

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 07/31/2009	
A	This return/report is for: <div><div>☐ a multiemployer plan;</div><div>☒ a single-employer plan;</div><div>☐ a multiple-employer plan; or</div><div>☐ a DFE (specify) ____</div></div>
B	This return/report is: <div><div>☐ the first return/report;</div><div>☒ the final return/report;</div><div>☐ an amended return/report;</div><div>☒ a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div><div>☐ Form 5558;</div><div>☐ automatic extension;</div><div>☐ the DFVC program;</div><div>☐ special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information	
1a	Name of plan FREMONT GENERAL CORPORATION AND AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN	1b Three-digit plan number (PN) ▶ 003
		1c Effective date of plan 02/01/1986
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) FREMONT GENERAL CORPORATION 175 N. RIVERVIEW DRIVE ANAHEIM, CA 92808	2b Employer Identification Number (EIN) 95-2815260 2c Sponsor's telephone number 714-283-6565 2d Business code (see instructions) 522110

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	01/27/2010	RICHARD SANCHEZ
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")

FREMONT GENERAL CORPORATION

175 N. RIVERVIEW DRIVE
ANAHEIM, CA 92808**3b** Administrator's EIN

95-2815260

3c Administrator's telephone number

714-283-6565

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:**a** Sponsor's name**4b** EIN**4c** PN**5** Total number of participants at the beginning of the plan year**5**

842

6 Number of participants as of the end of the plan year (welfare plans complete only lines **6a**, **6b**, **6c**, and **6d**).**a** Active participants.....**6a**

0

b Retired or separated participants receiving benefits.....**6b**

0

c Other retired or separated participants entitled to future benefits.....**6c**

0

d Subtotal. Add lines **6a**, **6b**, and **6c**.....**6d**

0

e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....**6e**

0

f Total. Add lines **6d** and **6e**.....**6f**

0

g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....**6g**

0

h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....**6h**

0

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)**7****8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2F 2G 2J 2K 3H 2E

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:**9a** Plan funding arrangement (check all that apply)(1) ☐

Insurance

(2) ☐

Code section 412(e)(3) insurance contracts

(3) ☒

Trust

(4) ☐

General assets of the sponsor

9b Plan benefit arrangement (check all that apply)(1) ☐

Insurance

(2) ☐

Code section 412(e)(3) insurance contracts

(3) ☒

Trust

(4) ☐

General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)**a Pension Schedules**(1) ☒**R** (Retirement Plan Information)(2) ☐**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary(3) ☐**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary**b General Schedules**(1) ☒**H** (Financial Information)(2) ☐**I** (Financial Information - Small Plan)(3) ☐**A** (Insurance Information)(4) ☐**C** (Service Provider Information)(5) ☒**D** (DFE/Participating Plan Information)(6) ☐**G** (Financial Transaction Schedules)

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 07/31/2009		
A Name of plan FREMONT GENERAL CORPORATION AND AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN	B Three-digit plan number (PN) ►	003
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 FREMONT GENERAL CORPORATION	D Employer Identification Number (EIN) 95-2815260	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)		
a Name of MTIA, CCT, PSA, or 103-12 IE: ML RETIREMENT PRESERVATION TRUST			
b Name of sponsor of entity listed in (a): MERRILL LYNCH BANK & TRUST CO., FSB			
c EIN-PN 22-6484011-001	d Entity code C	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 0	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	
a Name of MTIA, CCT, PSA, or 103-12 IE:			
b Name of sponsor of entity listed in (a):			
c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)	

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning <u>01/01/2009</u> and ending <u>07/31/2009</u>		
A Name of plan <u>FREMONT GENERAL CORPORATION AND AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN</u>	B Three-digit plan number (PN) ►	<u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>FREMONT GENERAL CORPORATION</u>	D Employer Identification Number (EIN) <u>95-2815260</u>	

Part I	Asset and Liability Statement
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1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	0	0
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	1000216	0
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	0	0
(2) U.S. Government securities.....	1c(2)	0	0
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		0
(B) All other.....	1c(3)(B)	0	0
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	0	0
(B) Common	1c(4)(B)	0	0
(5) Partnership/joint venture interests	1c(5)	0	0
(6) Real estate (other than employer real property)	1c(6)	0	0
(7) Loans (other than to participants)	1c(7)	0	0
(8) Participant loans	1c(8)	233456	0
(9) Value of interest in common/collective trusts.....	1c(9)	9568160	0
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	17120035	0
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	0	0

