All Exhibits and Schedules to the Creditors' Plan are incorporated into and are a part of the Creditors' Plan as if set forth in full therein.

ARTICLE XI

CONFIRMATION OF THE PLAN

A. General Requirements of Section 1129.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Creditors' Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation of a plan are that the plan is (a) accepted by all impaired classes of claims and equity interests or, if rejected by an impaired class, that the plan "does not discriminate unfairly" and is "fair and equitable" as to such class, (b) feasible, and (c) in the "best interests" of creditors and stockholders that are impaired under the plan.

B. Unfair Discrimination and Fair and Equitable Tests.

To obtain non-consensual confirmation of the Creditors' Plan, it must be demonstrated to the Bankruptcy Court that the Creditors' Plan "does not discriminate unfairly" and is "fair and equitable" with respect to each impaired, non-accepting Class. The Bankruptcy Code provides a non-exclusive definition of the phrase "fair and equitable." The Bankruptcy Code establishes "cram-down" tests for secured creditors, unsecured creditors and equity holders, as follows:

1. **Secured Creditors**. Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim, or (iii) the property securing the claim is sold free and clear of liens, with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) of this subparagraph.

2. **Unsecured Creditors**. Either (i) each impaired unsecured creditor receives or retains under the plan, property of a value equal to the amount of its allowed claim, or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

3. **Equity Interests**. Either (i) each holder of an equity interest will receive or retain under the plan, property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest, or (ii) the holder of an interest

that is junior to the non-accepting class will not receive or retain any property under the plan.

C. Feasibility.

Section 1129(a)(11) of the Bankruptcy Code provides that a chapter 11 plan may be confirmed only if the Bankruptcy Court finds such plan to be feasible. A feasible plan is one which will not lead to a need for further reorganization of the debtor. Since the Creditors' Plan provides for the liquidation of the Debtors, the Bankruptcy Court will find that the Creditors' Plan is feasible if it determines that the Committee or the Plan Administrator, as the case may be, will be able to satisfy the conditions precedent to the Effective Date and otherwise have sufficient funds to meet the post-Confirmation Date obligations to pay for the costs of administering and fully consummating the Creditors' Plan and closing the Chapter 11 Cases.

D. Best Interests Test.

The Bankruptcy Code provides that the Creditors' Plan will not be confirmed, regardless of whether or not anyone objects to confirmation, unless the Bankruptcy Court finds that the Creditors' Plan is in the "best interests" of all Classes of Claims and Interests which are impaired. The "best interests" test will be satisfied by a finding of the Bankruptcy Court that either (a) all holders of impaired Claims or Interests have accepted the Creditors' Plan, or (b) the Creditors' Plan will provide such a holder that has not accepted the Creditors' Plan with a recovery at least equal in value to the recovery such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

THE COMMITTEE BELIEVES THAT THE CREDITORS' PLAN IS IN THE BEST INTERESTS OF EACH CLASS OF CLAIMS OR INTERESTS WHICH IS IMPAIRED UNDER THE PLAN.

The starting point in determining whether the Plan meets the "best interests" test is a determination of the amount of proceeds that would be generated from the liquidation of the Debtors' remaining assets in the context of a chapter 7 liquidation. Such value must then be reduced by the costs of such liquidation, including costs incurred during the Chapter 11 Cases and allowed under chapter 7 of the Bankruptcy Code (such as professionals' fees and expenses), a trustee's fees, and the fees and expenses of professionals retained by a trustee. The potential chapter 7 liquidation distribution in respect of each Class must be further reduced by costs imposed by the delay caused by conversion to chapter 7. The net present value of a hypothetical chapter 7 liquidation distribution in respect of an impaired Class is then compared to the recovery in respect of such Class provided for in the Creditors' Plan. A liquidation analysis is annexed hereto as **Exhibit C**.

The Committee submits that each impaired Class will receive under the Creditors' Plan a recovery at least equal in value to the recovery such Class would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

E. Acceptance and Cramdown

A plan is accepted by an impaired class of claims if holders of two-thirds in dollar amount and a majority in number of claims of that class vote to accept the plan. Only those holders of claims who are entitled to vote and actually vote to accept or to reject a plan count in this tabulation. In addition to this voting requirement, section 1129 of the Bankruptcy Code requires that a plan be accepted by each holder of a claim in an impaired class or that the plan otherwise be found by the bankruptcy court to be in the best interests of each holder of a claim or interest in an impaired class. In addition, the impaired classes must accept the plan for the plan to be confirmed without application of the fair and equitable test of Section 1129(b) of the Bankruptcy Code, which is discussed below.

