FREMONT GENERAL CORPORATION

GUIDELINES ON SIGNIFICANT GOVERNANCE ISSUES

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TABLE OF CONTENTS

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Mission of the Board of Directors. The responsibility of the Company's Board of Directors (the "Board") is to review and regularly monitor the effectiveness of the Company's fundamental operating, financial and other business plans, policies and decisions, including the execution of its strategies and objectives. The Board will seek to enhance stockholder value over the long term.

The Board believes that its objectives will be best served by following the fundamental corporate governance principles described in this document and the charters of its various committees. Collectively, these principles demonstrate the Board's accountability and its desire that the Company achieve superior business results.

In fulfilling its obligations, the Board will consider legal, public policy and ethical standards, the interests of its stockholders and, as appropriate, the interest of its debt-holders, customers, employees, suppliers and the communities in which the Company operates.

These guidelines are not intended to change or interpret any law or regulation, or the Articles of Incorporation or Bylaws of the Company.

1. STRUCTURE OF THE BOARD

1.1 **Size.** Our Board presently has seven members. This size is satisfactory under current circumstances, but will be adjusted upward or downward to reflect the changing needs of the Company.

The Board believes that it should generally consist of no fewer than five and no more than seven directors. This range permits diversity of experience without hindering the effective discussion or diminishing individual accountability.

1.2 **Mix of Inside and Independent Directors.** A majority of the Board should be composed of independent directors.

1.2.1 Independent Director Defined. An "independent director" means a person who fully complies with applicable legal and stock exchange requirements for serving as such, as determined by the Board. Each director's status under this definition should be reviewed annually by the Governance and Nominating Committee. Each director should keep the Governance and Nominating Committee fully and promptly informed as to any developments that might affect the director's independence.

1.2.2 Management Directors. The Company's Chief Executive Officer should be a director. Other members of management are considered for Board membership at the Board's discretion.

1.3 **Board Membership Criteria.** The Governance and Nominating Committee is responsible for recommending to the Board the types of skills and characteristics required of Board members, based on the needs of the Company from time to time. The Governance and Nominating Committee should confer with the full Board as to the criteria it intends to apply before a search for a new director is commenced.

1.4 New Director Candidates. The Board will nominate new directors only from candidates screened and approved by the Governance and Nominating Committee. Nomination of new directors will require approval by the full Board.

1.5 Orientation. When a new director joins the Board, management will provide an orientation program to enable the new director promptly to gain an understanding of the operations and the financial condition of the Company.

1.6 Directors Who Materially Change Their Job Responsibility. Individual directors who change the job responsibility that they held when they were elected to the Board (or in the case of current directors, that they presently hold) should offer to submit a letter of resignation to the Board. The Board shall accept such resignation unless the Governance and Nominating Committee determines that it continues to be appropriate for such director to remain on the Company's Board. It is not the belief of the Board that in every instance directors who retire or change their job positions should necessarily leave the Board.

1.7 Term of Board Service. All directors will stand for election every year. Term limits for Board membership are not necessary, however no director should have an expectation of permanent membership.

1.8 Retirement Age; Former CEOs. No director will be nominated for reelection or reappointment to the Board after reaching 70 years of age, unless the Governance and Nominating Committee concludes that such person's continued service as a director is in the Company's best interest.

1.9 Board Compensation. Management should report periodically to the Compensation Committee about the status of Board compensation in relation to compensation paid by other comparable companies. Director fees and benefits should be based on market practices for comparable companies. A portion of each director's compensation should be in the form of Company equity. Changes in Board compensation, if any, should come at the suggestion of the Compensation Committee.

1.10 Lead Director Concept. The Board does not believe that there is presently a need to formally adopt a "lead director" structure where one director would be selected to serve as an interface between the Chief Executive Officer and the full Board. Various parts of that role may, however, be undertaken from time to time by one or more directors on an informal basis.

1.11 Other Directorships. Independent directors are encouraged to limit the number of other boards on which they serve, taking into account potential Board attendance and participation and effectiveness on the Boards. Independent directors should also advise the Chairperson of the Board and the Chairperson of the Governance and Nominating Committee in advance of accepting an invitation to serve on another board of a public company. No director should serve on the Audit Committee of more than two other public companies. Executive officers may serve on up to two boards of other companies with the approval of the Chief Executive Officer.

2. BOARD PROCEDURAL MATTERS

2.1 Selection of Chairperson and Chief Executive Officer. The Board does not have a fixed policy as to whether the role of the Chief Executive Officer and Chairperson should be separate. The Board should be free to make these choices in any manner that it deems best for the Company at a given point in time.

2.2 Board Meetings.

2.2.1 Agenda. An agenda will be established and distributed in advance for each Board meeting. Any director is free to suggest potential items for the agenda.

2.2.2 Frequency of Meetings. The Board expects to have at least four regularly scheduled meetings each year. In addition, special meetings may be called from time to time as determined by the needs of the business. At least annually, the Board will devote an extended meeting to a review of the Company's long term strategic and business plans.