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	32230	0
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	27954097	0

Liabilities

g Benefit claims payable	1g	1860972	0
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	1860972	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	26093125	0
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income**a Contributions:**

		(a) Amount	(b) Total
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	0	
(B) Participants	2a(1)(B)	0	
(C) Others (including rollovers)	2a(1)(C)	0	
(2) Noncash contributions	2a(2)	0	
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		0

b Earnings on investments:**(1) Interest:**

(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	-39436	
(B) U.S. Government securities	2b(1)(B)	0	
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)	3259	
(F) Other	2b(1)(F)	0	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		-36177
(2) Dividends: (A) Preferred stock	2b(2)(A)	0	
(B) Common stock	2b(2)(B)	0	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	42180	
(B) Aggregate carrying amount (see instructions)	2b(4)(B)	25457	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		16723

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	7484	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		7484
(6) Net investment gain (loss) from common/collective trusts	2b(6)		1604740
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		0
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-430581
c Other income.....	2c		-63
d Total income. Add all income amounts in column (b) and enter total.....	2d		1162126

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	27052061	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)	0	
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		27052061
f Corrective distributions (see instructions)	2f		0
g Certain deemed distributions of participant loans (see instructions).....	2g		202870
h Interest expense.....	2h		0
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	320	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		320
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		27255251

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-26093125
l Transfers of assets:			
(1) To this plan.....	2l(1)		0
(2) From this plan	2l(2)		0

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: SQUAR, MILNER, PETERSON, MIRANDA

(2) EIN: 33-0835986

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		45000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....	X		
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☒ Yes ☐ No Amount: 0

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 07/31/2009

A Name of plan <u>FREMONT GENERAL CORPORATION AND AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN</u>	B Three-digit plan number (PN) ▶ <u>003</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>FREMONT GENERAL CORPORATION</u>	D Employer Identification Number (EIN) <u>95-2815260</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>22-3513863</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
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4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____	If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☐ N/A

Part III	Amendments
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9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
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Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
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10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Fremont General Corporation and
Affiliated Companies Investment Incentive Plan

We have audited the accompanying statements of net assets available for benefits of the Fremont General Corporation and Affiliated Companies Investment Incentive Plan (the “Plan”) as of July 31, 2009 and December 31, 2008, and the related statements of changes in net assets available for benefits for the period from January 1, 2009 to July 31, 2009 and the year ended December 31, 2008. These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan’s management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 7, the Plan’s sponsor, Fremont General Corporation (“FGC”), filed under Chapter 11 of the United States Bankruptcy Code on June 18, 2008 in the United States Bankruptcy Court for the Central District of California, Santa Ana Division. Bankruptcy does not affect the status of the Plan. The assets of the Plan are held in trust for the benefit of Plan participants and beneficiaries. Plan assets are not part of FGC’s bankruptcy estate and are not subject to the claims of FGC creditors. However, as discussed in Note 1 to the financial statements, the Board of Directors of FGC, the Plan’s sponsor, voted on November 24, 2008 to terminate the Plan effective December 31, 2008, and all distributions related to the Plan termination were completed as of July 31, 2009. In accordance with accounting principles generally accepted in the United States of America, the Plan changed its basis of accounting from the ongoing plan basis to the liquidation basis used in presenting the 2009 and 2008 financial statements.

SQUAR, MILNER, PETERSON, MIRANDA & WILLIAMSON, LLP
Certified Public Accountants & Financial Advisors, Serving Clients Since 1954

4100 Newport Place Drive, Third Floor | Newport Beach, CA 92660 Tel: 949-222-2999 | Fax: 949-222-2989

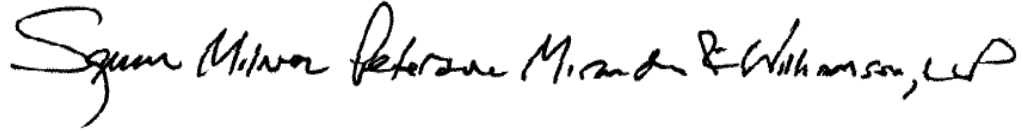
Los Angeles

Newport Beach

San Diego

Cayman Islands

In our opinion, the financial statements referred to above present fairly, in all material aspects, the net assets available for benefits of the Plan as of July 31, 2009 and December 31, 2008, and the changes in net assets available for benefits for the period January 1, 2009 to July 31, 2009 and the year ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, reading "Susan Milner Peterson Miranda & Williamson, LLP". The signature is written in a cursive, flowing style.

