

***In re* Fremont General Corporation Litigation**
PLAN OF ALLOCATION OF CLASS ACTION SETTLEMENT FUND

1. Capitalized terms used herein have the meanings ascribed to them in the Stipulation and Agreement of Settlement – ERISA Class Action (the “Settlement”) or in this Plan of Allocation.
2. “Allocation Administrator” means the third-party vendor, designated by Class Counsel, who will implement the Plan of Allocation.
3. The “Plans” are the Fremont General Corporation and Affiliated Companies Investment Incentive Plan, as amended through Mar. 19, 2007, and the Fremont General Corporation Employee Stock Ownership Plan, effective Jan. 1, 2000.

A. Amount to Be Distributed

The Net Settlement Fund, which is described in Paragraph 3.5 of the Settlement, will be allocated among all eligible Class Members pursuant to the method described below. The Net Settlement Fund is derived by deducting from the Gross Settlement Fund (described in Paragraph 3.3 of the Settlement) the disbursements described in the Settlement at Paragraphs 3.5, 3.6, 4.2, 4.3, 4.6.2, 5.1, and 5.2 as approved by the Court. Those disbursements include (a) the costs of administering the Settlement including the costs of the Notice and Summary Notice, (b) attorneys’ fees and case contribution awards, and (c) taxes that the Gross Settlement Fund may be subject to.

B. Calculation of Each Class Members’ Share of the Net Settlement Fund

Each Class Member’s share of the Net Settlement Fund will be calculated as follows:

- (i) Each Class Member’s “Net Loss” due to Plan investments in Fremont stock will be calculated according to the formula **A + B – C – D** where:

A = the dollar amount of each Class Member's Plan account balance(s) invested in Fremont stock at the beginning of the Class Period;

B = the dollar amount added to each Class Member's Plan account balance(s) invested in Fremont stock during the Class Period;

C = the dollar amount credited to the Class Member's Plan account balance(s) resulting from dispositions of Fremont stock during the Class Period; and

D = the dollar amount of each Class Member's Plan account balance(s) invested in Fremont stock immediately after the end of the Class Period.

- (ii) If $A + B - C - D$ is less than zero for a given Class Member, such Class Member's Net Loss will be zero.
- (iii) If data is not available to determine the account balances of Class Members at the beginning or end of the Class Period, then data from the nearest available date will be used.
- (iv) The Net Losses of the Class Members will be aggregated. Each Class Member will be assigned a Net Loss Percentage, reflecting the percentage of the Class Member's loss in relation to the aggregate losses. Each Class Member's share of the Net Settlement Fund will be equal to the Net Settlement Fund multiplied by the Class Member's Net Loss Percentage. This calculation will be called for each Class Member the "Preliminary Dollar Recovery."
- (v) The Allocation Administrator shall identify all Class Members whose Preliminary Dollar Recovery is less than twenty-five dollars (\$25.00), called the "De Minimis Amount." All such Class Members, if any, shall receive an allocation of zero from the Net Settlement Fund and

the Preliminary Dollar Recovery otherwise attributable to such Class Members shall be reallocated among the other Class Members proportionately in accordance with their Net Losses (the “Reallocation”).

- (vi) The Allocation Administrator shall then, taking into account the Reallocation (if applicable), recalculate the Final Dollar Recovery for each Class Member. If there is no Reallocation, the Preliminary Dollar Recovery for each Class Member shall also be their Final Dollar Recovery. The sum of the Final Dollar Recoveries must equal the Net Settlement Fund.
- (vii) To the maximum extent allowable by law, each Class Member’s Final Dollar Recovery is intended to be treated as a qualified retirement tax distribution pursuant to ERISA and the Internal Revenue Code.

C. Distribution of the Final Dollar Recoveries

1. Payments to Class Members: The Gross Settlement Fund is currently held in an interest-bearing account. As soon as practicable after calculating the Final Dollar Recoveries, the Allocation Administrator shall cause the mailing of checks from the interest-bearing account, in the amount of each Class Member’s Final Dollar Recovery, to each Class Member using address data obtained for purposes of administering the Notice.

2. Undeliverable and Unclaimed Amounts: The Allocation Administrator shall make reasonable efforts to determine a proper address for suitable delivery with respect to distributions that are returned as undeliverable mail. After the passage of one full calendar year from the distribution of the initial payments pursuant to this Plan of Allocation, Class Counsel shall determine the aggregate value, if any, of undeliverable, unclaimed, and/or forfeited distributions under this Plan of Allocation, and shall, within sixty (60) days thereafter, make a

motion to the Court for approval for final distribution of any such amount. Such a proposal would include a redistribution to Class Members if economically practicable, escheat of the forfeited funds to the state, or any other means approved by the Court.

D. IRS Tax Refund

Should the Settlement Fund receive any tax refund from the Internal Revenue Service, and if the calculations described above in Section B have not yet occurred, then such refund(s) shall be included in the Net Settlement Fund. If the calculations described above in Section B have already occurred, then such refund(s) shall be treated as an unclaimed amount, and treated as an unclaimed amount pursuant to Section C.2 above.

E. Continuing Jurisdiction

The Court will retain jurisdiction over the Plan of Allocation to the extent necessary to ensure that it is fully and fairly implemented.