

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION**

In re FIRSTPLUS FINANCIAL GROUP, INC.,
SECURITIES LITIGATION

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Master File No. 3:98-CV-2551-M

CLASS ACTION

This Document Relates To:

ALL ACTIONS.

NOTICE OF PENDENCY AND SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS WHO PURCHASED OR OTHERWISE ACQUIRED THE COMMON STOCK OF FIRSTPLUS FINANCIAL GROUP, INC. ("FIRSTPLUS") DURING THE PERIOD FROM AUGUST 19, 1996 THROUGH NOVEMBER 2, 1998

PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. YOUR RIGHTS MAY BE AFFECTED BY PROCEEDINGS IN THIS ACTION. PLEASE NOTE THAT IF YOU ARE A CLASS MEMBER, YOU MAY BE ENTITLED TO SHARE IN THE PROCEEDS OF THE SETTLEMENT DESCRIBED IN THIS NOTICE. TO CLAIM YOUR SHARE OF THIS FUND, YOU MUST SUBMIT A VALID PROOF OF CLAIM POSTMARKED ON OR BEFORE DECEMBER 19, 2003.

This Notice has been sent to you pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Northern District of Texas, Dallas Division (the "Court"). The purpose of this Notice is to inform you of the proposed settlement reached in this class action litigation (the "Action") and of the hearing to be held by the Court to consider the fairness, reasonableness, and adequacy of the Settlement. This Notice describes the rights you may have in connection with the Settlement and what steps you may take in relation to the Settlement and this class action litigation.

The proposed settlement creates a fund in the amount of \$5,000,000 in cash and will include interest that accrues on the fund before distribution. The Settlement also includes an equity component consisting of ten percent (10%) of the current outstanding ownership interest in a private company, Capital Lending Strategies, LLC ("Capital Lending"). The ownership interest in Capital Lending has not been valued and may not have any value now or in the future. The ownership interest in Capital Lending will be held in escrow until Capital Lending is required to file a Registration Statement under the Securities Act of 1933, as amended, with respect to the ownership interest, at which time Plaintiffs' Co-Lead Counsel will cause, depending on the economic feasibility, distribution of such securities then constituting the ownership interest to eligible Class Members or the sale of the securities then constituting the ownership interest and cause distribution of the cash proceeds. However, after the seven year anniversary date of the Assignment Agreement, Plaintiffs' Co-Lead Counsel may cause FirstPlus to repurchase the ownership interest if a Registration Statement relating to the ownership interest has not yet been declared effective by the Securities and Exchange Commission. Based on Plaintiffs' Co-Lead Counsel's estimate of the number of shares entitled to participate in the Settlement and the anticipated number of claims to be submitted by Class Members, the average cash distribution per share would be approximately \$0.55 before deduction of Court-approved fees and expenses. Your actual recovery from this fund will depend on a number of variables, including the number of claimants, the number of shares you purchased or acquired during the Class Period, the timing of your purchases and sales, if any, and the value, if any, of the ownership interest in Capital Lending.

The Class Representative and Defendants do not agree on the average amount of damages per share that would be recoverable if the Class were to have prevailed on each claim asserted. The issues on which the parties disagree include: (1) the appropriate economic model for determining the amount by which FirstPlus common stock was allegedly artificially inflated (if at all) during the Class Period; (2) the amount by which FirstPlus common stock was allegedly artificially inflated (if at all) during the Class Period; (3) the effect of various market forces influencing the trading price of FirstPlus common stock at various times during the Class Period; (4) the extent to which external factors, such as general market conditions, influenced the trading price of FirstPlus common stock at various times during the Class Period; (5) the extent to which the various matters that the Class Representative alleged were materially false or misleading influenced (if at all) the trading price of FirstPlus common stock at various times during the Class Period; (6) the extent to which the various allegedly adverse material facts that the Class Representative alleged were omitted influenced (if at all) the trading price of FirstPlus common stock at various times during the Class Period; and (7) whether the statements made or facts allegedly omitted were false, material or otherwise actionable under the federal securities laws.

