THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE FOR USE IN THE SOLICITATION OF ACCEPTANCES OF THE PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISTRIBUTION OF THIS DISCLOSURE STATEMENT IS NOT INTENDED AND SHOULD NOT BE CONSTRUED AS A SOLICITATION OF ACCEPTANCES OF SUCH PLAN. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THIS DISCLOSURE STATEMENT CONTAINS "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE.[1]

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

In re:	Chapter 11
AMPAL-AMERICAN ISRAEL CORPORATION,	Case No. 12-13689 (SMB)
Debtor.	

DISCLOSURE STATEMENT RELATING TO THE CHAPTER 11 PLAN OF REORGANIZATION OF AMPAL-AMERICAN ISRAEL CORPORATION PROPOSED BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

Dated: December 19, 2012

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[1] Legend to be removed upon entry by the Clerk of the Bankruptcy Court of an order of the Bankruptcy Court approving this Disclosure Statement.

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INTRODUCTION

THE BANKRUPTCY COURT HAS NOT APPROVED THIS DISCLOSURE STATEMENT RELATING TO THE CHAPTER 11 PLAN OF REORGANIZATION OF AMPAL-AMERICAN ISRAEL CORPORATION ("AMPAL" OR THE "DEBTOR"), DATED DECEMBER 19, 2012 (THE "PLAN"), PROPOSED BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS (THE "CREDITORS' COMMITTEE"). THE DISCLOSURE STATEMENT INCLUDES AND DESCRIBES THE PLAN, A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT A. CLASS 2 (GENERAL UNSECURED CLAIMS) AND CLASS 4 (EQUITY INTERESTS) ARE IMPAIRED UNDER THE PLAN AND THUS ENTITLED TO VOTE ON THE PLAN. CLASS 1 (PRIORITY CLAIMS) AND CLASS 3 (INTERCOMPANY CLAIMS) ARE UNIMPAIRED UNDER THE PLAN, AND ARE THEREFORE DEEMED TO HAVE ACCEPTED THE PLAN. ACCORDINGLY, THE CREDITORS' COMMITTEE IS SOLICITING ACCEPTANCES OF THE PLAN FROM HOLDERS OF CLAIMS OR EQUITY INTERESTS IN CLASSES 2 AND 4.

THE CREDITORS' COMMITTEE BELIEVES THAT THE PLAN IS IN THE BEST INTEREST OF AND PROVIDES THE HIGHEST AND MOST EXPEDITIOUS RECOVERIES TO HOLDERS OF ALL CLAIMS AND EQUITY INTERESTS. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ARE URGED TO VOTE IN FAVOR OF THE PLAN.

VOTING INSTRUCTIONS AND BALLOTS SHALL BE ANNEXED TO THE ORDER APPROVING THE DISCLOSURE STATEMENT. IN ADDITION, THE SOLICITATION PACKAGE ACCOMPANYING EACH OF THE BALLOTS WILL CONTAIN APPLICABLE VOTING INSTRUCTIONS. **THE VOTING INSTRUCTIONS WILL SPECIFY THE VOTING DEADLINE BY WHICH THE BALLOT MUST BE COMPLETED AND RECEIVED.**

All capitalized terms used in the Disclosure Statement and the Schedules and Exhibits annexed hereto and not defined herein shall have the meanings ascribed thereto in the Plan (see Article I to the Plan, "Defined Terms and Rules of Interpretation"). Unless otherwise stated, all references herein to "Schedules" and "Exhibits" are references to schedules and exhibits to this Disclosure Statement, respectively.

I. NOTICE TO HOLDERS OF CLAIMS AND EQUITY INTERESTS

The purpose of this Disclosure Statement is to enable you, as a creditor whose Claim is impaired under the Plan or as an equity holder whose Equity Interest is impaired under the Plan, to make an informed decision in exercising your right to accept or reject the Plan. See "Confirmation and Consummation of the Plan."

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION THAT MAY BEAR UPON YOUR DECISION TO VOTE TO ACCEPT OR REJECT THE PLAN.

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IMPAIRED UNDER THE PLAN AND ENTITLED TO VOTE SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL IN ARTICLE VII – "RISK FACTORS" – BELOW.

PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS AND SCHEDULES ANNEXED TO THE PLAN AND TO THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF. IN THE EVENT OF ANY CONFLICT BETWEEN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, THE TERMS OF THE PLAN SHALL GOVERN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(b) OF THE BANKRUPTCY RULES, AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION ("SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

THIS DISCLOSURE STATEMENT MAY CONTAIN "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS "ANTICIPATE," "CONTINUE," "ESTIMATE," "EXPECT," "MAY," OR "PROJECT," OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. YOU ARE CAUTIONED THAT ALL FORWARD LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THAT THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD LOOKING STATEMENTS. THE INFORMATION CONTAINED HEREIN AND ATTACHED HERETO IS AN ESTIMATE ONLY, BASED UPON INFORMATION CURRENTLY AVAILABLE TO THE CREDITORS' COMMITTEE.

PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING, OR TRANSFERRING SECURITIES, CLAIMS, OR EQUITY INTERESTS OF THE DEBTOR OR ANY OF ITS SUBSIDIARIES AND AFFILIATES SHOULD

EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTOR IN THIS CASE.

The Creditors' Committee will make a motion for a disclosure statement hearing and for an order pursuant to section 1125 of the Bankruptcy Code, finding that the Disclosure Statement contains information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor typical of the solicited classes of Claims and Equity Interests of the Debtor to make an informed judgment with respect to the acceptance or rejection of the Plan. **APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT OF THE FAIRNESS OR MERITS OF THE PLAN OR OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.**

Each holder of a Claim or Equity Interest entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. With respect to the Plan, except for the Creditors' Committee and certain of the professionals it has retained, no person has been authorized to use or promulgate any information concerning the Debtor, its business, or the Plan other than the information contained in this Disclosure Statement and if given or made, such information may not be relied upon as having been authorized by the Creditors' Committee. **You should not rely on any information relating to the Plan other than that contained in this Disclosure Statement and the Exhibits and Schedules hereto.**

The Plan described herein is proposed by the Creditors' Committee, but has been negotiated in good faith with a special committee of independent directors of the Debtor (the "Special Committee") appointed to handle all matters relating to the formulation and negotiation of a plan of reorganization. The Creditors' Committee and the Debtor, acting by and through the Special Committee, and their respective professionals, have worked diligently and in good faith in formulating this Plan. The Special Committee and the Debtor's professionals have provided valuable assistance to the Creditors' Committee's efforts in this regard by, among other things, providing substantial information and documents to the Creditors' Committee in response to its diligence requests.

You will be bound by the Plan if it is accepted by the requisite holders of Claims and Equity Interests and confirmed by the Bankruptcy Court, even if you do not vote to accept the

Plan, or if you are the holder of an unimpaired Claim. See "Confirmation and Consummation of the Plan."

THE CREDITORS' COMMITTEE URGES ALL HOLDERS OF IMPAIRED CLAIMS AND EQUITY INTERESTS TO VOTE TO ACCEPT THE PLAN.

II. EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11.

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code pursuant to which a debtor may reorganize its business for the benefit of its creditors, equity holders, and other parties in interest. The Debtor commenced the Chapter 11 Case by filing a petition for voluntary protection under chapter 11 of the Bankruptcy Code on August 29, 2012 (the "Petition Date").

The commencement of a chapter 11 case creates an estate comprising all the legal and equitable interests of the debtor as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a "debtor-in-possession" unless the bankruptcy court orders the appointment of a trustee. In the Chapter 11 Case, the Debtor remains in possession of its property and continues to operate its businesses as a debtor-in-possession.

The filing of a chapter 11 petition triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides, among other things, for an automatic stay of all attempts by creditors or other third parties to collect prepetition claims from the debtor or otherwise interfere with its property or business. Exempted from the automatic stay are governmental authorities seeking to exercise regulatory or policing powers. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the effective date of a confirmed plan of reorganization.

The formulation of a plan of reorganization is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the holders of claims against and equity interests in the debtor's estate. Unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case (the "Filing Period"), and the debtor will have 180 days to solicit acceptance of such plan (the "Solicitation Period"). However, section 1121(d) of the Bankruptcy Code permits the bankruptcy court to extend or reduce the Filing Period and Solicitation Period upon a showing of "cause." The Filing Period and Solicitation Period may not be extended beyond 18 months and 20 months, respectively, from the Petition Date. Notwithstanding that the Filing Period and the Solicitation Period have yet to expire, the Bankruptcy Court has requested the Creditors' Committee to file the Plan and Disclosure Statement. See "The Bankruptcy Proceedings — Exclusivity."

B. Plan of Reorganization.

Although referred to as a plan of reorganization, a plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of

the debtor's assets. In either event, upon confirmation of the plan, it becomes binding on the debtor and all of its creditors and equity holders, and the prior obligations owed by the debtor to such parties are compromised and exchanged for the obligations specified in the plan. For a general overview of key components of the Plan, see "Overview of the Plan," below.

After a plan of reorganization has been filed, the holders of impaired claims against and equity interests in the debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the plan proponent to prepare and file a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical, reasonable investor to make an informed judgment about the plan. **This Disclosure Statement is presented to holders of Claims against and Equity Interests in the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code in connection with the Creditors' Committee's solicitation of votes on the Plan**.

C. Confirmation of a Plan of Reorganization.

If all classes of claims and equity interests accept a plan of reorganization, the bankruptcy court may confirm the plan if the bankruptcy court independently determines that the requirements of section 1129(a) of the Bankruptcy Code have been satisfied. See "Confirmation and Consummation of the Plan." **The Creditors' Committee believes that the Plan satisfies all of the applicable requirements of section 1129(a) of the Bankruptcy Code**.

Chapter 11 of the Bankruptcy Code does not require that each holder of a claim or equity interest in a particular class vote in favor of a plan of reorganization for the bankruptcy court to determine that the class has accepted the plan. See "Confirmation and Consummation of the Plan."

In addition, classes of claims or equity interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. Furthermore, classes that are to receive no distribution under the plan are conclusively deemed to have rejected the plan. See "Confirmation and Consummation of the Plan." Accordingly, acceptances of a plan will generally be solicited only from those persons or entities who hold claims or equity interests in an impaired class. Class 2 (General Unsecured Claims) and Class 4 (Equity Interests) are impaired under the Plan and are thus entitled to vote on the Plan. Class 1 (Priority Claims) and Class 3 (Intercompany Claims) are unimpaired under the Plan, and are therefore deemed to have accepted the Plan. A bankruptcy court also may confirm a plan of reorganization even though fewer than all the classes of impaired claims against and equity interests in a debtor accept such plan. For a plan of reorganization to be confirmed, despite its rejection by a class of impaired claims or equity interests, the plan must be accepted by at least one class of impaired claims (determined without counting the vote of insiders) and the proponent of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or equity interests that has not accepted the plan. See "Confirmation and Consummation of the Plan — Cramdown." **The Plan has been structured so that it will satisfy the foregoing requirements as to any rejecting class of Claims or Equity Interests, and can therefore be**

confirmed, if necessary, over the objection of any (but not all) classes of Claims or Equity Interests.

III. OVERVIEW OF THE PLAN

The following provides a brief, general overview of some of the key terms and means of implementation of the Plan and the classification and treatment of Claims and Equity Interests under the Plan. This summary is qualified in its entirety by reference to the Plan (as well as the exhibits thereto and definitions therein). THE DESCRIPTION OF THE PLAN SET FORTH BELOW CONSTITUTES A SUMMARY ONLY.

The Plan is a reorganizing plan for the Debtor. Pursuant to the Plan, distributions to holders of Allowed General Unsecured Claims against the Debtor's Estate in satisfaction of each such holder's Claim will be the Pro Rata share (after payment in Cash out of funds held in the Series B Deposit Account and the Series C Deposit Account) of either (i) 100% of the Preferred Stock of the Reorganized Debtor or (ii) the Cash Payment if the Equity Buyout Option is exercised pursuant to Section 4.7 of the Plan. The funds held in the Series B Deposit Account and the Series C Deposit Account, respectively, shall be distributed Pro Rata to the holders of the Series B and Series C Debentures, respectively. The Plan does not provide for any distribution to Intercompany Claims, however, the Reorganized Debtor will have the right to adjust, reinstate, cancel, extinguish, or pay such claims. Holders of Equity Interests will retain their shares of Class A Stock, now in the Reorganized Debtor; moreover, such holders will have the right to exercise the Equity Buyout Option by making a cash investment in the Debtor in the amount equal to seventy-five (75%) of the sum of (i) the Net Allowed General Unsecured Claims Amount and (ii) the total amount of all scheduled and filed Claims against the Debtor that have not been Allowed (excluding Claims that have been disallowed by a Final Order), in which case the holders of General Unsecured Claims, instead of receiving Preferred Stock, will instead receive their Pro Rata share of the Cash Payment. The Plan also provides for Cash distributions to holders of Allowed Administrative Expense Claims (subject to the terms of the Post-Confirmation Budget, attached hereto as Exhibit B), Allowed Professional Claims, Allowed Priority Tax Claims, and Allowed Priority Claims, from the proceeds received from the funds held by the Reorganized Debtor after the Effective Date.

On the Effective Date of the Plan, all of the property of the Debtor's Estate, including, without limitation, any and all of the Debtor's Causes of Action, will vest in the Reorganized Debtor. On and after the Effective Date, the Reorganized Debtor will be authorized and empowered to, among other things: (i) estimate, object to, and resolve any Disputed Claims; (ii) distribute the Cash or Preferred Stock of the Reorganized Debtor to the holders of Allowed Claims, as applicable; (iii) pursue and prosecute Causes of Action; and (iv) dispose of the property of the Reorganized Debtor.

As of the Effective Date, the Debtor's Executory Contracts and Unexpired Leases will be deemed automatically rejected unless the Executory Contract or Unexpired Lease: (i) has been previously assumed by the Debtor by a Final Order; (ii) is the subject of a pending motion in the Bankruptcy Court to assume or reject; or (iii) is listed on the "Notice of Assumption" to be filed by the Creditors' Committee. The Plan further provides for exculpations of the Exculpated Parties, which include the Creditors' Committee, its members, and their Professionals; the Exit

Lenders and their Professionals; the Debtor's Professionals; the Trustees and their Professionals; and such other Persons as may be determined by the Creditors' Committee prior to the Confirmation Hearing. For the avoidance of doubt, Yosef A. Maiman is not an Exculpated Party. Finally, confirmation of the Plan is conditioned on the execution of an Exit Facility with the Exit Lenders, the satisfaction or waiver of any of the terms of the Exit Facility, and the funding of the Exit Facility to the Reorganized Debtor.

IV. GENERAL INFORMATION

The discussion below briefly describes (i) the Debtor and its investments as they exist as of the date of this Disclosure Statement and (ii) the business of the Reorganized Debtor as contemplated as of the date of this Disclosure Statement.

A. Overview of the Debtor.

Ampal is a non-operational holding company which primarily acquires interests in businesses located in the State of Israel or that are Israel-related. Ampal's subsidiaries have not filed for chapter 11 protection in the United States or commenced restructuring proceedings outside the United States. A chart detailing the organizational structure of the Debtor and its direct and indirect subsidiaries is attached hereto as Exhibit C.

B. The Debtor's Business.

1. Overview.

Ampal is a New York corporation founded in 1942. It has one class of equity securities – Class A Stock, which is common stock – with 2,806,688 shares outstanding. Ampal's shares of common stock are publicly traded on NASDAQ and dual listed on the Tel Aviv Stock Exchange ("TASE").

According to the Debtor, Ampal's strategy was to invest opportunistically in undervalued assets with an emphasis in the following fields: energy, chemicals, real estate, project development, and leisure-time. Ampal emphasized investments that have long-term growth potential over investments that yield short-term returns. Listed below by industry segment are all of the substantial portfolio companies in which Ampal had ownership interests as of the Petition Date, the principal business of each, and the percentage of equity owned, directly or indirectly, by Ampal.

Ampal's Investments			
Entity	Industry Segment	Principal Business	Ampal's Percentage Ownership
Gadot Chemical Tankers and Terminals Ltd. ("Gadot")	Chemicals	Chemical Sales, Storage, Shipping, Transport, and Distribution	99.9
East Mediterranean Gas Company, S.A.E. ("EMG")	Energy	Natural Gas Provider and Pipeline Owner	12.5
Global Wind Energy, Ltd. ("GWE")	Energy	Renewable Energy	50.0
Bay Heart Ltd. ("Bay Heart")	Real Estate	Shopping Mall Owner/Lessor	37.0
Country Club Kfar-Saba Ltd. ("Kfar-Saba Ltd.")	Leisure-Time	Country Club Facility	51.0
Ampal Energy Ltd.	Finance	Holding Company	100.0
Merhav-Ampal Group, Ltd. ("MAG")	Finance	Holding Company	100.0
Ampal (Israel) Ltd.	Finance	Holding Company	100.0
Ampal Holdings (1991) Ltd.	Finance	Holding Company	100.0
Ampal Industries, Inc.	Finance	Holding Company	Unknown

2. Significant Investments.

a) Gadot.

The Debtor indirectly (through MAG) holds a 99.9% interest in Gadot, which was founded in 1958 as a privately-held Israeli company with operations in distribution and marketing of liquid chemicals for raw materials used for industrial purposes. Since then, Gadot has expanded into a group of companies which currently forms Israel's leading chemical distribution organization. Through its subsidiaries, Gadot ships, stores, and distributes liquid chemicals, oils, and a large variety of materials to countries across the globe, with an emphasis on Israel and Western Europe.

i. Importing, Marketing, and Sale of Chemicals.

Gadot imports, markets, and sells chemicals and other raw materials. Its primary focus is on liquid chemicals which are imported in tanker ships and via other methods. These chemicals and other materials are used as raw materials in the medical, cosmetics, paint, plastic, electronics, agriculture, food, and other industries. Gadot generally provides its services to its long-term customers in Israel and in the Benelux area, consisting mainly of large industrial factories that use chemicals and other materials as raw materials in their manufacturing processes.

ii. Shipping.

Gadot provides its customers (including subsidiaries within the Gadot group of companies) with shipping services which involve shipping liquid chemicals in tanker ships both to and from Israel. As of December 31, 2011, Gadot used a fleet of nine vessels, of which seven are leased and two are owned by Gadot, with loading capacities ranging from 8,000 tons to 17,000 tons. The total capacity of Gadot's fleet as of December 31, 2011 was approximately 106,450 tons. Gadot's main shipping lines run from Israel to Northern Europe and Israel to the United States, with many interim stops in Europe's Atlantic seaports and in Mediterranean seaports. Gadot also provides support services for ships anchored in the ports of Haifa and Ashdod in Israel. These services include coordination of all technical procedures while in port, such as payment of port fees, care of the crew, and providing ships with supplies.

iii. Logistical Services.

Gadot offers its customers logistical services for chemicals and hazardous materials in Western Europe, including off-loading and storage, filling barrels and containers, door-to-door transport, and handling sensitive chemicals. Gadot provides full services to its customers throughout the whole supply chain, such services include delivery, storage, transport, and packaging.

Gadot also offers certain logistical services in Israel, including land transport services to its customers for chemicals and other materials from Israeli ports to the customer's factory, and vice versa. Other logistical services include storage, loading, and off-loading services of chemicals and other materials to its customers (including to subsidiaries in the Gadot group of companies) in an area located near the southern terminal of the Kishon port in Haifa, and transportation of ISO-tanks (tanks built pursuant to the International Standards Organization).

iv. The Chinese Vessel Arbitration.

In 2007 and 2008, Gadot, through its direct and indirect subsidiaries contracted with a certain shipyard for the construction of four vessels to be built with a loading capacity of approximately 16,600 DWT (Deadweight Tons) each, in exchange for consideration of approximately $27 million per vessel. Because the delivery of all vessels was not completed on the contractual delivery dates and such construction was delayed beyond the permitted grace period, Gadot has cancelled all shipbuilding contracts and has demanded the refund of all amounts paid to the builder on account of the purchase price of the vessels plus interest at the agreed annual rate of 6%. These amounts are secured by refund guarantees issued by the Bank of China Ltd. The builder has disputed the cancellation of the contracts and has referred the matter (the "Chinese Vessel Arbitration") to the London Maritime Arbitrators Association.

Pursuant to the arbitration guidelines, the obligation of the Bank of China Ltd. to make payments under its guarantees is suspended pending the arbitration award or judgment on appeal. The Chinese Vessel Arbitration commenced on November 5, 2012 and lasted for two weeks. Gadot is currently waiting for the arbitrator's decision and the recovery remains uncertain.

b) EMG.

EMG is an Egyptian company organized in 2000 in accordance with the Egyptian Special Free Zones system. The Debtor holds a 12.5% interest in EMG, 8.2% of which is directly held and 4.3% of which is held through Merhav Ampal Energy Holdings LP, an Israeli limited partnership, which is a joint venture between the Debtor, the Israel Infrastructure Fund, and other institutional investors. The Debtor obtained this 12.5% stake through three separate purchases of EMG shares from Merhav (M.N.F.) Limited ("Merhav"), Yosef A. Maiman's wholly-owned company: (i) in December 2005, Merhav sold a 2.0% equity interest in EMG to Ampal; (ii) in August 2006, Merhav sold an additional 4.6% equity interest in EMG to Ampal; and (iii) in December 2006, Merhav sold another 5.9% equity interest in EMG to Ampal.

i. The EMG Gas Pipeline.

EMG has been granted the right to export 7.0 billion cubic meters ("BCM") per year of natural gas from Egypt to Israel, to other locations in the East Mediterranean basin, and to other countries. EMG linked the Israeli energy market with the Egyptian national gas grid via an East Mediterranean pipeline. EMG's project is governed by an agreement signed between Israel and Egypt which designates EMG as the authorized exporter of Egyptian gas, secures EMG's tax exemption in Israel, and provides for the Egyptian government's guarantee for the delivery of the 7.0 BCM per year of gas to the Israeli market. EMG is the developer, owner, and operator of the pipeline and its associated facilities on shore in both the point of departure at El-Arish, Egypt and the point of entry in Ashkelon, Israel. This pipeline is EMG's only source of income.

