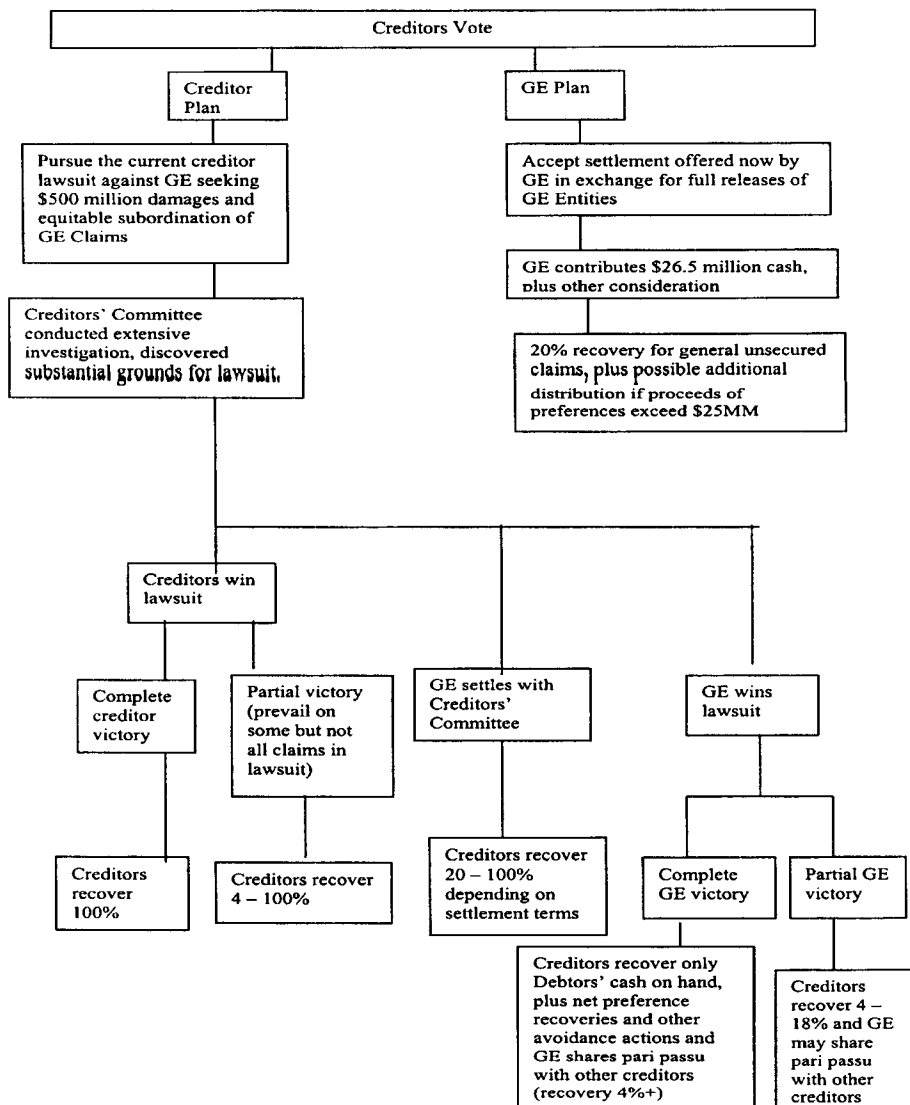
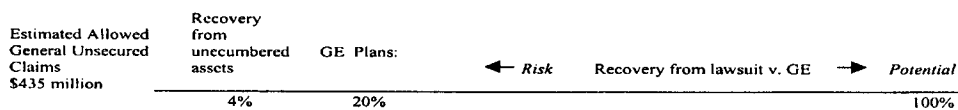


MONTGOMERY WARD COMPETING PLANS



The amount creditors would recover from the lawsuit against GE, and the timing of the recovery, cannot be predicted with certainty. However, after an extensive investigation the Committee found substantial grounds for the lawsuit and possible additional legal actions. The Committee therefore strongly believes in the merits of the claims against GE.



(Forecasted percentage recoveries will be higher if total administrative, priority, and general unsecured claims are lower than projected and lower if total claims are higher than projected.)

A. Definitions

Unless otherwise defined herein, capitalized terms used in this Creditors' Disclosure Statement shall be defined as set forth in the Creditors' Plan or as defined in the Bankruptcy Code.

