

**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: 6/28/2012 at 4:00 p.m.
Hearing Date: July 12, 2012 at 9:30 a.m.

**SEVENTH MONTHLY AND FINAL APPLICATION OF
ELLIOTT GREENLEAF, CO-COUNSEL TO THE OFFICIAL COMMITTEE
OF UNSECURED CREDITORS, FOR COMPENSATION AND
REIMBURSEMENT OF EXPENSES FOR THE MONTHLY FEE PERIOD FROM
APRIL 1, 2012 THROUGH MAY 4, 2012; AND FOR THE FINAL
PERIOD FROM OCTOBER 11, 2011 THROUGH MAY 4, 2012**

Name of Applicant: Elliott Greenleaf

Authorized to Provide
Professional Services to: Official Committee of Unsecured Creditors

Date of Retention: Nunc Pro Tunc to October 11, 2011

Period for which compensation and
reimbursement is sought: April 1, 2012 through May 4, 2012

Amount of Monthly Compensation sought
As actual, reasonable and necessary: \$21,591.50

Amount of Monthly Expense Reimbursement
Sought as actual, reasonable and necessary: \$88.44

Total Monthly Request: \$21,679.94

This is a: monthly; interim 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).

Final Period for which compensation and reimbursement is sought: October 11, 2011 through May 4, 2012

Amount of Final Compensation sought as actual, reasonable and necessary: \$282,045.00

Amount of Final Expense Reimbursement Sought as actual, reasonable and necessary: \$8,242.07

Total Final Request: \$290,287.07

Amount of Final Compensation sought in connection with the preparation of the final fee application: \$2,442.42

Total Final Request with cost included For preparation of final fee application: \$292,729.49

Each prior application disclosed:

Fee Application Date Filed, Doc. No.	Period Covered	Requested Fees	Requested Expenses	Certificate of No Objection Date Filed, Doc. No.	Approved Fees (80%)	Approved Expenses (100%)	Amount of Holdback Fees
11/22/2011 Docket No. 293	10/11/2011-10/31/2011	\$73,787.00	\$1,098.94	12/14/2011 Docket No. 363	\$59,029.60	\$1,098.94	\$14,757.40
12/7/2011 Docket No. 345	11/1/2011-11/30/2011	\$103,565.00	\$2,893.24	12/29/2011 Docket No. 421	\$82,852.00	\$2,893.24	\$20,713.00
1/18/2012 Docket No. 460	12/1/2011-12/31/2011	\$21,601.50	\$1,064.80	2/14/2012 Docket No. 522	\$17,281.20	\$1,064.80	\$4,320.30
2/15/12 Docket No. 536	1/1/2012-1/31/12	\$23,850.00	\$1,577.20	3/8/2012 Docket No. 591	\$19,080.00	\$1,577.20	\$4,770.00
3/13/12 Docket No. 598	2/1/2012-2/29/12	\$18,233.00	\$1,299.95	4/3/2012 Docket No. 669	\$14,586.40	\$1,299.95	\$3,646.60
6/8/12 Docket No. 776	3/1/12-3/21/12	\$19,417.50	\$219.50				
6/8/12 Docket No. BD	4/1/12-5/4/12	\$21,591.00	\$88.44				
TOTAL		\$282,045.00	\$8,242.07				

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PERIOD FROM OCTOBER 11, 2011 THROUGH MAY 4, 2012**

Elliott Greenleaf (“EG”), co-counsel to the Official Committee of Unsecured Creditors (the “Committee”) of the above-captioned debtors (the “Debtors”), hereby submits this Seventh Monthly and Final Application of Elliott Greenleaf, Co-Counsel to the Official Committee of Unsecured Creditors, for Compensation and Reimbursement of Expenses for the period April 1, 2012 through May 4, 2012; and for the Final Period From October 11, 2011 through May 4, 2012 (the “Application”). In support thereof, EG respectfully represents as follows:

BACKGROUND

1. On September 29, 2011 (the “Petition Date”), the Debtors commenced their bankruptcy cases (collectively, the “Bankruptcy Case”) by filing voluntary petitions for relief

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under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Court”).