The Bankruptcy Code contains provisions for confirmation of a plan even if it is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted the Plan. These so-called "cramdown" provisions are set forth in section 1129(b) of the Bankruptcy Code. The Creditors' Plan may be confirmed under the cramdown provisions, if, in addition to satisfying the other requirements of Section 1129 of the Bankruptcy Code, it: (a) is "fair and equitable"; and (b) "does not discriminate unfairly" with respect to each Class of Claims or Interests that is impaired under, and has not accepted, the Creditors' Plan. The "fair and equitable" standard, also known as the "absolute priority rule," requires, among other things, that unless a dissenting class of unsecured claims receives full compensation for its allowed claims, no holder of allowed claims in any junior class may receive or retain any property on account of such claims. With respect to a dissenting class of secured claims, the "fair and equitable" standard requires, among other things, that holders either (a) retain their liens and receive deferred cash payments with a value as of the effective date of a plan equal to the present value of their interest in property of the estate or (b) otherwise receive the indubitable equivalent of their secured claims. With respect to unsecured claims the "fair and equitable" standard of section 1129(b)(2)(B) has also been interpreted to prohibit any class senior to a dissenting class from receiving more than 100% of its allowed claims under a plan.

The Committee believes that, if necessary, the Creditors' Plan may be crammed down over the dissent of certain Classes, in view of the treatment proposed for such Classes. However, if Class 3B (General Unsecured Creditors) does not vote to accept the Creditors' Plan by the requisite majorities as to number and value of Claims prescribed by section 1126(c) of the Bankruptcy Code, the Committee does not intend to seek confirmation of the Creditors' Plan. There can be no assurance, moreover, that the "cramdown" requirements of section 1129(b) of the Bankruptcy Code would be satisfied even if the Creditors' Plan treatment provisions were amended or withdrawn as to one or more Creditors.

The requirement that a plan not "discriminate unfairly" means, among other things, that a dissenting class must be treated substantially equally with respect to other classes of equal rank. The Committee does not believe that the Creditors' Plan unfairly discriminates against any Class that may not accept or otherwise consent to the Creditors' Plan.

ARTICLE XII

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE CREDITORS' PLAN

The following discussion summarizes certain federal income tax consequences of the implementation of the Creditors' Plan to holders of certain Claims based upon the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), the Treasury Regulations promulgated thereunder, judicial authority and current administrative rulings and practice. This summary does not address the federal income tax consequences of the Creditors' Plan to holders of Secured Claims or to the GE Entities as to their Claims or Interests; they are believed to have engaged counsel to advise them with respect to the consequences of the Creditors' Plan to them.

The federal income tax consequences of the Creditors' Plan are complex and are subject to significant uncertainties. The Committee has not requested a ruling from the Internal Revenue Service (the "IRS") or an opinion of counsel concerning such consequences. In addition, this summary does not discuss all aspects of federal income taxation that may be relevant to a particular creditor in light of its individual investment circumstances or to certain types of holders subject to special treatment under the federal income tax laws (for example, brokers, dealers in securities, banks, mutual funds, financial institutions, partnerships, investors in pass-through entities, insurance companies, tax-exempt organizations, foreign taxpayers, persons that hold securities as part of a "straddle," a "hedge" or a "conversion transaction," and persons that have a functional currency other than the U.S. dollar). There also may be state, local, or other tax considerations applicable to each holder.

ACCORDINGLY, EACH CLAIM HOLDER IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE CREDITORS' PLAN TO IT UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND FOREIGN TAX LAWS.

A. Consequences to Holders of Allowed Convenience Claims and General Unsecured Claims.

Pursuant to the Creditors' Plan, holders of Allowed Convenience Claims will receive a Cash distribution in satisfaction of their Claims and holders of Allowed General Unsecured Claims will receive one or more Cash distributions in satisfaction of their Claims (depending upon, among other things, timing of the liquidation of the Debtors' assets and the resolution of Disputed Claims).

B. Gain or Loss.

In general, each holder of an Allowed Convenience Claim or Allowed General Unsecured Claim will recognize gain or loss in an amount equal to the difference between (i) the amount of cash received by such holder in satisfaction of its Claim (other than any Claim representing accrued but unpaid interest, and any amount required to be treated as imputed interest in respect of distributions made after the Effective Date) and (ii) such holder's adjusted tax basis in such Claim (other than any Claim representing accrued but unpaid interest). For a discussion of the treatment of any Claim for accrued but unpaid interest, see "Distribution in Discharge of Accrued Interest" below.

