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UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

SANTA ANA DIVISION

In re

Case No. 8:08-bk-13421-ES

FREMONT GENERAL CORPORATION, a Nevada corporation,

Chapter 11 Case

Debtor.

**NEW WORLD ACQUISITION, LLC'S
CHAPTER 11 PLAN OF
REORGANIZATION FOR FREMONT
GENERAL CORPORATION (DATED
NOVEMBER 6, DECEMBER 23, 2009)**

Taxpayer ID No. 95-2815260



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1 New World Acquisition, LLC (“New World”) hereby proposes this Chapter 11 Plan of
2 Reorganization for Fremont General Corporation under § 11 U.S.C. 1121(c) for the resolution of
3 Claims and Equity Interests.

4 All Creditors, holders of Equity Interests and other parties in interest should refer to the
5 Disclosure Statement for a discussion of the Debtor’s history, business, properties and the results of
6 operations, events leading up to the contemplated restructuring, financial projections for future
7 operations, and for a summary and analysis of the Plan and certain related matters.
8

9 **I. DEFINITIONS**

10 The following Defined Terms (which appear in this Plan as capitalized terms), when used in
11 this Plan, have the meanings set forth below:

12 **“Administrative Claim”** means a claim for administrative costs or expenses that are
13 allowable under Bankruptcy Code section 503(b) or 28 U.S.C. § 1930. These costs or expenses may
14 include: (a) Non-Ordinary Course Administrative Claims; (b) Ordinary Course Administrative
15 Claims; (c) Professional Fee Claims; (d) Administrative Tax Claims; and (e) U.S. Trustee Fees.
16

17 **“Allowed Administrative Claim”** means an Administrative Claim that is allowed by a Final
18 Order.

19 **“Allowed Claim”** or **“Allowed Equity Interest”** means a Claim or Equity Interest, other
20 than an Administrative Claim, to the extent that:

- 21 1. Either: (1) a proof of claim or proof of interest was timely filed prior to the Claims Bar
22 Date; or (2) a proof of claim or proof of interest is deemed timely filed either under
23 Bankruptcy Rule 3003(b)(1)-(2) or by a Final Order; and
24
- 25 2. Either: (1) the Claim or Equity Interest is not a Disputed Claim or a Disputed Equity
26 Interest; or (2) the Claim or Equity Interest is allowed either by a Final Order or under the
27 Plan.

28 Any portion of a Claim that is satisfied or released during the Case is not an Allowed Claim.

1 **“Allowed Class ‘__’ Claim”** means an Allowed Claim classified in the specified Class.

2 **“Allowed Amount”** means the amount at which Claim is allowed.

3 **“Assets”** means all assets of the Debtor’s Estate including “property of the estate” as
4 described in section 541 of the Bankruptcy Code.

5 **“Avoidance Action”** means an adversary proceeding, lawsuit or other proceeding with
6 respect to Causes of Action arising under, relating to, or similar to Bankruptcy Code sections 502(d),
7 506, 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552 or 553, or any fraudulent conveyance,
8 fraudulent transfer or preference laws, or any Cause of Action arising under, or relating to, any
9 similar state law or federal law that constitutes property of the Estate under Bankruptcy Code section
10 541, whether or not an action is initiated on or before the Effective Date.

12 **“Ballot”** means the ballot to vote to accept or reject the Plan.

13 **“Bankruptcy Code”** or **“Code”** means title 11 of the United States Code, 11 U.S.C. §§ 101-
14 1532, as now in effect or hereafter amended.

15 **“Bankruptcy Court”** or **“Court”** means the United States Bankruptcy Court for the Central
16 District of California, Santa Ana Division, or any other court that exercises competent jurisdiction
17 over the Case.

19 **“Bankruptcy Rules”** means, collectively, (a) the Federal Rules of Bankruptcy Procedure
20 promulgated under 28 U.S.C. § 2075, as amended from time to time; and (b) the Local Bankruptcy
21 Rules applicable to cases pending before the Bankruptcy Court, as now in effect or hereafter
22 amended.

24 **“Board of Directors”** means the board of directors of the Reorganized Debtor, the
25 composition of which is described in Section V.3 hereof.

26 **“Business Day”** means any day other than a Saturday, Sunday or a legal holiday (as defined
27 in Bankruptcy Rule 9006(a)).

1 **“Case”** means the case under chapter 11 of the Bankruptcy Code commenced by the Debtor
2 and bearing Case Number 8:08-bk-13421-ES.

3 **“Cash”** means cash or cash equivalents including, but not limited to, bank deposits, checks or
4 other similar items.

5 **“Causes of Action”** means any and all claims, demands, rights, actions, rights of action,
6 causes of action and suits of the Debtor or the Estate, of any kind or character whatsoever, known or
7 unknown, suspected or unsuspected, whether arising prior to, on or after the Petition Date, in contract
8 or in tort, at law or in equity or under any other theory of law, that the Debtor or the Debtor’s Estate
9 has or asserts or may have or assert against third parties, whether or not brought as of the Effective
10 Date, and which have not been settled or otherwise resolved by Final Order as of the Effective Date,
11 including but not limited to (1) rights of setoff, counterclaim or recoupment, and claims on contracts
12 or for breaches of duties imposed by law, (2) the right to object to claims or interests, (3) such claims
13 and defenses as fraud, mistake, duress and usury, (4) Avoidance Actions, (5) claims for tax refunds
14 (6) claims to recover outstanding accounts receivable, (7) such claims and defenses as alter ego and
15 substantive consolidation, and (8) any other claims which may be asserted against third parties.

16 **“Claim”** means a claim—as the term “claim” is defined in Bankruptcy Code section 101(5)—
17 against the Debtor.

18 **“Claims Bar Date”** means (a) with respect to Claims other than those held by governmental
19 units, November 10, 2008, which was the last date for filing Claims against the Estate pursuant to the
20 Court’s Order entered on September 4, 2008; and (b) with respect to Claims held by governmental
21 units, December 15, 2008.

22 **“Claims Objection Deadline”** means the deadline for the Reorganized Debtor and parties in
23 interest to file objections to Claims as set forth in the Confirmation Order.

24 **“Class”** means a group of Claims or Equity Interests as classified in Section II.

1 **“Collateral”** means property, or an interest in property, of the Estate that is encumbered by a
2 Lien to secure payment or performance of a Claim.

3 **“Common Stock”** means the common stock previously issued by the Debtor and the common
4 stock authorized under the Plan and the By-Laws of the Reorganized Debtor as of the Effective Date.

5 **“Confirmation”** means the entry of the Order by the Bankruptcy Court confirming the Plan
6 pursuant to section 1129 of the Bankruptcy Code.

7 **“Confirmation Date”** means the date on which the Bankruptcy Court enters the
8 Confirmation Order on its docket.

9 **“Confirmation Hearing”** means the hearing before the Court to consider the confirmation of
10 the Plan pursuant to Bankruptcy Code section 1128(a), as such hearing may be continued from time
11 to time.

12 **“Confirmation Hearing Date”** means the first date on which the Bankruptcy Court holds the
13 Confirmation Hearing.

14 **“Confirmation Order”** means the order of the Bankruptcy Court confirming this Plan under
15 Bankruptcy Code section 1129.

16 **“Creditor”** means the Holder of a Claim against the Debtor.

17 **“Creditors Committee”** means the Official Committee of Unsecured Creditors appointed in
18 the Case by the Office of the U.S. Trustee for the Central District of California.

19 **“Debtor”** means Fremont General Corporation, a Nevada corporation.

20 **“Disbursing Agent”** means the Reorganized Debtor or its designee retained to make
21 Distributions pursuant to Section of the Plan.

22 **“Disclosure Statement”** means the disclosure statement relating to the Plan, including,
23 without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant
24 to Bankruptcy Code section 1125.

1 **“Disclosure Statement Order”** means the Order entered by the Bankruptcy Court approving
2 the Disclosure Statement.

3 **“Disputed Amount”** means the lesser of (a) the liquidated amount set forth in the proof of
4 claim filed with the Bankruptcy Court relating to a Disputed Claim, (b) if the Bankruptcy Court has
5 estimated such Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, the amount of a
6 Disputed Claim as estimated by the Bankruptcy Court, and (c) the amount of such Disputed Claim
7 allowed by the Bankruptcy Court pursuant to section 502 of the Bankruptcy Code, or zero, if such
8 Disputed Claim is disallowed by the Bankruptcy Court pursuant to such section, in either case,
9 regardless of whether the order or judgment allowing or disallowing such Claim has become a Final
10 Order.

12 **“Disputed Claim”** means any Claim: (a) as to which a proof of claim has been filed and the
13 dollar amount of such Claim, respectively, is not specified in a fixed amount; (b) prior to the deadline
14 to object to such Claim, as to which a proof of claim has been filed and the dollar amount of such
15 Claim is specified in a fixed liquidated amount, the extent to which the stated amount of such Claim
16 exceeds the amount of such Claim listed in the Schedules; (c) prior to the deadline to object to such
17 Claim, as to which a proof of claim has been filed and such Claim is not included in the Schedules;
18 (d) with respect to a proof of claim that is filed or is deemed filed under Bankruptcy Rule 3003(b)(1)
19 and is listed as contingent, disputed or unliquidated; (e) as to which an objection has been filed or is
20 deemed to have been filed pursuant to any order approving procedures for objecting to Claims and
21 such objection has neither been overruled nor been denied by a Final Order and has not been
22 withdrawn; or (f) with respect to an Administrative Claim, as to which an objection: (1) has been
23 timely filed (or the deadline for objection to such Administrative Claim has not expired) and (2) has
24 neither been overruled nor been denied by a Final Order and has not been withdrawn; provided,
25 however, that in each case, a Claim or Administrative Claim shall not be deemed to be a Disputed
26 Claim to the extent that the Reorganized Debtor otherwise agrees with any such Claim or

1 Administrative Claim, and such Claim or Administrative Claim is Allowed under the Bankruptcy
2 Code or by Final Order, as applicable.