2. The Debtors continue to operate its business and manage its properties as a debtor-in-possession pursuant to Bankruptcy Code Sections 1107 and 1108.

3. On October 11, 2011, the United States Trustee appointed the Committee, which consisted of the following members: Value Recovery Fund LLC (Michael Iuliano), Metaphor Inc. (Dwayne Hann), and 3M Company (Maureen Harms). *See* Appointment of Official Committee of Unsecured Creditors (Docket No. 90).

4. On October 11, 2011 (the “Retention Date”), the Committee met and selected Lowenstein Sandler (“LS”) and Elliott Greenleaf (“EG”) as Counsel to the Committee. On October 12, 2011, the Committee selected FTI Consulting (“FTI”) to serve as its Financial Advisors.

JURISDICTION AND VENUE

5. This Court has jurisdiction over this Application pursuant to 28 U.S.C. sections 157 and 1334. Venue of this proceeding and this Application is proper in this district pursuant to 28 U.S.C. sections 1408 and 1409.

6. The statutory predicates for this Application are 11 U.S.C. sections 328, 1103(a) and 1103(b) and Federal Rules of Bankruptcy Procedure 2014(a), 2016, and 5002.

TERMS AND CONDITIONS OF COMPENSATION OF EG

7. Subject to Court approval, EG seeks payment for compensation on an hourly basis, plus reimbursement of actual, necessary expenses incurred by EG for the monthly period commencing April 1, 2012 through and including May 4, 2012; and for the final period commencing October 11, 2011 through May 4, 2012 (the “Application Period”). With the

exception of copy charges (which are charged at a lower rate), the rates charged by EG in this case do not materially differ from the rates charged to EG's non-bankruptcy clients and are lower in many cases.

8. Additionally, EG seeks final allowance of compensation for actual and necessary professional services rendered in the amount of \$284,487.42³ and seeks final allowance and payment of its actual and necessary expenses in the amount of \$8,242.07 for the Final Application Period. A description of the services rendered and expenses incurred during the Final Application Period are attached as hereto, respectively.

9. At the time of this Application, there are no unpaid fees and expenses that have been previously approved, on an interim basis, by this Court. EG has received a total \$282,838.15 from the Debtors for the fees and expenses requested in this Application, leaving an unpaid balance of \$7,448.92.

COMPLIANCE WITH THE BANKRUPTCY CODE, RULES AND LOCAL RULES

10. A summary of the hours spent, the names of each professional and paraprofessional rendering services to the Committee during the monthly Application Period, the regular customary billing rates and the total value of time incurred by each of the EG attorneys rendering services to the Committee is attached hereto as Exhibit A. A copy of the computer generated time entries reflecting the time recorded for these services, organized in project billing categories in accordance with the United States Trustee's Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 (the "Guidelines"), is attached hereto as Exhibit B. A statement of expenses incurred by EG during the Application Period is also included in Exhibit C. All time entries and requested expenses are in compliance with Rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedure of the

³ This amount includes EG's estimate of the cost for preparing this Application which is \$2,442.42.

United States Bankruptcy Court for the District of Delaware (the “Local Rules”).⁴

11. On October 17, 2011, this Court entered the 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, EG and other professionals retained in this case are authorized to file and to serve upon the Debtors and the parties identified in the Interim Compensation Order, unless an objection specifically objects to fees and/or expenses of a professional, or the Court orders otherwise.

12. In accordance with the Interim Compensation Order, EG has filed and served upon the Notice Parties identified in the Interim Compensation Order this Application with respect to final fees and expenses incurred during the Application Period; in the amount of \$284,487.42 in fees and in the amount of \$8,242.07 in expenses.

10. All services and costs for which compensation is requested by EG in this Application were reasonable and necessary and were performed for and on behalf of the Committee during the monthly Application Period.

