

**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

Objection Deadline: March 5, 2012 at 4:00 p.m. (ET)
Hearing Date: March 16, 2012 at 9:30 a.m. (ET)

**FIRST INTERIM QUARTERLY FEE
REQUESTS OF THE DEBTORS' PROFESSIONALS**

TO: (I) THE DEBTORS, (II) COUNSEL TO THE DEBTORS, (III) COUNSEL TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS, (IV) THE UNITED STATES TRUSTEE, (V) SPECIAL RESTRUCTURING AND BANKRUPTCY COUNSEL TO THE ADMINISTRATIVE AGENT FOR THE LENDERS UNDER THE DEBTORS' PREPETITION FIRST LIEN CREDIT FACILITY, AND (VI) THOSE PARTIES IN INTEREST WHO HAVE REQUESTED NOTICE PURSUANT TO BANKRUPTCY RULE 2002 PRIOR TO THE DATE HEREOF

Pursuant to the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* entered on October 17, 2011 [D.I. 127] (the "Interim Compensation Order"), the professionals retained by the above-captioned debtors and debtors in possession (collectively the "Debtors") hereby apply for interim quarterly allowance of compensation and reimbursement of expenses (the "Fee Request") for all interim applications filed during the previous quarterly period covering the period from September 29, 2011 through and including December 31, 2011. Summaries of the fees and expenses subject to this Fee Request are summarized in the attachment hereto.

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). 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.

PLEASE TAKE NOTICE that pursuant to the Interim Compensation Order, the Debtors were authorized to pay on an interim basis 80% of the amount of compensation requested and 100% of the amount requested for reimbursement for expenses without further order from the Court upon the expiration of a 20-day objection period.

PLEASE TAKE FURTHER NOTICE that objections, if any, to the Fee Request are to be filed and served on the affected professional and the parties set forth in the Interim Compensation Order on or before **March 5, 2012 at 4:00 p.m. (ET)**.

PLEASE TAKE FURTHER NOTICE that a hearing to consider approval of the Fee Request will be held before the Honorable Peter J. Walsh in the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 6th Floor, Courtroom #2, Wilmington, Delaware 19801, on **March 16, 2012 at 9:30 a.m.(ET)**.

Dated: February 14, 2012
Wilmington, Delaware

Respectfully Submitted,

/s/ Kara Hammond Coyle

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-and-

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ATTORNEYS FOR DEBTORS AND
DEBTORS-IN-POSSESSION

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FIRST INTERIM FEE APPLICATION

Name of Applicant:

Young Conaway Stargatt & Taylor, LLP

Authorized to Provide Professional
Services to:

Debtor and Debtor in Possession

Date of Retention:

Effective as of September 29, 2011
(Order Entered October 19, 2011)

Period for which compensation and
reimbursement is sought:

September 29, 2011 through December 31, 2011

Monthly Fee Period, Docket No. & Date Filed	Total Fees Requested	Total Expenses Requested	C.N.O. Docket No. & Date Filed	Amount of Fees Paid or To Be Paid (80%)	Amount of Expenses Paid or To be Paid (100%)	Amount of Holdback Fees Sought (20%)
9/29/11 – 9/30/11 [D.I. 160; 10/27/11]	\$22,897.00	\$3,592.80	D.I. 314; 11/29/11	\$18,317.60	\$3,592.80	\$4,579.40
10/1/11 – 10/31/11 [D.I. 321; 11/30/11]	\$66,986.50	\$5,717.24	D.I. 404; 12/23/11	\$53,589.20	\$5,717.24	\$13,397.30
11/1/11 – 11/30/11 [D.I. 366; 12/15/11]	\$61,979.50	\$7,732.31	D.I. 436; 1/6/12	\$49,583.60	\$7,732.31	\$12,395.90
12/1/11 – 12/31/11 [D.I. 489; 1/27/12]	\$29,289.50	\$3,263.74	TBD	\$23,431.60	\$3,263.74	\$5,857.90
TOTAL	\$181,152.50	\$20,306.09		\$144,922.00	\$20,306.09	\$36,230.50

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FIRST INTERIM FEE APPLICATION

Name of Applicant:

Latham & Watkins LLP

Authorized to Provide Professional
Services to:

Debtor and Debtor in Possession

Date of Retention:

Effective as of September 29, 2011
(Order Entered October 17, 2011)

Period for which compensation and
reimbursement is sought:

