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12 **UNITED STATES BANKRUPTCY COURT**
13 **CENTRAL DISTRICT OF CALIFORNIA**
14 **SANTA ANA DIVISION**

15
16 In re
17 FREMONT GENERAL CORPORATION, a
Nevada corporation,
18 Debtor.

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

Chapter 11 Case

**NEW WORLD ACQUISITION, LLC'S
CHAPTER 11 PLAN OF
REORGANIZATION FOR FREMONT
GENERAL CORPORATION (DATED
~~OCTOBER 19,~~ NOVEMBER 6, 2009)**

19 Taxpayer ID No. 95-2815260
20
21
22

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

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

- 20
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.

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

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

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

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

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

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

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

20 **“Claims Bar Date”** means (a) with respect to Claims other than those held by governmental
21 units, November 10, 2008, which was the last date for filing Claims against the Estate pursuant to the
22 Court’s Order entered on September 4, 2008; and (b) with respect to Claims held by governmental
23 units, December 15, 2008.
24

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

27 **“Class”** means a group of Claims or Equity Interests as classified in Section II.
28

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

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

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

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

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

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

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

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

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

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

23 **“Disclosure Statement Order”** means the Order entered by the Bankruptcy Court approving
24 the Disclosure Statement.

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

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

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

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

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

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, preferred stock, stock options, warrants,
24 membership interests, or other evidence of interests in securities of the Debtor; provided, however,
25 that in no event shall the TOPrS Claims be considered “Equity Interests.”
26

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

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

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

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

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

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

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

24 **“Fremont NOLs”** means the federal consolidated net operating loss carryovers of the
25 affiliated tax group of which the Debtor is the common parent.
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1 **“General Unsecured Claim”** or **“Unsecured Claim”** means any Claim that is not an
2 Administrative Claim, a Priority Tax Claim, a Priority Non-Tax Claim, a TOPrS Claim, or a Section
3 510(b) Claim.

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

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

8 **“Indenture Trustee”** means the Indenture Trustee for the Senior Notes or the Indenture
9 Trustee for the Junior Notes or the Guaranty.

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

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

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

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

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

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

23 **“Non-Ordinary Course Administrative Claim”** means any Administrative Claim other than
24 an Ordinary Course Administrative Claim, Administrative Tax Claim, Professional Fee Claim,
25 Indenture Trustee Fees or U.S. Trustee Fees.
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1 **“Noteholders”** means the Holders of Senior Notes.

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

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

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

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

13 **“Post Petition Interest”** means, as to any Holder of an Allowed Claim, the rate of interest to
14 be accrued or paid on such Holder’s allowed Claim for the period (a) from the Petition Date to and
15 through the effective Date, interest at the federal judgment rate set forth in 28 U.S.C. §1961(a) in
16 effect on the Petition Date, which was 2.51% (compounded annually) and (b) from the Effective Date
17 to and through the date upon which the Holders of Allowed Class 3(a) and (b) are paid.

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

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

23 **“Priority Non-Tax Claims”** means Claims, other than Administrative Claims or Priority Tax
24 Claims, entitled to priority in right of payment under section 507(a) of the Bankruptcy Code.
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1 **“Priority Tax Claim”** means a Claim that a governmental unit asserts against the Debtor for
2 taxes or related interest or penalties, which Claim is entitled to priority and allowable under
3 Bankruptcy Code section 507(a)(8).

4 **“Professionals”** means those Persons (i) retained pursuant to an order of the Bankruptcy
5 Court in accordance with sections 327, 1103 and/or 1106 of the Bankruptcy Code and to be
6 compensated for services rendered prior to the Effective Date pursuant to sections 327, 328, 329, 330
7 and/or 331 of the Bankruptcy Code; or (ii) for which compensation and reimbursement has been
8 allowed by the Bankruptcy Court pursuant to sections 330 and 503(b)(2) of the Bankruptcy Code.

9 **“Professional Fee Claim”** means:

- 10 (a) A claim under Bankruptcy Code sections 327, 328, 330, 331, 503(b), 1103 or 1106 for
11 compensation for professional services rendered or expenses incurred prior to the
12 Effective Date on the Estate’s behalf; or
13 (b) A claim either under Bankruptcy Code section 503(b)(4) for compensation for
14 professional services rendered or under Bankruptcy Code section 503(b)(3)(D) for
15 expenses incurred prior to the Effective Date in making a substantial contribution to the
16 Estate.
17

18 **“Registration Rights Agreement”** means a registration rights agreement substantially in the
19 form set forth in Exhibit 1 obligating the Reorganized Debtor to register for resale certain shares of
20 common stock under the Securities Act of 1933 in accordance with the terms set forth in such
21 registration rights agreement.
22

23 **“Reinstated or Reinstatement”** means (a) leaving unaltered the legal, equitable and
24 contractual rights to which a Claim entitles the Holder of such Claim, or (b) notwithstanding any
25 contractual provision or applicable law that entitles the Holder of such Claim to demand or receive
26 accelerated payment of such Claim after the occurrence of a default, (i) curing any such default that
27 occurred before or after the Petition Date, other than a default of a kind specified in section 365(b)(2)
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1 of the Bankruptcy Code; (ii) reinstating the maturity of such Claim as such maturity existed before
2 such default; (iii) compensating the Holder of such Claim for any damages incurred as a result of any
3 reasonable reliance by such Holder on such contractual provision or such applicable law; (iv) if such
4 Claim arises from any failure to perform a non-monetary obligation other than a default arising from
5 failure to operate a nonresidential real property lease subject to section 365(b)(1)(A) of the
6 Bankruptcy Code, compensating the Holder of such Claim (other than the debtor or an insider) for any
7 pecuniary loss incurred by such Holder as a result of such failure; and (v) not otherwise altering the
8 legal, equitable or contractual rights to which such Claim entitles the Holder of such Claim.
9

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

11 **“Rights Of Action”** means any and all actions, causes of action, suits, accounts,
12 controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to
13 payment and claims, whether known, unknown, reduced to judgment, not reduced to judgment,
14 liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or
15 unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise, and
16 whether commenced or arising before or after the Effective Date.
17

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

22 **“Schedules”** means the schedules of Assets and Liabilities filed by the Debtor on July 3,
23 2008, as amended, and as may be further amended.
24

25 **“Schedule of Assumed Agreements”** means the schedule of executory contracts and
26 unexpired leases that the Reorganized debtor will assume on the effective Date and the amounts, if
27 any, necessary to cure any defaults under such executory contracts and unexpired leases.
28

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

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

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

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

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

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

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

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

23 **“Warrants”** means the warrants to purchase shares of the Reorganized Debtor common stock
24 issued ~~in connection with the Exit Facility~~ to New World on the Effective Date.