During the 2011 calendar year, no gas was supplied for an aggregate of 225 days due to episodes of political unrest in Egypt and security issues in the Sinai Peninsula (commonly referred to as the "Arab Spring"). In 2012, gas was not delivered for eighty-nine (89) days through April 22, 2012. On April 22, 2012, the Egyptian Natural Gas Holding Company ("EGAS"), an Egyptian state-owned entity, and the Egyptian General Petroleum Corporation ("EGPC"), an Egyptian state authority, terminated their gas supply contract with EMG, claiming breaches by EMG. Accordingly, no additional gas has been delivered in 2012.

ii. The EMG Arbitration Proceedings.

As a result of the continued interruption and subsequent termination of gas supply to EMG, the international shareholders of EMG (including the Debtor and certain of its affiliates) have commenced arbitration proceedings (collectively, the "EMG Arbitration") under applicable bilateral investment treaties ("BITs") between their countries and Egypt. In the EMG Arbitration, the EMG investors claim that Egypt breached its international obligations under the applicable BITs by failing to provide fair and equitable treatment and full protection and security to their investments, impairing their investments through unreasonable and discriminatory measures, failing to observe the Egyptian State's obligations toward their investments, and expropriating their investments. Through the separate arbitrations, the investors seek, among other relief, significant monetary compensation for damages caused by Egypt's treaty violations. It is anticipated that a recovery on the arbitration claims, if one is realized, could take up to two years. The three key EMG arbitration proceedings that comprise the EMG Arbitration, all of which are pending as of the date of this Disclosure Statement, are as follows:

1. Arbitration Claim Under the Egypt-United States BIT.

On May 2, 2012, Ampal filed a request for arbitration against the Arab Republic of Egypt in connection with Ampal's investment in EMG and specifically for the breach of the BIT between Egypt and the United States. In accordance with the BIT between Egypt and the United States, Ampal's request for arbitration was submitted to the World Bank's International Centre for Settlement of Investment Disputes. This arbitration proceeding is in process.

2. Arbitration Claim Under the Egypt-Poland BIT.

On May 2, 2012, Yosef A. Maiman – a Polish national – and three Ampal-affiliated entities that he controls (Merhav, MAG, and Merhav Ampal Energy Holdings LP) submitted a request for arbitration under Egypt's BIT with Poland pursuant to the Arbitration Rules of the United Nations Commission on International Trade Law. This arbitration proceeding is in process.

3. Contractual ICC Arbitration Claim Against EGPC and EGAS.

On October 6, 2011, EMG filed a request for arbitration against EGPC and EGAS (collectively, "EGPC/EGAS") at the International Court of Arbitration of the International Chamber of Commerce ("ICC"). EGPC/EGAS are responsible for the development and transportation of Egypt's hydrocarbon resources. Through its request for arbitration, EMG has sought, in part, to enforce its rights to quantities of natural gas provided for in EMG's long-term gas sale and purchase agreement (the "GSPA") with EGPC and EGAS and to secure compensation for EGPC/EGAS's failure to supply contractual quantities and the eventual repudiation of the GSPA. This arbitration proceeding is in process.

c) GWE.

The Debtor, through its indirect wholly-owned subsidiary MAG and Clal Energy, LP ("Clal"), an Israel-based limited partnership, holds a 43.14%[2] interest in GWE. GWE was formed in November 2007 and is focused on the new development and acquisition of controlling interests in renewable energy, including wind energy projects outside of Israel. GWE's current projects are the development of wind farms in Greece and Poland. Between 2009 and November 2012, Ampal invested $3.7 million in GWE.

d) Bay Heart.

The Debtor directly holds a 37% interest in Bay Heart, which was established in 1987 to develop and lease a shopping mall in the bay area of Haifa, the third largest city in Israel. The shopping mall, which opened in May 1991, is a three-story facility with approximately 280,000 square feet of rentable space. In 2008, the shopping mall completed extensive renovations, including the construction of a new complex of twenty-three movie theaters and entertainment facilities. Between 2009 and November 2012, Ampal loaned $1.6 million to Bay Heart.

[2] As of the Petition Date, the Debtor held a 50% interest in GWE. However, due to a dilution that occurred in November 2012, the Debtor currently holds a 43.14% interest in GWE.

e) Kfar-Saba Ltd.

The Debtor directly holds a 51% interest in Kfar-Saba Ltd., which operates a country club facility in a town north of Tel Aviv. Kfar-Saba Ltd. holds a long-term lease to the real estate property on which the country club is situated. The country club's facilities include swimming pools, tennis courts, and a club house.

f) The Colombian Ethanol Project.

Merhav, a member of the Controlling Shareholder Group, directly and through certain of its subsidiaries, is developing a sugarcane ethanol-producing project in Colombia (the "Ethanol Project"). In 2007 and 2008, Ampal extended, in the aggregate, $20,000,000 in loans to Merhav as financing for the Ethanol Project as evidenced by an amended and restated promissory note, dated December 25, 2008 (as such note has been amended from time to time, the "Promissory Note") from Merhav to Ampal (the "Ethanol Project Loan"). Merhav's obligations under the Promissory Note are secured by a pledge of all of Merhav's rights, title, and interest in its Class A Stock of Ampal, then or thereafter owned by Merhav, pursuant to a pledge agreement, dated as of December 25, 2007 (the "Pledge Agreement").

Merhav's obligations under the Promissory Note and the Pledge Agreement are personally guaranteed by Yosef A. Maiman pursuant to a personal guaranty, dated as of December 25, 2008 (the "Guaranty").

As part of the financing transaction for the Ethanol Project, Ampal obtained the right to acquire a portion of the equity of the Ethanol Project (by the issuance of 25% of the equity interests in Merhav Renewable Energies Ltd. ("Merhav Energies")), as evidenced by an option agreement, dated as of December 25, 2007, with Merhav (as such agreement has been amended from time to time, the "Option Agreement") granting to Ampal an option to purchase an equity interest in the Ethanol Project (the "Option"). The Option has been exercised subject to certain conditions, pursuant to an option exercise agreement, dated as of December 31, 2009 (as such agreement has been amended from time to time, the "Option Exercise Agreement"). Under the Option Exercise Agreement, the exercise of the Option is subject to, among other things, Merhav obtaining at least $185 million in long term financing for the Ethanol Project. In addition, under the Option Exercise Agreement, (i) the payment date for the purchase price of the equity interest upon the exercise of the Option was delayed; (ii) certain terms of the exercise of the Option as contained in the Option Agreement were modified; and (iii) the maturity date of the Promissory Note was extended to December 31, 2010.

On or about December 31, 2010, pursuant to the terms of that certain assignment and assumption agreement (the "Assumption and Assignment Agreement"), all rights and obligations of Ampal under the Promissory Note, the Guaranty, the Pledge Agreement, the Option Agreement, the Option Exercise Agreement, and related agreements and instruments in connection with the Ethanol Project, were assigned to MAG (the "MAG Assignment").

If a closing has not occurred under the Option Agreement or unless extended by the Parties, (i) the Option Agreement will terminate on December 31, 2012 and (ii) the Ethanol Project Loan will mature and become due on December 31, 2012. The closing of the purchase

and exercise of the Option and the conversion of the Ethanol Project Loan is subject to, among other things, Merhav securing long-term debt financing for the Ethanol Project obtained from a financing bank or any other unaffiliated third party lender. Additionally, Merhav and Ampal have agreed that, under certain circumstances, each will arrange for loans to Merhav Energies from time to time through third parties, directly or indirectly, for up to $15 million.

Due to its inability to obtain the requisite financing for the Ethanol Project, Ampal has twice extended the termination date for the conversion and the maturity of the Ethanol Project Loan. The initial termination date of December 31, 2010 was extended to December 31, 2011, and then further extended to December 31, 2012. On November 19, 2012, the Bankruptcy Court approved a stipulation entered into by and between the Debtor, MAG, and the Creditors' Committee in connection with the Ethanol Project [Docket No. 78] (the "Stipulation"). Pursuant to the Stipulation, the Debtor shall not approve or authorize (or authorize any of its subsidiaries to approve or authorize) any extension of the termination date of the Option (December 31, 2012) or the maturity date of the Ethanol Project Loan (December 31, 2012) without obtaining the consent of the Creditors' Committee in advance or approval of the Bankruptcy Court.

3. Properties.

The Debtor leases office space in the United States at 477 Madison Avenue, New York, New York 10022.

4. Human Resources.

Ampal does not have any employees. The members of its management team are employed by and paid by Ampal's subsidiaries.

5. The Controlling Shareholder Group and Management.

A group of shareholders consisting of Yosef A. Maiman, the Chairman of the Ampal Board of Directors (the "Board of Directors"), President & CEO, Ohad Maiman, Noa Maiman, and Yoav Maiman, and the companies Merhav, De Majorca Holdings Ltd. ("De Majorca"), and Di-Rapallo Holdings Ltd. ("Di-Rapallo"), beneficially owns approximately 61.54% of the voting power of the Debtor's Class A Stock (collectively, the "Controlling Shareholder Group"). The Controlling Shareholder Group was formed in order to balance the interests of the orderly management and operation of Ampal against the Maiman family's strong connection with Ampal. By virtue of its ownership of Ampal, the Controlling Shareholder Group is able to control the Debtor's affairs and to influence the election of the members of its Board of Directors. Yosef A. Maiman owns 100% of the economic shares and one-quarter of the voting shares of De Majorca and Di-Rapallo.

Yosef A. Maiman. Mr. Maiman has been the Chairman of the Board of Directors since April 25, 2002 and President and Chief Executive Officer of Ampal since October 1, 2006. Mr. Maiman has been President and Chief Executive Officer of Merhav, one of the largest international project development companies based in Israel and a member of the Controlling Shareholder Group, since its founding in 1975. Mr. Maiman is the Chairman of the board of directors of Gadot, a wholly-owned subsidiary of the Debtor.

A complete listing and description of the Debtor's directors and officers is attached hereto as Schedule 1.

C. The Debtor's Prepetition Capital Structure.

As of the Petition Date, the Debtor's liabilities were comprised of (i) approximately $234.1 million outstanding under the Series A, Series B, and Series C debentures (the "Debentures"), which claims represent approximately 97% of the total amount of General Unsecured Claims scheduled by the Debtor (excluding intercompany and guarantee claims) and (ii) approximately $115.5 million in various other General Unsecured Claims against the Debtor. The Debtor has no secured debt.

1. The Debentures.

On November 16, 2006, Ampal completed a public offering in Israel of NIS 250,000,000 (approximately $58 million) aggregate amount of its Series A Debentures, due in November 2015. The Series A Debentures carry an annual interest rate of 5.75%. Hermetic Trust (1975) Ltd. is the trustee for the Series A Debentures (the "Series A Trustee"). As of the Petition Date, approximately $53.7 million was outstanding under the Series A Debentures.

On April 29, 2008, Ampal completed a public offering in Israel of NIS 577,800,000 (approximately $165.7 million) aggregate amount of its Series B Debentures, due in January 2016. The Series B Debentures carry an annual interest rate of 6.60%. Reznik Paz Nevo R.P.N. Trusts 2007 Ltd. is the trustee for the Series B Debentures (the "Series B Trustee"). As of the Petition Date, approximately $136.4 million was outstanding under the Series B Debentures.

On September 13, 2010, Ampal completed a public offering in Israel of NIS 170,000,000 (approximately $45.0 million) aggregate principal amount of its Series C Debentures, due in September 2019. The Series C Debentures carry an annual interest rate of 7.95%. Annual principal payments on the Series C Debentures are not scheduled to commence until September 2014. Mishmeret-Trusts Company Ltd. is the trustee for the Series C Debentures (the "Series C Trustee" and together with the Series A Trustee and the Series B Trustee, the "Trustees"). As of the Petition Date, approximately $44 million was outstanding under the Series C Debentures.

In early 2011, Ampal announced that its Board of Directors approved a repurchase program of the Series A, Series B, and Series C Debentures (collectively, the "Debentures") that are traded on the TASE. Under the repurchase program, Ampal was authorized to repurchase the Debentures in an aggregate amount not in excess of the NIS equivalent of $30 million. Ampal repurchased NIS 24,586,171 par value of Series A Debentures, NIS 115,430,868 par value of Series B Debentures, and NIS 7,084,437 par value of Series C Debentures. The repurchase program was suspended at the Board of Directors' discretion at the beginning of 2012.

2. Various Other General Unsecured Claims Against the Debtor.

a) The IDB Credit Facility.

Ampal's subsidiary Gadot listed its shares for trade on the TASE in 2003 and was delisted from trading on October 16, 2008 following Ampal's successful tender offers to purchase Gadot's publicly held shares (the "Gadot Transactions"). The Gadot Transactions were funded in part through the proceeds of a $87.4 million credit facility dated November 29, 2007, between Israel Discount Bank Ltd. ("IDB") and MAG (the "IDB Credit Facility"). As of the Petition Date, the outstanding debt under the IDB Credit Facility was $75.5 million.

The IDB Credit Facility is divided into two equal loans of approximately $43.7 million. The first loan is a revolving loan that has no scheduled principal payments and may be repaid in full or in part on December 31 of each year until 2019, when a single balloon payment will become due. The second loan also matures in 2019, has no scheduled principal payments for the first one and one half years, and is to thereafter be repaid in equal installments over the remaining nine and one and one half years of the term. According to the original terms of the IDB Credit Facility, interest on both loans accrues at a floating rate equal to LIBOR plus 2% and is payable on a current basis. Ampal has guaranteed all the obligations of MAG under the IDB Credit Facility and MAG's interest in Gadot has also been pledged to IDB as a security for the IDB Credit Facility.

On August 30, 2012, a day after the Chapter 11 Case was filed, IDB informed MAG that a sum of approximately NIS 67,745,000 (equivalent to approximately $16.7 million) held by MAG in an IDB bank account was set off by IDB. IDB asserted in its notice that the set off was in accordance with a certain irrevocable written undertaking provided by MAG to IDB on December 31, 2007 (the "Letter of Undertaking"), pursuant to which the Debtor is a guarantor.

On November 14, 2012, MAG received a written notice from IDB accelerating and setting to immediate repayment all outstanding indebtedness (approximately $58.9 million of principal and $1.0 million of interest) of MAG to IDB pursuant to the Letter of Undertaking. On November 22, 2012, IDB filed a motion in the Tel Aviv District Court seeking to foreclose on Gadot and to appoint a receiver. Subsequently, on or around December 9, 2012, IDB filed an emergency motion in the Tel Aviv District Court, seeking the immediate appointment of a temporary receiver and an expedited hearing on the same. A hearing on IDB's attempted foreclosure on the shares of Gadot has been scheduled for December 25, 2012 in Israel.

On November 21, 2012, IDB informed MAG that IDB unilaterally canceled, effective immediately, two currency protection transactions between IDB and MAG. As a result of one of the cancellations, MAG was credited NIS 4.7 million, and as a result of the other cancellation, MAG was debited $3.1 million. Subsequently, MAG informed IDB that these cancellations were not in accordance with the agreements between the parties and that MAG reserves all of its rights with respect to the same. As of the date hereof, MAG cannot quantify the damage due to said cancellations.

b) Union Bank of Israel Ltd. Loan.

As of the Petition Date, the Debtor owed Union Bank of Israel Ltd. $1.6 million on account of a prepetition loan in the original amount of $10 million. This loan bears interest at a rate of LIBOR plus 2%.

c) Bank Hapoalim Loan.

The Debtor has a long-term prepetition loan from Bank Hapoalim in the aggregate amount of $3.5 million. The loan matures in 2018 and is to be repaid in seven equal annual installments. As of the Petition Date, $3.5 million was outstanding under this loan. Interest accrues at a floating rate equal to LIBOR plus 3.5% and is payable on a quarterly basis. As of November 30, 2012, Bank Hapoalim held approximately $800,000 in funds belonging to the Debtor. Bank Hapoalim currently refuses to release to the Debtor the amounts held in the aforementioned accounts.

d) Intercompany Debt.

As of the Petition Date, the Debtor owed approximately $34.5 million in intercompany claims (all held by direct or indirect subsidiaries of the Debtor).

Creditor	Amount
Ampal Communications Inc.	$15,570,271.00
Merhav Ampal Group Ltd.	$6,147,183.00
Ampal Holdings (1991) Ltd.	$13,988.00
Ampal Industries Inc.	$8,874,707.00
Ampal Realty Corporation	$3,859,699.00
Total	**$34,465,848.00**

e) Trade Debt.

As of the Petition Date, the Debtor owed approximately $300,000 in miscellaneous trade debt.

D. Events Leading to the Commencement of the Chapter 11 Case.

1. Interruptions in the Gas Supply to EMG.

Ampal's ability to make the principal payments due on the Debentures was predicated primarily on the anticipated flow of dividends to Ampal from EMG. As a result of the 2011 Arab Spring and the resulting political and civil unrest in Egypt to date, this cash flow has been

significantly disrupted. The alleged terror attacks near the EMG pipeline in Egypt that began in February 2011 caused major interruptions in EMG's gas supply. In the 2011 calendar year, no gas was supplied for an aggregate of 225 days. Since EMG's only source of income is from gas sales to its customers, the gas disruptions materially negatively impacted Ampal's receipt of dividends from its interest in EMG.

Moreover, due to the political situation in Egypt after the Arab Spring, which included the strengthening of the Islamic movements in the Egyptian parliament, Egyptian gas suppliers came under pressure to cancel or modify their gas supply agreement with EMG. In April 2012, EGAS terminated its gas supply contract with EMG, claiming breaches by EMG. To date, no gas has been supplied in 2012.

2. Gadot's Financial Struggles and Ampal's Prepetition Efforts to Market Gadot.

Gadot's business has struggled as a result of the global economic crisis and, specifically, the downturn in the European shipping industry. The nature of its business is such that it is influenced by certain economic factors, which include (i) global changes in demand for chemicals used as raw materials for industrial purposes; (ii) price fluctuations of chemicals and raw materials; (iii) price fluctuations of shipping costs, ship leases, and ship fuel; (iv) general global financial stability; and (v) currency fluctuations between the NIS and other currencies, primarily the U.S. dollar.

Prior to filing for chapter 11 protection, Ampal took measures aimed at partially realizing value on its holdings of Gadot stock by seeking a new investor or making an initial public offering. The market at the time posed significant obstacles to procuring a new investor, however, both Vertical Group Ltd. ("Vertical") and Cartesian Capital Group, LLC ("Cartesian") expressed interest in purchasing Gadot. Although Vertical and Cartesian set forth proposals to acquire Gadot, as of the date of this Disclosure Statement, neither of these proposals has materialized.

3. The Debtor's Prepetition Restructuring Effort in Israel.

A combination of the interruptions of gas supply to EMG, Gadot's struggling performance, and the inability to realize cash flow from other assets prevented the Debtor from making a principal payment in the approximate amount of $34,058,022 due to the holders of the Series B Debentures on January 31, 2012. For that reason, in December 2011, Ampal requested that the Trustees convene a meeting of the Debenture Holders on January 1, 2012 to appoint a committee to discuss a proposal to postpone the principal payments due on the Debentures for 24 months.

On January 1, 2012, Ampal held a meeting with the Debenture Holders where Ampal proposed to restructure the Debentures to postpone all principal payments due thereunder for the next two years, while continuing to make the interest payments as scheduled. Under this proposal, the principal amount of the Debentures would not have been reduced, and after the two-year period the principal payment schedules for the Debentures would have returned to their original terms.

On January 18, 2012, Ampal announced that two separate Debenture Holders' committees had been formed: one to represent the Series A and Series C Debenture Holders (the "Series A/C Committee") and the other to represent the Series B Debenture Holders (the "Series B Committee" and, together with the Series A/C Committee, the "Delegation"). The Delegation was comprised of a mix of representatives of large institutional investors, independent professionals, and Israeli lawyers.

On February 20, 2012, the Series B Committee voted to accelerate and set to immediate repayment the entire outstanding amounts under the Series B Debentures, but enforcement of the acceleration was delayed until March 21, 2012. Ampal announced that unless it was clear the acceleration of the Series B Debentures would be further postponed, Ampal would not make an interest payment on the Series C Debentures due March 7, 2012.

On March 26, 2012, Ampal announced an interest payment to the Series C Debenture Holders. A meeting for the Series A and Series C Debenture Holders was scheduled for April 3, 2012. On the agenda for that meeting was a resolution to accelerate and set to immediate repayment the entire outstanding amounts under the Series A and Series C Debentures. On April 4, 2012, Ampal announced an agreement in principle with the Series B Committee for the modification of all Debentures (that same proposal was rejected by the Series A and Series C Debenture Holders, and it was abandoned before a vote was taken thereon).

On May 15, 2012, the Series A and Series C Debenture Holders resolved to cancel their acceleration request following Ampal's notice of its intention to pay interest to the Series A Debenture Holders and deposit funds for the interest payment of the Series C Debenture Holders.

Negotiations between Ampal and the Delegation continued for over 8 months, and involved dozens of meetings among the participants. In April 2012, while the negotiations were in motion, EGAS terminated its gas supply contract with EMG, thereby further decreasing the likelihood of the Debenture Holders seeing any returns on their claims.

Ampal's restructuring effort with the Delegation culminated on August 30, 2012, when approximately 81% of Series A Debenture Holders, 63% of Series B Debenture Holders, and 65% of Series C Debenture Holders voted to reject the restructuring proposal put forward by the Debtor in July 2012 (the "July Plan Proposal"). The centerpiece of the July Plan Proposal was a postponement of all principal payments due under the Debentures for two years, starting in December 2011.

Ampal then determined to seek chapter 11 protection.

4. Ampal's Inability to Meet its Obligations.

Since January 2012, Ampal has been unable to meet its obligations as they have come due. These obligations include (i) principal payments on the Series B Debentures in the amount of approximately $34 million and (ii) interest payments on the Series C Debentures (the Series C Debenture interest payments made in March 2012 were from funds previously deposited with the Series C Trustee for the benefit of the Series C Debenture Holders). Ampal had insufficient

Cash and other resources to services its debt and finance its ongoing operations prior to the Petition Date and it continues to have insufficient Cash after the commencement of the Chapter 11 Case. At the end of October 2012, the Debtor reported a Cash position of approximately $1.02 million.

