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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

SANTA ANA DIVISION

In re FREMONT GENERAL CORPORATION, a Nevada corporation, Debtor. Taxpayer ID No. 95-2815260	Case No. 8:08-bk-13421-ES CHAPTER 11 CASE **NEW WORLD ACQUISITION, LLC'S DISCLOSURE STATEMENT WITH RESPECT TO CHAPTER 11 PLAN OF REORGANIZATION FOR FREMONT GENERAL CORPORATION**

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THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED UNDER BANKRUPTCY CODE SECTION 1125(B) FOR USE IN THE SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE CHAPTER 11 PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND THE DISTRIBUTION OF THE DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS SOLICITATION OF ACCEPTANCES AND REJECTIONS OF SUCH PLAN. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE BEFORE A BANKRUPTCY JUDGE DETERMINATION THAT THIS DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(B) OF THE BANKRUPTCY CODE.

I. INTRODUCTION

New World Acquisition, LLC ("New World"), Holders of significant Equity Interests in Fremont General Corporation (the "Debtor"), submits this Disclosure Statement in connection with the solicitation of acceptances and rejections of New World's proposed plan of reorganization for the Debtor (the "Plan").

THE DOCUMENT YOU ARE READING IS THE DISCLOSURE STATEMENT FOR THE ACCOMPANYING PLAN. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN AND THE EXHIBITS TO THESE DOCUMENTS IN THEIR ENTIRETY.

Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Plan.

A. Purpose of This Document

The purpose of this Disclosure Statement is to set forth information (1) about the history of the Debtor, its business, and the chapter 11 case, (2) concerning the Plan and alternatives to the Plan, (3) advising the Holders of Claims and Equity Interests of their rights under the Plan, (4) assisting any Creditors and Equity Interest Holders in making an informed judgment regarding whether they should vote to accept and indicate their preference for this Plan and vote to reject any plan proposed by the Debtor or the Official Committee of Unsecured Creditors, and (5) assisting the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed.

By Order dated _____, the Bankruptcy Court approved this Disclosure Statement as containing "adequate information" concerning the Plan, meaning that it contains sufficient information to enable any Holder of Claims and Equity Interest entitled to vote to make an informed judgment in exercising their rights to vote to accept or reject the Plan. The Bankruptcy Court's approval of this Disclosure Statement or any other disclosure statement for a plan for the Debtor does

not mean that the Court recommends either acceptance or rejection of a plan. No solicitation of votes may be made except pursuant to an approved Disclosure Statement.

The only Creditors or Equity Interest Holders who may vote for or against the Plan are those who have a Claim or Equity Interest that is both (1) Allowed or Allowed for voting purposes and (2) classified in an impaired Class. A Class is impaired if (a) the legal, equitable, or contractual rights of the Claims or Equity Interests in the Class are altered, (b) the plan cures any default, reinstates the maturity of the Claim, and compensates the Holder for certain losses or (c) as New World believes, Creditors holding General Unsecured Claims are paid in full in Cash with interest on the Effective Date. Classes of Claims or Equity Interests that are not impaired are conclusively presumed to have accepted the Plan and therefore, are not entitled to vote on the Plan. Class 4 is the only impaired Class under the New World Plan; all other Classes are deemed to have voted to accept the Plan. However, out of an abundance of caution, Holders of Claims in Classes 3A, 3B, 3C and 5 are receiving Ballots so that they can vote on the Plan and their vote can be counted in the event that the Court disagrees with New World's characterization of the Class treatment and finds that any Class of Claims is actually impaired. New World reserves its rights to have the matter of Class impairment determined prior to the Confirmation Date.

The Bankruptcy Court has not yet confirmed the Plan described in this Disclosure Statement. In other words, the terms of the Plan are not yet binding on any Creditor or Holder of an Equity Interest. However, if the Court later confirms the Plan, then the Plan will be binding on the Debtor and on all Creditors and Equity Interest Holders in this case, whether or not the Holder of a Claim or Equity Interest actually votes for the Plan.

New World, as proponent of the Plan, recommends that the Holders of Equity Interests in Class 4 indicate on the ballot their preference for the New World Plan and reject any other plan. In addition, because the New World Plan provides the greatest certainty of full recovery for Creditors in all Classes, New World recommends that Holders of Claims in Classes 3A, 3B, 3C and 5 vote to

accept the New World Plan.

TO THE BEST OF NEW WORLD'S KNOWLEDGE AND BELIEF, THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS ACCURATE. FOR THE MOST PART IT HAS BEEN PROVIDED BY THE DEBTOR, THE CREDITORS COMMITTEE AND THE EQUITY COMMITTEE IN THEIR FILINGS WITH THE BANKRUPTCY COURT. THE FINANCIAL INFORMATION CONTAINED HEREIN IS UNAUDITED.

B. Solicitation Package

Accompanying this Disclosure Statement (which is provided on CD-ROM) is a package of hard copy materials called the "Solicitation Package." The Solicitation Package contains copies of, among other things:

- The Bankruptcy Court order approving the Disclosure Statement and procedures for soliciting and tabulating votes in the Plan (the "Solicitation Order") which, among other things, approves this Disclosure Statement as containing adequate information, schedules the Confirmation Hearing sets the voting deadline, sets out the procedures for distributing Solicitation Packages to the Holders of Claims against and Equity Interest in the Debtor, establishes the procedures for tabulating ballots used in voting on the Plan, and sets the deadline for objection to confirmation of the Plan;
- The Notice of the Hearing to Consider Confirmation of New Worlds' Plan of Reorganization for Fremont General Corporation; and
- One or more ballots and a postage-paid return envelope (ballots are provided only to Holders of Claims and Equity Interest that are entitled to vote on the Plan), which will be used by Creditors and Equity Interest Holders who are entitled to or who have been conditionally solicited to vote on the Plan.

C. Voting Procedures, Ballots, and Voting Deadline

After carefully reviewing the materials in the Solicitation Package and the detailed

instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan. Each ballot has been coded to reflect the Class of Claims or Equity Interests it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded ballot or ballots sent to you with this Disclosure Statement.

In order for your vote to be counted, you must complete and sign your original ballot and return it in the envelope provided (only original signatures will be accepted). Please return your completed ballot to the Voting Agent, unless you are a beneficial holder of a Senior Note or Junior Note or Equity Interest (each as defined below) who receives a ballot from a broker, bank, commercial ban, trust company, dealer, or other agent or nominee (each, a "Nominee"), in which case you must return the ballot to such Nominee. Ballots should not be sent to the Debtor or to the Indenture Trustees for the Senior Notes or the Junior Notes.

If you are a beneficial holder of a Note who receives a ballot from a Nominee, in order for your vote to be counted, your ballot must be completed in accordance with the voting instructions on the ballot and received by the Nominee in enough time for the Institutional Nominee to transmit a Master Ballot to the Voting Agent so that it is received to later than November 25, 2009 at 4:00 p.m. (prevailing Eastern time) (the "Voting Deadline"). If you are the Holder of any other type of Claim, in order for your vote to be counted, your ballot must be properly completed in accordance with the voting instructions on the ballot and received by (the "Voting Agent") no later than the Voting Deadline. Any ballot received after the Voting Deadline shall be counted at the sole discretion of New World. Do not return any debt instruments or equity securities wit your ballot.

Any executed ballot that does not indicate either an acceptance or rejection of the Plan or indicates both and acceptance and rejection of the Plan will not be counted as a vote either to accept or reject the Plan.

If you have any questions about the procedure for voting your Claim or Equity Interest, materials that you have receive, or if you wish to obtain, at your own expenses, an additional copy of

this Disclosure Statement and its appendices and exhibits, please contact the Voting Agent. You may obtain a copy of the Disclosure statement and Plan from (i) the Office of the Clerk, United States Bankruptcy Court for the Central district of California, Santa Ana Division, 411 West forth St. Santa Ana, California 92701; (ii) through the Court's website using PACER service (www.cacb.uscourts.gov); and (iii) by making a written request to counsel for New World: Sonnenschein Nath & Rosenthal LLP, 1221 Avenue of the Americas, New York, New York att: Janice Castillo.

Before voting on the Plan, each Holder of Claims and Equity Interests in Classes that are entitled to vote on the Plan should read, it its entirety, the Disclosure Statement, the Plan, the Solicitation Order, the notice of the Confirmation Hearing, and the instructions accompanying the ballots. These documents contain important information concerning how Claims are classified for voting purposes and how votes will be tabulated.

D. Individual Ballots

If you are a Holder of an Allowed Claim in Classes 3A, 3B, 3C or 5 or a Holder of an Allowed Equity Interest in Class 4, accompanying this Disclosure Statement is a Ballot for casting your vote(s) on the Plan and a pre-addressed envelope for the return of the Ballot. BALLOTS FOR ACCEPTANCE OR REJECTION OF THE PLAN ARE BEING PROVIDED ONLY TO HOLDERS OF CLAIMS AND EQUITY INTERESTS IN CLASSES 3A, 3B, 3C , 4 and 5 WHICH ARE ENTITLED TO OR REQUESTED TO OR ARE BEING SOLICITED TO VOTE TO ACCEPT OR REJECT THE PLAN. If you are the holder of a Claim and/or Equity Interest in said Class(es), and (a) did not receive a Ballot, (b) received a damaged or illegible Ballot, or (c) lost your Ballot, or if you are a party in interest and have any questions concerning the Disclosure Statement, any of the Exhibits hereto, the Plan, or the voting procedures in respect thereof, please contact Kurtzman Carson Consultants LLC ("KCC"), 2335 Alaska Avenue, Los Angeles, California 310.823.9000, the balloting tabulator.

TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED BY NOVEMBER 25, 2009, AT 5 P.M. (THE "VOTING DEADLINE") AT THE ADDRESS SET FORTH ON THE PRE-ADDRESSED ENVELOPE ENCLOSED WITH YOUR BALLOT. BALLOTS MUST BE RECEIVED BY THE VOTING AGENT AT THE FOLLOWING ADDRESS BY THE VOTING DEADLINE: KURTZMAN CARSON CONSULTANTS LLC, 2335 ALASKA AVENUE, EL SEGUNDO, CA 90245. BALLOTS NOT TIMELY RECEIVED BY THE BALLOT TABULATOR WILL NOT BE COUNTED.

Votes cannot be transmitted orally or by e-mail. Accordingly, you are urged to return your signed and completed Ballot promptly. Ballots not received by the Voting Deadline and unsigned Ballots will not be counted. Any executed Ballots that are timely received, but which do not indicate either an acceptance or rejection of the Plan, will be deemed to constitute an acceptance of the Plan.

The Bankruptcy Court has scheduled a hearing on Confirmation of the Plan for December 10, 2009 at 2:00 p.m. (Pacific Time) at the United States Bankruptcy Court for the Central District of California, Santa Ana Division, Courtroom 5A, 411 W. 4th Street, Santa Ana, California. Any objections to confirmation of the Plan must be in writing and filed with the Bankruptcy Court, and served so as to be received by 5 p.m. (Pacific Time) on November 23, 2009, upon the following: (1) counsel to New World, Lesnick & Prince LLP, 185 Pier Avenue, Suite 103, Santa Monica, CA 90405, Attn: Christopher E. Prince; and Sonnenschein Nath & Rosenthal LLP, 1221 Avenue of the Americas, 25th Floor, New York, New York 10020, Attn: Carole Neville and Peter D. Wolfson; Telephone: (212) 768-6700; (2) counsel to the Debtor, Patton Boggs LLP, 2001 Ross Avenue, Suite 3000, Dallas, Texas 75201, Attn: Robert W. Jones, J. Maxwell Tucker, and Brent McIlwain and Stutman, Treister & Glatt, P.C., 1901 Avenue of the Stars, 12th Floor, Los Angeles, California 90067, Attn: Theodore B. Stolman and Whitman L. Holt; (3) Office of the Untied States Trustee, 411 W. 4th Street, Suite 9041, Santa Ana, California 92701, Attn: Frank Cadigan; (4) counsel to the Official Committee of Unsecured Creditors, Klee, Tuchin, Bogdanoff & Stern LLP, 1999 Avenue of the

Stars, 39th Floor, Los Angeles, California 90067, Attn: Lee Bogdanoff & Jonathon Shenson; and (5) counsel to the Official Committee of Equity Holders, Weiland Golden, Smiley, Wang Ekvall & Strok LLP, 650 Center Drive, Suite 950, Costa Mesa, California 92626.

Both the Official Committee of Unsecured Creditors and the Official Committee of Equity Holders have proposed plans which provide different treatment for Claims against and Equity Interests in the Debtor and different corporate governance procedures. Only one of the Plans can be confirmed by the Bankruptcy Court. If more than one plan meets the requirements for confirmation, the Bankruptcy court will consider the preferences of Creditors and Holders of Equity Interests in determining which Plan to confirm.

Although a copy of this disclosure statement is being served on the Securities and Exchange Commission (the "SEC") and the SEC has been given an opportunity to object to the adequacy of the disclosure statement, the disclosure statement has not been and will not be registered under the Securities Act of 1933, as amended (the "Securities Act"), or applicable State Securities laws. Neither the SEC nor any State Regulatory Authority has passed upon the accuracy or adequacy of the disclosure statement, its exhibits, or the statements contained therein.

THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS, OR TAX ADVICE. ANY TAX ADVICE THAT MAY BE CONTAINED IN THE DISCLOSURE STATEMENT IS NOT INTENDED TO BE USED AND CANNOT BE USED FOR THE PURPOSE OF AVOIDING ANY TAX PENALTIES THAT MAY BE IMPOSED ON ANY PERSON. ALL CREDITORS AND EQUITY INTEREST HOLDERS SHOULD CONSULT THEIR OWN LEGAL COUNSEL AND ACCOUNTANTS AS TO LEGAL, TAX, AND OTHER MATTERS CONCERNING THEIR CLAIMS OR EQUITY INTERESTS.

II. OVERVIEW OF NEW WORLD'S PLAN

The following is a brief summary of the material provisions of the Plan and is provided for convenience only. A more detailed description of the Plan appears below. .

A. The Merger of Fremont General Credit Corporation and Fremont Reorganizing Corporation Into the Debtor

New World's Plan is designed to meet the two primary goals of Chapter 11—the reorganization of the business operation and the satisfaction of Claims and Equity Interests.

The Plan's business objective is to simplify the corporate structure of the Debtor and its wholly-owned subsidiary, Fremont General Credit Corporation ("FGCC"), and FGCC's wholly-owned subsidiary, Fremont Reorganizing Corporation, formerly known as Fremont Investment & Loan ("FRC") by effecting a merger of these three entities and vesting title to all Assets of the Debtor, FGCC, and FRC in the Reorganized Debtor, which will then make distributions to Holders of Allowed Claims and Equity Interests in accordance with the Plan and after making appropriate reserves for creditors of FGCC and FRC.

The New World Plan provides the Reorganized Debtor with additional liquidity by way of (a) a $4 million equity investment and (b) exit financing of $20 million for operations, general corporate purposes and reserves for making the Distributions required by the Plan and to the holders of Post-Effective Date Merger Claims. New World will receive warrants to acquire shares of the Reorganized Debtor for $30 million at an average price of $.67 in connection with the Exit Financing. In addition, under the New World Plan, the operations of the Reorganized Debtor will be under the supervision of a representative and experienced Board that will maximize the value of the operations for the benefit of the Creditors, holders of Post-Effective Date Merger Claims and Equity Interests and observe all good corporate governance practices..

B. Treatment of Claims Against the Debtor and Equity Interests in the Debtor

The New World Plan proposes to make a substantial payment of Cash on account of Unsecured claims, other than on account of the TOPrS and Junior Notes, which will be reinstated exactly in accordance with their terms. Accordingly, the Plan contains an efficient Distribution mechanism that will allow the distributions to Holders of Allowed Claims through the Reorganized

Debtor or a designee or in the case of the Senior Note, through the Indenture Trustee..

The Plan designates a series of Classes of Claims against the Debtor and one Class of Equity Interests in the Debtor. The following table summarizes the treatment of Claims and Equity Interests under the Plan with: (1) estimates of the amount of Claims in each category or Class that will be finally determined to be Allowed Claims; and (2) a description of the treatment provided for in the Plan for each Class of Claims and Equity Interests. The dollar amounts are based on the records of the Debtor as of the Petition Date or the date of the disclosure statement proposed by the Debtor and do not constitute an admission by New World or the Debtor as to the validity or amount of any particular Claim or Equity Interest. All rights of any party in interest to dispute the validity or amount of any Claim or Equity Interest that have not already been Allowed by the Bankruptcy Court or by agreement of the parties are hereby reserved.

Class	Description of Claim or Interest	Treatment	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery of Allowed Claims or Interests	Impaired and Entitled to Vote
N/A	Administrative Claims[1]	Unless any entity entitled to payment of an Allowed Administrative Claim agrees to a less favorable treatment or unless otherwise ordered by the Court, each Holder of an Allowed Administrative Claim will receive, in full satisfaction of its Claim, Cash in an amount equal to the amount of the Allowed Administrative Claim on the later of: (1) the Effective Date, or (2) the fifteenth Business Day after such Administrative Claim becomes an Allowed	New World estimates that the projected range of unpaid Administrative Claims will be from $2,000,000 to $2,500,000.	100%	No

[1] Administrative Claims described in this table do not include Administrative Claims that have already been paid or any intercompany Administrative Claims that may be due to FRC. Other Claims that are treated in this category include, U.S. Trustee Fee, Professional Fees and Indenture Trustee Fees.

Class	Description of Claim or Interest	Treatment	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery of Allowed Claims or Interests	Impaired and Entitled to Vote
		Administrative Claim, or, in either case, as soon thereafter as is practicable. However, Ordinary Course Administrative Claims will be paid in full in accordance with the terms and conditions of the particular transaction or agreement that gave rise to the Ordinary Course Administrative Claim or as otherwise authorized by the Court.			
N/A	Priority taxes	Except to the extent that a Holder of an Allowed Priority Tax Claim has been paid by the Debtor prior to the Effective Date, agrees to different treatment or is subject to the Final Order of the Bankruptcy Court, each Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of its Claim, Cash in an amount equal to such Allowed Priority Tax Claim on the later of (1) the Effective Date, or (2) the fifteenth Business Day after the Priority Tax Claim becomes an Allowed Priority Tax Claim, or in either case, as soon thereafter as is practicable, provided that the Reorganized Debtor may, at its sole option, pay an Allowed Priority Tax Claim in equal quarterly payments	The Debtor has estimated the range from $100,271 to $102,676,574.[2] New World has estimated that the Allowed Priority Taxes will be significantly below the high end of the range.	100%	No

[2] The $102,676,574 figure includes the IRS's proof of claim in the amount of $89,384,470 and the California Franchise Tax Board's proof of claim in the amount of $13,292,104 and does not represent the Debtor's view of the amount that ultimately is likely to be Allowed. The Debtor disputes the proofs of claim filed by the IRS and the California Franchise Tax Board.

Class	Description of Claim or Interest	Treatment	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery of Allowed Claims or Interests	Impaired and Entitled to Vote
		over a period not exceeding five years after the Petition Date with simple interest at the rate of ___% per annum.			
1	Secured Claims	In full satisfaction of any Allowed Secured Claim, the Holder of the Allowed Secured Claim will receive either the full amount of the Allowed Secured Claim in Cash on the later of the Effective Date or fifteen days after the Claim becomes an Allowed Secured Claim or the Collateral securing the Allowed Secured Claim. Any Allowed deficiency balance will be treated in Class 3A.	Neither the Debtor nor New World are aware of any valid Secured Claims.	100%	No
2	Priority Non-Tax Claims	Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, each Allowed Priority Non-Tax Claim will be paid in full satisfaction of the Priority Non-Tax Claim on the later of (1) the Effective Date or (2) the fifteenth Business Day after such date that the Claim becomes an Allowed Priority Non-Tax Claim, or in either case, as soon thereafter as is practicable	The Debtor has estimated the range from $0 to $68,253	100%	No
3A	General Unsecured Claims (excluding the of Claims represented by the Senior Notes (3B) and the	Except as provided below with respect to the Holder of an Allowed General Unsecured Claim settlement, compromise, stipulation or order which provides for treatment that is more or less favorable	Approximately $56.5 million Class 3A includes the proof of claim filed by the Debtor's indirect wholly-owned	100%	No

Class	Description of Claim or Interest	Treatment	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery of Allowed Claims or Interests	Impaired and Entitled to Vote
	TOPrS Claims and Junior Note Claims(Class 3C))	than the treatment provided for herein, whether in terms of maturity, amortization, interest rate and/or entitlement to interest (prepetition or Post Petition) or otherwise, or the Holder of an Allowed Class 3A agrees to different treatment, the Holder of an Allowed Class 3A General Unsecured Claim shall retain their legal, equitable, and contractual rights and on the later of the Effective Date of the Plan or within fifteen business days from the date such Claim becomes an Allowed Claim or as soon thereafter as is practicable such Holder shall be paid in full in Cash with prepetition interest and Post Petition Interest (at the federal judgment rate of 2.51%). The Holder of an Allowed General Unsecured Claim pursuant to the Rampino Stipulation, the Enron Stipulation, the BONY Stipulation or any other settlement, compromise, stipulation or order which provides for different treatment, whether in terms of maturity, amortization, interest rate and/or entitlement to interest (prepetition or Post Petition) or otherwise, shall be paid in accordance with the underlying compromise, settlement, stipulation or order giving rising to the Allowed Claim, and if no payment date is specified	subsidiary, FRC, in an unspecified amount.		