B. Notice To Creditors And Holders Of Interests

On May 6, 2002, after notice and a hearing, the Bankruptcy Court approved this Creditors' Disclosure Statement as containing information of a kind and in sufficient detail adequate to enable hypothetical, reasonable investors typical of the Creditors and the holders of Interests in each Class under the Creditors' Plan to make an informed judgment as to whether to reject or accept the Creditors' Plan. Approval of this Creditors' Disclosure Statement by the Bankruptcy Court does not constitute a determination as to the fairness or the merits of the Creditors' Plan.

The Committee believes that the Creditors' Plan provides for the best possible recoveries to Unsecured Creditors and believes that acceptance of the Creditors' Plan is in the best interests of Unsecured Creditors. The Committee recommends that you vote to accept the Creditors' Plan accompanying this Creditors' Disclosure Statement and to reject GE Capital's Plan.

ALL HOLDERS OF CLAIMS AND ALL HOLDERS OF INTERESTS SHOULD READ THIS CREDITORS' DISCLOSURE STATEMENT, THE CREDITORS' PLAN AND THE EXHIBITS TO THIS CREDITORS' DISCLOSURE STATEMENT AND THE CREDITORS' PLAN IN THEIR ENTIRETY BEFORE VOTING ON THE CREDITORS' PLAN. ALL EXHIBITS OR SCHEDULES TO THIS CREDITORS' DISCLOSURE STATEMENT ARE ANNEXED HERETO AND SUPPLEMENTED WITH CERTAIN ADDITIONAL MATERIALS. EXCEPT TO THE EXTENT THAT THE CREDITORS' PLAN IS AMENDED TO DELETE ONE OR MORE OF THE EXHIBITS THERETO, THE FINAL EXHIBITS TO THE CREDITORS' PLAN WILL BE FILED NO LATER THAN SEVEN (7) DAYS BEFORE THE CONFIRMATION HEARING. ALL EXHIBITS OR SCHEDULES TO THIS CREDITORS' DISCLOSURE STATEMENT OR THE CREDITORS' PLAN MAY BE INSPECTED AT THE OFFICE OF THE CLERK OF THE BANKRUPTCY COURT DURING NORMAL COURT HOURS. ALL HOLDERS OF CLAIMS AND HOLDERS OF INTERESTS MAY OBTAIN COPIES OF THE EXHIBITS AND SCHEDULES TO THE CREDITORS' DISCLOSURE STATEMENT AND THE CREDITORS' PLAN, ONCE FILED, UPON WRITTEN REQUEST ONLY TO THE FOLLOWING ADDRESSES:

KRONISH LIEB WEINER & HELLMAN LLP
1114 Avenue of the Americas
New York, New York 10036
(212) 479-6000
Attn: Lawrence C. Gottlieb, Esq.
Cathy Hershcopf, Esq.

MORRIS NICHOLS ARSHT & TUNNELL
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19899
(302) 658-9200
Attn: Robert J. Dehney, Esq.

CREDITORS' PLAN PROVISION SUMMARIES AND ALL OTHER STATEMENTS MADE IN THIS CREDITORS' DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE CREDITORS' PLAN, THE OTHER EXHIBITS AND SCHEDULES HERETO AND THERETO AND ANY OTHER DOCUMENTS REFERENCED HEREIN OR THEREIN.

C. Voting Procedures, Ballots, And Voting Deadline

After carefully reviewing this Creditors' Disclosure Statement, including the exhibits and schedules hereto and the detailed instructions accompanying your Ballot, each Creditor holding an Allowed Claim in an Impaired Class should vote in favor of or against the Creditors' Plan on the enclosed Ballot, sign the Ballot with an original signature, and return the Ballot in the pre-addressed envelope so that it is received by 4:00 p.m., Eastern Daylight Time, on or before June 21, 2002 (the "Voting Deadline"). Please vote and return your Ballot to the balloting agent:

**Montgomery Ward Creditors' Plan
Logan & Company, Inc.
546 Valley Road
Upper Montclair, New Jersey 07043**

If you have any questions about this Creditors' Disclosure Statement, the Creditors' Plan, or the procedure for voting, please call the Committee's solicitation agent, The Altman Group, Inc., at (800) 206-0007, or e-mail creditorscommittee@altmangroup.com. If you did not receive a Ballot, received a damaged Ballot, or lost your Ballot, please call Kate Logan at Logan & Company, Inc., 546 Valley Road, Upper Montclair, New Jersey 07043, (973) 509-3190.