Newport Beach, California
January 20, 2010

**FREMONT GENERAL CORPORATION
AND AFFILIATED COMPANIES
INVESTMENT INCENTIVE PLAN**

FINANCIAL STATEMENTS

July 31, 2009 and December 31, 2008

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Fremont General Corporation and
Affiliated Companies Investment Incentive Plan

We have audited the accompanying statements of net assets available for benefits of the Fremont General Corporation and Affiliated Companies Investment Incentive Plan (the “Plan”) as of July 31, 2009 and December 31, 2008, and the related statements of changes in net assets available for benefits for the period from January 1, 2009 to July 31, 2009 and the year ended December 31, 2008. These financial statements are the responsibility of the Plan’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Plan’s management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 7, the Plan’s sponsor, Fremont General Corporation (“FGC”), filed under Chapter 11 of the United States Bankruptcy Code on June 18, 2008 in the United States Bankruptcy Court for the Central District of California, Santa Ana Division. Bankruptcy does not affect the status of the Plan. The assets of the Plan are held in trust for the benefit of Plan participants and beneficiaries. Plan assets are not part of FGC’s bankruptcy estate and are not subject to the claims of FGC creditors. However, as discussed in Note 1 to the financial statements, the Board of Directors of FGC, the Plan’s sponsor, voted on November 24, 2008 to terminate the Plan effective December 31, 2008, and all distributions related to the Plan termination were completed as of July 31, 2009. In accordance with accounting principles generally accepted in the United States of America, the Plan changed its basis of accounting from the ongoing plan basis to the liquidation basis used in presenting the 2009 and 2008 financial statements.

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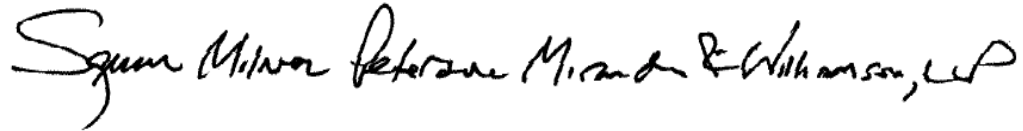
Los Angeles

Newport Beach

San Diego

Cayman Islands

In our opinion, the financial statements referred to above present fairly, in all material aspects, the net assets available for benefits of the Plan as of July 31, 2009 and December 31, 2008, and the changes in net assets available for benefits for the period January 1, 2009 to July 31, 2009 and the year ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Susan Milner Peterson Miranda & Williamson, LLP". The signature is written in a cursive, flowing style.

Newport Beach, California
January 20, 2010

**FREMONT GENERAL CORPORATION AND
AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
As of July 31, 2009 and December 31, 2008 (Liquidation Basis)**

	<u>July 31 2009</u>	<u>December 31, 2008</u>
Assets		
Investments, at fair value	\$ —	\$ 26,953,880
Interest receivable	—	39,435
Other assets	—	960,781
	<u>—</u>	<u>27,954,096</u>
Liabilities		
Corrective distributions payable	—	153,112
	<u>—</u>	<u>27,800,984</u>
Net assets available for benefits at fair value	—	27,800,984
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	—	1,544,686
	<u>—</u>	<u>1,544,686</u>
Net assets available for plan benefits	<u><u>\$ —</u></u>	<u><u>\$ 29,345,670</u></u>

**FREMONT GENERAL CORPORATION AND
AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
For the Period from January 1, 2009 to July 31, 2009 and
For the Year Ended December 31, 2008 (Liquidation Basis)**