E. The Business of the Reorganized Debtor.

In accordance with the Plan and as further described herein and therein, all property and assets of the Debtor's Estate, including, without limitation, all Causes of Action, will vest in the Reorganized Debtor as of the Effective Date. From and after the Effective Date, it is contemplated that the Reorganized Debtor will seek to pursue, realize upon, and maximize the value of its existing property and assets, including, without limitation: (i) collecting and realizing on existing investments and assets, including interests in its various Affiliates and other entities; (ii) pursuing any and all Causes of Action (including Causes of Action against Insiders); (iii) pursuing the EMG Arbitration; and (iv) seeking to realize value on its interests in, and potential Causes of Action related to, Gadot, EMG, GWE, Bay Heart, Kfar-Saba Ltd., and the Ethanol Project. It is not contemplated that the Reorganized Debtor will invest in new businesses.

V. THE BANKRUPTCY PROCEEDINGS

A. Commencement of the Chapter 11 Case.

After filing a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court, the Debtor continued to manage its affairs as a debtor-in-possession after the Petition Date.

1. First Day Motions.

On the Petition Date, the Debtor sought certain relief from the Bankruptcy Court to ensure the continued operations of the Debtor. The initial hearings for such relief were held on August 30, 2012 and October 25, 2012. The Debtor filed the following "first day" motions and applications:

- *Motion to Maintain and Use Existing Bank Accounts, Business Forms and Checks* [Docket No. 4], granted on an interim basis on September 4, 2012 [Docket No. 16].

- *Motion for an Order Pursuant to Sections 105(a) and 366 of the Bankruptcy Code (I) Prohibiting Utilities From Altering, Refusing or Discontinuing Service, and (II) Deeming Utilities Adequately Assured of Future Performance* [Docket No. 8], granted at the October 25 hearing.

- *Motion to Authorize a Waiver of the Requirements to File An Equity List and Provide Notice to Equity Security Holders [Docket No. 6], granted on August 30, 2012* [Docket No. 12].

- *Motion for an Order Enforcing the Automatic Stay [Docket No. 5], granted on August 30, 2012* [Docket No. 13].

- *Application to Employ Bryan Cave LLP as Attorneys for the Debtor* [Docket No. 3] (the "Bryan Cave Retention Application"), granted on November 28, 2012 [Docket No. 77].

2. Filing of the "Next Day" Motions and Applications.

In the days following the Petition Date, the Debtor filed certain motions and applications seeking entry of so-called "next day" orders that, while important in the bankruptcy proceedings, did not have the same urgency as the "first day" motions. The "next day" motions and applications included:

- *Application to Employ Epiq Bankruptcy Solutions, LLC as Administrative Agent Nunc Pro Tunc to the Petition Date* [Docket No. 22], granted at the October 25 hearing.

- *Application to Employ Epiq Bankruptcy Solutions, LLC as Claims and Noticing Agent for the Debtor Nunc Pro Tunc to the Petition Date* [Docket No. 23], granted at the October 25 hearing.

- *Motion to Extend Deadline to File Schedules or Provide Required Information* [Docket No. 24], granted at the October 25 hearing.

B. Representation of the Debtor.

1. Debtor's Counsel.

On the Petition Date, the Debtor filed the Bryan Cave Retention Application seeking to retain Bryan Cave LLP as its counsel in the Chapter 11 Case. On October 18, 2012, the Creditors' Committee filed a statement [Docket No. 40] in response to the Bryan Cave Retention Application expressing the Creditors' Committee's concerns as to Bryan Cave LLP's prior representation of the Debtor and its Affiliates in certain insider transactions that may be the subject of investigation in this Chapter 11 Case. The Debtor filed a statement in response [Docket No. 53] to the Creditors' Committee's statement. At the November 20 hearing, the Bankruptcy Court authorized the retention of Bryan Cave LLP as Debtor's counsel, provided that, among other things, the order approving the retention grant the Creditors' Committee standing to bring, prosecute, and settle, on behalf of the Debtor's estate, any claims against current and former insiders of Ampal. On November 28, 2012, the Bankruptcy Court entered an order [Docket No. 77] reflecting the same.

2. Debtor's Financial Advisor.

On October 23, 2012, the Debtor filed an application to employ Houlihan Lokey Capital, Inc. ("Houlihan Lokey") as investment banker and financial advisor to the Debtor [Docket No.

46] (the "Houlihan Lokey Retention Application"). The Creditors' Committee opposed the Houlihan Lokey Retention Application [Docket No. 59] objecting to the retention and the fees to be paid.

The Houlihan Lokey Retention Application was scheduled for hearing before the Bankruptcy Court on December 6, 2012. At the hearing, the Bankruptcy Court authorized Houlihan Lokey's retention for the first two months at $125,000 per month and for the next four months at $100,000 per month through February 28, 2013. Thereafter, the Debtor is required to obtain Bankruptcy Court approval to retain Houlihan Lokey beyond this period. In addition, before receiving any success fees or transaction fees, Houlihan Lokey must petition the Bankruptcy Court for approval of any such fees.

3. Other Debtor Professionals.

Upon information and belief, the Debtor expects to file applications seeking the retention of (i) Kesselman & Kesselman (PWC Israel) as accountants, (ii) the law firm of Freshfields Bruckhaus Deringer LLP as special counsel in connection with the EMG Arbitration, and (iii) the law firm of Goldfarb Seligman to assist with Israeli corporate and tax law issues. Upon information and belief, the Debtor may also seek to retain Donohue Advisory Associates LLC in connection with NASDAQ matters.

C. Formation and Representation of the Creditors' Committee.

On September 25, 2012, the United States Trustee for the Southern District of New York (the "United States Trustee") appointed the Creditors' Committee pursuant to section 1102(a)(1) of the Bankruptcy Code [Docket No. 27]. The following creditors currently serve as members of the Creditors' Committee: (1) Hermetic Trust (1975) Ltd., as the Series A Trustee; (2) Reznik Paz Nevo R.P.N. Trusts 2007 Ltd., as the Series B Trustee; and (3) Mishmeret-Trusts Company Ltd., as the Series C Trustee.

Subsequently, on October 29, 2012, the Creditors' Committee filed an application to employ Brown Rudnick LLP as counsel for the Creditors' Committee [Docket No. 48]. The United States Trustee objected to the application to retain Brown Rudnick LLP [Docket No. 66] and the Creditors' Committee responded to the United States Trustee's objection [Docket No. 70]. The United States Trustee's objection was resolved and on November 26, 2012 the Bankruptcy Court entered an order authorizing the retention of Brown Rudnick LLP as Creditors' Committee counsel [Docket No. 74].

D. Exclusivity.

Pursuant to sections 1121(b) and (c)(3) of the Bankruptcy Code, the Filing Period and Solicitation Period within which the Debtor could exclusively file and solicit its plan of reorganization were due to expire on December 27, 2012, and February 25, 2013, respectively. By motion dated November 8, 2012, the Creditors' Committee sought to terminate the Debtor's exclusivity or, alternatively, to appoint a chapter 11 trustee [Docket No. 61] (the "Exclusivity Termination Motion").

On November 29, 2012, the Debtor and the Controlling Shareholder Group filed objections to the Exclusivity Termination Motion [Docket Nos. 79 and 81, respectively]. The Creditors' Committee submitted a response to the objections on December 4, 2012 [Docket No. 90].

On December 5, 2012, the Debtor filed its Chapter 11 Plan of Reorganization [Docket No. 96] but failed to file a disclosure statement in accordance with Rule 3016 of the Federal Rules of Bankruptcy Procedure. At the December 6 hearing, the Bankruptcy Court adjourned the Exclusivity Termination Motion to December 20, 2012; however, the Bankruptcy Court permitted the Creditors' Committee to file a competing plan and disclosure statement by December 16, 2012.

After the December 6 hearing, the Debtor and the Creditors' Committee sought to consensually resolve the Exclusivity Termination Motion and negotiated in good faith towards that end. Such good faith efforts included the Debtor's resolution to task the Special Committee, comprised of independent directors from the Board of Directors, with exclusive authority to handle any and all matters with respect to the Plan. However, the parties were unable to finalize and file a joint consensual plan by December 16 (the filing deadline imposed by the Bankruptcy Court on the Creditors' Committee) because on such date the Creditors' Committee raised with the Debtor certain issues that had not been previously discussed. Therefore, in order to meet the December 16 deadline, the Committee's counsel filed the *Draft Chapter 11 Plan of Reorganization* and *Draft Disclosure Statement* [Docket No. 104] (the "Creditors' Committee's Draft Plan and Disclosure Statement").

On December 17, 2012, the Debtor filed the *First Amended Chapter 11 Plan of Reorganization*, *Disclosure Statement for the First Amended Chapter 11 Plan of Reorganization*, and *Statement of Ampal-American Israel Corporation in Connection Therewith* [Docket Nos. 106, 108, 110] (the "Debtor's Amended Plan and Disclosure Statement"). The Debtor's Amended Plan and Disclosure Statement mirrored, in large part, the Creditors' Committee's Draft Plan and Disclosure Statement that was being negotiated by the Debtor, through the Special Committee, and the Creditors' Committee between December 6 and December 16.

Following the filing of the Creditors' Committee's Draft Plan and Disclosure Statement and the Debtor's Amended Plan and Disclosure Statement, Debtor's counsel and Creditors' Committee's counsel continued to negotiate, in good faith, regarding the terms of a joint consensual plan of reorganization. Although this Plan is proposed by the Creditors' Committee, material provisions of the Plan have been negotiated and discussed with the Debtor, by and through the Special Committee, in a good faith effort by the parties to propose a non-adversarial plan of reorganization.

E. Statement of Financial Affairs and Schedules of Assets and Liabilities.

On October 12, 2012, the Debtor filed its Statement of Financial Affairs and Schedules of Assets and Liabilities [Docket Nos. 36 and 37, respectively]. On October 14, 2012, the Debtor filed amended versions of its Schedules of Assets and Liabilities [Docket No. 38].

F. Claims Bar Dates.

On December 6, 2012, the Debtor filed an application requesting that the Bankruptcy Court enter an order establishing specific deadlines for filing proofs of claims against the Debtor (the "Bar Dates") and approving the form and manner of notice of such Bar Dates [Docket No. 97].

The Debtor seeks to establish separate Bar Dates for (a) general claimants (entities holding prepetition claims, other than governmental units) (the "General Claim Bar Date," proposed to be February 15, 2013 at 5:00 p.m. (EST)), (b) governmental units (the "Governmental Bar Date," proposed to be February 26, 2013 at 5:00 p.m. (EST)), (c) claimants affected by any amended Schedules of Assets and Liabilities of the Debtor (the "Amended Schedules Bar Date," proposed to be the later of (i) February 15, 2013 at 5:00 p.m. (EST) and (ii) 5:00 pm (EST) on the date that is 30 days after notice of the amendment or supplement to the Schedules of Assets and Liabilities is served); and (d) claims (including Administrative Expense Claims) relating to the Debtor's rejection of Executory Contracts or Unexpired Leases (the "Rejection Claim Bar Date," proposed to be the later of (i) the General Claim Bar Date and (ii) 5:00 p.m. (EST) on the date that is 30 days after the date of any order authorizing the Debtor to reject Unexpired Leases or Executory Contracts).

G. Bank Hapoalim Stipulation.

In July 2011, Bank Hapoalim extended a loan in the amount of $3,500,000 to the Debtor. The Debtor kept the proceeds of the loan in a bank account at Bank Hapoalim. As of the Petition Date, Bank Hapoalim asserted set off rights on the amounts held by Bank Hapoalim. Recently, the Debtor and Bank Hapoalim have reached an agreement in principle and expect to enter into a stipulation, subject to Bankruptcy Court approval, under which Bank Hapoalim would release $380,000 of the funds to be placed in the Debtor's account at Citibank, N.A., apply the balance of the bank account less $380,000 to the loan, and execute an agreement between Ampal (Israel) Ltd. P.C., the guarantor of the loan, regarding treatment of the guaranty.

VI. THE CREDITORS' COMMITTEE'S PLAN

The Plan is attached hereto as Exhibit A and forms part of this Disclosure Statement. The following summary of salient provisions of the Plan is qualified in its entirety by the provisions set forth in the Plan.

A. Administrative, Professional, and Priority Claims.

2.1 Non-Classification.

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims, Professional Claims, and Priority Tax Claims have not been classified for the purposes of voting on or receiving distributions under this Plan. All such Claims are instead treated separately upon the terms set forth in this Article II herein.

2.2 Administrative Expense Claims.

Each holder of an Allowed Administrative Expense Claim (other than a Professional Claim) shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on or as soon as reasonably practicable following the later to occur of (a) the Effective Date and (b) the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim.

The holder of an Administrative Claim other than (i) an Administrative Claim that has been Allowed on or before the Effective Date, (ii) a liability incurred in the ordinary course of business by the Debtor in an amount not greater than $[ ] (and not past due), or (iii) a Professional Claim, must file with the Bankruptcy Court and serve on the Debtor or the Creditors' Committee, prior to the Effective Date, and the Reorganized Debtor, from and after the Effective Date, and the United States Trustee, notice of such Administrative Claim within thirty (30) days after the Effective Date (the "Administrative Bar Date"). Such notice must include at a minimum (a) the name of the holder of the Claim, (b) the amount of the Claim, and (c) the basis of the Claim. Failure to file and serve such notice timely and properly shall result in the Administrative Claim being forever barred and discharged. Objections to any filed request for payment of an alleged Administrative Claim must be filed and served on the claimant and the Debtor and the Creditors' Committee, prior to the Effective Date, and the Reorganized Debtor, from and after the Effective Date within thirty (30) days of the Administrative Bar Date, whereupon the Bankruptcy Court shall schedule a hearing thereon. The deadline for filing objections to Administrative Claims may be extended by the Bankruptcy Court, for cause.

Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtor in an amount not greater than $[ ] shall be paid in full and performed by the Debtor or Reorganized Debtor, as the case may be, in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to such transactions; *provided, however,* that no payment or payments on account of one or more Administrative Expense Claims, taken in the aggregate with all prior or contemporaneous payments on account of Administrative Expense Claims, shall exceed the amount set forth for all Administrative Expense Claims in the Post-Confirmation Budget without either (i) the consent of the Creditors' Committee, before the Effective Date, or the Reorganized Debtor, after the Effective Date, or (ii) the approval of the Bankruptcy Court; *provided, further*, that no Administrative Expense Claim for compensation for professional services provided to the Debtor, or for reimbursement of expenses in connection with such services, shall be Allowed or paid, absent a Bankruptcy Court order approving the Debtor's retention of the Person providing such professional services, under section 327 of the Bankruptcy Code, as an ordinary course professional or otherwise.

2.3 Professional Claims.

1. *Final Fee Applications.*

All Professionals seeking awards by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Effective Date under

sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code shall (i) file with the Bankruptcy Court, and serve, on or before the date that is forty-five (45) days after the Effective Date their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred and (ii) be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court in accordance with the order relating to or Allowing any such Administrative Expense Claim. The Reorganized Debtor is authorized to pay compensation for professional services rendered and reimbursement of expenses incurred by Professionals after the Confirmation Date in the ordinary course and without the need for Bankruptcy Court approval.

2. *Post-Effective Date Professional Claims*.

All fees and expenses of Professionals for services rendered in connection with the Plan after the Effective Date, shall be paid by the Reorganized Debtor upon receipt of reasonably detailed invoices for such services by the Reorganized Debtor, in such amounts and on such terms as such Professional and the Reorganized Debtor may agree to, without the need for further Bankruptcy Court authorization or entry of a Final Order.

3. *United States Trustee Fees.*

The United States Trustee's quarterly fees owed by the Debtor as of the Effective Date shall be paid in full without prior approval pursuant to 28 U.S.C. Section 1930 on the Effective Date or as soon as practicable thereafter. All fees payable pursuant to 28 U.S.C. Section 1930 arising after the Effective Date shall be paid by the Reorganized Debtor in accordance with applicable statutes until entry of a final decree.

2.4 Priority Tax Claims.

On the later of the Effective Date or the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim, or, in each such case, as soon as practicable thereafter, each holder of an Allowed Priority Tax Claim due and payable on or prior to the Effective Date shall receive on account of such Claim, in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, Cash of a total value equal to the amount of such Allowed Priority Tax Claim.

B. Classification and Treatment of Claims and Equity Interests.

The following table designates the classes of Claims against and Equity Interests in the Debtor and specifies which of those classes are (i) impaired or unimpaired by the Plan, (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code, or (iii) deemed to accept or reject the Plan.

Class	Designation	Impairment	Entitled to Vote
Class 1	**Priority Claims**	**Unimpaired**	**No (deemed to accept)**
Class 2	**General Unsecured Claims**	**Impaired**	**Yes**
Class 3	**Intercompany Claims**	**Unimpaired**	**No (deemed to accept)**
Class 4	**Equity Interests**	**Impaired**	**Yes**

3.1 Priority Claims (Class 1).

(a) *Classification*. Class 1 consists of all Priority Claims.

(b) *Treatment*. Except to the extent that a holder of an Allowed Priority Claim agrees to a different treatment, each holder of an Allowed Priority Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for each and every Allowed Priority Claim, Cash in the full amount of the claim, on or as soon as reasonably practicable after the later of (i) the Effective Date and (ii) the date such claim becomes Allowed.

(c) *Voting*. Class 1 is unimpaired by the Plan. Each holder of a Priority Claim is conclusively deemed to have accepted the Plan and, accordingly, is not entitled to vote to accept or reject the Plan.

3.2 General Unsecured Claims (Class 2).

(a) *Classification*. Class 2 consists of all General Unsecured Claims.

(b) *Treatment*. Except to the extent that a holder of an Allowed General Unsecured Claim agrees to a less favorable treatment, each holder of an Allowed General Unsecured Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Claim, its Pro Rata share of (i) 100% of Preferred Stock of the Reorganized Debtor, or (ii) the Cash Payment if the Equity Buyout Option is exercised pursuant to Section 4.7 of the Plan; *provided*, *however*, that (a) the funds held in the Series B Deposit Account held by the Series B Trustee shall be distributed Pro Rata to the holders of Series B Debenture Claims, and (b) the funds held in the Series C Deposit Account held by the Series C Trustee shall be distributed Pro Rata to the holders of Series C Debenture Claims and, for the purpose of determining each holder of Allowed Class 2 Claim's Pro Rata share of Preferred Stock or the Cash Payment, as applicable, the amount of the Series B Debenture Claims and the Series C Debenture Claims shall be reduced by the total amounts paid from the Series B Deposit Account and the Series C Deposit Account, respectively, inclusive of amounts paid from those accounts for Trustee Fees. For all purposes under the Plan, the Series A Debenture Claims are Allowed in the aggregate amount of $[ ], the Series B Debenture Claims are Allowed in the aggregate amount of $[ ], and the Series C Debenture Claims are Allowed in the aggregate amount of $[ ].

(c) *Voting*. Class 2 is impaired by the Plan. Each holder of a General Unsecured Claim is entitled to vote to accept or reject the Plan.

3.3 Intercompany Claims (Class 3).

(a) *Classification*. Class 3 consists of all Intercompany Claims.

(b) *Treatment*. Holders of Intercompany Claims shall not receive any monetary distribution on account of such Claims, *provided*, *however*, that the Reorganized Debtor shall have the right to adjust, reinstate, cancel, extinguish, or pay such claims. For the avoidance of doubt, any Claim in connection with, relating to, or arising out of, the Colombia

Ethanol Project Loan, or any transaction or agreement in connection therewith, shall not be an Intercompany Claim or treated under this Plan as an Intercompany Claim.

(c) *Voting*. Class 3 is unimpaired by the Plan. Each holder of an Intercompany Claim is conclusively deemed to have accepted the Plan and, accordingly, is not entitled to vote to accept or reject the Plan.

3.4 Equity Interests (Class 4).

(a) *Classification*. Class 4 consists of all Equity Interests.

(b) *Treatment*.

i. Holders of Equity Interests shall retain their shares of Class A Stock in the Reorganized Debtor, *provided, however*, that, subject to applicable securities law, holders of Equity Interests shall have the right to exercise the Equity Buyout Option.

ii. All Equity Interests in the Debtor which are either unexercised or unvested (following any applicable acceleration provisions of such Equity Interest) as of the Effective Date, including treasury stock and all options, warrants, calls, rights, participation rights, puts, awards, commitments (and therefore are not included in the definition of Equity Interests), and any other agreements of any character to acquire such Equity Interest shall be cancelled and terminated on the Effective Date.

(c) *Voting*. Class 4 is impaired by the Plan. Each holder of an Equity Interest is entitled to vote to accept or reject the Plan.

C. Means of Implementation of the Plan.

4.1 Sources of Consideration for Distributions.

Unless otherwise provided in the Plan, the Reorganized Debtor shall use the proceeds received from the Exit Facility and other funds held by the Debtor on the Effective Date, (a) to make any Cash distributions required by the Plan, (b) to pay other expenses of the Chapter 11 Case, to the extent so ordered by the Bankruptcy Court, and (c) for general corporate purposes.

4.2 General Settlement of Claims and Interests.

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, distributions, releases, and other benefits provided under the Plan, on the Effective Date, the provisions of the Plan shall constitute a good-faith compromise and settlement of all Claims and Interests and controversies resolved pursuant to the Plan.

4.3 Establishment of Disputed Claims Reserve.

From and after the Effective Date, and until such time as all Disputed Claims have been compromised and settled or determined by Final Order, the Reorganized Debtor shall reserve and hold in escrow for the benefit of each holder of a Disputed Priority Tax Claim and a Disputed Priority Claim and, to the extent the Equity Buyout Option has been exercised or the Reorganized Debtor redeems or makes any other distributions on account of Preferred Stock, a Disputed General Unsecured Claim, an amount equal to distributions which would have been made to the holder of such Disputed Claim if it were an Allowed Claim in an amount equal to the lesser of (i) the amount of the Disputed Claim, (ii) the amount in which the Disputed Claim shall be estimated by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code for purposes of allowance, which amount, unless otherwise ordered by the Bankruptcy Court, shall constitute and represent the maximum amount in which such Claim ultimately may become an Allowed Claim, or (iii) such other amount as may be agreed upon by the holder of such Disputed Claim and the Reorganized Debtor. Any Cash reserved and held for the benefit of a holder of a Disputed Claim shall be treated as a payment and reduction on account of such Disputed Claim for purposes of computing any additional amounts to be paid in Cash or distributed in other Cash in the event the Disputed Claim ultimately becomes an Allowed Claim. In the event that a Disputed Claim is not Allowed, in whole or in part, the holders of Allowed Claims in the same Class as the holder of the Claim that is not Allowed shall receive their Pro Rata share of any Cash reserved on account of the Claim that is not Allowed; *provided, however*, that if Allowed Claims in any Class have received payment in full in Cash, such reserved Cash shall be distributed to the Reorganized Debtor. Cash reserved for the benefit of holders of Disputed Claims shall be held by the Reorganized Debtor in an interest-bearing account. No payments or distributions shall be made with respect to all or any portion of any Disputed Claim pending the entire resolution thereof by Final Order.