TO BE COUNTED, YOUR BALLOT MUST BE SIGNED AND RECEIVED AT THE ADDRESS SPECIFIED ABOVE BY 4:00 P.M., EASTERN DAYLIGHT TIME, ON OR BEFORE JUNE 21, 2002. ANY BALLOT RECEIVED WHICH DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE CREDITORS' PLAN WILL NOT BE COUNTED. BALLOTS SUBMITTED BY FACSIMILE WILL NOT BE ACCEPTED. ONLY ORIGINALLY SIGNED BALLOTS WILL BE COUNTED.

VOTING ON THE CREDITORS' PLAN BY EACH HOLDER OF AN IMPAIRED CLAIM ENTITLED TO VOTE ON THE CREDITORS' PLAN IS IMPORTANT. IF YOU HOLD CLAIMS IN MORE THAN ONE CLASS, YOU MAY RECEIVE MORE THAN ONE BALLOT. YOU SHOULD COMPLETE, SIGN AND RETURN EACH BALLOT YOU RECEIVE.

Unless otherwise indicated, all dollar amounts used or referenced herein or in the Creditors' Plan are in United States Dollars.

Under the Bankruptcy Code, only classes of claims against or interests in a debtor that are "impaired" under the terms and provisions of a plan of reorganization are entitled to vote to accept or reject a plan. A class is "impaired" if the legal, equitable or contractual rights attaching to the claims or interests of that class are modified, other than by curing defaults and reinstating maturity or by payment in full in cash. Classes of claims and interests that are not impaired are not entitled to vote on the plan and are deemed to have accepted the plan. In addition, classes of claims and interests that receive no distributions under a plan are not entitled to vote on the plan and are deemed to have rejected the plan. The classification of Claims and Interests for the Debtors' Chapter 11 Cases is summarized, together with notations as to whether each Class of Claims or Interests is impaired or unimpaired, under the caption "Treatment of Claims and Interests." Pursuant to Section 502 of the Bankruptcy Code and Bankruptcy Rule 3018, the Bankruptcy Court may estimate and temporarily allow a Claim for voting or other purposes.

In most cases, each ballot enclosed with this Creditors' Disclosure Statement has been encoded with the amount of your Claim for voting purposes (if your Claim is a Disputed Claim this amount may not be the amount ultimately allowed for purposes of distribution) and the Debtor and Class to which your Claim has been attributed. **PLEASE FOLLOW THE DIRECTIONS ON THE ENCLOSED BALLOT CAREFULLY.**

The Creditors' Plan and the Creditors' Disclosure Statement can be reviewed at the office of the Clerk of the Bankruptcy Court, or on the Bankruptcy Court's website at www.deb.uscourts.gov. You may also obtain a copy of the Creditors' Plan, the Creditors' Disclosure Statement and copies of any exhibits to the foregoing documents, by contacting Logan & Company, Inc.

D. Solicitation And Right To Vote On The Plan

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or interests that are impaired under the terms and provisions of a chapter 11 plan are entitled to vote to accept or reject a plan. Holders of allowed claims or equity interests in classes of claims or interests that are unimpaired under the terms and provisions of a chapter 11 plan are conclusively presumed to have accepted the plan and therefore are not entitled to vote on such plan. The Committee believes that holders of Claims in Classes 1, 2, and 3A are Unimpaired, are

conclusively presumed to have accepted the Creditors' Plan, and therefore do not have the right to vote on the Creditors' Plan.

Holders of Claims in Classes 3B (General Unsecured Claims) are Impaired and therefore are entitled to vote to accept or reject the Creditors' Plan. Holders of Claims in Classes 4A and 4B (Subordinated Claims) and Class 5 (Interests) do not receive any distributions under the Creditors' Plan and the holders of those Claims and Interests are conclusively presumed to have rejected the Creditors' Plan. Therefore, the Committee is soliciting acceptances only from the holders of Allowed Claims in Classes 3B (General Unsecured Claims).

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds in dollar amount and more than one-half in number of the claims that cast ballots for acceptance or rejection of the plan. For a complete description of the requirements for confirmation of the Creditors' Plan, see Article XI herein "Confirmation of the Plan."