Class	Description of Claim or Interest	Treatment	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery of Allowed Claims or Interests	Impaired and Entitled to Vote
		on the later of (1) the fifteenth Business Day after the Effective Date or (2) the fifteenth Business Day after the Claim becomes an Allowed Claim, or in either case, s soon thereafter as is practicable.			
3B	General Unsecured Claims of the Holders of the 7.875% Senior Notes	The Holders of the Senior Notes will be paid their principal, plus prepetition interest at the rate set forth in the Senior Notes, and Post Petition interest at the federal judgment rate in effect as of the Petition Date, which was 2.51% on the Effective Date. The Plan provides for the payment of the reasonable fees of the Indenture Trustee without reduction to the distribution to the Noteholders.	$176,402,107, (on the Petition Date)	100%	No
3C	TOPrS Claims	The Holders of Allowed TOPrS Claims shall retain their legal, equitable, and contractual rights provided by the Indenture dated as of March 6, 1996. The TOPrS and Junior Notes shall be Reinstated. If the Court determines by Final Order that the Holders of the Class 3C Claims that a contractual provision or applicable non-bankruptcy law entitles the Holders of TOPrS Claims to demand or receive accelerated payment of their Claims, the Reorganized Debtor will: (1) cure any such default that occurred prepetition, other than a default of a kind specified	$107,422,681 (as of Petition Date)	100%	No

Class	Description of Claim or Interest	Treatment	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery of Allowed Claims or Interests	Impaired and Entitled to Vote
		in 11 U.S.C. §365(b)(2) or of a kind that § 365(b)(2) does not require to be cured; (2) reinstate the maturity of the Class 3C Claim as such maturity existed prior to the default; (3) compensate the Holders of such Class 3C Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; and (4) if such Class 3C Claim arises from any failure to perform a nonmonetary obligation, compensate the Holder of such Class 3C Claim (other than the Debtor or an insider) for the actual pecuniary loss that it suffered as a result of such failure. The Plan provides for the reasonable fees of the Indenture Trustee.			
4	Equity Interests	Holders of existing Equity Interests in the Debtor will retain their Equity Interests in the Reorganized Debtor in full and final satisfaction of their Equity Interests, subject to issuance of stock for a reserve for warrants to be issued under the Exit Facility, New World Equity Investment , and to the extent necessary to satisfy Class 5 Claims.	As of the Petition Date, approximately 82,116,176 shares of the Debtor's common stock had been issued		Yes
5	Section 510(b) Claims	The Holders of Allowed Section 510(b) Claims will receive newly-issued interests in the Reorganized Debtor in full and final	Unknown	100%	No

Class	Description of Claim or Interest	Treatment	Estimated Aggregate Amount of Allowed Claims	Estimated Percentage Recovery of Allowed Claims or Interests	Impaired and Entitled to Vote
		satisfaction of their Allowed Section 510(b) Claims. The percentage interest of common stock to which such Holders will be entitled shall be based upon the average trading value of the common stock of the shares of the Reorganized Debtor for the thirty days preceding the date on which any Section 510(b) Claims become Allowed Section 510(b) Claims if such allowance occurs after the Effective Date. If the Court determines in a Final Order that the Allowed Class 5 Claim is not subject to subordination under 11 U.S.C. § 510(b), then the Holder of the Allowed Class 5 Claim will receive the same treatment as holders of Claims in the appropriate Class of Unsecured Claims or Equity Interests.			

III. HISTORY OF THE DEBTOR

The Debtor is a publicly-held Nevada corporation that has functioned as a financial services holding company. Its prepetition business operations were conducted through two intermediate holding companies--one for banking operations and one for insurance operations. Prepetition, the Debtor's common stock was traded on the New York Stock Exchange under the symbol "FMT."

A. The Banking Operations

The Debtor engaged in both commercial and residential real estate lending nationwide through FRC, the Debtor's industrial bank subsidiary. FRC focused on the origination of commercial

real estate loans and held these loans primarily for investment. Its consumer lending operations focused on the origination of non-prime and sub-prime residential real estate loans, most of which were sold to third party investors or securitized. FRC was one of the nation's largest originators of sub-prime loans. Prepetition, FRC offered certificates of deposit and savings and money market deposit accounts through its 22 retail banking branches in California.

FRC's business grew rapidly in the years before the Debtor's bankruptcy filing. FRC's total amount of residential loan originations increased from approximately $14 billion in 2003 to approximately $36 billion in 2006. Its commercial real estate loan originations also increased from approximately $1.1 billion in annual mortgage originations in 2003 to approximately $8.3 billion in 2005. However, the sub-prime lending market deteriorated significantly in 2007. A periodic review by the Federal Deposit Insurance Corporation ("FDIC") of FRC's sub-prime lending operations led to the issuance of a cease-and-desist order with respect to some of FRC's past sub-prime lending practices. The cease and desist order required much higher capital levels, making it more difficult for FRC to operate in the sub-prime business. As a result, FRC decided to discontinue its sub-prime lending activities. As of March 7, 2007, FRC ceased entering into new funding commitments for sub-prime mortgage loans, although it continued to honor remaining outstanding commitments. FRC also sold substantially all of its commercial real estate loan portfolio during 2007, terminating FRC's interest in its commercial real estate lending business.

The vast majority of FRC's originated residential loans were transferred to third parties via a whole loan sale or securitizations. Most of FRC's loans were transferred via a whole loan sale. In a whole loan sale, FRC entered into an agreement to sell loans for cash, generally on a servicing released basis, but occasionally on a servicing retained basis. As part of the sale process, FRC gave customary representations and warranties regarding the characteristics and origination process of the loans. FRC also generally committed to repurchase loans if a payment default occurred within a certain period after the loan was sold.

In a securitization, FRC transferred residential loans to a qualifying special-purpose entity, established for the limited purpose of purchasing the loans and issuing interest bearing securities that represented interests in the loans. The transfer of the loans in a securitization was treated as a sale, with the loans being removed from FRC's balance sheet, although FRC continued to perform loan servicing functions for the securitizations.

For various reasons, some of the loans that FRC originated were not sold to other parties. In March and April of 2007, FRC entered into whole loan sale agreements that transferred the majority of FRC's unsold sub-prime residential real estate loans, valued at approximately $6.9 billion.

New World is advised that the existing cash and assets of FRC greatly exceed FRC's own liabilities, even in a liquidation.

B. <u>The Insurance and Indemnity Operations</u>

On the insurance side, the Debtor owns all of the common stock of Fremont Compensation Insurance Group, Inc. ("FCIG"). FCIG in turn owns 100% of bare legal title to the common stock of Fremont Indemnity Company in Liquidation ("Indemnity") and 100% of bare legal title to the common stock of Fremont Life Insurance Company ("Life").

Indemnity operated in the property and casualty insurance industry and engaged in the underwriting of workers' compensation insurance policies. In June 2003, Indemnity was placed into a state "conservation" proceeding under section 1101 of the California Insurance Code, and the following month, that proceeding was subsequently converted into a liquidation proceeding under section 1016 of the California Insurance Code. In connection with those proceedings, the California Insurance Commissioner obtained all of the powers of the directors, officers, and manager of Indemnity, as well as sole control over Indemnity's property.

Life operated as a licensed life, annuity, and accident, and health insurance company, although it had discontinued writing new policies in 1995 and in 1996 entered into a coinsurance agreement to reinsure all existing annuity, life, and credit in-force business. By 2004, Life had

terminated its life, disability, workers' compensation and common carrier liability lines. Life was placed into a state "conservation" proceeding by the CIC in June 2008.

C. The Debtor's Management

Until November 2007, the Debtor was managed by a management team that included Chairman of the Board James A. McIntyre, President and Chief Executive Officer Louis J. Rampino. Mr. McIntyre and Mr. Rampino were each employed by the Debtor for approximately thirty years. Mr. McIntyre served as the Debtor's Chief Executive Officer from 1976 until 2004, when Mr. Rampino was appointed as Chief Executive Officer.

In November 2007, Mr. McIntyre, Mr. Rampino, and several of the Debtor's other officers and directors resigned after the Debtor continued to experience significant financial difficulties. The Debtor's previous management team was replaced with a new management team, including Chairman of the Board of Directors and Chief Executive Officer Stephen H. Gordon and Vice-Chairman and President David S. DePillo. This management team managed the Debtor from November 2007 through October 2008. Gordon and DePillo resigned from day-to-day management on September 30, 2008, but remained on the board as chairman and vice-chairman, respectively. On October 1, 2008, Richard A. Sanchez replaced Mr. DePillo and Mr. Gordon and became the Debtor's Interim President and Interim Chief Executive Officer. Mr. Sanchez has served as Interim President and Interim CEO through the present date. Other members of the new management team, namely Thea K. Stuedli as the chief financial officer and Donald E. Royer as the general counsel, have remained in their positions since November 2007.

In November 2007, in connection with the hiring of the new management team, the Debtor and FRC entered into employment agreements (together, the "Employment Agreement") with Gordon, DePillo, Sanchez, Royer, and Stuedli (together, the "Executives") for a term of three years. Notices of non-renewal of the Employment Agreement are expected to be sent in November 2009. Among other things, the Employment Agreements provide that the Debtor and FRC are jointly and

severally obligated to pay the Executives' salaries. In addition, if an Executive is terminated for other than "cause" of a voluntary resignation for "good reason," then the Debtor and FRC may be obligated to pay them severance compensation equal to 300% of their average annual bonus and provide continued health benefits for three years. Moreover, if there is a "change in control event," which includes situations where any person becomes the beneficial owner of 20% of the voting securities of the Debtor or FRC or a reorganization or merger where the resulting entity is not the Debtor or FRC, then any outstanding and unvested equity awards the Executive is eligible to receive automatically fully vest.

The Employment Agreements with Sanchez, Royer, and Stuedli (the "Executive Employment Agreements") will be assumed under the Plan and they will continue to retain their executive positions and perform their existing job descriptions with the Reorganized Debtor following the Effective Date, should they decide to continue to serve. As of the date of this Disclosure Statement, they have not made a decision about whether to continue to serve. In addition, the Debtor has advised New World that Sanchez, Royer, or Stuedli may take the position that "good reason" exists for one or more of them to resign under the terms of the Executive Employment Agreements and that they are entitled to certain payments by the Debtor as a result of their resignation. New World does not agree with that contention. In the event that they elect to continue to serve, their biographical information follows.

1. Richard A. Sanchez, Interim President and Interim Chief Executive Officer

Mr. Sanchez has served as both a bank executive and a banking regulator. From 2002 through 2006, he was a director of Commercial Capital Bancorp, Inc. ("CCBI") and served as the Executive Vice President, Chief Administrative Officer, and Corporate Secretary for CCBI and Commercial Capital Bank ("CCB"). Prior to that, he was Deputy Regional Director for the Office of Thrift Supervision, where he supervised examiners responsible for 85 insured financial institutions

with total assets of over $300 billion.

2. Thea Stuedli, Executive Vice President and Chief Financial Officer

Ms. Stuedli is a certified public accountant with more than eleven years of financial services experience. From 2004 to 2006, Ms. Stuedli served as Senior Vice President and Chief Accounting Officer at CCB, where she was primarily responsible for all internal and external financial reporting requirements, including all SEC filings, board of directors' reports, and regulatory reports. From 2002 through 2004, she served as the Corporate Controller at Jackson Federal Bank and, before that, served as a manager in the financial services practice at KPMG, LLP.

3. Donald E. Rover, Executive Vice President and General Counsel

Mr. Royer has served in various capacities in the California financial services industries. In 2007, he acted as a consultant in representing various mortgage lenders. In 2006, Mr. Royer joined CCBI and CCB as Executive Vice President and General Counsel. From 2002 to 2006, Mr. Royer was in private practice as an attorney. From 1991 to 2002, Mr. Royer was employed by Downey Savings as Executive President, General Counsel, and Corporate Secretary. From 1988 to 1991, Mr. Royer served as Executive Vice President and General Counsel of American Savings Bank, and from 1984 to 1988 was the Executive Vice President and General Counsel of Financial Corporation of America and American Savings and Loan Association. Before that, Mr. Royer held positions as general counsel for American Savings and Loan Association. He began his legal career at First Federal Savings.

IV. THE CHAPTER 11 CASE

A. Events Leading to the Bankruptcy Filing

FRC was one of the nation's largest sub-prime lenders. Although FRC resold the vast majority of all loans that it originated via "whole loan" sales, FRC remained obligated to repurchase loans that it had sold if they experienced a payment default within a certain period of time after being sold. FRC's loan repurchase obligations increased significantly in 2006.

A combination of loan repurchase losses and deterioration in the sub-prime loan market caused FRC to experience significant erosion in its statutorily mandated capital ratios. Consequently, on February 27, 2007, the FDIC provided the Debtor and FRC with a Cease and Desist Order, which required the Debtor to take steps to improve FRC's Tier 1 capital ratio and significantly adjust and improve its sub-prime lending practices. As a result of the Cease and Desist Order, FRC decided to completely terminate all new sub-prime funding commitments on March 7, 2007, although it continued to honor existing funding commitments made before March 7, 2007. FRC reached agreements to sell its remaining residential and commercial real estate loan portfolios to third parties during the first half of 2007.

Even after ceasing residential lending, disposing of residential and commercial loan portfolios, completing the sale of significant portions of FRC's assets, and taking other steps to comply with the Cease and Desist Order, the Debtor was not able to sufficiently repair the damage to FRC's capital position caused by the sub-prime lending crisis. The FDIC issued a Supervisory Prompt Corrective Action Directive (the "Directive") on March 26, 2008, which that gave the Debtor sixty days to either recapitalize FRC or accept an offer for FRC to be acquired by another depository institution. In order to comply with the Directive, the Debtor reached an agreement with CapitalSource, Inc. ("CapitalSource"), where CapitalSource would agree to purchase substantially all of FRC's principal assets and assume its deposits. Because the Debtor was a publicly traded entity, it would have to comply with SEC proxy rules in order to complete the sale to CapitalSource. However, given its dire financial condition, the Debtor determined that it would be unable to complete an audit of its 2007 consolidated financial statements and required subsequent quarterly financial statement reviews. Under SEC proxy rules, both of these items would have to be completed before the Debtor could solicit shareholder approval of the CapitalSource Transaction. Given the difficulties associated with completing a sale outside of bankruptcy, the Debtor determined that its best option for completing the sale would be to seek protection under Chapter 11 of the Bankruptcy

Code and complete the sale. Accordingly, on June 18, 2008 (the "Petition Date"), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code. The Debtor has continued to manage its Assets and properties as a debtor-in-possession pursuant to Bankruptcy Code sections 1107 and 1108.

As of the Petition Date, the Debtor's books and records reflected that the Debtor's common stock was held by approximately 120 holders of record, with no person or entity holding more than 20% of the Debtor's common stock. The Debtor's common stock was listed on the New York Stock Exchange ("NYSE") under the "FMT" symbol, although the NYSE suspended trading of the Debtor's stock prior to the opening of trading on April 17, 2008.

Also as of the Petition Date, the Debtor had two issues of debt securities outstanding. On March 1, 1999, the Debtor issued its "Senior Notes," in principal face amount of $200,000,000. As of the Petition Date, approximately $176,400,000 in principal plus accrued interest was outstanding.

On March 6, 1996, the Debtor issued the Junior Notes to the Debtor's wholly-owned subsidiary, Fremont General Financing I, a Delaware business trust. Fremont General Financing I in turn issued preferred securities that had been traded on the NYSE under the symbol "FMTPR." Generally, the Debtor would make payments on account of the Junior Notes to Fremont General Financing and Fremont General Financing would make distributions to the holders of the TOPrS. As of the Petition Date, the Debtor's books and records reflected that the Trust Preferred Securities ("TOPrs") stock was held by approximately 1,750 holders of record and that approximately $103 million in principal amount plus interest remained outstanding.

B. Significant Events During the Chapter 11 Case

1. Retention of Debtor's Professionals and Agents

After filing its petition for reorganization, the Debtor retained the law firm of Patton Boggs LLP, as reorganization counsel, effective as of June 18, 2008. The Debtor also retained the law firm of Stutman, Treister & Glatt, PC, to assist Patton Boggs in rendering bankruptcy-related services to

the Debtor. The Bankruptcy Court approved the Debtor's employment of these professionals, effective as of the Petition Date, pursuant to orders entered on September 29, 2008.

The Debtor has also retained (i) FTI Consulting, Inc. ("FTI") to provide interim management and management assistance to the Debtor, (ii) the law firms of Willenken, Wilson, Loh & Lieb, LLP, Epstein Becker & Green, PC and The Caldwell Law Firm as special litigation counsel, and (iii) KPMG Corporate Finance LLC ("KPMGCF") as the Debtor's exclusive financial advisor in conjunction with a contemplated transaction that could form the basis for a plan of reorganization.

The Debtor has also retained Squar, Milner, Peterson, Miranda & Williamson, LLP and Ernst & Young, LLP as the Debtor's independent accountant and auditor.

2. Appointment of the Creditors' Committee and Equity Committee

On July 1, 2008, the U.S. Trustee appointed an official committee of creditors holding unsecured claims against the Debtor (the "Creditors' Committee") to represent the interests of the general unsecured creditors of the Estate. The members of the Creditors' Committee are: (1) Tennenbaum Multi-Strategy Master Fund, which serves as the chair; (2) HSBC Bank USA, N.A., the Indenture Trustee for holders of the Debtor's 7.875% Senior Notes; (3) Wells Fargo Bank, N.A., as successor trustee to the Bank of New York Trust Company, N.A., the Indenture Trustee for holders of the Debtor's 9% Junior Subordinated Debentures; (4) Dennis & Loretta Danko Family Trust; and (5) Rita Angel. In addition, Howard Amster and Roark, Rearden & Hamot Capital Management serve as "ex officio" members of the Creditors Committee.

The Creditors Committee has employed Klee, Tuchin, Bogdanoff & Stern LLP ("Klee Tuchin") as its counsel, the Solon Group, Inc. ("Solon") as its financial advisor on a limited basis in the Case, and Bocarsly Emden Cowan Esmail & Arndt LLP ("Bocarsly") as its tax advisor.

On July 8, 2008, the U.S. Trustee appointed the Equity Committee to represent the interests of the equity Holders. The initial members of the Equity Committee were: (1) John M. Koral; (2) William M. Stern; (3) Paul Dagostino; (4) William Holmes; (5) Frank E. Williams, Jr.; (6) Jeffrey M.

Pies; (7) Lynn Ehlers; (8) John M. Mlynick; and (9) Jonathan Siegal. The latter two later resigned from the Equity Committee. The Equity Committee has employed, with the Bankruptcy Court's approval, Weiland Golden as its counsel and CRG as its financial advisor.

3. Consummation of the CapitalSource Transaction

Within a week of the Petition Date, the Debtor filed its Motion for Order Authorizing the Debtor to Use the Shares of Non-Debtor Subsidiary to Consummate the CapitalSource Transaction (the "CapitalSource Motion"), which sought entry of an order authorizing the Debtor, as sole shareholder, to use its shares of a non-debtor subsidiary to consummate the CapitalSource Transaction. Following a hearing on July 17, 2008, the Court entered an order approving the CapitalSource Motion, which order was supported by accompanying Findings of Fact and Conclusions of Law.

The CapitalSource Transaction closed on or about July 25, 2008, and FRC subsequently surrendered its banking charter to the state of California and changed its name from Fremont Investment & Loan to Fremont Reorganizing Corporation. As a result of the CapitalSource Transaction — which both the Creditors' Committee and the Equity Committee supported — seizure of FRC by the FDIC was avoided and significant value was preserved for all stakeholders.