3 **“Disputed Equity Interest”** means any Equity Interest, as to which (a) an objection has been
4 timely filed, which has neither been overruled nor been denied by a Final Order and has not been
5 withdrawn or (b) is the subject of a filed Cause of Action that is related to such Equity Interest which
6 has not been settled or otherwise resolved by Final Order.

7 **“Distribution(s)”** means any transfer under the Plan of Cash or other property or instruments
8 to a Holder of an Administrative Claim, a Holder of an Allowed Claim, or to the Holder of an Equity
9 Interest.

10 **“Distribution Record Date”** means the record date for determining entitlement to receive
11 distributions under the Plan on account of Allowed Claims, which date shall be for all Holders of
12 Claims, excluding the Claims in Class 3(C), the third Business Day following the Confirmation Date
13 at 5 p.m. prevailing Pacific time.

14 **“Effective Date”** shall mean the first Business Day occurring ~~ten~~twenty-five (~~10~~25) days
15 after the conditions to effectiveness have been met. However if the effectiveness of the Confirmation
16 Order is stayed other than by operation of Bankruptcy Rule 3020(e), then the Effective Date shall
17 mean the first Business Day occurring ten (10) days after the lifting of any such stay of the
18 Confirmation Order.

19 **“Equity Committee”** means the Official Committee of Equity Security Holders appointed in
20 the Case by the Office of the U.S. Trustee for the Central District of California.

21 **“Equity Interest”** means the interest—as the term “interest” is defined in Bankruptcy Code
22 section 101(17)—of any entity who holds an equity security in the Debtor no matter how held,
23 including issued and outstanding shares of ~~common stock~~Common Stock, preferred stock, stock
24 options, warrants, membership interests, or other evidence of interests in securities of the Debtor;
25 provided, however, that in no event shall the TOPrS Claims be considered “Equity Interests.”

1 **“Equity Interest Holder(s)”** means the record Holder of an Equity Interest.

2 **“Estate”** means the estate created in the Case under Bankruptcy Code section 541.

3 **“Exit Facility”** means ~~the agreements and related documents and instruments evidencing new~~
4 ~~financing to be obtained by the Reorganized Debtor as of the Effective date or soon thereafter as is~~
5 ~~practicable, for, among other purposes, to fund reserves, and working capital and general corporate~~
6 ~~needs after the Effective Date.~~

7 **“FGCC”** means Fremont Credit Corporation, a California Corporation.

8 **“FGFI Trust”** means Fremont General Financing I, a statutory business trust, formed under
9 Delaware law pursuant to that certain “Amended and Restated Declaration of Trust” dated as of
10 March 6, 1996, for the sole purpose of issuing securities representing undivided beneficial interests in
11 the FGFI Trust’s assets.

13 **“Final Order”** means an order or judgment of the Court or other applicable court, as entered
14 on the applicable docket, that has not been reversed, stayed, modified or amended, and as to which
15 the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to
16 which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be
17 pending or as to which any right to appeal, petition for certiorari, reargue, or rehear shall have been
18 waived in writing in form and substance satisfactory to the Debtor prior to the Effective Date or to
19 the Reorganized Debtor after the Effective Date, as applicable, or, in the event that an appeal, writ of
20 certiorari, or reargument or rehearing thereof has been sought, such order or judgment of the Court or
21 other applicable court shall have been affirmed by the highest court to which such order or judgment
22 was appealed, or certiorari has been denied, or from which reargument or rehearing was sought, and
23 the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall
24 have expired.

27 **“FRC”** means Fremont Reorganizing Corporation f/k/a Fremont Investment & Loan, a
28 corporation organized under the laws of the state of California.

1 **“Fremont NOLs”** means the federal consolidated net operating loss carryovers of the
2 affiliated tax group of which the Debtor is the common parent.

3 **“General Unsecured Claim”** means any Claim that is not an Administrative Claim, a
4 Priority Tax Claim, a Priority Non-Tax Claim, a Senior Note Claim, a TOPrS Claim, or a Section
5 510(b) Claim.

6 **“Holder”** means the Holder of a Claim or Equity Interest against the Debtor.

7 **“Impaired”** means, when used with reference to a Claim or Equity Interest, a Claim or
8 Equity Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code and the
9 case law interpreting the statute.

10 **“Indenture Trustee”** means the Indenture Trustee for the Senior Notes or the Indenture
11 Trustee for the Junior Notes.

12 **“Indenture Trustee Fees”** means the reasonable compensation, fees and expenses,
13 disbursements and indemnity claims, including without limitation, attorneys’ fees and agents’ fees,
14 expenses and disbursements, incurred by the Indenture Trustee, whether prior to or after the Petition
15 Date and whether prior to or after consummation of the Plan.

16 **“Intercompany Claim”** means any Claim (i) of FGCC against FRC or the Debtor, (ii) of
17 FRC against FGCC or the Debtor, and (iii) of the Debtor against FRC or FGCC.

18 **“Junior Notes”** means the 9% Junior Subordinated Debentures due March 31, 2026.

19 **“Lien”** means a lien, as defined in 11 U.S.C. § 101(37), except a lien that has been avoided
20 under chapter 5 of the Bankruptcy Code or that is otherwise avoidable or invalid under the
21 Bankruptcy Code or applicable law.

22 **“Loans”** means the residential mortgage loans owned by FRC.

23 **“Local Bankruptcy Rules”** means the Local Bankruptcy Rules for the United States
24 Bankruptcy Court for the Central District of California, as now in effect or hereafter amended.

1 **“New Notes”** means the New Notes in principal face amount of \$95 million to be issued
2 under the Plan to the Holders of TOPrS if the Holders thereof accept the Plan. The New Notes pay
3 interest semi-annually at the rate of 9% and are due and payable five years from the date of issuance
4 and have such other terms as a more fully set forth in the form substantially as attached hereto as
5 Exhibit 1 hereto.

6 **“New Notes Indenture”** means that certain master New Notes Indenture to be entered into by
7 the Reorganized Debtor and the indenture trustee in form substantially as attached hereto as Exhibit
8 2.

10 **“Non-Ordinary Course Administrative Claim”** means any Administrative Claim other than
11 an Ordinary Course Administrative Claim, Administrative Tax Claim, Professional Fee Claim,
12 Indenture Trustee Fees or U.S. Trustee Fees.

13 **“Noteholders”** means the Holders of Senior Notes.

14 **“Ordinary Course Administrative Claim”** means a claim for administrative costs or
15 expenses that are allowable under Bankruptcy Code section 503(b) that are incurred in the ordinary
16 course of the Debtor’s operations for goods and services and that are unpaid on the Effective Date.
17 Ordinary Course Administrative Claims do not include Professional Fee Claims, U.S. Trustee Fees,
18 Administrative Tax Claims, Indenture Trustee Fees or Non-Ordinary Course Administrative Claims.

20 **“Plan Supplement”** means the compilation of documents, including any corporate documents
21 or exhibits to the Plan, not included herewith, that New World shall file with the Bankruptcy Court
22 on or before the date that is ten (10) days prior to the Confirmation Hearing.

23 **“Person”** means any natural person or entity.

25 **“Petition Date”** means June 18, 2008, the date on which the Debtor filed its voluntary
26 petition commencing the Case.

1 **“Plan”** means this plan of reorganization under chapter 11 of the Bankruptcy Code,
2 including, without limitation, all exhibits, supplements, appendices, and schedules hereto, either in its
3 present form or as it may be altered, amended, or modified from time to time.

4 **“Post Petition Interest”** means, as to any Holder of an Allowed Claim, ~~the rate of~~ interest to
5 be accrued or paid on such Holder’s allowed Claim for the period (a) from the Petition Date to and
6 through the ~~effective Date, interest~~Effective Date, and (b) from the Effective Date to and through the
7 date upon which the Holders of Allowed Class 3A and 3B are paid, at the federal judgment rate set
8 forth in 28 U.S.C. §1961(a) in effect on the Petition Date, which was 2.51% (compounded annually)
9 ~~and (b) from the Effective Date to and through the date upon which the Holders of Allowed Class 3A~~
10 ~~and 3B are paid, or such rate as determined by the Court that will leave the holders of Claims in Class~~
11 3B Unimpaired.

12 **“Post-Effective Date Merger Claims”** means any and all unpaid claims, liabilities for
13 obligations which immediately, prior to the occurrence of the Effective Date, were claims, liabilities
14 or obligations of FGCC and/or FRC.

15 **“Preferred Securities Guarantee”** means that certain “Preferred Securities Guarantee
16 Agreement” related to the TOPrS dated March 6, 1996, executed by the Debtor.

17 **“Priority Non-Tax Claims”** means Claims, other than Administrative Claims or Priority Tax
18 Claims, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.

19 **“Priority Tax Claim”** means a Claim that a governmental unit asserts against the Debtor for
20 taxes or related interest or penalties, which Claim is entitled to priority and allowable under
21 Bankruptcy Code section 507(a)(8).

22 **“Professionals”** means those Persons (i) retained pursuant to an order of the Bankruptcy
23 Court in accordance with sections 327, 1103 and/or 1106 of the Bankruptcy Code and to be
24 compensated for services rendered prior to the Effective Date pursuant to sections 327, 328, 329, 330

1 and/or 331 of the Bankruptcy Code; or (ii) for which compensation and reimbursement has been
2 allowed by the Bankruptcy Court pursuant to sections 330 and 503(b)(2) of the Bankruptcy Code.