If a Class of Claims or Interests rejects the Creditors' Plan or is deemed to reject the Creditors' Plan, the Committee has the right to request confirmation of the Creditors' Plan pursuant to section 1129(b) of the Bankruptcy Code. Section 1129(b) permits the confirmation of the Creditors' Plan notwithstanding its nonacceptance by one or more Impaired Classes of Claims or Interests if the proponent thereof complies with the provisions of that section. Under that section, a plan may be confirmed by a Bankruptcy Court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting class. For a more detailed description of the requirements for confirmation of a non-consensual plan, see Article XI herein "Acceptance or Cramdown."

THE COMMITTEE, WHICH IS COMPOSED OF REPRESENTATIVES OF THE UNSECURED CREDITOR CLASS, IS THE PROPONENT OF THE CREDITORS' PLAN AND BELIEVES THAT THE CREDITORS' PLAN IS LIKELY TO PROVIDE THE MAXIMUM ACHIEVABLE RECOVERY FOR UNSECURED CREDITORS, AND RECOMMENDS THAT CREDITORS VOTE TO ACCEPT THE CREDITORS' PLAN AND TO REJECT GE CAPITAL'S PLAN.

The Committee believes that (i) through the Creditors' Plan, holders of Unsecured Claims against the Debtors will obtain a substantially greater recovery from the Debtors' estates than the recovery that would be available if the assets of the Debtors were liquidated under Chapter 7 of the Bankruptcy Code and (ii) the Creditors' Plan will afford the Creditors the opportunity to obtain a recovery greater than the recovery offered in the Plan filed by GE Capital.

E. Creditors' Disclosure Statement Enclosures

Accompanying this Creditors' Disclosure Statement are copies of (i) the notice of, among other things, the time for submitting Ballots to accept or reject the Creditors' Plan, the date, time and place of the hearing to consider the Confirmation of the Creditors' Plan and related matters, and the time for filing objections to the Confirmation of the Creditors' Plan (the "Confirmation Hearing Notice"), (ii) one or more Ballots (and return envelopes) to be used by you in voting to accept or reject the Creditors' Plan, and (iii) other solicitation documents substantially in the form approved by the Bankruptcy Court.

F. Confirmation Hearing

Pursuant to Section 1128 of the Bankruptcy Code, a hearing to confirm the Creditors' Plan (the "Confirmation Hearing") will be held on July 12, 2002, at 10:00 a.m. Eastern Daylight Time, before the Honorable Raymond T. Lyons, United States Bankruptcy Judge, at the United States Bankruptcy Court, 824 Market Street, 5th Floor, Wilmington, Delaware. The Bankruptcy Court has directed that objections, if any, to confirmation of the Creditors' Plan be served and filed so that they are received on or before June 28, 2002, 4:00 p.m. Eastern Daylight Time. Objections to confirmation of the Creditors' Plan are governed by Bankruptcy Rule 9014. Any objection to confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim held by the objector. Objections must be filed with the United States Bankruptcy Court, 5th Floor, Marine Midland Plaza, 824 Market Street, Wilmington, Delaware, 19801, and served so that they are received by the Bankruptcy Court (with a copy to Chambers) and the following parties on or before June 28, 2002, at 4:00 p.m. Eastern Daylight Time:

KRONISH LIEB WEINER & HELLMAN LLP
Co-Counsel for the Official Committee of Unsecured Creditors
1114 Avenue of the Americas
New York, New York 10036-7798
Attn: Lawrence C. Gottlieb, Esq.
Cathy Hershcopf, Esq.

MORRIS NICHOLS ARSHT & TUNNELL
Co-Counsel for the Official Committee of Unsecured Creditors
1201 North Market Street
P.O. Box 1347
Wilmington, Delaware 19899
Attn: Robert J. Dehney, Esq.

SKADDEN, ARPS, SLATE, MEAGHER & FLOM

Counsel for the Debtors
333 West Wacker Drive
Chicago, Illinois 60606
Attn: John K. Lyons, Esq.

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Counsel for the Debtors
One Rodney Square
Wilmington, Delaware 19801
Attn: Mark A. Fink, Esq.

OFFICE OF THE UNITED STATES TRUSTEE
844 King Street, Suite 2313
Lockbox 35
Wilmington, Delaware 19801
Attn: Frank J. Perch III, Esq.

WEIL, GOTSHAL & MANGES LLP
767 Fifth Avenue
New York, New York 10153
Attn: Marvin E. Jacob, Esq.
Gary T. Holtzer, Esq.

KLEHR, HARRISON, HARVEY, BRANZBURG & ELLERS LLP
919 Market Street, Suite 1000
Wilmington, Delaware 19801
Attn: Joanne B. Wills, Esq.
Steven K. Kortanek, Esq.

