

**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

Obj. Deadline: January 5, 2012 at 4:00 p.m. (ET)

**FIRST MONTHLY APPLICATION OF EDWARDS WILDMAN
PALMER LLP AS SPECIAL INTELLECTUAL PROPERTY COUNSEL TO
THE DEBTORS FOR ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES INCURRED FOR THE INTERIM PERIOD
SEPTEMBER 29, 2011 THROUGH SEPTEMBER 30, 2011**

Name of Applicant: Edwards Wildman Palmer LLP

Authorized to Provide Professional Services to: Debtors

Date of Retention: Effective as of September 29, 2011

Period for which compensation and reimbursement is sought: September 29, 2011 through September 30, 2011

Amount of Interim Compensation sought as Actual, reasonable and necessary: \$15,757.00

Amount of Interim Expense Reimbursement Sought as actual, reasonable and necessary: \$3,884.50

This is an: interim² final application

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) (collectively, the "Debtors"). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, 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. 43.

² Edwards Wildman continues to receive invoices from third parties hired to perform services for the Debtors' benefit during the Application Period. Accordingly, Edwards Wildman reserves the right to augment this Application to seek reimbursement for said expenses as may be necessary.

The total time expended on this fee application is approximately 9.2 hours and the corresponding compensation requested is \$2,530.00. Edwards Wildman Palmer LLP's ("Edwards Wildman") time and requested compensation in preparing this Application will appear on a subsequent invoice.³

PRIOR APPLICATIONS

Date Filed / Docket No.	Period Covered	Requested		Approved	
		Fees (\$)	Expenses (\$)	Fees (\$)	Expenses (\$)
N/A	N/A	N/A	N/A	N/A	N/A

INTERIM COMPENSATION BY INDIVIDUAL

Name of Professional Person	Position of Applicant, Number of Years in Position, Year Licensed to Practice, Area of Expertise	Hourly Billing Rate	Total Billed Hours	Total Compensation
Peter J. Manso	Partner, joined firm in 2001, admitted to bar in 1982, Patent Counseling and Prosecution, Life Sciences, Drug Patent Lifecycle Management	\$495.00 (discounted rate)	8.6	\$4,257.00
Barbara L. Moore	Partner, joined firm in 1998, admitted to bar in 1978, Patent and Trademark Litigation, Securities Litigation, Life Sciences, Chemical	\$650.00	0.7	\$455.00
Mark D. Russett	Partner, joined firm in 2004, became Partner in 2008, admitted to bar in 1994, Patent Counseling and Prosecution, Life Sciences, Chemical	\$450.00	5.9	\$2,655.00

³ The applications for September 2011 through and including December 2011 were prepared simultaneously. Accordingly, for ease of allocating time to each application period, the total amount of professional and paraprofessional time expended in preparing the applications has been divided by four and split between the applications to reflect time spent in preparing each of the four applications.

William J. Daley	Counsel, joined firm in 2000, admitted to bar in 1982, Patent Counseling and Prosecution, Mechanical Engineering, Electrical and Technology	\$475.00	2.4	\$1,140.00
Kathryn Piffat	Associate, joined firm in 2001, admitted to bar in 1989, Patent Counseling and Prosecution, Life Sciences	\$500.00	10.3	\$5,150.00
A. Katie Regan	Annuities/Maintenance Fee Specialist	N/A ⁴	3.5	\$2,100.00
Total:			31.4	\$15,757.00
Blended Rate:		\$501.82		

COMPENSATION BY PROJECT CATEGORY

Project Category	Total Hours	Total Fees
Case Administration (804)	0.7	\$455.00
Intellectual Property Matters (846)	27.2	\$13,202.00
Annuity/Maintenance (A239D)	3.5	\$2,100.00
Totals:	31.4	\$15,757.00

INTERIM EXPENSE SUMMARY

Expenses Category	Total Expenses (\$)
Annuity Fees	\$2,740.00
Foreign Associate Charges ⁵	\$1,144.50
TOTAL	\$3,884.50

⁴ Ms. Regan provides services relating to the monitoring and payment of annuity and maintenance fees for all patents. This service is provided to clients on a fixed fee basis at a rate of \$300.00, which rate incorporates all tasks relating to the payment of patent taxes, including, but not limited to, client reporting, reminder notices and instructing payments on behalf of clients.