3 **“Professional Fee Claim”** means:

4 (a) A claim under Bankruptcy Code sections 327, 328, 330, 331, 503(b), 1103 or 1106 for
5 compensation for professional services rendered or expenses incurred prior to the
6 Effective Date on the Estate’s behalf; or

7 (b) A claim either under Bankruptcy Code section 503(b)(4) for compensation for
8 professional services rendered or under Bankruptcy Code section 503(b)(3)(D) for
9 expenses incurred prior to the Effective Date in making a substantial contribution to the
10 Estate.

12 **“Registration Rights Agreement”** means a registration rights agreement substantially in the
13 form set forth in Exhibit [43](#) obligating the Reorganized Debtor to register for resale certain shares of
14 **common stock**[Common Stock](#) under the Securities Act of 1933 in accordance with the terms set forth
15 in such registration rights agreement.

16 **“Reinstated or Reinstatement”** means (a) leaving unaltered the legal, equitable and
17 contractual rights to which a Claim entitles the Holder of such Claim, or (b) notwithstanding any
18 contractual provision or applicable law that entitles the Holder of such Claim to demand or receive
19 accelerated payment of such Claim after the occurrence of a default, (i) curing any such default that
20 occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2)
21 of the Bankruptcy Code; (ii) reinstating the maturity of such Claim as such maturity existed before
22 such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any
23 reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such
24 Claim arises from any failure to perform a non-monetary obligation other than a default arising from
25 failure to operate a nonresidential real property lease subject to section 365(b)(1)(A) of the
26 Bankruptcy Code, compensating the Holder of such Claim (other than the debtor or an insider) for any
27
28

1 pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the
2 legal, equitable or contractual rights to which such Claim entitles the Holder of such Claim.

3 **“Reorganized Debtor”** means the Debtor, from and after the Effective Date.

4 **“Rights Of Action”** means any and all actions, causes of action, suits, accounts,
5 controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to
6 payment and claims, whether known, unknown, reduced to judgment, not reduced to judgment,
7 liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or
8 unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise, and
9 whether commenced or arising before or after the Effective Date.

10 **“Secured Claim”** means a Claim that was secured by a Lien on Collateral as of the Petition
11 Date. A Claim is a Secured Claim only to the extent of the value of the claimholder’s interest in the
12 Collateral or to the extent of the amount subject to setoff, whichever is applicable, and as determined
13 under 11 U.S.C. § 506(a).

14 **“Schedules”** means the schedules of Assets and Liabilities filed by the Debtor on July 3,
15 2008, as amended, and as may be further amended.

16 **“Schedule of Assumed Agreements”** means the schedule of executory contracts and
17 unexpired leases that the Reorganized Debtor will assume on the Effective Date and the amounts, if
18 any, necessary to cure any defaults under such executory contracts and unexpired leases.

19 **“Section 510(b) Claim”** means any Claim for rescission of or damages arising from the
20 purchase or sale of a debt or equity security, including, without limitation, any Claims arising from
21 equity forward agreements and other understandings to purchase Equity Interests, which Claim is
22 subject to subordination in accordance with section 510(b) of the Bankruptcy Code. For the
23 avoidance of doubt, “Section 510(b) Claim” shall include any claim against the Estate for
24 reimbursement or contribution on account of a Section 510(b) Claim.

1 **“Senior Notes”** means the 7.875% Senior Notes due 2009, which were issued pursuant to that
2 certain indenture dated March 1, 1999, by and between The Bank of New York, as Trustee and ~~the~~
3 Fremont General Corporation.

4 **“Subordinated Debenture”** means that certain 9% Junior Subordinated Debenture due
5 March 31, 2026, which was issued pursuant to that certain indenture dated March 6, 1996, and which
6 is the sole asset of the FGFI Trust.

7 **“TOPrS”** means the 9% Trust Originated Preferred Securities issued to the FGFI Trust
8 pursuant to the Fremont General Financing Declaration of Trust.

9 **“Unclassified Claim”** means any Claim which is not part of any Class.

10 **“Unimpaired”** means, when used with reference to a Claim or Equity Interest, a Claim or
11 Equity Interest that is not Impaired within the meaning of section 1124 of the Bankruptcy Code and
12 the case law interpreting the statute.

13 **“U.S. Trustee”** means the Office of the United States Trustee for the Central District of
14 California.

15 **“U.S. Trustee Fees”** means all fees and charges assessed against the Estate by the U.S.
16 Trustee and due pursuant to section 1930 of title 28 of the United States Code.

17 **“Warrants”** means the warrants to purchase shares of the Reorganized Debtor ~~common~~
18 ~~stock~~Common Stock issued to New World on the Effective Date.

19 **“Warrant Agreement”** means the agreement, substantially in the form annexed hereto as
20 Exhibit ~~2~~4, governing the terms and conditions of the ~~Warrant~~Warrants.

21 **II. RULES OF INTERPRETATION**

22 1. The rules of construction in Bankruptcy Code section 102 apply to this Plan.

23 2. Except as otherwise provided in the Plan, Bankruptcy Rule 9006(a) applies when
24 computing any time period under the Plan.

1 3. Any term used in the Plan that is not a defined term, but that is used in the Bankruptcy
2 Code or Bankruptcy Rules has the meaning assigned to such term in the Bankruptcy Code or
3 Bankruptcy Rules, as applicable, unless the context requires otherwise.

4 4. The definition given to any term or provision in the Plan supersedes and controls any
5 different meaning that may be given to that term or provision in the Disclosure Statement.

6 5. Whenever it is appropriate from the context, each term, whether stated in the singular
7 or the plural, includes both the singular and the plural.

8 6. Any reference to a document or instrument being in a particular form or on particular
9 terms means that the document or instrument will be substantially in that form or on those terms or as
10 amended by the terms thereof.

12 7. Any reference to an existing document means the document as it has been, or may be,
13 amended or supplemented.

14 8. Unless otherwise indicated, the phrase "under the Plan" and similar words or phrases
15 refer to this Plan in its entirety rather than to only a portion of the Plan.

17 9. Unless otherwise specified, all references to Sections or Exhibits are references to this
18 Plan's Sections or Exhibits.

19 10. Section captions and headings are used only as convenient references and do not affect
20 this Plan's meaning.

21 11. All exhibits, as amended from time to time following their initial filing with the
22 Bankruptcy court are incorporated into and are a part of the Plan as if set forth in full herein, and to
23 the extent not attached hereto, such exhibits shall be filed with the Bankruptcy Court as a part of the
24 Plan Supplement. To the extent any exhibit contradicts the non-exhibit portion of the Plan, unless
25 otherwise ordered by the Bankruptcy Court, the non-exhibit portion of the Plan shall control.

1 **III. DESIGNATION OF CLASSES AND TREATMENT
2 OF CLAIMS AND EQUITY INTERESTS**

3 **A. Summary and Classification of Claims and Equity Interests**

4 This section classifies Claims against and Equity Interests in the Debtor, except for
5 Administrative Claims and Priority Tax Claims, which are not classified for all purposes including,
6 without limitation, voting, confirmation and distributions under this Plan. A Claim or Equity Interest
7 is classified in a particular Class only to the extent that the Claim or Equity Interest falls within the
8 Class description. The following chart summarizes unclassified Claims and the Classes of Claims
9 and Equity Interests under the Plan.

10 **B. Unclassified Claims**

Description	Voting
Ordinary Course Administrative Claims – liabilities incurred in the ordinary course of business for goods or services	Unimpaired, not entitled to vote – deemed to have accepted the Plan
Clerk's Office Fees	Unimpaired, not entitled to vote – deemed to have accepted the Plan
Office of the U.S. Trustee	Unimpaired, not entitled to vote – deemed to have accepted to accept the Plan
Allowed Non-Ordinary Course Administrative Claims, Professional Fee Claims and Indenture Trustee Fees	Unimpaired, not entitled to vote – deemed to have accepted the Plan
Priority Tax Claims Arising Under 11 U.S.C. § 507(a)(8)	Unimpaired, not entitled to vote – deemed to have accepted the Plan

22 **C. Classified Claims**

Class	Description	Impaired	Voting
1	Allowed Secured Claims	No	Unimpaired, not entitled to vote – deemed to have accepted the Plan
2	Priority Non-Tax Claims	No	Unimpaired, not entitled to vote – deemed to have accepted the Plan
3A	General Unsecured Claims	No	Unimpaired, not entitled to vote – deemed to have accepted the Plan

1	Class	Description	Impaired	Voting
2	3B	Claims of the Holders of the Senior Notes	No	Unimpaired, not entitled to vote – deemed to have accepted the Plan
3	3C	Claims of the holders <ins>Holders</ins> of TOPrS and Junior Notes	No	Unimpaired, not entitled to vote-deemed to have accepted the Plan <u>Class 3C Holders may elect to receive New Notes and Common Stock</u>
4	4	Equity Interests	Yes	Impaired and entitled to vote
5	5	Section 510(b) Claims	No	Unimpaired, not entitled to vote-deemed to have accepted the Plan

10 **D. Treatment of Claims and Equity Interests**

11 NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS PLAN, NO
12 DISTRIBUTIONS WILL BE MADE AND NO RIGHTS WILL BE RETAINED ON ACCOUNT
13 OF ANY CLAIM OR INTEREST THAT IS NOT ALLOWED.