1 **“Warrant Agreement”** means the agreement, substantially in the form annexed hereto as
2 Exhibit 2, governing the terms and conditions of the Warrant.

3 **II. RULES OF INTERPRETATION**

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

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

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

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

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

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

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

19 8. Unless otherwise indicated, the phrase “under the Plan” and similar words or phrases
20 refer to this Plan in its entirety rather than to only a portion of the Plan.

21 9. Unless otherwise specified, all references to Sections or Exhibits are references to this
22 Plan’s Sections or Exhibits.

23 10. Section captions and headings are used only as convenient references and do not affect
24 this Plan’s meaning.
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III. DESIGNATION OF CLASSES AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

A. Summary and Classification of Claims and Equity Interests

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

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

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

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Class	Description	Impaired	Voting
3B	Claims of the Holders of the 7.875% Senior Notes	No	Unimpaired, not entitled to vote – deemed to have accepted the Plan
3C	Claims of the holders of TOPrS and Junior Notes	No	Unimpaired, not entitled to vote-deemed to have accepted the Plan
4	Equity Interests	Yes	Impaired and entitled to vote
5	Section 510(b) Claims	No	Unimpaired, not entitled to vote-deemed to have accepted the Plan

D. Treatment of Claims and Equity Interests

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

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

1. Administrative Claims

a) Ordinary Course Administrative Claims

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

b) Non Ordinary Course Administrative Claims

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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.

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

18 c) Deadline for Objections to Administrative Claims

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

3 d) Administrative Claim Reserve

4 On the Confirmation Date, the Debtor shall provide a good faith estimate of the aggregate
5 amount of unpaid Administrative Claims and shall establish an Administrative Claims Reserve as a
6 segregated interest bearing account in order to make the payments to holders of Administrative
7 Claims such Administrative Claims become Allowed and/or are scheduled to be paid pursuant to the
8 Plan.
9

10 e) U.S. Trustee Fees

11 Quarterly fees owed to the Office of the U.S. Trustee will be paid prior to the Effective Date
12 by the Debtor, and after the Effective Date by the Reorganized Debtor when due in accordance with
13 applicable law 28 U.S.C. § 1930. The Reorganized Debtor will continue to file reports showing the
14 calculation of such fees until the Case is closed under Bankruptcy Code section 350.
15

16 f) Indenture Trustee Fees

17 The Reorganized Debtor will pay or cause to be paid in full and in Cash, without reduction to
18 the recovery of applicable Holders of Allowed Claims, any and all Indenture Trustee Fees and other
19 amounts that are due to each of the Indenture Trustees and its counsel as of the Effective Date on or
20 before the later of: (i) the Effective Date; or (ii) five (5) days after the date on which the Reorganized
21 Debtor receives from such Indenture Trustee a reasonably and customary detailed itemized statement
22 of such amounts so long as the Reorganized Debtor does not, within such five (5) day period, give
23 written notice to such Indenture Trustee that it disputes the amount requested or any part thereof and
24 all such amounts shall be deemed Allowed without further application to or order from the Court.
25

26 The Reorganized Debtor's objection shall be limited to a "reasonableness standard" and whether the
27 amounts sought are actually due and payable under the particular Indenture. If the Reorganized
28 Debtor gives such Indenture Trustee timely written notice that it disputes the amount requested or any

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

12
13 g) Professional Fee Claims

14 Any professional seeking allowance of a Professional Fee Claim for services rendered prior to
15 the Effective Date must (1) file their application for allowance of compensation and reimbursement
16 of expenses on or before forty five (45) days after the Effective Date or such other date as may be set
17 by the Bankruptcy Court, and (2) have the fees and expenses allowed by a Final Order. Any party in
18 interest may file an objection to such an application within the time provided by the Local
19 Bankruptcy Rules or within any other period that the Court sets. Professionals holding Professional
20 Fee Claims who do not timely file and serve their applications for payment will be forever barred
21 from asserting these Claims against the Reorganized Debtor or its property.

22
23
24 2. Priority Tax Claims

25 Unless the Holder of an Allowed Priority Tax Claim agrees to different treatment or there is a
26 Final Order of the Court providing for different treatment, each Holder of Allowed Priority tax Claim
27 will receive, in the sole discretion of the Reorganized Debtor, (a) Cash in the full amount of the
28 Allowed Priority Tax Claim on the latest of (i) the Effective Date, or as soon thereafter as is

1 practicable, (ii) fifteen Business Days after the date on which the Priority Tax Claim is Allowed or
2 (b) payment in equal quarterly payments over a period not exceeding five years after the date of the
3 order for relief entered against the Debtor in accordance with Bankruptcy Code section
4 1129(a)(9)(C), together with simple interest at the rate determined by applicable non bankruptcy law
5 from the Effective Date.

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

7 1. Secured Claims (Class 1)

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

- 13
- 14 (a) collateral securing such Allowed Secured Claim;
 - 15 (b) cash in an amount equal to the value of the collateral securing such Allowed Secured
16 Claim;
 - 17 (c) the treatment required under Section 1124(2) of the Bankruptcy Code for such Claim to be
18 reinstated or rendered impaired.

