

**AMERICAN SAVINGS OF FLORIDA  
CHRONOLOGY**

DRAFT

1994



**American Savings of Florida Chronology**  
**1994**  
**(Source: 1994 Annual Report and Form 10-K)**

Summary of financial condition and selected financial data at, or for the year ended December 31, 1994 (dollars in thousands):

Financial Data

Total Assets	\$3,560,612
MBSS Held to Maturity, Net	960,230
Loans Receivable, Net	1,948,124
Amounts Due from Enstar, Net	0
Assets Held for Sale	63,758
Securities Available for Sale	159,282
U.S. Government and Agency Obligations	117,032
Other Marketable Securities	4,292
Other Investments	95,418
Savings Deposits	2,335,627
Borrowed Funds	955,863
Stockholders' Equity	216,534

Net Income \$19,227

Pretax Core Earnings 23,851

Regulatory Capital

Core Capital	\$ 178,657
Tangible Capital	159,362
Risk-Based Capital	195,350

Regulatory Capital Surplus

Core Capital	\$ 73,369
Tangible Capital	106,810
Risk-Based Capital	53,994

Nonaccrual Loans \$ 17,313

Common Stock Data

High and Low sales price information available for American Savings shares traded on the NASDAQ Stock Market for the year ended December 31, 1994.

	<u>High Sales</u>	<u>Low Sales</u>
January 1, 1994 to March 31, 1994	22 1/4	17 1/2
April 1, 1994 to June 30 1994	23 1/4	20 5/8
July 1, 1994 to September 30, 1994	23 3/8	17 7/8
October 1, 1994 to December 31, 1994	21 3/4	15 1/8

Number of Branch Offices (at December 31, 1994)

29 -- Dade, Broward and Palm Beach Counties

Consumer Lending Offices (at December 31, 1994)

1 - Orlando

Mortgage Origination Offices (at December 31, 1994)

8 - in Florida

2 - in Illinois

Number of Employees (at December 31, 1994)

725

**AMERICAN'S CORPORATE OFFICERS**

American's Corporate Officers

Stephen D. Taylor  
President and C.E.O.

Linda M. Haskins  
Executive Vice President and  
Chief Financial Officer (promotion from 8/94)

Alan B. Goldstein  
Executive Vice President,  
General Counsel and  
Corporate Secretary

Robert Arena  
Executive Vice President  
Commercial/Consumer Lending Group  
(promotion from 8/94)

Charles H. Holland, Jr.  
Executive Vice President  
Corporate Strategy and Support

Barbara E. Mahoney  
Executive Vice President  
Retail Banking and Support Services

Charles H. Williams  
Executive Vice President  
Mortgage Lending (promotion from 3/94)

Carlos R. Fernandez-Guzman  
Senior Vice President  
Market Development

William J. Brodie  
Senior Vice President  
Consumer Finance Administration

John A. Camino  
Senior Vice President  
Chief Information Officer (through 5/94)

Thomas Chen  
Senior Vice President  
Retail Banking

Steven W. Christopher  
Senior Vice President  
Retail Banking Administration

George R. Curtis  
Senior Vice President  
Retail Branch Management (from 2/94 to 6/94 - new to group)

Thomas A. Dorsey  
Senior Vice President  
Administrative Services and Security Officer

T. Glynn Gilbert  
Senior Vice President  
Lending

John G. Hansen  
Senior Vice President  
Mortgage Lending Operations

George W. Jennings  
Senior Vice President  
Real Estate Lending (from 2/94 - new to group)

Clotilde C. Keller  
Senior Vice President and  
Associate Controller

Gary J. Laurash  
Senior Vice President and  
Treasurer

M. Ellis McKay, Jr.  
Senior Vice President  
Mortgage Loan Servicing

Gerald W. Oliver  
Senior Vice President  
Regulatory Compliance

Karen J. Orlin  
Senior Vice President  
Associate Counsel and Assistant Secretary

Logos T. Yeh  
Senior Vice President  
Chief Auditor

Gregory P. Beam  
Vice President  
Wholesale Mortgage Lending  
Member Senior Management from 3/94 - new to group

John R. Glade  
Vice President  
Second Mortgage Lending  
Member Senior Management (new to group - 1992)

Rex A. Hoffacker  
Vice President  
Information Systems Development  
Member of Senior Management (from 5/94 - new to group 8/93)

Judy Kaplan  
Vice President  
Finance Management Support  
Member of Senior Management

**AMERICAN'S BOARD OF DIRECTORS**

American's Board of Directors

Charles Daniel Kimbrell  
Chairman  
President and C.E.O. Thomson Oak Flooring Co.  
Thomson, GA

William H. Dukelow  
Account Vice President  
Paine Webber, Inc.  
Jacksonville, FL

Stephen D. Taylor  
President and C.E.O.  
Miami, FL

Nimrod T. Frazer  
President and C.E.O.  
The Enstar Group  
Montgomery, AL

Deidre Y. Russell  
Assistant Director of Fixed Income - Private Placements  
The Retirement Systems of Alabama  
Montgomery, AL

Erwin Allen  
Retired Financial Executive and Regulator  
Miami, FL

T. Wayne Davis  
President Tine W. Davis Family -- WD Charities, Inc.  
Director The Enstar Group  
Jacksonville, FL

Dr. Barbara W. Gothard  
President  
The Gothard Group  
Miami, FL

Donald T. Senterfitt  
Partner  
The Pilot Group  
Orlando, FL

1994 -- Highlights -- American Savings

- \* March 1, 1994 -- In response to American Savings' request, the OTS terminates the cease and desist order originally issued on December 21, 1990. The OTS cites American Savings' compliance with the terms of the order and significant changes which have occurred since its effective date, including American Savings' new management team and Board and substantial improvement in financial condition as factors considered in reaching their decision.
- \* In early 1994, American Savings introduces "Heart to Heart" an innovative program that brings bank representatives to the home of elderly customers who are infirm or immobile to assist them with completing routine banking transactions. The fee based services offered include, among others, bill payments, cash delivery, account balancing and duplicate statements being sent to a designated care taker who resides out of the area.
- \* March 1994 - The Independent Committee retains Bear, Stearns and Co. as the committee's financial advisor. Upon its engagement, Bear Stearns conducts a review of American Savings' five-year business plan, its underlying assumptions and its managerial and other resources, for the purpose of establishing an estimated net present value of American Savings' common stock based multiples of projected earnings and discount rates.
- \* April 1994 - Enstar delivers a letter to the American Savings board stating its intent to propose at the next American Savings board meeting that the American Savings board retain an investment banking firm to begin immediately the process for the orderly marketing and sale of American Savings of Florida.
- \* April 26, 1994, at a regular meeting of American Savings' board, the board reviews Enstar's letter and its potential impact on American Savings and its public stockholders and discusses various strategic alternatives available to American Savings. At the meeting, the board again notes the potential conflict of interest between Enstar and American Savings' public stockholders and the need to have procedures in place to protect the interests of American Savings' public stockholders in connection with the determination of an appropriate strategic alternative.

The Enstar board instructs the Independent Committee to make a recommendation to the full board concerning the selection of a financial advisor for American Savings and the American Savings board, which financial advisor would be instructed to

provide advice to American Savings concerning available strategic alternatives, including a potential sale. In addition, at the meeting, Mr. Frazer and Mr. T. Wayne Davis, an outside director and a director of Enstar, agreed to refrain from participating in all substantive deliberations relating to, and voting on, any matters potentially involving a change in control of American Savings. It is agreed that Mr. Stephen D. Taylor, the single member of American Savings Management on the American Savings board, will also so refrain.

- \* May 24, 1994 - Upon recommendation of the Independent committee, the American Savings board selects Goldman Sachs as its financial advisor. Sometime thereafter, Dillon Read is retained by Enstar to serve as its financial advisor. The American Savings board continues to be aware of the disruption to American Savings which could result from Enstar's efforts to seek to cause a sale of American Savings and of the resulting need to intensify the exploration of strategic alternatives. Accordingly, consistent with the recommendation of the Independent Committee, the American Savings board authorizes Goldman Sachs to contact potential acquirors, provide the acquirors with confidential information and solicit indications of interest with a view towards ascertaining the values which potential could be realized if a sale of American Savings were to be pursued. Goldman Sachs is also intrusted to report directly to the Independent Committee with respect to potential transactions involving a change of control.
- \* During June and July, Goldman Sachs contacts more than two dozen potential acquirors, a majority of whom execute customary confidentiality agreements and are provided with confidential information concerning American Savings. Goldman Sachs establishes a deadline for the submission of written or oral preliminary indications of interest to be on or prior to July 22, 1994. A number of potential acquirors submit written or oral indications of interest prior to the deadline.
- \* July 25, 1994 -- The Independent Committee receives a presentation from Goldman Sachs outlining the material terms of the preliminary indications of interest. After the presentation and the advice of Goldman Sachs, the Independent Committee determines to permit three potential acquirors (among them First Union Corporation - FUNC) to conduct due diligence on American Savings. The three potential acquirors are those believed by the Independent Committee to have submitted the preliminary indications of interest which would provide the highest potential value to American Savings stockholders. In addition, the Independent Committee instructs Goldman Sachs to further research the potential value of a preliminary indication of interest submitted by a

fourth potential acquiror and continue to engage in discussions with all of the potential acquirors who had not been selected to conduct due diligence in order to attempt to solicit more advantageous indications of interest from time to time.

- \* July 26, 1994 -- Throughout August and Early September, the three selected potential acquirors perform due diligence and engage in discussions with Goldman Sachs and representatives of American Savings. Potential acquirors are also furnished with a draft merger agreement and instructed to submit a definitive indication of interest together with a detailed mark-up of the draft merger agreement by September 23, 1994.
- \* September 23, 1994 -- One of the potential acquirors that had conducted due diligence declines to submit a definitive indication of interest, a second offers only to purchase certain specified assets of American Savings, and the third, FUNC, submits a definitive indication of interest for all of American Savings and is the sole potential acquiror to submit a revised merger agreement. The fourth potential acquiror which had submitted a preliminary indication of interest but had not been invited to conduct due diligence also submits a second indication of interest.

The definitive indication of interest submitted by FUNC contemplates an acquisition of all the shares of American Savings at a price per share of \$21.50, subject to downward adjustment to reflect the after-tax loss expected to be incurred by American Savings as a result of the sale of its private label MBS portfolio. American Savings anticipates, at the time, that the downward adjustment which would result from the portfolio sale would approximate \$.50 to \$.75 per share of American Savings common stock.

- \* September 26, 1994 -- The Independent Committee receives presentations from American Savings management concerning American Savings' business, results of operations and future prospects, including its progress to date under American Savings' five-year business plan, and a presentation from Goldman Sachs outlining the terms of the indications of interest and the potential sales process generally.

Representatives of Enstar also address the committee and confirm Enstar's desire that a sale transaction be pursued. Following deliberations, the Independent Committee determines to convey to the American Savings board that Goldman Sachs be instructed to negotiate with FUNC with a view towards improving its offer to a price which was higher in Bear Stearns' fairness range; to continue discussions with other potential acquirors and to continue to explore alternatives to a sale.