After the Distribution Date, holders of Allowed General Unsecured Claims may receive Subsequent Distributions as provided in the Creditors' Plan, as Disputed Claims are resolved and additional assets of the Debtors' Estates (including, without limitation, the Committee's claims against the GE Entities contained in the Committee Complaint, if successful,) are liquidated. As a consequence, holders' ability to recognize a loss in respect of an Allowed General Unsecured Claim may be limited if a reasonable prospect exists of recovering additional amounts in further satisfaction of the Allowed General Unsecured Claim. Any loss, and a portion of any gain, realized by holders of Allowed General Unsecured Claims may be deferred until the final Distribution is made in respect of such Allowed General Unsecured Claims. Creditors who are planning to take a bad debt deduction with respect to their unpaid Claims against the Debtors should consult their tax advisor in light of the Committee's belief that there is a reasonable prospect that General Unsecured Creditors will recover more than 20% of their Claims. It is possible that General Unsecured Creditors will receive less than 20% and as much as 100% of their claims depending, in large part on the outcome of the Committee Litigation. Where gain or loss is recognized by a holder in respect of its Allowed Claim, the character of such gain or loss (*i.e.*, long-term or short-term capital, or ordinary) will be determined by a number of factors, including the tax status of the holder, whether the Claim in respect of which Cash was received constituted a capital asset in the hands of the holder and how long it has been held, whether such Claim was originally issued at a discount or acquired at a market discount, and whether and to what extent the holder had previously claimed a bad debt deduction in respect of such Claim. A holder that purchased its Claim from a prior holder at a market discount may be subject to the market discount rules of the Internal Revenue Code. Under those rules, assuming that the holder had not made an election to amortize the market discount into income on a current basis with respect to any market discount instrument, any gain recognized on the exchange of such Claim (subject to a *de minimis* rule) would generally be characterized as ordinary income to the extent of the accrued market discount on such Claim as of the date of the exchange.

C. Distributions in Discharge of Accrued but Unpaid Interest.

Pursuant to the Creditors' Plan, all distributions in respect of an Allowed Claim will be allocated first to the original principal amount of such Claim as determined for federal income

tax purposes to the extent thereof and thereafter to the remaining portion of such Claim. However, there is no assurance that such allocation will be respected by the IRS for federal income tax purposes. In general, to the extent that any amount received by a holder of a debt is received in satisfaction of accrued interest during its holding period, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, a holder generally recognizes a deductible loss to the extent any accrued interest claimed was previously included in its gross income and is not paid in full. Each holder of a Claim is urged to consult its tax advisor regarding the allocation of consideration and the deductibility of unpaid interest for tax purposes.

D. Information Reporting and Withholding.

All payments to creditors are subject to any applicable withholding (including employment tax withholding). Under the Internal Revenue Code, interest, dividends and other "reportable payments" may, under certain circumstances, be subject to "backup withholding" at up to a 30.5% rate. Backup withholding generally applies if the holder (a) fails to furnish its social security number or taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

ARTICLE XIII

ALTERNATIVES TO LIQUIDATING PLAN

Following the Commencement Date, the Debtors ceased all business operations and have liquidated most of their assets, except for Causes of Action, the Committee Litigation and other assets as described above. No potential alternative to the Creditors' Plan would envision a continuation of the Debtors as an ongoing business. As no alternative to liquidation exists, the Creditors' Plan embodies what the Committee considers the method of completing the orderly liquidation and distribution of the Debtors' assets to Creditors that is best calculated to maximize recoveries on General Unsecured Claims. The Committee believes that prosecution of the Chapter 11 Cases has enhanced the cost-effective disposition of the Debtors' assets and distribution of the proceeds to creditors, and has concluded that winding up the liquidation of the Debtors' remaining real property interests and other assets, including, without limitation, the pursuit of Avoidance Actions and vigorous prosecution of the Committee Litigation as described in this Creditors' Disclosure Statement, are in the best interests of Unsecured Creditors of the Debtors.

Under the settlement proposed in the Plan of Liquidation filed by GE Capital, as modified on April 24, 2002, all of the GE Entities and the officers and directors of the Debtors would receive broad general releases from the Debtors and the Debtors' Estates for all of their actions including, without limitation, the actions described in the Committee Complaint against the GE Entities. In fact, they would be released of liability for all their conduct and transactions in respect of the Debtors that occurred before and during the Chapter 11 Cases. In return for general releases from the Debtors and the Debtors' Estates, the GE Capital would pay $26.5 million in Cash; waive its right to $13.5 million in Cash (50% of the Estates' estimated $27 million of unencumbered Cash available for unsecured creditors); advance up to $25 million as an insurance premium advance, which would be recovered by GE Capital, on a dollar-for-dollar basis, from the net proceeds of unencumbered assets, including without limitation, the sale of the remaining leases and recoveries from preferences, other Avoidance Actions and Causes of Action; and guarantee up to $8.5 million to pay reclamation Claims that are allowed as administrative Claims by Final Order, which amounts GE Capital may recover from the insurer 10 cents for every $1 paid under this guarantee.