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

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

23 3. General Unsecured Claims (Class 3)

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

- 26 a) Class 3A (General Unsecured Claims)-
- 27
- 28

1 Class 3A comprises all of the General Unsecured Claims against the Debtor other than the
2 claims of Holder of Senior Notes or TOPrS or Junior Notes. In full satisfaction of the Allowed Class
3 3A Claim that has not been satisfied, compromised, settled or extinguished as of the Effective Date,
4 unless the Holder accepts different treatment, each such Holder of an Allowed Class 3A Claim shall
5 be entitled to receive in full and complete satisfaction of its Allowed Claim, Cash plus Post-Petition
6 Interest in the Allowed Amount on the Effective Date or as soon thereafter as is practicable.

7
8 b) Class 3B (Senior Note Claims).

9 Class 3B comprises all of the Senior Note Claims against the Debtor. The Senior Note
10 Claims shall be Allowed in the aggregate amount of \$176,402,106.56. On the Effective Date, each
11 Holder of such Claim shall be deemed to have an Allowed Class 3B Claim in an Allowed Amount
12 equal to the sum of (x) the principal amount of the Claim of such Holder as of the Petition Date plus
13 (y) any and all interest which accrued on such holder's Claim any time on or before the Petition Date,
14 plus (z) Post-Petition Interest or such amount of interest which accrued on such Holders' Claims after
15 the Petition Date as is required to satisfy the requirements of section 1124 of the Bankruptcy Code.

16 In full satisfaction of the Allowed Class 3B Claims that has not been satisfied, settled, compromised
17 or extinguished as of the Effective Date, each such Holder shall be entitled to receive the Allowed
18 Amount of its Claim in Cash on the Effective Date or as soon thereafter as is practicable.

19
20 c) Class 3C (Junior Note and TOPrS Claims)

21 Class 3C comprises all of the Junior Note and TOPrS Claims. The Junior Note Claims shall
22 be allowed in the aggregate amount of \$107,422,680.93. On the Effective Date the TOPrS and the
23 Junior Notes shall be Reinstated. For clarification, in the event that the Court finds that Class 3C is
24 impaired under a definition of impairment, the Holders of Allowed Class 3C Claims shall retain all
25 legal, equitable and contractual rights provided by the Indenture dated as of March 6, 1996 and the
26 Notes and expect that all existing, continuing or future non-monetary defaults that might prevent cure
27 or reinstatement under 11 U.S.C. §1124 are hereby deemed waived. In such event and to the extent
28

1 that the parties do not agree to different terms, the Indenture and Notes shall be reaffirmed by the
2 Reorganized Debtor and shall remain in full force and effect and the Confirmation Order shall
3 provide for such reaffirmation.

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

7
8 4. Class 4 (Equity Interest)

9 The holders of Allowed Equity Interests in the Debtor shall retain their Equity Interests
10 subject to the dilution as a result of the issuance of additional shares of common stock to New World
11 on account of its purchase of \$46.8 million of such shares of common stock, to reserve for the
12 exercise of the Warrants, and any common stock required for satisfaction of Allowed Section 510(b)
13 Claims.

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

15 The treatment of Class 5 Claims is subject to a Final Order determining that (a) a Section
16 510(b) is an Allowed Claim (b) the Claim subject to subordination under Section 510(b) of the
17 Bankruptcy Code. Upon the entry of a Final Order, or as soon as practicable thereafter, the Holder of
18 such Allowed 510(b) Claim will receive shares of stock in the Reorganized Debtor based on the
19 average trading price of the common stock for the thirty (30) days preceding the date on which any
20 Section 510(b) Claim becomes an Allowed Claim in full and final satisfaction of its Claim. If the
21 Court enters a Final Order finding that the Allowed Claims should not be subordinated pursuant to 11
22 U.S.C. § 510(b), then the Holders of such Allowed Claims shall receive the same treatment provided
23 for Class 3A General Unsecured Claims. ~~Certain Claims in this Class may be satisfied by the~~
24 ~~Debtor's insurance coverage.~~The amount of any such Allowed Claim shall be reduced in whole or
25 part to the extent the Holder of such Allowed Claim receives the proceeds of insurance policies
26 maintained by the Debtor in satisfaction thereof.
27
28

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

2 1. Treatment of Contracts and Leases.

3 Effective upon Confirmation of the Plan, the Debtor will reject all executory contracts and
4 unexpired leases between the Debtor and any other party that have not previously been rejected, other
5 than the Executive Employment Agreements and those executory contracts and unexpired leases
6 which are listed on the Schedule of Assumed Agreements to be filed twenty-one (21) days before the
7 Confirmation Hearing Date with the Bankruptcy Court of executory contracts and unexpired leases to
8 be assumed under the Plan at confirmation. That Schedule of Assumed Agreements will list the
9 amount of the proposed cure payment required by 11 U.S.C. § 365(b)(1).
10

11 2. Objections and Cure

12 Any party that objects to the assumption of its executory contract or unexpired lease by the
13 Debtor or to the proposed cure payment must file with the Court and serve on interested parties a
14 written objection with supporting evidence that states the basis for the objection. This objection must
15 be filed with the Court and served no later than ten (10) days before the Confirmation Hearing. Any
16 entity that fails to timely file and serve an opposition will be deemed to have waived any and all
17 objections to the proposed assumption or the amount of the proposed cure payment. In the absence
18 of a timely objection by such a party, the Confirmation Order shall constitute a final determination of
19 the amount of the cure payment and that the Reorganized Debtor has shown adequate assurances of
20 its future performance.
21

22 In the event of a dispute regarding the cure payment, adequate assurances, or some other
23 matter related to assumption, the cure payment required by 11 U.S.C. § 365(b)(1) shall not be made
24 until after entry of a Final Order resolving the dispute and approving the assumption. Pending the
25 entry of a Final Order, the executory contract or unexpired lease at issue will be deemed assumed by
26 the Reorganized Debtor unless otherwise ordered by the Court, Upon payment of the cure amount
27 required by 11 U.S.C. § 365(b)(1), any prepetition or postpetition arrearage or other Claim asserted in
28

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1 a proof of Claim or listed in the Schedules shall be deemed satisfied in full and the Claim shall be
2 deemed disallowed, without further order of the Court or action by any party.