The Class Representative and Plaintiffs' Co-Lead Counsel believe that the proposed settlement is the best recovery possible and is in the best interests of the Class. Because of the risks associated with continuing to litigate and proceeding to trial, there was a danger that the Class Representative would not have prevailed on any of the claims, in which case the Class would receive nothing. Defendants deny all allegations of wrongdoing and deny that they are liable to the Class Representative or the Class Members. In addition, the amount of damages recoverable by the Class was and is challenged by Defendants. Recoverable damages in this case are limited to losses caused by conduct actionable under applicable law and, had the Action gone to trial, Defendants intended to assert that all or most of the losses of Class Members were caused by non-actionable

market, industry or general economic factors. Finally, Defendants lack substantial assets and insurance coverage has been disputed making Defendants' ability to pay a substantial judgment problematic.

Plaintiffs' Co-Lead Counsel have not received any payment for their services in conducting this Action on behalf of the Class Representative and the members of the Class, nor have they been reimbursed for their out-of-pocket expenditures. If the Settlement is approved by the Court, counsel for the Class Representative will apply to the Court for attorneys' fees of 30% of the settlement proceeds and reimbursement of out-of-pocket expenses not to exceed \$495,000, both to be paid from the Settlement Fund. If the amount requested by counsel is approved by the Court, the average cost per share would be \$0.22.

This Notice is not an expression of any opinion by the Court about the merits of any of the claims or defenses asserted by any party in the Action or the fairness or adequacy of the proposed settlement.

For further information regarding the Settlement you may contact: Rick Nelson, Milberg Weiss Bershad Hynes & Lerach LLP, 401 B Street, Suite 1700, San Diego, California 92101, Telephone: 619/231-1058; or Rachell Sirota, Sirota & Sirota LLP, 110 Wall Street, 21st Floor, New York, NY 10005, Telephone: 212/425-9055.

I. NOTICE OF HEARING ON PROPOSED SETTLEMENT

A settlement hearing (the "Settlement Hearing") will be held on October 14, 2003, at 11:00 a.m., before the Honorable Barbara M. G. Lynn, United States District Judge, at the United States District Court for the Northern District of Texas, Dallas Division, 1100 Commerce Street, Dallas, Texas. The purpose of the Settlement Hearing will be to determine: (1) whether the Settlement consisting of \$5,000,000 in cash plus 10% of the current outstanding ownership interest in Capital Lending,¹ should be approved as fair, just, reasonable, and adequate to each of the parties; (2) whether the proposed plan to distribute the settlement proceeds (the "Plan of Allocation") is fair, just, reasonable, and adequate; (3) whether the application by Plaintiffs' Counsel for an award of attorneys' fees and reimbursement of expenses should be approved; and (4) whether the Action should be dismissed with prejudice as to all Defendants. The Court may adjourn or continue the Settlement Hearing without further notice to the Class.