	July 31 2009	December 31, 2008
ADDITIONS TO NET ASSETS AVAILABLE FOR BENEFITS		
Interest and dividend income	\$ 65,084	\$ 1,556,291
	<u>65,084</u>	<u>1,556,291</u>
Contributions		
Employer	—	866,440
Participant	—	1,891,346
	<u>—</u>	<u>2,757,786</u>
Total additions	<u>65,084</u>	<u>4,314,077</u>
DEDUCTIONS FROM NET ASSETS AVAILABLE FOR BENEFITS		
Net depreciation in fair value of investments	(449,887)	(18,214,079)
Benefits paid to participants	<u>(28,960,867)</u>	<u>(37,548,836)</u>
Total deductions	<u>(29,410,754)</u>	<u>(55,762,915)</u>
NET DECREASE IN NET ASSETS AVAILABLE FOR BENEFITS	(29,345,670)	(51,448,838)
NET ASSETS AVAILABLE FOR BENEFITS, beginning of year	<u>29,345,670</u>	<u>80,794,508</u>
NET ASSETS AVAILABLE FOR BENEFITS, end of year	<u>\$ —</u>	<u>\$ 29,345,670</u>

**FREMONT GENERAL CORPORATION AND
AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN
NOTES TO FINANCIAL STATEMENTS
July 31, 2009 and December 31, 2008**

1. DESCRIPTION OF PLAN

Plan Termination

Effective December 31, 2008, the Board of Directors and the Company terminated the Fremont General Corporation and Affiliated Companies Investment Incentive Plan (the "Plan"). Participant accounts were fully distributed by May 6, 2009. All distributions related to the Plan termination were completed as of July 31, 2009.

General

As noted above, the Plan has been terminated, however, the following is a description of the Plan. This description provides only general information and reference should be made to the Plan document for a more complete description of the Plan's provisions. In the case of any inconsistency between this document and the Plan document, the Plan document shall prevail.

The Plan is a defined contribution 401(k) plan that commenced on February 1, 1986, and covers eligible employees of Fremont General Corporation ("FGC") and participating subsidiaries (collectively, the "Company"). An eligible employee who is employed by the Company may elect to make salary deferral 401(k) contributions as soon as administratively feasible following his or her employment date.

Contributions

Employees may elect to have up to 15% of their eligible compensation, as defined, deferred, and deposited with the plan trustee, which will invest the money at the employee's discretion among a variety of investment funds, including FGC's common stock. Effective May 1, 2008, the Plan was amended to prospectively eliminate the acquisition of FGC common stock as an investment option. Employee contributions are matched by the Company at the rate of one dollar for every dollar contributed up to 6% of eligible compensation permitted under the Internal Revenue Code (the "Code"). Effective February 3, 2008, employee contributions are matched by the Company at the rate of fifty cents for every dollar contributed up to 6% of eligible compensation permitted under the Code. The Company may make additional contributions at its discretion. Company contributions during 2008 to eligible employee participants were in cash. There were no contributions during 2009. Prior to February 3, 2008, Company contributions to eligible employee participants were in shares of FGC common stock and cash. Employees have discretion to diversify out of FGC common stock after the Company's contribution has been allocated into participants' accounts. All employee contributions are 100% vested. The Plan provides that for any participant who is an employee on or after January 1, 2003, the participant's interest in his or her matching contributions accounts is 100% vested. Active employees may receive a distribution from

**FREMONT GENERAL CORPORATION AND
AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN
NOTES TO FINANCIAL STATEMENTS
July 31, 2009 and December 31, 2008**

1. DESCRIPTION OF PLAN (continued)

Contributions (continued)

his or her account after attaining age 59½ or pursuant to a hardship. Otherwise, distribution is available following a participant's retirement, termination of employment or death. Shares of FGC's common stock held in the Plan and allocated to participants' accounts are voted by the Plan's Trustee upon instructions from the participants.

Participant Accounts

Each participant's account is credited with the participant's contributions and allocations of (a) the Company's contributions and (b) Plan earnings or losses. Allocations are based on participants' contributions and eligible compensation or, in the case of investment earnings or losses, account balances. Forfeited balances of nonvested accounts are applied towards restoring reinstated accounts, the Company's matching contributions in future periods, or administrative expenses.

