

EXHIBIT C
(Sale Tr.)

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UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

IN RE:)	Case No. 11-13036 (PJW)
)	Chapter 11
GRACEWAY PHARMACEUTICALS)	(Jointly Administered)
LLC, et al.,)	
)	Courtroom No. 2
Debtors.)	824 Market Street
)	Wilmington, Delaware 19801
)	November 22, 2011
)	11:00 A.M.

TRANSCRIPT OF HEARING
BEFORE HONORABLE PETER J. WALSH
UNITED STATES BANKRUPTCY JUDGE

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1 objections to the sale motion and then we can deal with the
2 one remaining objector who's not been resolved.

3 THE COURT: Okay.

4 MR. ATHANAS: Your Honor, the allocation of the sale
5 proceeds between the Debtors and Graceway Canada Company has
6 been agreed to between and the Debtors and the receiver for
7 Graceway Canada Company. There is a declaration by Dan
8 Aronson, the financial advisor to the Debtors regarding that
9 valuation that was attached as Exhibit 3 to the valuation
10 motion. We'd ask that that be admitted into evidence..

11 THE COURT: Okay. It's part of the record.

12 MR. ATHANAS: The Committee filed an objection to the
13 allocation motion and the sale motion. The Committee's
14 objection has been resolved as follows. And I'm going to
15 read this to Your Honor and I'm sure that I will not get it
16 entirely right, but the first lien lenders and Committee will
17 correct me.

18 In addition to the other set asides that are set
19 forth in the sale order, which I know Your Honor has
20 reviewed, 10,000,000 of the net value coming from Graceway
21 Canada Company that is actually received by the U.S. Debtors
22 after payment in full of all claims against Graceway Canada
23 Company will be set aside by the Debtors in a segregated
24 account for the Debtors' estates and creditors other than the
25 first lien lenders free and clear of the first lien lenders

1 liens. The first lien lenders will not share in the
2 distribution of this \$10,000,000 via their deficiency claim
3 or otherwise. If the net value ultimately received from
4 Canada by the US is less than \$10,000,000, the Debtors'
5 estates and creditors other than the first lien lenders will
6 be entitled to receive any shortfall free and clear of the
7 first lien lenders liens first from the 1 percent holdback
8 account which is described in the sale order. One percent of
9 the sale proceeds Your Honor, \$4.55 million is being set
10 aside in an account that would otherwise be payable to the
11 first lien lenders upon confirmation of a plan. And so if
12 there's a shortfall of the money coming back from Canada,
13 that shortfall will be filled first with the money in that
14 set aside account. And if that set aside account is
15 insufficient, another \$5.5 million of sale proceeds will be
16 reserved by and maintained by the first lien agent, and that
17 \$5.5 million -- I'm sorry -- that \$5.5 million will be held
18 back by the first lien agent from distribution to the various
19 first lien lenders if there is any additional shortfall to
20 cover that shortfall in a fault, and if there isn't, then it
21 will be distributed by the first lien agent to the first lien
22 lenders.

23 Except for this \$10,000,000 set aside, the Debtors'
24 estate shall not be entitled to receive any other proceeds
25 from Graceway Canada Company free and clear of the first lien