II. DEFINITIONS USED IN THIS NOTICE

1. "Capital Lending" means Capital Lending Strategies, LLC, a Texas limited liability company.
2. "Certificate" means the certificate issued by Capital Lending representing 580 Common Units (as defined below) of Capital Lending, (the "Escrow Fund") to be transferred by FirstPlus to the Escrow Agent(s), subject to the Escrow Agreement.
3. "Claims Administrator" means the firm of Gilardi & Co. LLC, which shall administer the Settlement.
4. "Class" means all persons or entities who purchased or otherwise acquired FirstPlus stock during the period from August 19, 1996 through and including November 2, 1998, including those persons or entities who acquired FirstPlus stock in connection with FirstPlus' secondary offering of stock and/or FirstPlus' acquisitions of National Loan, Inc., Capital Direct, Modern Finance Company, Western Interstate BanCorp., Freedom Mortgage Corp. and Southern Management Corp. Excluded from the Class are the Defendants and members of the immediate families (parents, spouses, siblings, and children) of any of the Individual Defendants, any trust in which either FirstPlus or any Individual Defendant is the settlor or which is for the benefit of FirstPlus, any Individual Defendant and/or members of the immediate family of any Individual Defendant, and the legal representatives, heirs, successors or assigns of any of the Defendants and any entity in which any of the Defendants have or had a controlling interest. Also excluded from the Class are any putative Class Members who exclude themselves by filing a request for exclusion in accordance with the requirements set forth herein.
5. "Class Member" means a person or entity who falls within the definition of "Class" as set forth in paragraph 1.g of the Stipulation and who has not submitted a valid request for exclusion.
6. "Common Units" means the current outstanding ownership interest of Capital Lending as of the date of the Stipulation.
7. "Defendants" means FirstPlus, Daniel T. Phillips, Eric C. Green and former Defendant William P. Benac.
8. "Escrow Fund" means the Certificate transferred by FirstPlus to the Escrow Agent(s), subject to the Escrow Agreement described at ¶VI.(b) below.
9. "Individual Defendants" means David T. Phillips, Eric C. Green, and former defendant William P. Benac.
10. "Released Parties" means Defendants and each of their current and former directors, officers, employees, attorneys, accountants, agents, subsidiaries, parents, affiliates, insurers, co-insurers, heirs, executors, administrators, predecessors, successors, assigns, financial advisors, banks, investment bankers, underwriters, representatives, associates, trustees, general and limited partners and partnerships, consultants, auditors, divisions, joint venturers, related or affiliated entities, any entity in which a Defendant has or had a controlling interest, and members of the immediate families (parents, spouses, siblings, and children) of any of the Individual Defendants, any trust of which either FirstPlus or any of the Individual Defendants is the settlor or

¹ The ownership interest in Capital Lending has not been valued and may have no value. Defendants and Capital Lending do not represent or guarantee that such ownership interest has any value or will have any value in the future.

which is for the benefit of FirstPlus, any of the Individual Defendants and/or members of the immediate families of any of the Individual Defendants.

11. "Settled Claims" means any and all complaints, actions, suits, claims, demands, rights, liabilities, obligations, controversies, promises, agreements, damages, costs, losses, attorneys' fees, expenses and/or causes of action, of every nature and description whatsoever, whether class or individual in nature, whether known or unknown, including without limitation Unknown Claims (as defined below), direct or derivative, contingent or non-contingent, suspected or unsuspected, accrued or not accrued, at law or in equity, concealed or hidden, and/or that were asserted or that could have been asserted (including, without limitation, claims for negligence, gross negligence, breach of duty of care and/or breach of duty of loyalty, fraud, breach of fiduciary duty, or violations of any state, federal and/or foreign common law, statutes, rules or regulations, including alleged violations in connection with FirstPlus' secondary offering or its acquisitions of National Loan, Inc., Capital Direct, Modern Finance Company, Western Interstate BanCorp., Freedom Mortgage Corp. and Southern Management Corp.) that the Class Representative, Lead Plaintiffs, and/or Class Members or any of them in the past had, now have, or might in the future have against the Released Parties or any of them (whether directly, derivatively, representatively or in any other capacity) which arise out of, are or could have been asserted based upon, or relate in any way to: (a) any purchase or acquisition of FirstPlus stock during the Class Period; and (b) the transactions, facts, matters, occurrences, circumstances, acts, representations, disclosures, statements, omissions, and/or failures to disclose or act that were or could have been asserted in Action, including the allegations in the original complaints and the Complaint filed in this Action; and/or (c) the defense, settlement or resolution of the Action or the Settled Claims. Provided, however, that the definition of Settled Claims shall not impair or restrict the rights of the parties to enforce the Settlement set forth in the Stipulation, including all agreements in the Exhibits attached thereto.