14 The treatment in this Plan is in full and complete satisfaction of the legal, contractual and
15 equitable rights that each Person holding an Allowed Claim or Allowed Equity Interest may have in
16 or against the Debtor, its estate, the Reorganized Debtor or its properties. This treatment supersedes
17 and replaces any agreements of rights those persons may have in or against the Debtor, the Estate, the
18 Reorganized Debtor or fair respective properties.

20 1. Administrative Claims

21 a) Ordinary Course Administrative Claims

22 Any Person holding an Ordinary course Administrative Claim may, but need not, file a
23 motion or request for payment of its Claim. The Reorganized Debtor may file and objection to an
24 Ordinary court Administrative Claim. Unless the Reorganized Debtor objects to an Ordinary Course
25 Administrative Claim, such claim will be Allowed in accordance with the terms and conditions of the
26 particular transaction or agreement that gave rise to the Claim.

28 b) Non Ordinary Course Administrative Claims

1 Unless otherwise provided in the Plan or by Final Order of the Bankruptcy Court, Non-
2 Ordinary Course Administrative Claims will be Allowed only if (1) on or before thirty (30 days) after
3 the Effective Date the Person holding such Non-Ordinary Course Administrative Claim files with the
4 Court and serves upon the Reorganized Debtor a motion requesting allowance of the Non-Ordinary
5 Course Administrative Claim, and (2) the Court determines it is an Allowed Claim.

6 The Reorganized Debtor or any party in interest may file an objection to such motion within
7 the time provided by the Bankruptcy Rules or within any other period that the Court establishes.
8 Persons holding Non-Ordinary Course Administrative Claims that do not timely file and request
9 payment will be forever barred from asserting those Claims against the Debtor, its estate, the
10 Reorganized Debtor, or their respective property.

12 Unless a Person holding an allowed Administrative Claim (other than U.S. Trustee Fees,
13 Professional Fees and Indenture Trustee Fees) agrees to different treatment, the Reorganized Debtor
14 or the Disbursing Agent will pay the Person holding such Allowed Administrative Claim in Cash in
15 the full Allowed Amount of such Allowed Administrative Claim on the latest of (a) the Effective
16 Date (or as soon thereafter as is practicable), (b) fifteen Business Days after the date on which the
17 Administrative Claim is Allowed, and (c) the date on which the Allowed Administrative claim first
18 becomes due and payable in accordance with its terms.

20 c) Deadline for Objections to Administrative Claims

21 All objections to allowance of Administrative Claims, excluding Professional Fee Claims and
22 Indenture Trustee Fees, must be filed by any parties in interest no later than sixty (60) days after the
23 Administrative Claims Bar Date (the “Administrative Claims Objection Deadline.”) The
24 Administrative Claims Objection Deadline may be extended for a one-time sixty (60) day period by
25 the Reorganized Debtor by filing a notice of the extended Administrative Claim Objection Deadline
26 with the Bankruptcy Court. Thereafter, it may only be extended by an order of the Bankruptcy Court.
27

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) Administrative Claim Reserve

On the Confirmation Date, the Debtor shall provide a good faith estimate of the aggregate amount of unpaid Administrative Claims and shall establish an Administrative Claims Reserve as segregated interest bearing account in order to make the payments to holders of Administrative Claims such Administrative Claims become Allowed and/or are scheduled to be paid pursuant to the Plan.

e) 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 28 U.S.C. § 1930. The Reorganized Debtor will continue to file reports showing the calculation of such fees until the Case is closed under Bankruptcy Code section 350.

f) Indenture Trustee Fees

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) five (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 five (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.

1 part thereof, the Reorganized Debtor will promptly pay or cause to be paid any undisputed amounts
2 and any pending disputed items shall be promptly presented to and determined by the Court, the sole
3 questions being whether the amounts in dispute are due and payable under the particular Indenture
4 and satisfy the “reasonableness standard”; any unpaid amounts shall be promptly paid upon
5 determination by the Court that such amounts are due and owing under the respective Indenture
6 Trustee Fees. The Reorganized Debtor shall also promptly pay or cause to be paid in full any and all
7 fees and expenses that will be incurred in connection with the distributions to be made by the
8 Indenture Trustees under the Plan to the extent such fees and costs are provided for by the Indentures.
9

10 Any claim for Indenture Trustee’s fees and expenses arising after the Effective Date shall be
11 paid in the ordinary course of business by the Reorganized Debtor. Nothing in the Plan shall be
12 deemed to impair, waive, extinguish, or negatively impact any charging lien of an Indenture Trustee.
13

14 g) Professional Fee Claims

15 Any professional seeking allowance of a Professional Fee Claim for services rendered prior to
16 the Effective Date must (1) file their application for allowance of compensation and reimbursement
17 of expenses on or before forty five thirty (4530) days after the Effective Date or such other date as
18 may be set by the Bankruptcy Court, and (2) ~~have the fees and expenses allowed by a Final~~
19 ~~Order~~serve the application on the Reorganized Debtor and the U.S. Trustee. Any party in interest
20 may file an objection to such an application within the time provided by the Local Bankruptcy Rules
21 or within any other period that the Court sets. Professional Fee Claims will be Allowed if, when and
22 to the extent that, the Bankruptcy Court enters an order allowing the Professional fee Claim and
23 fourteen (14) days have passed without a stay of the enforcement of such order or, if a stay has been
24 granted, such stay has lapsed or been lifted or dissolved. Professionals holding Professional Fee
25 Claims who do not timely file and serve their applications for payment will be forever barred from
26 asserting these Claims against the Reorganized Debtor or its property.
27

28 2. Priority Tax Claims

1 Unless the Holder of an Allowed Priority Tax Claim agrees to different treatment or there [a](#)
2 carry back or application the Fremont NOLs to reduce such liability or there is a Final Order of the
3 Court providing for different treatment, each Holder of Allowed Priority tax Claim will receive, in
4 the sole discretion of the Reorganized Debtor, (a) Cash in the full amount of the Allowed Priority Tax
5 Claim on the latest of (i) the Effective Date, or as soon thereafter as is practicable, (ii) fifteen
6 Business Days after the date on which the Priority Tax Claim is Allowed or (b) payment in equal
7 quarterly payments over a period not exceeding five years after the date of the order for relief entered
8 against the Debtor in accordance with Bankruptcy Code section 1129(a)(9)(C), together with simple
9 interest at the rate determined by applicable non bankruptcy law from the Effective Date.
10

11 **E. Allowance and Treatment of Classified Claims and Interests**

12 1. Secured Claims (Class 1)

13 Each holder of an Allowed Secured Claim will be placed in a separate subclass and each
14 subclass will be treated as a separate Class for distribution purposes. On or as soon as practical after
15 the Effective Date, each Holder on Allowed Secured Claim in full and final satisfaction of such
16 Claim, in the sole discretion of the Reorganized Debtor, except to the extent any holder of an
17 Allowed Secured Claim agrees to a different treatment, either:

18 (a) collateral securing such Allowed Secured Claim;
19 (b) cash in an amount equal to the value of the collateral securing such Allowed Secured
20 Claim;
21 (c) the treatment required under Section 1124(2) of the Bankruptcy Code for such Claim to be
22 reinstated or rendered impaired.

23 2. Priority Non-Tax Claims (Class 2)

24 All Allowed Priority Non-Tax Claims not previously paid will be paid in full, in cash (except
25 to the extent that the holder of such Claim agrees to a different treatment) on the Effective Date or as
26 soon thereafter as is practicable after such Claim becomes an Allowed Priority Non-Tax Claim.
27

28 3. General Unsecured Claims (Class 3)

1 Class 3 is comprised of all Unsecured Claims, which are Claims, not entitled to priority under
2 Bankruptcy Code section 507(a).

3 a) Class 3A (General Unsecured Claims)

4 Class 3A comprises all of the General Unsecured Claims against the Debtor other than the
5 ~~claims~~Claims of ~~Holder~~Holders of Senior Notes or TOPrS or Junior Notes. In full satisfaction of the
6 Allowed Class 3A Claim that has not been satisfied, compromised, settled or extinguished as of the
7 Effective Date, unless the Holder accepts different treatment, each such Holder of an Allowed Class
8 3A Claim shall be entitled to receive in full and complete satisfaction of its Allowed Claim, Cash
9 plus Post-Petition Interest in the Allowed Amount on the Effective Date or as soon thereafter as is
10 practicable, All settled and compromised Claims shall be afforded treatment in accordance with the
11 Final Order of the Bankruptcy Court settling or compromising the Claim.

12 b) Class 3B (Senior Note Claims)

13 Class 3B comprises all of the Senior Note Claims against the Debtor. The Senior Note
14 Claims shall be Allowed in the aggregate amount of \$176,402,106.56. On the Effective Date, each
15 Holder of such Claim shall be deemed to have an Allowed Class 3B Claim in an Allowed Amount
16 equal to the sum of (x) the principal amount of the Claim of such Holder as of the Petition Date plus
17 (y) any and all interest which accrued on such holder's Claim any time on or before the Petition Date,
18 plus (z) Post-Petition Interest or such amount of interest which accrued on such Holders' Claims after
19 the Petition Date as is required to satisfy the requirements of section 1124 of the Bankruptcy Code.
20 In full satisfaction of the Allowed Class 3B Claims that has not been satisfied, settled, compromised
21 or extinguished as of the Effective Date, each such Holder shall be entitled to receive the Allowed
22 Amount of its Claim in Cash on the Effective Date or as soon thereafter as is practicable.