Vesting

Participants' salary deferral 401(k) contributions and allocated earnings or losses thereon are 100% vested at all times. Company matching and discretionary contributions became fully vested to participants that were active employees on or after January 1, 2003. Different vesting rules may apply to participants who terminated employment with the Company before January 1, 2003.

Distributions

Distributions of account balances may be made to participants under the following circumstances: termination of employment, attainment of age 59½, retirement, as required for minimum distribution or pursuant to court order, or, to the designated beneficiary following a participant's death. Participants may make withdrawals from their account balances in the event of hardship for the following circumstances: expenses to avoid eviction or foreclosure of their principal residence, extraordinary uninsured medical expenses for the participants or their dependents, tuition and related educational expenses for post-secondary education for the following 12 months for the participants or their dependents, costs relating to the purchase of a principal residence, burial or funeral expenses for certain dependents and expenses for the repair of damage to participants' principal residence. Participants may also take withdrawals from the portion for their account attributable to rollovers.

**FREMONT GENERAL CORPORATION AND
AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN
NOTES TO FINANCIAL STATEMENTS
July 31, 2009 and December 31, 2008**

1. DESCRIPTION OF PLAN (continued)

Participants' Loans

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50 percent of their account balance based on the value at the close of business of the prior day, whichever is less. The loans are secured by the balance in the participant's account and interest is fixed for the term of the loan. An approved loan must be repaid fully within a minimum of 12 months to a maximum of 60 months. Repayments are made ratably through payroll deductions. A loan-processing fee of \$40 is deducted directly from the paycheck in which the first loan repayment is made. Loan balances as of December 31, 2008 had interest rates ranging from 6 percent to 10.25 percent and mature through 2013.

Effective December 31, 2008, the Plan was terminated. All participant loan balances were included in the respective participant distributions. All participant accounts in the Plan were fully distributed by May 6, 2009.

Amendment

Effective May 1, 2008, the Plan was amended to prospectively eliminate the acquisition of FGC common stock as an investment option.

2. SUMMARY OF ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are presented on the liquidation basis of accounting.

Use of Estimates

The preparation of the Plan's financial statements requires management to make estimates and assumptions that affect the reported amounts and balances in the financial statements and accompanying notes. Actual results could differ from those estimates.

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Company Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans (the "FSP"), investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement for that portion of the net assets available for benefits of a defined contributions plan attributable to full benefit-

**FREMONT GENERAL CORPORATION AND
AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN
NOTES TO FINANCIAL STATEMENTS
July 31, 2009 and December 31, 2008**

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Use of Estimates (continued)

responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. As required by the FSP, the Statement of Net Assets Available for Benefits presents the fair value of the investment contracts, as well as the adjustment of the full benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Valuation of Investments

Investments are valued in accordance with Financial Accounting Standards Board Statement No. 157, *Fair Value Measurements* ("SFAS 157"). SFAS 157 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy under SFAS 157 are as follows:

Level 1 – Observable inputs including unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 – Other observable inputs including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Unobservable inputs based on the best information available in the circumstance, to the extent observable inputs are not available (including the Plan's own assumptions used in determining the fair value of investments).

The following is a description of the valuation methodologies used for assets measured at fair value as of December 31, 2008:

FGC common stock: Valued at the composite closing price as reported on the Pink Sheets and is classified as a Level 1 investment. The closing price of FGC common stock was \$0.05 per share at December 31, 2008. Effective April 17, 2008, FGC common stock was delisted from the New York Stock Exchange. FGC Common is currently eligible for quotation on the Pink Sheets under the trading symbol of "FMNTQ".

**FREMONT GENERAL CORPORATION AND
AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN
NOTES TO FINANCIAL STATEMENTS
July 31, 2009 and December 31, 2008**

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Valuation of Investments (continued)

Registered investment companies (mutual funds): The shares of registered investment companies are valued at quoted market prices in an exchange and active market, which represent asset values of shares held by the Plan at year-end and are classified as Level 1 investments.

Participant loans: Valued at the outstanding principal balance, which approximates fair value, and are classified as a Level 3 investment.