12. "Settlement Fund" means (1) the principal amount of Five Million Dollars (\$5,000,000) in cash to be paid to Plaintiffs' Co-Lead Counsel, to be held in escrow, pursuant to the Stipulation, plus any accrued interest; and (2) 580 Common Units of Capital Lending represented by the Certificate to be delivered by FirstPlus (the "Escrow Fund") to the Escrow Agent(s), subject to the Escrow Agreement, pursuant to the Stipulation; and (3) any cash distributions that may become available in connection with the Certificate held in the Escrow Fund.

13. "Unknown Claims" means any and all Settled Claims which the Class Representative, Lead Plaintiffs, and/or any Class Member do not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties, which if known by him, her or it might have affected his, her or its decision(s) with respect to the Settlement. With respect to any and all Settled Claims, the parties stipulate and agree that upon the Effective Date, the Class Representative shall expressly, and each Lead Plaintiff and Class Member, shall be deemed to have, and by operation of the Order and Final Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state or territory of the United States, or principle of common law, which is similar, comparable, or equivalent to California Civil Code §1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

The Class Representative acknowledges, and Lead Plaintiffs and Class Members, by operation of law shall be deemed to have acknowledged, that the inclusion of "Unknown Claims" in the definition of Settled Claims was separately bargained for and was a key element of the Settlement. The Class Representative, Lead Plaintiffs, or any Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Settled Claims, but the Class Representative, intends and the Lead Plaintiffs and Class Members are deemed to intend, the release of the Settled Claims to be effective without regard to the subsequent discovery or existence of such different or additional facts and that it extends to Unknown Claims. The release of the Settled Claims is intended to be a full and binding release of all Settled Claims, including Unknown Claims, and shall be construed broadly to effect that purpose.

III. THE LITIGATION

Beginning on or about October 29, 1998, and thereafter, twenty-three (23) proposed class actions alleging violations of federal securities laws were filed in the United States District Court for the Northern District of Texas and were subsequently consolidated under the caption *In re: FirstPlus Financial Group, Inc. Securities Litigation*, No. 3:98-CV-2551-M, and are hereinafter referred to as the "Action."

On September 12, 2000, the Court appointed Dr. James Rich, for the Rich Family Trust, Samuel Nappi and Susan J. Kagnoff-Marx as lead plaintiffs ("Lead Plaintiffs"). On September 12, 2000, the Court also appointed the law firms of Milberg Weiss Bershad Hynes & Lerach LLP and Sirota & Sirota LLP as Plaintiffs' Co-Lead Counsel, and Claxton & Hill, PLLC as Local Counsel. On May 16, 2002, the Court granted Samuel Nappi permission to withdraw as lead plaintiff, and on June 24, 2002, the Court granted Susan J. Kagnoff-Marx permission to withdraw as lead plaintiff. On May 24, 2002, the Court appointed Edward P. Doremus, III as a lead plaintiff in this Action.

On October 27, 2000, a Consolidated Amended Complaint (the "Complaint") was filed for violations of federal securities laws, which alleged violations of Sections 11, 12 and 15 of the Securities Act of 1933 ("Securities Act") and Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 ("Exchange Act"), and Rule 10b-5 promulgated thereunder, against Defendants FirstPlus, Daniel T. Phillips, Eric C. Green and William P. Benac. The Complaint generally alleged, among other things, that

Defendants issued false and misleading financial statements, press releases and other statements regarding FirstPlus' financial condition during the Class Period (as hereinafter defined) in a scheme to artificially inflate the value of FirstPlus' securities. The Complaint was brought on behalf of all persons who purchased or otherwise acquired FirstPlus stock during the period from August 19, 1996 through November 2, 1998 (the "Class Period"), including those persons who acquired FirstPlus stock in connection with FirstPlus' secondary offering of stock and/or FirstPlus' acquisitions of National Loan, Inc., Capital Direct, Modern Finance Company, Western Interstate BanCorp., Freedom Mortgage Corp. and Southern Management Corp.

Defendants filed motions to dismiss the Complaint. On September 28, 2001, the Court issued an Order granting in part and denying in part Defendants' motions.

The Court granted Defendant William P. Benac's motion to dismiss and dismissed the allegations against Mr. Benac with prejudice. The Court also dismissed with prejudice the claims asserted under the Securities Act that were based on the August 28, 1998 S-4 Registration Statement, Prospectus and Proxy Statement regarding the proposed acquisition of Life Financial Corporation and the January 7, 1998 and August 21, 1998 S-8 Registration Statement for FirstPlus' stock options. The Court denied Defendants' motions to dismiss in all other respects.

On October 23, 2002, the Court denied Lead Plaintiffs' motion for class certification to the extent that it sought to have Dr. James E. Rich appointed as a class representative but granted Lead Plaintiffs' motion in all other respects, ordering that this Action shall be maintained as a class action pursuant to Rule 23(a) and 23(b)(3) of the Federal Rules of Civil Procedure and appointing lead plaintiff Edward P. Doremus III (the "Class Representative") as the representative for the Class (as defined above).

IV. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

Defendants have strenuously denied, and continue strenuously to deny each and every allegation of liability and any wrongdoing whatsoever made against them in this Action. Defendants contend that they have acted properly and lawfully at all times. Defendants also have strenuously denied and continue to strenuously deny the allegations that the Class Representative or the Class Members have suffered damages, that the price of FirstPlus stock was artificially inflated by reason of alleged acts, misrepresentations, omissions or otherwise, and/or that the Class Representative or Class Members were harmed by the conduct alleged in the Complaint. The Stipulation shall in no event be construed or deemed to be evidence of or an admission or concession on the part of any Defendant with respect to any claim or of any fault or liability or wrongdoing or damage whatsoever, or any infirmity in the defenses that the Defendants have asserted.

Nonetheless, without admitting any wrongdoing or liability whatsoever, Defendants have entered into the Stipulation solely for the purpose of avoiding the continuing additional expense, inconvenience and distraction of this burdensome litigation and to avoid the risks inherent in any lawsuit, especially in complex cases like this Action. By doing so, Defendants desire to settle, compromise and terminate this Action, and to put to rest forever all claims that have been or could have been asserted against them in or relating to this Action.

V. CLAIMS OF THE CLASS REPRESENTATIVE AND BENEFITS OF THE SETTLEMENT

The Class Representative and Plaintiffs' Co-Lead Counsel believe that the claims asserted in the Action have merit. However, Plaintiffs' Co-Lead Counsel recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against Defendants through trial and appeals. The Class Representative and Plaintiffs' Co-Lead Counsel have also taken into account the uncertain outcome and the risk of any litigation, especially in complex cases such as this Action, as well as the difficulties and delays inherent in such litigation. The Class Representative and Plaintiffs' Co-Lead Counsel are also mindful of the inherent problems of proof under and possible defenses to the federal securities law violations asserted in the Action. The Class Representative and Plaintiffs' Co-Lead Counsel also are cognizant of the difficulty of collecting a judgment should the plaintiffs prevail at trial, especially in light of the dispute over Defendants' insurance coverage for the claims asserted in the Action. The Class Representative and Plaintiffs' Co-Lead Counsel believe that the Settlement set forth in the Stipulation confers substantial benefit upon the Class Members. Based on their evaluation, the Class Representative and Plaintiffs' Co-Lead Counsel have determined that the Settlement set forth in the Stipulation is in the best interests of the Class Representative and the Class Members.

VI. TERMS OF THE PROPOSED SETTLEMENT

The parties conducted discussions and arm's length negotiations with respect to a compromise and settlement of the Action and have agreed upon the following terms.