4. The Order Limiting Transfers of Equity

On the Petition Date, the Debtor filed an emergency motion for an order limiting certain transfers of Equity Interests in the Debtor. The motion was filed because the Debtor's consolidated federal corporate income tax return for 2007 reflect NOLs of $695,469,659 that, if preserved, could yield a tax benefit of more than $200 million. However, the Debtor was concerned that unregulated postpetition trading of the Debtor's equity interests could reduce or eliminate the value of the NOLs that it thought might be critical to its reorganization. Accordingly, the Debtor sought an order limiting and tailoring restrictions on trading and requiring the Debtor to receive advance notice of any transfers that could have the effect of jeopardizing the NOLs. The Court granted the requested relief

with an order that was entered on June 19, 2008.

5. Insider Compensation

During the Case, the Debtor sought Court approval of the post-petition compensation of its current and past officers and directors, including Stephen H. Gordon, David S. DePillo, Donald E. Royer, Richard A. Sanchez, and Thea K. Stuedli. The Court approved a stipulation on September 15, 2008, that set the post-petition compensation for each of these officers or directors and established a mechanism for apportioning the executive compensation cost among the Debtor and FRC.

6. Establishment of General Bar Date and Filing of Claims

On September 4, 2008, pursuant to a Stipulated Order Regarding the Claims Bar Date, the Court established November 10, 2008, as the general claims bar date for all Persons other than governmental units to file proofs of Claim or Equity Interests arising prior to the Petition Date, pursuant to section 501 of the Bankruptcy Code, and (2) December 15, 2008, as the claims bar date for governmental units to file pre-petition Claims.

Over 900 Proofs of Claim have been filed against the Debtor, including a limited number after the Claims Bar Date. Based on its preliminary review, it appears that many of these asserted Claims are invalid and/or inflated and, ultimately after Claims objection litigation, the aggregate Claims amounts should be significantly reduced.

7. Relief from Stay Motions — McIntyre, Faigin, and The Bank of New York Mellon

During the Case, two of the Debtor's former Officers, James A. McIntyre and Alan C. Faigin filed motions seeking relief from the automatic stay under Bankruptcy Code section 362. Former CEO McIntyre sought relief from the automatic stay to allow him to pursue litigation requiring the Debtor to hold a shareholder's meeting. After conducting a hearing on the matter, the Bankruptcy Court entered an order on October 24, 2008, denying, without prejudice, McIntyre's motion to lift the stay.

Former General Counsel Faigin filed a motion to lift the automatic stay in order to pursue state court litigation against the Debtor and FRC under a theory that both entities were jointly liable for amounts that were still allegedly owed to Faigin under his pre-petition employment contract with the Debtor. Although the Debtor, but not FRC, was a party to Faigin's employment contract, Faigin had attempted to pursue arbitration against FRC, which is not a debtor in bankruptcy, under a theory that both Debtor and FRC were joint employers of Faigin. The Bankruptcy Court entered an order on December 24, 2008 allowing Faigin's litigation against FRC to proceed on the condition that Faigin amend his complaint to remove all allegations against the Debtor and refrain from seeking discovery from the Debtor in connection with the state court litigation.

More recently, The Bank of New York Mellon ("BONY") filed a motion to lift the automatic stay so that prepetition litigation that BONY commenced against the Debtor for alleged interference with a contractual relationship between BONY, the New York Insurance Department, and FIC, which was pending in the United States District Court, Central District of California, on the Petition Date, could resume. The hearing on the motion has been continued several times. BONY's prepetition litigation claims have been asserted in the Case through a proof of claim BONY filed in excess of $20,000,000. The Debtor disputes any liability to BONY and whether the Debtor had the requisite intent.

8. Engagement of KPMG Corporate Finance and the Attempts to Negotiate a Consensual Plan

On January 6, 2009, the Bankruptcy Court approved the engagement of KPMG Corporate Finance LLC ("KPMGCF"), a subsidiary of KPMG LLP (UK), as the Debtors financial advisor to locate potential acquirers of the Debtor who might act as a sponsor in a potential plan of reorganization. In connection with this engagement, KPMGCF distributed marketing materials informing potential investors of the opportunity to act as the sponsor of the Debtor's plan of reorganization.

As a result of KPMGCF's marketing efforts, 26 parties entered into non-disclosure agreements and were provided access to information about the Debtor and its management. Ultimately, the Debtor received six non-binding letters of intent from interested third parties.

In Spring 2009, the Debtor evaluated each of these proposals to determine whether the implementation of any of such proposals through a plan of reorganization was viable and consulted with the committees to determine their positions. Although the Equity Committee was supportive of the Debtor's efforts and even contemplated being a cosponsor of a plan with the Debtor, the Creditor's Committee was not supportive. Ultimately, the Debtor proposed its own plan.

9. Exclusivity

Pursuant to the Bankruptcy Code, a debtor-in-possession, has 120 days from the date of the filing of its Chapter 11 petition with the Bankruptcy Court in which to file a plan of reorganization, subject to Bankruptcy Court's authority to grant extensions of this exclusive period for cause. During this exclusive period no other person or entity is permitted to file a plan of reorganization. The Debtor obtained an extension of its exclusive periods to June 1, 2009, to propose its plan and September 1, 2009, to solicit votes on the plan. Although the Debtor filed its plan, the Creditors' Committee filed a motion to terminate exclusivity that was set for a hearing on July 14, 2009. The Equity Committee joined in that motion and the Court granted the motion and terminated exclusivity effective July 17, 2009. Both the Creditors' Committee and the Equity Committee have filed plans.

10. Settlement of Claims and Litigation

During the course of the Case, the Debtor has achieved settlements of various matters. In some instances, the Debtor has negotiated final terms of settlement, subject only to obtaining Bankruptcy Court approval. The following narrative describes the more significant settlements.

a) California Insurance Commissioner

In June 2004, the California Insurance Commissioner (the "CIC"), as Indemnity's statutory liquidator, sued the Debtor and FCIG in state court, alleging that they improperly utilized net

operating loss deductions ("NOLs") allegedly belonging to Indemnity (the "NOL Case"). In 2005, the CIC filed another complaint against the Debtor and others on behalf of Indemnity as successor in interest to Comstock Insurance Company ("Comstock"), a former affiliate of Indemnity that was subsequently merged into Indemnity. That case alleged similar causes of action regarding the utilization of NOLs as well as assertions of improper transactions with other insurance subsidiaries and affiliates of Indemnity (the "Comstock Action"). In 2008, FRC was added as a defendant in both the NOL Case and the Comstock Action.

As a result of disputes as to whether Indemnity, which is in liquidation, and its subsidiaries could be considered part of the Debtor's consolidated taxpayer group for federal income tax purposes, the CIC requested that the IRS issue a private letter ruling to resolve the dispute. The IRS issued it on July 26, 2006, and based on that ruling, the CIC has taken the position that Indemnity and its subsidiaries should be included in the Debtor's consolidated taxpayer group, and the Debtor has maintained its objection to such tax treatment (the "Tax Deconsolidation Dispute").

The CIC also filed a lawsuit in California state court asserting on behalf of Indemnity claims of ownership to substantial portions of artwork, including any related proceeds from the sale of that artwork, that were at any time in the possession or control of the Debtor or its affiliates. The Debtor removed that action to the Bankruptcy Court on July 11, 2008, and it remains pending as case number 08:08-ap-01258-ES (the "Art Adversary Dispute"). The claims are being asserted against the Debtor, FRC, and four current or former employees of the Debtor.

In connection with these various adversary proceedings, the CIC filed four claims with the Bankruptcy Court, asserting the claims set forth in the NOL Case, the Comstock Action, the Art Adversary Dispute, and the Tax Consolidation Dispute. Collectively, the liquidated amounts of these asserted claims exceed $489 million, and also included unliquidated amounts.

In April 2009, the Debtor, FRC, and FCIG (together, the "Fremont Entities") and the CIC, in its capacity as the statutory liquidator or Indemnity and the statutory conservator of Life, entered into

a stipulation agreement that settled their disputes (the "CIC Stipulation"). In the CIC Stipulation, the Fremont Entities and the CIC agreed to the following:

(1) Tax Issues: Within 20 days of the CIC Stipulation's effective date, the Fremont Entities will take the appropriate action to document that Indemnity has been deconsolidated from the group of affiliates of the Debtor that elect to participate in a consolidated federal taxpayer group so that Indemnity can use any NOLs generated by Indemnity on or after January 1, 2003, on its own tax returns. In addition, the Debtor has agreed to cooperate with the CIC in the preparation, filing, approval, and consummation of the statutory liquidation case involving Indemnity.

(2) Life Stock. On the effective date of the CIC Stipulation, FCIG, as the holder of all of Life's issued and outstanding stock, will transfer all of its right, title, and interest in the stock of Life to the Commissioner.

(4) Proofs of Claim. On the effective date of the CIC Stipulation, each of the proof of claim filed by the CIC in the Debtor's case will be withdrawn, disallowed, and expunged with prejudice. The CIC will be allowed a $5 million general unsecured claim in the Debtor's Case, and this claim will be the sole and exclusive right to payment by CIC, Indemnity, and Life from the Debtor's bankruptcy estate, except with respect to the D&O Case described below.

(5) Art Adversary Dispute. On the effective date of the CIC Stipulation, the CIC will receive $4.1 million of the funds presently held in escrow that are attributable to the sale of certain of the Debtor's artwork. The Debtor will receive the remaining proceeds held in the escrow account (approximately $300,000) and ownership rights to all of the remaining artwork, including any future proceeds from the sale or disposition of such artwork.

(6) Cash Payment. On the effective date of the CIC Stipulation, FRC will pay to Indemnity $5.0 million.

(7) Dismissal of Pending Litigation. As soon as possible after the effective date of the CIC Stipulation, the CIC will dismiss with prejudice all of the actions mentioned above, including

any counterclaim or cross complaint filed therein, and the Fremont Entities will dismiss with prejudice any claims filed in connection with Indemnity's statutory liquidation case.

(8) Releases. Except for the agreements and obligations set forth in the CIC Stipulation, CIC, Indemnity, Life, and the Fremont Entities will give each other mutual releases of the claims set forth in the actions described above.

The Debtor filed a motion to approve the CIC Stipulation pursuant to FRBP 9019 (a) in April 2009, and the motion was approved at a hearing held on May 14, 2009. The CIC Stipulation has also been approved by the two necessary state court and the settlement is essentially final.

b) Massachusetts Attorney General

The Debtor and FRC were also subject to ongoing litigation in the Massachusetts Superior Court in Suffolk County ("MA Superior Court") brought by the Attorney General for the Commonwealth of Massachusetts (the "Commonwealth") based upon alleged consumer protection violations stemming from FRC's lending practices in connection with the origination and servicing of residential mortgage loans made to Massachusetts residents. The complaint sought injunctive and equitable relief and civil penalties. Since February 2009, the Debtor and FRC have been operating under a preliminary injunction issued by the MA Superior Court, as modified in March 2008, that enjoined the Debtor and FRC from foreclosing on certain of the loans made to Massachusetts residents absent the approval of the MA Superior Court. The preliminary injunction also prevented the Debtor and FRC from selling, transferring, or assigning any of these Massachusetts residential loans unless certain conditions were met. This litigation appeared to be outside the scope of the exemptions to the automatic stay pursuant to 11 U.S.C. § 362(b)(4).

In April 2009, after comprehensive settlement discussions, the Commonwealth, the Debtor, and FRC entered into a Final Judgment by Consent (the "Final Judgment"). Pursuant to the Final Judgment, FRC will pay $10 million to the Commonwealth on the effective date of the Final Judgment. If neither FRC nor FGCC is the subject of a bankruptcy proceeding as of a date that is

about 95 days after the effective date of the Final Judgment and no court has determined that either the Debtor or FRC has violated any of the terms of the Final Judgment, then the Commonwealth will withdraw with prejudice the $20 million proof of claim that it filed in the Debtor's Case. If either FRC or FGCC is in a bankruptcy proceeding on such date, then the Commonwealth may void the Final Judgment and refund the $10 million.

If the Final Judgment becomes effective, then the preliminary injunction will be modified and will become a permanent injunction that will apply to loans to Massachusetts residents or to loans secured by property in Massachusetts. The permanent injunction; requires the Debtor or FRC to provide the Massachusetts Attorney General with prior notice before initiating or advancing a foreclosure on any such mortgage loan originated by FRC. If the Attorney General does not provide a written objection, then the Debtor or FRC may proceed with the foreclosure. If there is a written objection, then the parties will follow the resolution procedures set forth in the Final Judgment. In addition, before the Debtor or the FRC can sell, transfer, or assign any mortgage loan originated by FRC that is secured by any residential property in Massachusetts, they must (1) provide the Attorney General with prior notice; (2) a purchaser or assignee from the FRC must agree to be bound by the foreclosure and sale restrictions in the permanent injunction, and (3) a copy of the written assignment must be provided to the Attorney General. In exchange for this agreement, upon entry of the Final Judgment by the MA Superior Court, the Commonwealth will release the Debtor and FRC from the claims set forth in the Massachusetts Action.

The Debtor sought Court approval of the Final Judgment pursuant to FRBP 9019(a) in April 2009, and that was approved at a hearing on May 14, 2009. The Equity Committee believes that all conditions to the effectiveness of the Final Judgment have occurred and the settlement has been consummated.

c) Enron

In April 2009, the Debtor entered into a stipulation and agreement (the "Enron Stipulation')

with Enron Creditors Recovery Corporation ("Enron") to settle the litigation described below and to resolve a proof of claim in the approximate amount of $25.5 million that Enron filed against the Debtor in the Case.

On December 2, 2001, Enron and certain affiliates filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court, Southern District of New York (the "Enron Court"). Before that date, Enron issued unsecured commercial paper to various entities, including the Debtor. The commercial paper had maturities of up to 270 days. In a series of transfers, Enron allegedly paid over $1 billion to various entities, including $25,426,521.66 to the Debtor, on account of the commercial paper prior to their stated maturity. In November 2003, representatives of Enron's bankruptcy estate filed avoidance actions in the Enron Court against the Debtor and various defendants, contending that the payments were avoidable and recoverable under the Bankruptcy Code. In settlement of that dispute, Enron and the Debtor agreed to the following:

(1) Allowed General Unsecured Claim. Enron will be allowed for purposes of voting on any plan proposed in the Case and receiving Distributions a general unsecured claim against the Debtor in the amount of $4.0 million (the "Allowed Enron Claim"). However, upon Enron's actual receipt of Distributions from the Debtor's bankruptcy estate of $2.0 million, the Allowed Enron Claim will be deemed satisfied in full and Enron will have no further right to any Distributions from the Debtor's bankruptcy estate. The Allowed Enron Claim is the only right to payment that Enron will have against the Debtor's bankruptcy estate.

(2) Dismissal of the Avoidance Action. After the effective date of the agreement, Enron has agreed to dismiss the avoidance action with prejudice as to the Debtor, with each party bearing its own attorney's fees and costs.

(3) Releases. On the effective date and except for the agreements and obligations arising from the settlement, Enron and the Debtor will exchange mutual general releases of all claims they may hold against one another.

Both the Bankruptcy Court and the Enron Court have approved the settlement agreement.

d) The Rampino Litigation and Associated Defendants' Wages SERP, and Indemnification Claims

In October 2006, the CIC, as the statutory liquidator of Indemnity, filed a first amended complaint in Los Angeles Superior Court against seven former officers and directors of the Debtor or Indemnity (together, the "Rampino Defendants"), alleging that they breached their fiduciary duties by allowing Indemnity to engage in an inappropriate underwriting scheme that caused injury to Indemnity's reinsurers, which in turn injured Indemnity by settlements it made with those reinsurers (the "D&O Case"). Although neither the Debtor nor any affiliates are defendants in the D&O Case, it is possible that the Debtor could have indemnification obligations to some or all of the Rampino Defendants. After the Debtor filed its bankruptcy petition, each of the Rampino Defendants filed at least one claim based on, among other things, the contention that the Debtor is obligated to indemnify each of them for any settlement amounts or judgment that might be entered against them in the D&O Case.'

In May 2009, the Debtor entered into a stipulation (the "Rampino Stipulation") with the Rampino Defendants and the CIC to settle the outstanding litigation and to resolve fifteen proof of claims that together asserted liquidated amounts in excess of $27 million and that also contained substantial contingent and unliquidated components. A summary of the Rampino Stipulation is as follows:

(1) Allowed General Unsecured Claim of CIC. The CIC will be allowed, for voting and Distribution purposes, a general unsecured claim in the amount of $35 million. However, after the CIC's actual receipt of Distributions from the Debtor's bankruptcy estate totaling $22 million, the claim will be deemed to be satisfied in full and the CIC will have no further right to any distributions from the Debtor's bankruptcy estate on account of the D&O Case. This claim is in addition to the $5 million General Unsecured Claim allowed the CIC for the unrelated settlement discussed above.

(2) Final Disallowance of Proof of Claims. Each of the Rampino Defendants' proofs of claim will be deemed to have been withdrawn or disallowed with prejudice.

(3) Allowed General Unsecured SERP Claims. Four of the seven defendants will each be allowed for purposes of voting and distribution purposes a general unsecured claim against the Debtor in amounts ranging from $2.3 million to $5.6 million. However, once they actually receive distributions in specific, lesser amounts ranging from $1.42 million to $3.47 million, their claims will be deemed to have been satisfied in full and they will have no further rights to Distributions or payments from the Debtor's bankruptcy estate. They will also have no right to Distributions or payments from the Fremont General Corporation Supplemental Executive Retirement Plan or the Fremont General Corporation Supplemental Executive Retirement Plan II.

(4) Dismissal of Litigation. After the effective date of the Rampino Stipulation, CIC and Indemnity will dismiss the D&O Case with prejudice, and Mr. Bailey, Mr. Rampino, and Mr. McIntyre will dismiss their respective adversary proceedings that are pending in the Bankruptcy Court to be dismissed with prejudice against all defendants other than the Debtor. With respect to the Debtor, the dismissal is conditioned upon their receiving payment on account of their allowed general unsecured claims.

(5) Releases. Except for the agreements and obligation arising under the Rampino Stipulation, the parties will execute mutual general releases, except that the Rampino Defendants are not releasing any claims that they may have against the Debtor as a result of ownership of the Debtor's common stock or other securities of the Debtor or its affiliates. In addition, no one is releasing any claims that they may hold against any insurance policy issued by any insurer of any of the parties.

The hearing on approval of the Rampino Stipulation was held on June 11, 2009, and the order approving the Rampino Stipulation was entered on June 18, 2009.

e) Other Settled and Resolved Claims

The Debtor and FRC entered into an agreement with Credit Suisse to provide for the payment and resolution of a proof of claim in excess of $2 million filed by Credit Suisse, which agreement was approved by the Court pursuant to Federal Rule of Bankruptcy Procedure 9019(a).

The Debtor entered into a stipulation providing for the withdrawal with prejudice of 86 separate proofs of claim filed by the plaintiffs in the so-called Scheid action, which stipulation was approved by the Court.

The Debtor and FRC agreed to settle their affirmative claims against BlackRock, Inc., Private National Mortgage Acceptance Company, LLC, and John Lawrence, which agreement was also approved by the Court pursuant to Federal Rule of Bankruptcy Procedure 9019(a).

The Debtor has entered into a stipulation with BONY (the "BONY Stipulation") to settle the litigation described above and to resolve a proof of claim in the approximate amount of $20 million that BONY filed against the Debtor in the Case. The Debtor has agreed, subject to Court approval, to afford BONY a general unsecured non-priority claim in the amount of $10,000,000; provided, however, that (i) the Allowed Claim shall be deemed to have been satisfied in full upon the actual receipt of Distributions on or before October 31, 2009 that total $6,500,000; or (ii) in the event that the aggregate payment described in (i) of this paragraph is not made on or before October 31, 2009, then the Allowed Claim shall be deemed to have been satisfied in full upon the actual receipt of Distributions on or before June 30, 2010 that total $7,000,000. BONY has agreed to dismiss the district court action with prejudice and there will be a mutual release of claims. A hearing to consider approval of the BONY Stipulation took place on September 10, 2009, at which the BONY Stipulation was approved.

f) Settlement With Bank of New York Mellon

The Debtor has also resolved a proof of claim the Bank of New York Mellon filed against the Estate which asserts a Claim of approximately $20.1 million arising out of a prepetition lawsuit against the Debtor styled as Bank of New York v. Fremont General Corporation, Case No. CV-03-

09238-CAS, United States District Court for the Central District of California. The litigation generally involved a dispute over a custodial account of Fremont Indemnity established for the benefit of workers compensation claimants from which the Bank of New York Mellon alleged the Debtor wrongfully withdrew funds. The Debtor and the Bank of New York Mellon executed a settlement stipulation pursuant to which the Bank of New York Mellon was granted an Allowed Claim of $10 million that may be deemed satisfied by receipt of payments (i) totaling $6.5 million if such amount is received by the Bank of New York Mellon by October 31, 2009 or (ii) totaling $7 million if such amount is received by the Bank of New York Mellon by June 30, 2010, the Bank of New York Mellon's pending action against the Debtor will be dismissed and the parties exchanged general mutual releases, subject to certain exceptions. On August 4, 2009, the Debtor filed its *Motion for Order Approving Stipulation Between the Debtor and the Bank of New York* [Docket No. 853] seeking approval of settlement with Bank of New York Mellon. On September 28, 2009, the Bankruptcy Court entered an order approving the settlement. The Allowed Claim of Bank of New York Mellon will be treated as an Allowed General Unsecured Claim in Class 3A, subject to the terms of the settlement governing the satisfaction of such Claim.