September 29, 2011 through December 31, 2011

Monthly Fee Period, Docket No. & Date Filed	Total Fees Requested	Total Expenses Requested	C.N.O. Docket No. & Date Filed	Amount of Fees Paid or To Be Paid (80%)	Amount of Expenses Paid or To be Paid (100%)	Amount of Holdback Fees Sought (20%)
9/29/11 – 10/31/11 [D.I. 341; 12/6/11]	\$623,135.00	\$4,377.75	D.I. 405; 12/27/11	\$498,508.00	\$4,377.75	\$124,627.00
11/1/11 – 11/30/11 [D.I. 462; 1/18/12]	\$944,847.25	\$16,845.46	D.I. 518; 2/10/12	\$755,877.80	\$16,845.46	\$188,969.45
12/1/11 – 12/31/11 [D.I. 507; 2/3/12]	\$360,069.25	\$23,388.40	TBD	\$288,055.40	\$23,388.40	\$72,013.85
TOTAL	\$1,928,051.50	\$44,611.61		\$1,542,441.20	\$44,611.61	\$385,610.30

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FIRST INTERIM FEE APPLICATION

Name of Applicant:

Alvarez & Marsal North America, LLC

Authorized to Provide Professional
Services to:

Debtor and Debtor in Possession

Date of Retention:

Effective as of September 29, 2011
(Order Entered October 17, 2011)

Period for which compensation and
reimbursement is sought:

September 29, 2011 through December 31, 2011

Monthly Fee Period, Docket No. & Date Filed	Total Fees Requested	Total Expenses Requested	C.N.O. Docket No. & Date Filed	Amount of Fees Paid or To Be Paid (80%)	Amount of Expenses Paid or To be Paid (100%)	Amount of Holdback Fees Sought (20%)
9/29/11 – 10/31/11 [D.I. 317; 11/29/11]	\$417,580.00	\$16,203.64	D.I. 403; 12/23/11	\$334,064.00	\$16,203.64	\$83,516.00
11/1/11 – 11/30/11 [D.I. 357; 12/12/11]	\$325,216.00	\$17,679.68	D.I. 435; 1/6/12	\$260,172.80	\$17,679.68	\$65,043.20
12/1/11 – 12/31/11 [D.I. 458; 1/13/12]	\$179,300.50	\$7,931.92	D.I. 509; 2/6/12	\$143,440.40	\$7,931.92	\$35,860.10
TOTAL	\$922,096.50	\$41,815.24		\$737,677.20	\$41,815.24	\$184,419.30

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FIRST INTERIM FEE APPLICATION

Name of Applicant:

PricewaterhouseCoopers LLP

Authorized to Provide Professional
Services to:

Debtor and Debtor in Possession

Date of Retention:

Effective as of September 29, 2011
(Order Entered October 17, 2011)

Period for which compensation and
reimbursement is sought:

September 29, 2011 through December 31, 2011

Monthly Fee Period, Docket No. & Date Filed	Total Fees Requested	Total Expenses Requested	C.N.O. Docket No. & Date Filed	Amount of Fees Paid or To Be Paid (80%)	Amount of Expenses Paid or To be Paid (100%)	Amount of Holdback Fees Sought (20%)
9/29/11 – 12/31/11 [D.I. 461; 1/18/12]	\$11,546.50	\$0.00	D.I. 516; 2/9/12	\$9,237.20	\$0.00	\$2,309.30
TOTAL	\$11,546.50	\$0.00		\$9,237.20	\$0.00	\$2,309.30

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FIRST INTERIM FEE APPLICATION

Name of Applicant:

Edwards Wildman Palmer LLP

Authorized to Provide Professional
Services to:

Debtor and Debtor in Possession

Date of Retention:

Effective as of September 29, 2011
(Order Entered November 7, 2011)

Period for which compensation and
reimbursement is sought:

September 29, 2011 through December 31, 2011

Monthly Fee Period, Docket No. & Date Filed	Total Fees Requested	Total Expenses Requested	C.N.O. Docket No. & Date Filed	Amount of Fees Paid or To Be Paid (80%)	Amount of Expenses Paid or To be Paid (100%)	Amount of Holdback Fees Sought (20%)
9/29/11 – 9/30/11 [D.I. 376; 12/16/11]	\$15,757.00	\$3,884.50	D.I. 448; 1/11/12	\$12,605.60	\$3,884.50	\$3,151.40
10/1/11 – 10/31/11 [D.I. 377; 12/16/11]	\$130,788.00	\$39,523.29	D.I. 481; 1/25/12	\$104,630.40	\$39,346.29 ²	\$26,157.60
11/1/11 – 11/30/11 [D.I. 378; 12/16/11]	\$126,010.17	\$7,871.23	D.I. 480; 1/25/12	\$100,808.14	\$7,871.23	\$25,202.03
12/1/11 – 12/31/11 [D.I. 432; 1/6/12]	\$11,409.50	\$1,780.80	D.I. 508; 2/6/12	\$9,127.60	\$1,780.80	\$2,281.90
TOTAL	\$283,964.67	\$53,059.82		\$227,171.74	\$52,882.82	\$56,792.93

² This includes a voluntary reduction of expenses in the amount of \$177.00.