<u>Exhibit D</u>

Liquidation Analysis

LIQUIDATION ANALYSIS

Introduction

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that the Bankruptcy Court find, as a condition to Confirmation, that each Holder of a Claim or Equity Interest in each Impaired Class: (i) has accepted the Plan; or (ii) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such Person would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. To make these findings, the Bankruptcy Court must: (1) estimate the cash proceeds (the "Liquidation Proceeds") that a Chapter 7 Trustee would generate if each Debtor's Chapter 11 Case were converted to a Chapter 7 case on the Effective Date and the assets of such Debtor's Estate were liquidated; (2) determine the distribution (the "Liquidation Distribution") that each non-accepting Holder of a Claim or Interest would receive from the Liquidation Proceeds under the priority scheme dictated in Chapter 7; and (3) compare each Holder's Liquidation Distribution to the distribution under the Plan ("Plan Distribution") that such Holder would receive if the Plan were confirmed and consummated.

Accordingly, asset values discussed herein may be different than amounts referred to in the Plan. The Liquidation Analysis is based upon certain assumptions discussed herein and in the Disclosure Statement.

Significant Assumptions

Hypothetical recoveries to stakeholders of the Debtors in Chapter 7 were determined through multiple steps, as set forth below. The basis of the Liquidation Analysis is the Debtors' projected cash balance and assets as of April 30, 2012 and assumes that the Debtors would commence a Chapter 7 liquidation on or about May 1, 2012 (the "Conversion Date") under the supervision of a court appointed Chapter 7 trustee. The Liquidation Analysis assumes that certain events would take place prior to the Conversion Date as more fully described in footnote (a) below. The Liquidation Analysis reflects the wind-down and liquidation of substantially all of the Debtors' remaining assets; the reconciliation, settlement or prosecution of remaining litigation; and distribution of available proceeds to Allowed Claimholders during a twelve month period after the Conversion Date (the "Wind-Down Period").

The Debtors believe that a Chapter 7 trustee, if appointed, would elect to substantively consolidate the Debtors for the reasons set forth in the Plan and Disclosure Statement. As such, the Liquidation Analysis assumes that all Debtors will be substantively consolidated.

The statements in the Liquidation Analysis, including estimates of Allowed Claims, were prepared solely to assist the Bankruptcy Court in making the findings required under section 1129(a)(7) and they may not be used or relied upon for any other purpose.

THE DEBTORS BELIEVE THAT ANY ANALYSIS OF A HYPOTHETICAL LIQUIDATION IS NECESSARILY SPECULATIVE. THERE ARE A NUMBER OF ESTIMATES AND ASSUMPTIONS UNDERLYING THE LIQUIDATION ANALYSIS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT ECONOMIC, COMPETITIVE, AND OPERATIONAL UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR A CHAPTER 7 TRUSTEE. NEITHER THE LIQUIDATION ANALYSIS, NOR THE FINANCIAL INFORMATION ON WHICH IT IS BASED, HAS BEEN EXAMINED OR REVIEWED BY INDEPENDENT ACCOUNTANTS IN ACCORDANCE WITH STANDARDS PROMULGATED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC

ACCOUNTANTS. THERE CAN BE NO ASSURANCE THAT ACTUAL RESULTS WILL NOT VARY MATERIALLY FROM THE HYPOTHETICAL RESULTS PRESENTED IN THE LIQUIDATION ANALYSIS.

Estimate of Proceeds from Chapter 11 Liquidation

Estimates were made of cash proceeds that might be received from the liquidation of the Debtors' assets after consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution, including (i) the costs and expenses of a liquidation under Chapter 7 arising from fees payable to the trustee and professional advisors to such trustee; and, (ii) the potential erosion in value of assets in a Chapter 7 case as a result of retaining new professionals and replacing existing professionals with particular knowledge of various matters.

The Debtors' three largest former customers (Cardinal Health, McKesson, AmerisourceBergen) owe the vast majority of the remaining outstanding amounts, which are all now past due. The Debtors have been actively engaged in efforts to collect all past due balances and continue processing credits and reviewing collectability of remaining receivables. Furthermore, customers may attempt to set-off certain pre- and post-petition claims against receivables, which would have an impact on net proceeds collected by the trustee in a Chapter 7 liquidation. The Debtors believe an adequate reserve has been provided for such costs as Administrative Expenses as more fully described below.

Other assets include recoveries that might be realized by the Chapter 7 trustee's potential pursuit of any preference actions, as these recoveries could be highly speculative in light of, among other things, the various defenses that would likely be asserted.

Estimate of Costs

Proceeds from a Chapter 7 liquidation would be reduced by administrative costs incurred during the Wind-Down Period for the recovery of assets and the reconciliation of claims. These costs include professional (including attorneys, and other tax and financial advisors) and trustee fees, insurance expenses, subcontract labor, document retention and other expenses. Additionally these costs include administrative claims incurred prior to Conversion that were unpaid at the time of the Conversion, for which a reserve has been included in the Chapter 7 liquidation analysis. The largest portion of the reserve covers the category of claims including returns, rebates, chargebacks and other customer-related fees that are post-petition administrative claims. As of today, many of these claims are contingent, unliquidated and thus the final amount paid by the trustee in a Chapter 7 liquidation is highly speculative. Furthermore, historically the Debtors issued credit memos to customers for certain such claims and customers may attempt to assert rights of set-off against receivables owed to the Debtors for such claims.

After consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors, the Debtors have determined, as summarized in the following charts and the "Best Interest Test" section of the Disclosure Statement, that the Plan will provide creditors with a recovery that is greater than creditors would receive pursuant to a liquidation of the Debtors' assets under Chapter 7.

The following liquidation analysis should be reviewed with the accompanying notes.

Graceway Pharmaceuticals, LLC
Debtors' Liquidation Analysis Exhibit
($ in 000's)

		Chapter 11 Plan of Liquidation				Chapter 7 Conversion			
	Notes	Base		Favorable		Base		Favorable	
Liquidation Proceeds:									
Cash & cash equivalents	(a)		$ 32,505		$ 40,027		$ 32,505		$ 40,027
Accounts & royalties receivable	(b)		$ 12,668		$ 14,788		$ 12,668		$ 14,788
Other assets	(c)		$ 13,611		$ 16,664		$ 13,611		$ 16,664
Gross Liquidation Proceeds			$ 58,784		$ 71,480		$ 58,784		$ 71,480
Unclassified Claims:									
Administrative Expenses & Statutory Fees	(d)		$ (19,200)		$ (11,488)		$ (19,200)		$ (11,488)
Professional Claims	(e)		$ (2,189)		$ (2,189)		$ (2,189)		$ (2,189)
Priority Tax Claims	(f)		$ (694)		$ (694)		$ (694)		$ (694)
Liquidating Trust / Chapter 7 Trust Expenses	(g)		$ (1,950)		$ (1,950)		$ (2,613)		$ (2,768)
Net Distributable Value for Classified Claims			$ 34,751		$ 55,159		$ 34,088		$ 54,341
		Estimated Claim Amount	Net Distrib. Value	Estimated Claim Amount	Net Distrib. Value	Estimated Claim Amount	Net Distrib. Value	Estimated Claim Amount	Net Distrib. Value
Estimated Classified Claims:									
Class 1: Other Priority		$ 50	$ 50	$ -	$ -	$ 50	$ 50	$ -	$ -
Class 2: First Lien Facility	(h)	$ 37,931	$ 23,551	$ 35,643	$ 35,643	$ 37,931	$ 23,551	$ 35,643	$ 35,643
Class 3: Second Lien Facility - Secured	(i)	$ 6,369	$ 6,369	$ 4,852	$ 4,852	$ 6,369	$ 6,369	$ 4,852	$ 4,852
Class 3: Second Lien Facility - Deficiency	(i)	$ 357,576	$ 3,318	$ 351,457	$ 11,675	$ 357,576	$ 2,821	$ 351,457	$ 11,024
Class 4: Other Secured	(j)	$ 350	$ 350	$ -	$ -	$ 350	$ 350	$ -	$ -
Class 5: General Unsecured	(k)	$ 120,000	$ 1,113	$ 90,000	$ 2,990	$ 120,000	$ 947	$ 90,000	$ 2,823
Class 6: Intercompany	(l)	N/A	$ -	N/A	$ -	N/A	$ -	N/A	$ -
Class 7: Old Equity	(m)	N/A	$ -	N/A	$ -	N/A	$ -	N/A	$ -
Class 8: Old Equity Rights	(n)	N/A	$ -	N/A	$ -	N/A	$ -	N/A	$ -
			$ 34,751		$ 55,159		$ 34,088		$ 54,341
Estimated % Recovery - Classified Claims:									
Class 1: Other Priority			100.0%		100.0%		100.0%		100.0%
Class 2: First Lien Facility			62.1%		100.0%		62.1%		100.0%
Class 3: Second Lien Facility			2.7%		4.6%		2.5%		4.5%
Class 4: Other Secured			100.0%		100.0%		100.0%		100.0%
Class 5: General Unsecured			0.9%		3.3%		0.8%		3.1%
Class 6: Intercompany			0.0%		0.0%		0.0%		0.0%
Class 7: Old Equity			0.0%		0.0%		0.0%		0.0%
Class 8: Old Equity Rights			0.0%		0.0%		0.0%		0.0%

See accompanying notes, which are an integral part of the Chapter 7 liquidation analysis

Notes to Liquidation Analysis

(a) Cash & cash equivalents represent estimated cash balances available on the Conversion Date after consideration of the costs to administer the Chapter 11 cases through the Conversion Date and any payments on account of valid post-petition claims or Court-authorized pre-petition claims.