11. Allowance of Fees and Costs of Professionals Employed by the Debtor, the Creditors' Committee, and the Equity Committee

In connection with the retention of the professionals employed by the Debtor, the Creditors' Committee, and the Equity Committee, the Court approved interim fee procedures. With the exception of certain professionals whose compensation is subject to different procedures, professionals are eligible to receive payment of 80% of their monthly fees and 100% of their monthly costs, provided that no objection is timely filed and served in connection with their monthly fee statements. Such professionals may request and receive payment of the "hold back" amounts at interim or final fee hearings.

Kurtzman Carson Consultants, retained by the Debtor, is paid in full on a monthly basis by

the Debtor under a separate procedure. KPMG has also been compensated differently, receiving a monthly retainer of $25,000 until its retention is terminated by the Debtor, and it is entitled to receive an additional transaction fee if a plan sponsored by a third-party plan proponent becomes effective.

Below is a chart that summarizes the fees and costs incurred and requested by the professionals through March 31, 2009. The first interim period ran from June 18, 2008, through November 30, 2008 (the "First Interim Period"). The second interim period ran from December 1, 2008, through March 31, 2009.

Professional	Retainer	Fees Requested in First Interim Period	Costs Requested in First Interim Period	Unpaid Portion from First Interim Period	Fees Requested in Second Interim Period	Costs Requested in Second Interim Period	Unpaid Portion from Second Interim Period
Klee Tuchin	N/A	$652,229	$32,129	$0	$571,868	$11,265	$113,829
Stutman Treister	$116,314	$978,456	$46,882	$0	$746,501	$20,267	$149,300
Patton Boggs	$250,000	$1,459,565	$37,427	$0	$608,329	$29,686	$121,665
FTI	$500,000	$909,964	$132,132	$0	$429,651	$39,4611	$85,930
Weiland Golden	N/A	$391,820	$10,046	$0	$213,573	$467	$43,118
Solon Group	N/A	$25,285	$0	$0	$10,452	$0	$0
CRG Partners	N/A	$87,100	$105	$0	$20,362	$0	$0
Epstein Becker	N/A	$238,524	$12,720	$0	$619,720	$18,070	$0
Willenken Wilson	N/A	N/A	N/A	N/A	$5,351	$8	$0
Caldwell Law Firm	N/A	N/A	N/A	N/A	$17,508	$0	$0

Since the end of the Second Interim Period, the professionals have continued to incur fees and expenses. From April 1, 2009, through July 31, 2009, the interim fee applications submitted by the professionals seek payment of the following fees and expenses, with the unpaid portion for this time period as indicated below:

Professional	Retainer	Fees	Expenses	Unpaid Portion
Klee Tuchin	N/A	$795,297	$14,392	$159,059
Stutman Treister	N/A	$848,468	$41,878	$169,727
Patton Boggs	N/A	$663,712	$18,274	$137,742
FTI	N/A	$428,263	$25,780	$156,710
Weiland Golden	N/A	$328,808	$1,217	$65,762
Solon Group	N/A	$36,465	$0	$29,947
CRG Partners	N/A	$108,361	$1,086	$50,225
Epstein Becker	N/A	$57,787	$4,519	$11,557
Willenken Wilson	N/A	$11,963	$91	$12,054
Caldwell Law Firm	N/A	$104,227	$6,291	$20,855
Squar Milner	$100,000	$57,546	$0	$57,546
Bocarsly Emden	N/A	$28,375	$158	$5,675
Ernst & Young	N/A	$48,600	$0	$9,270

The above professionals will continue to incur fees and expenses through Confirmation of the Plan.

V. LITIGATION AND CAUSES OF ACTION

A. Litigation Commenced Pre-Petition

As of the Petition Date, the Debtor was involved in certain litigation and other actions set forth in the Bankruptcy Schedules, the most material of which are discussed above.

B. Post-Petition and Other Potential Causes of Action

1. In General

Since the Petition Date, the Debtor has prosecuted or defended adversary proceedings that are connected with this Chapter 11 case. In some instances, the Debtor removed civil actions that were pending in other courts on the Petition Date to the Bankruptcy Court. The discussion in this Section is for general informational purposes only. Nothing herein is intended nor should be construed to be an admission or acknowledgement of any matter and all parties reserve all of their respective rights with respect to any potential and/or actual claims against any Persons.

2. Adv. Pro. No. 8:08-ap-01256-ES and Adv. Pro No. 8:09-ap-01103-ES: the SERP Actions

This adversary proceeding involves certain claims asserted against the Debtor arising from two supplemental executive retirement plans, or "SERPs." The Debtor removed this proceeding from California state court to this Court on July 7, 2008. The Debtor filed a motion to dismiss the plaintiffs complaint. The plaintiffs have filed a second amended complaint,

A second set of plaintiffs filed the separate adversary proceeding No. 8:09-ap-01103-ES, *Bailey v. Fremont General Corporation, et al*. This proceeding was brought by two former executive employees of the Debtor, Wayne Bailey and Louis Rampino, and involves certain ERISA claims asserted against the Debtor related to two supplemental executive retirement plans.

The Rampino Stipulation described above and that has been approved by the Court resolves these adversary proceedings with respect to all plaintiffs other than Alan Faigin. The Equity Committee is informed by the Debtor that it is in discussions with Alan Faigin to settle and resolve these adversary proceedings in their entirety.

3. Adv. Pro. No. 8:08-ap-01258-ES: The Art Action

This proceeding involves the California Insurance Commissioner's asserted ownership interests in certain artwork and related proceeds (the "Art Action"). This proceeding was removed from California state court to this Court by the Debtor on July 11, 2008. The Art Action was settled and, as described above, the settlement was approved by the Court.

4. Adv. Pro. No. 8:08-ap-01418-ES: The Insurance Action

This proceeding involves the Debtor and FRC's rights to coverage under certain insurance policies issued by the Federal Insurance Company (the "Insurance Action"). This proceeding was commenced by the Debtor and FRC on October 20, 2008 and remains pending before the Court.

5. Adv. Pro. No. 8:08-ap-01470-ES: The Mover Action

This proceeding involves the Debtor's claims against National Relocation Services, Inc.,

Mike Garrett, and other parties in connection with the misappropriation of certain furniture, fixtures, and equipment from the Debtors Water Garden location (the "Mover Action"). This proceeding was commenced by the Debtor on November 20, 2008, and a motion to amend the complaint is currently pending.

6. ERISA Class Action

In 2007, six complaints seeking class certification were filed in the United States District Court, Central District of California, against the Debtor and various officers, directors, and employees by participants in the Debtor's Investment Incentive Plan 401(k) and Employee Stock Ownership Plan, alleging violations of the Employee Retirement Income Security Act of 1974 ("ERISA") in connection with stock in the Debtor held by the Plans (the "ERISA Action"). The six complaints have been consolidated in a single proceeding.

The plaintiffs in the ERISA Action contend that their claims are not subject to subordination and contend that to the extent that their claims exceed available insurance coverage, they should be classified and treated as Class 3A General Unsecured Claims. New World disagrees and believes that to the extent that the ERISA Action claims become Allowed Claims, they should be classified and treated as Class 5 Section 510(b) Claims. In addition, the Plaintiffs in the ERISA Action contend that their claims are covered under available insurance policies up to $100 million. Plaintiffs in the ERISA Action have stated their intention to file a motion to lift the automatic stay and a motion to withdraw the reference so that their claims may continue to be prosecuted against the Debtor in the District Court in the ERISA Action. None of the Debtor, the Creditors' Committee, the Equity Committee or New World agree with the contentions or position of the ERISA Action plaintiffs.

7. The Securities Class Action (Al-Beitawi V. Fremont General Corp., Consolidated Securities Complaint, Case No. CV07-05756)

In September 2007, three separate complaints seeking class certification were filed in the United States District Court, Central District of California, against the Debtor and various officers

and directors alleging violations of federal securities laws in connection with published statements by the Debtor regarding its loan portfolio and loans held for resale during the period from May 2006 through February 2007. The three class action lawsuits were consolidated into a single proceeding with a consolidated class action complaint filed on March 3, 2008 (the "Securities Class Action"). In January 2009, a second amended class action securities complaint was filed alleging violations from October 2005 through March 2007; the defendants include the Debtor and several former and current officers of the Debtor and FRC. The litigation against the Debtor has been stayed by the bankruptcy filing. It is not stayed as to any of the non-Debtor defendants. The plaintiffs have asserted that the Debtor's liability insurance policies in favor of their officers and directors provide coverage for the claims asserted in the Securities Class Action as well as for claims against the Debtor directly for alleged violations of federal securities laws. The Plan will provide for the right of the plaintiffs to pursue claims against the Debtor, which will be treated in accordance with the Plan, and to recover from available insurance coverage. It also preserves their right to conduct discovery. Any Allowed Claims of the Securities Class Action plaintiffs will be classified and treated as Allowed Section 510(b) Claims.

8. Causes of Action Are to Be Retained Under Plan; No Waiver Should Be Implied

Attached to the Disclosure Statement as Exhibit "2" is a non-exhaustive list of potential Causes of Action; provided, however, notwithstanding any otherwise applicable principle of law or equity, including, without limitation, any principles of judicial estoppel, res judicata, collateral estoppel, issue preclusion, or any similar doctrine, the failure to list, disclose, describe, identify, analyze or refer to any Cause of Action, or potential Cause of Action, in the Plan, this Disclosure Statement, or any other document filed with the Bankruptcy Court will in no manner waive, eliminate, modify, release, or alter the rights of the Debtor, New World, or the Reorganized Debtor's right to commence, prosecute, defend against, settle, and realize upon any Cause of Action that the

Debtor or the Estate has or may have as of the Confirmation Date. Unless otherwise provided in the Plan or Confirmation Order, to the extent any filed or to-be-filed actions are not resolved, after the Effective Date, the Reorganized Debtor will continue to prosecute, settle, or otherwise resolve or dispose of those actions.

9. Objections To Claims

New World is informed that the Debtor has commenced its review, analysis and investigation of the filed Claims and the Claim objection process. Over 900 proofs of claim in an aggregate amount in excess of $1.14 billion have been filed in the case. After Confirmation, the Reorganized Debtor will continue the Claim objection process and file additional objections to various scheduled and filed Claims. The Debtor has commenced the Claim objection process, although it is not expected to be completed prior to the hearing on confirmation of the Plan. Thus far, the objections by the Debtor and the various settlements have reduced the total Claims against the Estate by approximately $541 million. New World is informed that the Debtor has preliminarily identified more than 600 invalid, duplicate, late-filed, or improperly classified Claims, and the Court established a procedure for handling bulk Claim objections for omnibus objections related to proofs of Claim that were filed on account of Interests, duplicate claims, and proofs of Claim that relate only to FRC. The Court has ruled on nine omnibus Claim objections. These objections and additional objections are expected to substantially reduce the amount of Claims asserted against the Estate.

10. Insurance Policies with Westchester Surplus Lines Insurance Company and Pacific Employers Insurance Company

Prepetition, Westchester Surplus Lines Insurance Company ("WSLIC") issued to the Debtor a claims made directors and officers excess liability insurance policy and a six year run off endorsement thereto for claims made against the insured for wrongful acts before December 31, 2014 (the "WSLIC Policy"). According to WSLIC, under certain circumstances, the Debtor would be required to reimburse the insurer for advanced defense costs. Pacific Employers Insurance Company

("PEIC") issued prepetition to the Debtor high-deductible workers compensation occurrence policies for the calendar years 2000, 2001, 2002, and possibly additional years (the "PEIC Policies"). WSLIC and PEIC have filed contingent and unliquidated proofs of claim. Matters relating to the WSLIC Policy and PEIC Policies will be addressed in the Plan. WSLIC and PEIC each reserve their right to object to the Plan.

VI. GENERAL DISCUSSION OF ASSETS AND LIABILITIES

A. Assets

According to the Debtor's unaudited balance sheet as of August 31, 2009, the Debtor has Cash on hand of approximately $27.3 million. An additional $11.5 million in Cash is currently held in accounts at Merrill Lynch Trust Company that were established in connection with the SERPs that are currently the subject of a pending ownership dispute. Cash on hand as of the Effective Date will be used to satisfy Allowed Claims under the Plan. In addition to these Cash deposits, the Debtor also has several insurance policies, including 2007 and 2008 Directors' and Officers' Liability Policies that were issued by XL Specialty Insurance Company with coverage totals of up to $100 million and $225 million, respectively. There are also policies issued by Federal Insurance Company; the Debtor and FRC are in the process of attempting to recover more than $10 million in defense and settlement costs that were incurred in connection with the action brought by the Massachusetts Attorney General that was discussed above.

Other than the Cash and its interests in various insurance policies, the primary assets of the Debtor are comprised of its direct and indirect ownership interest in FGCC, FRC, and FCIG. New World does not believe that any value will be realized from FCIG, which has no employees and no contracts. The Debtor also holds ownership interests in Fremont Aviation Services Corp. and Fremont General Financing I. Fremont Aviation Services Corp. used to own a corporate jet that was sold in 2008; the company is in the process of being wound down. The interest in Fremont Aviation Services Corp. will vest in the Reorganized Debtor and it will continue to be wound down; the

treatment of Fremont General Financing I is discussed in the next section and elsewhere in the Disclosure Statement.

On the Petition Date, the consolidated federal income taxpayer group of which the Debtor is the common parent had reported NOLs for the 2007 tax year amounting to over $1 billion. Based upon information provided by the Debtor, approximately $418 million of those NOLs were carried back to earlier tax years to obtain a tax refund, leaving, as of the Petition Date, estimated NOLs for application to 2007 and future tax years of approximately $695 million. In connection with the relief sought during the early stages of the Case, the Debtor obtained an order from the Bankruptcy Court that established certain procedures regarding trading in the Debtor's common stock that were designed to avoid a "change of control" and preserve these NOLs.

B. Liabilities

1. Liabilities Identified in the Schedules

According to the Schedules, as of the Petition Date, the Debtor listed more than $326.5 million in Unsecured Claims, the majority of which were listed as undisputed. The majority of the Debtor's undisputed and liquidated liabilities are attributable to two prepetition debt issuances that together total approximately $282.5 million and to an intercompany debt owed by the Debtor to FRC of approximately $32.2 million. The remainder of the Debtor's undisputed and liquidated liabilities that were listed in the Schedules is related to a small amount of prepetition trade debt and employee benefit obligations. In addition to these undisputed and liquidated liabilities, the Schedules list disputed, contingent, and unliquidated priority Claims that consist mostly of potential tax liabilities and other disputed, contingent, and unliquidated general unsecured Claims related to litigation against the Debtor and to the SERP plans.

2. Proofs of Claim

November 10, 2008, was set as the claims bar date for creditors of the Debtor other than governmental units, which had until December 15, 2008. Notice of the claims bar dates and the

procedures for filing claims were mailed to all creditors and parties in interest on September 11, 2008, and it was also published in the Wall Street Journal on September 12, 2008. Over 900 proofs of Claim were filed in the Case, in the aggregate amount of $1.14 billion. A summary of the Claims, which does not take into account any objections to the Claims, is as follows:

Secured Claims	$8,466,301
Priority Unsecured Claims	107,056,301
General Unsecured Claims	1,023,180,072
Total	$1,143,702,725

Although this sum is substantially greater than the amount identified by the Debtor in the Schedules, the Debtor has indicated that it has performed an initial review of the Claims Filed in this Case and has concluded, based on that review, that a substantial number of the proofs of Claim Filed in the Case are without merit, duplicative, inflated, or improperly classified. As an example, there is no known reason for any valid secured Claims to exist against the Debtor. In addition, a number of Claims have been resolved by the Debtor for amounts that are substantially less than what is contained in the proof of Claim and some Claims have already been withdrawn or disallowed. For these reasons, New World does not believe that the proofs of Claim Filed in this Case accurately reflect the Debtor's liabilities and expects that the Allowed Claims against the Estate will be substantially less once the claim objection process is completed.

3. Senior and Junior Notes

Most of the Debtor's undisputed liabilities arise from prepetition debt issuances of $7.875% Senior Notes due in 2009 in the original aggregate principal amount of $200 million (the "Senior Notes") and 9% Junior Subordinated Debentures due March 31, 2026 in the original aggregate principal amount of $103,092,784 (the "Junior Notes"). As of the Petition Date, approximately

$176.4 million in principal and accrued interest was outstanding under the Senior Notes, and approximately $107.4 million in principal and accrued interest was outstanding under the Junior Notes. The Plan allows the Claims in those amounts. As discussed below, the Plan proposes to reinstate the Junior Notes and to preserve their legal, contractual, and equitable rights intact.

The Junior Notes are currently held by Fremont General Financing I ("Fremont General Financing"), a statutory business trust that was formed under Delaware law pursuant to an Amended and Restated Declaration of Trust of Fremont General Financing I dated March 6, 1996 (the "Fremont General Financing Declaration of Trust"). Fremont General Financing is a wholly-owned subsidiary of the Debtor that was formed as a special purpose financing entity to hold the Junior Notes as its sole asset. In 1996, Fremont General Financing issued and sold approximately $100 million of 9% Trust Originated Preferred Securities ("TOPrS") in a public offering, which represented preferred undivided beneficial interests in the assets of Fremont General Financing (i.e., the Junior Notes). The Debtor made payments on account of the Junior Notes to Fremont General Financing, and then Fremont General Financing would in turn distribute those payments to holders of TOPrS. Pursuant to the terms of the Fremont General Financing Declaration of Trust, Fremont General Financing I was to terminate in the event that the Debtor filed for bankruptcy. The New World Plan reinstates the TOPrS and leaves the contractual rights of the Holders thereof and of Junior Notes unimpaired.

4. Intercompany Claims

According to the Schedules and a proof of Claim that was filed by FRC, there is an intercompany payable owed by the Debtor to FRC of approximately $32.2 million, the bulk of which is owed in connection with a Tax Allocation Agreement dated May 1, 2006, between the Debtor, FGCC, and FRC (the "Tax Allocation Agreement"). The merger that will be consummated pursuant to the Plan will result in the elimination of all intercompany Claims between the Debtor, FRCC, and FRC, including any intercompany Claims owed by the Debtor to FRC pursuant to the Tax Allocation

Agreement.

VII. SUMMARY OF THE PLAN OF REORGANIZATION

The following is a summary of the material provisions of the Plan.

The Plan is intended to achieve the two primary goals of Chapter 11 of the Bankruptcy Code: to satisfy Claims against and Equity Interests in the Debtor and to reorganize the business of the Debtor. Accordingly, the Plan proposes to use the assets of the Debtor and Reorganized Debtor to satisfy the Claims of Creditors and to leave the holders of Equity Interests with their Equity Interests in a revitalized, ongoing business. To meet the liquidity needs of the Reorganized Debtor for operations and Claims reserves, the New World Plan provides for a $4 million equity investment in the Reorganized Debtor and a $20 million secured Exit Facility. New World will also receive warrants to acquire shares of the Reorganized Debtor for $30 million at an average price of $.67 in connection with the Exit Facility.

The treatment of Allowed Claims and Allowed Equity Interests under the Plan supersedes any agreements or rights the Holders of those Claims or Equity Interests may have in or against the Debtor or its Assets and is in full satisfaction of the legal, equitable, and contractual rights of the Holders of the Claims or Equity Interests. Unless the Plan provides otherwise, no Distributions will be made and no rights retained on account of any Claim or Equity Interest that has not become an Allowed Claim or Allowed Equity Interest.

As required by the Bankruptcy Code, the Plan classifies Claims and Equity Interests in various classes according to their right to priority. The Plan states whether each Class of Claims or Equity Interests is impaired and provides for the treatment that each Class will receive.