Common/collective trust funds ("CCTs"): CCT's are composed of Guaranteed Investment Contracts ("GICs") which include traditional GICs (issued by an insurance company and relying on the credit worthiness of the separate account) and Synthetic GICs, which are a combination of a portfolio of securities plus a wrapper contract (guarantee) issued by a financially responsible third party. The funds are fully benefit-responsive. Synthetic GIC wrapper values were determined by the difference between the sum of the present values of wrap fees based on replacement costs received from the wrap providers at the statement date and the sum of present values of wrap fees based on actual fees at the beginning of the year. Wrapper values are classified as a Level 3 investment. Underlying investment values held within the GICs were determined by a combination of the market quotations, pricing matrixes, market transactions in comparable investments, and are classified as a Level 2 investment.

Investment Income

Realized investment gains and losses are determined using the specific-identification basis.

Income Tax Status

The Plan received a determination letter from the Internal Revenue Service dated January 8, 2002, stating that the Plan is qualified, in form, under Section 401(a) of the Code and, therefore, the related trust is exempt from taxation. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Plan was amended subsequent to receiving the determination letter. The Plan Administrator believes that the Plan has been operated in compliance with the applicable requirements of the Code, and therefore, believes that the Plan is qualified and the related trust is tax-exempt.

Expenses

Administrative expenses of the Plan are paid by the Company, or from forfeitures. The Plan utilizes office space provided by the Company for which it pays no rent.

**FREMONT GENERAL CORPORATION AND
AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN
NOTES TO FINANCIAL STATEMENTS
July 31, 2009 and December 31, 2008**

2. SUMMARY OF ACCOUNTING POLICIES (continued)

Benefit Payments

Benefit distributions to participants are recorded in the period in which the distributions are paid. Distributions payable as of July 31, 2009 and December 31, 2008 were zero and \$1,860,971, respectively.

Forfeitures

The balance of amounts forfeited by nonvested accounts of inactive participants as of July 31, 2009 and December 31, 2008 was zero and \$113,569, respectively. These forfeitures were applied towards employer matching contributions in remaining future periods, plan expenses and to the extent any forfeitures remained after such applications, they were allocated to the account balances of eligible employees. Effective December 31, 2008, the Plan was terminated and participant accounts were fully distributed by May 6, 2009. All distributions related to the Plan termination were completed as of July 31, 2009. See also Note 4 below.

Risks and Uncertainties

The Plan provides for various investment options in any combination of FGC common stock and mutual funds that are comprised of a combination of stocks, bonds, fixed incomes securities and other investment securities. These underlying investments of mutual funds are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with such underlying investments noted above, it is at least reasonably possible that changes in values of such investments will occur in the near term and that changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

As described above, the methods used by the Plan to determine fair value may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting dates.

**FREMONT GENERAL CORPORATION AND
AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN
NOTES TO FINANCIAL STATEMENTS
July 31, 2009 and December 31, 2008**

3. INVESTMENTS

All assets of the Plan were held in trust by Merrill Lynch Bank & Trust Company, FSB (“Merrill Lynch”). Effective December 31, 2008, the Plan was terminated and participant accounts were fully distributed by May 6, 2009. By July 31, 2009, all distributions related to the Plan were completed. Therefore, as of July 31, 2009, the fair value of assets in the Plan was zero.

The following is a reconciliation of investments for unobservable inputs (Level 3) used in determining fair value for the period ended July 31, 2009:

	Participant Loans	Common/ Collective Trust Wrapper Contracts
Balance, December 31, 2008	\$ 233,456	\$ 37,271
Purchases, issuances, settlements and other, net	–	(37,271)
Transfers out	(233,456)	–
Balance, July 31, 2009	<u>\$ –</u>	<u>\$ –</u>

Investments that represent 5% or more of the fair value of the Plan’s assets at December 31, 2008 are as follows:

	December 31, 2008	Percent of Total
Merrill Lynch Retirement Preservation Fund	\$ 9,568,160	35.5%
Blackrock Fundamental Growth Fund	\$ 2,261,433	8.4%
Blackrock Basic Value Fund	\$ 2,224,111	8.3%
Blackrock Global Allocation Fund	\$ 2,923,007	10.8%
Blackrock S&P Index Fund	\$ 1,668,880	6.2%
Blackrock Total Return Portfolio Fund	\$ 2,382,768	8.8%