3 All Allowed Claims arising from the rejection of executory contracts or unexpired leases will
4 be treated as Class 3A General Unsecured Claims, and a proof of claim must be filed with the
5 Bankruptcy Court and served on the Reorganized Debtor within thirty (30) days of the Effective Date
6 of the Plan or be forever barred and unenforceable against the Debtor, the Reorganized Debtor, or
7 their property.
8

9 3. Insurance Policies and Other Assumed Contracts

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

19 4. Considerations of Insurance Company Claims

20 Westchester Surplus Lines Insurance Company ("WSLIC") and Pacific Employers Insurance
21 Company ("~~PBC~~PEIC") are members of the ACE Group of companies. Prepetition, WSLIC issued
22 to the Debtor a claims made directors and officers excess liability insurance policy for claims made
23 against the insured for wrongful acts ~~committed before~~ occurring between January 1, 2008 and
24 December 31, 2014 (the "WSLIC Policy"). PEIC issued prepetition to the Debtor high-deductible
25 workers compensation occurrence policies for the calendar years 2000, 2001, 2002, and possibly
26 additional years (the "PEIC Policies"). The WSLIC Policy and the PEIC Policy are together referred
27 to as the "ACE Policies." Unless rejected pursuant to the Plan, in which case Claims will be treated
28

1 solely as set forth in the Plan, nothing in the Disclosure Statement, the Plan, the Confirmation Order,
2 any exhibit to the Plan or any other Plan document (together, the “Plan Documents”) (including any
3 provision that purports to be preemptory or supervening), shall in any way operate to, or have the
4 effect of, impairing in any respect the legal, equitable, or contractual rights and defenses, if any, of
5 the insured or the insurer with respect to the ACE Policies or any prepetition agreement with the
6 Debtor related to any of the ACE Policies (the “ACE Policies and Related Agreements”). Unless
7 rejected pursuant to the Plan, in which case the terms of the Plan shall govern, the rights and
8 obligations of the insured and insurer shall be determined under the ACE Policies and Related
9 Agreements and under applicable nonbankruptcy law. Any assumption in the Plan Documents of the
10 ACE Policies and Related Agreements will not enlarge the prepetition rights of the insured or
11 insurers thereunder.
12

13 **V. MEANS OF EFFECTUATING THE PLAN**

14 1. Merger

15 On the Effective Date of the Plan, the following two-step merger will occur: first, FGCC will
16 merge into the Reorganized Debtor or the Debtor, as the case may be, and then FRC will merge into
17 the Reorganized Debtor or the Debtor, again as the case may be. The resulting entity will be the
18 Reorganized Debtor. As provided under applicable law, the merger will be caused by the issuance of
19 a resolution by the New Board (defined below) and the reconstituted boards of the subsidiaries
20 (collectively, the New Boards”) and the New Boards will take all necessary steps required of it to
21 effectuate the merger as authorized by the Confirmation Order. The Reorganized Debtor will then
22 continue to operate its business in the ordinary course and will perform its obligations under the Plan.
23

24 On the asset side, the effect of the merger will be that the assets of the Debtor, FGCC, and
25 FRC will become assets of the Reorganized Debtor and continue to be managed by the Reorganized
26 Debtor. On the liability side, any existing liabilities of FGCC and FRC that are outstanding as of the
27 date of the merger will become obligations of the Reorganized Debtor. The liabilities of FGCC and
28

1 FRC will be assumed and satisfied by the Reorganized Debtor in the ordinary course of business in
2 accordance with applicable non-bankruptcy law and are not classified or treated as Claims under the
3 Plan. The stock of FGCC and FRC will be cancelled and all intercompany claims between the
4 Debtor, FGCC, and FRC will be eliminated.

5 Although the Reorganized Debtor will be assuming the liabilities of FGCC and FRC through
6 the merger, the Reorganized Debtor will create a reserve for Repurchase Claims and a reserve for
7 other known and unknown Post Effective Date Merger Claims. In the event that the Post Effective
8 Date Merger Claims exceed the sums being reserved, the Reorganized Debtor will be liable for such
9 claims. After the Effective Date, the Reorganized Debtor may increase the amount of the reserves as
10 deemed appropriate by the Reorganized Debtor in its sole and absolute discretion. In the event that
11 the Post-Effective Date Merger Claims do not exceed the sums being reserved after resolution and
12 payment of all claims, the remaining funds held in the reserve shall be remitted to the Reorganized
13 Debtor.
14

15
16 2. Postconfirmation Business Operations of the Reorganized Debtor

17 The Board of Directors will appoint an Investment Management Committee (“IMC”) of the
18 Board which will allocate the cash to be invested. In addition, under the projected business plan, the
19 Reorganized Debtor will continue to maintain the assets and business of Debtor and structure,
20 originate and manage a diversified portfolio of commercial and residential mortgages, mortgage
21 securities, corporate debt and asset-backed securities which may be sourced as new transactions or
22 purchased in the secondary marketplace. All such investments shall be pursuant to the direction of
23 the New Board and the IMC.
24

25 3. The Reorganized Debtor’s Board of Directors Team

26 On the Effective Date of the Plan, the existing board of directors for the Debtor will be
27 replaced by a new nine (9)-member board of directors (the “New Board”). The New Board will be
28 comprised of the following members: (1) four members selected from or in consultation with the

1 largest shareholders and the Equity Committee excluding New World; and (2) five members selected
2 by New World. The existing boards of the Debtor's subsidiaries will also be reconstituted.