4.4 New Organizational Documents.

The Debtor's organizational documents shall be amended, restated, and/or superseded, as necessary in order to satisfy the provisions of the Plan and the Bankruptcy Code. The New Organizational Documents shall include, among other things, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities.

4.5 Corporate Existence.

In accordance with the laws of the State of New York and the New Organizational Documents, after the Effective Date, the Reorganized Debtor shall continue to exist as a separate corporate entity.

4.6 Vesting of Assets in the Reorganized Debtor.

Except as otherwise specifically or expressly provided in the Plan or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, all property of the Debtor's Estate, all of the Debtor's Causes of Action (including, without limitation, any Causes of Action that the Creditors' Committee was heretofore authorized to bring, prosecute or settle), and any property acquired by the Debtor pursuant to the Plan shall vest in the Reorganized

Debtor, free and clear of all Liens, Claims, charges or other encumbrances (except for Liens, if any, that may be specifically granted to secure the Exit Facility). On and after the Effective Date, except as otherwise provided in the Plan, the Reorganized Debtor may operate its business and may use, acquire or dispose of property and compromise or settle any Claims, Interests, or Causes of Action, without supervision or approval of the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

4.7 Equity Buyout Option.

Subject to applicable securities law, holders of Equity Interests, by notice to the Debtor, shall have the right to invest or designate another Person (which Person shall be reasonably acceptable to the Creditors' Committee), to invest funds equal to the Cash Payment, in the Debtor on or prior to the Equity Buyout Option Expiration Date. If more than one holder of the Equity Interests, who pursuant to applicable securities laws is eligible to participate in the Equity Buyout Option, has exercised the Equity Buyout Option, then such holders will invest Pro Rata in accordance with their respective Equity Interests.

The Equity Buyout Option Expiration Date shall be the deadline for exercising the Equity Buyout Option, in which case the Cash Payment on such date shall by paid into an escrow account on terms approved by the Creditors' Committee in its sole discretion. The funds so placed in escrow shall be distributed to the holders of Allowed General Unsecured Claims in accordance with Section 3.2, subject to payment of funds into the Disputed Claims Reserve in an amount sufficient to satisfy the requirements of Section 4.3.

4.8 Terms and Rights of the Preferred Stock and Class A Stock.

On the Effective Date, unless the Equity Buyout Option has been exercised by such Date, the Reorganized Debtor shall issue the Preferred Stock, to holders of Allowed General Unsecured Claims. The issuance of the Preferred Stock by the Reorganized Debtor shall be authorized without the need for any further action. All of the shares of Preferred Stock shall be duly authorized, validly issued, fully paid, and non-assessable. The transfer agent of the Reorganized Debtor shall issue the Preferred Stock in a manner and form consistent with past practice and in accordance with any applicable law.

The terms and rights of the Preferred Stock shall be as described in the Preferred Stock Term Sheet attached hereto as Exhibit 1. The Preferred Stock shall be convertible into Class A Stock at the conversion ratio set forth in Exhibit 1 hereto. The Preferred Stock shall accrue dividends at an annual cumulative rate of 14% or such other rate (i) as determined by the Creditors' Committee or (ii) as determined by the Bankruptcy Court as necessary to satisfy section 1129(b) of the Bankruptcy Code.

The Preferred Stock shall be entitled to such number of votes per share as equals 75% of all votes entitled to be cast by equity holders of the Reorganized Debtor immediately following the Effective Date as adjusted thereafter to reflect redemptions and conversion, provided that such initial voting percentage may be reduced, but not below 51%, if and in such a manner as the Creditors' Committee determines is necessary to meet applicable listing standards of a nationally recognized stock exchange in the United States.

In addition, the Preferred Stock shall vote as a separate class with respect to: (i) Preference Directors, (ii) certain matters specified in Exhibit 1 hereto, which require the approval of the majority of the Preferred Stock, and (iii) as required by law.

The Preferred Stock shall rank senior to the Class A Stock and dividends and distributions on Class A Stock may only be paid once dividends, distributions, and/or redemption payments in an amount equal to (i) the Net Allowed General Unsecured Claims Amount, plus accrued and unpaid dividends have been paid on the Preferred Stock, subject to the Currency Adjustment, or (ii) if applicable, the Reduced Preference Price.

As soon as reasonably practicable after it is determined by the New Board that the Reorganized Debtor meets the criteria for listing the Preferred Stock for trading on a nationally recognized securities exchange in the United States, the Reorganized Debtor shall so list and maintain the listing of the Preferred Stock on one or more of such exchanges. If such listing is not successful, the Reorganized Debtor shall use its best efforts to quote the Preferred Stock on a national automated interdealer quotation system.

The Reorganized Debtor shall file any periodic reports with the Securities and Exchange Commission, the Israeli Securities Authority, or any other agency with regulatory authority over the Reorganized Debtor after the Effective Date, as may be required by law.

4.9 Registration Exemptions.

The issuance of the Preferred Stock and reconstitution of Class A Stock in accordance with the Plan shall be authorized under section 1145 of the Bankruptcy Code without further act or action by any Entity. The issuance of the Preferred Stock and the Class A Stock into which the Preferred Stock is convertible and reconstitution of Class A Stock in accordance with the Plan shall be authorized under section 1145 of the Bankruptcy Code without further act or action by any Entity. The offering, issuance, and distribution of the Preferred Stock, the Class A Stock into which the Preferred Stock is convertible and Class A Stock, as applicable, shall be exempt from the registration requirements of Section 5 of the Securities Act of 1933, as amended, and any other applicable U.S. law requiring registration prior to the offering, issuance, distribution, or sale of the Preferred Stock, the Class A Stock into which the Preferred Stock is convertible and Class A Stock, as applicable, under section 1145 of the Bankruptcy Code, Section 4(2) of the Securities Act of 1933, as amended, Regulation D and/or Regulation S thereunder, or other available exemptions from registration under the Securities Act of 1933, as amended, and other applicable law.

4.10 Section 1146(a) Exemption.

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, or other similar tax or governmental assessment, and upon entry of the Confirmation Order, the appropriate state or local governmental officials or agents shall forgo the collection of any

such tax or governmental assessment and accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax, recordation fee, or governmental assessment.

4.11 Cancellation of Notes, Instruments, Certificates, and Other Documents.

On the Effective Date, except to the extent otherwise provided, all notes, instruments, deeds of trusts, certificates, and other documents evidencing Claims shall be deemed automatically cancelled and shall be of no further force or effect, whether surrendered for cancellation or otherwise, and the obligations of the Debtor or the Reorganized Debtor thereunder or in any way related thereto shall be discharged; *provided, however*, that notwithstanding the occurrence of the Effective Date, any such indenture, deed of trust, or agreement that governs the rights of the holder of a Claim shall continue in effect for purposes of allowing each of the Trustees to seek compensation and/or reimbursement of reasonable fees and expenses in accordance with the terms of the Trusts and this Plan, including, without limitation, through the exercise of its charging lien; *provided, further*, that the cancellation of notes, instruments, deeds of trust, certificates, or other documents pursuant to this Section 4.11 shall not release, impair, or otherwise affect any claims or causes of action held by the holders of such notes, instruments, deeds of trusts, certificates, or other documents, other than claims and causes of action expressly released under this Plan.

4.12 Effectuating Documents, Further Transactions.

On and after the Effective Date, the Reorganized Debtor, and the officers and members of the New Board, are authorized to and may issue, execute, deliver, file, or record such contracts, securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the Preferred Stock in the name of and on behalf of the Reorganized Debtor, without the need for any approvals, authorizations, or consents except for those expressly required pursuant to the Plan.

4.13 Directors and Officers of the Reorganized Debtor.

On the Effective Date, the Debtor's board of directors shall be reconstituted. On the Effective Date, the initial New Board shall be comprised of five (5) members. Unless the Equity Buyout Option is exercised, four (4) of the initial directors shall be selected by the Creditors' Committee (the "Preference Directors") and, subject to the reasonable consent of the Creditors' Committee, one (1) initial director shall be selected by the Special Committee (the "Common Director"). The holders of Preferred Stock shall be entitled to elect four (4) directors and the holders of Class A Stock shall be entitled to elect one (1) director, provided that the number of Preference Directors shall be decreased if and in such a manner as the Creditors' Committee determines necessary in order to meet applicable listing standards of a nationally recognized stock exchange in the United States.

On the Effective Date, the Reorganized Debtor, in its capacity as the controlling shareholder of the direct subsidiaries of the Debtor, shall cause the boards of directors and, as applicable, other officers or other governing bodies, of each of the Debtor's wholly-owned and

majority owned direct and indirect subsidiaries to be reconstituted. If a class of the Reorganized Debtor's Equity Interests is listed on a nationally recognized stock exchange in the United States, the New Board and Audit Committee shall, within the permissible phase-in periods, meet the independence requirements of the Securities and Exchange Commission and the applicable stock exchange and at least two (2) of the Preference Directors and one (1) Common Director shall meet such independence criteria upon emergence.

No Insider of the Debtor or its direct or indirect subsidiaries shall be eligible to serve on the New Board or on the board of directors of any of the Debtor's direct or indirect wholly or majority owned subsidiaries.

4.14 Corporate Action.

Each of the matters provided for by the Plan involving the corporate structure of the Debtor or corporate or related actions to be taken by or required of the Reorganized Debtor, whether taken prior to or as of the Effective Date, shall be authorized without the need for any further corporate action or without any further action by the Debtor, the Reorganized Debtor, holders of Claims or Equity Interests, directors, managers, or officers of the Debtor, or any other Entity or Person, as applicable. On or prior to the Effective Date, the appropriate directors and officers of the Debtor, with the consent of the Creditors' Committee, and on and following the Effective Date, the Reorganized Debtor, shall be authorized and directed to issue, execute, and deliver the agreements, securities, instruments, or other documents contemplated by the Plan, as necessary or desirable to effect the transactions contemplated by the Plan, in the name of and on behalf of the Reorganized Debtor, including New Organizational Documents and any and all other agreements, securities, instruments, or other documents relating to such documents. Notwithstanding any requirements under non-bankruptcy law, the authorizations and approvals contemplated by this provision shall be effective.

4.15 Post-Confirmation Property Sales.

To the extent the Debtor, with the consent of the Creditors' Committee, desires to purchase or sell any property prior to the Effective Date, the Debtor, with the consent of the Creditors' Committee, may elect to purchase or sell such property pursuant to sections 363, 1123(a)(5)(D), 1141(c), and 1146(a) of the Bankruptcy Code.

4.16 Preservation of Causes of Action.

In accordance with section 1123(b) of the Bankruptcy Code, all Causes of Action, except as otherwise provided in the Plan or a Final Order, and notwithstanding the rejection of any Executory Contract or Unexpired Lease, are hereby preserved and survive confirmation of the Plan for prosecution and enforcement by the Reorganized Debtor, including, but not limited to, any Causes of Action specifically enumerated in Schedule 2 attached to the Disclosure Statement. In accordance with section 1123(b) of the Bankruptcy Code, except as otherwise provided in the Plan, all Causes of Action of the Debtor and/or the Estate (including, without limitation, all Causes of Action of the Debtor and/or the Estate for which the Bankruptcy Court granted the Creditors' Committee authority to bring, prosecute, and settle), shall, upon the occurrence of the Effective Date, be transferred to, and vested in the

Reorganized Debtor. Except as otherwise provided in the Plan, the Reorganized Debtor's rights to commence, prosecute, or settle such Causes of Action, in any court or jurisdiction, shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtor may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtor, including, without limitation, through its authorized agents or representatives selected by the New Board, and shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or any further notice to or action, order, or approval of the Bankruptcy Court. For the avoidance of doubt, all the rights and benefits of the Debtor and its Estate in connection with Causes of Action, including, without limitation, pursuant to section 108 of the Bankruptcy Code, are hereby preserved and survive confirmation of the Plan, and are transferred to and vested in the Reorganized Debtor as a means of implementation of the Plan and the recoveries contemplated herein.

No Entity may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against it as any indication that the Debtor, the Estate, or the Reorganized Debtor, as applicable, shall not pursue any and all available Causes of Action against it. The Debtor, the Estate, and the Reorganized Debtor, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, and the Creditors' Committee, prior to the Effective Date, expressly reserves all rights to prosecute any and all Causes of Action against the Debtor's Insiders, except as otherwise expressly provided in the Plan or a Final Order. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, the Debtor, the Estate, and the Reorganized Debtor expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable, or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the entry of the Confirmation Order or the occurrence of the Effective Date.

4.17 Post-Effective Date Financing.

Notwithstanding any provision in the Plan to the contrary or section 1141(c) of the Bankruptcy Code, the Exit Facility, and all rights and obligations of, and Liens held by, the parties thereunder in connection therewith, shall survive and remain in full force and effect on and after the Effective Date in accordance with the terms of the Exit Facility and any Final Order entered in connection therewith. On the Effective Date, any and all rights and obligations of the Debtor under the Exit Facility shall vest in, or become the obligations of, the Reorganized Debtor.

4.18 Tax Reporting Matters.

All parties (including the Reorganized Debtor and holders of Claims and Interests) shall report for all federal income tax purposes in a manner consistent with the Plan.

4.19 Adequate Assurance Deposits.

Notwithstanding anything to the contrary in the Plan or on an order previously entered by the Bankruptcy Court, unless the Debtor, with the consent of the Creditors' Committee, or the Reorganized Debtor, as applicable, otherwise agrees, all adequate assurance deposits provided by the Debtor to utility providers pursuant to the Utility Order shall be returned to the Reorganized Debtor within ten (10) Business Days of the Effective Date.

D. Treatment of Executory Contracts and Unexpired Leases.

5.1 Rejection of Executory Contracts and Unexpired Leases.

Except as otherwise provided herein, each of the Debtor's Executory Contracts and Unexpired Leases shall be deemed automatically rejected pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date, unless any such Executory Contract or Unexpired Lease: (a) has been previously assumed by the Debtor by Final Order or has been assumed by the Debtor by order of the Bankruptcy Court as of the Effective Date, which order becomes a Final Order after the Effective Date; (b) is the subject of a motion to assume or reject filed by the Debtor, with the consent of the Creditors' Committee, pending as of the Effective Date; or (c) is listed on the "Notice of Assumption" to be filed by the Creditors' Committee pursuant to the terms of Section 5.3 of the Plan. Notwithstanding the foregoing, the Cooperation and Management Agreement shall be deemed automatically rejected as of the Effective Date.

The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. Counterparties to Executory Contracts or Unexpired Leases that are deemed rejected as of the Effective Date shall have the right to assert any Claim on account of the rejection of such Executory Contracts or Unexpired Leases, including under section 502(g) of the Bankruptcy Code, subject to compliance with the requirements herein.

5.2 Claims Based on Rejection of Executory Contracts or Unexpired Leases.

Unless otherwise provided by a Bankruptcy Court order, any Proof of Claim asserting a Claim arising from the rejection of an Executory Contract or Unexpired Lease must be filed by the holder of such Claim with the Notice and Claims Agent by the later of: (a) thirty (30) days after the entry of an order of the Bankruptcy Court approving any such rejection; (b) thirty (30) days after the Effective Date; and (c) the Bar Date applicable to such Claim. Any such objection shall be scheduled to be heard by the Bankruptcy Court no later than thirty (30) days after the date such objection is timely filed. Any Claims arising from the rejection of the Cooperation and Management Agreement pursuant to Section 5.1 of the Plan shall be deemed Disputed Claims.

Any counterparty to an Executory Contract or Unexpired Lease that fails to timely object to the proposed rejection of its Executory Contract or Unexpired Lease shall be deemed to have consented to such rejection. Any Proofs of Claim arising from the rejection of the Executory Contracts or Unexpired Leases that are not timely filed shall be disallowed automatically and forever barred, estopped, and enjoined from assertion and shall not be enforceable against the Reorganized Debtor, without the need for any objection by the Reorganized Debtor or any

further notice to or action, order, or approval of the Bankruptcy Court, and any Claim arising out of the rejection of the Executory Contract or Unexpired Lease shall be deemed fully satisfied, released, and discharged, notwithstanding anything in the Schedules or a Proof of Claim to the contrary. All Allowed Claims arising from the rejection of the Executory Contracts and Unexpired Leases shall be classified as General Unsecured Claims against the Debtor.

5.3 Assumption of Executory Contracts and Unexpired Leases.

On a date that is no later than ten (10) days prior to the Confirmation Hearing, the Creditors' Committee shall file its "Notice of Assumption" designating additional Executory Contracts and Unexpired Leases to be assumed by the Debtor. With respect to each such Executory Contract and Unexpired Lease listed on the "Notice of Assumption", the Creditors' Committee shall have designated a proposed contract cure amount, and the assumption of such Executory Contracts and Unexpired Leases may be conditioned upon the disposition of all issues with respect to such cure. The Confirmation Order shall constitute an order of the Bankruptcy Court approving any such assumptions pursuant to sections 365(a) and 1123 of the Bankruptcy Code

5.4 Non-Survival of the Debtor's Indemnification Obligations.

As of the Effective Date of the Plan, all present and future obligations of the Debtor pursuant to its corporate charters and bylaws or other organizational documents, or pursuant to any contracts or agreements, to indemnify current and former partners, current and former members, current and former officers, current and former directors, current and former employees, current and former agents, current and former representatives, current and former advisors, or current and former professionals of the Debtor with respect to all present and future actions, suits, and proceedings against the Debtor and/or any such partners, members, directors, officers, employees, agents, representatives, advisors and/or professionals, shall be discharged by confirmation of the Plan. The holder of any Claim for indemnification that is discharged or extinguished pursuant to this Plan shall have the right to file a Proof of Claim with respect to such Claim on or before the General Bar Date; *provided*, *however*, that such Claims shall be deemed Disputed Claims.

5.5 Insurance Policies.

Each insurance policy shall be deemed assumed by the Debtor effective as of the Effective Date, pursuant to sections 365 and 1123 of the Bankruptcy Code, to the extent such insurance policy is executory, unless such insurance policy previously was rejected by the Debtor pursuant to a Bankruptcy Court order, or is the subject of a motion to reject filed by the Debtor (with the consent of the Creditors' Committee) and pending on the Effective Date.

5.6 Preexisting Obligations to the Debtor Under Executory Contracts and Unexpired Leases.

Rejection of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Debtor under such contracts or leases. In particular, notwithstanding any non-bankruptcy law to the contrary,

the Reorganized Debtor expressly reserves and does not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the Debtor, from counterparties to rejected or repudiated Executory Contracts.

5.7 Contracts and Leases Entered Into After the Petition Date.

Contracts and leases entered into after the Petition Date by the Debtor, and any Executory Contracts and Unexpired Leases assumed by the Debtor, in each case, with the consent of the Creditors' Committee, may be performed by the Reorganized Debtor in the ordinary course of business.

5.8 Reservation of Rights.

Nothing contained in the Plan shall constitute an admission by the Debtor or the Creditors' Committee that any contract or lease is in fact an Executory Contract or Unexpired Lease or that the Reorganized Debtor has any liability thereunder. If there is any objection filed to the rejection of an Executory Contract or Unexpired Lease, the Debtor or the Reorganized Debtor, as applicable, shall have forty-five (45) days after entry of a Final Order resolving such objection to alter their treatment of such contract or lease.

E. Procedures for Resolving and Treating Contested Claims.

6.1 No Distribution Pending Allowance.

Notwithstanding any other provision of this Plan, the Reorganized Debtor shall not distribute any Cash or other property on account of any Disputed Claim unless and until such Claim becomes Allowed.

6.2 Objection Deadline.

As soon as practicable, but in no event later than sixty (60) days after the Effective Date (subject to being extended by an order of the Bankruptcy Court upon motion of the Reorganized Debtor without notice or a hearing), objections to Claims shall be filed with the Bankruptcy Court and served upon the holders of each of the Claims to which objections are made.

6.3 Prosecution of Contested Claims.

The Debtor and the Creditors' Committee, prior to the Effective Date, and the Reorganized Debtor, from and after the Effective Date, may object to the allowance of any scheduled or filed Claims as to which liability is disputed in whole or in part. All objections that are filed and prosecuted as provided herein shall be litigated to Final Order or compromised and settled in accordance with this Section 6.3.

6.4 Claims Settlement.

Notwithstanding any requirements that may be imposed pursuant to Bankruptcy Rule 9019, from and after the Effective Date, the Reorganized Debtor shall have authority to settle or compromise all Claims and Causes of Action without further review or approval of the Bankruptcy Court.

6.5 Entitlement to Distributions Upon Allowance.

Notwithstanding any other provision of the Plan, no Distribution shall be made with respect to any Claim to the extent it is a Disputed Claim, unless and until such Disputed Claim becomes an Allowed Claim, subject to the setoff rights as provided in Section 11.15 of the Plan. When a Claim that is not an Allowed Claim as of the Effective Date becomes an Allowed Claim, the holder of such Allowed Claim shall thereupon become entitled to receive the Distributions in respect of such Claim, the same as though such Claim had been an Allowed Claim on the Effective Date less any applicable taxes, and without interest or other compensation for the time elapsed after the Effective Date.

6.6 Estimation of Claims.

The Debtor and the Creditors' Committee, prior to the Effective Date, and the Reorganized Debtor, from and after the Effective Date, may, at any time, request that the Bankruptcy Court estimate any Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtor, the Creditors' Committee, or the Reorganized Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount shall constitute the Allowed amount of such Claim for all purposes under the Plan. All of the objection, estimation, settlement, and resolution procedures set forth in the Plan are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn, or resolved by any mechanism approved by the Bankruptcy Court.

6.7 Expungement or Adjustment of Claims Without Objection.

Any Claim that has been paid, satisfied, or superseded may be expunged from the register of Claims by the Notice and Claims Agent, the Debtor, or the Reorganized Debtor, as applicable, and any Claim that has been amended may be adjusted thereon by the Notice and Claims Agent, the Debtor, or the Reorganized Debtor, in each case without a Claim objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court.