23 c) Class 3C (Junior Note and TOPrS Claims)

24 Class 3C comprises all of the Junior Note and TOPrS Claims. The Junior Note Claims shall
25 be allowed in the aggregate amount of \$107,422,680.93. On the Effective Date the TOPrS and the

1 Junior Notes shall be Reinstated. For clarification, in the event that the Court finds that Class 3C is
2 impaired under a definition of impairment, the Holders of Allowed Class 3C Claims shall retain all
3 legal, equitable and contractual rights provided by the Indenture dated as of March 6, 1996 and the
4 Notes and expect that all existing, continuing or future non-monetary defaults that might prevent cure
5 or reinstatement under 11 U.S.C. §1124 are hereby deemed waived. In such event and to the extent
6 that the parties do not agree to different terms, the Indenture and Notes shall be reaffirmed by the
7 Reorganized Debtor and shall remain in full force and effect and the Confirmation Order shall
8 provide for such reaffirmation.

9
10 Notwithstanding the foregoing, Class 3C Holders may elect to accept the Plan and receive on
11 the Effective Date, or as soon thereafter as is practicable, New Notes and 10.6 million shares of
12 Common Stock to be distributed *pro rata* to each Holder in full and complete satisfaction of its Class
13 3C Claim.

14 Nothing contained in this Plan shall be deemed to modify, impair, terminate, or otherwise
15 disturb in any way the provisions of section 510(a) of the Bankruptcy Code or the subordination
16 provisions in any applicable agreement, and all such rights are expressly preserved under this Plan
17

18 4. Class 4 (Equity ~~Interest~~Interests)

19 The holders of Allowed Equity Interests in the Debtor shall retain their Equity Interests
20 subject to the dilution as a result of the issuance of additional shares of ~~common stock~~Common Stock
21 to New World on account of its purchase of \$6.8 million of such shares of ~~common stock~~Common
22 Stock, to reserve for the exercise of the Warrants, and any ~~common stock~~Common Stock required for
23 satisfaction of TOPrS Claims or New World's additional equity purchase, and Allowed Section
24 510(b) Claims.

25 5. Class of Claims Subordinated Under 11 U.S.C. § 510(b) (Class 5)

26 The treatment of Class 5 Claims is subject to a Final Order determining that (a) a Section
27 510(b) is an Allowed Claim and (b) the Claim subject to subordination under Section 510(b) of the
28

1 Bankruptcy Code. Upon the entry of a Final Order, or as soon as practicable thereafter, the Holder of
2 such Allowed 510(b) Claim will receive shares of ~~stock~~Common Stock in the Reorganized Debtor
3 based on the average trading price of the ~~common stock~~Common Stock for the thirty (30) days
4 preceding the date on which any Section 510(b) Claim becomes an Allowed Claim in full and final
5 satisfaction of its Claim. If the Court enters a Final Order finding that the Allowed Claims should not
6 be subordinated pursuant to 11 U.S.C. § 510(b), then the Holders of such Allowed Claims shall
7 receive the same treatment provided for Class 3A General Unsecured Claims. The amount of any
8 such Allowed Claim shall be reduced in whole or part to the extent the Holder of such Allowed
9 Claim receives the proceeds of insurance policies maintained by the Debtor in satisfaction thereof.

11 **IV. EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

12 1. Treatment of Contracts and Leases.

13 Effective upon Confirmation of the Plan, the Debtor will reject all executory contracts and
14 unexpired leases between the Debtor and any other party that have not previously been rejected, other
15 than the Executive Employment Agreements, and those executory contracts and unexpired leases
16 which are listed on the Schedule of Assumed Agreements to be filed twenty-one (21) days before the
17 Confirmation Hearing Date with the Bankruptcy Court of executory contracts and unexpired leases to
18 be assumed under the Plan at confirmation. That Schedule of Assumed Agreements will list the
19 amount of the proposed cure payment required by 11 U.S.C. § 365(b)(1).

21 2. Objections and Cure

22 Any party that objects to the assumption of its executory contract or unexpired lease by the
23 Debtor or to the proposed cure payment must file with the Court and serve on interested parties a
24 written objection with supporting evidence that states the basis for the objection. This objection must
25 be filed with the Court and served no later than ten (10) days before the Confirmation Hearing. Any
26 entity that fails to timely file and serve an opposition will be deemed to have waived any and all
27 objections to the proposed assumption or the amount of the proposed cure payment. In the absence
28 of such an objection, the Debtor will assume the executory contract or unexpired lease and pay the proposed

1 of a timely objection by such a party, the Confirmation Order shall constitute a final determination of
2 the amount of the cure payment and that the Reorganized Debtor has shown adequate assurances of
3 its future performance.

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

12 All Allowed Claims arising from the rejection of executory contracts or unexpired leases will
13 be treated as Class 3A General Unsecured Claims, and a proof of claim must be filed with the
14 Bankruptcy Court and served on the Reorganized Debtor within thirty (30) days of the Effective Date
15 of the Plan or be forever barred and unenforceable against the Debtor, the Reorganized Debtor, or
16 their property.

17 3. Insurance Policies and Other Assumed Contracts

18 Notwithstanding any other provision of the Plan, the Debtor's D&O Insurance Policies shall
19 remain in force and shall be enforceable on and after the Effective Date, and, to the extent the D&O
20 Insurance Policies constitute executory contracts under the Bankruptcy Code, they shall be assumed
21 on the Effective Date. On the Effective Date, the Reorganized Debtor shall assume all executory
22 contracts and unexpired leases of the Debtor listed on the Schedule of Assumed Agreements
23 including, without limitation, each of the Executive Employment Agreements and, for the avoidance
24 of doubt, each of the D&O Policies. With regard to the Executive Employment Agreements, each of
25 the executive's duties and responsibilities will remain the same in all respects.

1 4. Considerations of Insurance Company Claims

2 Westchester Surplus Lines Insurance Company (“WSLIC”) and Pacific Employers Insurance
3 Company (“PEIC”) are members of the ACE Group of companies. Prepetition, WSLIC issued to the
4 Debtor a claims made directors and officers excess liability insurance policy for claims made against
5 the insured for wrongful acts occurring between January 1, 2008 and December 31, 2014 (the
6 “WSLIC Policy”). PEIC issued prepetition to the Debtor high-deductible workers compensation
7 occurrence policies for the calendar years 2000, 2001, 2002, and possibly additional years (the “PEIC
8 Policies”). The WSLIC Policy and the PEIC Policy are together referred to as the “ACE Policies.”
9 Unless rejected pursuant to the Plan, in which case Claims will be treated solely as set forth in the
10 Plan, nothing in the Disclosure Statement, the Plan, the Confirmation Order, any exhibit to the Plan
11 or any other Plan document (together, the “Plan Documents”) (including any provision that purports
12 to be preemptory or supervening), shall in any way operate to, or have the effect of, impairing in any
13 respect the legal, equitable, or contractual rights and defenses, if any, of the insured or the insurer
14 with respect to the ACE Policies or any prepetition agreement with the Debtor related to any of the
15 ACE Policies (the “ACE Policies and Related Agreements”). Unless rejected pursuant to the Plan, in
16 which case the terms of the Plan shall govern, the rights and obligations of the insured and insurer
17 shall be determined under the ACE Policies and Related Agreements and under applicable
18 nonbankruptcy law. Any assumption in the Plan Documents of the ACE Policies and Related
19 Agreements will not enlarge the prepetition rights of the insured or insurers thereunder.
20
21 V. **MEANS OF EFFECTUATING THE PLAN**

22 1. Merger

23 On the Effective Date of the Plan, the following two-step merger will occur: first, FGCC will
24 merge into the Reorganized Debtor or the Debtor, as the case may be, and then FRC will merge into
25 the Reorganized Debtor or the Debtor, again as the case may be. The resulting entity will be the
26 Reorganized Debtor. As provided under applicable law, the merger will be caused by the issuance of
27
28

1 a resolution by the New Board (defined below) and the reconstituted boards of the subsidiaries
2 (collectively, the New Boards") and the New Boards will take all necessary steps required of it to
3 effectuate the merger as authorized by the Confirmation Order. The Reorganized Debtor will then
4 continue to operate its business in the ordinary course and will perform its obligations under the Plan.

5 On the asset side, the effect of the merger will be that the assets of the Debtor, FGCC, and
6 FRC will become assets of the Reorganized Debtor and continue to be managed by the Reorganized
7 Debtor. On the liability side, any existing liabilities of FGCC and FRC that are outstanding as of the
8 date of the merger will become obligations of the Reorganized Debtor. The liabilities of FGCC and
9 FRC will be assumed and satisfied by the Reorganized Debtor in the ordinary course of business in
10 accordance with applicable non-bankruptcy law and are not classified or treated as Claims under the
11 Plan. The stock of FGCC and FRC will be cancelled and all intercompany claims between the
12 Debtor, FGCC, and FRC will be eliminated.

14 Although the Reorganized Debtor will be assuming the liabilities of FGCC and FRC through
15 the merger, the Reorganized Debtor will create a reserve for Repurchase Claims and a reserve for
16 other known and unknown Post Effective Date Merger Claims in the aggregate amount of
17 \$30,000,000. In the event that the Post Effective Date Merger Claims exceed the sums being
18 reserved, the Reorganized Debtor will be liable for such claims. After the Effective Date, the
19 Reorganized Debtor may increase or decrease the amount of the reserves as deemed appropriate by
20 the Reorganized Debtor in its sole and absolute discretion. In the event that the Post-Effective Date
21 Merger Claims do not exceed the sums being reserved after resolution and payment of all claims, the
22 remaining funds held in the reserve shall be remitted to the Reorganized Debtor.
23

25 **2. Postconfirmation Business Operations of the Reorganized Debtor**

26 The Board of Directors will appoint an Investment Management Committee ("IMC") of the
27 Board which will allocate the Cash to be invested. In addition, under the projected business plan, the
28 Reorganized Debtor will continue to maintain the assets and business of Debtor and structure,

1 originate and manage a diversified portfolio of commercial and residential mortgages, mortgage
2 securities, corporate debt and asset-backed securities which may be sourced as new transactions or
3 purchased in the secondary marketplace. All such investments shall be pursuant to the direction of
4 the New Board and the IMC.