2.2.3 Executive Sessions of Independent Directors. The independent directors will meet in Executive Session at all regularly scheduled Board meetings, and otherwise as needed. Such sessions will be chaired by, in rotation, the Chairpersons of the Governance and Nominating Committee, the Audit Committee and the Compensation Committee, who will also establish an agenda for such meetings.

2.2.4 Governance Decisions. On matters of corporate governance, the Board assumes that decisions will be made with the approval of a majority of the independent directors.

2.2.5 Attendance of Non-Directors at Board Meetings. Attendance of any non-director at any Board meeting is subject to the discretion of the Board. Subject to that, the Board encourages management to bring officers and managers into Board meetings from time to time, when such managers can provide additional insight into the matters being discussed and/or have potential as future members of senior management. If the Chief Executive Officer wishes to add additional personnel as attendees at Board meetings on a regular basis, Board approval should be sought.

2.2.6 Conduct of Meetings. The Chairperson should conduct Board meetings on the assumption that each Director has carefully reviewed all Board materials, and fairly facilitate open, candid, and respectful discussions. The focus at Board meetings should be strategic and on "big picture" items.

2.2.7 Conflicts of Interest. Board members are required to disclose to the Board (or the Audit Committee) any financial interest or personal interest that he or she has in any contract or transaction that is being considered by the Board (or Audit Committee) for approval. After such disclosure and responding to any questions the Board may have, the interested director should abstain from voting on the matter and in most cases, should (and at the request of the Chairperson of the meeting will) leave the meeting while the remaining directors discuss and vote on such matter.

2.3 Information Provided to the Board; Communications.

2.3.1 Pre-Meeting. Information that is important to the matters that will be discussed at Board meetings should be distributed at least four days in advance of the meeting, if possible, so that Board meeting time can be conserved for substantive discussion.

2.3.2 Between Meetings. The Chief Executive Officer should continue to advise the Board candidly of any significant developments between meetings, through a suitable method of communication.

2.3.3 Communications. Candid, regular discussion between the directors and the Chief Executive Officer, and among directors, is encouraged.

2.4 Counsel and Advisors. The Board and each of its Committees may retain outside legal counsel and other advisors at their discretion and at the expense of the Company.

2.5 Expectations of Directors.

2.5.1 Attendance; Availability. Each director should make every reasonable effort to attend each meeting of the Board and any Committee of which the director is a member, and to be reasonably available to management and the other directors for consultation between meetings. In particular, directors should attend sufficient meetings to avoid falling below the attendance level that would require disclosure in the Company's annual proxy statement. A director whose participation falls below that threshold for two years will be subject to review by the Governance and Nominating Committee for continued membership on the Board.

2.5.2 Review of Materials. Directors should review carefully information distributed to them prior to Board and Committee meetings. If directors have questions either about the materials distributed or Company operations generally that are not likely to be of general interest or relevance to the entire Board, those issues should be discussed by the director with Management between Board meetings.

2.5.3 Corporate Opportunities. Directors shall make business opportunities relating to the Company's business available to the Company before pursuing the opportunity for the director's own or another's account.

2.5.4 Stock Ownership. Directors should be stockholders and have a financial stake in the Company. While the Board does not believe it appropriate to specify the level of share ownership for individual directors, each director should develop a meaningful ownership position in the Company over time.

2.5.5 Education. Each director is expected to take steps reasonably necessary to be adequately informed about the Company and external matters affecting it and to enable the director to function effectively on the Board and Committees on which the director serves.

2.6 Board Evaluations; Assessing the Board's Performance. The Board shall be responsible for annually conducting a self-evaluation. The Governance and Nominating Committee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluation. There should be regular, candid discussions between the Chief Executive Officer and the directors, individually and/or as a group, about how best to maximize each director's contribution to the Board. The Chairperson of the Governance and Nominating Committee and the Chief Executive Officer should periodically discuss the Board's performance and the contributions made by directors, with a view to making full and productive use of directors' talents and improving the performance of the Board. This discussion should be about the Board's contribution as a whole and specifically reference areas in which the Board and/or management believes a better contribution could be made. The purpose of these discussions is to increase the overall effectiveness of the Board, not to target individual directors. If it appears, however, to the Chairperson of the Nominating and Governance Committee and the Chief Executive Officer that a particular director's contribution to the Board is not consistent with the Company's needs at the time, or the director is disruptive to the smooth functioning of the Board as a whole, they should feel free to hold appropriate discussions with that director and make recommendations to the Nominating and Governance Committee or to the Board as whole, as appropriate.

3. COMMITTEE MATTERS

3.1 Number, Titles and Charters of Committees. The current standing Board Committees are (a) Audit, (b) Compensation, (c) Executive and (d) Governance and Nominating. This structure meets the Company's present needs. Each Committee should review its charter and activities annually, with the assistance of inside or outside counsel and advisers, as appropriate, to make certain that they are consistent with then-current sound governance practices and legal requirements.

