paradiso, Robert J.	Shareholder/Member	1.90	590.00	1,121.00
Rosen, Kenneth A.	Shareholder/Member	12.50	745.00	9,312.50
Teele, S. Jason	Shareholder/Member	87.00	555.00	48,285.00
Melcher, Ryan S.	Counsel	4.20	475.00	1,995.00
Pietrowski, Elizabeth	Counsel	0.80	450.00	360.00
Chafetz, Eric S.	Associate	4.80	490.00	2,352.00
Ingman, Tatiana	Associate	55.10	420.00	23,142.00
Stefanelli, Nicole	Associate	71.30	370.00	26,381.00
Belvin, Jada S.	Project Assistant	1.00	95.00	95.00
LaFiura-Smith, Kim Marie	Paralegal	10.90	180.00	1,962.00
Power, Megan	Paralegal	14.00	225.00	3,150.00
TOTAL FEES		**263.80**		**$118,380.50**
Blended Rate				**$448.75**

COMPENSATION BY PROJECT CATEGORY

Task Description	Hours	Fees
Case Administration	14.30	$3,986.50
Investigation of Prepetition Lenders	18.20	5,145.00
Asset Disposition	97.10	44,127.50
Meetings of and Communication with Creditors	28.80	15,157.00
Fee/Employment Applications	8.30	2,987.00
Employment and Retention Applications - Others	3.10	1,468.50
Assumption/Rejection of Leases and Contracts	0.60	222.00

Other Contested Matters (excluding assumption/rejection motions)	20.70	9,028.00
Financing/Cash Collateral	39.70	18,386.00
Claims Administration and Objections	1.00	478.00
General Bankruptcy Advice/Opinions	32.00	17,395.00
Total	**263.80**	**$ 118,380.50**

EXPENSE SUMMARY

Summary of Disbursement Charges

Computerized legal research	$3,138.51
Telecommunications	346.83
Travel	210.54
Photocopies 75 pages at $0.10 per page	7.50
Total Disbursements	**$3,703.38**

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FIRST MONTHLY APPLICATION OF LOWENSTEIN SANDLER PC FOR COMPENSATION FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES INCURRED AS COUNSEL FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR THE PERIOD OF OCTOBER 11, 2011 THROUGH OCTOBER 31, 2011

Lowenstein Sandler PC ("Lowenstein Sandler" or "Applicant"), as counsel to the Official Committee of Unsecured Creditors the ("Committee") appointed in the chapter 11 cases of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors"), submits its first monthly application for allowance of compensation and reimbursement of expenses for the period of October 11, 2011 through October 31, 2011, respectfully represents and alleges as follows:

1. On September 29, 2011 (the "Petition Date"), the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Court").

2. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors continue to operate their businesses and properties as debtors-in-possession. No trustee or examiner has been appointed in theses cases.

3. On October 11, 2011, the Office of the United States Trustee for the District of Delaware appointed the Committee. *See* Notice of Appointment of Official Committee of Unsecured Creditors (Docket No. 90). On October 11, 2011, the Committee selected Lowenstein Sandler to serve as its lead counsel.

4. On October 17, 2011, the Court entered an Order Establishing Procedures for Interim compensation and Reimbursement of Expenses for Professionals (the "Interim Compensation Order") (Docket No. 127). Pursuant to the Interim Compensation Order, Lowenstein Sandler and other professionals retained in this case are authorized to file and serve upon the Debtors and the parties identified in the Interim Compensation Order monthly fee applications of their fees and expenses.

5. On November 7, 2011, this Court entered an Order authorizing the employment and retention of Lowenstein Sandler, as counsel to the Committee, effective as of October 11, 2011. A copy of this Order is annexed hereto as **Exhibit "A"**. *See* Docket No. 223.

6. Applicant seeks the allowance of compensation for professional services rendered for and on behalf of the Committee for the period of October 11, 2011 through October 31, 2011, (the "Compensation Period"). In addition, Applicant seeks reimbursement of actual and necessary costs and expenses incurred during the Compensation Period.

7. Specifically, Applicant seeks an allowance and payment of $94,704.40 ($118,380.50 minus a 20% holdback of $23,676.10) for professional services rendered to and on behalf of the Committee during the Compensation Period. A detailed description of services rendered during the Compensation Period is annexed hereto as **Exhibit "B"**. Applicant also seeks the allowance and reimbursement of actual and necessary costs and expenses incurred during the Compensation Period in the sum of $3,703.38. A schedule of disbursements incurred by the Applicant is annexed hereto as **Exhibit "C"**.

8. During the Compensation Period, Applicant diligently and frequently consulted with counsel for the Debtors and other parties in interest concerning the general administration of these cases. Such consultations have occurred throughout the Compensation Period, in substantial part, by telephone communications and e-mail with counsel and other representatives for the Debtors and other interested parties. Applicant has rendered professional services as counsel to the Committee as requested and necessary and appropriate in furtherance of the Committee's duties and functions in these chapter 11 cases.

SUMMARY OF SERVICES BY PROJECT

9. The services rendered by the Applicant during the Compensation Period can be grouped into the categories set forth below:

Task Description	Hours	Fees
Case Administration	14.30	$3,986.50
Investigation of Prepetition Lenders	18.20	5,145.00
Asset Disposition	97.10	44,127.50
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General Bankruptcy Advice/Opinions	32.00	17,395.00
Total	**263.80**	**$ 118,380.50**

VALUATION OF SERVICES

10. Attorneys and a paraprofessional employed by the Applicant have expended a total of 263.8 hours in connection with this matter during the Compensation Period, as follows:

Name of Professional	Title	Hours Spent	Hourly Rate	Charge
Lerner, Michael J.	Shareholder/Member	0.30	$750.00	$225.00
Paradiso, Robert J.	Shareholder/Member	1.90	590.00	1,121.00
Rosen, Kenneth A.	Shareholder/Member	12.50	745.00	9,312.50
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TOTAL FEES		**263.80**		**$118,380.50**
Blended Rate				**$448.75**

11. The nature of the work performed by these persons is fully set forth in **Exhibit "B"** attached hereto. These are Applicant's normal hourly rates for the work of this character. The reasonable value for services rendered by Applicant to the Committee during the Compensation Period is $118,380.50, which amount is subject to a holdback of 20% in the amount of $23,676.10 pursuant to the Interim Compensation Order governing these cases until an interim fee application encompassing the Compensation Period is prepared.

12. In accordance with the factors enumerated in section 330 of the Bankruptcy Code, the amount requested is fair and reasonable given (a) the complexity of these cases, (b) the time expended, (c) the nature and extent of the services rendered, (d) the value of such services, and (e) the cost of comparable services other than in a case under this title.

DISBURSEMENTS

13. Applicant incurred reasonable and necessary out-of-pocket expenses in the sum of $3,703.38, in connection with rendering legal services to the Committee during the Compensation Period. A description of the expenses is set forth in **Exhibit "C"** annexed hereto. Such disbursements include postage, messenger service, photocopying, travel expenses, and Federal Express expenses. Applicant has sought to utilize the most cost efficient method of communication consistent with the necessary time constraints. Applicant's regular charge for photocopy expenses is $0.10 per page. Westlaw and Lexis charges represent computerized legal research facility charges for computer assisted research. Use of Westlaw and Lexis greatly

enhances legal research and access to case law from all jurisdictions, and is cost efficient, saving substantial attorney research time. Other disbursements are itemized in the annexed schedule. These disbursements were necessary to effectively render legal services in these cases.

14. Annexed hereto as **Exhibit "D"** and made part hereof is a Certification of Counsel submitted pursuant to section 504 of the Bankruptcy Code.

15. During the course of these cases, Applicant has incurred and paid all actual and necessary disbursements and expenses.

16. This is the Applicant's first monthly fee application in furtherance of the Interim Compensation Order. No prior application has been made to this or any other Court for this Compensation Period or for the allowance of fees and disbursements sought herein.

17. Applicant has received no payment and no promises of payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with these cases, and there is no agreement or understanding between the Applicant and any other person, other than members of the Applicant, for the sharing of compensation to be received for services rendered in these cases.

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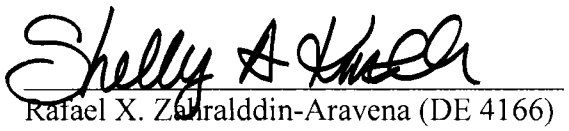
WHEREFORE, Applicant respectfully requests that it be granted a third monthly allowance of fees in the amount of $94,704.40 ($118,380.50 minus a 20% holdback of $23,676.10) for professional services rendered to and on behalf of the Committee during the Compensation Period, plus reimbursement of its actual, reasonable, and necessary expenses incurred in connection with services rendered during the Compensation Period in the sum of $3,703.38 and that it be granted such other and further relief as the Court may deem just and proper.

Dated: December 2, 2011

ELLIOTT GREENLEAF



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