- \* September 27, 1994 -- The American Savings board meets to consider the recommendations of the Independent Committee. At the meeting, Goldman Sachs repeats its presentation concerning the various indications of interest. Goldman also discusses the alternatives available to American Savings if a sale transaction would not be pursued. After analyzing and discussing the Goldman Sachs presentation and the other matters previously considered by the Independent Committee, the American Savings board determines to authorize Goldman to proceed in accordance with the recommendations of the Independent Committee. In the days that follow, no indication of interest which is superior from a financial point of view to the original FUNC proposal is received. In addition, FUNC declines to improve its original proposal.
- \* October 4 and 5, 1994 -- The Independent Committee meets to consider whether to continue to pursue the original FUNC proposal. In its deliberations, the Independent Committee consults with its legal and financial advisors and receives presentations from Goldman Sachs, Bear Stearns and American Savings management, including presentations from American Savings management concerning its estimates of the values which could be achieved if American Savings remains independent and pursues a revised business plan. Management's estimates are based upon the same multiples of projected earnings and discount rates used by Bear Stearns in its presentation to the Independent Committee on May 17, 1994, but utilized the projected 1997 earnings contained in the revised business plan.

The analysis assumed that no recovery of the Enstar Receivable would be realized, and resulted in an estimated range of net present values for American Savings Common Stock of \$17.82 to \$24.81 per share, with a median of \$21.12. When the revised business plan was adjusted to include potential expansion through the acquisition of two in-market financial institutions, management's estimate of the range of net present value was \$21.31 to \$29.68 per share, with a median of \$25.26.

At the October 4th and 5th meetings, Bear Stearns presents analysis of values which might be achieved if American Savings remains independent for a period prior to a sale and the levels of success required under the revised business plan in order for such strategy to compare favorably to the original FUNC proposal. Bear Stearns concludes that based upon 1997 earnings projected in American Savings' revised business plan and assuming a multiple equal to the median of multiples used in acquisitions of comparable nationwide thrifts, discounted to present value, American Savings would be required to achieve only 73% of the earnings targets contained in its revised business plan to support a price per share comparable

to the original FUNC proposal. Following deliberations, the Independent Committee determined to recommend that a transaction with FUNC be pursued, subject to the negotiation of an acceptable definitive merger agreement.

- \* October 5, 1994 - The American Savings board meets, reviews the terms of the original FUNC proposal, receives presentations from its legal and financial advisors and a synopsis of the revised business plan and considers the independent committee's recommendations. The board ratifies the recommendations and instructs Goldman Sachs and the Independent Committee to proceed in accordance with their recommended Plan.

Over the next several weeks. American Savings' legal and financial advisors, in consultation with the Independent Committee, engage in continuous negotiations with FUNC and its representatives concerning the terms of a merger agreement and a stock option agreement. The negotiations resulted in FUNC improving the terms of the original FUNC proposal by increasing the price per share of American Savings common stock from \$21.50 to \$21.80 (prior to the downward adjustment for the after-tax loss expected on the sale of the MBS portfolio). FUNC also agrees to increase the maximum percentage of the aggregate consideration to be paid to American Savings stockholders in shares of FUNC common stock from 50% to 80%, which increases the likelihood that the transaction will qualify as a tax-free reorganization. Enstar and FUNC also negotiate the terms of a stockholder voting agreement.

During the period in which negotiations continue, the Independent Committee begins to identify a number of potential risks associated with the terms of the original FUNC proposal. First, interest rates continue to rise throughout this period causing the estimated loss on the sale of the MBS portfolio to increase, decreasing the value expected to be received by American Savings stockholders under the original FUNC proposal. Accordingly, American Savings determines that it would be important to consummate the sale of the MBS portfolio as soon as possible after entering into a merger agreement with FUNC in order to avoid any further reduction in the value of the original FUNC proposal. The Independent Committee receives advice to the effect that even if a sale of the portfolio is delayed until shortly prior to the closing of an FUNC acquisition of American Savings, applicable accounting principles mandate that the value of the portfolio reflected on American Savings' balance sheet be adjusted immediately upon execution of the merger agreement to reflect the unrealized net after-tax loss inherent in the MBS portfolio. Both an immediate sale or a reduction of the portfolio's book value pending its future sale would leave American Savings in

a weakened capital position and undermine its earning power in the event the proposed merger were not consummated. The Independent Committee becomes aware of regulatory concerns about the negative effect on capital, particularly in light of the possibility that the merger could fail to be consummated. In addition, under the original FUNC proposal, FUNC's obligation to close the transaction is conditioned upon repayment of substantially all of the Enstar receivable, and upon the receipt of a legal opinion concerning the ability of the transaction to qualify as a tax-free reorganization. The Independent Committee believes that there is an unacceptable level of risk concerning the ability of the transaction to qualify as a tax-free reorganization, and that this risk, together with the condition relating to the Enstar receivable, create substantial uncertainty as to whether the merger will be consummated. Finally, FUNC refuses to include any provision in the proposed merger agreement acknowledging the survivability of FUNC's obligation to honor American Savings' existing severance arrangements for employees. the Independent Committee becomes concerned that absent such a provision, a number of American Savings employees might terminate their employment with American Savings pending consummation of the proposed merger, which could have a material adverse effect on American Savings if the merger fails to close.

\* October 27, 1994 -- American Savings issues a press release stating that it is considering a possible sale transaction. By the end of October, the value of the MBS portfolio has declined to the point that the reduction in the purchase price contemplated would exceed \$1.00 per share. Despite American Savings efforts, FUNC declines to eliminate or place a limit on the downward adjustment, to satisfactorily address American Savings concerns relating to the regulatory and tax effects of the proposed transaction, to satisfactorily address American Savings requests regarding the honoring of severance arrangements or to agree to remove certain closing conditions it had requested in order to increase the certainty that the transaction would close.

\* October 27 to October 31, 1994 - The Independent Committee meets over the four day period to consider and analyze the proposed transaction. It also continues through American Savings' advisors, to attempt without success to improve the terms of the original FUNC proposal. During its deliberations, the Independent Committee reexamines with its legal and financial advisors the unresolved issues involved in the original FUNC proposal and the committee's concerns about those issues, particularly its heightened regulatory concerns. It also reconsiders the revised business plan and renews its consideration of alternatives to a sale of American Savings. In contrast, the Independent Committee receives presentations

from Enstar and its legal and financial advisors, urging approval of the original FUNC proposal. Finally, the Independent Committee was advised by both Bear Stearns and Goldman Sachs that although the proposed price was towards the bottom of the range of fairness, each firm was prepared to issue a fairness opinion with respect to the consideration to be received for the transaction. However, Bear Stearns also advised the Independent Committee that it was prepared, in light of all of the terms of the original FUNC proposal to issue an opinion that the proposed transaction was inadequate. The committee determines that it was unable to recommend acceptance of the proposed transaction because of the various concerns and Bear Stearns issues an inadequacy opinion.

- \* November 1, 1994 -- American Savings issues a press release announcing that it has determined not to pursue the sale transaction. It also announces that it will continue to review its strategic alternatives. In the weeks that follow the release, the Committee and the American Savings board continue to examine the strategic alternatives available to American Savings, including the sale of American Savings and a possible repurchase of all or a substantial portion of Enstar's American Savings common stock with a recapitalization of American Savings. During this time period, American Savings and Goldman Sachs also receive indications of interest concerning an acquisition of either American Savings or the shares of American Savings common stock owned by Enstar. Goldman Sachs also contacts a number of other potential acquirors in an effort to solicit a proposal to acquire American Savings on acceptable terms and conditions.
- \* November 23, 1994 -- FUNC approaches Goldman Sachs and offers to acquire American Savings for a fixed value of \$21.00 per share of American Savings common stock. The offer is superior from a financial point of view to all other indications of interest which had been received subsequent to the November 1, 1994 press release. In addition, under FUNC's revised proposal, American Savings would not be required to sell the MBS portfolio prior to the consummation of the merger and accordingly no adjustments to the purchase price would be made. After further discussion, FUNC agreed that 100% of the consideration to be received by American Savings stockholders would consist of FUNC common stock. As compared with the original FUNC proposal, the revised proposal provided greater certainty as to the tax-free nature of the transaction and eliminated the repayment of the Enstar receivable as a condition to closing, increasing the likelihood that the merger would be consummated.
- \* November 23 to December 3, 1994 -- The Independent Committee, Goldman Sachs and other representatives of American Savings continue to negotiate the terms of the merger agreement and

the stock option agreement. During this period American Savings also receives written assurance from the CEO of First Union National Bank that after consummation of the transaction, American Savings employees will be generally entitled to participate in FUNC's benefit plans on the same terms and conditions as FUNC employees and would be given credit for service with American Savings and that, for a period of one year (after the closing of the transaction), American Savings employees terminated as a result of job elimination would receive the better of American Savings or FUNC's severance benefits. During the ten day period, the Independent Committee held four formal meetings and numerous telephone conferences.

- \* December 4, 1994 -- The Independent Committee completes its review of the proposed transaction and unanimously determines that the terms of the proposed merger are in the best interest of American Savings and all of its stockholders, and recommends that the American Savings board approve the merger agreement and the stock option agreement. At meetings held on December 4, the American Savings board considers the proposed transaction. At these meeting the American Savings board reviews the recommendations of the Independent Committee and the reasons for such recommendations, receives presentations from American Savings management, Goldman Sachs, Bear Stearns and American Savings' legal advisors. After extensive deliberations, the American Savings board unanimously (with Messrs. Davis, Frazer and Taylor abstaining) that the merger is in the best interest of American Savings and its stockholders and vote to approve the merger agreement and the stock option agreement, which are executed later in the day.
- \* December 5, 1994 -- American Savings issues press release announcing definitive agreement for sale to FUNC.

Also During 1994...

- \* American Savings originates \$70.4 million in First Mortgage loans through its 8 LPOs located in Florida (1993, \$94 million)
- \* American Savings originates \$29.1 million of residential mortgage loan under its arrangement with Keyes (HomePartners), an increase of 165% over 1993 totals (\$11 million)
- \* American Savings originates \$181 million of residential mortgage loans through its wholesale lending program, and increase of 524% over 1993 originations (\$29 million).
- \* American Savings opens two second mortgage LPO's in Chicago.

- \* Second mortgage originations amount to \$158.2 million in 1994, an increase of 60% over 1993 totals (\$98.7 million).
  - \* American Savings re-institutes its program to provide financing for the acquisition and development of unimproved residential property.
  - \* American Savings opens and LPO in Maitland, Florida to originate dealer paper and continues to expand these activities in Broward, Dade and Palm Beach counties.
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1993



**American Savings of Florida Chronology  
1993**

(Source: 1993 Annual Report and Form 10-K)

Summary of financial condition and selected financial data at, or for the year ended, December 31, 1993, (dollars in thousands)

Financial Data

Total Assets	\$3,117,032
MBSs Held to Maturity, Net	547,548
Loans Receivable, Net	1,577,511
Amounts Due From Enstar, Net	0
Assets Held for Sale	113,228
Securities Available for Sale	615,473
U.S. Government and Agency Obligations	3,152
Other Marketable Securities	6,304
Other Investments	70,340
Savings Deposits	2,228,090
Borrowed Funds	617,832
Stockholders' Equity	207,867

<u>Net Income</u>	\$ 28,339
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<u>Pretax Core Earnings</u>	18,652
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Regulatory Capital Under FIRREA

Core Capital	\$ 168,970
Tangible Capital	138,755
Risk-Base Capital	186,828

Regulatory Capital Surplus

Core Capital	\$ 77,312
Tangible Capital	93,036
Risk-Based Capital	68,990

<u>Nonaccrual Loans</u>	\$ 19,042
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Common Stock Data

April 27, 1993 -- At the close of business, a one-for-five reverse split of all issued and outstanding shares of American Savings common stock becomes effective.