3 4. The Reorganized Debtor's Management

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

8 5. The Reporting Requirements

9 The Reorganized Debtor will remain a public company with Equity Interests trading on the
10 pink sheets. The Reorganized Debtor will seek ~~a waiver~~an accommodation from the SEC of filing
11 and past due reporting requirements ~~and begin reporting anew, if feasible,~~ commencing with ~~its a~~
12 comprehensive Form 10-~~Q for~~K in the first quarter in which the Plan goes effective, which is
13 anticipated to be the first quarter of ~~2010, and for each quarter thereafter.~~2010. In the event that the
14 Reorganized Debtor is unable to obtain the requested ~~waiver~~accommodation or if there are other
15 impediments, the Reorganized Debtor will ~~come~~become current in its SEC reporting requirements-
16 post emergence.

17 6. Articles of Incorporation and By-Laws

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

2 On the Effective Date, the adoption of the Certificate of Incorporation or similar
3 organizational documents, the adoption of the By-Laws, the selection of directors and officers for
4 Reorganized Debtor, and all other actions contemplated by this Plan shall be deemed authorized and
5 approved in all respects (subject to the provisions of this Plan). All matters provided for in this Plan
6 involving the corporate structure of the Debtor or the Reorganized Debtor, and any corporate action
7 required by the Debtor or the Reorganized Debtor in connection with this Plan, shall be deemed to
8 have timely occurred in accordance with applicable law and shall be in effect, without any
9 requirement of further actions by the security holders or directors of the Debtor or the Reorganized
10 Debtor. On the Effective Date, the appropriate officers of Reorganized Debtor and members of the
11 New Board of Reorganized Debtor are authorized and directed to issue, execute and deliver the
12 agreements, and other documents as required by the Plan, including the Warrant Agreement and the
13 Registration Rights Agreement.
14

15 8. New Financing

16 (a) On the Effective Date or as soon thereafter as is practicable, the Exit Facility, together
17 with new promissory notes evidencing obligations of the Reorganized Debtor thereunder, and all
18 other documents, instruments, mortgages, and agreements to be entered into, delivered, or confirmed
19 thereunder on the Effective Date, shall become effective. The obligations incurred by the
20 Reorganized Debtor pursuant to the Exit Facility and related documents shall be paid as set forth in
21 the Exit Facility and related documents. New World shall file with the Bankruptcy Court a
22 commitment letter with respect to the Exit Facility as soon as obtained, but not later than ten (10)
23 days prior to the Confirmation Hearing. ~~In connection with the execution of the documents~~
24 ~~evidencing the Exit Facility, the Reorganized Debtor will issue the New Warrants exercisable for a~~
25 ~~period of ten years as follows:~~
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(b) The Reorganized Debtor will issue the Warrants to New World exercisable for a period of ten years as follows:

<u>Warrant Amount</u>	<u>Exercise Price</u>	<u>Shares</u>
5,000,000	.40	12,500,000
5,000,000	.60	8,333,333
5,000,000	.70	7,142,857
5,000,000	.80	6,250,000
5,000,000	.90	5,555,556
<u>5,000,000</u>	<u>1.00</u>	<u>5,000,000</u>
\$30,000,000	.67	44,781,746

(c) ~~(b)~~ New World will invest \$46.8 million to purchase approximately 20.6 million shares of the ~~stock of Reorganized~~ Fremont stock. The purchase price ~~shall be not less than \$.30 per share nor greater than \$.50 per share and~~ shall be calculated based upon the average ~~of the daily closing prices~~ for the 90 trading day period ~~commencing twenty (20) days prior to the day the Confirmation Hearing~~ prior to November 12, 2009, the day of the hearing on the Disclosure Statement for the New World Plan. Changes in information provided by the Debtor with respect to stock ownership may result in an increase or decrease in the number of shares to be purchased subject to a maximum adjustment of shares with a purchase price of \$1 million.

9. Cancellation of Senior Notes; Release of Indenture Trustee

(a) On the Effective Date, except as otherwise provided for herein, (a) Senior Notes shall be deemed extinguished, cancelled and of no further force or effect, and (b) the obligations of the Debtor (and Reorganized Debtor) under any agreements, indentures, or certificates of designations governing the Senior Notes and any other note, bond, or indenture evidencing or creating any indebtedness or obligation of any Debtor with respect to the Senior Notes or other indebtedness excluding the TOPrS, the Junior Notes, and the Equity Interests shall be discharged in each case without further act or action under any applicable agreement, law, regulation, order, or rule and without any action on the part of the Bankruptcy Court or any Person; provided, however, that the Senior Notes and the Indenture shall continue to effect solely for the purposes of (i) allowing the

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1 holders of Senior Notes to receive the distributions provided for Holders hereunder, (ii) allowing the
2 Disbursing Agent or the Indenture Trustee, as the case may be, to make distributions on account of
3 the Senior Note Claims, and (iii) preserving the rights of the Indenture Trustee.

4 (b) Subsequent to the performance by the Indenture Trustee or its agents of any duties that
5 are required under the Plan, the Confirmation Order and/or under the terms of the Indenture, the
6 Indenture Trustee and its agents shall be relieved of, and released from, all obligations associated
7 with the Senior Notes arising under the Indenture or under other applicable agreements or law and the
8 Indenture shall be deemed to be discharged.

10 10. Authorization and Issuance of Common Stock

11 (a) Reorganized Debtor shall (i) authorize on the Effective Date up to 80 million shares of
12 common stock for Distribution to New World on account of its purchase pursuant to the Equity
13 Investment, (ii) reserve for issuance the number of shares of ~~Common Stock~~common stock necessary
14 (excluding shares that may be issuable as a result of the antidilution provisions thereof) to satisfy the
15 required distributions of shares to be granted under the Warrants, (iii) to reserve for the issuance of
16 stock to the Holders of Allowed Section 510(b) Claims, if any.