F. Plan Distribution Provisions.

7.1 Distributions.

The Reorganized Debtor shall make all Distributions. In the event a Distribution is payable on a day other than a Business Day, such Distribution shall instead be paid or made on the immediately succeeding Business Day, but shall be deemed to have been made on the date otherwise due. For federal income tax purposes, except to the extent a Distribution is made in connection with reinstatement of an obligation pursuant to section 1124 of the Bankruptcy Code, a Distribution shall be allocated first to the principal amount of an Allowed Claim and then, to the extent the Distribution exceeds the principal amount of the Allowed Claim, to the portion of the Allowed Claim representing accrued but unpaid interest.

7.2 Distributions on Disputed Claims.

Distributions made after the Effective Date to holders of Disputed Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be deemed to have been made on the Effective Date. No partial distributions shall be made with respect to any Disputed Claim until all Disputed Claims held by the holder of such Disputed Claim have become Allowed Claims or have otherwise been resolved by settlement or Final Order. No interest shall be paid on account of Disputed Claims.

7.3 Timing of Distributions.

Each Distribution shall be made on the Distribution Date and shall be deemed to have been timely made if made on such date or within ten (10) days thereafter.

7.4 Address for Delivery of Distributions/Unclaimed Distributions.

Subject to Bankruptcy Rule 9010, any Distribution or delivery to a holder of an Allowed Claim shall be made at the address of such holder as set forth (a) in the Schedules, (b) on the Proof of Claim filed by such holder, (c) in any notice of assignment filed with the Bankruptcy Court with respect to such Claim pursuant to Bankruptcy Rule 3001(e), and (d) in any notice served by such holder giving details of a change of address. If any Distribution is returned to the Reorganized Debtor as undeliverable, no Distributions shall be made to such holder unless the Reorganized Debtor is notified of such holder's then-current address within ninety (90) days after such Distribution was returned. After such date, if such notice was not provided, a holder shall have forfeited its right to such Distribution, and the undeliverable Distributions shall be returned to the Reorganized Debtor. The Reorganized Debtor shall have no other or further obligation, except as set forth in this Section 7.4, to obtain, retrieve, search for, or find a holder's current address.

7.5 De Minimis Distributions.

No Distribution of less than ten dollars ($10.00) in Cash or other value need be made by the Reorganized Debtor to the holder of any Claim unless a request therefor is made in writing to the Reorganized Debtor. If no request is made as provided in the preceding sentence within

ninety (90) days of the Effective Date, all such Distributions shall revert to the Reorganized Debtor.

7.6 Time Bar to Cash Payments.

Checks issued in respect of Allowed Claims shall be null and void if not negotiated within one hundred and eighty (180) days after the date of issuance thereof. Requests for reissuance of any voided check shall be made directly to the Reorganized Debtor by the holder of the Allowed Claim to whom such check was originally issued. Any claim in respect of such a voided check shall be made within one hundred and eighty (180) days after the date of issuance of such check. If no request is made as provided in the preceding sentence, any claims in respect of such voided check shall be discharged and forever barred and such unclaimed Distribution shall revert to the Reorganized Debtor.

7.7 Manner of Payment under the Plan.

Unless the Person receiving a Distribution agrees otherwise, any Distribution to be made in Cash under the Plan shall be made, at the election of the Reorganized Debtor, by check drawn on a domestic bank or by wire transfer from a domestic bank. In addition to the foregoing, Cash payments to foreign creditors may be made, at the option of the Reorganized Debtor, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

7.8 Compliance with Tax Requirements.

In connection with this Plan, to the extent applicable, the Reorganized Debtor shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in this Plan to the contrary, the Reorganized Debtor shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under this Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, or establishing any other mechanisms it believes are reasonable and appropriate.

7.9 Claims Paid by Third Parties.

The Debtor, with the consent of the Creditors' Committee, prior to the Effective Date, or the Reorganized Debtor, from and after the Effective Date, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment in full on account of such Claim from a third party. To the extent the holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not the Debtor or the Reorganized Debtor (or such other Entity designated by the Reorganized Debtor) on account of such Claim, such holder shall, within two weeks of receipt thereof, repay or return the distribution to the Reorganized Debtor (or such other Entity designated by the Reorganized Debtor) to the extent the holder's total recovery on account of

such Claim from the third party and under this Plan exceeds the Allowed amount of such Claim as of the date of any such distribution under this Plan.

7.10 Fractional Distributions.

When any distribution on account of an Allowed Claim pursuant to the Plan would otherwise result in the issuance of Preferred Stock that is not a whole number, the actual distribution of Preferred Stock shall be rounded as follows: (i) fractions of ½ or greater shall be rounded to the next higher whole number; and (ii) fractions of less than ½ shall be rounded to the next lower whole number; *provided*, *however*, that the Reorganized Debtor shall have the authority to further adjust, after taking into account the rounding provided in this Section 7.10, the number of shares of Preferred Stock to be distributed to each holder of Claims in Class 2 (by increasing or decreasing by 1 the number of such shares) as necessary in order for the holders of Allowed Claims in Class 2 to receive Preferred Stock in the amounts specified in Article III of the Plan.

7.11 Interest and Penalties on Claims.

Unless otherwise specifically provided for in this Plan, the Confirmation Order or another order of the Bankruptcy Court, or if required by applicable bankruptcy law, post-petition interest and penalties shall not accrue or be paid on any Claims and no holder of a Claim shall be entitled to interest and penalties accruing on or after the Petition Date through the date such Claim is satisfied in accordance with the terms of this Plan.

G. Effect of Confirmation of the Plan.

8.1 Discharge of Claims and Termination of Interests.

Except as otherwise provided in the Plan and effective as of the Effective Date: (1) the rights afforded in the Plan and the treatment of all Claims and Equity Interests shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtor or any of its assets, property, or Estate; (2) the Plan shall bind all holders of Claims and Equity Interests, notwithstanding whether any such holders failed to vote to accept or reject the Plan or voted to reject the Plan; (3) all Claims and Equity Interests shall be satisfied, discharged, and released in full, and the Debtor's liability with respect thereto shall be extinguished completely, including any liability of the kind specified under section 502(g) of the Bankruptcy Code; and (4) all Entities shall be precluded from asserting against the Debtor, the Debtor's Estate, the Reorganized Debtor, its successors and assigns, and its assets and properties any other Claims or Equity Interests based upon any documents, instruments, or any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

8.2 Compromise and Settlement of Claims and Controversies.

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan or any

distribution to be made on account of an Allowed Claim or Equity Interest, the provisions of the Plan shall constitute a good faith compromise of all Claims, Equity Interests, and controversies relating to the contractual, legal, and subordination rights that a holder of a Claim or Equity Interest may have with respect to any Allowed Claim or Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Equity Interests, and controversies, as well as a finding by the Bankruptcy Court that any such compromise or settlement is in the best interests of the Debtor, its Estate, and holders of Claims and Equity Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtor may compromise and settle Claims against it and Causes of Action against other Entities.

8.3 Exculpation.

Notwithstanding anything herein to the contrary, as of the Effective Date, none of the Exculpated Parties shall have or incur any liability for any claim, cause of action or other assertion of liability for any act taken or omitted to be taken on or after the Petition Date in connection with, or arising out of, the Debtor's Chapter 11 Case, the formulation, preparation, negotiation, filing, dissemination, confirmation or consummation of the Disclosure Statement or the Plan, the administration of the Plan, the distribution of property under the Plan or any other act or omission in connection with the Debtor's Chapter 11 Case, the Plan, the Disclosure Statement or any contract, instrument, document, or other agreement entered into pursuant thereto, through and including the Effective Date; *provided, however,* that the foregoing shall not affect the liability of any Person that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted fraud, willful misconduct, gross negligence, bad faith, self-dealing, or breach of the duty of loyalty. For the avoidance of doubt, the exculpation set forth in this paragraph shall not release, waive, or otherwise affect any claims or causes of action in connection with, arising out of, or relating to, any acts taken or omitted to be taken prior to the Petition Date, or the liability of any Person on such claims or causes of action.

8.4 Injunction.

Except as otherwise expressly provided herein or in the Confirmation Order, all Persons or Entities who have held, hold or may hold Claims against or Equity Interests in the Debtor are permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim or Equity Interest against the Reorganized Debtor, (b) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree or order against the Reorganized Debtor with respect to such Claim or Equity Interest, (c) creating, perfecting, or enforcing any encumbrance of any kind against the Reorganized Debtor or against the property or interests in property of the Reorganized Debtor with respect to such Claim or Equity Interest, (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due to the Reorganized

Debtor or against the property or interests in property of the Reorganized Debtor with respect to such Claim or Equity Interest, (e) acting or proceeding in any manner in any place whatsoever, that does not conform to or comply with the provisions of the Plan, (f) commencing, continuing, or asserting in any manner any action or other proceeding of any kind with respect to any claims which are extinguished or released pursuant to the Plan, and (g) taking any actions to interfere with the implementation or consummation of the Plan; *provided, however*, that nothing in this Plan shall enjoin, release, waive, impair, or otherwise affect any claim or cause of action that is not expressly extinguished or released pursuant to this Plan.

8.5 Terms of Injunction or Stay.

Unless otherwise provided in the Confirmation Order, all injunctions or stays arising under or entered during the Chapter 11 Case under sections 105 or 362 of the Bankruptcy Code, or otherwise, that are in existence on the Confirmation Date shall remain in full force and effect until the Effective Date, *provided*, *however*, that no such injunction or stay shall preclude enforcement of parties' rights under the Plan and the related documents.

8.6 Protection Against Discriminatory Treatment.

Consistent with section 525 of the Bankruptcy Code and paragraph 2 of Article VI of the United States Constitution, no Governmental Unit shall discriminate against the Reorganized Debtor or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, the Reorganized Debtor, or another Entity with whom the Reorganized Debtor has been associated, solely because the Debtor has been a debtor under chapter 11, has been insolvent before the commencement of the Chapter 11 Case (or during the Chapter 11 Case but before the Debtor is granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Case.

8.7 Recoupment.

In no event shall any holder of a Claim or an Equity Interest be entitled to recoup any Claim or Equity Interest against any Claim, right, or Causes of Action of the Debtor or the Reorganized Debtor, as applicable, unless such holder actually has performed such recoupment and provided notice thereof in writing to the Debtor on or before the Confirmation Date, notwithstanding any indication in any Proof of Claim or Equity Interest or otherwise that such holder asserts, has, or intends to preserve any right of recoupment.

8.8 Release of Liens.

Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate shall be fully released, and discharged, and all of the rights, titles, and interests of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Reorganized Debtor and its successors and assigns.

8.9 Reimbursement or Contribution.

If the Bankruptcy Court disallows a Claim for reimbursement or contribution of an Entity pursuant to section 502(e)(1)(B) of the Bankruptcy Code, then to the extent that such Claim is contingent as of the Effective Date, such Claim shall be forever disallowed notwithstanding section 502(j) of the Bankruptcy Code, unless prior to the Effective Date (1) such Claim has been adjudicated as non-contingent or (2) the relevant holder of a Claim has filed a non-contingent Proof of Claim on account of such Claim and a Final Order has been entered determining such Claim as no longer contingent.

H. Conditions Precedent to Confirmation of the Plan and the Occurrence of the Effective Date.

9.1 Conditions Precedent to Confirmation.

The following are conditions precedent to confirmation of the Plan:

The clerk of the Bankruptcy Court shall have entered on the docket of the Chapter 11 Case an order or orders: (i) approving the Disclosure Statement as containing "adequate information" pursuant to section 1125 of the Bankruptcy Code; (ii) authorizing the solicitation of votes with respect to the Plan; (iii) determining that all votes are binding and have been properly tabulated as acceptances or rejections of the Plan; (iv) approving, confirming, and giving effect to the terms and provisions of the Plan; (v) determining that all applicable tests, standards, and burdens in connection with the Plan have been duly satisfied and met by the Debtor and the Plan; (vi) approving the Confirmation Order; and (vii) authorizing the Creditors' Committee and the Debtor, as applicable, to execute, enter into, and deliver the Plan, and to execute, implement, and to take all actions otherwise necessary or appropriate to give effect to, the transactions and transfer of assets contemplated by the Plan;

The proposed Confirmation Order, Plan, Disclosure Statement, and any other attendant documents are each in a form and substance reasonably satisfactory to the Creditors' Committee; and

The proposed Confirmation Order shall include determinations that all of the settlements and compromises contained in the Plan meet the applicable standards under section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019 for approval and implementation.

9.2 Conditions Precedent to the Occurrence of the Effective Date.

The following are conditions precedent to the occurrence of the Effective Date:

(a) All necessary consents, authorizations, and approvals shall have been given for the transfers of property and the payments provided for or contemplated by the Plan, including, without limitation, satisfaction or waiver of all conditions to the obligations of the Creditors' Committee and the Debtor, as applicable, under the Plan and the Disclosure Statement;

(b) The Plan, the Disclosure Statement and any other attendant documents (i) shall have been approved by the Bankruptcy Court, (ii) as applicable, shall have been executed by the Creditors' Committee, and (iii) shall be in full force and effect;

(c) The Debtor and the Exit Lenders, and any other necessary signatories have executed the Exit Facility, all conditions precedent to the consummation of the Exit Facility shall have been satisfied or waived in accordance with the terms thereof, and funding pursuant to the Exit Facility shall have occurred;

(d) The Effective Date shall have occurred by April 30, 2012 (as such date may be extended with the consent of the Creditors' Committee);

(e) if the Equity Buyout Option has been exercised, the Person so exercising the option shall have funded the Cash Payment into escrow on terms approved by the Creditors' Committee in its sole discretion or approved by the Bankruptcy Court;

(f) The New Organizational Documents shall have been filed with the applicable authority of their respective jurisdiction of incorporation and/or formation in accordance with such jurisdictions applicable laws; and

(g) The amount of Cash in the Disputed Claims Reserve shall have been determined and shall be in an amount (a) acceptable to the Creditors' Committee, or (b) approved by the Bankruptcy Court.

9.3 Waiver of Conditions.

The conditions set forth in Sections 9.1 or 9.2 of the Plan may be waived by consent of the Debtor, with the consent of the Creditors' Committee.

9.4 Effect of Non-Occurrence of the Effective Date.

If the Effective Date shall not occur within one hundred and eighty (180) days after the Confirmation Date (which date may be extended with the consent of the Creditors' Committee) (i) the Plan shall be null and void in all respects, and (ii) nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any Claims against or Equity Interests in the Debtor; (b) constitute the assumption or rejection of any Executory Contract or Unexpired Lease affected by the Plan; (c) prejudice in any manner the rights of the Debtor or holders of Claims against or Equity Interests in the Debtor; or (d) constitute an admission, acknowledgement, offer, or undertaking by the Debtor or any holders of Claims against or Equity Interests in the Debtor in any respect.

I. Retention of Jurisdiction.

Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, the Bankruptcy Court shall retain and shall have exclusive jurisdiction over any matter (a) arising under the Bankruptcy Code, (b) arising in or related to the Chapter 11 Case or the Plan, or (c) that relates to the following:

(a) To hear and determine any and all motions or applications pending on the Confirmation Date or thereafter brought in accordance with Article V hereof for the assumption, assumption and assignment, or rejection of executory contracts or unexpired leases to which the Debtor is a party or with respect to which the Debtor may be liable, and to hear and determine any and all Claims and any related disputes (including, without limitation, the exercise or enforcement of setoff or recoupment rights, or rights against any third party or the property of any third party resulting therefrom, or from the expiration, termination or liquidation of any Executory Contract or Unexpired Lease);

(b) To determine any and all adversary proceedings, applications, motions, and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Debtor, the Creditors' Committee, or the Reorganized Debtor, as applicable, after the Effective Date;

(c) To hear and determine any objections to the allowance of Claims, whether filed, asserted, or made before or after the Effective Date, including, without express or implied limitation, to hear and determine any objections to the classification of any Claim and to allow, disallow, or estimate any Disputed Claim in whole or in part;

(d) To issue such orders in aid of execution of the Plan to the extent authorized or contemplated by section 1142 of the Bankruptcy Code;

(e) To consider any modifications of the Plan, remedy any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(f) To hear and determine any and all applications for allowances of compensation and reimbursement of any other fees and expenses authorized to be paid or reimbursed under the Plan or the Bankruptcy Code;

(g) To hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with the Plan, the Disclosure Statement and any attendant documents, or their interpretation, implementation, enforcement, or consummation;

(h) To hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with the Confirmation Order (and all exhibits and schedules to the Plan and Disclosure Statement and any attendant documents) or its interpretation, implementation, enforcement, or consummation;

(i) To the extent that Bankruptcy Court approval is required, to consider and act on the compromise and settlement of any Claim or Causes of Action by, on behalf of, or against the Estate;

(j) To determine such other matters that may be set forth in the Plan, or the Confirmation Order, or that may arise in connection with the Plan, or the Confirmation Order;

(k) To hear and determine matters concerning state, local, and federal taxes, fines, penalties, or additions to taxes for which the Debtor or the Reorganized Debtor may be liable, directly or indirectly, in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(l) To hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with any setoff and/or recoupment rights of the Debtor or any Person under the Plan;

(m) To hear and determine all controversies, suits, and disputes that may relate to, impact upon, or arise in connection with Causes of Action of the Debtor commenced by the Debtor, the Reorganized Debtor, the Creditors' Committee or any third parties, as applicable, before or after the Effective Date;

(n) To enter an order or final decree closing the Chapter 11 Case;

(o) To issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation, or enforcement of the Plan or the Confirmation Order;

(p) To enter any and all appropriate orders necessary to effectuate and otherwise enforce the order approving the Disclosure Statement and the Confirmation Order (including, without limitation, orders authorizing the Debtor or the Creditors' Committee, prior to the Effective Date, and the Reorganized Debtor, from and after the Effective Date, to seek recognition and/or enforcement of the order approving the Disclosure Statement and the Confirmation Order in any foreign jurisdiction, including, without limitation, in Israel, and requesting aid and assistance in carrying out the terms of such orders from the courts of and in any foreign jurisdiction, including, without limitation, courts in Israel); and

(q) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code.

J. Miscellaneous Provisions.

11.1 Payment of Statutory Fees.

All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid by the Debtor on or before the Effective Date. From and after the Effective Date, the Reorganized Debtor shall pay the fees assessed under section 1930 of title 28 of the United States Code until entry of an order closing the Chapter 11 Case.

11.2 Satisfaction of Claims.

The rights afforded in the Plan and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of any nature whatsoever, including any accrued post-petition interest, against the Debtor or the Estate, assets, properties, or interests in property. Except as otherwise provided herein, on the Effective Date, all Claims against and Equity Interests in the Debtor shall be satisfied, discharged, and released in full. Except as otherwise provided herein, neither the Debtor nor the Reorganized Debtor shall be responsible for any pre-Effective Date obligations of the Debtor, except those expressly assumed by the Reorganized Debtor, as applicable. Except as otherwise provided herein, all Persons shall be precluded and forever barred from asserting against the Debtor, the Reorganized Debtor, their respective successors or assigns, or their Estate, assets, properties, or interests in property, any event, occurrence, condition, thing, or other or further Claims or Equity Interests based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

11.3 Special Provisions Regarding Insured Claims.

Distributions to each holder of an Allowed insured Claim against the Debtor shall be in accordance with the treatment provided under the Plan for the Class in which such Allowed insured Claim is classified; *provided*, *however*, that for purposes of calculating the Allowed amount of such Claim entitled to Distribution there shall be deducted from such Claim: (i) the amount of any insurance proceeds actually received by such holder in respect of such Allowed insured Claim; and (ii) with respect to any Claim arising under Bankruptcy Code section 510(b) any payment by the Debtor to the holder of such Claim from the Debtor's self-insured retention amount. Nothing in this Section 11.3 shall constitute a waiver of any claim, right, or Causes of Action the Debtor or its Estate may hold against any Person, including any insurer. Pursuant to section 524(e) of the Bankruptcy Code, nothing in the Plan shall release or discharge any insurer from any obligations to any Person under applicable law or any policy of insurance under which a Debtor is an insured or beneficiary.

11.4 Third Party Agreements; Subordination.

The Distributions to the various classes of Claims and Equity Interests hereunder shall not affect the right of any Person to levy, garnish, attach, or employ any other legal process with respect to such Distributions by reason of any claimed subordination rights or otherwise. All such rights and any agreements relating thereto shall remain in full force and effect, except as otherwise compromised and settled pursuant to the Plan. Distributions shall be subject to and modified by any Final Order directing distributions other than as provided in the Plan. The right of the Debtor, the Creditors' Committee, or the Reorganized Debtor, as applicable, to seek subordination of any Claim or Equity Interest pursuant to section 510 of the Bankruptcy Code is fully reserved, and the treatment afforded any Claim or Equity Interest that becomes a subordinated Claim or subordinated Equity Interest at any time shall be modified to reflect such subordination. Unless the Confirmation Order provides otherwise, no Distributions shall be made on account of a subordinated Claim or subordinated Equity Interest.

11.5 Dissolution of the Creditors' Committee.

On the Effective Date, the Creditors' Committee shall dissolve, and all members, employees or agents thereof shall be released and discharged from all rights and duties arising from or related to the Chapter 11 Case, except the Creditors' Committee shall remain intact with respect to the resolution of any substantial contribution applications and the resolution of fee applications by Professionals. On the Effective Date, subject to the proviso above, the members of the Creditors' Committee shall be discharged. The Reorganized Debtor shall continue to compensate the Creditors' Committee's Professionals for reasonable services provided in connection with any of the foregoing post-Effective Date activities.

11.6 Payment of Expenses of the Creditors' Committee Members and Trustee Fees.

Notwithstanding any provision in the Plan to the contrary (1) the reasonable, documented and necessary out-of-pocket expenses incurred by the members of the Creditors' Committee and (2) the Trustee Fees of the Trustees, shall be paid in Cash by the Debtor or the Reorganized Debtor, as applicable, as provided in this Section 11.6, without the need of such parties to file fee applications with the Bankruptcy Court; *provided*, *however*, that each Trustee and member of the Creditors' Committee shall provide the Debtor, the Reorganized Debtor, the United States Trustee, and counsel for the Creditors' Committee with the invoices (or such other documentation as such parties may reasonably request) for which it seeks payment on or before the Effective Date; *provided*, *further*, that if none of the foregoing parties has an objection to such fees and expenses, those fees and expenses shall be paid within thirty (30) Business Days of the Effective Date, so long as, and only to the extent that, those fees and expenses, when taken in the aggregate with all prior or contemporaneous payments on account of Administrative Expense Claims, do not exceed the amount set forth for all Administrative Expense Claims in the Post-Confirmation Budget. To the extent that any of the foregoing parties object to any of the fees and expenses of the members of the Creditors' Committee or the Trustees, the Debtor or the Reorganized Debtor, as applicable, shall not be required to pay any disputed portion of such fees until a resolution of such objection is agreed to by the Debtor and the Creditors' Committee, prior to the Effective Date, or the Reorganized Debtor, on and following the Effective Date, and such party, or a further order of the Bankruptcy Court upon a motion by such party.

