

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

In re:)	Chapter 11
)	
GRACEWAY PHARMACEUTICALS, LLC,)	Case No. 11-13036 (PJW)
<i>et al.</i> , ¹)	
)	Jointly Administered
Debtors.)	Objection Deadline: January 11, 2012
)	Hearing Date: Only if Objections are filed

**FIRST AND FINAL APPLICATION OF STIKEMAN ELLIOTT LLP
FOR COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES INCURRED AS SPECIAL CANADIAN COUNSEL
FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR
THE PERIOD OF NOVEMBER 6, 2011 THROUGH NOVEMBER 30, 2011**

Name of Applicant:	Stikeman Elliott LLP
Authorized to provide professional services to:	Official Committee of Unsecured Creditors of Graceway Pharmaceuticals, LLC, <i>et al.</i>
Date of Retention:	November 22, 2011, effective as of November 6, 2011
Period for which compensation and reimbursement is sought:	November 6, 2011 through November 30, 2011
Amount of Compensation sought as actual, reasonable and necessary:	<u>\$ 33,431.62 (80% of \$41,789.53)</u>
Amount of Expense Reimbursement sought as actual, reasonable and necessary:	<u>\$ 207.71</u>
This is a: ___ monthly ___ interim <u>x</u> 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); Graceway Holdings, LLC, a Delaware limited liability company (2502); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385); Chester Valley Holdings, LLC, a Delaware limited liability company (9457); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713); Graceway Canada Holdings, Inc., a Delaware corporation (6663); and Graceway International, Inc., a Delaware corporation (2399). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy).

ATTACHMENT TO FIRST AND FINAL APPLICATION

I. SUMMARY OF TIME CHARGES AND HOURLY RATES

Name of Professional	Title	Hours Spent	Hourly Rate	Charge
B. Lorusso-Taddeo		.25	225.00	56.25
C. Markadonis		.20	170.00	34.00
N. McHaffie		8.60	600.00	5,160.00
D. Murdoch		23.07	550.00	12,688.50
R. Sheahan		22.59	449.39	10,151.78
E. Tait		.50	450.00	225.00
A.J. Taylor		14.67	700.00	10,269.00
C. Yung		12.82	250.00	3,205.00
TOTAL FEES		82.70		41,789.53

COMPENSATION BY PROJECT CATEGORY

Task Description	Hours	Fees
B-130 Asset Disposition	82.70	41,789.53
Total	82.70	\$41,789.53

EXPENSE SUMMARY

Summary of Disbursement Charges

Photocopies	2.40
Agents' Fees	34.15
Filing Fees – N/T	99.51
Travel – Taxis	71.65
Total Disbursements	\$207.71

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FOR COMPENSATION FOR SERVICES RENDERED AND
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FOR THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS FOR
THE PERIOD OF NOVEMBER 6, 2011 THROUGH NOVEMBER 30, 2011**

Stikeman Elliott LLP (“Stikeman Elliott” or “Applicant”), as special Canadian 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 and final application for allowance of compensation and reimbursement of expenses for the period of November 6, 2011 through November 30, 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 these cases.

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); Graceway Holdings, LLC, a Delaware limited liability company (2502); Graceway Pharmaceuticals, LLC, a Delaware limited liability company (5385); Chester Valley Holdings, LLC, a Delaware limited liability company (9457); Chester Valley Pharmaceuticals, LLC, a Delaware limited liability company (3713); Graceway Canada Holdings, Inc., a Delaware corporation (6663); and Graceway International, Inc., a Delaware corporation (2399). The mailing address for Graceway Pharmaceuticals, LLC is 340 Martin Luther King Jr. Blvd., Suite 500, Bristol, TN 37620 (Attn: John Bellamy).

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 November 6, 2011, the Committee selected Stikeman Elliott to serve as its special Canadian 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, Stikeman Elliott 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 22, 2011, this Court entered an Order authorizing the employment and retention of Stikeman Elliott, as special Canadian counsel to the Committee, effective as of November 6, 2011. A copy of this Order is annexed hereto as **Exhibit “A”**. *See* Docket No. 303.

6. Applicant seeks the allowance of compensation for professional services rendered for and on behalf of the Committee for the period of November 6, 2011 through November 30, 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 \$33,431.62 (\$41,789.53 minus a 20% holdback of \$8,357.91) 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 \$207.71. 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 sale of Debtors

Canadian assets in 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 special Canadian 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
B-130 Asset Disposition	82.70	\$41,789.53
Total	82.70	\$41,789.53

VALUATION OF SERVICES

10. Attorneys and a paraprofessional employed by the Applicant have expended a total of 82.70 hours in connection with this matter during the Compensation Period, as follows:

Name of Professional	Title	Hours Spent	Hourly Rate	Charge
B. Lorusso-Taddeo		.25	225.00	56.25
C. Markadonis		.20	170.00	34.00
N. McHaffie		8.60	600.00	5,160.00
D. Murdoch		23.07	550.00	12,688.50
R. Sheahan		22.59	449.39	10,151.78
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C. Yung		12.82	250.00	3,205.00
TOTAL FEES		82.70		41,789.53

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 \$41,789.53, which amount is subject to a holdback of 20% in the amount of \$8,357.91 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 \$207.71, 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 photocopying, travel expenses, Agents’ fees, and filing fees. Applicant has sought to utilize the most cost efficient method of communication consistent with the necessary time constraints. These disbursements were necessary to effectively render legal services in these cases.

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

15. This is the Applicant’s first and final 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.

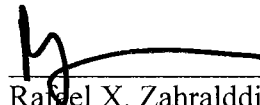
16. Applicant has received no payment and no promises of payment from any source for services rendered or to be rendered in any capacity whatsoever in connection with these cases, and there is no agreement or understanding between the Applicant and any other person,

other than members of the Applicant, for the sharing of compensation to be received for services rendered in these cases.

WHEREFORE, Applicant respectfully requests that it be granted an allowance of fees in the amount of \$33,431.62 (\$41,789.53 minus a 20% holdback of \$8,357.91) 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 \$207.71 and that it be granted such other and further relief as the Court may deem just and proper.

Dated: December 22, 2011

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