Until June 15, 1993, American Savings common stock is traded on The NASDAQ small-cap market. After June 15, 1993, it is traded on the NASDAQ national market under the symbol American Savings.

The high and low bids for American Savings common stock for the fiscal year are as follows (adjusted to reflect the reverse split):

<u>Bids</u>	<u>High Bids</u>	<u>L o w</u>
January 1, 1993 to March 31, 1993	13 1/8	10 5/16
April 1, 1993 to June 30, 1993	13 1/8	9 3/4
July 1, 1993 to September 30, 1993	18 3/4	11 3/8
October 1, 1993 to December 31, 1993	20 3/8	17 1/2

Number of Branch Offices (at December 31, 1993)

29 -- Dade, Broward and Palm Beach

Consumer Lending Offices (at December 31, 1993)

None

Mortgage Origination Offices (at December 31, 1993)

7 -- in Florida

Number of Employees (at December 31, 1993)

709

Subsidiaries, Equity Interests and Limited Partnerships

N/A

American's Corporate Officers

Stephen D. Taylor  
President and C.E.O.

Barbara E. Mahoney  
Executive Vice President  
Retail Banking and Support Services

Alan B. Goldstein  
Executive Vice President,  
General Counsel and  
Corporate Secretary

Charles H. Holland, Jr.  
Executive Vice President  
Corporate Strategy and Support

Linda M. Haskins  
Executive Vice President  
Finance Group (title modification 4/93)

Robert Arena  
Senior Vice President  
Commercial Real Estate

William J. Brodie  
Senior Vice President  
Consumer Finance Administration

John A. Camino  
Senior Vice President  
Chief Information Officer (from 6/93 - new to group)

Steven W. Christopher  
Senior Vice President  
Retail Banking Administration

Thomas Chen  
Senior Vice President  
Retail Banking

Thomas A. Dorsey  
Senior Vice President  
Administrative Services and Security Officer

Carlos R. Fernandez-Guzman  
Senior Vice President  
Market Development

T. Glynn Gilbert  
Senior Vice President  
Lending

John G. Hansen  
Senior Vice President  
Mortgage Lending Operations (promotion from 11/93 - new to group 2/92)

Yunus Ismail  
Senior Vice President  
Management Information Systems (through 6/93)

Clotilde C. Keller  
Senior Vice President and  
Associate Controller

Gary J. Laurash  
Senior Vice President and  
Treasurer (promotion from 4/93 - new to group 1/92)

M. Ellis McKay, Jr.  
Senior Vice President  
Mortgage Loan Servicing

Gerald W. Oliver  
Senior Vice President  
Regulatory Compliance (promotion 11/93)

Karen J. Orlin  
Senior Vice President  
Associate Counsel and Assistant Secretary

Gabriel Villada  
Senior Vice President  
Treasurer (through 3/93)

Charles H. Williams  
Senior Vice President  
Mortgage Lending

Logos T. Yeh  
Senior Vice President  
Chief Auditor

American's Board of Directors

Charles Daniel Kimbrell  
Chairman  
President and C.E.O. Thomson Oak Flooring Co.  
Thomson, GA

William H. Dukelow  
Account Vice President  
Paine Webber, Inc.  
Jacksonville, FL

Charles B. Shewmake  
Chairman, Algernon Blair International  
Montgomery, AL (through 7/93)

Stephen D. Taylor  
President and C.E.O.  
Miami, FL

Nimrod T. Frazer  
President and C.E.O.  
The Enstar Group  
Montgomery, AL (from 5/93)

Deidre Y. Russell  
Assistant Director of Fixed Income-Private Placements  
The Retirement Systems of Alabama  
Montgomery, AL (from 3/93)

Erwin Allen  
Retired Financial Executive and Regulator  
Miami, FL (from 7/93)

T. Wayne Davis  
President Tine W. Davis Family -- WD Charities, Inc.  
Director The Enstar Group  
Jacksonville, FL (from 7/93)

Dr. Barbara W. Gothard  
President  
The Gothard Group  
Miami, FL (from 7/93)

1993 -- Highlights -- American Savings

- \* February 24, 1993 -- In response to American Savings' request for confirmation and in light of American Savings' compliance with regulatory capital requirements as of 12/31/92, The OTS notifies American Savings that Enstar Group will be permitted to vote its shares of American Savings Common Stock at the 1993 Annual meeting of Shareholders.
- \* February 1993 -- The OTS accepts American Savings' fourth revision to the capital plan submitted December 1992.
- \* February 1993 -- Richard Grassgreen files for protection under Chapter 11 of the Bankruptcy code.
- \* As of March 19, 1993, American Savings has recorded \$2,006,000, net of a \$408,000 reserve, on its books as its pro rata share of its interest as a member of the bank group in the General Homes and FGMC, Inc. reorganization.
- \* During the first quarter of 1993, American Savings adds International Personal Banking (IPB) to its retail service offerings. The service targets customers who live in the U.S. part of the year, but whose U.S. based credit bills and banking needs continue year-round. The services offered through IPB are geared to minimize the complexities and inconveniences caused by travel schedules and the multiple steps usually required to complete banking transactions from abroad.
- \* April 27, 1993 -- At the close of business, five-for-one reverse split of American Savings common stock becomes effective.
- \* June 1993 -- American Savings' Board of Directors engage Dillon, Read & Co., Inc. as American Savings' financial advisors to advise the Board regarding the alternative actions and determinations to be made by the American Savings Board in view of possible action by Enstar and the uncertainty of Enstar's plans with respect to its American Savings Common Stock.
- \* July 29, 1993 -- In light of the progress demonstrated by American Savings in achieving compliance with regulatory capital requirements, achieving core earnings, reducing non-performing assets and improving its levels of loss reserves, American Savings requests that the OTS release it from (i) the Capital Plan, as amended (ii) the capital directive, (iii) the operating agreement by and between American Savings, FSLIC and the Florida Department dated April 29, 1988; and (iv) the designation of American Savings as an institution "requiring

more than normal supervision".

- \* During the second quarter of 1993, American Savings capitalizes on new regulations which allow controlled business arrangements by entering into a marketing arrangement with Florida's largest independent real estate brokerage firm, The Keyes Company, to provide mortgages and related settlement services to the buyers of Keyes homes through a separate sales and processing staff dedicated to the realty sales associates and located in the 26 Keyes offices in south and central Florida. The service is named "**HomePartners**" (tm).
- \* August 25, 1993 -- Enstar's modified plan of reorganization is confirmed by the bankruptcy court. (See February 24 1992).
- \* August 30, 1993 -- The Board of American Savings establishes a Special Advisory Committee, composed of three non-employee directors who are believed to be independent of any relationships with Enstar Group and any party interested in any acquisition of American Savings or American Savings common stock, with American's president as an ex-officio member, to investigate, analyze, confer and generally deal with all issues and parties arising out of any potential change in control of American Savings. The Special Advisory Committee is to report its findings and make recommendations to the Board in connection with these matters and has authority to retain professional advisors. The three non-employee directors that compose the special advisory committee are Erwin Allen, William H. Dukelow and Dr. Barbara W. Gothard.
- \* August 1993 -- Enstar Group and American Savings commence discussions concerning alternatives being considered by Enstar Group which may impact the ownership of American Savings. Discussions include, among others, reorganization, recapitalization, merger, consolidation or other transactions or events involving Enstar Group and/or American Savings, including the possible retention by Enstar Group of ownership of American Savings, the potential sale of Enstar's shares of American Savings Common Stock or the sale of all of American Savings.
- \* August 1993 -- During late 1992 and early 1993 American Savings' retail banking and market development efforts result in the successful restructuring of existing product lines as well as the introduction of new product lines. In the August 1993 issue of **Money Magazine**, American Savings' "The Club", one of the restructured products, is described as "one of the last bargains left in banking..." among the reasons the American Savings product is signaled out is that it includes all of a family's accounts in calculating balances to meet minimum balance requirements and to avoid monthly account maintenance fees.

- \* September 29, 1993 -- The Milken Global settlement is finalized by order of the court. American Savings is represented on the committee that is to formulate a plan to allocate the proceeds of the settlement.
- \* During 1993, American Savings establishes program of financing limited acquisition and refinancing of existing multifamily rental housing. Origination of these loans is primarily from brokers and new customers approaching or solicited by American Savings.
- \* During the fourth quarter of 1993, American Savings establishes a wholesale residential loan program to originate loans through a network of independent mortgage brokers, mortgage bankers and financial institutions throughout Florida and begins to consider geographic expansion of its wholesale and second mortgage lending activities outside the state of Florida in the future.

1992



**American Savings of Florida Chronology**  
1992

(Source: Annual Report, Form 10-K for the Fiscal Year Ended  
December 31, 1992)

Summary of financial condition and selected financial data at  
December 31, 1992 (dollars in thousands):

Financial Data

Total Assets	\$2,955,099
Mortgage-Backed Securities	1,438,797
Loans Receivables, Net	1,175,947
Amounts Due From Enstar, Net	0
Assets Held for Sale	91,885
U.S. Government and Agency Obligations	3,152
Other Marketable Securities	6,323
Other Investments	28,241
Trading Securities	0
Savings Deposits	2,261,667
Borrowed Funds	476,899
Stockholders' Equity	173,855

<u>Net Income</u>	\$ 43,658
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<u>Pretax Core Income</u>	\$ 12,548
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Regulatory Capital (Under FIRREA)

Core Capital	\$ 136,125
Tangible Capital	98,668
Risk-Based Capital	151,716

Regulatory Capital Surplus

Core Capital	\$ 49,468
Tangible Capital	55,469
Risk-Based Capital	51,880

<u>Nonaccrual Loans</u>	\$ 34,629
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Common and Preferred Stock Data

Common Stock

Until June 30, 1992, shares are included for quotation on NASDAQ;  
after that date, they are traded on the NASDAQ small-cap market.

The following are the high and low bids for American Savings Common  
Stock on NASDAQ for the first two fiscal quarters of 1992 and the  
high and low sales prices for the last two fiscal quarters of 1992.

January 1, 1992 to March 31, 1992	<u>High Bids</u> 15/16	<u>Low Bids</u> 1/4
April 1, 1992 to June 30, 1992	1 1/8	5/8
July 1, 1992 to September 30, 1992	<u>High Sales</u> 1 3/16	<u>Low Sales</u> 15/16
October 1, 1992 to December 31, 1992	2 9/16	1 3/16

Series A Preferred Stock

On December 30, 1992, American Savings redeemed all of its then outstanding Series A Preferred Stock for \$25.21 per share plus \$6.57 per share, representing dividends accrued and unpaid to December 30, 1992. Additionally, American Savings paid all dividends accrued and unpaid on shares of Series A Preferred Stock surrendered for conversion after January 1, 1990, up to and including the dividend payment date immediately preceding the date of conversion. Through December 29, 1992, holders were entitled, at their option, to convert each share of Series A Preferred Stock into \$16.40 in cash, or 2.7312 shares of American Savings Common Stock, with fractional shares settled in cash. The total amount paid in connection with the redemption, conversion and payment of dividends in arrears was \$2,537.000.