11.7 Notices.

Any notices, requests, and demands required or permitted to be provided under the Plan, in order to be effective, shall be in writing (including, without express or implied limitation, by facsimile transmission), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, to each of the following persons and addressed as follows:

Ampal-American Israel Corporation
Attn: _____
477 Madison Avenue
New York, NY 10022
Phone: 866.447.8636

with copies to:

Brown Rudnick LLP
Attn: Edward S. Weisfelner, Esq.
Daniel J. Saval, Esq.
Seven Times Square
New York, NY 10036
Phone: 212.209.4800
Fax: 212.209.4801
Counsel to the Creditors' Committee

-and-

Bryan Cave LLP
Attn: Kenneth Henderson, Esq.
Stephanie Wickouski, Esq.
1290 Avenue of the Americas
New York, NY 10104-3300
Phone: 212.541.2000
Fax: 212.541.1943
Counsel to the Debtor

11.8 Headings.

The headings used in the Plan are inserted for convenience only, and neither constitutes a portion of the Plan nor in any manner affect the construction of the provisions of the Plan.

11.9 Governing Law.

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and the Bankruptcy Rules), the laws of the State of New York, without giving effect to the conflicts of laws principles thereof, shall govern the construction of the Plan and any agreements, documents, and instruments executed in connection with the Plan, except as otherwise expressly provided in such instruments, agreements, or documents.

11.10 Expedited Determination.

The Reorganized Debtor is hereby authorized to file a request for expedited determination under section 505(b) of the Bankruptcy Code for all tax returns filed with respect to the Debtor.

11.11 Retiree Benefits.

Pursuant to section 1129(a)(13) of the Bankruptcy Code, on and after the Effective Date, all retiree benefits (as that term is defined in section 1114 of the Bankruptcy Code), if any, shall continue to be paid in accordance with applicable law.

11.12 Notice of Entry of Confirmation Order and Relevant Dates.

Promptly upon entry of the Confirmation Order, the Debtor shall publish as directed by the Bankruptcy Court and serve on all known parties in interest and holders of Claims and Equity Interests, notice of the entry of the Confirmation Order and all relevant deadlines and dates under the Plan, including, but not limited to, the deadline for filing notice of Administrative Expense Claims, and the deadline for filing rejection damage Claims.

11.13 Modification of the Plan.

Subject to the limitations set forth in the Plan, modifications of the Plan, as provided in section 1127 of the Bankruptcy Code, may be proposed in writing by the Creditors' Committee at any time before confirmation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Creditors' Committee shall have complied with section 1125 of the Bankruptcy Code. Subject to the terms of the Plan, the Creditors' Committee may modify the Plan at any time after confirmation and before substantial consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modifications. Subject to the terms of the Plan, a holder of a Claim or Equity Interest that has accepted the Plan shall be deemed to have accepted such Plan as modified if the proposed alteration, amendment, or modification does not materially and adversely change the treatment of the Claim or Equity Interest of such holder. Nothing herein is intended to modify or alter the rights of the parties under the Plan and that any amendment, modification or supplement to the Plan may only be made in accordance with the terms of the Plan.

11.14 Revocation of Plan.

The Creditors' Committee reserves the right to revoke or withdraw the Plan and/or to adjourn the Confirmation Hearing prior to the occurrence of the Effective Date. If the Creditors' Committee revokes or withdraws the Plan, or if the Effective Date does not occur within one hundred and eighty (180) days after the Confirmation Date, then the Plan and all settlements and compromises set forth in the Plan and not otherwise approved by a separate Final Order shall be deemed null and void and nothing contained herein and no acts taken in preparation for consummation of the Plan shall be deemed to constitute a waiver or release of any Claims against or Equity Interests in the Debtor or to prejudice in any manner the rights of the Debtor, the Creditors' Committee, or any other Person in any other further proceedings involving the Debtor. The Creditors' Committee reserves the right to amend, modify, revoke, or withdraw the Plan and/or submit any new plan of reorganization at such times and in such manner as it considers appropriate, subject to the provisions of the Bankruptcy Code.

11.15 Setoff Rights.

In the event that the Debtor has a Claim of any nature whatsoever against the holder of a Claim against the Debtor, then the Debtor, with the consent of the Creditors' Committee, may, but is not required to, set off against the Claim (and any payments or other Distributions to be made in respect of such Claim hereunder) the Debtor's Claim against such holder, subject to the

provisions of sections 553, 556, and 560 of the Bankruptcy Code. Neither the failure to set off nor the allowance of any Claim under the Plan shall constitute a waiver or release of any Claims that the Debtor may have against the holder of any Claim.

11.16 Compliance with Tax Requirements.

In connection with the Plan, the Debtor and the Reorganized Debtor, as applicable, shall comply with all withholding and reporting requirements imposed by federal, state, local, and foreign taxing authorities and all Distributions hereunder shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Equity Interest that is to receive a Distribution shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any Government Unit, including income, withholding, and other tax obligations, on account of such Distribution. The Reorganized Debtor has the right, but not the obligation, to not make a Distribution until such holder has made arrangements satisfactory to the Reorganized Debtor for payment of any such tax obligations.

11.17 Rates; Currency.

All references in this Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided herein. The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date. Where a Claim has been denominated in foreign currency on a Proof of Claim, the Allowed amount of such Claim shall be calculated in legal tender of the United States based upon the conversion rate in place as of the Petition Date, and the amount of such Claim in legal tender of the United States as of the Petition Date shall be used for calculating post-petition interest, if any.

11.18 Binding Effect.

The Plan shall be binding upon the Reorganized Debtor and its Affiliates, the Debtor, the holders of all Claims and Equity Interests, parties in interest, Persons and their respective successors and assigns. To the extent any provision of the Disclosure Statement or any other solicitation document may be inconsistent with the terms of the Plan, the terms of the Plan shall be binding and conclusive.

11.19 Severability.

In the event the Bankruptcy Court determines that any provision of the Plan is unenforceable either on its face or as applied to any Claim or Equity Interest or transaction, the Creditors' Committee may modify the Plan in accordance with Section 11.13 of the Plan so that such provision shall not be applicable to the holder of any such Claim or Equity Interest or transaction. Such a determination of unenforceability shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan or (b) require the resolicitation of any acceptance or rejection of the Plan.

11.20 No Admissions.

As to contested matters, adversary proceedings, and other Causes of Action or threatened Causes of Action, this Plan shall not constitute or be construed as an admission of any fact or liability, stipulation or waiver, but rather as a statement made in settlement negotiations. This Plan shall not be admissible in any non-bankruptcy proceeding nor shall it be construed to be conclusive advice on the tax, securities, and other legal effects of the Plan as to holders of Claims against and Equity Interests in the Debtor.

VII. RISK FACTORS

THE IMPLEMENTATION OF THE PLAN IS SUBJECT TO A NUMBER OF RISKS, INCLUDING THOSE ENUMERATED BELOW. PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS THAT ARE IMPAIRED AND ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT, AND OTHER DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE HEREIN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION, OR ALTERNATIVES TO THE PLAN.

A. Risk of Non-Confirmation of or Delay in Confirmation of the Plan.

Although the Creditors' Committee believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that modifications of the Plan will not be required for confirmation. If the Plan is not confirmed and consummated, there can be no assurance that any alternative plan would be on terms as favorable to the holders of impaired Claims or Equity Interests as the terms of the Plan. In addition, if a protracted reorganization or liquidation were to occur, there is a substantial risk that holders of Claims and Equity Interests would receive less than they will receive under the Plan.

Further, even if the Plan is confirmed and although the Creditors' Committee believes that the Effective Date would occur soon after the Confirmation Date, there can be no assurance as to such timing. As with any judicial proceeding, there are risks of unavoidable delay with a chapter 11 proceeding, there are risks of objections from certain stakeholders, and there is a threat of rejection of the Plan by the Bankruptcy Court.

B. Claims Estimations.

There can be no assurance that the estimated Claim amounts set forth herein are correct, and the actual amount of Allowed Claims may differ from the estimates. The estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the actual amount of Allowed Claims may vary from those estimated herein.

C. Means for Execution and Implementation of the Plan.

Certain foreseen and unforeseen risks and uncertainties are inherent in any plan including the Plan proposed by the Creditors' Committee. As described in further detail below, these uncertainties include risks related to (i) the Preferred Stock and Class A Stock; (ii) tax implications of the Plan; (iii) recovery on the Causes of Action; (iv) recovery on the EMG Arbitration; and (v) recovery on assets or property of the Debtor.

1. An Active Trading Market May Not Develop for the Preferred Stock or Class A Stock.

The Class A Stock is currently listed for trading on NASDAQ and the TASE. NASDAQ has notified the Debtor that the Class A Stock will be delisted from NASDAQ on February 18, 2013 unless the Debtor emerges from chapter 11 and the Class A Stock meets NASDAQ's initial listing requirements by such date. The Preferred Stock is a new issue of securities, and the Plan provides that the Class A Stock be reconstituted, but would for trading purposes be a new issue of securities. Accordingly, there is currently no established public trading market for the Preferred Stock, and on emergence there may be no established trading market for the reconstituted Class A Stock (the Class A Stock, including Class A Stock issued upon conversion of the Preferred Stock, and the Preferred Stock are collectively referred to herein as the "Plan Securities"). Although it is contemplated that the Reorganized Debtor will apply to list the Preferred Stock on NASDAQ or another national securities exchange, there can be no assurance that such listings will be applied for or obtained. Furthermore, the Class A Stock may not meet the listing requirements of NASDAQ or another securities exchange and may thus not be listed on any securities exchange. Likewise, there can be no assurance that an active trading market for the Plan Securities will develop. If there is no active trading market for the Plan Securities, the market price and liquidity of the Plan Securities may be adversely affected. If a trading market does not develop or is not maintained, holders of Plan Securities may experience difficulty in reselling such securities at an acceptable price or may be unable to sell them at all. Even if a trading market were to exist, such market could have limited liquidity and the Plan Securities could trade at prices higher or lower than the value attributed to the Plan Securities in connection with their distribution under the Plan. The trading price of the Plan Securities will be dependent upon many factors, including, without limitation, markets for similar securities, industry conditions, financial performance or prospects and investor expectations thereof. As a result, there may be limited liquidity in any trading market that develops for the Plan Securities. In addition, the liquidity in the trading market for the Plan Securities and the market prices quoted for the Plan Securities may be adversely affected by changes in the overall market for such types of securities, changes in the Reorganized Debtor's financial performance or prospects, or changes in the performance or prospects for companies in the Reorganized Debtor's industry generally.

2. The Class A Stock Ranks Junior to the Preferred Stock.

The Class A Stock is ranked junior to the Preferred Stock; therefore, the Preferred Stock will have a preference upon the dissolution, liquidation, or winding up of the Reorganized Debtor in respect of assets available for distribution to the Reorganized Debtor's shareholders.

3. The Preferred Stock and Class A Stock are Equity Interests and Will be Subordinated to the Reorganized Debtor's Indebtedness.

In any liquidation, dissolution, or winding up of the Reorganized Debtor, the Plan Securities would rank below all debt claims against the Reorganized Debtor. As a result, holders of Plan Securities will not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution, or winding up of the Reorganized Debtor until after all of its obligations to its debt holders have been satisfied.

4. Holders of the Preferred Stock Have Control Over the Reorganized Debtor.

Following consummation of the Plan, the holders of Allowed General Unsecured Claims will hold all of the issued shares of Preferred Stock, which carries voting power equal to 75% of the total voting power of all classes of voting stock. This voting percentage may be reduced, but not below 51%, if the Creditors' Committee determines such reduction is necessary to meet applicable listing standards of a nationally recognized stock exchange in the United States. As such, the holders of Preferred Stock will be able to exercise control over all matters requiring shareholder approval, including, without limitation, certain actions, which will require the approval of a majority of the Preferred Stock voting as a separate class. In addition, four out of five directors will be elected by the holders of Preferred Stock provided that the number of Preference Directors shall be decreased, if and in such a manner as the Creditors' Committee determines necessary in order to meet applicable listing standards of a nationally recognized stock exchange in the United States. The directors elected by holders of Preferred Stock will also be able to significantly influence decisions affecting the Reorganized Debtor's management and policies and capital structure.

This control may have the effect of delaying or preventing changes in control or changes in management, or limiting the ability of other shareholders of the Reorganized Debtor to approve transactions that they may deem to be in their best interest, including, for instance, the sale or other disposition of the Reorganized Debtor's operating businesses and subsidiaries to another entity.

5. Certain Holders of Plan Securities May be Restricted in their Ability to Transfer or Sell their Plan Securities.

To the extent that Plan Securities issued or reconstituted under the Plan are covered by section 1145(a)(1) of the Bankruptcy Code, they may be resold by the holders thereof without registration unless the holder is an "underwriter" with respect to such securities. Resales by Persons who receive Plan Securities pursuant to the Plan, and that are deemed to be "underwriters" as defined in section 1145(b) of the Bankruptcy Code, would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act of 1933, as amended (the "Securities Act"), or other applicable law. Such Persons would only be permitted to sell such Plan Securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act or another applicable exemption. See "Certain Securities Considerations."

6. The Liquidation Preference on the Preferred Stock May Not be Paid in Full, If At All.

If the reorganized Debtor is not able to successfully execute on its business plan to sell its assets or recover on Causes of Action or the EMG Arbitration, it may not be able to pay any dividends or make any other distributions on the Preferred Stock.

7. The Recoveries on the Preferred Stock are Tied to and Limited by the Conversion Rate Between the US Dollar and New Israeli Shekel.

The terms of the Preferred Stock provide that for purposes of making distributions thereon (including dividends and redemption payments), the Stated Value of the Preferred Stock shall be converted into New Israeli Shekel as of the date of issuance and adjusted based on the Israeli CPI. Distributions on the Preferred Stock shall not exceed such Stated Value converted into New Israeli Shekel plus accrued dividends.

8. It is Unlikely that the Reorganized Debtor Will Pay Dividends on Class A Stock in the Foreseeable Future, If At All.

No dividends or distributions can be made on the Class A Stock before the Preferred Stock has been paid in full (including accrued and unpaid dividends). Accordingly, it is unlikely that the Reorganized Debtor will pay Cash dividends on the Class A Stock in the foreseeable future (if at all).

9. Tax Implications of the Plan.

The U.S. federal income tax consequences of the Plan are complex and are subject to significant uncertainties. There is currently no expectation that the Debtor will seek any ruling from the Internal Revenue Service (the "IRS") on the tax consequences of the Plan. Even if the Debtor decides to request a ruling, there would be no assurance that the IRS would rule favorably or that any ruling would be issued before the Effective Date. In addition, in such case, there would still be significant uncertainties which would not be the subject of any ruling request. Thus, there can be no assurance that the IRS will not challenge the various positions the Debtor has taken, or intends to take, with respect to the tax treatment in the Plan, or that a court would not sustain such a challenge. See "Certain U.S. Federal Income Tax Considerations."

10. Uncertainty of Recovery on the EMG Arbitration.

There are uncertainties and risks in connection with a potential recovery on the EMG Arbitration including, without limitation, whether the parties thereto can avail themselves of the rights, remedies, and benefits under applicable BITs and what impact, if any, the restructuring proposed in the Plan will have on such rights, remedies, and benefits.

11. Uncertainty of Recovery on the Causes of Action.

There can be no assurance that there will be any recovery on the Causes of Action nor can there be any assurance as to the dollar amount associated with any such recoveries. Further,

there are risks and uncertainties with respect to coverage by and the ability to recover from the Debtor's directors' and officers' liability insurance policies in connection with certain Causes of Action. *See generally In re R.J. Reynolds*, 315 B.R. 674 (Bankr. W.D. Va. 2003).

12. Uncertainty of Recovery on Assets or Property of the Debtor.

There are uncertainties and risks with respect to the ability to realize any value on the Debtor's property or other assets, including, without limitation, the Debtor's direct and indirect interests in various Affiliates and other entities, including, without limitation, the Debtor's interest in, and potential Causes of Action related to, Gadot, EMG, GWE, Bay Heart, Kfar- Saba Ltd., and the Ethanol Project.

D. Forward Looking Statements and Information Contained in this Disclosure Statement.

1. Information Contained Herein is for Soliciting Votes.

The information contained in this Disclosure Statement is for the purposes of soliciting acceptances of the Plan and may not be relied upon for any other purpose.

2. This Disclosure Statement was Not Reviewed or Approved by the SEC.

This Disclosure Statement was not filed with the SEC under the Securities Exchange Act of 1934 and SEC rules or applicable state securities laws. Neither the SEC nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement or the Schedules and Exhibits attached hereto or the statements contained herein, and any representation to the contrary is unlawful.

3. This Disclosure Statement May Contain Forward Looking Statements.

This Disclosure Statement may contain "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "anticipate," "continue," "estimate," "expect," "may," or "project," or the negative thereof or other variations thereon or comparable terminology. You are cautioned that all forward looking statements are necessarily speculative and that there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The information contained herein is an estimate only, based upon information currently available to the Creditors' Committee and information provided to the Creditors' Committee by the Debtor.

4. No Legal or Tax Advice is Provided to You by this Disclosure Statement.

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each holder of a Claim or an Equity Interest should consult his or her own legal counsel and accountant with regard to any legal, tax, and other matters concerning his or her Claim or Equity Interest. This Disclosure

Statement may not be relied upon for any purpose other than to determine how to vote on or respond to the Plan.

5. No Admissions Made.

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of fact or liability by any Entity nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtor, the Reorganized Debtor, holders of Claims or Equity Interests, or any other parties in interest.

6. Failure to Identify Litigation Claims or Projected Objections.

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Equity Interest is, or is not, identified in this Disclosure Statement. The Debtor and the Reorganized Debtor, as applicable, and their agents and representatives may seek to investigate, file, and prosecute Claims and Equity Interests and may object to Claims after the Effective Date irrespective of whether this Disclosure Statement identifies such Claims or objections to such Claims.

7. No Waiver of Right to Object or Right to Recover Transfers of Assets.

The vote by a holder of a Claim or Equity Interest for or against the Plan does not constitute a waiver or release of any Claims, Causes of Action, or other rights of the Debtor, the Reorganized Debtor, as applicable, or their agents and representatives (or any party in interest, as the case may be) to object to that holder's Claim or Equity Interest or recover any preferential, fraudulent, or other voidable transfer of assets, regardless of whether any Claims, Causes of Action, or other rights of the Debtor or its Estate are specifically or generally identified herein.

8. Information was Provided by the Debtor and was Relied Upon by the Creditors' Committee's Professionals.

The Professionals retained by the Creditors' Committee have relied upon information provided by the Debtor in connection with the preparation of this Disclosure Statement. Although Professionals retained by the Creditors' Committee have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not independently verified the information contained herein.

9. No Representations Outside this Disclosure Statement are Authorized.

No representations concerning or relating to the Debtor, the Estate, the Chapter 11 Case, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision.

VIII. CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Overview of Plan Confirmation Procedures.

A plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of the debtor's assets. In either event, upon confirmation of the plan, it becomes binding on the debtor and all of its creditors and equity holders, and the obligations owed by the debtor to such parties are compromised and exchanged for the obligations specified in the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the debtor to prepare and file a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical, reasonable investor to make an informed judgment about the plan. **This Disclosure Statement is presented to holders of Claims against and Equity Interests in the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code in connection with the Creditors' Committee's solicitation of votes on the Plan**.

If all classes of claims and equity interests accept a plan, the bankruptcy court may confirm the plan if the bankruptcy court independently determines that the requirements of section 1129(a) of the Bankruptcy Code have been satisfied. Section 1129(a) of the Bankruptcy Code sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the "best interests of creditors" test and be "feasible." The "best interests of creditors" test generally requires that the value of the consideration to be distributed to the holders of claims or equity interests under a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. Under the "feasibility" requirement, the bankruptcy court generally must find that there is a reasonable probability that the debtor will be able to meet its obligations under its plan without the need for further financial reorganization. **The Creditors' Committee believes that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code, including, in particular, the "best interests of creditors" test and the "feasibility" requirement**.

The Bankruptcy Code does not require that each holder of a claim or interest in a particular class vote in favor of a plan for the bankruptcy court to determine that the class has accepted the plan. Rather, a class of creditors will be determined to have accepted the plan if the bankruptcy court determines that the plan has been accepted by a majority in number and two-thirds in amount of those claims actually voting in such class. Similarly, a class of equity holders will have accepted the plan if the bankruptcy court determines that the plan has been accepted by holders of two-thirds of the number of shares actually voting in such class.

In addition, classes of claims or equity interests that are not "impaired" under a plan are conclusively presumed to have accepted the plan and thus are not entitled to vote. Furthermore, classes that are to receive no distribution under the plan are conclusively deemed to have rejected the plan. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or equity interests in an impaired class. A class is "impaired" if the legal, equitable, or contractual rights associated with the claims or equity interests of that class are modified in any way under the plan. Modification for purposes of determining impairment,

however, does not include curing defaults and reinstating maturity on the effective date of the plan. Class 2 (General Unsecured Claims) and Class 4 (Equity Interests) are impaired under the Plan and thus entitled to vote on the Plan. Class 1 (Priority Claims) and Class 3 (Intercompany Claims) are unimpaired under the Plan, and are therefore deemed to have accepted the Plan.

A bankruptcy court also may confirm a plan even though fewer than all the classes of impaired claims and equity interests accept such plan. For a plan to be confirmed despite its rejection by a class of impaired claims or equity interests, the plan must be accepted by at least one class of impaired claims (determined without counting the vote of insiders) and the proponent of the plan must show, among other things, that the plan does not "discriminate unfairly" and that the plan is "fair and equitable" with respect to each impaired class of claims or equity interests that has not accepted the plan.