17
18 (b) The issuance of common stock pursuant to Distributions under the Plan shall be
19 authorized under Section 1145 of the Bankruptcy Code as of the Effective Date without further act or
20 action by any Person, except as may be required by the Reorganized Debtor, the By-laws, or
21 applicable law, regulation, order or rule; and all documents evidencing same shall be executed and
22 delivered as provided for in the Plan.

23 **VI. RETENTION OF JURISDICTION**

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

26 1. The adjudication of the validity, scope, classification, allowance, and disallowance of
27 any Claim;
28

- 1 2. The estimation of any Claim;
- 2 3. The allowance or disallowance of Professional Fee Claims, compensation, or other
- 3 Administrative Claims;
- 4 4. To hear and determine Claims concerning taxes pursuant to Bankruptcy Code sections
- 5 346, 505, 525, and 1146;
- 6 5. To hear and determine any action or proceeding brought under Bankruptcy Code
- 7 sections 108, 510, 543, 544, 545, 547, 548, 549, 550, 551, and 553;
- 8 6. To hear and determine all actions and proceedings relating to pre-confirmation
- 9 matters;
- 10 7. To hear and determine any issue relating to the assumption or rejection of executory
- 11 contracts and unexpired leases;
- 12 8. To hear and determine any modification to the Plan in accordance with the Bankruptcy
- 13 Rules and the Bankruptcy Code;
- 14 9. To enforce and interpret terms of the Plan;
- 15 10. To correct any defects, cure any omissions, or reconcile any inconsistency in the Plan
- 16 or the Confirmation Order as may be necessary to carry out the purpose and intent of the Plan;
- 17 11. To hear and determine such matters and make such orders as are consistent with the
- 18 Plan as may be necessary to carry out the provisions thereof and to adjudicate any disputes arising
- 19 under or related to any order entered by the Court in this Case; and
- 20 12. The entry of an order concluding and terminating this Case.
- 21
- 22
- 23

24 **VII. CLAIMS**

25 1. Post-Confirmation Claims Register

26 In connection with the discharge of its duties and obligations, the Reorganized Debtor shall be
27 entitled to retain a third party, including, without limitation, Kurtzman Carson Consultants LLC, to
28 maintain the official claims register for this Case (the "Post-Confirmation Claims Register"). The

1 Post-Confirmation Claims Register shall be based, in the first instance, upon an updated claims
2 database (the “Register Update”) that shall be filed by the Debtor at least twenty-one (21) days prior
3 to the Confirmation Hearing. On the Effective Date, the Register Update shall be deemed to amend
4 and supersede the Bankruptcy Court’s official register, and may thereafter be relied upon by the
5 Reorganized Debtor and any retained third party as the official Post-Confirmation Claims Register.
6 Following the Effective Date, copies of the current Post-Confirmation Claims Register may be
7 obtained by any party in interest upon written request to the Reorganized Debtor.
8

9 **2. Claim Objections**

10 The Reorganized Debtor or any other party in interest shall file objections to Claims or Equity
11 Interests within 180 days of the Effective Date. The Reorganized Debtor may obtain an extension of
12 this date by filing a motion in the Bankruptcy Court, based upon a showing of “cause.” If, at the time
13 of any Distribution, a Claim or Equity Interest under the Plan is a Disputed Claim or Disputed Equity
14 Interest, the Reorganized Debtor shall have the right to hold in trust any Cash that would be
15 distributed to that Claim , including Post Petition Interest on such Claim or Equity Interest Holder if
16 the Claim or Equity Interest were Allowed and until the Claim or Equity Interest is Allowed, if at all
17 (the “Reserve Account”). Any unused funds in the Reserve Account, not otherwise designated for
18 payout under the Plan, shall be returned to the Reorganized Debtor for use under the Plan, if required,
19 and then to the Reorganized Debtor. Once a Claim or Equity Interest becomes an Allowed Claim or
20 Equity Interest, it will receive the treatment afforded by the Plan.
21

22 **VIII. PROVISIONS GOVERNING DISBURSEMENTS**

23 **A. Dates of Distributions**

24 The Reorganized Debtor, the Disbursing Agent, or the Indenture Trustee, in the case of the
25 distributions to the Holders of Senior Notes, shall make each required Distribution by the date stated
26 in the Plan with respect to such Distribution. Any Distribution required to be made on the Effective
27 Date shall be deemed to be made on such date if made as soon as practicable after such date. Any
28

1 Distribution required to be made on the date on which a Claim becomes an Allowed Claim shall be
2 deemed to be made on such date if made on the nearest Distribution Date occurring after such date.

3 **B. Manner of Distribution**

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

6 **C. Rounding of Payments**

7 Whenever payment of a fraction of a cent would otherwise be called for, the actual payment
8 shall reflect a rounding down of such fraction to the nearest whole cent. To the extent Cash remains
9 undistributed as a result of the rounding of such fraction to the nearest whole cent, such Cash shall be
10 treated as “Unclaimed Property” and shall be dealt with in accordance with the Plan.
11

12 **D. Compliance with Tax Requirements**

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

16 In connection with each Distribution with respect to which the filing of an information return
17 (such as an Internal Revenue Service Form 1099 or 1042) or withholding is required, the
18 Reorganized Debtor shall file such information return with the Internal Revenue Service and provide
19 any required statements in connection therewith to the recipients of such Distribution, or effect any
20 such withholding and deposit all moneys so withheld to the extent required by law. With respect to
21 any Person from whom a tax identification number, certified tax identification number, or other tax
22 information required by law to avoid withholding has not been received by the Reorganized Debtor,
23 then the Reorganized Debtor may, at its sole option, withhold the amount required and distribute the
24 balance to such Person or decline to make such Distribution until the information is received.
25
26

27 **E. Distribution of Unclaimed Property**

28
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1 If a Distribution is returned to the Reorganized Debtor as undeliverable, then such
2 Distribution amount shall be deemed to be “Unclaimed Property.” Nothing contained in the Plan
3 shall require the Reorganized Debtor, or anyone else, to attempt to locate such Person. The
4 Unclaimed Property shall be set aside and (in the case of Cash) held in a segregated interest-bearing
5 account to be maintained by the Reorganized Debtor. If such Person presents itself within one (1)
6 year following the Effective Date, the Unclaimed Property distributable to such Person, together with
7 any interest or dividends earned thereon, shall be paid or distributed to such Person. If such Person
8 does not present itself within one (1) year following the Effective Date, any such Unclaimed Property
9 and accrued interest or dividends earned thereon shall become the property of the Reorganized
10 Debtor for use under the Plan, if required, then to the Reorganized Debtor.

