

PLAN OF REORGANIZATION

| <p>Treatment of Classes</p> <p>(See Section IV.B, beginning on page 21 of this Disclosure Statement)</p> | <p>The Signature Plan of Signature Group Holdings, LLC, certain large TOPrS Holders and the Debtor’s largest equity Holder would treat the classes of Claims as follows:</p> <table border="0"> <thead> <tr> <th style="text-align: left;"><u>Class</u></th> <th style="text-align: left;"><u>Treatment</u></th> </tr> </thead> <tbody> <tr> <td>Priority Non-Tax Claims (Class 2)</td> <td>Unimpaired; paid in full on the effective date.</td> </tr> <tr> <td>General Unsecured Claims (Class 3A)</td> <td>Unimpaired; paid in full on the effective date.</td> </tr> <tr> <td>Senior Notes (Class 3B)</td> <td>Impaired. The Holders of the Senior Notes will be paid their principal in full on the Effective Date.</td> </tr> </tbody> </table> <p>If Class 3B votes as a class to accept the Signature Plan, which shall operate as a binding settlement of the dispute regarding the amount of post petition interest Holders of Allowed Class 3B Claims are entitled to receive, interest claims shall be paid on the Effective Date as follows:</p> <ul style="list-style-type: none"> • Pre-petition accrued interest shall be paid in cash at the full contract rate of 7.875%. • On account of accrued post petition interest, the sum of (i) interest at the Post Petition Interest Rate (2.51%) and (ii) an additional \$1.5 million shared by Class 3B on a pro-rata basis. <p>In the event Class 3B votes to accept the Signature Plan but the Court makes a determination that the payment of post petition interest on account of Class 3B Claims in excess of the Post Petition Interest Rate renders the Signature Plan un-confirmable, Class 3B shall be deemed to have rejected the Signature Plan and the Signature Plan can only be confirmed as to Class 3B if the treatment of Class 3B satisfies the cram-down confirmation standards under section 1129(b) of the Bankruptcy Code.</p> <p>If Class 3B votes as a class to reject the Signature Plan, interest claims shall be paid on the Effective Date as follows:</p> <ul style="list-style-type: none"> • Pre-petition accrued interest will be paid in cash at the full contract rate of 7.875%. • Accrued post petition interest through the Effective Date at the Post Petition Interest Rate (2.51%). <p>TOPrS (Class 3C)</p> <p>Impaired. The TOPrS would receive the following in full satisfaction of their existing Claims:</p> <ul style="list-style-type: none"> • \$45 million in cash to be paid upon the earlier of (i) the Effective Date if, after giving effect to the payment to the TOPrS the unrestricted cash of the Reorganized Debtor would equal or exceed \$20 million; or (ii) within 45 days following the receipt of an anticipated tax refund. • \$39 million in new note(s) bearing 9% annual interest, payable quarterly, and a final maturity on December 31, 2016. • 21 million shares of common stock. | <u>Class</u> | <u>Treatment</u> | Priority Non-Tax Claims (Class 2) | Unimpaired; paid in full on the effective date. | General Unsecured Claims (Class 3A) | Unimpaired; paid in full on the effective date. | Senior Notes (Class 3B) | Impaired. The Holders of the Senior Notes will be paid their principal in full on the Effective Date. |
|---|--|--------------|------------------|-----------------------------------|---|-------------------------------------|---|-------------------------|--|
| <u>Class</u> | <u>Treatment</u> | | | | | | | | |
| Priority Non-Tax Claims (Class 2) | Unimpaired; paid in full on the effective date. | | | | | | | | |
| General Unsecured Claims (Class 3A) | Unimpaired; paid in full on the effective date. | | | | | | | | |
| Senior Notes (Class 3B) | Impaired. The Holders of the Senior Notes will be paid their principal in full on the Effective Date. | | | | | | | | |