A. Allowance and Treatment of Unclassified Claims

Certain types of Claims are not placed into voting classes but are instead unclassified. They are considered unimpaired and they are given treatment in accordance with the Bankruptcy Code:

1. Administrative Claims

Administrative Claims are for costs and expenses of administering the Debtor's Case that are allowable under Bankruptcy Code section 503(b) or 28 U.S.C. § 1930, and include Claims incurred postpetition in the ordinary course of the Debtor's business, fees and expenses of professionals, and fees due to the U.S. Trustee's Office.

The following chart lists the Debtor's unpaid Administrative Claims and their treatment under the Plan:

Description	Treatment
Ordinary Course Administrative Claims	Unless the Reorganized Debtor objects to an Ordinary Course Administrative Claim, the Claim will be allowed in accordance with the terms and conditions that gave rise to the Ordinary Course Administrative Claim, and the person holding the Ordinary Course Administrative Claim need not file any request for payment of its claim.
Clerk's Office Fees	Paid in full before the Effective Date.
Office of the U.S. Trustee	Paid in full pursuant to 28 U.S.C. § 1930.
Allowed Non-Ordinary Course Administrative Claims, Professional Fee Claims and Indenture Fee Claims[3]	Paid in full on the later of: (1) the Effective Date; or (2) the fifteenth Business Day after such Non-Ordinary Course Administrative Claim or Professional Fee Claim becomes an Allowed Administrative Claim or Allowed Professional Fee Claim, or in either case, as soon thereafter as is practicable. The Indenture Trustee Fee Claims will be paid in accordance with the terms of the Plan.

a) Administrative Claim Reserve

On the Effective Date, the Reorganized Debtor will fund the Administrative Claims Reserve with sufficient funds to pay all Administrative Claims outstanding as of the Effective Date in full. Ordinary Course Administrative Claims will be paid in the ordinary course of the Reorganized Debtor's operations. Distributions will be made to the Holders of Allowed Administrative Claims from the Administrative Claims Reserve. Any amounts remaining in the Administrative Claims Reserve after payment in full of all Allowed Administrative Claims will revert to the Reorganized

[3] The Indenture Trustee Fees have been classified as Administrative Claims solely for convenience. Nothing herein constitutes an admission that the fees are entitled to Administrative Claim priority.

Debtor.

b) Administrative Claims Bar Date

All requests for payment of an Administrative Claim that accrued from the Petition Date, except for (1) Ordinary Course Administrative Claims, (2) Clerk's Office and U.S. Trustee fees, (3) Professional Fee Claims, and (4) Indenture Trustee Fees must be filed with the Court no later than thirty days after the Effective Date (the "Administrative Claims Bar Date") or be forever barred.

c) Deadline for Objections to Administrative Claims

All objections to allowance of Administrative Claims, excluding Professional Fee Claims, must be filed by any parties in interest no later than sixty (60) days after the Administrative Claims Bar Date (the "Administrative Claims Objection Deadline.") The Administrative Claims Objection Deadline may be extended for a one-time sixty (60) day period by the Reorganized Debtor by filing a notice of the extended Administrative Claim Objection Deadline with the Bankruptcy Court. Thereafter, it may only be extended by an order of the Bankruptcy Court. If no objection to an Administrative Claim is filed on or before the Administrative Claim Objection Deadline, then the Administrative Claim will be deemed Allowed as of that date.

d) U.S. Trustee Fees

Quarterly fees owed to the Office of the U.S. Trustee will be paid prior to the Effective Date by the Debtor, and after the Effective Date by the Reorganized Debtor when due in accordance with applicable law. The Reorganized Debtor will continue to file reports showing the calculation of such fees until the Case is closed under Bankruptcy Code section 350.

e) Professional Fee Claims

Any professional seeking allowance of a Professional Fee Claim for services rendered prior to the Effective Date must (1) fife their application for allowance of compensation and reimbursement of expenses on or before 45 days after the Effective Date or such other date as may be set by the Bankruptcy Court, and (2) have the fees and expenses allowed by a Final Order. Any party in

interest may file an objection to such an application within the time provided by the Local Bankruptcy Rules or within any other period that the Court sets. Professionals holding Professional Fee Claims who do not timely file and serve their applications for payment will be forever barred from asserting these Claims against the Reorganized Debtor or its property.

f) Indenture Trustee Fees and Expenses

The Reorganized Debtor will pay or cause to be paid in full and in Cash, without reduction to the recovery of applicable holders of allowed claims, any and all Indenture Trustee Fees and other amounts that are due to each of the Indenture Trustees and its counsel as of the Effective Date on or before the later of: (i) the Effective Date; or (ii) 5 days after the date on which the Reorganized Debtor receives from such Indenture Trustee a reasonably and customary detailed itemized statement of such amounts so long as the Reorganized Debtor does not, within such 5 day period, give written notice to such Indenture Trustee that it disputes the amount requested or any part thereof and all such amounts shall be deemed Allowed without further application to or order from the Court. The Reorganized Debtor's objection shall be limited to a "reasonableness standard" and whether the amounts sought are actually due and payable under the particular Indenture. If the Reorganized Debtor gives such Indenture Trustee timely written notice that it disputes the amount requested or any part thereof, the Reorganized Debtor will promptly pay or cause to be paid any undisputed amounts and any pending disputed items shall be promptly presented to and determined by the Court, the sole questions being whether the amounts in dispute are due and payable under the particular Indenture and satisfy the "reasonableness standard"; any unpaid amounts shall be promptly paid upon determination by the Court that such amounts are due and owing under the respective Indenture Trustee Fees. The Reorganized Debtor shall also promptly pay or cause to be paid in full any and all fees and expenses that will be incurred in connection with the distributions to be made by the Indenture Trustees under the Plan to the extent such fees and costs are provided for by the Indentures.

2. Priority Tax Claims

Priority Tax Claims include certain unsecured income, employment, and other taxes described by Bankruptcy Code section 507(a)(8).

The following chart lists the treatment under the Plan for Debtor's § 507(a)(8) Priority Tax Claims:

Description	Treatment
Priority Tax Claims Arising Under 11 U.S.C. § 507(a)(8)	Except to the extent that a Holder of an Allowed Priority Tax Claim has been paid by the Debtor prior to the Effective Date, agrees to different treatment or its Claim is the subject of Final Order of the Bankruptcy Court, each Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction of its Claim, Cash in an amount equal to such Allowed Priority Tax Claim on the later of (1) the Effective Date, or (2) the fifteenth Business Day after the Priority Tax Claim becomes an Allowed Priority Tax Claim, or in either case, as soon thereafter as is practicable. The Debtor or Reorganized Debtor, as the case may be, reserves the right to pay any Allowed Priority Tax Claim in equal quarterly payments over a period of five years from the date of the entry of the Order for relief in the simple interest at ____%

B. Allowance and Treatment of Classified Claims and Interests

1. Secured Claims (Class 1)

Secured Claims are Claims secured by liens on Estate property to the extent that the lien is valid and unavoidable and against property in which the Estate has an interest or that is subject to setoff under 11 U.S.C. § 553. A Claim is secured only to the extent of the value of the Holder's interest in the collateral that secures the Claim. If there are any Allowed Secured Claims, New World does not believe that they are impaired and, therefore, the Holders are deemed to accept the Plan not entitled to vote on the Plan. The following chart summarizes the treatment of any Allowed Secured Claims, if any, against the Debtor:

Class	Description	Impaired	Treatment
1	Allowed Secured Claims	No	Unless the Holders agrees to different terms, in full satisfaction of any Allowed Secured Claims, the Holder of the Allowed Secured Claim will receive either (1) the full amount of the Allowed Secured Claim in Cash on the later of the

Class	Description	Impaired	Treatment
			Effective Date or fifteen business days after the Claim becomes an Allowed Secured Claim or (2) the Collateral securing the Allowed Secured Claim, Any Allowed deficiency balance will be treated in Class 3A.

2. Priority Non-Tax Claims (Class 2)

Priority Non-Tax Claims are those unsecured claims entitled to priority under 11 U.S.C. § 507(a) other than Tax Claims arising under 11 U.S.C. § 507(a)(8). The Bankruptcy Code requires that each Holder of a Priority Non-Tax Claim receive Cash on the Effective Date equal to the Allowed amount of such Claim. However, a Class of Priority Non-Tax Claims may elect to accept deferred Cash payments of a value, as of the Effective Date of the Plan, equal to the Allowed amount of such Claim. Class 2 is not impaired and, therefore, the Holders of Class 2 Claims are deemed to accept the Plan and are not entitled to vote on the Plan.

The following chart summarizes the treatment of these Claims:

Class	Description	Impaired	Treatment
2	Priority Non-Tax	No	Except to the extent that a Holder of an Allowed Claims Priority Non-Tax Claim agrees to other treatment, each Allowed Priority Non-Tax Claim will be paid in full satisfaction of the Priority Non-Tax Claim from funds available to the Reorganized Debtor on the later of (1) the Effective Date or (2) the fifteenth Business Day after such date that the Claim becomes an Allowed Priority Non-Tax Claim or, in either case, as soon thereafter as is practicable.

3. General Unsecured Claims (Class 3)

Class 3 is comprised of all General Unsecured Claims, which are Claims not entitled to priority under Bankruptcy Code section 507(a). New World believes that Classes 3A, 3B, and 3C are unimpaired; therefore, the Creditors in Classes 3A, 3B, and 3C will not be entitled to cast votes.

Classes 3A (General Unsecured Claims) and 3B (Senior Notes) are paid in full in cash with Post Petition Interest at the federal judgment rate which, under the case law interpreting Section 1124 of the Bankruptcy Code, as amended, leaves intact their legal, equitable and contractual rights. The TOPrS and the Junior Notes are reinstated and unimpaired under Section 1124. In an abundance of caution, the Holders Claims in Classes 3A, 3B and 3C are being sent Ballots to vote on the Plan. If the Court disagrees with New World's characterization and finds that one or more of Classes 3A, 3B, or 3C are in fact impaired, then the votes will be counted. New World reserves the right to have the Court determine prior to the Confirmation Date whether the holders in Class 3A, 3B and 3C are impaired.

The following chart summarizes the Plan's treatment of all Classes containing the Debtor's General Unsecured Claims:

Class	Description	Impaired	Treatment
3A	General Unsecured Claims (excluding the TOPrS Claims, and the $176,402,107 of Claims represented by the 7.875% Senior Notes due 2009)	No	Except as provided below with respect to the Holder of an Allowed General Unsecured Claim pursuant to any settlement, compromise, stipulation or order which provides for different treatment, whether in terms of maturity, amortization, interest rate and/or entitlement to interest (prepetition or postpetition) or otherwise, the Holder of an Allowed Class 3A General Unsecured Claim shall retain their legal, equitable, and contractual rights and shall be paid in full on the later of the Effective Date of the Plan or within fifteen business days of becoming an Allowed Class 3A General Unsecured Claim, with prepetition interest and Post Petition interest (Post Petition interest to be calculated at the federal judgment rate in effect on the Petition Date, which was 2.51%). The Holder of an Allowed General Unsecured Claim pursuant to the Rampino Stipulation, the Enron Stipulation, the BONY Stipulation or any other settlement, compromise, stipulation or order which provides for treatment that is different from the treatment provided for herein, whether in terms of maturity, amortization, interest rate and/or entitlement to interest (prepetition or postpetition) or otherwise, shall

Class	Description	Impaired	Treatment
			be paid in accordance with the underlying compromise, settlement, stipulation or order giving rising to the Allowed Claim, and if no payment date is specified on the later of (1) the Effective Date or (2) the fifteenth Business Day after the Claim becomes an Allowed Claim, or in either case, as soon thereafter as is practicable.
3B	General Unsecured Claims of the Holders and of the 7.875% Senior Notes $176,402,10.56 (prepetition)	No	The Holders of Allowed Class 3B General Unsecured Claims shall retain their legal, equitable, contractual rights and, on the Effective Date, will be paid their principal, plus prepetition interest at the rate set forth in the Senior Notes, and PostPetition interest at the federal judgment rate in effect as of the Petition Date, which was 2.51%.
3C	TOPrS Claims $107,422,680.37 (prepetition)	No	The Holders of Allowed TOPrS Claims shall retain their legal, equitable, and contractual rights provided by the Indenture dated as of March 6, 1996. If the Court finds at the Confirmation Hearing that the Holders of the Class 3B Claims have demonstrated that a contractual provision or applicable non-bankruptcy law entitles the Holders of TOPrS Claims to demand or receive accelerated payment of their Claims, the Reorganized Debtor will: (1) cure any such default that occurred prepetition, other than a default of a kind specified in 11 U.S.C. § 365(b)(2) or of a kind that § 365(b)(2) does not require to be cured; (2) reinstate the maturity of the Class 3C Claim as such maturity existed prior to the default; (3) compensate the Holders of such Class 3C Claim for any damages incurred as a result of any reasonable reliance by such Holder on such contractual provision or such applicable law; and (4) if such Class 3C Claim arises from any failure to perform a nonmonetary obligation, compensate the Holder of such Class 3C Claim (other than the Debtor or an insider) for the actual pecuniary loss that it suffered as a result of such failure.

4. Class of Equity Interests (Class 4)

Equity Interest Holders are the parties who hold ownership interests (i.e., Equity Interests) in the Debtor. As of the Petition Date, the Debtor had issued approximately 82,116,179 shares of

common stock. The New world Plan provides for the Holders of allowed Equity Interests to retain their Equity Interests in the Reorganized Debtor. Nevertheless, Class 4 is impaired because the Equity Interests are subject to dilution for the issuance of additional shares of common stock for reserves for the warrants issued in connection with the Exit Facility and for the purchase of $4 million of shares by New world on the Effective Date. Therefore, the holders of Equity Interests are entitled to vote to accept or reject the Plan:

Class	Description	Impaired	Treatment
4	Equity Interests	Yes	Holders of existing Equity Interests in the Debtor will retain their Equity Interests in the Reorganized Debtor in full and final satisfaction of their Equity Interests, subject to dilution for the issuance of shares in reserve for the warrants issued in connection with Exit Financing, the shares issued to New World on account of the equity contribution and the common stock issued to the Holders of Allowed Class 5 Claims, if any.

5. Class or Claims Subordinated Under 11 U.S.C. § 51 0(b) (Class 5)

Class 5 is comprised of Claims subject to subordination under 11 U.S.C. § 510(b) because they arise from the rescission of a purchase or sale of a security of the Debtor or an affiliate of the Debtor, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution on account of such a claim. The Claims of the plaintiffs in the ERISA Action and the Securities Class Action are presently classified in this Class. If the Court enters a Final Order finding that the Allowed Claims should be subordinated pursuant to 11 U.S.C. § 510(b), then the Creditors shall receive the treatment proposed below. If the Court enters a Final Order finding that the Allowed Claims should not be subordinated pursuant to 11 U.S.C. § 510(b), then the Creditors shall receive the same treatment provided for in the appropriate class of Unsecured Creditors. Class 5 is unimpaired because the Holders retain their legal, equitable and contractual rights as determined by the Final Order of the Bankruptcy Court.. The Holders of Claims in Class 5 are entitled to Vote. The

following chart describes the treatment provided for Holders of Class 5 Claims under the Plan:

Class	Description	Impaired	Treatment
5	Section 510(b) Claims	No	It must be determined by a final Order that that the Claims in this Class are (a) Allowed Class 5 Claims and (b) subject to subordination under 11 U.S.C. § 510(b), then the Holder of the Allowed Class 5 Section 510(b) Claim will receive newly-issued common stock in the Reorganized Debtor in full and final satisfaction of its Allowed Section 510(b) Claim. The percentage interest of common stock to which such Holders will be entitled shall be based upon the average trading value of the common stock of the shares of the Reorganized Debtor for the thirty days preceding the date on which any Section 510(b) Claims become Allowed Section 510(b) Claims if such allowance occurs after the Effective Date. If the Court determines in a Final Order that the Allowed Class 5 Claim is not subject to subordination under 11 U.S.C. § 510(b), then the Holder of the Allowed Class 5 Claim will receive the same treatment as Allowed Class 3A General Unsecured Claims.

New World believes that the issuance of interests in the Reorganized Debtor to the Holders of Allowed Class 5 Claims, if any, and to New World or their designees pursuant to the Plan will satisfy the applicable requirements of section 1145(a)(1) of the Bankruptcy Code, and that such issuance should be exempt from registration under the Securities Act and any applicable Blue Sky Law. The issuance of interests will be entirely in exchange for or on account of Claims or Equity Interests.

C. Executory Contracts and Unexpired Leases

Effective upon Confirmation of the Plan, the Debtor will reject all executory contracts and unexpired leases between the Debtor and any other party that have not previously been rejected, other than the Executive Employment Agreements, certain insurance contracts and those executory contracts and unexpired leases which are listed on the final schedule to be filed twenty-one (21) days before the Confirmation Hearing Date with the Bankruptcy Court of executory contracts and

unexpired leases to be assumed under the Plan on the Effective Date. That schedule will list the amount of the proposed cure payment required by 11 U.S.C. § 365(b)(1). A copy of the schedule and notice of the objection deadline will be served on the contract parties.

Any party that objects to the assumption of its executory contract or unexpired lease by the Debtor or to the proposed cure payment must file with the Court and serve on interested parties a written objection with supporting evidence that states the basis for the objection. This objection must be filed with the Court and served no later than ten (10) days before the Confirmation Hearing. Any entity that fails to timely file and serve an opposition will be deemed to have waived any and all objections to the proposed assumption or the amount of the proposed cure payment. In the absence of a timely objection by such a party, the Confirmation Order shall constitute a final determination of the amount of the cure payment and that the Reorganized Debtor has shown adequate assurances of its future performance.

In the event of a dispute regarding the cure payment, adequate assurances, or some other matter related to assumption, the cure payment required by 11 U.S.C. § 365(b)(1) shall not be made until after entry of a Final Order resolving the dispute and approving the assumption. Pending the entry of a Final Order, the executory contract or unexpired lease at issue will be deemed assumed by the Reorganized Debtor unless otherwise ordered by the Court. Upon payment of the cure amount required by 11 U.S.C. § 365(b)(1), any prepetition or postpetition arrearage or other Claim asserted in a Filed proof of Claim or listed in the Schedules shall be deemed satisfied in full and the Claim shall be deemed disallowed, without further order of the Court or action by any party.

All Allowed Claims arising from the rejection of executory contracts or unexpired leases will be treated as Class 3A General Unsecured Claims, and a proof of claim must be filed with the Bankruptcy Court and served on the Reorganized Debtor within thirty days of the Effective Date of the Plan or be forever barred and unenforceable against the Debtor, the Reorganized Debtor, or their property.

D. Means of Effectuating the Plan

1. Merger

Section 1123(a)(5)(C) contemplates that one means for implementation of a plan of reorganization is through the merger of a debtor with one or more entities. Both Nevada Revised Statute Section 92A.180 and California Corporations Code § 1110 enable parent corporations to effectuate "short-form" mergers with subsidiaries. The Plan contemplates a two-step merger that will occur on the Effective Date of the Plan: first, FGCC will merge into the Reorganized Debtor or the Debtor, as the case may be, and then FRC will merge into the Reorganized Debtor or the Debtor, again as the case may be. The resulting entity will be the Reorganized Debtor. The Reorganized Debtor will then continue to operate its business in the ordinary course and will perform its obligations under the Plan.

On the asset side, the effect of the merger will be that the assets of the Debtor, FGCC, and FRC will become assets of the Reorganized Debtor. On the liability side, any existing liabilities of FGCC and FRC that are outstanding as of the date of the merger will become obligations of the Reorganized Debtor. The liabilities of FGCC and FRC will be assumed and satisfied by the Reorganized Debtor in the ordinary course of business in accordance with applicable non-bankruptcy law and are not classified or treated as Claims under the Plan. The stock of FGCC and FRC will be cancelled and all intercompany claims between the Debtor, FGCC, and FRC will be eliminated. After payment of the sums required to be paid on the Effective Date under the Plan, it is estimated that the Reorganized Debtor will have $84.8 million in cash on hand.

New World is informed that while FRC operated as a bank and engaged in the business of loan origination, it may have entered into mortgage loan purchase and securitization agreements that contained provisions that addressed FRC's possible merger or consolidation. Some of these agreements are believed to contain provisions specifying that the successor corporation have a minimum net worth of at least $25 million or be an institution whose deposits are insured by the

FDIC, or that the merger not adversely affect the then current rating on the certificates originally generated. Because FRC ceased operating as a bank and returned its banking charter some time ago, it is unlikely that these provisions are relevant or could give rise to valid claims.