Number of Branch Offices (at March 19, 1993)

29 -- Dade, Broward and Palm Beach

Number of Consumer Lending Offices (at March 19, 1993)

None

Number of Mortgage Origination Offices (at March 19, 1993)

6 -- in Florida

Number of Employees (as of February 28, 1993)

660

American's Corporate Officers

Stephen D. Taylor  
President and C.E.O.

Barbara E. Mahoney  
Executive Vice President  
Retail Banking and Support Services

Alan B. Goldstein  
Executive Vice President  
General Counsel and Corporate Secretary  
Treasurer (through 5/92)

Charles H. Holland, Jr.  
Executive Vice President  
Corporate Strategy and Support (from 3/92 - new to group)

Linda M. Haskins  
Executive Vice President  
Finance and Controller (from 2/92 - promotion)

Robert Arena  
Senior Vice President  
Commercial Real Estate (from 4/92 - new to group)

William J. Brodie  
Senior Vice President  
Consumer Finance Administration

Thomas Chen  
Senior Vice President  
Retail Banking

Steven W. Christopher  
Senior Vice President  
Retail Banking Administration

Arthur P. Cote, II  
Senior Vice President  
Real Estate Lending (through 2/92)

Thomas A. Dorsey  
Senior Vice President  
Administrative Services and Security Officer

Carlos R. Fernandez-Guzman  
Senior Vice President  
Market Development (from 7/92 - new to group)

T. Glynn Gilbert  
Senior Vice President  
Lending

Yunus Ismail  
Senior Vice President  
Management Information Systems

Clotilde C. Keller  
Senior Vice President and  
Associate Controller (from 2/92 - promotion)

M. Ellis McKay, Jr.  
Senior Vice President  
Mortgage Loan Servicing

Karen J. Orlin  
Senior Vice President  
Associate Counsel and Assistant Secretary

Gabriel Villada  
Senior Vice President and  
Treasurer (from 5/92 - new to group)

Charles H. Williams  
Senior Vice President  
Mortgage Lending

Logos T. Yeh  
Senior Vice President and  
Chief Auditor (from 5/92 - new to group)

Walter A. Young  
Senior Vice President  
Director of Internal Audit (through 3/92)

American's Board of Directors

Charles Daniel Kimbrell  
Chairman  
President and C.E.O. Thomson Oak Flooring Co.,  
Thomson, GA

James W. Davidson  
President, Davidson Capital Partners  
Miami, FL (through 5/92)

William H. Dukelow  
Account Vice President  
Paine Webber, Inc.  
Jacksonville, FL

Charles B. Shewmake  
Chairman, Algernon Blair International  
Montgomery, AL

Stephen D. Taylor  
President and C.E.O.  
Miami, FL

Nimrod T. Frazer  
President and C.E.O.  
The Enstar Group  
Montgomery, AL (5/92 to 12/92)

Howard Amster  
Private Investor  
Cleveland, OH (from 5/92 - Preferred Share director)

John C. Loring  
Attorney and Private Investor  
Chicago, IL (from 5/92 - Preferred Share director)

**1992 -- Highlights -- American Savings**

1992 -- Highlights-- American Savings

- \* January 17, 1992, with the consent of American Savings, OTS issues capital directive. The directive requires that American Savings make diligent and good faith efforts to seek capital to bring it into compliance with applicable capital standards, including, at a minimum, (i) seeking additional capital from sources outside of the institution, (ii) removing all impediments to increasing capital that are contained in the institution's charter and by laws, and (iii) recommending that shareholders of the institution act on a proposed capital infusion, acquisition or merger, or other plan to increase capital or amend the charter or bylaws, as may be necessary.

Under the capital directive, American Savings must comply, on July 1, 1992, and thereafter maintain compliance, with all applicable standards in effect on that date, may engage only in those types and dollar levels of activities specified in the revised capital plan submitted and approved in December of 1991 and may not increase its total assets. The Board of Directors must review the revised capital plan not less than monthly and American Savings must submit to the Regional Director of OTS quarterly reports, including, but not limited to, variance reports for activities, capital targets and asset growth, under the capital directive.

- \* February 24, 1992 -- the U.S. bankruptcy court for the middle district of Alabama confirms Enstar Group's and Enstar Financial's separate plans of reorganization in their proceedings for protection under Chapter 11 of the Bankruptcy Code. The plans provide for the resolution of disputes between Enstar, American Savings, OTS and certain of Enstar's other creditors concerning the validity and priority of American Savings' and OTS's claims against Enstar.

Generally, under the plan, American Savings releases its security interest in all property securing its claim, including the American Savings Common Stock held by Enstar Group, and American Savings acquired a final allowed unsecured claim against Enstar Group's estate. American Savings becomes entitled to receive 66.66% of all distributions from that estate until its allowed claim in the amount of \$36,000,000 is paid in full but, under the terms of the plan, American Savings may not receive any proceeds from the sale or other disposition of Enstar Group's American Savings Common Stock. However, if there are any proceeds from the sale in excess of amounts that other creditors are entitled to receive under the plan, American Savings announces its intent to make a claim for the excess proceeds.

In addition, under the plan, Enstar Group is required to sell the American Savings Common Stock it owns before June 1, 1995, and certain creditors, other than ASF, may require Enstar Group to sell their respective pro-rata portions of Enstar's shares of ASF Common Stock at any time.

Also, under Enstar Group's plan, all of the outstanding shares of Enstar Common Stock are canceled, and the new stock of Enstar Group issued to a trustee to be held in accordance with the terms of the plan. Under the plan, the new stock of Enstar Group, as reorganized, is held in trust for the benefit of its unsecured creditors in accordance with the treatment of such creditors under the plan. The trustee is authorized to vote the shares for the election of Enstar Group directors in accordance with direction given by the unsecured creditors who hold 51% or more of the allowed unsecured claims who vote.

- \* February 27, 1992 -- OTS notifies Enstar Group that in response to Enstar's request, it does not object to Enstar Group's exercising their voting rights attendant to its ownership of American Savings Common Stock at the 1992 Annual Meeting of Shareholders.
- \* February 27, 1992 -- American Savings submits to OTS a revision to its capital plan reflecting compliance by July 1, 1992 with all applicable capital standards in effect on that date.

The plan projects compliance with all three regulatory requirement by March 31, 1992, and that American Savings will maintain capital compliance subsequent to March 31, 1992. The principal assumptions that underlie the 1992 plan and that are critical to its success are: (i) achieving core earnings in 1992 and thereafter through the development of American Savings into a community bank with initial emphasis on originating first and second mortgages and providing services to local businesses and residents not being effectively served by competitors, and (ii) no changes in the current regulations governing the calculation of regulatory capital requirements.

By March 31, 1992, American Savings management affirms its intent to, (i) reinvest \$500 million of short-term liquid assets in higher yielding assets, (ii) use \$200 million of its liquid assets to repay liabilities, thereby further reducing asset levels; and (iii) sell \$60 million of long-term, fixed rate assets for a gain of approximately \$3.5 million. To reduce interest rate risk, management also intends to replace \$300 million of reverse repos with fixed-rate FHLB advances with maturities from one to three years.

Subsequently, the OTS informs American Savings that the 1992 Capital Plan revision was accepted.

- \* June 1, 1992 -- Enstar Group's plan of reorganization becomes effective. In June, in accordance with the plan, the estate of Enstar Group distributes \$4,006,000 to American Savings, reducing American's allowed claim to \$31,994,000.
- \* During the second quarter of 1992, American Savings begins originating traditional residential second mortgage loans through commissioned employees based in the LPOs, receiving referrals from Mortgage brokers, financial advisers and Home Improvement Dealers, as well as American Savings branches.
- \* By June 30, 1992, and in accordance with the 1992 capital plan, American Savings sells MBSs and CMOs having an aggregate book value of \$56,448,000, and recognizes nonrecurring gains of \$3,312,000 on the sales.
- \* During 1992, as a result of a decision to invest in variable-rate or shorter-term assets, American Savings decides to sell all of its fixed-rate MBSs accordingly, such MBS portfolio is reclassified as held for sale.
- \* During the third quarter of 1992, ASF sells the reclassified MBSs which had a book value of \$194,197,000 and records a nonrecurring pretax gain of \$14,646,000 on the sale. Gains of \$1,477,000 are also realized during the year as a result of sales of fixed-rate first mortgage loans originated by American Savings.
- \* August 24, 1992 -- Hurricane Andrew hits South Florida. American Savings immediately seeds a relief fund benefitting the United Way of Dade County and their agencies to help assist storm victims. American Savings corporate contribution plus the contributions of staff, customers and vendors amount to over \$90,000. In addition, American Savings staff volunteers donate time and needed supplies, and travel to some of the most affected areas of South Dade County to offer their assistance.
- \* As a financial intermediary American's response in the wake of the hurricane is also prompt; branches in the affected areas were quickly re-opened and financial help centers are immediately established to assist customers with complicated questions and the difficult task of rebuilding. In cooperation with the small business administration, staff support and are were made available to assist small business owners and residents in the filing of claims and request through the Federal Emergency Management Agency (FEMA), Small Business Administration and other federal government agencies.

- \* September 11, 1992 -- Camille and Michael Gerald and their 22 severely disabled adopted and foster children -- most with Down's Syndrome and left homeless as a result of Hurricane Andrew -- are reunited in three adjacent homes provided by American Savings. Since the storm, the children have been living in un-airconditioned housing for the elderly at an Immokalee, Florida Migrant Camp. American Savings executives become aware of the Gerald's plight because American Savings holds the mortgage on one of their homes destroyed by Andrew. American Savings also issues an abatement on payment of the mortgage for as long as the Gerald need it.
  - \* In September 1992, American Savings effects a revitalization of its automobile lending program.
  - \* In October 1992, OTS advises American Savings that it has effected a settlement for \$11,200,000, of its enforcement action and American Savings' private lawsuit against American Savings' former law firm, Kirkpatrick and Lockhart; Alan J. Berkeley, a Senior Partner of that firm; Harris C. Friedman; Richard J. Grassgreen.
- Of the \$11,200,000, Kirkpatrick and Lockhart agree to pay \$9,000,000 to OTS for the benefit of ASF. In addition, Harris Friedman agrees to pay \$700,000 and Richard Grassgreen agrees to deliver a \$1,500,000 promissory note payable in five annual installments of \$300,000, beginning in November 1992.
- Perry Mendel, a party to the original suit, is not a party to the settlement.
- \* October 20, 1992, by letter, the OTS directs ASF to pay its attorneys in the suit, American Savings of Florida, FSB v. Kirkpatrick & Lockhart; Alan J. Berkeley, Harris C. Friedman, Richard J. Grassgreen and Perry Mendel, no more than a total of 33 1/3% of 10% of the \$11.2 million settlement amounts, as and when collected. Pursuant to the letter, OTS elects to recover from American Savings \$350,000 for its costs of investigation and settlement proceedings.
  - \* October 28, 1992 -- American Savings pays the OTS the above mentioned assessment.
  - \* During the fourth quarter of 1992, American Savings receives cash payments totalling \$9,500,000 (including the first \$300,000 installment from Richard Grassgreen). The net recovery recorded in 1992 amounts to \$8,881,000.
  - \* December 22, 1992, American Savings files a fourth revision to its capital plan reflecting its current capital levels, which exceed the projections in the third revision, and include

expanded lending activities. The principal assumptions that underlie the revised plan and are critical to its success are: (i) the continuation of core earnings in 1993 and 1994 through the development of American Savings into a community bank with emphasis on originating first and second mortgages, reentering the indirect automobile lending business, prudently increasing American Savings' residential construction lending and, to a more limited extent, originating permanent loans on multi-family dwelling units, (ii) no changes in current regulations governing regulatory capital requirements and (iii) increasing total assets to \$3.1 billion in 1993 and maintaining that asset level through 1994.