The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing or otherwise.

ARTICLE II

OVERVIEW OF THE DEBTORS AND THEIR BUSINESSES; DESCRIPTION OF EVENTS LEADING TO COMMENCEMENT OF THE CASES

A. Background

Wards is a Delaware limited liability company headquartered in Chicago, Illinois. It is a wholly-owned subsidiary of GE Capital and is the direct or indirect parent company of the

remaining Debtors. Montgomery Ward Development, LLC, The 535, LLC, MW 7th & Carroll, LLC, Brandywine DC, LLC, AMW Realty, LLC, Barretward Properties, LLC, and 998 Monroe, LLC, are each Delaware limited liability companies that primarily own and operate real property. American Delivery Service, LLC, is a Delaware limited liability company that provides product delivery services. Montgomery Ward Development, LLC, 998 Monroe, LLC, AMW Realty, LLC, and American Delivery Service, LLC, are direct wholly-owned subsidiaries of Wards. Brandywine DC, LLC, MW 7th & Carroll, LLC, and The 535, LLC, are wholly-owned direct subsidiaries of Montgomery Ward Development, LLC. Barretward Properties, LLC, is a wholly-owned direct subsidiary of AMW Realty, LLC.

Founded in 1872, Wards grew to become one of the nation's largest and, in the past, most successful retail merchandisers of name brand apparel, home furnishings, electronics, appliances, jewelry, and automotive parts and services. In 1988 Wards was acquired by Montgomery Ward Holding Corporation, a holding company formed in connection with a transaction for which GE Capital and a group of management personnel provided investment capital. As a result of that and subsequent transactions, GE Capital and its indirect parent company, the General Electric Company, have long held direct or indirect controlling interests in the Debtors.

In the mid-1990s, the net sales of Montgomery Ward & Co., Incorporated, Wards' predecessor in interest, and its subsidiaries declined substantially and Wards experienced heavy operating losses. On or about July 7, 1997, GE Capital caused Montgomery Ward & Co., Incorporated, its parent company Montgomery Ward Holding Corporation, and certain of the remaining Debtors or their predecessors in interest, together with other then-affiliates of the Debtors, to file in the Bankruptcy Court voluntary petitions for relief under chapter 11 of the Bankruptcy Code, jointly administered under Case No. 97-1409 (PJW). The cases thereby commenced are collectively referred to below as "*Wards I*". The *Wards I* debtors continued in the possession of their property and operation of their businesses as debtors in possession while they attempted to improve their information systems and implement new merchandising, marketing, and store concepts and other initiatives.

At the filing of *Wards I* GE Capital owned a majority of the common shares of Wards as well as certain Wards preferred stock. GE Capital developed and, together with the *Wards I* Debtors, proposed a First Amended Joint Plan of Reorganization of Montgomery Ward Holding Corp. and its Debtor Subsidiaries, dated May 26, 1999 (the "*Wards I* Plan"). The Bankruptcy Court confirmed the *Wards I* Plan on July 15, 1999. In the *Wards I* Plan, in return for funding distributions of \$650 million under the *Wards I* Plan and a compromise of its claims against the *Wards I* debtors, GE Capital received, among other things, (i) full equity ownership of Wards and of Signature Financial/Marketing, Inc., and its subsidiaries (collectively "Signature" and now known as "Partnership Marketing Group"), a profitable wholly-owned non-debtor Wards subsidiary group that engaged in direct marketing to Wards private label credit card customers; and (ii) releases of GE Capital and other GE Entities from claims relating to *Wards I*.

The *Wards I* debtors emerged from chapter 11 protection on the effective date of the *Wards I* Plan, August 2, 1999 ("Emergence"), and continued to process *Wards I* creditors' claims from Emergence through and after the Commencement Date, a process that is not fully completed as of the beginning of 2002.

For additional descriptions of the events leading to the commencement of these Chapter 11 Cases, see paragraphs numbered 1-7 of the Committee Complaint, annexed hereto as Exhibit B.

B. The Debtors' Chapter 11 Cases

As stated above, the Debtors commenced the Chapter 11 Cases by filing voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court on the Commencement Date, December 28, 2000.

1. **Operations.** Since the Commencement Date the Debtors have continued in possession and management of their assets as debtors-in-possession under section 1107(a) of the Bankruptcy Code. On the Commencement Date, however, the Debtors announced that they would shut their stores and operations and liquidate all their property and currently they have substantially completed doing so.