Under section 1129(b) of the Bankruptcy Code, a plan is "fair and equitable" as to a rejecting class of claims or equity interests if, among other things, the plan provides: (a) with respect to secured claims, that each such holder will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim and (b) with respect to unsecured claims and equity interests, that the holder of any claim or equity interest that is junior to the claims or equity interests of such class will not receive or retain on account of such junior claim or equity interest any property from the estate, unless the senior class receives property having a value equal to the full amount of its allowed claim.

A plan does not "discriminate unfairly" against a rejecting class of claims or equity interests if (a) the relative value of the recovery of such class under the plan does not differ materially from that of any class (or classes) of similarly situated claims or equity interests and (b) no senior class of claims or equity interests is to receive more than 100% of the amount of the claims or equity interest in such class.

The Plan has been structured so that it will satisfy the foregoing requirements as to any rejecting class of Claims or Equity Interests, and can therefore be confirmed, if necessary, over the objection of any (but not all) classes of Claims or Equity Interests.

B. Statutory Requirements for Confirmation of the Plan.

1. Elements of Section 1129 of the Bankruptcy Code.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the conditions to confirmation under section 1129 of the Bankruptcy Code are satisfied. Such conditions include:

a) The Plan complies with the applicable provisions of the Bankruptcy Code.

b) The Creditors' Committee has complied with the applicable provisions of the Bankruptcy Code.

c) The Plan has been proposed in good faith and not by any means proscribed by law.

d) Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court; and any such payment made before the confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.

e) The Creditors' Committee has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Debtor or a successor to the Debtor under the Plan and the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity holders and with public policy, and the Creditors' Committee has disclosed the identity of any insider that will be employed or retained by such Debtor, and the nature of any compensation for such insider.

f) With respect to each impaired class of Claims or Equity Interests, each holder of an impaired Claim or impaired Equity Interest has accepted the Plan or will receive or retain under the Plan, on account of such Claims or Equity Interests, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such holder would receive or retain if the Debtor were liquidated on that date under chapter 7 of the Bankruptcy Code.

g) Each class of Claims or Equity Interests that is entitled to vote on the Plan has either accepted the Plan or is not impaired under the Plan, or the Plan can be confirmed without the approval of such voting class pursuant to section 1129(b) of the Bankruptcy Code.

h) Except to the extent that the holder of a particular Claim has agreed to a different treatment of such Claim, the Plan provides that Administrative Expense Claims and Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.

i) At least one impaired class of Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in such class.

j) Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any other successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.

k) All fees payable under section 1930 of Bankruptcy Code, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of all such fees on the Effective Date of the Plan.

The Creditors' Committee believes that the Plan will satisfy all the statutory provisions of chapter 11 of the Bankruptcy Code, that it has complied or will have complied with all of the provisions of the Bankruptcy Code, and that the Plan is being proposed and will be submitted to the Bankruptcy Court in good faith.

2. Acceptance.

A class of Claims will have accepted the Plan if the Plan is accepted, with reference to a class of Claims, by at least two-thirds in amount and more than one-half in number of the Allowed Claims of each such class of Claims. Each class of Equity Interests will have accepted the Plan if the Plan is accepted with reference to a class of Equity Interests, by at least two-thirds in amount of the Allowed Equity Interests of each class of Equity Interests.

3. Best Interests of Creditors Test.

With respect to each impaired class of holders of Claims and Equity Interests, confirmation of the Plan requires that each such holder either (a) accept the Plan or (b) receive or retain under the Plan property of a value, as of the applicable consummation date under the Plan, that is not less than the value such holder would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

To determine what holders of Claims and Equity Interests of each impaired class would receive if the Debtor were liquidated, the Bankruptcy Court must determine the proceeds that would be generated from the liquidation of the properties and interests in property of the Debtor in a chapter 7 liquidation case. The proceeds that would be available for satisfaction of Claims against and Equity Interests in the Debtor would consist of the proceeds generated by disposition of the unencumbered equity in the properties and interests in property of the Debtor and the Cash held by the Debtor at the time of the commencement of the liquidation case. Such proceeds would be reduced by the costs and expenses of the liquidation and by such additional administration and priority claims that may result from the termination of the operations of the Debtor and the use of chapter 7 for the purposes of liquidation.

The costs of liquidation under chapter 7 of the Bankruptcy Code would include the fees payable to a trustee in bankruptcy, and the fees that would be payable to additional attorneys and other professionals that such a trustee may engage, plus any unpaid expenses incurred by the Debtor during the Chapter 11 Case, such as compensation for attorneys, financial advisors, accountants and costs that are allowed in the chapter 7 case. In addition, Claims would arise by reason of the breach or rejection of obligations incurred and executory contracts entered into or assumed by the Debtor during the pendency of the Chapter 11 Case.

The foregoing types of Claims and such other Claims which may arise in the liquidation case or result from the pending Chapter 11 Case would be paid in full from the liquidation

proceeds before the balance of those proceeds would be made available to pay Claims arising on or before the Petition Date.

To determine if the Plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of the liquidation of the properties and interests in property of the Debtor (net of the amounts attributable to the aforesaid Claims) is then compared with the present value offered to such classes of Claims and Equity Interests under the Plan.

In applying the "best interests" test, it is possible that Claims and Equity Interests in the chapter 7 case may not be classified according to the seniority of such Claims and Equity Interests as provided in the Plan. In the absence of a contrary determination by the Bankruptcy Court, all Claims arising on or before the Petition Date which have the same rights upon liquidation would be treated as one class for the purposes of determining the potential distribution of the liquidation proceeds resulting from the chapter 7 case of the Debtor. The distributions from the liquidation proceeds would be calculated ratably according to the amount of the Claim held by each creditor. Therefore, creditors who claim to be third-party beneficiaries of any contractual subordination provisions might have to seek to enforce such contractual subordination provisions in the Bankruptcy Court or otherwise. The Creditors' Committee believes that the most likely outcome of liquidation proceedings under chapter 7 would be the application of the rule of absolute priority of distributions. Under that rule, no junior creditor receives any distribution until all senior creditors are paid in full with interest, and no equity holder receives any distribution until all creditors are paid in full with interest.

After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the Chapter 11 Case, including: (i) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee; (ii) the erosion in value of assets in a chapter 7 case in the context of the expeditious liquidation required under chapter 7; and (iii) the substantial increases in Claims which would be satisfied on a priority basis or on parity with creditors in the Chapter 11 Case, the Creditors' Committee believes that confirmation of the Plan will provide each holder of a Claim or Equity Interest with a greater recovery than it would receive pursuant to liquidation of the Debtor under chapter 7 of the Bankruptcy Code.

4. Feasibility.

The Bankruptcy Code conditions confirmation of a plan on, among other things, a finding that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor. Considering that the Plan contemplates a debt-for-equity swap, this test is met for purposes of the Plan.

C. Cramdown.

In the event that any impaired class does not accept the Plan, the Creditors' Committee nevertheless may move for confirmation of the Plan. To obtain such confirmation, it must be demonstrated to the Bankruptcy Court that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such classes and any other classes of Claims or Equity Interests that vote to reject the Plan.

1. No Unfair Discrimination.

A plan "does not discriminate unfairly" if (a) the legal rights of a non-accepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are similar to the legal rights of the non-accepting class, and (b) no class receives payments in excess of that which it is legally entitled to receive for its Claims or Equity Interests. The Creditors' Committee believes that under the Plan all impaired classes of Claims and Equity Interests are treated in a manner that is consistent with the treatment of other classes of Claims and Equity Interests that are similarly situated, if any, and no class of Claims or Equity Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims and Allowed Equity Interests in such class. Accordingly, the Creditors' Committee believes the Plan does not discriminate unfairly as to any impaired class of Claims or Equity Interests.

2. Fair and Equitable Test.

The Bankruptcy Code establishes different "fair and equitable" tests for secured creditors, unsecured creditors and holders of equity interests as follows:

a) *Secured Creditors*. Either (i) each impaired secured creditor retains its liens securing its secured claim and it 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 and the treatment of such liens on proceeds as provided in clause (i) or (ii) of this subparagraph.

b) *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, subject to the applicability of the judicial doctrine of contributing new value.

c) *Holders of Equity Interests*. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock or (b) the value of the stock or (ii) the holders of equity interests that are junior to the stock will not receive any property under the plan, subject to the applicability of the judicial doctrine of contributing new value.

THE CREDITORS' COMMITTEE MAY MOVE FOR CONFIRMATION OF THE PLAN IF LESS THAN THE REQUISITE HOLDERS OF CLAIMS OR EQUITY INTERESTS IN ANY CLASS VOTE TO ACCEPT THE PLAN.

D. Effect of Confirmation.

Under section 1141 of the Bankruptcy Code, the provisions of a confirmed plan bind the debtor, any entity issuing securities under the plan, any entity acquiring property under the plan, and any creditor or equity holder, whether or not the claim or interest of such creditor or equity holder is impaired under the plan and whether or not such creditor or equity holder voted to accept the plan. Further, after confirmation of a plan, the property dealt with by the plan is free and clear of all claims and equity interests of creditors and equity holders, except as otherwise provided in the plan or the confirmation order.

IX. CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE INTERNAL REVENUE SERVICE, ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX RELATED PENALTIES UNDER THE INTERNAL REVENUE CODE. TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT IS WRITTEN TO SUPPORT THE PROMOTION AND MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THIS DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to the Debtor and to certain holders of impaired classes of Claims or Equity Interests. The following discussion does not address the U.S. federal income tax consequences to holders (i) whose Claims are unimpaired or otherwise entitled to payment in full in Cash under the Plan or (ii) that are deemed to reject the Plan.

This discussion is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), in effect on the date of this Disclosure Statement, United States Treasury Regulations in effect (or, in certain cases, proposed) on such date, and judicial and administrative interpretations thereof available on or before such date. All of the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below.

Due to the lack of definitive judicial and administrative authority in a number of areas, substantial uncertainty may exist with respect to some of the tax consequences described below. There is currently no expectation that the Debtor will obtain opinion of counsel or otherwise seek a ruling from the IRS or any other taxing authority as to any of the U.S. federal income tax consequences expected to result from the implementation of the Plan discussed below. There can be no assurance that the IRS or another taxing authority will not take a contrary view with respect to any issue discussed below.

This summary does not apply to holders of Claims that are not United States Persons (as such term is defined in the Tax Code) or that are otherwise subject to special treatment under United States federal income tax law (including, without limitation, banks, governmental

authorities or agencies, financial institutions, insurance companies, pass through entities, tax exempt organizations, brokers and dealers in securities, mutual funds, small business investment companies, employees, persons who received their Claims or Equity Interests pursuant to the exercise of an employee stock option or otherwise as compensation, persons holding Claims or Equity Interests that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale, or conversion transaction, and regulated investment companies). Except as otherwise provided herein, the following discussion assumes that a holder holds an Allowed Claim as a capital asset. Moreover, this summary does not purport to cover all aspects of United States federal income taxation that may apply to the Debtor and holders of Allowed Claims based upon their particular circumstances. Additionally, this summary does not discuss any tax consequences that may arise under any laws other than United States federal income tax law, including under state, local, or foreign tax law. Lastly, the following discussion assumes that (i) the debt obligations underlying Allowed Claims are properly treated as debt (rather than equity) of the Debtor; and (ii) the Preferred Stock is properly treated as equity (rather than debt) of the Reorganized Debtor.

The following summary of certain U.S. federal income tax consequences is for informational purposes only and is not a substitute for careful tax planning and advice based upon the particular circumstances of a holder of an Allowed Claim or Equity Interest.

A. Certain Consequences to Debtor.

The Debtor files a consolidated U.S. federal income tax return with certain U.S. subsidiaries which takes into account the operations of such U.S. subsidiaries and certain other foreign subsidiary corporations that have elected to be treated as partnerships or disregarded entities for U.S. federal income tax purposes. Based upon publicly available information, the Debtor reported a consolidated net operating loss ("NOL") carryforward for U.S. federal income tax purposes of approximately $94,200,000 as of December 31, 2011, and anticipates additional losses with respect to its taxable year ending December 31, 2012. As of December 31, 2011, the Debtor had a carryover of foreign tax credits of $4,200,000.

1. COD Income and Attribute Reduction.

Generally, a taxpayer must recognize cancellation of indebtedness ("COD") income to the extent the taxpayer's indebtedness is discharged for less than the amount of the indebtedness. For this purpose, COD income is the amount by which the discharged indebtedness exceeds any consideration given in exchange therefor, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD income (such as where the payment of the cancelled debt would have given rise to a tax deduction). The amount of consideration paid to a creditor generally would equal the amount of Cash, the fair market value of property (including stock), and/or the issue price of any new debt instrument paid to such creditor.

A debtor will not be required to include any COD in its gross income if the debtor is under the jurisdiction of a court in a proceeding under the Bankruptcy Code and the discharge of debt occurs pursuant to such proceeding (the "Bankruptcy Exclusion"). Instead, as a consequence of such Bankruptcy Exclusion, a debtor must reduce its tax attributes by the amount of COD that it excluded from gross income pursuant to the Bankruptcy Exclusion. In general,

tax attributes will be reduced in the following order: (a) NOLs and NOL carryforwards; (b) general business and minimum tax credit carryovers; (c) capital loss carryovers; (d) tax basis in assets; and (e) foreign tax credit carryovers. The reduction in tax attributes occurs only after the tax for the year of the debt discharge has been determined. Any excess COD over the amount of available tax attributes is not subject to U.S. federal income tax and has no other U.S. federal income tax impact.

A debtor with COD may elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the Tax Code. The Debtor has not indicated whether it will make this election.

As a result of the discharge of Allowed Claims under the Plan, it is likely that the Debtor will realize significant COD income. The actual amount of such COD income will depend, in significant part, on the value of the Preferred Stock and amount of other property, including Cash distributed from the funds held in the Series B Deposit Account and the Series C Deposit Account, that is distributed pursuant to the Plan and, accordingly, cannot be determined prior to the Effective Date. It is possible that the Debtor will not retain a significant NOL carryforward following attribute reduction.

The extent to which NOLs and other tax attributes remain following attribute reduction, and the extent of the reduction in the basis of the Debtor's assets, will depend upon the amount of the COD income that the Debtor realizes under the Plan.

2. Limitation of NOL Carryforwards and Other Tax Attributes.

The Reorganized Debtor may have NOL carryovers and other tax attributes at emergence. The amounts of such NOL carryovers and other tax attributes, such as tax basis, that will be available to the Reorganized Debtor at emergence are based on a number of factors and cannot be determined prior to the Effective Date. Some of the factors that will impact the amount of available NOLs include the amount of tax losses incurred by the Debtor through the Effective Date and the amount of COD incurred by the Debtor. The Debtor's subsequent utilization of any losses and NOL carryovers remaining (and possibly certain other tax attributes) may be restricted as a result of and upon emergence from bankruptcy.

The issuance of Preferred Stock to creditors pursuant to the Plan is expected to result in an "ownership change" of the Debtor under section 382 of the Tax Code. If a corporation undergoes an "ownership change," the amount of its pre-change losses and certain other tax attributes that may be utilized to offset future taxable income will be subject to an annual "Section 382 Limitation" (unless the L5 Exception, discussed and defined below, applies). Any NOLs that are not utilized in a given year because of the Section 382 Limitation remain available for use in future years until their normal expiration date, but are subject to the Section 382 Limitation in future years. Subject to certain adjustments, the Section 382 Limitation is equal to the value of the corporation's equity immediately before the ownership change multiplied by the applicable "long-term tax-exempt bond rate," which is published monthly by the IRS. Under one of two special rules for companies in bankruptcy proceedings, the value of the corporation's equity for purposes of computing the Section 382 Limitation is increased to reflect cancellation of debt in the bankruptcy reorganization (the "L6 Exception"). Under the L6 Exception, the

value of the equity will be the lesser of the value of the Debtor's equity immediately after the ownership change or the value of the Debtor's assets immediately before the ownership change.

The Section 382 Limitation is increased by certain built-in income and gains recognized (or treated as recognized) during the five years following an ownership change (up to the total amount of built-in income and gain that existed at the time of the ownership change). To the extent the Section 382 Limitation exceeds taxable income in a given year, the excess is carried forward and will increase the Section 382 Limitation in succeeding taxable years.

An alternate bankruptcy exception applies if qualified creditors and holders of Equity Interests own at least 50% of the Reorganized Debtor (the "L5 Exception"). If the L5 Exception applies, the Debtor's use of pre-change losses would not be subject to the Section 382 Limitation. Instead, the Debtor's NOLs would be reduced by the amount of interest deducted during the taxable year that includes the Effective Date and the three preceding taxable years on Allowed Claims exchanged for Preferred Stock. If the L5 Exception applies and a second ownership change occurred during the two years following the Effective Date, the Debtor's NOLs at the time of the second ownership change would be effectively eliminated.

It is uncertain, at this point, whether the Debtor will be eligible to utilize the L5 Exception. If the L5 Exception is unavailable, it is likely that the use of the Debtor's remaining NOLs, if any, after the Effective Date will be subject to limitation based on the L6 Exception, discussed above.

3. Alternative Minimum Tax.

In general, an alternative minimum tax is imposed on a corporation's alternative minimum taxable income ("AMTI") at a 20% rate to the extent such tax exceeds the corporation's regular federal income tax for the year. AMTI is generally equal to regular taxable income with certain adjustments. For purposes of computing AMTI, certain tax deductions and other beneficial allowances are modified or eliminated. In particular, even though a corporation otherwise might be able to offset all of its taxable income for regular tax purposes by available NOL carryforwards, only 90% of a corporation's AMTI may be offset by available NOL carryforwards. The effect of this rule could cause the Reorganized Debtor to owe federal income tax on taxable income in future years even if NOL carryforwards are otherwise available to offset that taxable income.

B. Certain Consequences to Holders of Allowed Claims.

1. Consequences of Exchange.

The U.S. federal income tax consequences to holders of Allowed Claims arising from the distributions to be made under the Plan may vary depending upon, among other things: (i) the structure of the transactions adopted to implement the Plan and their characterization for U.S. federal income tax purposes; (ii) the type of consideration received by the holder in exchange for the indebtedness it holds; (iii) the nature of the indebtedness owing to it; (iv) whether the holder has previously claimed a bad debt or worthless security deduction in respect of its Allowed Claim; (v) whether such Allowed Claim constitutes a "security" for purposes of the

reorganization provisions of the Tax Code; (vi) whether the holder reports income on the accrual or cash basis; and (vii) whether the holder receives distributions under the Plan in more than one taxable year.

Whether an instrument constitutes a "security" is determined based on all the facts and circumstances, but most authorities have held that term-length of a debt instrument at issuance is an important factor in determining whether such an instrument is a security for U.S. federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that may be taken into account in determining whether a debt instrument is a security, including, among others: (i) the security for payment; (ii) the creditworthiness of the obligor; (iii) the subordination or lack thereof to other creditors; (iv) the right to vote or otherwise participate in the management of the obligor; (v) convertibility of the instrument into an equity interest of the obligor; (vi) whether payments of interest are fixed, variable, or contingent; and (vii) whether such payments are made on a current basis, or accrued.

a) Equity Buyout Option Exercised and Cash Received.

If the Equity Buyout Option (as described in Section 4.7 of the Plan) is exercised, the holder of an Allowed General Unsecured Claim may receive its share of the Cash Payment. A holder of such Allowed Claim generally will be treated as exchanging its Allowed Claim for Cash. Accordingly, each holder of such an Allowed Claim should recognize gain or loss equal to the difference between: (i) the amount of Cash received in exchange for the Allowed Claim, including, if applicable, the Cash distributed from the Series B Deposit Account and the Series C Deposit Account; and (ii) the holder's adjusted basis, if any, in the Allowed Claim. Subject to the "market discount" rules described below, such gain or loss should be capital gain or loss and should be long-term capital gain or loss if the holder has a holding period for the Allowed Claim of more than one year. See "Market Discount." A holder of an Allowed Claim may recognize ordinary income to the extent that Cash is treated as received in satisfaction of accrued but unpaid interest on such Allowed Claims. See "Accrued but Unpaid Interest."

b) Equity Buyout Option Not Exercised and Allowed Claim is a Security.

If the Equity Buyout Option (as described in Section 4.7 of the Plan) is not exercised, and if an Allowed General Unsecured Claim is a security, the exchange of an Allowed General Unsecured Claim for Preferred Stock pursuant to the Plan should be treated as a tax-free reorganization under the rules applicable to recapitalizations. Each holder of an Allowed General Unsecured Claim that is a security generally should not recognize any gain or loss on the exchange, although a holder of an Allowed General Unsecured Claim may recognize ordinary income to the extent that Preferred Stock is treated as received in satisfaction of accrued but unpaid interest on such Allowed General Unsecured Claims. See "Accrued but Unpaid Interest." A holder who receives a distribution of Cash, including from the Series B Deposit Account or the Series C Deposit Account, should be treated as having received "boot" in the reorganization and gain, if any, could be recognized by such holder to the extent of boot received.

An exchanging holder of an Allowed General Unsecured Claim that is a security should obtain a tax basis in the Preferred Stock equal to the holder's tax basis in the Allowed General Unsecured Claim surrendered for the Preferred Stock, decreased by the amount of Cash received by the holder and increased by the amount of gain recognized by the holder, if any. Such holder should have a holding period for the Preferred Stock that includes the holder's holding period in the Allowed General Unsecured Claim exchanged for the Preferred Stock; provided, however, that the tax basis of any share of the Preferred Stock (or portion thereof) treated as received in satisfaction of accrued interest should equal the amount of such accrued interest, and the holding period for such Preferred Stock should begin on the day following the date of the exchange of the Allowed General Unsecured Claim for the Preferred Stock. See "Market Discount" (further information regarding the carryover of market discount to property received in a tax-free exchange).

c) Equity Buyout Option Not Exercised and Allowed Claim is Not a Security.