- \* Since 1991, American Savings opens six new LPO's, two to service Dade and one to service each of Broward, Palm Beach, Seminole and Duval Counties, Florida.
- \* During 1992, American Savings revitalizes its program for financing the acquisition and construction of improved residential lots and the limited acquisition and refinancing of existing multi-family rental housing.
- \* From December 31, 1991 to December 31, 1992, American Savings reduces its level of assets and liabilities by \$418 million and \$459 million, respectively.



American Savings of Florida Chronology  
1991  
(Source: Form 10-K for the Fiscal Year Ended  
December 31, 1991)

Summary of financial condition and selected financial data at  
December 31, 1991 (dollars in thousands):

Financial Data

Total Assets	\$3,373,330
MBSS and Loans Receivables, Net	2,160,894
Amounts due From Enstar, Net	3,079
Assets Held for Sale	309,331
U.S. Government and Agency Obligations	54,335
Other Marketable Securities	6,333
Other Investments	560,667
Trading Securities	0
Savings Deposits	2,467,529
Borrowed Funds	741,853
Stockholders' Equity	132,576

<u>Net Income</u>	\$ 19,707
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<u>Pretax Core Earnings (Loss)</u>	(808)
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Regulatory Capital (Under FIRREA)

Core Capital	\$ 108,673
Tangible Capital	48,995
Risk-Based Capital	124,415

Regulatory Capital Surplus (Deficiency)

Core Capital	\$ 9,652
Tangible Capital	(361)
Risk-Based Capital	19,799

<u>Nonaccrual Loans</u>	\$ 71,381
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Common and Preferred Stock Data

Common Stock

Effective as of December 10, 1991, American Savings issues an additional 121,886 shares of common stock to certain holders of Series A Preferred Stock in settlement of a class action against American Savings and certain of its former directors and officers.

The following sets the high and low bids for American Savings common stock for the periods during 1991 which ASF common stock was publicly traded.

	<u>High</u>	<u>Low</u>
January 1, 1991 to March 31, 1991	1/4	1/8
April 1, 1991 to June 30, 1991	7/32	1/8
July 1, 1991 to September 30, 1991	7/32	1/16
October 1, 1991 to December 31, 1991	15/32	7/32

#### Series A Preferred Stock

American Savings did not pay any of the regular quarterly cash dividends on its Series A Preferred Stock scheduled for payment on or after January 1, 1990. The amount in arrears as of January 1, 1992 is \$1,512,000.

The terms of the Series A Preferred stock provided that, when six or more full quarterly cash dividends are in default, the number of directors constituting American Savings' Board of Directors be increased by two, and the holders of all outstanding shares of preferred stock have the right, voting as a class, to elect the two new directors. On April 17, 1991, American Savings notifies the holders of shares Series A Preferred stock as of April 1, 1991 of their right to request the call of a meeting to elect the Directors. One holder of shares of Series A Preferred Stock notifies American Savings of his intention to exercise his right, and proposes himself and another holder of shares of Series A Preferred Stock as the two new Directors of American Savings.

#### Number of Branch Offices (at March 16, 1992)

30 -- Dade, Broward and Palm Beach

#### Consumer Lending Offices (at March 16, 1992)

None

#### Mortgage Origination Offices (at March 16, 1992)

3 -- in Florida

#### Number of Employees (at March 16, 1992)

631

#### Subsidiaries, Equity Interests and Limited Partnerships

- Kaufmann, Alsberg & Co., Inc., NY, NY:

\* Substantially liquidated as of November 30, 1991.

- Blackstone Capital Partners L.P. and Hyperion Partners L.P.
  - \* American Savings continues as a limited partner in Blackstone Capital partners, L.P. During 1991, American Savings makes no payment to the partnership on account of capital contribution, but does pay Blackstone a management fee of \$76,000. American Savings continues to market its interest in Blackstone.
  - \* In September 1991, American Savings sells its remaining limited partnership interest in Hyperion for a purchase price of \$4,542,000, including payment by the purchaser to Hyperion of \$2,906,000, constituting the capital contributions that ASF was requested to make, but did not: American Savings records a loss of \$619,000 on the sale during 1991. While American Savings made no payment to Hyperion on account of capital contributions in 1991, it does pay a management fee in the amount of \$261,000.

American's Corporate Officers

Stephen M. Lazovitz  
Acting Chairman and C.E.O. (through 2/91)

Stephen D. Taylor  
President and C.E.O. (from 10/91 - new to group)

Edward P. Mahoney  
President and C.O.O. (title through 10/91; employment through 12/91)

Barbara E. Mahoney  
Executive Vice President  
Retail Banking and Support Services

Alan B. Goldstein  
Executive Vice President  
General Counsel and Corporate Secretary  
Treasurer (from 7/91)

James W. Adams  
Executive Vice President  
Real Estate Lending (through 8/91)

Merrill B. Blanksteen  
Senior Vice President  
Asset/Liability Management, Finance and Treasurer (through 7/91)

William J. Brodie  
Senior Vice President  
Consumer Finance Administration

Steven W. Christopher  
Senior Vice President  
Retail Banking Administration

Thomas A. Dorsey  
Senior Vice President  
Administrative Services and Security Officer

T. Glynn Gilbert  
Senior Vice President  
Lending

Linda M. Haskins  
Senior Vice President and  
Controller

Yunus Ismail  
Senior Vice President  
Management Information Systems

Karen J. Orlin  
Senior Vice President  
Associate Counsel and Assistant Secretary

Walter A. Young  
Senior Vice President  
Director of Internal Auditing

M. Ellis McKay, Jr.  
Senior Vice President  
Mortgage Loan Servicing

Arthur P. Cote, II  
Senior Vice President  
Real Estate Lending

Charles H. Williams  
Senior Vice President  
Mortgage Lending (from 12/91 - new to group)

Thomas Chen  
Senior Vice President  
Retail Banking (from 12/91 - new to group)

American's Board of Directors

Charles Daniel Kimbrell  
Chairman  
President and C.E.O. Thomson Oak Flooring Co.,  
Thomson, GA (from 3/91)

Stephen M. Lazovitz  
Acting Chairman and C.E.O.  
Cherry Hill, NJ (through 2/91)

Edward P. Mahoney  
Vice Chairman Retail Services  
President and C.O.O.  
Hollywood, FL (through 9/91)

Laurence D. Fink  
C.E.O.  
Blackstone Financial Management L.T.D.  
New York, NY (through 1/91)

Donald Kaplan  
Managing Director  
Kaplan, Smith  
Atlanta, GA (through 3/91)

Alan B. Goldstein  
Executive Vice President  
General Counsel and Secretary  
Boca Raton, FL (through 5/91)

James W. Davidson  
President, Davidson Capital Partners  
Miami, FL (from 3/91)

William H. Dukelow  
Account Vice President  
Paine Webber, Inc.  
Jacksonville, FL (from 3/91)

Charles B. Shewmake  
Chairman, Algernon Blair International  
Montgomery, AL (from 3/91)

Stephen D. Taylor  
President and C.E.O.  
Miami, FL (from 9/91)

1991 -- Highlights -- American Savings

- \* January 1991 -- Enstar Specialty Retail files for protection under Chapter 11 of the Federal Bankruptcy Code.
- \* January 1991 -- American Savings consummates an agreement dated as of January 25, 1991 with Enstar for the partial satisfaction and restructuring of all of Enstar's loan obligations to American Savings, then approximately \$204,671,000. As partial satisfaction of Enstar's loan obligations to American Savings under the agreement, American Savings receives cash totalling \$97,950,000, high yield securities not of investment grade with an aggregate market value of \$50,613,000. Equity securities with an aggregate market value of \$2,471,000, real estate valued at \$3,021,000 and other assets totalling \$3,846,000. In addition, the indebtedness of Enstar Group to American Savings under a tax sharing agreement in effect from May 1, 1988 through March 6, 1990 is secured by a promissory note and secured in part by the pledge of the shares of American Savings common stock held by Enstar Group.
- \* February 1991 -- American Savings is notified by OTS that as a result of its failure to meet regulatory capital requirements, American Savings is an association "requiring more than normal supervision" and is prohibited from any asset growth unless it obtains prior approval from OTS.
- \* February 1991 -- On February 26, 1991 OTS approves American Savings' application to convert from a Florida state-chartered stock savings and loan association into a federally chartered stock savings bank having the name American Savings of Florida, FSB. The conversion is subject to shareholder approval and is to become effective on the date of shareholder approval. The conversion becomes effective May 14, 1991.
- \* February 26, 1991, Enstar Group announces that, on February 12, 1991, Chemical Bank (Suisse), as agent, declared an event of default under the agreement relating to Enstar Group's 5 3/4% Public Bond Issue of \$130.0 million Suisse Franc Bonds due 1995. According to the announcement, approximately \$23 million of the 5 3/4% bonds are outstanding at the time. Such an uncured default by Enstar Group constitutes an event of default under the High Yield Securities Note with American Savings.
- \* February 1991 -- American Savings sells its remaining seventeen deposit branches located on the west coast of Florida and purchases six deposit branches located on the east coast of Florida. The sales result in gains of \$4,255,000.

- \* Beginning in February 1991 through March 31, 1991, American Savings sells mortgage backed securities (MBS) with an amortized cost of approximately \$649,891,000 for a gain of approximately \$17,130,000.
- \* As of March 27, 1991, all Loan Production Offices, with the exception of an office in Broward County and the positions of many of the commissioned loan solicitors are eliminated.
- \* April 1991 -- American Savings submits to the OTS for approval a capital restoration plan setting forth how American Savings expects to meet all of the capital requirements, together with an application for an exemption from all penalties or sanctions that may be imposed for failure to meet capital standards. In the plan, regulatory compliance is projected to be achieved by September 30, 1993 through a reduction in total assets and an increase in capital.