| | |
|--|--|
| 1 | Equity Interests (Class 4) Impaired. Reinstated, with 65% of the outstanding shares of the Reorganized Debtor on the Effective Date, after giving effect to the dilutive effect of the Common Stock issued in the reorganization. |
| 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 | <p>The Signature Plan provides for substantial liquidity, including:</p> <ul style="list-style-type: none"> A \$10.0 million equity infusion by Signature at the Effective Date, with payment consisting of (i) \$5 million in cash and (ii) an in-kind contribution of loan and lease net assets valued at \$5 million that is consistent with the future business plan of the Reorganized Debtor. In consideration of the \$10.0 million equity infusion, Signature would receive 12,500,000 shares of Common Stock at \$.80 per share. In addition, Signature will acquire warrants to purchase 15 million shares of Common Stock at an exercise price of \$1.03 per share, for consideration of \$300,000 (or \$0.02 per warrant share) payable as the Warrants vest. The warrants will vest as to 20% on the Effective Date, and as to 20% in annual installments thereafter until the Warrants are fully vested on the fourth anniversary of the Effective Date. <p>All in-kind assets would be subject to a third party valuation as of December 31, 2009 and a management representation from Signature regarding any subsequent material changes in value. In addition, to the extent that the effective date extends over 120 days from the original valuation, the third party valuation provider will produce an updated analysis for the period subsequent to yearend. All existing in-kind loan and lease net asset contributions would be reviewed and approved by a committee representing the interests of existing shareholders and creditors (the "Steering Committee") comprised of Seth Hamot and Jim McIntyre no later than January 31, 2010. Any future additions would be reviewed and approved by the Steering Committee prior to acquisition by Signature Affiliates.</p> <ul style="list-style-type: none"> The warrants to purchase 15 million shares of Common Stock of the Reorganized Debtor at an exercise price of \$1.03 per share have a term of ten years. Including the \$300,000 of consideration paid for the warrants themselves, the warrants represent an additional potential future equity infusion to the Reorganized Debtor of \$15.75 million. <p>With \$10 million in new equity capital and new management, new directors and a cohesive business plan, the Signature Plan provides the Reorganized Debtor with ample ability to satisfy all pre-petition claims and provides a solid, realistic foundation for building future value for Equity Holders and other constituents of the Debtor's Estate.</p> |
| 19 20 21 22 23 24 25 26 27 28 | <p>Signature Plan Proponents</p> <p>The Signature Plan Proponents are (i) The TOPrS Group (as defined below), (ii) James A. McIntyre, and (iii) Signature Group Holdings, LLC and certain affiliates (collectively, the "Proponents").</p> <p>The TOPrS Group consists of Seth Hamot, RRH Capital, LLC, Costa Brava Partners, Howard Amster.</p> <p>Mr. McIntyre is the former Chairman and retired as Chief Executive Officer of the Debtor in 2004.</p> <p>Signature Group Holdings, LLC is an established investment fund manager, with an experienced team and a proven investment track record in the special situations credit market since 2004.</p> <p>In October 2009, Signature Group Holdings, LLC presented a proposed plan of reorganization to the Debtor's legal and financial advisors and Executive Vice President. A copy of the presentation, due diligence and more recent financial information of the Debtor, updated to reflect certain changes to Signature's plan which are set forth in this Disclosure Statement, is attached as <u>Appendix 1</u>.</p> |