At December 31, 2008, the Plan offered the Merrill Lynch Retirement Preservation Fund, a CCT with fully benefit-responsive investment contracts, as an investment option to Plan participants. As of December 31, 2008, the Plan’s participants had \$11,112,845 invested in this CCT fund. Contributions were maintained in a general account. The account was credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The CCT is included in the financial statements at fair value as reported to the Plan by Merrill Lynch as of December 31, 2008. Contract

**FREMONT GENERAL CORPORATION AND
AFFILIATED COMPANIES INVESTMENT INCENTIVE PLAN
NOTES TO FINANCIAL STATEMENTS
July 31, 2009 and December 31, 2008**

3. INVESTMENTS (continued)

value represents contributions made to the CCT fund, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all, or a portion, of their investment at contract value. The fair value of this CCT as of December 31, 2008 was \$9,568,160.

There are no reserves against contract value for credit risk. The average yield and crediting interest rates were approximately 0.86% and 4.10% for 2009 and 2008, respectively. The crediting interest rate is determined on a monthly basis by an actuarial formula, as designated by Merrill Lynch. Investment income from this fund was \$62,165 and \$650,921 for the period ended July 31, 2009 and the year ended December 31, 2008, respectively.

4. MISALLOCATION OF FORFEITED BALANCES

During the period ended July 31, 2009, forfeitures relating to corrective distributions were improperly allocated amongst several participants of the Plan. The improper allocation has no net impact on the financial statements of the Plan. Subsequent to July 31, 2009, the Plan corrected the improper allocation to the participants in a manner that put the Plan and participants in the position that they would have been in had the misallocation not occurred.

5. RELATED PARTY TRANSACTIONS

Certain Plan investments are units of mutual funds and CCT funds managed by Merrill Lynch, the trustee as defined by the Plan. Participants also had the options to invest in FGC common stock. At the Company's discretion, the investments in FGC common stock was permitted to be funded from the Company's employee benefits trust that is also maintained with Merrill Lynch. These transactions qualify as party-in-interest transactions. Effective May 1, 2008 the plan was amended to prospectively eliminate the acquisition of FGC common stock as an authorized investment option.

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6. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following reconciles net assets available for benefits per the financial statements to Form 5500 as filed with the Department of Labor:

	<u>July 31, 2009</u>	<u>December 31, 2008</u>
Net assets available for benefits per the financial statements	\$ —	\$ 29,345,670
Add: corrective distributions payable not included in Form 5500	—	153,112
Less: Adjustment from fair value to contract value for fully benefit responsive investment contracts	—	(1,544,686)
Less: benefit payable to participants not included in financial statements	<u>—</u>	<u>(1,860,971)</u>
Net assets available for benefits per Form 5500	<u>\$ —</u>	<u>\$ 26,093,125</u>

7. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

ERISA Class Action

In April through June of 2007, six complaints seeking class certification were filed in the United States District Court for the Central District of California against the Company and various officers, directors and employees by participants in the Company's Plan and Fremont General Corporation Employee Stock Ownership Plan ("ESOP") (collectively "the Plans") alleging violations of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") in connection with Company stock held by the Plans.

On October 25, 2007, the six complaints were consolidated in a single proceeding alleging that since January 1, 2005, the defendants breached their fiduciary duties by allowing plan participants to continue to invest in Company stock and by matching in Company stock. On December 10, 2007, the defendants filed their Motion to Dismiss. On May 29, 2008, the Court denied the motion.

Effective May 1, 2008 the Board of Directors and the Company terminated the ESOP and effective December 31, 2008 the Plan was terminated. On June 18, 2008, FGC filed a voluntary petition (the "Bankruptcy Filing") under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Central District of California, Santa Ana Division (the "Bankruptcy Court"). The bankruptcy case is being

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7. COMMITMENTS AND CONTINGENCIES (continued)