The increase in capital is proposed to be accomplished through gains on sales of assets and deposit branches and by developing consistent core earnings. To achieve these goals, the proposed plan includes:

- 1.) A reduction in total assets from \$4.4 billion at 12/31/90 to \$3.0 billion at 9/30/93 to be accomplished primarily by the sales, in 1991, of a) \$845 million of MBSs for gains of approximately \$17 million; b) American Savings' residual portfolio for an estimated loss of \$5 million; c) two investments in CMO tranches for approximate net book value of \$6 million at 12/31/90; and d) corporate debt securities rated below investment grade for approximate net book value of \$13.4 million at 12/31/90.
- 2.) A reduction in total savings deposits from \$3.3 billion at 12/31/90 to \$2.3 billion at 9/30/93 through the sale of all of the remaining west coast of Florida branches and the closing of additional deposit branches on the east coast of Florida in 1991 - 1992.
- 3.) A reduction in American Savings' portfolio of corporate loans and residential loans.
- 4.) A reduction in American Savings' one-year negative interest rate gap through the investment in shorter-term assets or adjustable-rate assets. Also, the use of FHLB advances rather than borrowings under reverse repos.
- 5.) A substantial reduction in operating expenses from \$84 million for the year ended 12/31/90, to a projected \$69 million for the year ended 12/31/91 primarily through the reduction in the number of deposit branches, staff, salaries, reduced hours of work by non-exempt employees,

American Savings' contribution to benefit plans and other reductions in general and administrative expenses.

6.) Increased residential mortgage lending both through branch offices and purchases of ARMS.

7.) Increases in the origination of guaranteed student loans.

The principal assumptions that underlie the plan and were critical to its success were:

- 1.) Stable interest rates throughout the term of the plan;
- 2.) Relative stability of American Savings' deposit base;
- 3.) No changes to the regulations governing the calculation of regulatory capital requirements;
- 4.) Divestiture of a substantial portion of assets that are treated adversely for risk-based capital calculations and
- 5.) Collection of all interest payments on amounts due from Enstar and the fulfillment of all lease obligations between American Savings and Enstar Specialty Retail.

- \* May 1, 1991 -- American Savings repays the mortgage backed note due May 1, 1991 with the proceeds from reverse repo borrowings.
- \* May 30, 1991, OTS delivers to Enstar Group formal notice of default under the Capital Maintenance Agreement and demands that Enstar Group immediately infuse into American Savings sufficient equity capital to cause American Savings to comply with its regulatory capital requirements.
- \* May 31, 1991, Enstar Group and Enstar Financial file for protection under Chapter 11 of the Bankruptcy code. American Savings files proofs of claim in each of proceedings for amounts owed to it by Enstar.
- \* August 16, 1991 -- The Unsecured Creditors' Committee of General Homes Corporation, Houston, Texas files a complaint, naming American Savings as a defendant in an adversary proceeding within the General Homes' bankruptcy case pending in the U.S. Bankruptcy Court for the Southern District of Texas. On that same date, a complaint filed by the unsecured creditors committee on June 19, 1991 is voluntarily dismissed.
- \* August 21, 1991, one of the members of the General Homes Creditors' Committee, a General Homes subordinated debt holder, files a complaint with the Bankruptcy Court seeking disallowance of the claims of American Savings, the bank Group

and the investment advisers, and affirmative relief related to his claims against the estate.

- \* October 30, 1991, the plan of reorganization of General Homes and FGMC, Inc., is confirmed by the Bankruptcy Court. Under the plan, the Bank Group of which American Savings is a member, is entitled to receive a combination of cash, a note, the right to proceed in a liquidating trust and most of the stock of the reorganized General Homes. Additionally, claims of General Homes' estate against the Bank Group including American Savings are released.
- \* November 1, 1991, ASF files a complaint American Savings of Florida F.S.B. v. Kirkpatrick and Lockhart, Alan J. Berkely, Harris C. Friedman, Richard J. Grassgreen and Perry Mendel alleging that certain inter-company transactions between American Savings and Enstar, benefitted Enstar Group to the substantial detriment of American Savings. The suit alleges breach of fiduciary duty, fraud, aiding and abetting, conspiracy and negligence and seeks unspecified compensatory and punitive damages against all defendants and restitution respecting attorneys' fees paid to Kirkpatrick and Lockhart, plus interest, costs and any other damages recoverable by law.
- \* November 14, 1991, American Savings files suit against Michael Milken, Lowell Milken and numerous other persons and entities related to the Milken or to Drexel Burham Lambert Incorporated, American Savings of Florida F.S.B. v. Michael Milken, Lowell Milken, The suit alleges, among other things, that the defendants, through the use of false and misleading statements concerning the nature, value, risks and liquidity of junk bonds and through control and manipulation of the junk bond market, corruptly obtained influence and control over American Savings, Enstar and their affiliates and used the control to cause these entities to make investments in junk bonds that were unsuitable and overpriced.

The action was later stayed and American Savings agreed to participate in a global settlement of approximately 70 claims, including the claims of American Savings, against the Milken parties.

- \* On December 6, 1991, American Savings submits to the OTS a revision to the capital plan originally submitted in April, 1995, and still awaiting approval from OTS. By comparison with the first submission, the revision calls for deeper expense cuts and increased consumer and first and second mortgage loan originations. While allowing for loan purchases as per the original submission, the lending strategy of the plan revision is indirect, abandoning the direct branch origination strategy of the original plan. On December 11, 1991, American Savings is notified by the OTS that its capital

plan, as revised on December 6, 1991, had been accepted, and that its request for exemption from certain sanctions and penalties as a result of American Savings' failure to meet required capital standards had been approved, subject to American Savings' consent to the entry of a capital directive by OTS and its immediate diligent and good faith efforts to seek additional capital. In addition, OTS states that American Savings must engage only in activities specified in its amended capital plan and may not increase its assets. Its Board of Directors must review and report to OTS periodically, among other things, the status of American Savings' compliance with its plan, and must otherwise operate as set forth in a capital directive (issued January 17, 1992).

\* December 20, 1991, American Savings is named as one of numerous defendants in a lawsuit, Zachary et. al. v. Grassgreen ET. AL., filed in the Circuit Court of Montgomery County, Alabama by Peter N. Zachary and other purported purchasers, between August 1, 1989 and October 1, 1989, of common stock of Kinder-Care, Inc., Kinder Care Learning Centers, Inc. and Sylvan learning Centers, Inc. The complaint alleges among other things, that the defendants, singly and in concert, fraudulently "Induced Plaintiffs to purchase shares of stock in Kinder-Care and related companies by an elaborate scheme of misstatement of financial and business facts, over evaluation of assets, clever manipulation and self-dealing..."

\* At, or as of December 31, 1991

- Total assets decrease \$1,026,791,000, from \$4,400,121,000 at December 31, 1990 to \$3,373,330,000 at December 31, 1991 and total liabilities decreased by \$1,045,888,000 from \$4,286,642 at December 31, 1990 to \$3,240,754,000 at December 31, 1991. The reductions are accomplished primarily through the use of a portion for the funds generated from principal repayments on loans, MBSS and securities and the sale of assets to repay borrowings. During 1991, American Savings sells (i) \$1,058,134,000 of MBS and CMOs for gains of \$34,547,000 (ii) the residual portfolio (having a net book value of \$110,895,000 at 12/31/90) for a loss of \$2,956,000 and (iii) the IO portfolio (having a net book value of \$87,971,000 at 12/31/90) for a loss of \$10,465,000.
- Savings deposits decreased \$798,603,000, from December 31, 1990 to December 31, 1991. During 1991, American Savings sells seventeen deposit branches located on the west coast of Florida and purchases six deposit branches and closed eleven on the east coast of Florida. Deposits sold and purchased aggregated \$542,668,000 and \$172,760,000 respectively, resulting in a net decrease in deposits of \$369,908,000.

- Through the receipt by American Savings of cash and other assets in partial satisfaction of Enstar's loan obligations the amounts due from Enstar are reduced from \$160,736,000. At December 3, 1990 to \$3,079,000 at December 31, 1991.
- The portfolio of corporate loans declines \$77,282,000 to \$91,416,000 at December 31, 1991 from \$168,698,000 at December 31, 1990 principally as a result for sales and payoffs.
- American Savings continues to operate under regulatory restrictions, including a cease and desist order, a capital directive and other regulatory directives and agreements.
- At year's end, ASF's principal problems and uncertainties are:
  - \* Low levels of capital
  - \* History of losses from operations
  - \* Regulatory uncertainty and reduced operating flexibility
  - \* High levels of non-performing assets as a percentage of tangible capital

1990



American Savings of Florida Chronology  
1990  
(Source: Form 10-K For the Fiscal Year Ended  
December 31, 1990)

Summary of financial condition and selected financial data, at  
December 31, 1990 (dollars in thousands).

Financial Data

Total Assets	\$4,400,121
MBSs and Loans Receivable, Net	3,457,104
Amounts Due From Enstar	160,736
Assets Held For Sale	25,317
U.S. Government and Agency Obligations	23,129
Other Marketable Securities	232,806
Other Investments	168,246
Trading Securities	0
Savings Deposits	3,266,132
Borrowed Funds	966,301
Stockholders' Equity	113,479
<u>Net Income (Loss)</u>	(72,728)

Regulatory Capital (Under FIRREA)

Core Capital	\$ 88,004
Tangible Capital	11,050
Risk-Based Capital	106,722

Regulatory Capital Surplus (Deficiency)

Core Capital	\$ (41,346)
Tangible Capital	(53,438)
Risk-Based Capital	(44,174)

<u>Nonaccrual Loans</u>	\$ 75,455
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Common and Preferred Stock Data

Common Stock

Through July 2, 1990, there was no established public trading market for American Savings Common Stock. Until February 1, 1990, all of the issued and outstanding American Savings Common Stock was owned by Enstar Financial. As of February 1, 1990, all of the American Savings Common Stock was transferred to Enstar Group.

- \* On March 5, 1990, with the consent of Enstar Group, the charter of American Savings is amended to increase the number of authorized shares of American Savings common stock to

60,000,000, and American Savings declares a stock split of 2.83053417435 shares of American Savings Common Stock for each outstanding share, increasing the issued and outstanding shares of American Savings Common Stock to 55,143,912 (the par value remains \$.50).

- \* On March 6, 1990, with the consent of the OTS, Enstar Group distributes 50% of the issued and outstanding shares of American Savings Common Stock to a trust established for the benefit of stockholders of Enstar Group of record on that date, at a rate of one-half share of American Savings Common Stock for each share of Common Stock of Enstar Group outstanding. On July 2, 1990, the trust distributed shares to the shareholders of Enstar Group. Enstar continues to own 50% of the outstanding shares of American Savings Common Stock. On March 15, 1991, the number of holders of record of American Savings Common Stock are 9,045.
- \* The shares of American Savings Common Stock are included for quotation on the NASDAQ system. For a portion of the fourth quarter of 1990, American Savings Common Stock is not quoted on the NASDAQ system, although it continued to be included for quotation on the system.
- \* The high and low bids for the period during which the stock was publicly traded are as follows:

	<u>High</u>	<u>Low</u>
July 3, 1990 to September 30, 1990	3/4	1/4
October 1, 1990 to December 31, 1990	1/4	1/32

#### Series A Preferred Stock

American Savings does not pay the regular quarterly cash dividends on its Series A Preferred Stock scheduled for payment on or after January 1, 1990. It does not pay dividends on the Series A Preferred Stock at any time in 1990.