| | |
|---|---|
| <p>1 Business Plan for 2 Reorganized Debtor 3 (See Section IX.F.2.a, 4 beginning on page 84)</p> | <p>The Signature Plan will utilize the asset base of the current Fremont estate as a foundation for the creation of a broad based, high growth, and solidly profitable commercial finance platform oriented toward the “middle market” for corporate lending. Signature believes there is a particularly acute need for this type of financing under current market conditions, but it also believes that there is continuing opportunity in all markets. Signature has an established track record, market presence, and an experienced and accomplished team in this business line.</p> <p>Under Signature’s leadership, the Reorganized Debtor will originate, structure and manage a diversified portfolio of assets, including asset-backed commercial financings, special situations and distressed asset investments and other finance assets, which Signature expects will consist predominantly of commercial loans, but may also include leases and sale-leaseback transactions and control investments in operating companies.</p> |
| | <p>The assets underlying the portfolio in the Signature Plan are not securities; they are loans sourced through the Signature team’s proprietary network, individually structured based on the unique circumstances of the situation, diligenced and documented drawing on the significant breadth of experience of Signature and its team. Signature does not buy investments or assets off of trading desks or Bloomberg terminals. The Signature Plan is not predicated simply on exploiting - via open market purchase - distressed securities. Signature does not anticipate that the Reorganized Debtor will invest in, or own, significant amounts of publicly traded debt or equity that might cause it to register under the Investment Company Act of 1940.</p> <p>Signature’s strategic thrust will, instead, rely primarily on the very large market for the origination of corporate loans by leveraging its relationships with prospective borrowers and their advisors - relationships that have been built over years of serving this unique corporate market.</p> <p>Signature’s relationships and its well-established reputation have produced a strong pipeline of new investment opportunities. Therefore, Signature expects to be able to begin deploying capital into new investments immediately after the Effective Date. Moreover, because Signature’s current market activities have given it ample data, Signature expects that its investment return expectations as set forth in the Signature Plan and this Disclosure Statement may be somewhat conservative given Signature’s returns to date.</p> |
| <p>19 Management Team 20 (See section IX.F.4, 21 beginning on page 94)</p> | <p>Signature’s proposed management team and proposed Board of Directors for the Reorganized Debtor are a highly experienced and seasoned group of financial professionals who have operated very successfully within the middle-market commercial finance sector for decades. The Signature Plan management team, or CP Management, will be led by Craig Noell, Kyle Ross and Thomas Donatelli. Each is an accomplished corporate finance executive with extensive experience and an established record.</p> <p>Craig Noell brings 25 years experience in corporate finance, investing banking, and special situation investing with Goldman Sachs, Wells Fargo Foothill, Security Pacific, Barclays and Murphy Noell Capital</p> <p>Kyle Ross co-founded Signature and is responsible for the oversight of Signature’s underwriting and asset management activities.</p> <p>Thomas Donatelli has 20 years of experience in the financial services industry and is actively involved in the daily activities of Signature. His career includes roles in the M&A Department at Merrill Lynch, at Wertheim Schroder & Co. as head of “Special Situations” Equity Research, as a Managing Director of M&A at Donaldson, Lufkin & Jenrette, and as a Managing Director in the Mergers Group at Bank of America.</p> |

| | |
|---|---|
| | <p>In addition to Msrs. Noell, Ross and Donatelli, Signature has identified accomplished commercial finance industry executives based in Atlanta, Los Angeles, and New York who have indicated their interest in joining the management team. Upon a successful reorganization of the Debtor by Signature, the Proponents may offer employment to these executives.</p> |
| <p>Board of Directors of the Reorganized Debtor</p> <p>(See section IX.F.5, beginning on page 102)</p> | <p>The Reorganized Debtor would have a Board of Directors consisting of seven directors including four independent directors identified by Signature, and two directors nominated by the TOPrS Group, all of which shall be mutually acceptable to Signature, the TOPrS Group and Mr. McIntyre. A seventh director will be selected from the existing Equity Interest Holders. In addition, Msrs. Hochberg, Schwab, and Peiser are existing shareholders of the Debtor.</p> <p>Signature expects to recommend John Nickoll, Robert Peiser, Larry Hochberg and Robert Schwab as independent directors.</p> <p>John Nickoll has over 40 years experience in the commercial finance industry including over 30 years as founder and co-CEO of Foothill Group, Inc. (“FGI”), and remained CEO of all commercial finance lending operations, including Wells Fargo Foothill and Wells Fargo Business Credit</p> <p>Robert Peiser is currently Chairman and CEO of Omniflight, Inc., a Dallas-based, private helicopter air rescue company. He also served as CEO and Vice Chairman of Imperial Sugar Company, a Houston-based refiner and marketer of sugar products to retail, foodservice and industrial customers, and as executive vice president and chief financial officer of St. Louis-based Trans World Airlines, Inc., where he was widely credited with being the architect of its successful 1995 financial restructuring.</p> <p>Larry Hochberg has a career spanning 40 years in retail, business management and real estate investing. He was a pioneer of the “big box” category killer concept since the early sixties with two successful chains, Children’s Bargain Town and Sportmart, each of which ultimately merged with a competitor to form the dominant player in its industry.</p> <p>Robert Schwab is a successful entrepreneur with over 30 years of experience in business operations and management. He is the former owner and CEO of Schwab Sales, Inc., a heavy-duty construction equipment rental company that was sold to a DE Shaw affiliate for \$90 million in 2006.</p> <p>The TOPrS Group expects to recommend Howard Amster and Seth W. Hamot as independent directors.</p> <p>Howard Amster has over 40 years of business and investing experience including significant experience in real estate, securities industry, and financial services. He is a major investor in apartment properties. He is a member of the executive committee of Horizon Group Properties where he is also the largest shareholder. Horizon is an operator of over 10 shopping centers with over 2 million square feet. Amster is also a principal of Ramat Securities, Ltd and has served on multiple corporate boards including those of 4 financial institutions.</p> <p>Seth W. Hamot is the President at RRH Capital Management Inc. He is the General Partner at Costa Brava Partnership III L.P. Prior to 1997, Mr. Hamot was a Partner at the Actionvest entities. He is a Director, Interim Non-Executive Chairman, Member of Audit Committee, Member of Corporate Governance Committee, and Member of Nominating Committee at Bradley Pharmaceuticals Inc. Mr. Hamot is also a Director at Telos Corp.</p> |