If the Equity Buyout Option (as described in Section 4.7 of the Plan) is not exercised, and if an Allowed General Unsecured Claim is not a security, a holder of such Allowed General Unsecured Claim generally will be treated as exchanging its Allowed General Unsecured Claim for Preferred Stock and property, including Cash from the Series B Deposit Account and the Series C Deposit Account in a taxable exchange under section 1001 of the Tax Code. Accordingly, each holder of such an Allowed General Unsecured Claim should recognize gain or loss equal to the difference between: (i) the fair market value of the Preferred Stock (as of the date the Preferred Stock is distributed to the holder) received in exchange for the Allowed General Unsecured Claim plus the amount of Cash received; and (ii) the holder's adjusted basis, if any, in the Allowed General Unsecured Claim, although a holder of an Allowed General Unsecured Claim may recognize ordinary income to the extent that Preferred Stock is treated as received in satisfaction of accrued but unpaid interest on such Allowed General Unsecured Claim. See "Accrued but Unpaid Interest." Subject to the market discount rules, gain or loss on the exchange should be capital gain and should be long-term capital gain or loss if the holder has a holding period for the Allowed General Unsecured Claim of more than one year. Such exchanging holder of an Allowed General Unsecured Claim would obtain a tax basis in the Preferred Stock equal to the fair market value of the Preferred Stock as of such date, and would have a holding period for the Preferred Stock that would begin on the day following the date of the exchange. See "Market Discount."

2. Accrued but Unpaid Interest.

In general, to the extent a holder of a debt instrument receives property in satisfaction of interest accrued during the holding period of such instrument, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, such holder may recognize a deductible loss to the extent that any accrued interest claimed or amortized original issue discount ("OID") was previously included in the holder's gross income and is not paid in full. Such loss may be ordinary, but the tax law is unclear on this point.

The extent to which property received by a holder of a debt instrument will be attributable to accrued but unpaid interest is unclear. Pursuant to the Plan, all distributions in respect of any Allowed Claim will be allocated first to the principal amount of such Allowed Claim, and thereafter to accrued but unpaid interest, if any. Certain legislative history indicates that an allocation of consideration between principal and interest provided in a bankruptcy plan of reorganization generally should be binding for U.S. federal income tax purposes. However, there is no assurance that such allocation will be respected by the IRS. ***Holders of Allowed Claims are urged to consult their own tax advisors regarding the inclusion in income of amounts received in satisfaction of accrued but unpaid interest, the allocation of consideration between principal and interest, and the deductibility of previously included unpaid interest and OID for tax purposes.***

3. Bad Debt Deduction and Worthless Securities Deduction.

A holder of an Allowed Claim who, under the Plan, receives in respect of an Allowed Claim an amount less than the holder's tax basis in the Allowed Claim may be entitled to a bad debt deduction in some amount under section 166(a) of the Tax Code. The rules governing character, timing, and amount of bad debt deductions place considerable emphasis on the facts and circumstances of the holder, the obligor and the instrument with respect to which a deduction is claimed. ***Holders of Allowed Claims, therefore, are urged to consult their own tax advisors with respect to their ability to take a bad debt deduction.***

4. Market Discount.

Under the "market discount" provisions of the Tax Code, unless a holder of an Allowed Claim previously elected to include market discount in income as it accrued, some or all of any gain realized by a holder of an Allowed Claim who exchanges the Allowed Claim for Cash or property on the Effective Date may be treated as ordinary income (instead of capital gain) to the extent of the amount of "market discount" on the debt instruments constituting the exchanged Allowed Claim. In general, a debt instrument is considered to have been acquired with "market discount" if it is acquired other than at original issue and if its holder's adjusted tax basis in the debt instrument is less than (a) the sum of all remaining payments to be made on the debt instrument, excluding "qualified stated interest" or (b) in the case of a debt instrument issued with OID, its adjusted issue price, by at least a de minimis amount (equal to 0.25% of the sum of all remaining payments to be made on the debt instrument, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a holder of an Allowed Claim on the taxable disposition of an Allowed Claim that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such Allowed Claim was considered to be held by the holder (unless the holder elected to include market discount in income as it accrued). To the extent that an Allowed Claim acquired with market discount is exchanged in a tax-free transaction for other property, any market discount that accrued on the Allowed Claim (up to the time of the exchange) but was not recognized by the holder is carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property is treated as ordinary income to the extent of such accrued, but not recognized, market discount.

C. Certain Consequences to Holders of Equity Interests.

Pursuant to the Plan, holders of Equity Interests will retain their shares of Class A Stock. Holders of Equity Interests should not recognize any gain or loss and there should be no change in the tax basis or holding period with respect to such Class A Stock.

D. Certain Consequences of Ownership of Preferred Stock.

The following is a discussion of certain U.S. federal income tax consequences that may be relevant with respect to the ownership and disposition of Preferred Stock. This discussion addresses only the U.S. federal income tax considerations of holders that will receive Preferred Stock under the Plan and that will hold such Preferred Stock as a capital asset.

1. Distributions with Respect to Preferred Stock.

Distributions with respect to Preferred Stock to pay accrued dividends will be taxable as dividend income when actually or constructively received to the extent of current or accumulated earnings and profits, if any, as determined for U.S. federal income tax purposes. To the extent that the amount of a distribution exceeds current and accumulated earnings and profits, the distribution will be treated first as a tax-free return of capital to the extent of the holder's adjusted tax basis of such shares of Preferred Stock and thereafter as capital gain. For 2013, it is expected that legislation will be enacted that will increase U.S. federal income tax rates. Dividends paid to U.S. holders could be subject to tax at ordinary income rates and the highest marginal federal income tax rate for 2013 is expected to exceed the current maximum U.S. federal income tax rate of 35%. In addition, dividends could be subject to a 3.8% Medicare contribution tax on net investment income for certain taxpayers.

Dividends paid to U.S. holders that are corporations generally will be eligible for the dividends-received deduction so long as there are sufficient earnings and profits of the Reorganized Debtor. However, the dividends-received deduction is available only if certain holding period requirements are satisfied.

2. Redemption of Preferred Stock.

The redemption of Preferred Stock by the Reorganized Debtor will be treated as either (a) a taxable sale or exchange (subject to the rules discussed below at D.3) or (b) a distribution (subject to the dividend rules discussed above at D.1). A redemption will be treated as a sale or exchange if the distribution is in complete termination of the holder's interest in the Reorganized Debtor or if the distribution is substantially disproportionate with respect to the holder. In certain circumstances, additional rules will cause the redemption to be treated as a sale or exchange if the payment is not essentially equivalent to a dividend or the redemption from a noncorporate shareholder is in partial liquidation of the Reorganized Debtor. The Preferred Stock is mandatorily redeemable when the Reorganized Debtor has Cash legally available sufficient to fully redeem the Preferred Stock at (a) the Reduced Preference Price, if applicable, or (b) its Stated Value plus accrued, unpaid dividends. In either case, the redemption should be treated as a sale or exchange because the redemption payments are in complete termination of the holder's interest in the Reorganized Debtor; amounts distributed with respect to accrued,

unpaid dividends should be subject to tax as dividends to the extent of current or accumulated earnings and profits of the Reorganized Debtor.

If the Reorganized Debtor does not have sufficient legally available Cash to fully redeem the Preferred Stock at (a) the Reduced Preference Price, if applicable, or (b) its Stated Value plus accrued, unpaid dividends: then the Reorganized Debtor may distribute amounts with respect to accrued, unpaid dividends. ***Holders of such Preferred Stock should seek advice from an independent tax advisor to determine whether the amounts so distributed in such partial redemption could be treated, in whole or in part, as a taxable dividend from current or accumulated earnings and profits of the Reorganized Debtor.***

3. Sale or Other Disposition of Preferred Stock.

Subject to the recapture rule discussed at D.4 below, upon the sale or taxable disposition (other than by redemption) of Preferred Stock, a holder will generally recognize capital gain or loss equal to the difference between (i) the proceeds of sale and (ii) the holder's adjusted tax basis in the Preferred Stock. Any capital gain or loss will be long-term capital gain or loss if the holding period for the Preferred Stock exceeds one year at the time of disposition. If a dividend has been declared on the date of the disposition then a portion of the sale proceeds may be classified as a dividend and subject to ordinary income rates as discussed at D.1 above. See "Market Discount" (further information regarding the potential carryover of market discount to Preferred Stock received in a tax-free exchange).

4. Recapture of Gain on Disposition of Preferred Stock.

Any gain recognized by a holder on a subsequent sale or exchange of Preferred Stock received in exchange for Allowed Claims under the Plan generally should be treated as ordinary income to the extent of the sum of any (1) bad debt deductions claimed with respect to such Allowed Claims; (2) ordinary loss taken on the exchange of such Allowed Claims for Preferred Stock; and (3) income not recognized due to the use of the cash method of tax accounting with respect to the Allowed Claims exchanged. ***Holders of such Preferred Stock are urged to consult their own tax advisors regarding the application of this recapture rule with respect to Preferred Stock received pursuant to the Plan.***

5. Conversion of Preferred Stock.

The conversion of Preferred Stock into Class A Stock may qualify as a tax-free recapitalization. If there are accrued, unpaid dividends at the time of the conversion it is possible that the holder may be deemed to receive a constructive dividend. ***Holders of such Preferred Stock should seek advice from an independent tax advisor to determine the tax consequences of conversion.***

E. Certain Information Reporting and Backup Withholding Requirements.

Payments in respect of Allowed Claims under the Plan may be subject to applicable information reporting and backup withholding (currently at a rate of 28%). Backup withholding of taxes will generally apply to payments in respect of an Allowed Claim under the Plan if the

holder of such Allowed Claim fails to provide an accurate taxpayer identification number or otherwise fails to comply with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's U.S. federal income tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a federal income tax return).

F. Foreign Account Tax Compliance Act ("FATCA").

Under FATCA, which was enacted in 2010, foreign financial institutions and certain other foreign entities must report certain information with respect to their U.S. account holders and investors or be subject to withholding on the receipt of "withholdable payments." For this purpose, "withholdable payments" are generally U.S. source payments of fixed or determinable, annual or periodical income (including dividends), and also include gross proceeds from the sale of any property of a type which can produce U.S. source interest or dividends. As currently proposed, FATCA withholding rules would apply to U.S.-source payments made after December 31, 2013, and to payments of gross proceeds from the sale or other disposition of property of a type which can produce U.S. source interest or dividends that occurs after December 31, 2014. Although administrative guidance and proposed United States Treasury Regulations have been issued, United States Treasury Regulations implementing the new FATCA regime have not yet been finalized and the exact scope of these rules remains unclear and potentially subject to material changes.

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTIONS CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL, OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

X. CERTAIN SECURITIES CONSIDERATIONS

Under the Plan, shares of Preferred Stock will be distributed to members of Class 2, and the members of Class 4 shall retain their shares of Class A Stock.

The Reorganized Debtor will rely on section 1145 of the Bankruptcy Code to exempt from the registration requirements of the Securities Act the offer, issuance, and distribution or deemed offer, issuance and distributions, as applicable, of the Plan Securities. Section 1145(a)(1) of the Bankruptcy Code exempts the offer and sale of securities under a plan of reorganization from registration under section 5 of the Securities Act and state laws when such securities are to be exchanged for claims or principally in exchange for claims and partly for Cash. In general, securities issued under section 1145 may be resold without registration unless

the recipient is an "underwriter" with respect to those securities. Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who:

> (A) purchases a claim against, an interest in, or a claim for an administrative expense against the debtor, if that purchase is with a view to distributing any security received in exchange for such a claim or interest;
>
> (B) offers to sell securities offered under a plan of reorganization for the holders of those securities;
>
> (C) offers to buy those securities from the holders of the securities, if the offer to buy is (i) with a view to distributing those securities, and (ii) under an agreement made in connection with the plan of reorganization, the completion of the plan of reorganization, or with the offer or sale of securities under the plan of reorganization; or
>
> (D) is an issuer with respect to the securities, as the term "issuer" is defined in section 2(a)(11) of the Securities Act.

To the extent that Entities receiving the Plan Securities are deemed to be "underwriters," resales by those Entities would not be exempted from registration under the Securities Act or other applicable law by section 1145 of the Bankruptcy Code. Those Entities would, however, be permitted to sell Plan Securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act, as described further below.

You should confer with your own legal advisors to help determine whether or not you are an "underwriter."

Under certain circumstances, holders of Plan Securities deemed to be "underwriters" may be entitled to resell their securities pursuant to the limited safe harbor resale provisions of Rule 144 of the Securities Act, to the extent available, and in compliance with applicable state securities laws. Generally, Rule 144 of the Securities Act provides that persons who are affiliates of an issuer who resell securities will not be deemed to be underwriters if certain conditions are met. These conditions include the requirement that current public information with respect to the issuer be available, a limitation as to the amount of securities that may be sold, the requirement that the securities be sold in a "brokers transaction" or in a transaction directly with a "market maker," and that notice of the resale be filed with the SEC.

The disclosures required under Section 350 of Israel's Companies Law have been taken into account in the preparation of this Disclosure Statement. HOWEVER, THE INFORMATION IN THIS DISCLOSURE STATEMENT IS NOT NECESSARILY IN ACCORDANCE WITH THE REQUIREMENTS OF DOMESTIC OR FOREIGN SECURITIES LAWS, INCLUDING ISRAELI SECURITIES LAWS.

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Creditors' Committee has evaluated alternatives to the Plan, including, without limitation, the liquidation of the Debtor under chapter 7 of the Bankruptcy Code and the liquidation of the Debtor under a "free-fall" chapter 11 plan. After studying these alternatives, the Creditors' Committee has concluded that the Plan is the best alternative and will maximize recoveries of holders of Claims and Equity Interests. The following discussion provides a summary of the analysis of the Creditors' Committee supporting its conclusion that a liquidation of the Debtor or an alternative plan of reorganization for the Debtor will not provide higher value to holders of Claims and Equity Interests.

A. Liquidation Under Chapter 7 of the Bankruptcy Code.

If no plan of reorganization can be confirmed, the Chapter 11 Case of the Debtor may be converted to a case under chapter 7, in which event a trustee would be elected or appointed to liquidate the properties and interests in property of the Debtor for distribution to its creditors in accordance with the priorities established by the Bankruptcy Code. The Creditors' Committee believes that liquidation under chapter 7 would result in smaller distributions being made to creditors than those provided for under the Plan because of (1) the increased costs and expenses of a liquidation under chapter 7 arising from fees payable to a trustee for bankruptcy and professional advisors to such trustee; (2) the erosion in value of assets in the context of the expeditious liquidation required under chapter 7; and (3) the substantial increases in Claims which would have to be satisfied on a priority or on parity with creditors in the Chapter 11 Case. Accordingly, the Creditors' Committee believes that confirmation of the Plan will provide each holder of a Claim or Equity Interest with a greater recovery than it would receive pursuant to liquidation of the Debtor under chapter 7.

B. Alternative Plans of Reorganization.

1. The Debtor's Amended Plan.

On December 17, 2012, the Debtor submitted an amended plan of reorganization (the "Debtor's Amended Plan"). Although the Debtor's Amended Plan is similar to the Plan, the Debtor's Amended Plan is not a viable alternative to the Plan. Among other things, the Debtor's Amended Plan: (i) does not specify the source of necessary exit financing to fund Cash obligations (*e.g.*, payment of Allowed Administrative Expense Claims) as required by the Bankruptcy Code and (ii) is not supported by holders of substantial claims whose votes are necessary for the Debtor's Amended Plan to be accepted by the requisite amount of claims. In addition, the sources of financing for the Plan are unwilling to provide financing for the Debtor's Amended Plan. That said, the Creditors' Committee will embrace the Special Committee's support for the Plan. The Creditors' Committee believes that such support will be constructive and beneficial to the estate and encourages the Special Committee to provide such support.

2. Other Alternatives.

If the Plan is not confirmed, any other party in interest could undertake to formulate a different plan. Such a plan might involve a reorganization and continuation of the operations of the Debtor or a liquidation of the properties and interests in property of the Debtor. With respect to an alternative plan of reorganization, the Creditors' Committee has examined other alternatives in connection with the process involved in the formulation and development of the Plan. The Creditors' Committee believes that the Plan, as described herein, enables holders of Claims and Equity Interests to realize the best recoveries under the present circumstances. In a liquidation of the Debtor under chapter 11, the properties and interests in property would be sold in a more orderly fashion and over a more extended period of time than in a liquidation under chapter 7, probably resulting in marginally greater recoveries. Further, if a trustee were not appointed, since one is not required in a chapter 11 case, the expenses for professional fees would most likely be lower than in a chapter 7 case. However, although preferable to a chapter 7 liquidation, the Creditors' Committee believes that a liquidation under chapter 11 for the Debtor is a much less attractive alternative because the recovery realized by holders of Claims and Equity Interests under the Plan is likely to be greater than their recovery under a chapter 11 liquidation.

XII. CONCLUSION

The Creditors' Committee believes that the Plan is in the best interest of all holders of Claims and Equity Interests, and urges all holders of impaired Claims against and Equity Interests in the Debtor to vote to accept the Plan.

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Dated: December 19, 2012

Respectfully submitted,

THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

Hermetic Trust (1975) Ltd., in its capacity as Series A Trustee

By: _____

Name:
Title:

Reznik Paz Nevo R.P.N. Trusts 2007 Ltd., in its capacity as Series B Trustee

By: _____

Name:
Title:

Mishmeret-Trusts Company Ltd., in its capacity as Series C Trustee

By: _____

Name:
Title:

EXHIBIT A

The Creditors' Committee's Plan

[For a copy of the Plan, please refer to the *Chapter 11 Plan of Reorganization of Ampal-American Israel Corporation Proposed by the Official Committee of Unsecured Creditors* filed contemporaneously herewith]

EXHIBIT B

Post-Confirmation Budget

[To be filed at a later date]

EXHIBIT C

Debtor's Corporate Chart

[To be filed at a later date]

SCHEDULE 1

Schedule 1

The Debtor's Directors and Officers

Ampal's Board of Directors		
Name	**Age**	**Title**
Yosef A. Maiman	66	Chairman of the Board of Directors, Director, President and CEO
Irit Eluz	45	Senior Vice President – Finance and Treasurer, CFO and Director
Yoram Firon	43	Vice President – Investments and Corporate Affairs
Amit Mantsur	42	Vice President – Investments
Nir Bernstein	46	Controller
Leo Malamud	59	Director
Erez Meltzer	54	Director
Sabih Saylan	53	Director
Revital Degani	56	Independent Director
Menahem Morag	61	Independent Director
Daniel Vaknin	56	Independent Director

Yosef A. Maiman. Mr. Maiman has been the Chairman of the Board of Directors since April 25, 2002 and President and Chief Executive Officer of Ampal since October 1, 2006. Mr. Maiman has been President and Chief Executive Officer of Merhav, one of the largest international project development companies based in Israel and a member of the Controlling Shareholder Group, since its founding in 1975. Mr. Maiman is the Chairman of the board of directors of Gadot, a wholly-owned subsidiary of the Debtor.

Irit Eluz. Ms. Eluz has been a director of Ampal since May 5, 2010. Ms. Eluz has been the Chief Financial Officer and Senior Vice President – Finance and Treasurer of Ampal since October 2004. From May 2002 until October 2004, Ms. Eluz was Chief Financial Officer and Vice President – Finance and Treasurer. Ms. Eluz also serves as a director of Gadot. From January 2000 until April 2002, Ms. Eluz was the Associate Chief Financial Officer of Merhav.

Yoram Firon. Mr. Firon has been Secretary and Vice President – Investments and Corporate Affairs of Ampal since May 2002. Mr. Firon previously served as a Vice President of Merhav.

Amit Mantsur. Mr. Mantsur has been Ampal's Vice President of Investments since March 2003.

Nir Bernstein. Mr. Bernstein has been a Controller of Ampal since March 20, 2012.

Leo Malamud. Mr. Malamud has been a director of Ampal since March 6, 2002. Since 1995, Mr. Malamud has been a Senior Vice President of Merhav. Mr. Malamud is also a director of Gadot, EMG, Channel 10 Ltd., 10 News Ltd., and Nana 10 Ltd.

Erez Meltzer. Mr. Meltzer has been a director of Ampal since November 5, 2008. Since November 2008, Mr. Meltzer has served as Chief Executive Officer of Gadot. Mr. Meltzer also serves as a director and Executive Vice Chairman of Gadot.

Sabih Saylan. Mr. Saylan has been a director of Ampal since May 5, 2010. From 1997 to 2006, Mr. Saylan served as a Vice President of Merhav. Since 2006, Mr. Saylan has been a Senior Vice President of Merhav.

Revital Degani. Ms. Degani has been an independent director of Ampal since May 5, 2011 and serves as a member of Ampal's Audit Committee.

Menahem Morag. Mr. Morag has been an independent director of Ampal since January 27, 2004 and he serves as a member of Ampal's Audit Committee.

Daniel Vaknin. Mr. Vaknin has been an independent director of Ampal since November 5, 2008 and serves as a member of Ampal's Audit Committee.

SCHEDULE 2

Schedule 2

Causes of Action

All Causes of Action, in accordance with the Plan, are preserved and survive confirmation of the Plan for prosecution and enforcement by the Reorganized Debtor including, but not limited to:

- all Causes of Action in connection with, arising under, or related to the Ethanol Project, the Promissory Note, the Ethanol Project Loan, the Pledge Agreement, the Guaranty, the Option Agreement, the Option, the Option Exercise Agreement, the Assumption and Assignment Agreement, and/or the MAG Assignment;
- All Causes of Action in connection with, arising under, or related to EMG and/or the EMG Arbitration;
- all Causes of Action in connection with, arising under, or related to management fees and other fees and payments made by the Debtor and its direct and indirect subsidiaries to Merhav, Yosef A. Maiman and/or his affiliated or controlled entities, including, without limitation, any payments made pursuant to that certain Cooperation and Management Agreement dated as of December 30, 2010 between the Debtor and Merhav;
- all Causes of Action in connection with, arising under, or related to the transactions through which the Debtor and/or its direct and indirect purchased equity interests in EMG from Merhav, Mr. Yosef A. Maiman, and/or his affiliated or controlled entities;
- all Causes of Action in connection with, arising under, or related to all other transactions between Debtor or its direct or indirect subsidiaries and Mr. Yosef A. Maiman and/or his affiliated or controlled entities; and
- all Causes of Action in connection with, arising under, or related to compensation and other payments made by or on behalf of the Debtor and its direct and indirect subsidiaries to their respective directors and officers.

For the avoidance of doubt, the foregoing is not, and shall not be deemed to be, an exclusive or exhaustive list of all Causes of Action that the Reorganized Debtor will or intends to assert or prosecute on and following the Effective Date.