3.2 Independence of Committees. All members of the Audit, Compensation and Governance and Nominating Committees will be independent directors.

3.3 Assignment and Rotation of Committee Members. The Governance and Nominating Committee is responsible, after consultation with the Chief Executive Officer and consideration of the desires of individual directors, for recommending the assignment of directors to various Committees. Committee members are appointed by the Board. Each independent director is expected to serve at all times on at least one, and preferably two, Committees. Consideration will be given to rotating Committee assignments periodically, but rotation should not be mandated as there may be reasons, at a given point in time, to maintain an individual director's Committee membership.

3.4 Chairman of Committees. All standing Board Committees other than the Executive Committee shall be chaired by independent directors. Each Committee Chairperson should normally have had previous service on the applicable Committees. Committee Chairpersons are appointed by the Board.

3.5 Frequency and Length of Committee Meetings. Each Committee Chairman, in consultation with Committee members, will determine the frequency and length of each Committee's meetings.

3.6 Committee Agenda. Each Committee Chairman, in consultation with the appropriate members of the Committee and management, will develop the Committee's agenda. Each Committee will issue annually a schedule of proposed meeting dates and agenda items for the upcoming year (to the degree these items can be foreseen). These agendas will be shared with the Board.

3.7 Attendance at Committee Meetings. Attendance of other non-Committee persons at Committee meetings will be at the pleasure of the Committee. Committee meetings shall be open to any member of the Board who wishes to attend, unless the subject matter of the meeting involves the particular director or the Committee determines otherwise. Committees should regularly have opportunities to meet in executive session.

3.8 Minutes and Reports. Minutes of each Committee meeting or action will be kept and distributed to the Board. Each Committee will report regularly to the Board on substantive matters considered by the Committee.

3.9 Term of Committee Service. Formal term limits for Committee membership are not necessary, however no Committee member should have an expectation of permanent membership.

4. MANAGEMENT DEVELOPMENT MATTERS; SUCCESSION PLANNING

4.1 **Evaluation and Compensation of the Chief Executive Officer.** The Compensation Committee should develop with the Chief Executive Officer and discuss with the Board appropriate criteria upon which the Chief Executive Officer's compensation and performance will be evaluated annually. The non-employee directors should annually meet in executive session to receive and discuss the Compensation Committee's recommendations as to the Chief Executive Officer's compensation and performance.

4.2 **Succession Planning and Management Development.** There should be an annual report to the Board by the Chief Executive Officer on succession planning and management development, both short term and long term. The Compensation Committee should monitor issues associated with Chief Executive Officer succession and management development, and regularly report to the Board on them. This should include issues associated with preparedness for the possibility of an emergency situation involving senior management, the long-term growth and development of the senior management team, and identifying the Chief Executive Officer's successor.

5. OTHER MATTERS

5.1 **Policy Against Company Loans.** Neither the Company nor any of its subsidiaries shall provide loans, loan guarantees, or otherwise directly or indirectly extend credit to any executive officer of the Company, or any director of the Company. Payment or reimbursement for expenses, cashless exercises of stock options, and 401(k) loans in an executive officer's personal benefit plan account will not be deemed violation of the foregoing policy.

5.2 **Board Access to Management.** Directors have complete access to management. Directors will use judgment to be sure that such contacts are not distracting to the business operations of the Company and that, in general, the Chief Executive Officer is made aware of such contacts.

5.3 **Board Interaction With Third Parties.** Management should coordinate all contacts with outside constituencies, such as the press, customers, investors, analysts or the financial community. If an individual director intends to meet or otherwise substantively communicate with these constituencies about Company matters, this should generally be done only after consulting with the Chief Executive Officer.

5.4 **Insurance, Indemnification and Limitation of Liability.** The directors shall be entitled to have the Company purchase directors' and officers' liability insurance on their behalf as is reasonable under the circumstances, to the benefits of indemnification to the fullest extent permitted by law and the Company's Articles of Incorporation or Bylaws and any indemnification agreements, and to exculpation as provided by law and the Company's Articles of Incorporation.

5.5 **Amendments of Guidelines.** The Governance and Nominating Committee will review these Guidelines at least annually to ensure that they remain suitable for the needs of the Company. The Governance and Nominating Committee will recommend needed changes to the Board.

Each of us, as a member of the Board of Directors of Fremont General Corporation, agrees to support these Guidelines on Significant Governance Issues.

/s/ James A. McIntyre
James A. McIntyre

/s/ Louis J. Rampino
Louis J. Rampino

/s/ Wayne R. Bailey
Wayne R. Bailey

/s/ Russell K. Mayerfeld
Russell K. Mayerfeld

/s/ Robert F. Lewis
Robert F. Lewis

/s/ Thomas W. Hayes
Thomas W. Hayes

/s/ Dickinson C. Ross
Dickinson C. Ross