PROCEDURAL INFORMATION

| | |
|---|---|
| Debtor | Fremont General Corporation, a Nevada corporation |
| Recommendation: | Signature Group Holdings, LLC, the TOPrS Group and James McIntyre recommend that you vote in favor of the Signature Group Holdings, LLC Chapter 11 Plan of Reorganization. |
| Vote Required to Accept the Signature Plan: | Acceptance of the Signature Plan requires the affirmative vote of: (1) two-thirds in amount and a majority in number of the Allowed Claims actually voted in each Class of Impaired Claims entitled to vote and, if applicable, (2) two-thirds in amount of the Allowed Interests actually voted in each Class of Impaired Interests entitled to vote. Only Entities holding Claims or Interests in Classes 3B, 3C, and 4 are impaired and entitled to vote. If any of these Classes rejects the Signature Plan, however, the Bankruptcy Court nevertheless may confirm the Signature Plan if the “cramdown” requirements of section 1129(b) of the Bankruptcy Code are satisfied with respect to any such Class. |
| Voting Information: | If you are entitled to vote, you should have received a ballot with this Disclosure Statement. After completing and signing your ballot, you should return it pursuant to the instructions set forth on your ballot. Ballots will be counted only if received by Kurtzman Carson Consultants LLC by no later than 5:00 p.m. Pacific Time on March 5, 2010. |
| Confirmation Hearing: | The Confirmation Hearing will be held on March 12, 2010 at 9:30 a.m. Pacific Time and March 19, 2010 at 9:30 a.m. Pacific Time. The Confirmation Hearing may be continued from time to time without further notice. |
| Treatment of Claims and Interests | The treatment that creditors and shareholders will receive if the Bankruptcy Court confirms the Signature Plan is set forth in the Signature Plan and summarized in this Disclosure Statement. The terms of the Signature Plan are controlling, and all creditors, shareholders and interested parties are urged to read the Signature Plan in its entirety. |
| The Effective Date: | The Effective Date of the Signature Plan will be the first Business Day on which all of the conditions set forth in the Signature Plan have been satisfied or waived in accordance with the Signature Plan. |
| Questions: | All inquiries about the Signature Plan and Disclosure Statement should be in writing and must be sent to: Manderson, Schafer & McKinlay LLP 4695 MacArthur Court, Suite 1270 Newport Beach, CA 92660 Facsimile: (949) 743-8310 |
| Important notice: | The Signature Plan, Disclosure Statement, and ballots contain important information that is not included in this summary. That information could materially affect your rights. You should therefore read the Signature Plan, disclosure statement, and ballots in their entirety. You also should consult with your legal and financial advisors before voting on the Signature Plan. |