5 3. The Reorganized Debtor's Board of Directors Team

6 On the Effective Date of the Plan, the existing board of directors for the Debtor will be
7 replaced by a new-~~nine~~ seven (97)-member board of directors (the "New Board"). The New Board
8 will be comprised of the following members: (1i) ~~four~~three members selected ~~from or~~in consultation
9 with the largest shareholders and the Equity Committee excluding New World; and (2ii) ~~five~~four
10 members selected by New World. The existing boards of the Debtor's subsidiaries will also be
11 reconstituted.

12 4. The Reorganized Debtor's Management

13 New World will seek assumption of the employment agreements of Richard Sanchez, Don
14 Royer and Thea Stuedli. Additional senior management will be determined by New World. The new
15 chief executive officer and/or chief investment officer and management team of the Reorganized
16 Debtor will be designated at or prior to the Confirmation Hearing Date.

17 5. The Reporting Requirements

18 The Reorganized Debtor will remain a public company with Equity Interests trading on the
19 pink sheets. The Reorganized Debtor will seek an accommodation from the SEC of filing and past
20 due reporting requirements, if feasible, commencing with a comprehensive Form 10-K in the first
21 quarter in which the Plan goes effective, which is anticipated to be the first quarter of 2010. In the
22 event that the Reorganized Debtor is unable to obtain the requested accommodation or if there are
23 other impediments, the Reorganized Debtor will become current in its SEC reporting requirements
24 post emergence.

25 6. Articles of Incorporation and By-Laws

The certificate or articles of incorporation and by-laws of the Debtor shall be amended as necessary to satisfy the provisions of this Plan and the Bankruptcy Code. After the Effective Date, the Reorganized Debtor may amend and/or restate its certificate or articles of incorporation and by-laws as permitted by applicable law. The new certificate or article shall (i) include, among other things, pursuant to section 1123(a)(6) of the Bankruptcy Code a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code; (ii) authorize the issuance of additional ~~common stock~~Common Stock and Warrants, and (iii) contain whatever trading restrictions, if any, are necessary to preserve the Fremont NOLs.

7. Corporate Action

On the Effective Date, the adoption of the Certificate of Incorporation or similar organizational documents, the adoption of the By-Laws, the selection of directors and officers for Reorganized Debtor, and all other actions contemplated by this Plan shall be deemed authorized and approved in all respects (subject to the provisions of this Plan). All matters provided for in this Plan involving the corporate structure of the Debtor or the Reorganized Debtor, and any corporate action required by the Debtor or the Reorganized Debtor in connection with this Plan, including, but not limited to, the cancellation of securities and related documents and issuance of new securities and execution of related documents, shall be deemed to have timely occurred in accordance with applicable law and shall be in effect, without any requirement of further actions by the security holders or directors of the Debtor or the Reorganized Debtor. On the Effective Date, the appropriate officers of Reorganized Debtor and members of the New Board of Reorganized Debtor are authorized and directed to issue, execute and deliver the agreements, and other documents as required by the Plan, including the, without limitation, the New Notes, the New Note Indenture, Warrant Agreement and the Registration Rights Agreement.

8. Certain Corporate Governance Matters

1 On and after the Effective Date, the Reorganized Debtor will use its commercially reasonable
2 best efforts to hold its next annual meeting no later than December 30, 2010. In addition to
3 amendments to the Certificate of Incorporation to prohibit the issuance of non-voting securities and
4 restrict certain transfers of Common Stock, the Reorganized Debtor's Certificate of Incorporation
5 will be amended to provide that the chairman of the board or secretary of the Reorganized Debtor
6 shall call a special meeting of its stockholders at the written request of stockholders possessing at
7 least 25% of the voting power of the issued and outstanding Common Stock of the Reorganized
8 Debtor entitled to vote generally for the election of directors.

9 9. 8. New Financing Securities

10 (a) On the Effective Date or as soon thereafter as is practicable, the ~~Exit Facility, together~~
11 ~~with new promissory notes~~New Notes evidencing obligations of the Reorganized Debtor thereunder,
12 and all other documents, indenture, instruments, mortgages, and agreements to be entered into,
13 delivered, or confirmed thereunder on the Effective Date, shall become effective. ~~The obligations~~
14 ~~incurred by the Reorganized Debtor pursuant to the Exit Facility and related documents shall be paid~~
15 ~~as set forth in the Exit Facility and related documents. New World shall file with the Bankruptcy~~
16 ~~Court a commitment letter with respect to the Exit Facility as soon as obtained, but not later than ten~~
17 ~~(10) days prior to the Confirmation Hearing.~~

18 (b) The Reorganized Debtor will issue the Warrants to New World exercisable for a
19 period of ten years as follows:

	<u>Warrant Amount</u>	<u>Exercise Price</u>	<u>Shares</u>
	<u>5,000,000</u>	<u>.40</u>	<u>12,500,000</u>
	<u>5,000,000</u>	<u>.60⁷⁵</u>	<u>8,333,333</u> <u>5,333,333</u>
	<u>5,000,000</u>	<u>.70⁹⁰</u>	<u>7,142,857</u> <u>4,444,444</u>
	<u>5,000,000</u>	<u>.80^{1.05}</u>	<u>6,250,000</u> <u>3,809,524</u>
	<u>5,000,000</u>	<u>.90</u>	<u>5,555,556</u> <u>13,587,301</u>
	<u>5,000,000</u>	<u>1.00</u>	<u>5,000,000</u>
	<u>\$30,000,000</u>	<u>.67</u>	<u>44,781,746</u>

1 (c) New World will invest \$6.85.0 million to purchase approximately 20.610 million
2 shares of the Fremont ~~stock. The purchase price shall be calculated based upon the average for the 90~~
3 ~~trading day period prior to November 12, 2009, the day of the hearing on the Disclosure Statement~~
4 ~~for the New World Plan~~Common Stock. In the event that the TOPrS vote to reject the Plan, New
5 World will purchase an additional 10.6 million shares at the same price. Changes in information
6 provided by the Debtor with respect to stock ownership may result in an increase or decrease in the
7 number of shares to be purchased subject to a maximum adjustment of shares with a purchase price
8 of \$1 million.

10 10. 9. Cancellation of Senior Notes; Release of Indenture Trustee and the TOPrS

11 (a) On the Effective Date, except as otherwise provided for herein, (a)i) Senior Notes shall
12 be deemed extinguished, cancelled and of no further force or effect, and (b)ii) the obligations of the
13 Debtor (and Reorganized Debtor) under any agreements, indentures, or certificates of designations
14 governing the Senior Notes and any other note, bond, or indenture evidencing or creating any
15 indebtedness or obligation of any Debtor with respect to the Senior Notes or other indebtedness,
16 excluding the TOPrS, and the Junior Notes if the TOPrS do not accept the Plan, and the Equity
17 Interests shall shall be discharged in each case without further act or action under any applicable
18 agreement, law, regulation, order, or rule and without any action on the part of the Bankruptcy Court
19 or any Person; provided, however, that the Senior Notes and the Indenture shall continue to effect
20 solely for the purposes of (i) allowing the holders of Senior Notes to receive the distributions
21 provided for Holders hereunder, (ii) allowing the Disbursing Agent or the Indenture Trustee, as the
22 case may be, to make distributions on account of the Senior Note Claims, and (iii) preserving the
23 rights of the Indenture Trustee.

24 (b) If the TOPrS vote to accept the Plan and the distribution of New Notes and Common
25 Stock, (i) the TOPrS and the Junior Notes shall be deemed extinguished, cancelled and of no further
26 force or effect, and (ii) the obligations of the Debtor (and Reorganized Debtor) under any trust

1 agreements, indentures, guarantee or certificates of designations governing the TOPrS, the Junior
2 Notes and any other related note, bond, security or indenture evidencing or creating any indebtedness
3 or obligation of any Debtor with respect to the TOPrS and the Junior Notes (which documents shall
4 be terminated or cancelled) shall be discharged in each case without further act or action under any
5 applicable agreement, law, regulation, order, or rule and without any action on the part of the
6 Bankruptcy Court or any Person; provided, however, that the TOPrS and related documents shall
7 continue to effect solely for the purposes of (i) allowing the Holders of TOPrS to receive the
8 distributions provided for Holders hereunder, (ii) allowing the Disbursing Agent, FGFI trustees or the
9 Indenture Trustee, as the case may be, to make distributions on account of the TOPrS, and (iii)
10 preserving the rights of the Indenture Trustee and FGFI trustees under the relevant agreements.

12 (c) (b) Subsequent to the performance by the Indenture Trustee, the FGFI trustees or
13 ~~its~~their agents of any duties that are required under the Plan, the Confirmation Order and/or under the
14 terms of the Indenture, the Indenture Trustee, the trustees and its agents shall be relieved of, and
15 released from, all obligations associated with the ~~Senior~~TOPrS, the Junior Notes ~~arising under the~~
16 ~~Indenture~~ or under other applicable trust agreements or law and the Indenture shall be deemed to be
17 discharged.

19 (d) The Reorganized Debtor shall take the appropriate action to terminate the FGFI Trust.

