

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

**SECOND 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 NOVEMBER 1, 2011 THROUGH NOVEMBER 30, 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:

November 1, 2011 through November 30, 2011

Amount of Compensation sought
as actual, reasonable and necessary:

\$ 78,302.40 (80% of \$97,878.00)

Amount of Expense Reimbursement
sought as actual, reasonable and necessary:

\$ 3,195.43

This is a: monthly interim final application

ATTACHMENT TO SECOND MONTHLY APPLICATION

I. SUMMARY OF TIME CHARGES AND HOURLY RATES

Name of Professional	Title	Hours Spent	Hourly Rate	Charge
Citron, Lowell A.	Shareholder/Member	0.10	\$695.00	\$69.50
Paradiso, Robert J.	Shareholder/Member	2.60	590.00	1,534.00
Rosen, Kenneth A.	Shareholder/Member	0.60	745.00	447.00
Teele, S. Jason	Shareholder/Member	78.30	555.00	43,456.50
*Teele, S. Jason - Travel Time	Shareholder/Member	5.20	277.50	1,443.00
L'Hernault, Suzanne	Senior Counsel	0.60	660.00	396.00
Melcher, Ryan S.	Counsel	6.20	475.00	2,945.00
Ingman, Tatiana	Associate	39.70	420.00	16,674.00
Stefanelli, Nicole	Associate	72.80	370.00	26,936.00
*Stefanelli, Nicole - Travel Time	Associate	3.50	185.00	647.50
Jelinski, Waldemar	Project Assistant	1.70	105.00	178.50
LaFiura-Smith, Kim Marie	Paralegal	10.70	180.00	1,926.00
Pami, Laurie	Fee Application Specialist	0.50	110.00	55.00
Power, Megan	Paralegal	5.20	225.00	1,170.00
TOTAL FEES		227.70		\$97,878.00
Blended Rate				\$429.86

*Reflects 50% rate reduction due to non-working travel time

COMPENSATION BY PROJECT CATEGORY

Task Description	Hours	Fees
Case Administration	21.60	\$6,711.50
Investigation of Prepetition Lenders	5.70	1,407.50
Asset Disposition	107.50	46,920.00
Meetings of and Communication with Creditors	13.70	6,811.00
Fee/Employment Applications	4.90	1,979.00

Employment and Retention Applications - Others	0.40	148.00
Other Contested Matters (excluding assumption/rejection motions)	14.90	7,241.00
Non-Working Travel	8.70	2,090.50
Financing/Cash Collateral	4.50	2,431.00
Plan and Disclosure Statement (including Business Plan)	0.50	210.00
General Bankruptcy Advice/Opinions	21.50	11,932.50
Valuation	23.80	9,996.00
Total	227.70	\$ 97,878.00

EXPENSE SUMMARY

Summary of Disbursement Charges

Messenger and delivery charges	\$10.92
Computerized legal research	2,622.91
Travel	546.00
Photocopies 156 pages at \$0.10 per page	15.60
Total Disbursements	\$3,195.43

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DISTRICT OF DELAWARE**

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et al.,

Debtors.

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Jointly Administered

**SECOND 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 NOVEMBER 1, 2011 THROUGH NOVEMBER 30, 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 second monthly application for allowance of compensation and reimbursement of expenses for the period of November 1, 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.

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 [Docket No. 127] (the “Interim Compensation Order”). 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 November 1, 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 \$78,302.40 (\$97,878.00 minus a 20% holdback of \$19,575.60) 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 \$3,195.43. 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	21.60	\$6,711.50
Investigation of Prepetition Lenders	5.70	1,407.50
Asset Disposition	107.50	46,920.00
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Non-Working Travel	8.70	2,090.50
Financing/Cash Collateral	4.50	2,431.00
Plan and Disclosure Statement (including Business Plan)	0.50	210.00
General Bankruptcy Advice/Opinions	21.50	11,932.50
Valuation	23.80	9,996.00
Total	227.70	\$ 97,878.00

VALUATION OF SERVICES

10. Attorneys and a paraprofessional employed by the Applicant have expended a total of 227.70 hours in connection with this matter during the Compensation Period, as follows:

Name of Professional	Title	Hours Spent	Hourly Rate	Charge
Citron, Lowell A.	Shareholder/Member	0.10	\$695.00	\$69.50
Paradiso, Robert J.	Shareholder/Member	2.60	590.00	1,534.00
Rosen, Kenneth A.	Shareholder/Member	0.60	745.00	447.00
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TOTAL FEES		227.70		\$97,878.00
Blended Rate				\$429.86

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 \$97,878.00, which amount is subject to a holdback of 20% in the amount of \$19,575.60 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 \$3,195.43, 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 second 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 \$78,302.40 (\$97,878.00 minus a 20% holdback of \$19,575.60) 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 \$3,195.43 and that it be granted such other and further relief as the Court may deem just and proper.

Dated: January 11, 2012

By: /s/ S. Jason Teele
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--and--

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Unsecured Creditors*