#### Number of Branch offices (at March 15, 1991)

42 -- Dade, Broward and Palm Beach

#### Consumer Lending Offices (at March 15, 1991)

None

#### Mortgage Origination Offices (at March 15, 1991)

3 -- In Florida

Number of Employees (at March 31, 1991)

725

Subsidiaries, Equity Interests and Limited Partnerships

- Kaufmann, Alsberg and Co., Inc., NY, NY:

- \* Listed in Form 10-K as "Discontinued Operations"
- \* Begins to liquidate arbitrage positions in January 1990.
- \* Kaufmann's re-registration as a securities broker/dealer and its membership in the NASD terminates before September 30, 1990.
- \* Kaufmann liquidates virtually all of its assets, including its securities arbitrage positions, except an investment in a limited partnership having a carrying value at March 31, 1991 of approximately \$3.2 million.
- \* Net Income (Loss) attributable to Kaufmann, Alsberg and included in American Savings' statements of consolidated operations for the fiscal year ended December 31, 1990 is (\$1,994,000).
- \* Kaufmann, Alsberg declares and pays dividends to American Savings amounting to \$34,548,000 during 1990, representing a return on capital.

- Blackstone Capital Partners L.P. and Hyperion Partners L.P.:

- \* During 1990, American Savings receives distributions as a limited partner from Blackstone constituting return of capital in the amount of \$1,984,000 and sells 40% of its limited partnership interest in Hyperion for a purchase price of \$1,612,000. American Savings also receives distributions as a limited partner from Hyperion constituting return of capital in the amount of \$5,181,000. As of February 28, 1991, American Savings' investment in Blackstone is reduced to \$6,161,000 and in Hyperion to \$2,176,000.
- \* During 1990, American Savings makes no payments to either partnership on account of capital contributions, however, American Savings does pay a management fee to Blackstone in the amount of \$103,000 and to Hyperion in the amount of \$139,000.
- \* American Savings attempts to market the limited partnership interest with the assistance of the general partner of each partnership.

American's Corporate Officers

Harris C. Friedman  
Chairman and C.E.O. (through 10/90)

Stephen M. Lazovitz  
Acting Chairman and C.E.O. (from 10/90)  
(Pending OTS approval)

Edward P. Mahoney  
Vice Chairman Retail Services and C.O.O.  
President and C.O.O. (from 10/90)

Roger C. Pastore  
Vice Chairman  
C.F.O. and Treasurer (through 11/90)

Barbara E. Mahoney  
Executive Vice President  
Retail Banking and Support Services

Alan B. Goldstein  
Executive Vice President,  
General Counsel and Corporate Secretary

James W. Adams  
Executive Vice President  
Real Estate Lending

Merrill B. Blanksteen  
Senior Vice President  
Asset/Liability Management  
Finance (from 1/90)  
Treasurer (from 12/90)

William J. Brodie  
Senior Vice President  
Consumer Finance Administration

Steven W. Christopher  
Senior Vice President  
Retail Banking Administration

Thomas A. Dorsey  
Senior Vice President  
Administrative Services and Security Officer

T. Glynn Gilbert  
Senior Vice President  
Lending

Linda M. Haskins  
Senior Vice President and  
Controller

Yunus Ismail  
Senior Vice President  
Management Information Systems

Roger W. Lander  
Senior Vice President  
Information Technology (through 10/90)

Karen J. Orlin  
Senior Vice President  
Associate Counsel and  
Assistant Secretary

Robert Radler  
Senior Vice President  
Marketing (through 11/90)

Walter A. Young  
Senior Vice President  
Director of Internal Auditing

Jessica Atkinson  
Senior Vice President  
Regional Director

M. Ellis McKay, Jr.  
Senior Vice President  
Mortgage Loan Servicing

Scott A. Bailey  
Senior Vice President  
Commercial Bank Lending (through 10/90)

Paul W. Leathe  
Senior Vice President  
Major Real Estate Lending (through 4/90)

Arthur P. Cote, II  
Senior Vice President  
Real Estate Lending (promotion from 5/90)

Stephanie E. Mintz  
Senior Vice President  
Human Resources (promotion from 12/90)

American's Board of Directors

Harris C. Friedman  
Chairman, President and C.E.O.  
Miami, FL (through 10/90)

Stephen M. Lazovitz  
Acting Chairman and C.E.O.  
Cherry Hill, NJ

Edward P. Mahoney  
Vice Chairman Retail Services  
President and C.O.O.  
Hollywood, FL

James A. Brennan, Jr.  
President and C.E.O. and Director  
Brennan Construction Corporation  
Coral Gables, FL. (through 12/90)

Laurence D. Fink  
Chairman and C.E.O. of Blackstone Financial Management L.P.  
General Partner of the Blackstone Group  
New York, NY

Richard J. Grassgreen  
President and C.E.O. of Kinder-Care  
Chairman C.E.O. Pioneer Western Holdings  
Director of Kinder-Care, Kinder-Care Learning Centers, Inc. and  
Trans-Resources, Inc.  
Montgomery, AL (through 10/90)

Donald Kaplan  
Managing Director  
Kaplan, Smith  
Atlanta, GA

Alan B. Goldstein  
Executive Vice President and General Counsel  
American Savings of Florida  
Boca Raton, FL (from 12/90)

## 1990 -- Highlights -- American Savings

- \* January 1990, American Savings begins to originate guaranteed unsecured loans to finance tuition for students residing in Florida or attending two-to-four year colleges located in Florida. American Savings classifies these loans as held for sale since it intends to sell the loans when the loan repayment installments commence to be due.
- \* Enstar engages The First Boston Corporation, The Blackstone Group and Kaplan, Smith and Associates, Inc., a wholly-owned sub of The First Boston Corporation in an effort to sell the common stock of American Savings.
- \* March 15, 1990, American Savings is served with process in the case of Mansi v. American Savings and Loan of Florida, et. al. is named as a defendant in the class action suit brought on 10/12/88 by a purchaser or unsecured, subordinated notes of General Homes Corporation. The suit alleges that American Savings, among others, engaged in or aided and abetted a course of conduct designed to maintain an artificially high market price for the GH notes. The plaintiff also alleges that American Savings was a "Control Person" of General Homes.
- \* June 1990, American Savings decides to de-emphasize its automobile indirect lending activities in favor of direct automobile financing to consumers through its branch network.
- \* September 14, 1990, American Savings sells to Citicorp approximately \$262,000,000 in aggregate outstanding principal balance of receivables secured by automobiles. American Savings continues to service the receivables. American Savings realizes gain of approximately \$691,000.
- \* September 1990, da Silva V. American Savings and Loan Association, et. al. American Savings is a defendant along with others in a lawsuit filed September 1990, in the Judicial District Court of Harris County, Texas. The suit asserts unspecific claims allegedly arising from improperly constructed home foundations. Plaintiffs allege American Savings, as a shareholder of General Homes, is liable for negligence, gross negligence, and fraud and is vicariously liable for the acts of General Homes.
- \* November 1990, Enstar announces that if American Savings does not meet its regulatory requirement at December 30, 1990, Enstar Group might not be able to infuse sufficient additional capital to bring American Savings into compliance with its capital requirements. When Enstar Group acquired American Savings in 1988, the FSLIC required Enstar Group and Enstar Financial to enter into a regulatory Capital

Maintenance/Dividend Agreement. Under the agreement, Enstar is obligated to maintain American Savings' regulatory capital at required levels. If American Savings does not meet a certain capital ratio test and Enstar is unwilling or unable to infuse sufficient capital to restore the ratio to the required level, OTS has the right to vote the stock acquired by Enstar, remove American Savings' Board of Directors, or dispose of any or all of the voting stock of American Savings held by Enstar.

- \* Until November 1990, American Savings purchases corporate loans considered Highly Leveraged Transactions. American Savings announces that it does not plan to invest in corporate loans in the future and that it is actively pursuing the orderly reduction of its portfolio.
- \* Until late 1990, commercial real estate loan originations were granted primarily for acquisition, development and construction of large residential subdivisions or planned unit developments and secondarily for the construction or refinancing of income-producing and unimproved properties. In November 1990, American Savings increases its credit standards and discontinues actively seeking to originate these loans, the intent is to reduce its portfolio of loans secured by commercial real estate.
- \* November 1990, American Savings resumes purchasing on a limited basis, automobile finance contracts from automobile dealers.
- \* November 1990, American Savings ceases purchasing loans from correspondent lenders and closes all of its mortgage origination offices outside of Dade, Broward and Palm Beach counties.
- \* December 7, 1990 -- Litigation regarding the merger, separate lawsuits filed in December 1987 and January 1988 by three holders of the Series A Preferred Stock, alleging that the terms of the merger wrongfully removed the right of Series A Preferred Stockholders to convert their shares into American Savings Common Stock is settled.
- \* December 21, 1990 -- OTS issues American Savings an order to cease and desist from any unsafe or unsound practice in its transactions with Enstar. The order is issued in connection with certain intercompany transactions between American Savings and Enstar including the transfer to Enstar, at the direction of certain former Senior Executive Officers of American Savings of a portion of the cash collateral securing a note issued by Enstar Financial in December 1989 in connection with the sale by American Savings to Enstar Financial of its portfolio of high yield securities not of

investment grade.

American Savings' records reflect that, in June 1990, the common stock of Specialty Retail was pledged as collateral for the note based upon specialty's unaudited book value of \$42,800,000 at April 30, 1990. On June 22, 1990, \$29,000,000 of cash then included as collateral for the note was transferred to Enstar Group at the direction of certain former Senior Executives of American Savings. Also at the direction of former Senior Executives, in August and September of 1990, additional transfers of cash collateral aggregating \$9,281,000 were made to Enstar Group. The note specifically prohibited collateral substitution unless the substituted collateral was acceptable to OTS.

The OTS also inquires into the terms of a tax sharing agreement between American Savings and Enstar Group dated May 1, 1988. Under the agreement, which was in effect during the period from May 1, 1988 through March 6, 1990, American Savings paid to Enstar Group the amount of any income tax expense shown on American Savings' financial statements, a total of \$17,642,000. As part of the cease and desist order, the OTS directs American Savings to obtain a secured note from Enstar Group for the total indebtedness from Enstar Group to American Savings under the Tax Sharing Agreement.

- \* Management concludes that American Savings' failure to meet its capital requirements raises substantial doubt about American Savings' ability to continue as a going concern. American Savings' principal problems are described as:

- Insufficient capital
- Losses from operations
- Concentration of obligations from the Enstar Group, Inc., and its affiliates to American Savings, as well as the numerous interrelationships between American Savings and Enstar, when coupled with the troubled financial condition of Enstar
- Regulatory uncertainty and reduced operating flexibility
- Increase in non-performing assets
- Continuing intense competition

- \* At, or for the Year Ended, December 31, 1990 American Savings records general and specific provisions for loan losses of \$72,922,000. The provision includes a specific provision for loss of \$26,491,000 relating to amounts due from Enstar.

- \* To reduce concentration and risk-based capital requirements, American Savings sells \$26,171,000 of its investment portfolio during 1990, including \$3,203,000 of excess servicing certificates, \$23,000,000 of investment grade corporate bonds and \$19,968,000 of asset backed securities.

- \* As of December 31, 1990, amounts due from Enstar total \$160,736,000, net of the allowance for possible losses of \$26,491,000.
- \* During 1990, American Savings sells four deposit branches resulting in a pre-tax gain of \$745,000.

1989



American Savings of Florida Chronology  
1989  
(Source: Form 10-K for the Fiscal Year Ended  
December 31, 1989)

Summary of financial condition and selected financial data, at  
December 31, 1989 (dollars in thousands).