(a) **Cash Settlement.** National Union, on behalf of all Defendants, has paid or has caused to be paid into an escrow account, Five Million Dollars (\$5,000,000), which has been earning interest for the benefit of the Class; and

(b) **Equity Settlement.** FirstPlus will deliver a Certificate or cause a Certificate to be delivered to the Escrow Agent(s) for 580 Common Units which represents ten percent (10%) of the currently outstanding Common Units of Capital Lending (the "Escrow Fund") pursuant to the Escrow Agreement. The Common Units of Capital Lending represented by the Certificate have not been valued and they may have no value. Defendants and Capital Lending do not represent or guarantee that such Common Units have any value or will have any value in the future.

During the existence of the Escrow Agreement, any distributions of cash or property due as a result of ownership of the Common Units have been assigned by FirstPlus to the Authorized Claimants, and FirstPlus will direct Capital Lending to send any such distributions to the Settlement Fund. Plaintiffs' Co-Lead Counsel will distribute such cash or proceeds from the sale of such property to Authorized Claimants pursuant to the Plan of Allocation described below when the size of the proceeds make it economically feasible to do so. If Capital Lending is required to file a Registration Statement under the Securities Act, as amended, with respect to the Common Units, Plaintiffs' Co-Lead Counsel will, depending on the economic feasibility, distribute such ownership interest (or the equivalent securities of any successor entity) to Authorized Claimants or sell such securities and distribute the cash proceeds to Authorized Claimants pursuant to the Plan of Allocation. However, after the seven year anniversary date of the Assignment Agreement, Plaintiffs' Co-Lead Counsel may cause FirstPlus to repurchase the ownership interest if a Registration Statement relative to the ownership interest has not yet been declared effective by the Securities and Exchange Commission.

(c) **Release of Claims.** In exchange for the above payments, and pursuant to the Settlement, and on the Effective Date, the Class Representative, Lead Plaintiffs and Class Members, on behalf of themselves, their heirs, executors, administrators, attorneys, agents, successors and assigns shall be deemed to have and by operation of the Order and Final Judgment, shall have fully, finally and forever released, relinquished and discharged, and shall forever be enjoined from prosecuting, the Released Parties (defined above) with respect to each and every Settled Claim (defined above).

VII. PLAN OF ALLOCATION

The net Settlement Fund will be distributed to Class Members who submit valid, timely Proof of Claim forms ("Authorized Claimants") under the Plan of Allocation described below. The Plan of Allocation was developed in consultation with a damage consultant and reflects plaintiffs' theory of Class Members' potential recovery under applicable securities laws. Neither Defendants nor Capital Lending take any position with respect to how the Plan of Allocation was calculated or its effect on the fairness to any Authorized Claimant, other than to deny that FirstPlus shares were artificially inflated by Defendants' conduct and to deny any wrongdoing.

To the extent there are sufficient funds in the net Settlement Fund, each Authorized Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If, however, the amount in the net Settlement Fund is not sufficient to permit payment of the total claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of the net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized Claimants.

A claim will be calculated as follows:

1. For shares of FirstPlus common stock that were ***purchased or otherwise acquired on August 19, 1996 through September 30, 1998***, and
 - (a) sold on or before September 30, 1998, the claim per share is \$0;
 - (b) sold on October 1, 1998, the claim per share is \$2.250;
 - (c) sold on October 2, 1998 through November 2, 1998, the claim per share is \$6.00;
 - (d) retained at the close of trading on November 2, 1998, the claim per share is \$7.175.
2. For shares of FirstPlus common stock that were ***purchased or otherwise acquired on October 1, 1998***, and
 - (a) sold on October 1, 1998, the claim per share is \$0;
 - (b) sold on October 2, 1998 through November 2, 1998, the claim per share is \$3.75;
 - (c) retained at the close of trading on November 2, 1998, the claim per share is \$4.925.
3. For shares of FirstPlus common stock that were ***purchased or otherwise acquired on October 2, 1998 through November 2, 1998***, and
 - (a) sold on or before November 2, 1998, the claim per share is \$0;
 - (b) retained at the close of trading on November 2, 1998, the claim per share is \$1.175.

The date of purchase or sale is the "contract" or "trade" date as distinguished from the "settlement" date.