Although General Unsecured Creditors would receive a 20% distribution if the GE Capital Plan is confirmed, the cash portion of GE Capital's settlement could be as little as $26.5 million, which amounts, at best, to approximately five percent (5%) -- both of estimated aggregate General Unsecured Claims and of the damages demanded in the Committee Complaint. The Committee strongly believes that the consideration offered is inadequate in light of the GE Entities' potential liability to the Debtors and their Creditors as outlined above and in the Committee Complaint.

Moreover, the Committee believes that GE Capital's plan leads General Unsecured Creditors to believe they have the opportunity to share in the net proceeds from unencumbered assets, including, without limitation, proceeds from preferences and other Avoidance Actions recovered from Creditors. Pursuant to its plan, GE Capital proposes that approximately $25 million of the first net recoveries from preferences and other Avoidance Actions would be paid to GE Capital or the insurer to pay insurance premiums and not to General Unsecured Creditors.

If neither plan is confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code. In that event, the Debtors and the Committee and their agents and advisors would cease their liquidation and distribution efforts and a trustee would be appointed to liquidate and distribute the remaining assets of the Estates. The Committee believes that either confirmation of the GE Capital Plan or a liquidation under chapter 7 would likely result in a lower return to General Unsecured Creditors.

ARTICLE XIV

CERTAIN RISK FACTORS

Creditors should read and consider carefully the factors set forth below, as well as the other information set forth in this Disclosure Statement (and the documents delivered together with this Disclosure Statement), prior to voting to accept or reject the Creditors' Plan. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Creditors' Plan and its implementation.

A. Appointment or Election of a Trustee.

If (a) a plan is not confirmed, (b) the Chapter 11 Cases are converted to cases under chapter 7 of the Bankruptcy Code, or (c) a chapter 11 trustee is appointed, such inaction or action, as the case may be, may cause the Debtors to incur substantial expenses and otherwise serve only to prolong unnecessarily the Chapter 11 Cases and negatively affect creditor recoveries.

B. Committee Litigation.

Any litigation, including the Committee Litigation, is inherently unpredictable. if the Committee Litigation is totally unsuccessful, General Unsecured Creditors may not receive a distribution after the initial 4% distribution.

C. Reserves for Subordinated Claims.

The Plan Administrator shall include a reserve for the Class 4A and 4B Subordinated Secured and Unsecured Claims of the GE Entities pending the progress and outcome of the Committee Litigation, which may be in excess of fifty percent of the cash available for distribution to General Unsecured Creditors.

D. Bad Debt Deduction.

Creditors who are planning to take a bad debt deduction with respect to their unpaid Claims against the Debtors should consult their tax advisors in light of the Committee's belief that there is a reasonable prospect that General Unsecured Creditors will recover more than 20% of their Claims. It is possible that General Unsecured Creditors will recover less than 20% or as much as 100% of their Claims. (See Article XII B regarding reporting gains or losses.)

E. Avoidance Actions.

Prosecution of preference and other avoidance actions may be difficult and expensive, given the multitude of defenses available to defendant creditors and the fact such defenses are

highly factual and case specific. Accordingly, the Plan Administrator may elect to settle for less than the full amount, dismiss, or not prosecute certain avoidance actions or may not be successful in their prosecution.

ARTICLE XV

CONCLUSION AND RECOMMENDATION

The Committee has concluded that Confirmation and implementation of the Creditors' Plan is likely to provide each Creditor with a greater recovery than any alternative plan or a liquidation and distribution of the Debtors' assets under chapter 7 of the Bankruptcy Code, which would likely result in lower, delayed distributions. **The Committee believes the Creditors' Plan is reasonably calculated to lead to the best possible outcome for Creditors of the Debtors, and acceptance of the Creditors' Plan is in Creditors' best interests. The Committee urges all General Unsecured Creditors entitled to vote to promptly cast their ballots in favor of the Creditors' Plan and against GE Capital's plan.**

Dated: Wilmington, Delaware
May 6, 2002

OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF MONTGOMERY WARD, LLC, et al.

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