11
12 **F. No De Minimis Distributions**

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

17
18 **G. Setoff**

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

24
25 **H. Preservation of Causes of Action**

26 Except as otherwise provided in this Plan, all Causes of Action are retained and preserved
27 pursuant to section 1123(b) of the Bankruptcy Code including, without limitation, the pending or
28 contemplated Causes of Action identified on Exhibit 1 to the Disclosure Statement, a revised,

1 amended and modified version of which may be submitted prior to the ten (10) days prior to the
2 Confirmation Hearing. From and after the Effective Date, all Causes of Action will be prosecuted or
3 settled by the Reorganized Debtor. To the extent any Cause of Action is already pending on the
4 Effective Date, the Reorganized Debtor as successor to the Debtor will continue the prosecution of
5 such Cause of Action. In addition, and without limiting the generality of Section of this Plan, from
6 and after the Effective Date (as a result of the Merger), the Reorganized Debtor is the successor-in-
7 interest to any and all interests of FGCC or FRC in any an all claims rights, and causes of action
8 which have been or could have been commenced by FGCC or FRC immediately prior to the
9 Effective Date. Notwithstanding the foregoing, nothing herein shall be deemed to require the
10 Reorganized Debtor to prosecute any Cause of Action.
11

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

13 At the close of business on the Distribution Record Date, the claims registers for all Claims
14 (excluding the TOPrS and the Junior Notes) and the transfer ledgers for the Senior Notes shall be
15 closed, and there shall be no further changes in the record holders of such Claims or such Senior
16 Notes. Except as provided herein, the Reorganized Debtor, the Disbursing Agent, the Indenture
17 Trustee, and each of their respective agents, successors, and assigns shall have no obligation to
18 recognize any transfer of Claims or any transfer of Senior Notes occurring after the Distribution
19 Record Date and shall be entitled instead to recognize and deal for all purposes hereunder with only
20 those record holders stated on the claims registers or transfer ledgers as of the close of business on
21 the Distribution Record Date irrespective of the number of distributions to be made under the Plan to
22 such Persons or the date of such distributions.
23
24

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

26 **A. Conditions to Confirmation**

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

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

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

5 **B. Conditions to Effective Date**

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

8 (a) the Confirmation Order shall have been entered in form and substance reasonably
9 satisfactory to New World and shall be wholly consistent with the terms of this Plan, and shall,
10 among other things:

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

15 (ii) approve the Exit Facility;

16 (iii) authorize the issuance of the additional common stock and the Warrants; and

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

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

20 (c) the documents evidencing the Exit Facility shall be in form and substance reasonably
21 acceptable to New World, and the lender or the agent for the lenders under the Exit Facility; ~~and, to~~
22 ~~the extent any of such documents contemplates execution by one or more persons, any such~~
23 ~~document shall have been executed and delivered by the respective parties thereto, and all conditions~~
24 ~~precedent to the effectiveness of each such document shall have been satisfied or waived;~~
25
26
27
28

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

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

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

7 **C. Waiver of Conditions**

8 Each of the conditions set forth herein, with the express exception of the conditions contained
9 in Section (b), may be waived in whole or in part by New World on notice to parties-in-interest and
10 without a hearing.

11 **X. EFFECT OF CONFIRMATION OF PLAN**

12 **A. Discharge**

13 Because the Plan does not contemplate the liquidation of substantially all of the property of
14 the estate and the Reorganized Debtor will engage in business after consummation of the Plan, the
15 rights under the Plan and the treatment of Claims and Equity Interests under the Plan will be in
16 exchange for, and in complete satisfaction, discharge, and release of all Claims and Equity Interests
17 of any nature whatsoever against the Debtor, the Reorganized Debtor, or their property. Except as
18 otherwise provided in the Plan or the Confirmation Order,
19

20
21 1. On the Effective Date, the Debtor, except as otherwise provided in the Plan the
22 Debtor's Estate, Reorganized Debtor, and their property will be deemed discharged and released from
23 any and all Claims including without limitation, all demands, liabilities, Claims, that arose before the
24 Confirmation Date or that are based upon or otherwise relate to acts, events, omissions, transactions
25 or other activities of any kind that occurred before the Confirmation Date, and all debts of the kind
26 specified in Bankruptcy Code §§ 502(g), 502(h), or 502(i) regardless of whether: (a) a proof of
27 Claim based on such debt or Equity Interest is filed or deemed filed; (b) a Claim based on such debt
28

1 is allowable under Bankruptcy Code § 502; or (c) the Person holding the Claim based on such a debt
2 or Interest has accepted the Plan;

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

7
8 3. Any debt of the Debtor, whether secured or unsecured, which was in default up to the
9 Confirmation, will no longer be deemed in default. Moreover, to the extent that the Debtor and
10 Reorganized Debtor comply with the terms and conditions of the Plan, these obligations will be
11 deemed in good standing;

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

20
21 5. Subject to the limitations and conditions imposed under section 1125(e) of the
22 Bankruptcy Code, Persons who, in good faith and in compliance with applicable provisions of the
23 Bankruptcy Code, either solicit Plan acceptances or rejections or participate in the offer, issuance,
24 sale, or purchase of securities under the Plan will not be liable on account of their solicitation or
25 participation for violation of any applicable law, rule, or regulation governing the solicitation of Plan
26 acceptances or rejections or the offer, issuance, sale, or purchase of such securities.
27
28