⁵ Foreign Associate Charges are fees and expenses incurred on the Debtors' behalf in the associates' respective countries.

Dated: December 16, 2011

By: 

Peter J. Manso, Ohio Bar No. 7416
EDWARDS WILDMAN PALMER LLP
525 Okeechobee Boulevard, Suite 1600
West Palm Beach, FL 33401
Telephone: 561.833.7700
Facsimile: 561.655.8719

*Special Intellectual Property Counsel for the
Debtors*

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REIMBURSEMENT OF EXPENSES INCURRED FOR THE INTERIM PERIOD
SEPTEMBER 29, 2011 THROUGH SEPTEMBER 30, 2011**

Pursuant to sections 330 and 331 of title 11 of the United States Code (the “Bankruptcy Code”), and Rule 2016 of the Federal Rules of Bankruptcy Procedure, Edwards Wildman Palmer LLP (“Edwards Wildman”) hereby moves this Court for an award of reasonable compensation for professional legal services rendered as special intellectual property counsel to Graceway Pharmaceuticals, LLC, et al. (the “Application”), the debtors in the above-captioned cases (the “Debtors”), in the amount of \$15,757.00, together with reimbursement for actual and necessary expenses incurred in the amount of \$3,884.50 for the interim period September 29, 2011 through

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) (collectively, the “Debtors”). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, 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. 43.

September 30, 2011 (the "Application Period").² In support of the Application, Edwards Wildman respectfully represents as follows:

BACKGROUND

1. Debtors filed their petitions in this chapter 11 case on September 29, 2011 (the "Petition Date").

2. On November 7, 2011, this Court entered an order authorizing the employment and retention of Edwards Wildman as special intellectual property counsel to the Debtors in this case *nunc pro tunc* to the Petition Date (the "Retention Order").

JURISDICTION AND VENUE

4. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This Application is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are sections 330 and 331 of the Bankruptcy Code.

RELIEF REQUESTED

5. Edwards Wildman submits this Application in accordance with the Retention Order. All services for which compensation is requested by Edwards Wildman were performed for, or on behalf of, the Debtors.

6. This Application is the first monthly application to be filed by Edwards Wildman in these cases. In connection with the professional services described below, by this Application, Edwards Wildman seeks compensation in the amount of \$15,757.00 for services rendered and reimbursement for expenses incurred during this Application Period in the amount of \$3,884.50.

² Edwards Wildman continues to receive invoices from third parties hired to perform services for the Debtors' benefit during the Application Period. Accordingly, Edwards Wildman reserves the right to augment this Application to seek reimbursement for said expenses as may be necessary.

A detailed description of (i) the professional or paraprofessional performing the services; (ii) the date the services were performed; (iii) a detailed description of the nature of the services and the time expended; and (iv) the fees and hours of each professional and other timekeeper by project category, is set forth in Exhibit "A" attached hereto. A statement of expenses paid during the Application Period showing the amount of \$3,884.50 for reimbursement of expenses is attached hereto as Exhibit "B". A description of the project categories that professionals and other timekeepers at Edwards Wildman used when recording time on matters in this case is provided below, and attached hereto as Exhibit "C".

SUMMARY OF SERVICES RENDERED

7. Edwards Wildman rendered the following services during the Application Period as special intellectual property counsel to the Debtors:

(a) Case Administration (804) - Edwards Wildman performed numerous tasks related to the administration of these cases. In particular, Edwards Wildman participated in discussions related to the sale of the Debtors.

(b) Intellectual Property Matters (846) – Edwards Wildman engaged in all aspects of intellectual property prosecution to maintain Debtors' domestic and foreign intellectual property rights in the ordinary course of the Debtors' business.

(c) Annuities/Maintenance Fees (A239) – Edwards Wildman performed numerous tasks related to the monitoring and payment of annuity and maintenance fees for the Debtors' patents. This service incorporates all tasks relating to the payment of patent taxes, including, but not limited to, client reporting and directing payments on behalf of clients.

8. For the Application Period, Edwards Wildman seeks allowance of compensation in the amount of \$15,757.00 in connection with the professional services described above.