NARRATIVE SUMMARY OF SERVICES

11. EG has rendered actual and necessary services on behalf of the Committee and is requesting reasonable compensation for their services for the Application Period. As noted above, a summary by project category attached hereto, are detailed time entries organized by category and chronology within the categories. EG has acted as the primary source for information and communication to and from the Committee and Court, including collecting and preserving, in an electronic database, all relevant pleadings for the Committee and the Committee professionals. In addition, EG has provided summaries, calendaring, and

⁴ EG has also attempted to ensure that this Application complies with the Guidelines. To the extent that the Guidelines conflict with the Local Rules, in particular, Local Rule 2016-2, EG has chosen to comply with such Local Rule. EG will supplement this Application with additional detail or information upon request.

periodically distributed a memorandum of all statutory and procedural deadlines to the Committee professionals and Chair of the Committee.

12. EG has filed with the Court and assisted in preparation of all documents filed on behalf of the Committee. In its capacity as Co-Counsel, EG has reviewed all relevant pleadings in the above captioned Debtors' bankruptcy cases for deadlines. EG has also assisted in substantive review, under the direction of the Committee, to support Co-Counsel, as needed. EG has reviewed all filings in the case to conform Committee filings to the requirements of local practice and the applicable local rules and chambers procedures. EG has also provided substantive review of all Delaware case law in Committee filings. EG has assisted the Committee professionals in other substantive areas in which it has specific expertise beyond Delaware law, including international and comparative law and coordination of efforts with Canadian Counsel retained by the Committee. At all times EG has coordinated its work with Co-Counsel to avoid all duplication of work, which has inured to the benefit of the Committee.

FEE STATEMENTS

13. The fee statement for the time period October 11, 2011 through and including May 4, 2012, have been attached as Exhibit B to each of the monthly fee applications previously filed in this case, and are incorporated herein as though fully set forth herein.⁵ These statement contained daily time logs describing the time spent by each attorney and paraprofessional for this period. To the best of EG's knowledge, this Application complies with sections 330 and 331 of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Guidelines adopted by the Office of the United States Trustee, Del. Bankr. L.R. 2016-2, and the Administrative Order.

⁵ Docket numbers for each of the previously filed monthly fee applications are set forth on page 2 of this Application.

COMPENSATION REQUESTED

16. EG expended 46.9 hours during the Application Period in furtherance of its efforts on behalf of the Committee. EG requests allowance of monthly compensation in amount of \$21,591.50 for legal services rendered the Application Period at a blended hourly rate of \$460.37. EG requests payment of the monthly fees in the amount of \$21,591.50. EG also requests allowance for final compensation in amount \$284,784.42 for legal services rendered during the Application Period.

REIMBURSEMENT OF EXPENSES

17. During the Application Period, EG incurred certain necessary expenses in rendering legal services to the Committee as set forth in Exhibit C. Exhibit C sets forth in summary detail the expenses incurred during the Application Period (copies of invoices from EG's vendors are available for inspection upon request). Telecopying services completed in-house by EG were charged at \$1.00 per page for outgoing facsimiles only. EG represents that its rate for duplication is \$0.10 per page, consistent with the Local Rules and Guidelines. In order to more efficiently handle the voluminous copying of pleadings served and filed in this case, EG on occasion retained third-party duplication service providers. EG seeks reimbursement only for the actual expenses charged by such third-party service providers. Finally, EG seeks reimbursement for computer assisted research, which is the actual cost of such charges, if any.

18. EG seeks reimbursement for its reasonable, necessary and actual expenses incurred during the monthly Application Period for the total amount of \$88.44.

LEGAL STANDARD

19. Section 330(a)(1) of the Bankruptcy Code allows the payment of:

(A) reasonable compensation for actual, necessary services rendered by the trustee, examiner, professional person, or attorney and by any paraprofessional person employed by any such person; and

(B) reimbursement for actual, necessary expenses.

11 U.S.C. § 330(a)(1). Reasonableness of compensation is driven by the “market-driven approach” which considers the nature, extent and value of services provided by the professional and cost of comparable services in the non-bankruptcy contexts. *See Zolfo Cooper & Co. v. Sunbeam-Oster Co.*, 50 F.3d 253, 258 (3d Cir. 1995); *In re Busy Beaver Building Ctr., Inc.*, 19 F.3d 833, 849 (3d Cir. 1994). Thus, the “baseline rule is for firms to receive their customary rates.” *Zolfo Cooper*, 50 F.3d at 259.