***Legal Proceedings* (continued)**

ERISA Class Action (continued)

administered in the Bankruptcy Court under the caption “In re Fremont General Corporation, a Nevada corporation, Case No. 8:08-bk-13421”. Based upon the filing of the bankruptcy case, the U.S. District Court imposed a stay which was entered on June 30, 2008. However, the Bankruptcy Filing by FGC did not impact the status of the Plan or the distribution of participant’s accounts from the ESOP, which was completed by July 31, 2008. Thereafter, plaintiff’s counsel in the ERISA class action filed a motion to lift the stay, which motion was subsequently amended on February 3, 2009. On March 12, 2009 the Bankruptcy Court issued an order granting the motion to lift stay as to the remaining defendants (the stay imposed by the Bankruptcy Court was not lifted as to FGC) but was vacated as to the other named defendants in the action; i.e., Wayne Bailey, Thomas W. Hayes, Robert F. Lewis, Russell K. Mayerfield, James A. McIntyre, Raymond G. Meyers, Louis J. Rampino, Patrick E. Lamb, and Dickinson C. Ross, who served as FGC’s former directors and/or officers.

On April 1, 2009, a purported class action complaint was filed on behalf of current and former employees of FGC who participated in the Plan, and the ESOP. Plaintiffs’ have brought claims against the Plans’ fiduciaries for violations of their fiduciary duties under ERISA, 29 U.S.C. Section 1132. The complaint as filed names as defendants; Richard Wallace, Raymond G. Meyers, James A. McIntyre, Wayne R. Bailey, Patrick E. Lamb, Louis J. Rampino, Robert F. Lewis, Russell K. Mayerfield, Thomas W. Hayes, Dickinson C. Ross, The Fremont General Corporation and Affiliated Companies Investment Incentive Plan Committee, and the Fremont General Employee Stock Ownership Plan Committee. On July 30, 2009, the Bankruptcy Court granted a stipulation for consolidation of this complaint with the other ERISA complaints. Thereafter, a Motion for Class Certification was filed and was scheduled to be heard on February 1, 2010. However all parties subsequently agreed to postpone this hearing to a future date to be determined.

Department of Labor Review

On January 31, 2008, the U.S. Department of Labor (the “DOL”) notified the Company that the Plan had been selected for limited review. The DOL review included on-site examination of selected plan records for the period January 1, 2004 through the present date, an interview with the Plan Administrators, and a review of FGC activities as they affect the Plan. The Company has fully cooperated with all requests from the DOL. Although the review has not officially concluded, the Company has not been notified with regard to any issues of noncompliance.

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8. OTHER EVENTS

Fremont Investment & Loan Sale of Assets and Deposits to CapitalSource

On April 13, 2008, FGC and its respective direct and indirect wholly-owned subsidiaries, Fremont General Credit Corporation, a California corporation, and Fremont Investment & Loan, a California industrial bank (“FIL”), entered into a Purchase and Assumption Agreement (the “Agreement”) with CapitalSource TRS Inc. (the Purchaser”), a wholly-owned subsidiary of CapitalSource, Inc. (“CapitalSource”) and, for limited reasons described in the Agreement, CapitalSource. The Agreement provided for the purchase of substantially all of FIL’s assets, which assets include FIL’s participation interest in certain previously sold commercial real estate loans and all of FIL’s branches, as well as the assumption of all of the FIL’s deposits, by a California industrial bank and indirect wholly-owned subsidiary of CapitalSource. Following the receipt of approvals from the Federal Deposit Insurance Corporation, California Department of Financial Institutions and the Bankruptcy Court, the transaction closed on July 25, 2008 and FIL ceased operating as a California industrial bank. Effective July 30, 2008, FIL amended its articles of incorporation to (1) change the name of Fremont Investment & Loan to Fremont Reorganizing Corporation and (2) convert the corporate purpose to that of a nonbank corporation to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of California.

Fremont General Bankruptcy Filing

As discussed in Note 7, on June 18, 2008, FGC filed the Bankruptcy Filing under Chapter 11 of the United States Bankruptcy Code in the Bankruptcy Court. The bankruptcy case is being administered in the Bankruptcy Court under the caption “In re Fremont General Corporation, a Nevada corporation, Case No. 8:08-bk-13421.” FGC continues to operate its business as “debtor-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code and orders of the Bankruptcy Court. The Bankruptcy Filing did not impact the status of the Plan. The assets of the Plan are held in trust for the benefit of Plan participants and beneficiaries. Plan assets are not part of FGC’s bankruptcy estate and are not subject to the claims of FGC creditors.