9. During the Application Period, Edwards Wildman incurred or disbursed actual and necessary costs and expenses related to this case in the amount of \$3,884.50 as described below:

SEPTEMBER EXPENSE CATEGORY	TOTAL EXPENSES
Annuity Fees	\$2,740.00
Foreign Associate Charges	\$1,144.50
TOTAL	\$3,884.50

10. Pursuant to Rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedures of the United States Bankruptcy Court for the District of Delaware, Edwards Wildman represents as follows with regard to its charges for actual and necessary costs and expenses during the Application Period:

(a) To the extent that Edwards Wildman has itemized copying services provided, copies are charged to the client at ten cents (\$0.10) per page in accordance with Local Rule 2016-2(e)(iii), which charge is reasonable and customary in the legal industry representing costs of copy materials, acquisition, maintenance, storage and operation of copy machines, together with a margin for recovery of lost expenditures. In addition, Edwards Wildman often utilizes outside copier services for high volume projects, and this Application seeks the recovery of those costs, if applicable.

(b) Consistent with firm policy, attorneys, paraprofessionals and other employees of Edwards Wildman who work late into the evenings were reimbursed for their reasonable meal costs. The reimbursement of this requested disbursement is consistent with the provisions set forth in Local Rule 2016-2.

11. Attorneys and paraprofessionals of Edwards Wildman have expended a total of 31.4 hours in connection with this matter during the Application Period. The amount of time spent

by each of these professionals is fully set forth in Exhibit "A". These are Edwards Wildman's normal hourly rates of compensation for work of this character.

12. In accordance with the factors enumerated in section 330 of the Code, the amounts requested for compensation and expense reimbursement are 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 costs of comparable services other than in a case under this title.

13. Edwards Wildman hereby certifies that it has reviewed the requirements of Rule 2016-2 of the Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware and that this Application and the exhibits attached hereto comply with Bankruptcy Rule 2016-2.

WHEREFORE, Edwards Wildman respectfully requests that an order be entered substantially in the form attached hereto as Exhibit "D" (a) allowing compensation in the amount of \$12,605.60 (\$15,757.00 x 80%) as compensation for professional services rendered, and reimbursement of expenses in the amount of \$3,884.50 for the period September 29, 2011 through and including September 30, 2011; and (b) providing for such other and further relief as this Court may deem just and proper.

Dated: December 16, 2011
West Palm Beach, Florida

EDWARDS WILDMAN PALMER LLP

/s/

Peter J. Manso, Ohio Bar No. 2416
EDWARDS WILDMAN PALMER LLP
525 Okeechobee Boulevard, Suite 1600
West Palm Beach, FL 33401
Telephone: 561.833.7700

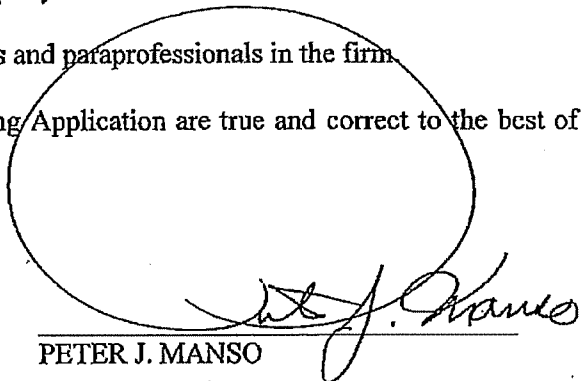
Special Intellectual Property Counsel for Debtors

VERIFICATION

STATE OF FLORIDA)
) SS:
PALM BEACH COUNTY)

Peter J. Manso, Esquire, after being duly sworn according to law, deposes and says:

1. I am a Partner in the applicant firm, Edwards Wildman Palmer LLP, and have been admitted to the bar of Ohio since 1982.
2. I have personally performed many of the legal services rendered by Edwards Wildman Palmer LLP, as special intellectual property counsel to the Debtors and am familiar with all other work performed on behalf of the lawyers and paraprofessionals in the firm.
3. The facts set forth in the foregoing Application are true and correct to the best of my knowledge, information and belief.



PETER J. MANSO

SWORN TO AND SUBSCRIBED before me this 15 day of December, 2011.



YOLAINYA A. MURPHY
MY COMMISSION # EE063500
EXPIRES: January 6, 2015
Bonded Thru Budget Notary Services



Notary Public

My Commission Expires: 01-06-2015