20. In accordance with its practices in non-bankruptcy matters, EG has calculated its compensation requested in their Application by applying the standard hourly rates. EG’s calculation is based upon hourly rates that are well within the range of rates that are charged by comparable firms in similar bankruptcy cases. Accordingly, EG’s rates should be determined to be reasonable under Section 330 of the Bankruptcy Code.

21. EG’s fees during the Application Period are also reasonable under the prevailing legal standard and should be allowed. The amount of these fees is not unusual given the complexity, accelerated deadlines, aggressive sale schedule, and size of the Debtors’ Chapter 11 case. EG’s fees are commensurate with fees that other attorneys of comparable experience and expertise have charged and been awarded in similar Chapter 11 cases. Accordingly, EG’s fees are reasonable pursuant to Section 330 of the Bankruptcy Code.

22. Section 330(a)(1)(B) of the Bankruptcy Code permits reimbursement for actual, necessary expenses. EG’s legal services and expenses incurred during the Application Period are set forth in this Application and constitute only those necessary expenses that were incurred for the benefit of the Committee. EG has properly requested reimbursement of only actual, necessary and appropriate legal expenses.

23. Except as permitted by Rule 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), no agreement or understanding exists between EG and/or any third person for the sharing or division of compensation. All of the services for which compensation is requested in this Application were rendered at the request of and solely on behalf of the Committee.

24. Pursuant to the standards set forth in Sections 330 and 331 of the Bankruptcy Code, EG submits that the compensation requested is for actual and necessary services and expenses, and is reasonable, based upon the nature, extent and value of such services, the time spent thereon, and the costs of comparable services in a case under the Bankruptcy Code.

25. The time records annexed to this Application constitute only a general statement of the services rendered and time expended without description of the pressure and constraints under which EG actually rendered these services. The considerable challenges of this case have been attended to and managed by EG at all levels, promptly, expertly, and often to the exclusion of the other matters in EG’s office. EG submits, therefore, that its fees and expenses were actually, necessary, reasonable and justified, and should be allowed in full.

NOTICE AND NO PRIOR APPLICATION

26. No trustee or examiner has been appointed in this Chapter 11 case. Notice and service of this Application has been given to the Debtors; counsel to the Debtors; the UST; and special restructuring and bankruptcy counsel to the administrative agent for the lenders under the Debtors’ prepetition first lien credit facility pursuant to the Interim Compensation Order. Pursuant to the Bankruptcy Rule 2002(a)(6), Notice of this Application has also been given to all parties requesting notices. In light of the nature of the relief requested herein, EG submits that no further or other notice is required.

27. No previous application for the relief sought herein has made to this or any other

Court.

VERIFICATION

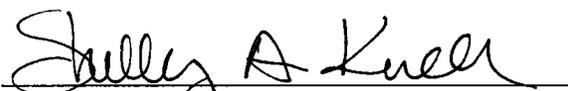
28. I am familiar with the work performed on behalf of the Committee by the lawyers and paraprofessionals in the firm.

29. I have reviewed the foregoing Application and the facts set forth therein are true and correct to the best of my knowledge, information and belief. Moreover, I have reviewed Local Rule 2016-2, and submit that the Application substantially complies with such Local Rule.

WHEREFORE, EG respectfully requests that the Court (i) approve and allow the seventh monthly application sum of \$21,591.50 for services rendered, plus expenses of \$88.44, for a total monthly compensation of \$21,679.94; (ii) approve and allow the final application sum of \$282,045.00 for services rendered, plus expenses of \$8,242.07, for a total final compensation of \$284,487.42; (iii) approve and allow EG an additional amount of \$2,442.42 for time spent in preparation of its final application subsequent to May 4, 2012; and (iv) grant such other and further relief as may be just and proper.

Dated: June 8, 2012
Wilmington, Delaware

ELLIOTT GREENLEAF



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