New World believes that the merger is an appropriate and proper means of implementing the Plan. The corporate structure of the Debtor, FGCC, and FRC was established while FRC was operating as an industrial bank subject to federal and state regulations and the Debtor, as the holding company, was similarly subject to laws and regulations that governed its ownership of FRC. Because FRC is no longer a bank, the same laws and regulations do not apply. The merger will streamline operations and eliminate redundant costs and will facilitate the decision-making process because the Reorganized Debtor will have only one board instead of three and that board can more easily monitor the performance of the business and the status of all outstanding liabilities.

a) The Assets and Liabilities of FGCC

Because FGCC is the holding company for FRC, its wholly-owned subsidiary, its assets consist of its ownership interest in FRC and approximately $986,000 in cash. Because it is a holding company, its balance sheet does not reflect any material outstanding liabilities.

b) The Assets and Liabilities of FRC

FRC's assets include real estate loan portfolios, real estate holdings and other investments, and the cash flow and income generated from these assets, primarily from the collection of mortgage principal and interest payments. FRC has recently outsourced the servicing of its loans to a third party sub-servicer, Specialized Loan Servicing LLC ("SLS").

According to FRC's unaudited balance sheet as of July 31, 2009, FRC's primary assets consist of (i) approximately $335.6 million in cash and cash equivalents; (2) residential real property held for sale with a book value of approximately $6.8 million; (3) its corporate headquarters and related personal property, furniture, and equipment with an aggregate book value, after depreciation, of about $4.3 million; (4) real estate loan portfolios with an aggregate book value of approximately

$159.7 million; (5) common stock investments with a book value of approximately $2.1 million; and (6) Community Reinvestment Act loans and investments with a book value of approximately $18.1 million. The fair market value of these assets is not necessarily reflected in the book values. In addition, FRC may be entitled to recoveries against fidelity bonds and insurance policies.

FRC's main liabilities consist of the remaining contingent, unliquidated, and disputed claims associated with its lending operations. Many of these liabilities have been resolved, but many remain. Those that remain are mostly related to residential loans originated by FRC that were then sold to third parties in either whole loan sales or securitized transactions. When done as a whole loan sale, FRC sold the loans for cash and gave the buyer customary representations and warranties regarding the loan that required FRC to repurchase those loans if certain defaults occurred within a designated period after the sale (the "Repurchase Claims").

FRC established a reserve for Repurchase Claims that has been adjusted on occasion as claims have been resolved and new Repurchase Claims asserted. FRC has contested and settled many Repurchase Claims, but there are Repurchase Claims that remain outstanding and that could be asserted in the future, although the likelihood of that occurring decreases over time. FRC has reserved approximately $10.5 million on account of known Repurchase Claims and has indicated that it is likely that this sum will be used to satisfy known Repurchase Claims. The Debtor asserts that there are additional Repurchase Claims estimated to be in the range of $14.4 million and $29.4 million that will require payment and resolution. Because FRC's records reflect that FRC has historically been able to resolve Repurchase Claims for a fraction of their asserted face amounts and because of the progress that has been made to date, New World believes that the Reorganized Debtor will have sufficient cash to satisfy any remaining Repurchase Claims. The Plan provides for the creation of a cash reserve for Repurchase Claims and an additional reserve for claims other than Repurchase Claims. In the event that the claims do exceed the sums being reserved, the Reorganized Debtor will be liable for such claims. After the Effective Date, the Reorganized Debtor may increase

the amount of the reserves as deemed appropriate by the Reorganized Debtor in its sole and absolute discretion. In the event that the claims do not exceed the sums being reserved after resolution and payment of all claims, the remaining funds held in the reserve shall be remitted to the Reorganized Debtor.

U.S. Bank National Association, as Trustee ("U.S. Bank") has alleged that the various securitization trusts that own more than 700 residential loans originated by FRC and as to which U.S. Bank acts as trustee, have an aggregate amount of at least $98 million of claims ($64 million of liquidated claims and in excess of $34 million in face amount of unliquidated claims. U.S. Bank has reserved its right to contest confirmation of the Plan and the provisions of the Plan regarding the Merger and the provisions governing post Effective Date Distributions. New world will seek additional information regarding U.S. Bank's alleged Repurchase Claims. New World does not believe that U.S. Bank's claims have merit.

In order to meet the potential need for additional reserve funds, New World will provide the Reorganized Debtor with a $20 million Exit Facility in the form of a secured credit facility with interest payable at 8% per annum for a term of seven years. The Exit Facility will be secured by the Reorganized Debtor's existing loan portfolio. In connection with the Exit Financing Facility, the Reorganized Debtor will issue to New World, or its assignees warrants of ten years duration to purchase up to 42,281,746 shares of common stock pursuant to the terms of the New Fremont Warrants. In addition, New World will invest $4 million on the Effective Date of the Plan to purchase common stock. Without giving effect to the warrants and including New World's current Equity Interests, New World estimates that the purchase of the Equity Interest will result in an ownership interest of approximately 15% of the stock of the Reorganized Debtor.

Additionally, FRC is a party to more than 150 various pending litigation actions at various stages of litigation, and additional lawsuits continue to be filed and commenced against it. These lawsuits relate to FRC's lending operations and essentially involve title actions, foreclosure

proceedings, or claims asserted by individual borrowers against FRC. The title actions are usually covered by applicable title insurance and defended by the insurer and the others are sometimes covered by insurance. Historically, FRC has been successful in resolving the matters not covered by insurance for small sums.

New World has provided a notice, attached hereto as Exhibit A to the creditors, actual and potential creditors that the Plan may effect their rights.

2. Postconfirmation Business Operations of the Reorganized Debtor

Although the immediate goal of the Plan is obviously to provide a source for full repayment of Claims against the Debtor after appropriate reserves for contingent and Post Effective Date Merger Claims of FGCC and FRC, the long-term strategy is to utilize the assets of the Reorganized Debtor to invest in business opportunities. Under the Business Plan, the Reorganized Debtor will structure, originate and manage a diversified portfolio of commercial and residential mortgages, mortgage securities, corporate debt and asset-backed securities which may be sourced as new transactions or purchased in the secondary marketplace. Such Business Plan will also include the acquisition of financial services industry participants including, but not limited to, savings and loan organizations, and community banks. All such investments shall be pursuant to the direction of the Board of Directors and the IMC.

The activities will target after-tax returns of 20-25%, although the Plan assumes only a 15% return on invested capital. The Plan also proposes to utilize the Debtor's substantial NOL carry forwards to generate significant after-tax returns to the Reorganized Debtor's shareholders. A business plan describing the short and long-term strategies and projections in greater detail is attached as Exhibit "3."

As of August 31, 2009, the Debtor had Cash on hand of $27,348,966. The balance of the funds that will be necessary to satisfy the payments required to be made on the Effective Date will be obtained from the Debtor's investment in its non-bankruptcy subsidiary, FRC, which will be merged

into the Reorganized Debtor on the Effective Date, and after appropriate payments or reserves are made for claims of creditors of FGCC and FRC, the New World Equity Investment and the Exit Financing Facility.

After payments required to be made on the Effective Date are made, the cash balance available to the Reorganized Debtor, together with the Exit Facility and the New World Equity purchase, will provide sufficient liquidity to meet its operating expenses, obligations under the Plan, strategic investments, and interest expense.

3. The Reorganized Debtor's Management Team

On the Effective Date of the Plan, the existing board of directors for the Debtor will be replaced by a nine member Board of Directors (the "New Board") comprised of the following members: Four members from or in consultation with the ten largest shareholders excluding New World and five members designated by New World. The members of the New World Board will be designated twenty days prior to the Confirmation Hearing. Biographies of four of the individuals to be designated by New World are as follows:

Seth B. Lipsay

Mr. Lipsay is an Executive Managing Director of New World Realty Advisors, LLC. Mr. Lipsay's professional career has included senior leadership roles in a variety of public and private organizations in the real estate, mortgage, and CMBS arenas, including Kenneth Leventhal & Company, Kidder Peabody, Paine Webber, and UBS.

Mr. Lipsay has recognized expertise in originating, underwriting, structuring, negotiating and harvesting complex debt, mezzanine and equity investments in the commercial real estate and specialty finance arenas. His experience includes originations in excess of $2 billion of commercial and multifamily mortgage loans and more than $1 billion of corporate leveraged lease financings for leading private and institutional owners and acquirers of real estate portfolios. As a Trader on a leading CMBS desk. Mr. Lipsay was intimately involved in the securitization and trading of billions

of dollars worth of public and private CMBS, including the bond structuring, credit rating and institutional sales processes.

Mr. Lipsay also has considerable principal and advisory experience in portfolio sales, contentious workouts and complex restructurings of commercial real estate and mortgage assets. He has played a leadership role representing mortgage borrowers and lenders in many large corporate and portfolio restructurings. In addition, he has successfully represented major banks and insurance companies in orchestrating large-scale portfolio sale processes, coordinating the simultaneous marketing, documentation and closings of multiple pools of performing and non-performing loans and properties among multiple bidders and back-up bidders.

As a 25-year veteran of the real estate and mortgage finance industries, Mr. Lipsay has developed a strong reputation for his unique ability to assess complex situations, develop creative, but practical solutions, and provide valuable counsel throughout the process of implementing the selected strategic solutions. Over the years, Mr. Lipsay has advised the chief executives and boards of leading insurance companies, money center banks, and investment banks as well as public and private property owners in real estate matters of great significance and value. Mr. Lipsay won the Institutional Investor Real Estate Deal of the Year Award for his pivotal role in a large, complex portfolio transaction with a major insurance company and a leading opportunity fund. Clients rely upon his sharp mind, strong interpersonal skills, and broad base of knowledge and experience in the real estate realm when confronting complexity, adversity or uncertainty.

Mr. Lipsay holds an MBA in real estate and finance from the Wharton School of the University of Pennsylvania, a Juris Doctor in tax and business planning from the Hofstra University School of Law, and a BA from New College in public policy.

Steven H. Shepsman

Mr. Shepsman is an Executive Managing Director New World Realty Advisors, LLC. Mr. Shepsman was a Managing Partner of Kenneth Leventhal and Company and of Ernst & Young's Real

Estate Practice, who worked directly with and was responsible for the activities of several hundred real estate consultants and accountants working on diverse engagements including complex valuation assignments of large performing and nonperforming real estate and real estate long portfolios, litigation assignments, large judicial and nonjudicial restructurings (including the chapter 11 proceeding of Bay Financial Corp. and Peter S. Kalikow), M&A support, capital markets activities including entity, portfolio and property debt and equity (Private and public) financings and integrating tax, accounting and regulatory issues into these various assignments.

His clients included numerous leading banks, investment banks, insurance companies, funds, developers, homebuilders, investors, law firms and a variety of real estate service firms. Mr. Shepsman was integrally involved in the planning and execution of the first privately funded good bank/ bad bank: Mellon/ Grant Street Banks.

As a principal in a real estate fund, he was responsible for the initial due diligence and closing of significant investments in a variety of platforms, including student housing, assisted living, medical office, hospitality/gaming, parking/ land banking and various privatization programs. He directed the subsequent acquisition and financing by those platform entities of in excess of $1 billion of real estate investments. Mr. Shepsman also participated in the disposition of these investments through sales, initial public offerings, restructurings and recapitalizations.

Mr. Shepsman has served on the boards of a number of privately held companies as well as Grubb & Ellis, a publicly traded real estate services company. He currently serves as the chair of the Official Equity Committee of General Growth Properties, Inc.

Mr. Shepsman received his BS in business administration from the University at Buffalo and is presently the Vice Chairman of the Dean's Advisory Council for its School of Management.

Daniel K. Pfeffer

Mr. Pfeffer is an Executive Managing Director of New World Realty Advisors, LLC. With over 20 years of direct real estate experience, including as a founder and Chief Executive Officer of a

private real estate development firm, Mr. Pfeffer is well respected in the real estate community. He has a deep background in real estate finance, restructuring and development. Mr. Pfeffer has received accolades for many of his projects; include his work with Brownfield sites, projects involving highly complex financial structuring, including, hybrid tax increment financing structures, historic tax credit utilization and others. Mr. Pfeffer has a vast amount of experience in land use analysis, zoning work and project level development/construction.

Mr. Pfeffer previously served for twelve years as President, and Co-Founder of Midtown Equities of New York where he oversaw a large, diverse multi-disciplined portfolio of investment and development projects. He concluded many highly complex projects, including the development of a 56 acre Brownfield Site in South Florida that has become a model for many other cities in America. Mr. Pfeffer also has extensive experience in taking over failed projects, both at the construction level stage, as well as fully developed properties. A large element of what he accomplishes involves repositioning troubled or broken assets based on market needs.

Prior to that time, Mr. Pfeffer was a Vice President at GE Capital in Stamford, CT, where he was directly responsible for acquiring government held properties from the Department of Housing and Urban Development (HUD) and the Resolution Trust Corp (RTC) and was charged with the responsibility of overseeing and restructuring the $2.5 billion acquisitions portfolio. Smith Barney recruited Mr. Pfeffer in 1992 to join its Real Estate Investment Banking Group, where he managed secondary offerings and IPO's for large real estate developers.

Mr. Pfeffer has an extensive background in both financial and project level restructurings. He spent a number of years at Manufacturers Hanover Trust, as one of the original members of the real estate work out team. During his tenure, among others, he successfully completed restructuring and workout assignments involving one of the worlds' premier hotel companies, a large multi-national apartment developer, and a major owner of shopping malls. Mr. Pfeffer was directly responsible for restructuring a large number of luxury hotel properties including Ritz-Carltons and other luxury

brands.

Mr. Pfeffer holds a B.A. in Economics with a concentration in Accounting from the University of Rochester. In addition, Mr. Pfeffer holds an M.B.A. in Finance from New York University, Stern School of Business.

Kenneth S. Grossman

Kenneth S. Grossman is a highly experienced investor and executive specializing in troubled and distressed credit products, Mr. Grossman has a demonstrated track record of selecting profitable investments and actively participating in the financial and operational restructuring of target companies.

From 2000 until 2007 funds managed by him have generated annual internal rates of return in excess of 30% on average.

Mr. Grossman has served on numerous official corporate bodies, including Boards of Directors and official and unofficial groups involved in restructuring and bankruptcies.

Bondholder/Bank/Creditor/Equity Committees

American Homepatient, Inc.	Kara Homes, Inc.	Oneida, Inc.
Circle K. Corp	Kasper/Anne Klein, Inc.	Rickel, Inc.
Claridge Casino, Corp.	Lenox, Inc.	Resorts International, Inc.
Evercom Systems, Inc.	Leslie Fay Companies	Revco, Inc.
Fair Lanes, Inc.	Loehmann's Inc	Securus Technologies
Glasstech, Inc.	Morris Publishing	Western Union Corp.
Hill Stores, Inc.	Navigator Gas, Ltd.	Worldcorp, Inc.

Board Memberships

Chairman	Director	Shareholder Representative
e-Lottery, Inc. (2006 – 2008)	e-Lottery, Inc. (2003 – 2008)	Jennifer Convertibles, Inc. (2005 – Present)
Roberts Consolidated Industries (1994 – 1998)	Evercom Systems (2003 – 2005)	
	Texas-New Mexico Power, Inc. (2003 – 2005)	

Mr. Grossman was an attorney with Shea & Gould specializing in Bankruptcy, Creditor's Rights and Commercial Litigation from 1981 – 1989.

Mr. Grossman was affiliated with Balfour Investors Inc. and the Recovery Group, LP from 1989 – 1998, where he began investing in distressed situations.

Q2/1999 – Q4/1999 Mr. Grossman was a consultant to Avalon Total Return Fund, LP (distressed debt and value equity fund) and to Riverside Capital, Inc. (High Yield Fund).

Q4/1999 – Q3/2006 Mr. Grossman was a Managing Director of Alpine Associates, LP.

Q4/2006 – Q2/2008 Mr. Grossman was a Managing Member of Del Mar Asset Management, L.P.

Q3/2008 – Q2/2009 Mr. Grossman was a Managing Director of Ramius, LLC

The members of New World are four seasoned professionals with vast experience in work-outs, distressed investing and corporate restructuring and revitalizations. Together they have well over a century of experience in these disciplines. They have the expert financial, legal and organizational skills necessary to reposition Fremont after several years of dormancy. At various times each of them has served as the lead advisor or principal (with capital at risk) in many of the largest corporate and real estate restructurings of the past 20 years. While in these roles they have each raised substantial amounts of new capital, and structured or restructured hundreds of millions of

dollars of mortgage debt.

In addition, several of New World members have experience at both the Board and senior management levels with real estate and lending operating companies. They have served as the managing partners of several real estate funds with hundreds of millions of dollars in equity capital and as owners and senior management of several specialty finance companies.

Richard Sanchez, Don Royer and Thea Stuedli (the "Remaining Executives") have not agreed, at this point, to continued employment by the Reorganized Debtor under the terms of the Executive Employment Agreements or otherwise, although New World intends to seek assumption of the Executive Employment Agreements. The terms of the Executive Employment Agreements expire in November 2010.

4. Reporting Requirements

At present the Debtor is classified as a "reporting company" for purposes of the 1934 Securities and Exchange Act. The Debtor previously determined that the Debtor was unable to file its Quarterly Report on Form 10-Q for the quarter ended March 31, 2009 by the May 15, 2009 due date and the Debtor was not able to make that filing within the fifteen-day extension permitted by the rules of the SEC. A similar disclosure has been made regarding the Annual Report on Form 10-K for the fiscal year ended December 31, 2007 and 2008 in addition to the Quarterly Report on form 10-Q for the quarters ended March 31, 2008, June 30, 2008 and September 30, 2008.

While it implements its initial investment strategy, the Reorganized Debtor will remain a public company with Equity Interests trading on the pink sheets. The Reorganized Debtor will seek a waiver from the SEC of filing and past due reporting requirements and begin reporting anew if feasible commencing with its Form 10-Q for the first quarter in which the Plan goes effective, which is anticipated to be the first quarter of 2010, and for each quarter thereafter. In the event that the Reorganized Debtor is unable to obtain the requested waiver, the Reorganized Debtor will become current in its SEC reporting requirements. The cost of certifying the Debtor's historical financial

statements is estimated to be between $1.5 million and $2.0 million and is included in New World's projections.

E. Risk Factors

The Reorganized Debtor's ability to perform its obligations under the Plan is subject to various factors and contingencies, some of which are described in this section. The following discussion summarizes some of the material risks associated with the Plan, but is not exhaustive. Moreover, it should be read in connection with other disclosures contained in the Plan and the Disclosure Statement. Each Creditor and Equity Holder, in conjunction with its advisors, should supplement the following discussion by analyzing and evaluating the Plan and the Disclosure Statement as a whole. The risks associated with the Plan must be carefully considered in determining whether to accept the Plan.

1. Additional Risks

a) General Risks

There are certain downsides and risks associated with the business plan that must be considered, including the following:

(a) Investment returns could be less than projected and the Reorganized Debtor might be forced to liquidate investments to raise Cash;

(b) Operating costs and litigation settlements could cost more than projected;

(c) Resolution of bankruptcy claims might take longer than expected and require the Reorganized Debtor to pay or reserve more Cash than anticipated in the projections, although a contingency is included in the projections; and

(d) The Reorganized Debtor may be unable to implement its long-term plan if its capital reserves are found to be insufficient by any applicable law or regulations.

b) Specific Risks

In addition to the general risks described above, there are a number of specific risks that must

be taken into account, as set forth below.

(i) Repurchase Claims

As explained above, FRC sold most of its residential loans to third parties in either whole loan sales or securitization transactions. As part of the sale process, FRC was often required to give representations and warranties regarding the origination process of the loans and committed to repurchase loans if a payment default occurred within a specified period of time, giving rise to potential Repurchase Claims.

In 2006, the total amount of Repurchase Claims significantly increased and comprised about 2.4% of the loans FRC sold and securitized in 2006. In 2005, the percentage had only been 0.9% and in 2004 it had been 0.7%. Demands based on Repurchase Claims have continued.

As of April 30 2009, FRC had reserved approximately $51.7 million on account of known Repurchase Obligations and estimated that $10.6 million would be paid out of the reserve in June 2009. Under the Plan proposed by New World, $21 million will continue to be reserved for Repurchase Claims. Although New World believes that this reserve should be more than sufficient to satisfy any such Repurchase Claims, it is possible that the final amount of Repurchase Claims may exceed this reserve. However, New World believes that even if the Repurchase Claims exceed the reserve, the assets of the Reorganized Debtor should be sufficient to cover all Repurchase Claims.