For Class Members who held shares at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out ("FIFO") method will be applied to such holdings, purchases and sales for purposes of calculating a claim. Under the FIFO method, sales of shares during the Class Period will be matched, in chronological order, first against shares held at the beginning of the Class Period. The remaining sales of shares during the Class Period will then be matched, in chronological order, against shares purchased during the Class Period.

A Class Member will be eligible to receive a distribution from the net Settlement Fund only if a Class Member had a net loss, after all profits from transactions in FirstPlus common stock during the Class Period are subtracted from all losses. However, the proceeds from sales of shares which have been matched against shares held at the beginning of the Class Period will not be used in the calculation of such net loss.

In the event Registrable Securities become available for distribution to Authorized Claimants, such Registrable Securities will be distributed to "Holders" on a *pro rata* basis based upon the Authorized Claimants' claims under the above Plan of Allocation. A "Holder" is defined as an Authorized Claimant whose *pro rata* share of Registrable Securities under the Plan of Allocation is at least one full share. No fractional shares will be issued and to the extent the *pro rata* calculation results in a fractional share, the number of shares will be rounded down to the nearest whole share.

The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Class Member on equitable grounds.

VIII. PARTICIPATION IN THE CLASS

If you fall within the definition of the Class, you will remain a Class Member unless you elect to be excluded from the Class. If you do not request to be excluded from the Class, you will be bound by any judgment entered with respect to the Settlement in the Action whether or not you file a Proof of Claim.

If you wish to remain a Class Member, you need do nothing (other than timely file a Proof of Claim and Release). Your interests will be represented by Plaintiffs' Co-Lead Counsel. If you choose, you may enter an appearance individually or through your own counsel at your own expense.

TO PARTICIPATE IN THE DISTRIBUTION OF THE NET SETTLEMENT FUND, YOU MUST TIMELY COMPLETE AND RETURN THE PROOF OF CLAIM AND RELEASE FORM THAT ACCOMPANIES THIS NOTICE. The Proof of Claim and Release must be postmarked on or before December 19, 2003, and delivered to the Claims Administrator at the address below. Unless the Court orders otherwise, if you do not timely submit a valid Proof of Claim, you will be barred from receiving any payments from the net Settlement Fund, but will in all other respects be bound by the provisions of the Stipulation and the Judgment.

IX. EXCLUSION FROM THE CLASS

You may request to be excluded from the Class. To do so, you must mail a written request stating that you wish to be excluded from the Class to:

FirstPlus Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

The request for exclusion must state: (a) your name, address, and telephone number; and (b) all purchases or acquisitions and sales or dispositions of FirstPlus common stock made during the Class Period, including the date of each purchase, acquisition, sale or disposition and the number of shares of FirstPlus common stock involved in each such transaction. **YOUR EXCLUSION REQUEST MUST BE POSTMARKED ON OR BEFORE SEPTEMBER 30, 2003.** If you submit a valid and timely request for exclusion, you shall have no rights under the Settlement, shall not share in the distribution of the net Settlement Fund, and shall not be bound by the Stipulation or the Judgment.

X. DISMISSAL AND RELEASES

If the proposed settlement is approved, the Court will enter an Order and Final Judgment (the "Judgment"). The Judgment will dismiss the Settled Claims with prejudice as to all Defendants.

The Judgment will provide that all Class Members who do not validly and timely request to be excluded from the Class shall be deemed to have released and forever discharged all Settled Claims against the Released Parties.

XI. APPLICATION FOR FEES AND EXPENSES

At the Settlement Hearing, Plaintiffs' Counsel will request the Court to award attorneys' fees of 30% of the Settlement Fund, plus reimbursement of the expenses, not to exceed \$495,000, which were advanced in connection with the Action, plus interest thereon. Class Members are not personally liable for any such fees or expenses.