20 11. 10. Authorization and Issuance of Common Stock

21 (a) Reorganized Debtor shall (i) authorize on the Effective Date up to ~~80~~100 million
22 shares of ~~common stock~~Common Stock for Distribution to New World on account of its purchase
23 pursuant to the Equity Investment, (ii) reserve for issuance the number of shares of ~~common~~
24 ~~stock~~Common Stock necessary (excluding shares that may be issuable as a result of the antidilution
25 provisions thereof) to satisfy the required distributions of shares to be granted under the Warrants,
26 (iii) for the issuance of 10.6 million shares of Common Stock to the Holders of the TOPrS or New

1 World, (iv) to reserve for the issuance of ~~stock~~Common Stock to the Holders of Allowed Section
2 510(b) Claims, if any.

3 (b) The issuance of ~~common stock~~Common Stock pursuant to Distributions under the
4 Plan to the TOPrS and/or the Holders of Section 510(b) Claims shall be authorized under Section
5 1145 of the Bankruptcy Code as of the Effective Date without further act or action by any Person,
6 except as may be required by the Reorganized Debtor, the By-laws, or applicable law, regulation,
7 order or rule; and all documents evidencing same shall be executed and delivered as provided for in
8 the Plan.

9 **VI. RETENTION OF JURISDICTION**

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

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

14 2. The estimation of any Claim;

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

17 4. To hear and determine Claims concerning taxes pursuant to Bankruptcy Code sections
18 346, 505, 525, and 1146;

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

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

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

- 1 8. To hear and determine any modification to the Plan in accordance with the Bankruptcy
- 2 Rules and the Bankruptcy Code;
- 3 9. To enforce and interpret terms of the Plan;
- 4 10. To correct any defects, cure any omissions, or reconcile any inconsistency in the Plan
- 5 or the Confirmation Order as may be necessary to carry out the purpose and intent of the Plan;
- 6 11. To hear and determine such matters and make such orders as are consistent with the
- 7 Plan as may be necessary to carry out the provisions thereof and to adjudicate any disputes arising
- 8 under or related to any order entered by the Court in this Case; and
- 9 12. The entry of an order concluding and terminating this Case.

11 **VII. CLAIMS**

12 1. Post-Confirmation Claims Register

13 In connection with the discharge of its duties and obligations, the Reorganized Debtor shall be
14 entitled to retain a third party, including, without limitation, Kurtzman Carson Consultants LLC, to
15 maintain the official claims register for this Case (the “Post-Confirmation Claims Register”). The
16 Post-Confirmation Claims Register shall be based, in the first instance, upon an updated claims
17 database (the “Register Update”) that shall be filed by the Debtor at least twenty-one (21) days prior
18 to the Confirmation Hearing or as soon thereafter as is practicable. On the Effective Date, the
19 Register Update shall be deemed to amend and supersede the Bankruptcy Court’s official register,
20 and may thereafter be relied upon by the Reorganized Debtor and any retained third party as the
21 official Post-Confirmation Claims Register. Following the Effective Date, copies of the current Post-
22 Confirmation Claims Register may be obtained by any party in interest upon written request to the
23 Reorganized Debtor.

26 2. Claim Objections

27 The Reorganized Debtor or any other party in interest shall file objections to Claims or Equity
28 Interests within 180 days of the Effective Date. The Reorganized Debtor may obtain an extension of

1 this date by filing a motion in the Bankruptcy Court, based upon a showing of “cause.” If, at the time
2 of any Distribution, a Claim or Equity Interest under the Plan is a Disputed Claim or Disputed Equity
3 Interest, the Reorganized Debtor shall have the right to hold in trust any Cash that would be
4 distributed to that Claim, including Post Petition Interest on such Claim or Equity Interest Holder if
5 the Claim or Equity Interest were Allowed and until the Claim or Equity Interest is Allowed, if at all
6 (the “Reserve Account”). Any unused funds in the Reserve Account, not otherwise designated for
7 payout under the Plan, shall be returned to the Reorganized Debtor for use under the Plan, if required,
8 and then to the Reorganized Debtor. Once a Claim or Equity Interest becomes an Allowed Claim or
9 Equity Interest, it will receive the treatment afforded by the Plan.

10

VIII. PROVISIONS GOVERNING DISBURSEMENTS

11

A. Dates of Distributions

12

13 The Reorganized Debtor, the Disbursing Agent, or the Indenture Trustee, in the case of the
14 distributions to the Holders of Senior Notes, shall make each required Distribution by the date stated
15 in the Plan with respect to such Distribution. Any Distribution required to be made on the Effective
16 Date shall be deemed to be made on such date if made as soon as practicable after such date. Any
17 Distribution required to be made on the date on which a Claim becomes an Allowed Claim shall be
18 deemed to be made on such date if made on the nearest Distribution Date occurring after such date.

19

B. Manner of Distribution

20

21 At the option of the Reorganized Debtor, monetary Distributions may be made in Cash, by
22 wire transfer, or by a check drawn on a domestic bank.

23

C. Rounding of Payments

24

25 Whenever payment of a fraction of a cent would otherwise be called for, the actual payment
26 shall reflect a rounding down of such fraction to the nearest whole cent. To the extent Cash remains
27 undistributed as a result of the rounding of such fraction to the nearest whole cent, such Cash shall be
28 treated as “Unclaimed Property” and shall be dealt with in accordance with the Plan.

1 **D. Compliance with Tax Requirements**

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

5 In connection with each Distribution with respect to which the filing of an information return
6 (such as an Internal Revenue Service Form 1099 or 1042) or withholding is required, the
7 Reorganized Debtor shall file such information return with the Internal Revenue Service and provide
8 any required statements in connection therewith to the recipients of such Distribution, or effect any
9 such withholding and deposit all moneys so withheld to the extent required by law. With respect to
10 any Person from whom a tax identification number, certified tax identification number, or other tax
11 information required by law to avoid withholding has not been received by the Reorganized Debtor,
12 then the Reorganized Debtor may, at its sole option, withhold the amount required and distribute the
13 balance to such Person or decline to make such Distribution until the information is received.

14 **E. Distribution of Unclaimed Property**

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

1 **F. No De Minimis Distributions**

2 If any single distribution required by the Plan would be for an amount of \$25.00 or less, then
3 the Reorganized Debtor shall not be required to process the distribution and may, at its option, either
4 add the distribution to the next distribution if the collective amount would be greater than \$25.00 or
5 may treat the distribution as Unclaimed Property in accordance with Section E hereof.

6 **G. Fractional Distributions**

7 No fractional shares of Common Stock or fractional currencies of New Notes shall be issued
8 or distributed under the Plan by the Reorganized Debtor, the Disbursing Agent or Indenture Trustee.
9 Each Person entitled to receive Common Stock or New Notes shall receive the total number of whole
10 shares or currencies of New Notes to which such Person is entitled. Whenever any distribution to a
11 particular Person would otherwise call for a distribution of a fraction of Common Stock or New
12 Notes, the Reorganized Debtor, Disbursing Agent or Indenture Trustee shall allocate separately one
13 whole share of Common Stock or one whole currency of New Notes, as applicable, to such Person in
14 order of the fractional portion of its entitlements, starting with the largest fractional portion until all
15 remaining whole shares of Common Stock or one whole currency of New Notes have been allocated.
16 Upon the allocation of a whole share of Common Stock or currencies of New Notes in respect of a
17 fractional portion of its entitlement, such fractional portion shall be deemed cancelled. If two or
18 more Persons are entitled to equal fractional entitlements and the number of persons so entitled
19 exceeds the number of whole shares of Common Stock or New Notes which remain to be allocated,
20 the Reorganized Debtor, Disbursing Agent or Indenture Trustee shall reallocate the remaining shares
21 or New Notes to such Holders by random lot or such other impartial method as the Reorganized
22 debtor, the Disbursing Agent or Indenture Trustee deems fair. Upon the allocation of all whole
23 shares of Common Stock and all currencies of New Notes authorized under the Plan, all remaining
24 fractional entitlements, if any, shall be cancelled and shall be of no further force and effect. No
25 shares of Common Stock or currencies of New Notes will be issued and no other property distributed

1 under the Plan by the Reorganized Debtor, the Disbursing Agent or Indenture Trustee on account of
2 entitlements, if any, to a fractional share or currency which fall below the threshold level to be
3 determined by the Reorganized Debtor, Disbursing Agent or Indenture Trustee after allocation of
4 whole shares and currencies as described above.

5 **H. G. Setoff**

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

11 **I. H. Preservation of Causes of Action**

12 Except as otherwise provided in this Plan, all Causes of Action are retained and preserved
13 pursuant to section 1123(b) of the Bankruptcy Code including, without limitation, the pending or
14 contemplated Causes of Action identified on Exhibit 1 to the Disclosure Statement, a revised,
15 amended and modified version of which may be submitted prior to the ten (10) days prior to the
16 Confirmation Hearing. From and after the Effective Date, all Causes of Action will be prosecuted or
17 settled by the Reorganized Debtor. To the extent any Cause of Action is already pending on the
18 Effective Date, the Reorganized Debtor as successor to the Debtor will continue the prosecution of
19 such Cause of Action. In addition, and without limiting the generality of Section of this Plan, from
20 and after the Effective Date (as a result of the Merger), the Reorganized Debtor is the successor-in-
21 interest to any and all interests of FGCC or FRC in any an all claims rights, and causes of action
22 which have been or could have been commenced by FGCC or FRC immediately prior to the
23 Effective Date. Notwithstanding the foregoing, nothing herein shall be deemed to require the
24 Reorganized Debtor to prosecute any Cause of Action.