2. **Professionals.** The Debtors retained the law firm of Skadden, Arps, Slate, Meagher & Flom LLP as general bankruptcy counsel and Conway, Del Genio, Gries & Co. as financial advisors, as well as other agents and professionals discussed below.

3. **Formation of Creditors' Committee.** Because it is usually impractical for individual unsecured creditors to participate extensively in the proceedings in a chapter 11 case, bankruptcy law permits the appointment of an official committee of unsecured creditors to represent the interests of the unsecured creditors as a group. Accordingly, on January 12, 2001, the Committee was appointed by the United States Trustee under section 1102(a)(1) of the Bankruptcy Code as the statutory representative of all unsecured creditors in the chapter 11 Cases. The Committee initially consisted of seven members. Two members subsequently resigned from the Committee. The five current members of the Committee were among the Debtors' largest unsecured creditors: Acxiom Corporation, Combine International, Kellwood Company, Simmons Company, and North American Paper Corporation of Illinois. Co-counsel to the Committee are Kronish Lieb Weiner & Hellman LLP and Morris, Nichols, Arsht & Tunnell. The Committee's financial advisor is PricewaterhouseCoopers LLP, its forensic accountants are Margolin, Winer & Evens LLP, and its real estate consultants are Keen Realty, LLC ("Keen Realty").

The Committee has actively participated, together with the Debtors' management and Professionals, in guiding and monitoring the liquidation of the Debtors' assets. As one of its

principal activities, the Committee has conducted its investigation of the conduct of the GE Entities under section 1103(c) of the Bankruptcy Code and Bankruptcy Rule 2004.

The Committee has proposed and supports confirmation of the Creditors' Plan.

4. **Formation of Retiree Committee.** On June 6, 2001, the Bankruptcy Court appointed a committee of retired employees of the Debtors (the "Retiree Committee") to represent the interests of all the Debtors' retirees in connection with these Cases. The members of the Retiree Committee are Jack Broussard (Chair), Robert Beahrs, Robert Brant, Albert Gilbert, James Hathorne, Volena Hembree, Karl J. Hoffman, Carl Lech, and Bernard Riser. The Retiree Committee has retained (a) Field & Golan as counsel; (b) Miner, Barnhill & Gallant, P.C., as special benefits counsel; and (c) The Segal Company as a consultant. Before the Retiree Committee's formation, the Committee worked actively with certain retirees, including many of the members, and following its formation, the Committee consulted from time to time with the Retiree Committee concerning retiree-related matters and its negotiations with GE Capital.

C. Major Chapter 11 Matters

1. **'First Day' Orders.** On December 29, 2000, the Bankruptcy Court ordered that the Cases be consolidated for administrative purposes only and granted the Debtors authority to take a broad range of actions designed to implement their wind-down plan. Among other things, the Debtors obtained authority to pay pre-petition employee wages and benefits, to pay pre-petition sales, use, and other taxes, and to satisfy certain pre-petition customer obligations, distribution charges, and customs brokers charges. In addition, the Debtors obtained authority to employ Logan & Company, Inc., as the claim and noticing agent for the Estates.

2. **Sale of Inventory.** On the Commencement Date, the Debtors moved for authority to conduct going-out-of-business sales (the "GOB Sales") to liquidate their remaining inventory. The Debtors' stores and distribution centers were stocked with seasonal merchandise which the Debtors sought to sell at optimal prices in post-holiday sales. By interim order dated December 29, 2000, and final order dated January 16, 2001, the Debtors were authorized to advertise and liquidate their inventory in the GOB Sales. The Debtors and GE Capital, with the assistance of Abacus Advisory & Consulting Group, LLC, negotiated and entered into an Agency Agreement, dated as of December 29, 2000, with a joint venture consisting of The Nasi Group, LLC, Gordon Brothers Retail Partners, Hilco Merchant Resources, LLC, The Ozer Group, LLC, Jubilee Limited Partnership, and Garcel, Inc., d/b/a Great American Group. By order dated January 24, 2001, the Bankruptcy Court approved the Agency Agreement. The joint venture held the GOB Sales on behalf of the Debtors and completed liquidation of all their inventory during the first quarter of 2001, and then shut their stores. The Debtors received approximately \$933 million in gross proceeds from the GOB Sales before any GOB-related expenses. The net proceeds of the GOB Sales were approximately \$593 million, approximately \$553 million of which was paid to BT Commercial.