1 Notwithstanding the foregoing, nothing in the Plan, or in any Order confirming the Plan, shall
2 preclude any party from pursuing their claims against the Debtor solely to the extent of available
3 insurance coverage and proceeds or preclude any party from seeking discovery from the Debtor or
4 the Reorganized Debtor as may be permitted by applicable law, and to the extent of available
5 insurance (and to that extent only), such claims shall not be discharged and released. Moreover,
6 nothing in the Plan or the Confirmation Order shall affect, release, enjoin, or impact in any way the
7 prosecution of any claims asserted or to be asserted against any non-Debtor, including any non-
8 Debtor defendants.
9

10 **XI. MISCELLANEOUS PROVISIONS**

11 **A. Severability of Plan Provisions**

12 If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to
13 be invalid, void, or unenforceable, the Bankruptcy Court, at the request of New World shall have the
14 power to alter and interpret such term or provision to make it valid or enforceable to the maximum
15 extent practicable, consistent with the original purpose of the term or provision held to be invalid,
16 void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted.
17 Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and
18 provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired,
19 or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute
20 a judicial determination and shall provide that each term and provision of the Plan, as it may have
21 been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its
22 terms.
23

24 **B. Exculpation**

25 As of the Effective Date, neither the Debtor, FGCC or FRC (including, without limitation,
26 their successors or assigns, including, without limitation, the Reorganized Debtor, the Disbursing
27 Agent, the Board of Directors and Board of Directors' Agents) or the Creditors' Committee or the
28

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1 Equity Committee or the Indenture Trustees or New World and, in each case, none of their respective
2 present or former officers, directors, employees, members, agents, representatives, shareholders,
3 attorneys, accountants, financial advisors, investment bankers, lenders, consultants, experts, and
4 professionals and agents for the foregoing shall have or incur any liability for, and are expressly
5 exculpated and released from, any Claims (including, without limitation, any Claims whether known
6 or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise)
7 for any past or present or future actions taken or omitted to be taken under or in connection with,
8 related to, effecting, or arising out of the Case including, without limitation, the formulation,
9 negotiation, documentation, preparation, dissemination, implementation, administration,
10 confirmation, or consummation of the Plan and the Disclosure Statement; except only for actions or
11 omissions to act to the extent determined by a court of competent jurisdiction (in a Final Order) to be
12 by reason of such party's gross negligence, willful misconduct, or fraud, and in all respects, such
13 party shall be entitled to rely upon the advice of counsel with respect to its duties and responsibilities
14 under the Plan. It being expressly understood that any act or omission with the approval of the
15 Bankruptcy Court will be conclusively deemed not to constitute gross negligence, willful misconduct,
16 or fraud unless the approval of the Bankruptcy Court was obtained by fraud or misrepresentation.

19 **C. Governing Law**

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

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

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

4 **E. Exemption from Securities Laws**

5 The issuance of the common stock pursuant to the Plan shall be exempt from any securities
6 laws regulation requirements to the fullest extent permitted by Section 1145 of the Bankruptcy Code,
7 section 4.2 of the Securities Act and any other applicable exemptions.
8

9 **F. Modification of Plan**

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

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

15 Within 120 days of the Confirmation Date, the Reorganized Debtor shall file a status report
16 with the Court explaining what progress has been made toward consummation of the confirmed Plan.
17 The status report shall be served on the United States Trustee and the members of the Committees.
18 Further status reports shall be filed every 180 days and served on the same entities.
19

20 **H. The Committees**

21 Until the Effective Date, the Equity Committee and Creditors Committee shall continue in
22 existence. As of the Effective Date, the Equity Committee and Creditors Committee shall terminate
23 and disband and the members of the Equity Committee and the Creditors Committee shall be released
24 and discharged of and from all further authority, duties, responsibilities and obligations related to and
25 arising from their service as Committee members. Except as otherwise provided in the Plan or
26 Bankruptcy Court Order, the prohibition of members of the Equity Committee from trading their
27 respective Equity Interests shall cease as of the Confirmation Date.
28

I. Notices

1
2 Any notice, request, or demand required or permitted to be or provided under the Plan shall be
3 (a) in writing, (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii)
4 overnight delivery service, (iv) first class mail, or (v) facsimile transmission, and (c) deemed to have
5 been duly given or made when actually delivered or, in the case of notice by facsimile transmission,
6 when received and telephonically confirmed, addressed as follows:

7 *Counsel for New World Acquisition, LLC*

8 Christopher E. Prince, Esq.

9 LESNICK PRINCE LLP

10 185 Pier Avenue, Suite 103

11 Santa Monica, CA 90405

12 Facsimile: (310) 396-0963

13 - and -

14 Carole Neville, Esq. (*Pro Hac Vice* Pending)

15 Peter D. Wolfson, Esq. (*Pro Hac Vice* Pending)

16 SONNENSCHNEN, NATH & ROSENTHAL LLP

17 1221 Avenue of the Americas

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20 *Counsel for the Creditors' Committee*

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22 Jonathan S. Shenson, Esq.

23 1999 Avenue of the Stars, 39th Floor

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26 *Debtor's Co-Reorganization Counsel*

27 Stutman, Treister & Glatt

28 Theodore Stolman, Esq.

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Counsel for the Official Committee of Equity Holders

Weiland, Golden, Smiley, Wang, Ekvall & Strok, LLP

Evan D. Smiley, Esq.

650 Town Center Drive, Suite 950

Costa Mesa, California 92626

Facsimile (714) 966-1002

J. Payment of New World Expenses

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

K. Final Decree

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

Dated: ~~October 19,~~ November 6, 2009

NEW WORLD ACQUISITION, LLC

By: _____
Kenneth S. Grossman
Authorized Signatory

LESNICK PRINCE LLP

By: /s/ Christopher E. Prince
Christopher E. Prince (State Bar No. 183553)
cprince@lesnickprince.com
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- and -

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