1 **I. Application of Distribution Record Date**

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

13 **IX. CONDITIONS PRECEDENT TO CONFIRMATION
14 AND CONSUMMATION OF THE PLAN**

15 **A. Conditions to Confirmation**

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

18 (a) an order finding that the Disclosure Statement contains adequate information pursuant
19 to Section 1125 of the Bankruptcy Code shall have been entered; and
20 (b) the proposed Confirmation Order shall be in form and substance reasonably
21 satisfactory to New World and wholly consistent with the New World Plan.

23 **B. Conditions to Effective Date**

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

26 (a) the Confirmation Order shall have been entered in form and substance reasonably
27 satisfactory to New World and shall be wholly consistent with the terms of this Plan, and shall,
28 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;

(ii) ~~(iii)~~ authorize the issuance of the additional ~~common stock~~Common Stock,
applicable, and the Warrants; and

(iii) ~~(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;~~

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

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

(e) ~~(f)~~ 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 herein, with the express exception of the conditions contained in Section (b), may be waived in whole or in part by New World on notice to parties-in-interest and without a hearing. Notwithstanding the foregoing, unless extended by Order of the Bankruptcy Court
o the Confirmation Order is stayed, the Effective Date shall occur no later than twenty five (25)days
after the entry of the Confirmation Order.

1 **X. EFFECT OF CONFIRMATION OF PLAN**

2 **A. Discharge**

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

9 1. On the Effective Date, the Debtor, except as otherwise provided in the Plan the
10 Debtor's Estate, Reorganized Debtor, and their property will be deemed discharged and released from
11 any and all Claims including without limitation, all demands, liabilities, Claims, that arose before the
12 Confirmation Date or that are based upon or otherwise relate to acts, events, omissions, transactions
13 or other activities of any kind that occurred before the Confirmation Date, and all debts of the kind
14 specified in Bankruptcy Code §§ 502(g), 502(h), or 502(i) regardless of whether: (a) a proof of
15 Claim based on such debt or Equity Interest is filed or deemed filed; (b) a Claim based on such debt
16 is allowable under Bankruptcy Code § 502; or (c) the Person holding the Claim based on such a debt
17 or Interest has accepted the Plan;

18 2. Except as provided in the Plan, all Persons will be precluded from asserting against
19 the Debtor, the Estate, or the Reorganized Debtor, or their property, any other or further Claims based
20 on, arising from, or in connection with any act, event, omission, transaction, or other activity of any
21 kind that occurred before the Confirmation Date;

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

1 4. As set forth in sections 524 and 1141 of the Bankruptcy Code, except as otherwise
2 provided in the Plan or the Confirmation Order, the Confirmation Order constitutes a discharge or
3 any and all Claims against, and all debts and liabilities of, the Debtor. The Reorganized Debtor and
4 its property will be deemed discharged and released from any and all Claims, including, without
5 limitation, all demands, liabilities, Claims that arose before the Confirmation Date or that are based
6 on or otherwise relate to acts, events, transactions, or other activities of any kind that occurred before
7 the Confirmation Date. This discharge will void any judgment that was obtained against the Debtor
8 at any time only to the extent that the judgment relates to a discharged Claim.
9

10 5. Subject to the limitations and conditions imposed under section 1125(e) and other
11 provisions of the Bankruptcy Code, the Bankruptcy Rules, and other applicable law, Persons who, in
12 good faith and in compliance with applicable provisions of the Bankruptcy Code, either solicit Plan
13 acceptances or rejections or participate in the offer, issuance, sale, or purchase of securities under the
14 Plan will not be liable on account of their solicitation or participation for violation of any applicable
15 law, rule, or regulation governing the solicitation of Plan acceptances or rejections or the offer,
16 issuance, sale, or purchase of such securities.
17

18 Notwithstanding the foregoing, nothing in the Plan, or in any Order confirming the Plan, shall
19 preclude any party from pursuing their ~~claims~~Claims against the Debtor solely to the extent of
20 available insurance coverage and proceeds or preclude any party from seeking discovery from the
21 Debtor or the Reorganized Debtor as may be permitted by applicable law, and to the extent of
22 available insurance (and to that extent only), such claims shall not be discharged and released.
23 Moreover, nothing in the Plan or the Confirmation Order shall affect, release, enjoin, or impact in any
24 way the prosecution of any claims asserted or to be asserted against any non-Debtor, including any
25 non-Debtor defendants.
26
27
28

1 **XI. MISCELLANEOUS PROVISIONS**

2 **A. Severability of Plan Provisions**

3 If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to
4 be invalid, void, or unenforceable, the Bankruptcy Court, New World shall have the power to alter
5 and interpret such term or provision to make it valid or enforceable to the maximum extent
6 practicable, consistent with the original purpose of the term or provision held to be invalid, void, or
7 unenforceable, and such term or provision shall then be applicable as altered or interpreted.
8
9 Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and
10 provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired,
11 or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute
12 a judicial determination and shall provide that each term and provision of the Plan, as it may have
13 been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its
14 terms.

15 **B. Exculpation**

16 As of the Effective Date, neither the Debtor, FGCC or FRC (including, without limitation,
17 their successors or assigns, including, without limitation, the Reorganized Debtor, the Disbursing
18 Agent, the Board of Directors and Board of Directors' Agents) or the Creditors' Committee or the
19 Equity Committee or the Indenture Trustees or New World and, in each case, none of their respective
20 present or former officers, directors, employees, members, agents, representatives, shareholders,
21 attorneys, accountants, financial advisors, investment bankers, lenders, consultants, experts, and
22 professionals and agents for the foregoing shall have or incur any liability for, and are expressly
23 exculpated and released from, any Claims (including, without limitation, any Claims whether known
24 or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise)
25 for any past or present or future actions taken or omitted to be taken under or in connection with,
26 related to, effecting, or arising out of the Case ~~including, without limitation, the formulation,~~

1 ~~negotiation, documentation, preparation, dissemination, implementation, administration,~~
2 ~~confirmation, or consummation of the Plan and the Disclosure Statement;~~ except only for actions or
3 omissions to act to the extent determined by a court of competent jurisdiction (in a Final Order) to be
4 by reason of such party's gross negligence, willful misconduct, or fraud, and in all respects, such
5 party shall be entitled to rely upon the advice of counsel with respect to its duties and responsibilities
6 under the Plan. It being expressly understood that any act or omission with the approval of the
7 Bankruptcy Court will be conclusively deemed not to constitute gross negligence, willful misconduct,
8 or fraud unless the approval of the Bankruptcy Court was obtained by fraud or misrepresentation.
9 provided, however, that nothing herein is intended to or shall exculpate the Committees, their
10 members (official or ex-officio) or professionals from improprieties under the Bankruptcy Code, the
11 Bankruptcy Rules or other applicable law with respect to the formulation, negotiation, preparation,
12 dissemination, solicitation or confirmation of any plan and/or disclosure statement.

14 **C. Governing Law**

15 Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code
16 and Bankruptcy Rules, the laws of (a) the State of California shall govern the construction and
17 implementation of the Plan and (except as may be provided otherwise in any such agreements,
18 documents, or instruments) any agreements, documents, and instruments executed in connection with
19 the Plan and (b) the laws of the state of incorporation of the Debtor shall govern corporate
20 governance matters; in each case without giving effect to the principles of conflicts of law thereof.

21 **D. Vesting of Property of the Estate**

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

1 **E. Exemption from Securities Laws**

2 The issuance of the ~~common stock~~Common Stock pursuant to the Plan shall be exempt from
3 any securities laws regulation requirements to the fullest extent permitted by Section 1145 of the
4 Bankruptcy Code, section 4.2 of the Securities Act and any other applicable exemptions.

5 **F. Modification of Plan**

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

11 **G. Post-Confirmation Status Report**

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

17 **H. The Committees**

18 Until the Effective Date, the Equity Committee and Creditors Committee shall continue in
19 existence. As of the Effective Date, the Equity Committee and Creditors Committee shall terminate
20 and disband and the members of the Equity Committee and the Creditors Committee shall be released
21 and discharged of and from all further authority, duties, responsibilities and obligations related to and
22 arising from their service as Committee members. Except as otherwise provided in the Plan or
23 Bankruptcy Court Order, the prohibition of members of the Equity Committee from trading their
24 respective Equity Interests shall cease as of the Confirmation Date.

26 **I. Notices**

27 Any notice, request, or demand required or permitted to be or provided under the Plan shall be
28 (a) in writing, (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii)

1 overnight delivery service, (iv) first class mail, or (v) facsimile transmission, and (c) deemed to have
2 been duly given or made when actually delivered or, in the case of notice by facsimile transmission,
3 when received and telephonically confirmed, addressed as follows:

4 *Counsel for New World Acquisition, LLC*
5 Christopher E. Prince, Esq.
6 LESNICK PRINCE LLP
7 185 Pier Avenue, Suite 103
Santa Monica, CA 90405
Facsimile: (310) 396-0963

8 - and -

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20 *Counsel for the Official Committee of Equity Holders*
21 Weiland, Golden, Smiley, Wang, Ekwall & Strok, LLP
22 Evan D. Smiley, Esq.
23 650 Town Center Drive, Suite 950
Costa Mesa, California 92626
Facsimile (714) 966-1002

24 **J. Payment of New World Expenses**

25 On the Effective Date, the Reorganized Debtor shall pay the expenses of New World,
26 including reasonable fees of its attorneys and advisors.

1 **K. Final Decree**

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

6 Dated: ~~November 6~~, December 23, 2009

7 NEW WORLD ACQUISITION, LLC

8 By: _____

9 Kenneth S. Grossman
10 Authorized Signatory

11 LESNICK PRINCE LLP

12 By: /s/ Christopher E. Prince

13 Christopher E. Prince (State Bar No. 183553)
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29 Attorneys for New World Acquisition, LLC

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