(b) Amount represents the estimated accounts receivable and royalties receivable on the Conversion date. The book value on November 30, 2011 was approximately $21.2 million, of which the Debtors had collected approximately $3.8 million as of January 13, 2012. The remaining values include a discount to remaining outstanding balances. The Chapter 7 liquidation analysis assumes the recovery of accounts receivable and royalties receivable are the same as under the Plan of Liquidation; however, it is possible that value could be impaired under a Chapter 7 liquidation.

(c) Other Assets include estimated recoveries from the Debtors' affiliated foreign subsidiary Graceway Canada Company, proceeds from sale of personal and real property, potential tax refunds, miscellaneous deposits and escrowed amounts, and Avoidance Action and 549 Avoidance Action Proceeds, net of fees to pursue such claims. Additionally, includes potential proceeds from the Nycomed Award Amount. Whether the Debtors will be entitled to any recovery on account of the Nycomed Award Amount is uncertain and speculative to value. Therefore, no value has been ascribed under the Chapter 7 or Plan of Liquidation scenarios; however, the Debtors expect there would be no difference in the ultimate amount of proceeds under either scenario.

(d) Administrative expenses include estimated allowed 503(b)(9) claims, post-petition accounts payable, employee-related claim payments, and other claims that were not yet paid as of the Conversion Date. Also included are estimated unpaid post-petition chargeback, returns, channel management fees, and rebate claims. Also includes Statutory Fees due and payable pursuant to 28 U.S.C. § 1930.

(e) Includes legal, tax, financial advisory and other professional fees that were incurred prior to the Conversion Date but not yet paid.

(f) Primarily reflects unpaid tax claims as of the Conversion Date.

(g) Liquidating Trust expenses reflect the Debtors' estimated legal, tax, financial advisory and claims management fees for the Wind-Down Period. The Chapter 7 scenario has been modified to include the estimated expenses of a Chapter 7 trustee in lieu of the trustee compensation proposed under the Plan. The expense of the professionals that are retained by the Chapter 7 trustee is assumed to be the same as the estimate under the Plan of Liquidation. Pursuant to section 326(a) of the Bankruptcy Code, the expenses of the Chapter 7 trustee have been estimated based on a sliding scale to be approximately 3.1% of the gross liquidation proceeds (excluding cash on hand on the Conversion Date). Under both scenarios it is assumed that costs of professionals, support staff, and other costs (exclusive of Liquidating Trustee or Chapter 7 Trustee) total $1.8 million and are borne 50% by the Class 2 First Lien Facility Claimants and 50% by the Class 5 General Unsecured Claimaints.

(h) Estimated unpaid claims under First Lien Credit Agreement as of Conversion Date. Base Case includes principal ($430.3 million) plus pre-petition interest ($2.6 million) less payments made to First Lien Agent post-petition through Conversion Date ($395.1 million), including sale proceeds on December 2, 2011 and distributions made in accordance with the DIP, Sale and other Court Orders. Favorable Case includes principal ($430.3 million) plus an undrawn letter of credit ($350,000) with undetermined other amounts (as filed). Activity to date results in a claim today ranging from $35.6 - $37.9 million used for the purposes of this analysis. Based on the First Lien claim as of the Petition Date, estimated % recovery for the First Lien Claimants would be 96.7% and 100.0% under the Base Case and Favorable Case, respectively. For purposes of this analysis, post-petition interest that may be owed on account of First Lien Facility claims has been excluded; however, to the extent this Class achieves a recovery in excess of 100% it would likely be entitled to receive post-petition interest.

(i) Base Case Claim amount represents quantified amounts included in proof of claim; Favorable Case Claim amount represents Debtors' estimate of unpaid principal and pre-petition interest. Assumes Second Lien Facility entitled to secured priority recovery from 65% of proceeds of Canadian Distribution Amount (less the amount paid to First Lien Facility from such proceeds under the Committee Settlement). This amount is factored in when calculating the Second Lien Deficiency Claim for purposes of allocation of pro rata share of distributions to General Unsecured Claims. Amounts payable to Second Lien Claimants pursuant to Subordination Agreement between Second Lien and Mezzanine holders are included in recoveries to Class 5 General Unsecured Claims and are not included in the estimated % recovery to the Second Lien Facility. Any additional recovery to the Second Lien Claimants under this agreement is expected to be the same under a Chapter 7 or Plan of Liquidation scenario.

(j) Represents the estimated range of creditor claims, distributable value and recoveries for Class 4 Other Secured Claims pursuant to the Plan. Estimated claim amount represents only the amount estimated to require cash payments. Additional allowed claims for this class are expected to be 100% satisfied via receipt of collateral securing such claim.

(k) Represents the estimated range of creditor claims, distributable value and recoveries for Class 5 General Unsecured Claims pursuant to the Plan.

(l) Represents the estimated range of creditor claims, distributable value and recoveries for Class 6 Intercompany Claims pursuant to the Plan.

(m) Represents the estimated range of creditor claims, distributable value and recoveries for Class 7 Old Equity Interests pursuant to the Plan.

(n) Represents the estimated range of creditor claims, distributable value and recoveries for Class 8 Old Equity Rights pursuant to the Plan.