Financial Data

Total Assets	\$4,916,480
MBSSs and Loans Receivables, Net	3,946,042
U.S. Government and Agency Obligations	6,355
Other Marketable Securities	308,362
Other Investments	233,340
Trading Securities	0
Savings Deposits	3,334,530
Borrowed Funds	1,287,468
Stockholders' Equity	208,932
<u>Net Income (Loss)</u>	(102,850)

Regulatory Capital (Under FIRREA)

Core Capital	\$ 160,891
Tangible Capital	73,920
Risk-Based Capital	174,758

Surplus in

Core Capital	\$ 16,183
Tangible Capital	1,788
Risk-Based Capital	11,486

<u>Nonaccrual Loans</u>	\$ 13,115
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Common and Preferred Stock Data

There is no established public trading market for American Savings Common Stock, all issued American Savings Common Stock is owned by Enstar Financial.

- \* On April 4, 1989, American Savings declares and pays a special cash dividend on American Savings Common Stock in the aggregate amount of \$7,904,000 to Enstar Financial.
- \* American Savings does not pay any dividend on its Series B Preferred Stock. On August 30, 1989, with the consent of Enstar Financial, the charter of American Savings is amended to establish the Series B Preferred Stock, as \$3.00 Preferred Stock, Series B., to eliminate the rights of the holder of

that class of securities to receive dividends on a cumulative basis, and to extinguish the rights of that holder to receive dividends accrued but unpaid before August 22, 1989. On November 29, 1989, with the consent of Enstar Financial, all 5,160,000 outstanding shares of Series B Preferred Stock are exchanged for 30,072,699 shares of newly-issued American Savings Common Stock (as retroactively adjusted to give effect to the stock split on March 5, 1990).

Number of Branch Offices (at 2/28/90)

60 -- Dade, Broward, Palm Beach and the West Coast of Florida

Consumer Lending Offices (at 2/28/90)

7 -- (2) -- Consumer Lending, (5) -- Dealer Finance

Number of Employees (at 2/28/90)

1,095

Subsidiaries, Equity Interests and Other Limited Partnerships

- Kaufmann, Alsberg & Co., Inc., NY, NY:

- \* The enactment of the Financial Institutions Recovery and Reform Act (FIRREA) in November of 1989 FIRREA restricts American Savings from investments in activities not permissible for a national bank or thrift.
- \* American Savings determines to discontinue the securities arbitrage of Kaufmann, Alsberg and to begin to liquidate its arbitrage positions in 1990. American Savings also considers selling Kaufmann, Alsberg to a third party. Assuming Kaufmann is not sold to a third party, American Savings states that it may retain Kaufmann, Alsberg's seats on The New York Stock Exchange, American Stock Exchange, Inc., its broker-dealer registration and consider restructuring Kaufmann to conduct retail security brokerage to the extent which is authorized by regulation. If American Savings retains its investment in Kaufmann by changing activities to include only those permissible for a federal savings association, the remainder of the then existing portfolio of non-conforming assets is to be liquidated.
- \* Net Income (Loss) attributable to Kaufmann, Alsberg and included in American Savings' statements of consolidated operations for the fiscal year ended December 31, 1989 is (\$2,788,000).

- \* In December 1989, American Savings records a \$4,550,000 provision for estimated losses on the liquidation of Kaufmann, Alsberg's arbitrage positions.
- \* Kaufmann, Alsberg declares and pays to American Savings from November 1989, through February 1990, \$20,000,000 representing return of capital.
- \* In the 1989 Form 10-K Kaufmann, Alsberg is classified as a "discontinued business operation".

- Star Holdings Development Corporation

- \* June 30, 1989, American Savings sells its 33.3% interest in Star for no gain or loss and restructures its outstanding loans to Star. As part of the restructuring, American Savings records a charge-off of \$1,241,000 against specific loss reserves and reclassifies the remaining loans to Star amounting to \$5,124,000 at December 31, 1989, together with the remaining loss reserves on the loans of \$709,000 to loans receivable, net.

- Pioneer Western Corporation and Western Reserve

- \* Pursuant to an agreement dated November 10, 1989, between American Savings and Enstar Financial, on December 29, 1989, American Savings sells to Enstar Financial all of the outstanding stock of PWC for \$100,394,000 cash, ASLA's book value of its investment in PWC, which approximates market value as of September 30, 1989.
- \* By December 1989, Western Reserve, a wholly-owned sub of PWC, has approximately 3,000 independent insurance agents operating under a modified general agency plan.
- \* Net Income attributable to PWC and its subsidiaries included in American Savings' statements of Consolidated Operations amount to \$6,232,000 for the fiscal year ended December 31, 1989.

- American Savings is a limited partner in two limited partnerships, Blackstone Capital Partners L.P. and Hyperion Partners L.P. (which invest in a variety of businesses which generally are not permitted investments for all Federal Associations).

- \* American Savings had originally committed to invest \$25,000,000 as a limited partner in each partnership and, as of February 28, 1990, had invested \$8,829,000 in Blackstone Capital Partners L.P. and \$4,029,000 in Hyperion Partners L.P.

- \* On December 1989, by virtue of the prohibition upon new equity investments after January 1, 1990 imposed by FIRREA, American Savings notifies the partnerships that it does not intend to make any additional capital contributions to either partnership.

American's Corporate Officers

Harris C. Friedman  
Chairman and C.E.O.  
(Chairman, President and C.E.O. (from 12/89)

Edward P. Mahoney  
President and C.O.O.  
(Vice Chairman and C.O.O. (from 12/89)

Roger C. Pastore  
Vice Chairman, C.F.O. and  
Treasurer (from 5/89 - New to Group)

J. Clark Coleman  
Senior Executive Vice President  
Chief Financial Officer (through 12/89)

Alan B. Goldstein  
Executive Vice President,  
General Counsel and Corporate Secretary

Barbara E. Mahoney  
Executive Vice President  
Retail Banking and Support Services

James W. Adams  
Executive Vice President  
Real Estate Lending (from 12/89 - New to Group)

Merrill B. Blanksteen  
Senior Vice President  
Asset/Liability Management

William J. Brodie  
Senior Vice President  
Consumer Finance Administration

Steven W. Christopher  
Senior Vice President  
Retail Banking Administration

Thomas A. Dorsey  
Senior Vice President  
Administrative Services and Security Officer

T. Glynn Gilbert  
Senior Vice President  
Lending

Linda M. Haskins  
Senior Vice President and  
Controller

Yunus Ismail  
Senior Vice President  
Management Information Systems

Roger W. Lander  
Senior Vice President  
Information Technology

Karen J. Orlin  
Senior Vice President  
Associate Counsel and Assistant Secretary

Robert A. Radler  
Senior Vice President  
Marketing

Walter A. Young  
Senior Vice President and  
Director of Internal Auditing

Jessica Atkinson  
Senior Vice President  
Regional Director, South East Regional Director (promotion)  
(4/89 to 10/89)

M. Ellis McKay, Jr.  
Senior Vice President  
Mortgage Loan Servicing (promotion)

Scott A. Bailey  
Senior Vice President  
Commercial Bank Lending (from 12/89 - new to group)

Paul W. Leathe  
Senior Vice President  
Major Real Estate Lending (from 8/89 - new to group)

Claude C. Cody, IV  
Senior Vice President  
Corporate Securities (through 12/89)

D. Clarke Franklin  
Senior Vice President  
Residential Lending (through 5/89)

Timothy J. Maimone  
Senior Vice President  
Investments (through 12/89)

American's Board of Directors

Harris C. Friedman  
Chairman, President and C.E.O.  
Miami, FL

Edward P. Mahoney  
Vice Chairman and C.O.O.  
Hollywood, FL

James A. Brennan, Jr.  
President and C.E.O. and Director  
Brennan Construction Corporation  
Coral Gables, FL

Laurence D. Fink  
Chairman and C.E.O., Blackstone Financial Management L.P.  
General Partner of the Blackstone Group  
New York, NY

Richard J. Grassgreen  
President and C.E.O., Kinder-Care  
Chairman C.E.O. Pioneer Western Holdings  
Director of Kinder-Care, Kinder-Care Learning Centers, Inc. and  
Trans-Resources, Inc.  
Montgomery, AL

Donald Kaplan  
Managing Director  
Kaplan, Smith  
Atlanta, GA

Stephen M. Lazovitz  
Vice President, Treasurer and Director  
Lazovitz, Inc.  
President  
SDR, SDE Construction Inc.  
President  
Newbold/Lazovitz, Inc.  
Director of General Homes  
Cherry Hill, NJ

## 1989 -- Highlights -- American Savings

- \* January 24, 1989, with the approval of the FHLBB, American Savings agrees to purchase from time to time up to \$16,500,000 in industrial development revenue bonds issued by the Industrial Development Board of The City of Montgomery, Alabama, titled Kinder-Care Specialty Retail Group, Project, 1989, Series A.
- \* February 1, 1989, under a program approved by American Savings' Board of Directors in October 1988, American Savings issues \$150,000,000 aggregate principal amount of its fixed rate, 9.75% mortgaged-backed notes, Series C due February 1, 1994, for which American Savings receives \$148,725,000. On that date, American Savings also executes a reverse swap which effectively converts American Savings' fixed-rate into a Libor-indexed variable rate, adjusted every three months.
- \* May 3, 1989, American Savings issues an additional \$150,000,000 aggregate principle amount of its fixed-rate, 9.75% mortgage-backed notes, Series C due May 1, 1991, for which American Savings receives \$149,347,500.
- \* June, 1989, in order to reduce its interest rate risk, and the complexities of its hedging activities, American Savings restructures its balance sheet. American Savings sells, for July and August delivery, \$588,780,000 of its fixed-rate MBS portfolio with book yields of 9.69%. Proceeds of these sales are invested in adjustable rate MBS and short-term CMOs.
- \* August 9, 1989, FIRREA is signed into law. In response to FIRREA, American Savings' basic operating strategy is revised to facilitate continued compliance with regulatory capital standards and to become a "more traditional thrift," by strengthening its retail deposit branch network and expanding its retail loan origination and servicing capabilities.

American Savings reduces its projected asset and liability growth and begins to change the composition of its interest earning assets as a result of FIRREA's more stringent capital requirements and its investment restrictions.

The following are the most significant changes:

- 1.) Change in Operating Plan: Previous operating plans projected American Savings' total assets to amount to approximately \$6,400,000,000 at December 31, 1989, actual total assets at December 31, 1989 totaled \$4,916,480,000. This reduced growth potential, and the investment restrictions imposed by FIRREA, result in lower earnings projections. American Savings reassesses the carrying

value of its intangible assets during the quarter ended September 30, 1989 and charges off \$60,000,000 of intangible assets.

- 2.) Sale of Corporate Securities Not of Investment Grade -- American Savings sells its portfolio of corporate securities not of investment grade to Enstar Financial for their market value at November 30, 1989 in exchange for a collateralized note. Realized losses from the sale of these assets amounted to \$30,143,000 for the year ended December 31, 1989.
- 3.) Sale of Pioneer Western Corporation (PWC) -- On December 29, 1989, American Savings sells for cash all of the outstanding common stock of PWC to Enstar Financial (see subsidiaries for more details).
- 4.) Kaufmann, Alsberg -- American Savings records a \$4,550,000 provision for estimated losses on the anticipated liquidation of Kaufmann's arbitrage positions in 1990.
- 5.) