

## **EXHIBIT 2**

### **LIQUIDATION ANALYSIS**

The Plan Proponents have analyzed whether a liquidation of the Debtors' remaining Assets by a Chapter 7 Trustee, who is unfamiliar with the Debtors and their Assets, would result in a higher return to the Creditors of the Estates than under the proposed Plan. As discussed below, the Plan Proponents believe that the Plan satisfies section 1129(a)(7) of the Bankruptcy Code and that each Holder of an Impaired Claim or Interest will receive value under the Plan on the Effective Date that is not less than the value such Holder would receive if the Debtors liquidated under chapter 7 of the Bankruptcy Code.

The Plan proposes a liquidation of the Debtors' remaining Assets by persons, including Professionals, which are already familiar with such Assets. More importantly, the Plan incorporates the Unsecured Creditor Settlement negotiated by and among the Debtors, the Committee, the Sharity Trustee, and Unity Class Representatives, on behalf of the Unity Members, as described more particularly in **Section 8.8** of the Plan.

Among other things, the Unsecured Creditor Settlement provides for distributions from the Trust to Holders of Class 3 Unsecured Trade Claims and Class 4 Unsecured Medical Claims under the Plan pursuant to a distribution waterfall negotiated by the parties. The Unsecured Creditor Settlement fixes and allows the Class 4 Unsecured Medical Claims, comprised of the Sharity Trust Claim and the Unity Member Class Claim, in a total amount of \$660,667,598. The total amount of Allowed Unsecured Trade Claims in Class 3 under the Plan is not fixed, but the Plan Proponents estimate these will range from \$10,000,000 to \$15,000,000. The proposed waterfall distribution provides that the first \$2,500,000 in Available Cash will be distributed to Class 3, and the next \$6,000,000 in Available Cash will be distributed to Class 4. Available Cash after that will be distributed pursuant to negotiated percentages as described in Section 8.8. Assuming the Unsecured Creditor Settlement is approved by the Court, it is anticipated that Holders of Governmental Claims will vote in favor of the Plan and subordinate their claims such that no distribution to that Class is expected.

The Unsecured Creditor Settlement is conditioned upon approval of this Plan and entry of a Confirmation Order which approves the settlement. If the Plan is not confirmed and the cases are converted to chapter 7, the Unity Class POC and the Claims asserted by the Sharity Trustee may be contested by a chapter 7 trustee both as to liability and amount. Any such Claims litigation would undoubtedly be expensive and protracted. And in the event either or both of the Unity Class Representatives and/or the Sharity Trustee prevailed in such litigation, the holders of the Unsecured Medical Claims would likely not agree to a distribution arrangement with holders of Unsecured Trade Claims as set forth in the Unsecured Creditors Settlement. Similarly, the creditors asserting Governmental Claims may not agree to subordinate such claims to both the Unsecured Trade Claims and Unsecured Medical Claims and may instead assert that they should receive the same treatment as other unsecured claimants, in which case a chapter 7 trustee would need to determine whether there were bases to object to such Claims either as to liability or amount, and whether such Claims were duplicative of Claims asserted by individual claimants. Absent the settlement, it is likely that a significant portion of the Trust Assets would be consumed with litigating issues related to determining liability and damages in connection with the pending

Sharity Adversary Proceeding, reviewing and objecting to Government Claims, objecting to the Unity Class POC, and opposing the Unity Class Certification Motion.

Additionally, conversion of the Chapter 11 Cases to chapter 7 cases would require the appointment of a chapter 7 trustee, and in turn, such chapter 7 trustee's likely retention of new professionals. The "learning curve" that the trustee and new professionals would be faced with comes at a significant cost to the Estates and with a significant delay compared to the time of distributions under the Plan (and prosecution of Causes of Action). Worse still, a chapter 7 trustee would be entitled to significant fees relating to the distributions of the already monetized assets made to creditors. Accordingly, a portion of the cash currently available for Distribution to Holders of Claims would instead be paid to the chapter 7 trustee.

Shown below, for illustrative purposes only, is a liquidation analysis showing the projected return under the proposed Plan versus a projected return under a hypothetical distribution under Chapter 7 (assuming that the Unsecured Trade Claims, the Unsecured Medical Claims and the Unsecured Governmental Claims are allowed in the face amounts asserted and are each afforded the same treatment for purposes of distribution). The estimated percentage recovery is based upon, among other things, an estimate of the Allowed Claims in the Chapter 11 Cases. The actual amount of the Allowed Claims may be greater or lower than estimated. Thus, the actual recoveries may be higher or lower than projected depending upon, among other things, the amounts and priorities of Claims that are actually Allowed by the Bankruptcy Court. While the amount available for distribution is unknown and will depend in part on recoveries from Causes of Action, for purposes of the chart below, the Plan Proponents have assumed a total amount of \$10,000,000 will be available for distribution.

**Projected Distribution under the Plan:**

<b>Claims/Interests</b>	<b>Estimated Allowed Claims</b>	<b>Projected Recovery</b>
Administrative and Priority Tax Claims	\$800,000	100%
Class 1 – Other Secured Claims	\$0.00	100%
Class 2 – Unsecured Priority Claims	\$0.00	100%
Class 3 – Unsecured Trade Claims	\$10,000,000 to \$15,000,000	18.5 – 27.8%
Class 4 – Unsecured Medical Claims	\$660,667,598	1 - 5%
Class 5 – Subordinated Governmental Claims	Exceeds \$225,000,000	0%
Class 6 – Insider Claims	\$2,298,479	0%
Class 7 – Equity Interests		0%

**Projected Distribution in Chapter 7**

<b>Claims/Interests</b>	<b>Estimated Allowed Claims</b>	<b>Projected Recovery</b>
Chapter 7 Administrative Claims	\$250,000	100%
Chapter 7 Trustee Commission <sup>3</sup>	\$270,000	100%
Chapter 11 Administrative and Priority Tax Claims	\$800,000	100%
Secured Claims	\$0.00	100%
Unsecured Priority Claims	\$0.00	100%
Unsecured Claims (Trade Claims, Medical Claims and Governmental Claims)	\$900,667,596	0.96%
Insider Claims	\$2,298,479	0%
Equity Interests		0%

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<sup>3</sup> Calculated on distribution of \$10,000,000.