To date, Plaintiffs' Counsel have not received any payment for their services in conducting this Action on behalf of the Class Representative and Class Members, nor have counsel been reimbursed for their out-of-pocket expenses. The fee requested by Plaintiffs' Counsel would compensate counsel for their efforts in achieving the Settlement Fund for the benefit of the Class, and for their risk in undertaking this representation on a contingency basis. The fee requested is within the range of fees awarded to Plaintiffs' Counsel under similar circumstances in litigation of this type.

XII. CONDITIONS FOR SETTLEMENT

The Settlement is conditioned upon the occurrence of certain events described in the Stipulation. Those events include, among other things: (a) entry of the Judgment by the Court, as provided for in the Stipulation; and (b) expiration of the time to appeal from or alter or amend the Judgment. If, for any reason, any one of the conditions described in the Stipulation is not met, the Stipulation might be terminated and, if terminated, will become null and void, and the parties to the Stipulation will be restored to their respective positions immediately before execution of the Stipulation.

XIII. THE RIGHT TO BE HEARD AT THE HEARING

Any Class Member who has not validly and timely requested to be excluded from the Class, and who objects to any aspect of the Settlement, the Plan of Allocation, or the application for attorneys' fees and expenses, may appear and be heard at the Settlement Hearing. Any such person must submit and serve a written notice of objection, to be received on or before September 30, 2003, by each of the following:

CLERK OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION
1100 Commerce Street, Room 14A20
Dallas, TX 75242

MILBERG WEISS BERSHAD
HYNES & LERACH LLP
JOY ANN BULL
401 B Street, Suite 1700
San Diego, CA 92101

SIROTA & SIROTA LLP
RACHELL SIROTA
110 Wall Street
21st Floor
New York, NY 10005

HAYNES AND BOONE, LLP
NOEL M.B. HENSLEY
901 Main Street
Suite 3100
Dallas, TX 75202-3789

Plaintiffs' Co-Lead Counsel

Defendants' Counsel

The notice of objection must demonstrate the objecting person's membership in the Class, including the number of FirstPlus shares purchased or acquired and sold or disposed of during the Class Period, and contain a statement of the reasons for objection. Only members of the Class who have submitted written notices of objection in this manner will be entitled to be heard at the Settlement Hearing, unless the Court orders otherwise.

XIV. SPECIAL NOTICE TO NOMINEES

If you hold or held any FirstPlus common stock purchased or otherwise acquired during the Class Period as nominee for a beneficial owner, then, within ten (10) days after you receive this Notice, you must either: (a) send a copy of this Notice and the Proof of Claim by first class mail to all such persons; or (b) provide a list of the names and addresses of such persons to the Claims Administrator:

FirstPlus Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the Claims Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing.

Regardless of whether you choose to complete the mailing yourself or elect to have the mailing performed for you, you may obtain reimbursement for or advancement of reasonable administrative costs actually incurred or expected to be incurred in connection with forwarding the Notice and Proof of Claim, which expenses would not have been incurred but for the obligation to forward the Notice and Proof of Claim, upon submission of appropriate documentation to the Claims Administrator.

XV. EXAMINATION OF PAPERS

This Notice is a summary and does not describe all of the details in the Stipulation. For full details of the matters discussed in this Notice, you may review the Stipulation and other documents filed with the Court, which may be inspected during business hours, at the office of the Clerk of the Court, Northern District of Texas, Dallas Division, 1100 Commerce Street, Room 14A20, Dallas, TX 75242.

If you have any questions about the settlement of the Action, you may contact Plaintiffs' Co-Lead Counsel by writing:

MILBERG WEISS BERSHAD
HYNES & LERACH LLP
RICK NELSON
401 B Street, Suite 1700
San Diego, CA 92101

SIROTA & SIROTA LLP
RACHELL SIROTA
110 Wall Street
21st Floor
New York, NY 10005

DO NOT TELEPHONE THE COURT REGARDING THIS NOTICE.

DATED: August 1, 2003

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF TEXAS
DALLAS DIVISION