(ii) Risks Regarding Unresolved Litigation

FRC is further a defendant in excess of 150 litigation matters in various for a related to its lending operations. While resolution of the lawsuits is on-going, new lawsuits often replace the resolved ones and there is no assurance that the lawsuits will be resolved for the sums projected by New World. The ability of the Reorganized Debtor to fully realize upon FRC's assets may be constrained by FRC's need to retain funds to defend against and settle these litigation matters.

(iii) Risks Regarding Unresolved Claims

As of the date of this Disclosure Statement, the process of reviewing and objecting to Claims

is not complete. To the extent not resolved and the settlements approved prior to the Effective Date of the Plan, final resolution of certain Claims will require approval of the New Board of the Reorganized Debtor.

One such Claim is the Claim filed by the IRS (the "IRS Claim") that asserts a priority unsecured Claim against the Debtor in excess of $89 million.

According to the Debtor, the Debtor has administratively appealed adjustments proposed during the IRS examination of tax years 2004 and 2005. The adjustments proposed by the IRS pertain to the valuation of retired interests in securitizations and non-accrual interest income on commercial real estate loans, and will increase the Debtor's taxable income. The assessments associated with these adjustments were included in the IRS Claim.

In addition, the Debtor's 2006 tax return is currently being examined by the IRS. The Debtor received notice of an IRS audit in December 2008. In 2006, the Debtor recorded a NOL of approximately $459 million which was fully carried back to the 2004 tax return to recapture a majority of the taxes that the Debtor paid in 2004. The Debtor then received a "carryback refund" in 2008 of approximately $160 million. If the IRS proposes adjustments that reduce the NOL that was recorded on the 2006 return, it could impact the carryback refund and result in the Debtor having to repay some or all of the tax return that the Debtor received.

The Debtor's 2007 tax return is also under examination after the Debtor received the audit notice in January 2009. In 2007, the Debtor recorded a NOL in excess of $1 billion and that loss was partially carried back to 2005 to recapture taxes paid in 2005, resulting in the Debtor receiving a "carryback refund" of approximately $105 million in June 2008. This refund was transferred to FRC in accordance with an existing tax allocation agreement.

There is a similar issue with the Claim filed by the Franchise Tax Board in the amount of $13,292,104. if these Claims are not resolved favorably to the Debtor, then they may adversely affect the ability of the Reorganized Debtor to consummate the Plan.

In addition to those tax issues, there is another issue that may adversely impact the ability to fund the Plan. In November 2008, FRC entered into a Consent Agreement with the IRS in which the IRS allowed FRC to change its method of accounting for loan repurchase obligations. Under that Consent Agreement, FRC must recognize an increase in computing taxable income of $100,358,879 (the "Adjustment"). FRC is required to recognize a quarter of the Adjustment in computing taxable income beginning with the tax year ended December 31, 2008, and is required to recognize a quarter of the Adjustment in each of the next three years. If FRC ceases engaging in the trade or business associated with the loan repurchase obligations or ceases to exist, then FRC may be required to take the remaining balance of the Adjustment into account in computing taxable income in the year it ceases that business or ceases to exist. As a result, if FRC does not generate a sufficient offset against the taxable income recognized under the Consent Agreement (such as by using NOL carry forwards to offset its taxable income), then the Reorganized Debtor may incur a federal and state tax liability beyond that disputed liability included within the IRS Claim. The Consent Agreement-based liability would likely be required to be paid from Cash on hand.

F. Tax Consequences of Plan

CREDITORS AND EQUITY INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS.

THE FOLLOWING DISCUSSION IS A SUMMARY OF CERTAIN OF THE SIGNIFICANT FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN TO THE DEBTOR AND TO HOLDERS OF CLAIMS AND INTERESTS AND IS BASED ON THE INTERNAL REVENUE CODE OF 1986, AS AMENDED TO THE DATE HEREOF (THE 'TAX CODE"), TREASURY REGULATIONS PROMULGATED AND PROPOSED THEREUNDER, AND JUDICIAL DECISIONS AND PUBLISHED ADMINISTRATIVE RULES AND PRONOUNCEMENTS OF THE IRS AS IN EFFECT ON THE DATE HEREOF. CHANGES IN

SUCH RULES OR NEW INTERPRETATIONS THEREOF COULD SIGNIFICANTLY AFFECT THE TAX CONSEQUENCES DESCRIBED BELOW. NO RULINGS HAVE BEEN REQUESTED FROM THE IRS. MOREOVER, NO LEGAL OPINIONS HAVE BEEN REQUESTED FROM COUNSEL WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN.

THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PLAN TO THE HOLDERS OF CLAIMS AND INTERESTS MAY VARY BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER. IN ADDITION, THIS DISCUSSION DOES NOT COVER ALL ASPECTS OF FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO THE DEBTOR OR THE HOLDERS OF CLAIMS OR INTERESTS, NOR DOES THE DISCUSSION DEAL WITH TAX ISSUES PECULIAR TO CERTAIN TYPES OF TAXPAYERS (SUCH AS DEALERS IN SECURITIES, S CORPORATIONS, LIFE INSURANCE COMPANIES, FINANCIAL INSTITUTIONS, TAX-EXEMPT ORGANIZATIONS AND FOREIGN TAXPAYERS). NO ASPECT OF FOREIGN, STATE, LOCAL OR ESTATE AND GIFT TAXATION IS ADDRESSED.

THE FOLLOWING SUMMARY IS, THEREFORE, NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. HOLDERS OF CLAIMS OR INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES PECULIAR TO THEM UNDER THE PLAN.

As set forth above, on the Petition Date, the Debtor had NOLs available to it for the 2007 tax year in excess of $1 billion, although a portion of the NOLs were carried back to earlier tax years to obtain a tax refund, leaving NOLs of approximately $695 million in NOLs available.

New World has proposed this Plan in part to preserve these NOLS by keeping the equity in the Reorganized Debtor in the hands of equity holders. Although New World believes that this should preserve the NOLs, it cannot guarantee that they will remain available for the Reorganized

Debtor because in order to realize value from the NOLs, the Reorganized Debtor must acquire income-producing assets or otherwise conduct a business that generates positive income that can be setoff by the NOLs.

G. Retention of Jurisdiction

The Bankruptcy Court will retain jurisdiction of all matters arising in or related to the Plan to the fullest extent provided by law until the Plan is fully consummated, including, without limitations:

1. The adjudication of the validity, scope, classification, allowance, and disallowance of any Claim;

2. The estimation of any Claim;

3. The allowance or disallowance of Professional Fee Claims, compensation, or other Administrative Claims;

4. To hear and determine Claims concerning taxes pursuant to Bankruptcy Code sections 346, 505, 525, and 1146;

5. To hear and determine any action or proceeding brought under Bankruptcy Code sections 108, 510, 543, 544, 545, 547, 548, 549, 550, 551, and 553;

6. To hear and determine all actions and proceedings relating to pre-confirmation matters;

7. To hear and determine any issue relating to the assumption or rejection of executory contracts and unexpired leases;

8. To hear and determine any modification to the Plan in accordance with the Bankruptcy Rules and the Bankruptcy Code;

9. To enforce and interpret terms of the Plan;

10. To correct any defects, cure any omissions, or reconcile any inconsistency in the Plan or the Confirmation Order as may be necessary to carry out the purpose and intent of the Plan;

11. To hear and determine such matters and make such orders as are consistent with the

Plan as may be necessary to carry out the provisions thereof and to adjudicate any disputes arising under or related to any order entered by the Court in this Case; and

12. The entry of an order concluding and terminating this Case.

H. Claims

1. Maintenance of Post-Confirmation Claims Register

In order to reduce the administrative burdens on the Bankruptcy Court and to improve the efficiency of the remaining claims allowance process, the Plan provides that the Reorganized Debtor shall be entitled to retain a third party, including, without limitation, Kurtzman Carson Consultants LLC, to maintain the official claims register for this Case (the "Post-Confirmation Claims Register"). The Post-Confirmation Claims Register shall be based, in the first instance, upon an updated claims database (the "Register Update") that shall be filed by the Debtor at least twenty-one (21) days prior to the Confirmation Hearing. Objections by any party in interest to the form or substance of the Register Update may be considered as part of the Confirmation Hearing. The Plan further provides that on the Effective Date, the Register Update shall be deemed to amend and supersede the Bankruptcy Court's official register, and may thereafter be relied upon by the Reorganized Debtor and any retained third party as the official Post-Confirmation Claims Register. Finally, the Plan provides that following the Effective Date, copies of the current Post-Confirmation Claims Register may be obtained by any party in interest upon written request to the Reorganized Debtor.

2. Claim Objections

The Reorganized Debtor or any other party in interest shall file objections to Claims or Equity Interests within 180 days of the Effective Date. The Reorganized Debtor may obtain an extension of this date by filing a motion in the Bankruptcy Court, based upon a showing of "cause." If, at the time of any Distribution, a Claim or Equity Interest under the Plan is a Disputed Claim or Disputed Equity Interest, the Reorganized Debtor shall have the right to hold in trust any funds that would be distributed to that Claim Holder or Equity Interest Holder if the Claim or Equity Interest were

Allowed and until the Claim or Equity Interest is Allowed, if at all (the "Reserve Account"). Any unused funds in the Reserve Account, not otherwise designated for payout under the Plan, shall be returned to the Reorganized Debtor for use under the Plan, if required, and then to the Reorganized Debtor. Once a Claim or Equity Interest becomes an Allowed Claim or Equity Interest, it will receive the treatment afforded by the Plan.

I. The Committees

Until the Effective Date, the Equity Committee and Creditors Committee shall continue in existence. As of the Effective Date, the Equity Committee and Creditors Committee shall terminate and disband and the any holders of Equity Interests and the Creditors Committee shall be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from their service as Committee members. Except as otherwise provided in the Plan or Court order, the prohibition on members of the Equity Committee from trading their respective Equity Interests shall cease as of the Confirmation Date.

VIII. MISCELLANEOUS PROVISIONS GOVERNING DISBURSEMENTS

A. Dates of Distributions

The Reorganized Debtor shall make each required distribution by the date stated in the Plan with respect to such distribution. Any Distribution required to be made on the Effective Date shall be deemed to be made on such date if made as soon as practicable after such date. Any Distribution required to be made on the date on which a Claim becomes an Allowed Claim shall be deemed to be made on such date if made on the nearest Distribution Date occurring after such date.

B. Manner of Distribution

At the option of the Reorganized Debtor, monetary distributions may be made in Cash, by wire transfer, or by a check drawn on a domestic bank. Distributions to the Holders of Senior Notes will be made through the Indenture Trustee.

C. Undeliverable Distributions

If a Distribution is returned to the Reorganized Debtor as undeliverable, then such Distribution amount shall be deemed to be "Unclaimed Property." Nothing contained in the Plan shall require the Reorganized Debtor, or anyone else, to attempt to locate such Person. The Unclaimed Property shall be set aside and (in the case of Cash) held in a segregated interest-bearing account to be maintained by the Reorganized Debtor. If such Person presents itself within one (1) year following the Effective Date, the Unclaimed Property distributable to such Person, together with any interest or dividends earned thereon, shall be paid or distributed to such Person. If such Person does not present itself within one (1) year following the Effective Date, any such Unclaimed Property and accrued interest or dividends earned thereon shall become the property of the Reorganized Debtor for use under the Plan, if required, then to the Reorganized Debtor.

D. Rounding of Payments

Whenever payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent. To the extent Cash remains undistributed as a result of the rounding of such fraction to the nearest whole cent, such Cash shall be treated as "Unclaimed Property" and shall be dealt with in as described above.

E. Compliance with Tax Requirements

The Reorganized Debtor shall comply with all withholding and reporting requirements imposed by federal, state, or local taxing authorities in connection with making Distributions pursuant to the Plan.

In connection with each Distribution with respect to which the filing of an information return (such as an Internal Revenue Service Form 1099 or 1042) or withholding is required, the Reorganized Debtor shall file such information return with the Internal Revenue Service and provide any required statements in connection therewith to the recipients of such Distribution, or effect any such withholding and deposit all moneys so withheld to the extent required by law. With respect to any Person from whom a tax identification number, certified tax identification number, or other tax

information required by law to avoid withholding has not been received by the Reorganized Debtor, then the Reorganized Debtor may, at its sole option, withhold the amount required and distribute the balance to such Person or decline to make such Distribution until the information is received.

F. Distribution of Unclaimed Property

If a distribution is returned to the Reorganized Debtor as undeliverable, then such distribution amount shall be deemed to be "Unclaimed Property." Nothing contained in the Plan shall require the Reorganized Debtor, or anyone else, to attempt to locate such Person. The Unclaimed Property shall be set aside and (in the case of Cash) held in a segregated interest-bearing account to be maintained by the Reorganized Debtor. If such Person presents itself within one (1) year following the Effective Date, the Unclaimed Property distributable to such Person, together with any interest or dividends earned thereon, shall be paid or distributed to such Person. If such Person does not present itself within one (1) year following the Effective Date, any such Unclaimed Property and accrued interest or dividends earned thereon shall become the property of the Reorganized Debtor for use under the Plan, if required, then to the Reorganized Debtor.

G. No De Minimis Distributions

If any single distribution required by the Plan would be for an amount of $25.00 or less, then the Reorganized Debtor shall not be required to process the distribution and may, at its option, either add the distribution to the next distribution if the collective amount would be greater than $25.00 or may treat the distribution as Unclaimed Property..

H. Setoff

Any Claims of any nature which the Debtor or the Estate may have against the Holder of a Claim may be, but are not required to be, set off against any Claim and the Distribution to be made pursuant to the Plan in respect of such Claim. Neither the failure by the Reorganized Debtor or any other Person to effect such a setoff nor the allowance of any Claim shall constitute a waiver or a release of any claim which any or all of the foregoing may have against the Holder of a Claim.

I. Distribution Record Date

At the close of business on the Distribution Record Date, the claims registers for all Claims (other than the TOPrS and the Junior Notes, and the transfer ledgers for the Senior Notes shall be closed, and there shall be no further changes in the record holders of such Claims or such Senior Notes. Except as provided herein, the Reorganized Debtor, the Disbursing Agent, the Indenture Trustee, and each of their respective agents, successors, and assigns shall have no obligation to recognize any transfer of Claims or any transfer of Senior Notes occurring after the Distribution Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only those record holders stated on the claims registers or transfer ledgers as of the close of business on the Distribution Record Date irrespective of the number of distributions to be made under the Plan to such Persons or the date of such distributions.

IX. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions to Confirmation

The following are conditions precedent to the occurrence of the Confirmation Date, each of which must be satisfied or waived in accordance with the Plan.

(a) an order finding that the Disclosure Statement contains adequate information pursuant to Section 1125 of the Bankruptcy Code shall have been entered; and

(b) the proposed Confirmation Order shall be in form and substance reasonably satisfactory to New World and wholly consistent with the New World Plan.

B. Conditions to Effective Date

The following conditions precedent must be satisfied or waived on or prior to the Effective Date in accordance with Section IX of the Plan:

(a) the Confirmation Order shall have been entered in form and substance reasonably satisfactory to New world and the lender or the agent for the lenders under the Exit Facility, and

shall, among other things:

(i) Provide that the Debtor and the Reorganized Debtor are authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan;

(ii) approve the Exit Facility;

(iii) authorize the issuance of the Common Stock and the New Warrants; and

(iv) provide that notwithstanding Rule 3020(e) of the Bankruptcy Rules, the Confirmation Order shall be immediately effective, subject to the terms and conditions of the Plan;

(b) the Confirmation Order shall not then be stayed, vacated, or reversed;

(c) the documents evidencing the Exit Facility shall be in form and substance reasonably acceptable to New World, and the lender or the agent for the lenders under the Exit Facility; and, to the extent any of such documents contemplates execution by one or more persons, any such document shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of each such document shall have been satisfied or waived;

(d) the By-laws, in form and substance reasonably acceptable to New World shall have been adopted;

(f) all material authorizations, consents, and regulatory approvals required, if any, in connection with consummation of the Plan shall have been obtained; and

(g) all material actions, documents, and agreements necessary to implement the Plan shall have been effected or executed.

C. Waiver of Conditions

Each of the conditions set forth in Section , with the express exception of the conditions contained in Section IX (a)(i), (a)(ii), (a)(iii), and (b), may be waived in whole or in part by New World without any notice to parties-in-interest or the Bankruptcy Court and without a hearing.

X. CONFIRMATION REQUIREMENTS AND PROCEDURES

The following discussion is intended solely for the purpose of alerting parties in interest about basic confirmation issues, which they may wish to consider, as well as certain deadlines for filing Claims. New World CANNOT and DOES NOT represent that the discussion contained below is a complete summary of the law on this topic.

The Bankruptcy Code sets forth a number of requirements that must be met before a plan may be confirmed. Among others, a plan must be proposed in good faith, must treat claim in certain Classes in a specific manner, the plan must provide a holder of claim or interest in an impaired class with not less than the holder would receive or retain if the debtor were liquidated under chapter 7 and a plan must be feasible. New World believes the Plan meets these requirements and all the other requirements of the Bankruptcy Code for confirmation of the Plan.

1. Votes Necessary for a Class to Accept the Plan

When a Class of Claims is entitled to vote, it is considered to have accepted the Plan when more than one-half (1/2) in number and at least two-thirds (2/3) in dollar amount of the Claims which actually voted, voted in favor of the Plan. A Class of Equity Interests is considered to have "accepted" the Plan when at least two-thirds (2/3) in amount of the interest-holders of such Class which actually voted, voted to accept the Plan.

2. Treatment of Non-accepting Classes

Even if any impaired Classes do not accept the proposed Plan, the Court may nonetheless confirm the Plan if the non-accepting impaired Classes are treated in the manner required by the Code. The process by which non-accepting impaired Classes are forced to be bound by the terms of a Plan is commonly referred to as "cramdown." The Code allows the Plan to be "crammed down" on non-accepting Classes of Claims or Equity Interests if it meets all consensual requirements except the voting requirements of 11 U.S.C. § 1129(a)(8) and if the Plan does not "discriminate unfairly" and is "fair and equitable" toward each impaired Class that has not voted to accept the Plan as referred to in

11 U.S.C. § 1129(b) and applicable case law. In the event that the Court determines that any Class of Claims or Equity Interests is impaired and therefore improperly designated by the Plan, New World will tabulate the votes of the impaired Class(es), and will seek to "cram down" the Plan on any non-accepting Classes as may be permitted by the Bankruptcy Code.

XI. BEST INTERESTS TEST AND FEASIBILITY

A. The "Best Interests Test"

In addition to the other requirements described in this Disclosure Statement, Bankruptcy Code section 1129(a)(7) requires that each holder of a Claim or Interest in an Impaired Class either (i) vote to accept the Plan or (ii) receive or retain under the Plan cash or property of a value, as of the effective date of 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. This is referred to as the "Best Interests Test."

In a chapter 7 case, a trustee would be elected or appointed to liquidate the debtor's assets for distribution to creditors in accordance with the priorities set forth in the Bankruptcy Code. Under the priority scheme set forth in the Bankruptcy Code, secured creditors are generally paid from the proceeds of sale of the properties securing their liens. If any assets are remaining after the satisfaction of secured claims, the holders of administrative claims are generally next to receive payments. Unsecured claims are thereafter paid from any remaining sales proceeds, according to their legal rights of priority. Unsecured claims with the same priority share in proportion to the amount of their allowed claim in relation to the amount of total allowed unsecured claims with the same priority. Finally, holders of Equity Interest receive the balance that remains, if any, after all creditors are paid. Thus, for the Court to confirm the Plan, the Court must find that all creditors and shareholders who do not accept the Plan will receive at least as much under the Plan as such holders would receive under a hypothetical chapter 7 liquidation.

Generally, the Plan requires the Reorganized Debtor to distribute value and proceeds, to the

extent available, to holders of Claims and Interests in accordance with the priority scheme established by the Bankruptcy Code. The estimated the liquidation value of the Debtor's assets based upon the most accurate information that is currently available is set forth on a liquidation analysis (the "Liquidation Analysis") which is the following chart. The Liquidation Analysis is not a guarantee as to the amounts and sources of recovery that could be realized in a hypothetical liquidation. Rather, the Liquidation Analysis is only an estimate. The Liquidation Analysis was prepared based on a number of sources, including unaudited financial statements prepared by the Debtor and its affiliates and information furnished by the Debtor and certain of its advisors and professionals concerning the assets, liabilities and operations of the Debtor and its affiliates. As demonstrated by the Liquidation Analysis, the prospects for recovery that may be realized by Creditors on account of their Claims and holders of Equity Interest on account of their Equity Interests in the Debtor would be at least as great for most Creditors (other than the Holders of the TOPrS and Junior Notes) under the Plan as in a chapter 7 liquidation of the Debtor, assuming access to the assets of the Debtor's direct and indirect subsidiaries.

It is not certain that in a chapter 7 liquidation the Merger contemplated by the Plan could be accomplished and the assets of the Debtor's direct and indirect subsidiaries would be made available for the payment of Claims and equity interests. Moreover, in a chapter 7 liquidation, payment of claims to Creditors could be delayed while the trustee liquidates assets. In addition, the administration of the wind down would be costly. Creditors would, most likely not receive Post Petition interest on their allowed claims. In contrast, under the Plan, General Unsecured Creditors will immediately receive an Cash on the Effective Date plus Post Petition Interest, plus, and holders of Equity Interest will retain their Equity Interests in substantial part. In light of the foregoing, New World believes that Holders of Claims and Equity Interests would not receive more in a chapter 7 liquidation of the Debtor than they would receive under the Plan.

The Liquidation Analysis set forth below assumes, among other things, that the assets of the

debtor's direct and indirect subsidiaries are available for distribution to Creditors in the chapter 7 liquidation.

ASSETS VALUED AT LIQUIDATION VALUES

Estimated Cash on Hand as of 1/10	$ 327,788,000
Income & Other Recoveries During Liquidation	$ 40,218,000
Less Operating Costs During Liquidation	$ (30,367,000)
Estimated Cash Available for Distribution	$ 337,639,000
Plus Assets at Estimated Liquidation Value:	
Loans Held for Sale	$ 60,000,000
FHLB Stock	$ 2,000,000
Loans Held for Investment	$ 3,500,000
Real Estate Owned	$ 2,300,000
Premises & Equipment	$ 6,000,000
Miscellaneous Assets	$ 15,000,000
	$ 426,439,000
Less: Chapter 7 Trustee Fees and Expenses	$ (3,721,000)
Less: Professional Fees for Litigation	$ (8,500,000)
Less: Priority Tax Claims, incl. accrued interest	$ (12,000,000)
Less: FRC Claims (known and unknown) as estimated by U.S. Bank	$ (98,000,000)
Net Cash Available for Distribution to Unsecured Creditors	$ 304,218,000
Claims:	
Senior Notes, incl. accrued interest	$ 185,438,000
TOPrS Claims, incl. accrued interest	$ 111,699,000

General Unsecured Claims, incl. accrued interest	$ 55,505,000
Total Unsecured Claims, incl. accrued interest	$ 354,642,000

Below is a demonstration in tabular format that all Creditors and Equity Interest Holders are projected to receive at least as much under the Plan as they would receive in a Chapter 7 liquidation:

CLASS	ESTIMATED PAYOUT PERCENTAGE OR RETAINED INTEREST UNDER PLAN	ESTIMATED PAYOUT PERCENTAGE OR RETAINED INTEREST IN CHAPTER 7 LIQUIDATION
1	100%	100%
2	100%	100%
3A	100% Plus Interest	100%
3B	100% Plus Interest	100%
3C	100%	?
4	100% subject to dilution	100%
5	100%	100%

B. Feasibility

The Bankruptcy Code requires that, in order for the Plan to be confirmed by the Bankruptcy Court, it must be demonstrated that consummation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan (i.e., the Reorganized Debtor), unless such liquidation or reorganization is proposed in the Plan. See 11 U.S.C. § 1129(a)(11). Attached as Exhibit 3 to this Disclosure Statement for informational purposes are Projections for the Reorganized Debtor (the "Projections") that show estimated receipts from the income generating assets that will be retained by the Reorganized Debtor and associated expenses. Additional assets of the Reorganized Debtor will include Cash as well as the other assets described herein as set forth in the Liquidation Analysis set

forth on the following chart to this Disclosure Statement. The Projections are not a guarantee as to how the Reorganized Debtor will perform or how quickly, or how much, creditors may be paid. Rather, the Projections are only an estimate. The timetable for satisfaction of remaining Allowed Claims reflected in the Projections may or may not turn out to be correct. The Projections were prepared from information contained in a number of sources, including unaudited financial statements prepared by the Debtor and its affiliates and information furnished by the Debtor and certain of its advisors and professionals concerning the assets, liabilities and operations of the Debtor and its affiliates.

To meet the liquidity needs of the Reorganized Debtor for operations and Claims reserves, the New World Plan provides for a $4 million equity investment in the Reorganized Debtor and a $20 million secured Exit Facility.

There are at least two important aspects of a feasibility analysis. The first aspect considers whether the Plan proponent will have enough Cash on hand on the Effective Date of the Plan to pay all the Claims and expenses which are entitled to be paid on such date. The second aspect considers whether the proponent will have enough Cash over the life of the Plan to make the required Plan payments.

With respect to the first component, there is sufficient Cash on hand and available to the Debtor to pay all Claims that must be paid on the Effective Date so that even after the Administrative Claims and the Claims in Classes 1, 2, 3A, 3B, and 5 are paid in full, there will be sufficient Cash remaining in addition to the equity infusion and exit financing provided by the New World Plan to fund the Reorganized Debtor's business plan and meet Plan obligations. Subsequent strategic investments would occur in January and July 2011. Initially, the Reorganized Debtor will increase the yield on its Cash investments through the purchase or mortgage-backed securities and other related financial products with a target after-tax return of 6%. The Reorganized Debtor will continue to generate loan income. The Plan assumes an average of $500,000 a month on loan income from

January 2010 through July 2010, when the loans would be sold or securitized. These numbers are consistent with the present rate of returns, which were $550,000 in March 2009 and $606,000 in April 2009.

The second component of the feasibility analysis requires an examination of whether the Reorganized Debtor will have sufficient Cash over the life of the Plan to make the required Plan payments. The investment strategy and targets are set forth in Business Plan. The activities will target after-tax returns of 20-25%, although the Plan assumes only a 15% return on invested capital. With the Cash that will be available to the Reorganized Debtor, including the Equity Investment, the Exit Facility and the Warrant Exercise Price, as well as the generation of additional funds through the early repayment of mortgages, real estate sales, and sales or securitization of loans, there is sufficient liquidity to fund the Reorganized Debtor's long term strategy which will result in all Creditors being paid in full and in a significant return to the Class 4 Equity Interests.

XII. EFFECT OF CONFIRMATION OF PLAN

A. Discharge

Because the Plan does not contemplate the liquidation of substantially all of the property of the estate and the Reorganized Debtor will engage in business after consummation of the Plan, the rights under the Plan and the treatment of Claims and Equity Interests under the Plan will be in exchange for, and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever against the Debtor, the Reorganized Debtor, or their property, except as otherwise provided in the Plan or the Confirmation Order,

(1) On the Effective Date, except as otherwise provided for in the Plan the Debtor, the Debtor's Estate, Reorganized Debtor, and their property will be deemed discharged and released from any and all Claim, including without limitation, all demands, liabilities, Claims, that arose before the Confirmation Date or that are based upon or otherwise relate to acts, events, omissions, transactions or other activities of any kind that occurred before the Confirmation Date, and all debts

of the kind specified in Bankruptcy Code §§ 502(g), 502(h), or 502(i) regardless of whether: (a) a proof of Claim based on such debt is filed or deemed filed; (b) a Claim based on such debt is allowable under Bankruptcy Code § 502; or (c) the Person holding the Claim based on such a debt has accepted the Plan;

(2) All Persons will be precluded from asserting against the Debtor, the Estate, or the Reorganized Debtor, or their property, any other or further Claims based on, arising from, or in connection with any act, event, omission, transaction, or other activity of any kind that occurred before the Confirmation Date;

(3) Any debt of the Debtor, whether secured or unsecured, which was in default up to the Confirmation, will no longer be deemed in default. Moreover, to the extent that the Debtor and Reorganized Debtor comply with the terms and conditions of the Plan, these obligations will be deemed in good standing;

(4) As set forth in sections 524 and 1141 of the Bankruptcy Code, except as otherwise provided in the Plan or the Confirmation Order, the Confirmation Order constitutes a discharge or any and all Claims against, and all debts and liabilities of, the Debtor. The Reorganized Debtor and its property will be deemed discharged and released from any and all Claims and Equity Interests, including, without limitation, all demands, liabilities, Claims and Equity Interests that arose before the Confirmation Date or that are based on or otherwise relate to acts, events, transactions, or other activities of any kind that occurred before the Confirmation Date. This discharge will void any judgment that was obtained against the Debtor at any time only to the extent that the judgment relates to a discharged Claim.

(5) Subject to the limitations and conditions imposed under section 1125(e) of the Bankruptcy Code, Persons who, in good faith and in compliance with applicable provisions of the Bankruptcy Code, either solicit Plan acceptances or rejections or participate in the offer, issuance, sale, or purchase of securities under the Plan will not be liable on account of their solicitation or

participation for violation of any applicable law, rule, or regulation governing the solicitation of Plan acceptances or rejections or the offer, issuance, sale, or purchase of such securities.

B. Vesting of Property of the Estate

On the Effective Date, all Assets that are property of the Estate as of the Effective Date, including all Causes of Action, Rights of Action and Avoidance Actions, will vest in the Reorganized Debtor free and clear of the Claims of any Creditors.

C. Modification of Plan

New World may modify the Plan at any time before confirmation provided that the modifications meet the requirements of the Bankruptcy Code. New World may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing.

D. Post-Confirmation Status Report

Within 120 days of the Confirmation Date, the Reorganized Debtor shall file a status report with the Court explaining what progress has been made toward consummation of the confirmed Plan. The status report shall be served on the United States Trustee and the members of the Committees. Further status reports shall be filed every 180 days and served on the same entities.

E. Post-Confirmation United States Trustee Fees

Pursuant to 28 U.S.C. § 1930(a)(6), quarterly fees to the United States Trustee will continue to be due until the bankruptcy case is closed,. at the rate in effect at the time such fees are due. Such fees shall be paid by the Reorganized Debtor.

F. Final Decree

Upon substantial consummation of the Plan and the occurrence of the Effective Date, the Estate shall be deemed fully administered as referred to in Bankruptcy Rule 3022, and the Reorganized Debtor shall file a motion with the Court to obtain a final decree to close the Reorganization Case.

Dated: October 13, 2009

NEW WORLD ACQUISITION, LLC

By:_____
Kenneth S. Grossman
Director

LESNICK PRINCE LLP

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Attorneys for New World Acquisition, LLC

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Dated: October 13, 2009

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EXHIBIT A

NOTICE TO CREDITORS AND POTENTIAL CREDITORS OF
FREMONT REORGANIZING CORPORATION
(formerly known as Fremont Investment & Loan)

October 14, 2009

READ THIS NOTICE CAREFULLY YOUR RIGHTS MAY AFFECTED BY PROCEEDINGS CURRENTLY PENDING IN THE UNITED STATES BANKRUPTCY COURT INVOLVING FREMONT GENERAL CORPORATION

This notice relates to the Chapter 11 Plan (the "Plan") for Fremont General Corporation ("FGC" or the "Debtor") and the related Disclosure Statement (the "Disclosure Statement") prepared by New World Acquisition, LLC ("New World") in the chapter 11 bankruptcy case of FGC (the "Case") currently pending in the United States Bankruptcy Court for the Central District of California (the "Bankruptcy Court").

FGC is a holding company that owns 100% of the common stock of Fremont General Credit Corporation ("FGCC"), which in turn owns 100% of the common stock of Fremont Reorganizing Corporation, f/k/a Fremont Investment & Loan ("FRC").

YOU ARE RECEIVING THIS NOTICE FROM FRC BECAUSE FRC HAS IDENTIFIED YOU AS A CREDITOR, OR A POTENTIAL CREDITOR, OF FRC, AND CONFIRMATION OF THE PLAN MAY HAVE AN IMPACT ON THE AMOUNT YOU MAY REALIZE ON THE CLAIMS. IF ANY, YOU MAY HAVE AGAINST FRC.

The Plan proposes to effectuate a merger (the "Merger") of the Debtor, FGCC and FRC on the Effective Date of the Plan as a means of implementing the Plan (the surviving entity being - the "Reorganized Debtor"). Specifically, under the Plan, on he effective date of the Plan (the "Effective Date"), and effective contemporaneously with the occurrence of the Effective Date, FGCC will first be merged into the Debtor or the Reorganized Debtor (as applicable), and then FRC will be merged into the Debtor or the Reorganized Debtor (as applicable). The Reorganized Debtor will thereafter continue to operate its business in the ordinary course without the supervision or oversight of the Bankruptcy Court. The liabilities of FGCC and FRC are referred to and constitute "Post-Effective Date Merger Claims" under the Plan. The Plan contemplates that the Post-Effective Date Merger Claims will be satisfied by the Reorganized Debtor in the ordinary course of business in accordance with applicable non bankruptcy law. In order to better understand the impact of the Plan, you are encouraged to review the Plan and the Disclosure Statement carefully and discuss them with your professionals to determine how the Reorganized Debtor will operate and how the Plan and anticipated operations of the Reorganized Debtor may affect your ability to realize your claims, if any.

The Plan provides that the Reorganized Debtor will make a distribution of $[ ] million in cash (or such lesser amount as approved by the Bankruptcy Court) (of the proposed $[ ] million, approximately $[ ] million would come form FRC) on or about the Effective Date of the Plan

in partial satisfaction of the claims asserted by creditors against FGC. After giving effect to the initial cash distribution to FGC's creditors under the Plan, as to the remaining cash and assets of the Reorganized Debtor available to pay creditors of FRC and FGCC (and any unpaid FGC creditor claims), FRC and FGCC creditor claims must be satisfied or reserved (in amounts to be determined by the Reorganized Debtor) for payment before additional distributions may be made on account of any remaining FGC creditor claims. New World believes, based on the estimates described below that as a consequence, the Reorganized Debtor will have cash of $[ ] million net of accrued administrative liabilities, as well as income from operations of the Reorganized Debtor and the disposition of assets that may be liquidated for cash, for the payment of anticipated liabilities of FRC and FGCC and the costs and expenses of operating and administering the Reorganized Debtor. New World's Plan is predicated on the reorganization and growth of the business operation.

The amount of the initial cash distribution to FGC creditors under the Plan= and consequently the remaining cash and other assets of the Reorganized Debtor available to pay creditors of FRC and FGCC, is subject to approval by the Bankruptcy Court. These matters will be subject to proof at the below-described hearing on confirmation of the Plan before the Bankruptcy Court. The Bankruptcy Court's determination of these matters will be based upon a variety of factual information, estimates and assumptions, which though considered reasonable by the Creditors' Committee at the present time, may not be realized. Accordingly, there can be no guarantee that the remaining cash and other assets will be adequate to fully satisfy the creditor claims ultimately proven against FRC, FGCC and FGC.

New World estimates that, as a result of the Merger, the assets of the Debtor (including approximately $25 million of cash), FGCC (including approximately $1 million of cash and FRC (including approximately $325 million of cash)[1] will become assets of the Reorganized Debtor. Under the Plan, any existing liabilities of FGCC and FRC that are unsatisfied as of the date of the Merger, any guarantees by FGCC of any obligations of the Debtor and any joint and several liabilities of the Debtor, FGCC and/or FRC will become obligations of the Reorganized Debtor[2] but (as noted above) the Plan also provides that pre-Merger creditors of FRC who currently have a senior claim on FRC's assets will continue to have this priority and ability to realize on their claims before any payments are made to FGC creditors after the Effective Date of the Plan, although the assets available to pay such claims will be net of the amount of the Bankruptcy Court authorized the Debtor to pay to FGC creditors on the Effective Date of the Plan.

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[1] In addition to $325 million of cash, FRC's other primary assets consist of (i) residential real property held for sale with an aggregate book value of approximately $5.7 million, (ii) real property constituting its corporate headquarters and related personal property , furniture and equipment with an aggregate book value of approximately $4.4 million (after depreciation), (iv) real estate loan portfolios with and aggregate book value of approximately $164.1 million, (v) common stock investments with a book value of approximately $2.1 million and (vi) community Reinvestment Act loans and investments with a book value of approximately $18.1 million. Please be advised, however that book value does not necessarily reflect fair market value. Information concerning the estimated liquidation values associated with these assets is included in Exhibit 2 to the Disclosure Statement of the Plan.

[2] As a result of the Merger the equity securities of FGCC and FRC will be cancelled and all intercompany debts and claims between the Debtor, FGCC and FRC will be eliminated.

As discussed more fully described in the Disclosure Statement, New World estimates that up to approximately $41 million in cash may be required to satisfy Post-Effective Date Merger Claims (i.e., claims of creditors of FRC and FGCC prior to the Merger), consisting of the following: (i) Repurchase Claims[3] and (ii) Non-Repurchase Litigation Claims.[4] The amount estimated byNew World to satisfy such claims is based on FRC's books and records, the historical results in resolving Repurchase Claims, the progress made to date in resolving Repurchase Claims, and other information furnished by the Debtor and FRC.

US Bank, in its capacity as trustee for various securitization trusts, has objection to the proposed Plan, and claims to have liquidated Repurchase claims against FRC totaling $64,000,000.00 which, as reflected in FRC's books and records, constitutes the majority of the remaining Repurchase Claims that have been asserted against FRC. FRC has created a Repurchase Claims reserve of $59,319,379.00 and a reserve for Non-Repurchase Litigation Claims in the amount of $10,000,000.00. The amount of cash (and assets that may be reduced to cash) that New World estimates that the Reorganized Debtor will hold as of the Effective Date is in excess of these amounts, after giving effect tote proposed $ million distribution.

The Debtor, FGCC and FRC, and each of their respective current management teams and boards of directors, have not approved or endorsed, and will not be required to take any action to effectuate, the Merger.

To the extent you are a creditor of FRC or FGCC, or believe you may have a claim against FRC or FGCC, your rights may be affected by approval/confirmation and implementation of the Plan. You should consult with your own legal and financial advisors to determine how this might impact your rights and whether you desire to be heard in connection with the FGC bankruptcy case and the Plan.

You may have the right to comment on or object to the Plan **if** you believe your rights as a creditor or potential creditor are impaired. **If** you desire to be heard, please note the time deadlines for filing objections and comply with same. In evaluating your options, you or the professionals you retain should read the Plan and the Disclosure Statement carefully. This notice is being provided solely to advise you that the Plan and Merger proposed by the Plan are being considered, and may impact your rights.

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[3] FRC formerly originated residential loans. Many of the loans originated by FRC were sold to third parties in either whole loan sales or securitized transactions. In many of these whole sale transactions, FRC agreed to sell the loans for cash, and gave customary representations and warranties regarding the loan characteristics and origination process that obligated FRC to repurchase those loans if certain defaults occurred within a designated period following the sale. "Repurchase Claims" means and included claims that have been or are anticipated could be asserted against FRC with respect to such repurchase obligations.

[4] "Non-Repurchase Litigation Claims" means and include all liabilities and claims asserted against FRC and FGC other than the Repurchase claims. As set forth in the Disclosure Statement, virtually all these claims relate to FRC's lending operations and primarily involve title actions, foreclosure proceedings or claims asserted by individual borrowers against FRC.

Please note that a hearing regarding the adequacy of the Disclosure Statement and the form of this notice was held on October 14, 2009 before the United States Bankruptcy Court for the Central District of California, Courtroom 5A, 411 West Fourth Street, Santa Ana, California. **PLEASE NOTE THAT A FURTHER HEARING REGARDING WHETHER THE PLAN SHOULD BE "CONFIRMED" UNDER THE BANKRUPTCY CODE HAS BEEN SET TO COMMENCE ON DECEMBER_10, 2009 AT 2:00 P.M, PACIFIC TIME. THE HEARING MAY BE CONTINUED WITHOUT FURTHER NOTICE. IF YOU BELIEVE THAT YOUR INTERESTS MAY BE IMPACTED BY ADOPTION OF THE PLAN, YOU SHOULD CONTACT LEGAL AND FINANCIAL ADVISORS TO DETERMINE HOW BEST TO PROTECT YOUR INTERESTS. Any objections to confirmation of the Plan must he filed on or before to be considered by the Bankruptcy Court.**

You can obtain a copy of the Plan and the Disclosure Statement from (i) the Office of the Clerk, United States Bankruptcy Court for the Central District of California, Santa Ana Division, 411 West Fourth St., Santa Ana, California 92701, (ii) through the Bankruptcy Court's website using the PACER service (www.cacb.uscourts.gov), (iii)) by making a written or email request to counsel for the New World, Sonnenschein Nath & Rosenthal LLP Attn: Janice Castillo, 1221 Avenue of the Americas, New York, New York 10020 Facsimile 212 768-6953 jcastillo@sonnenschein.com. .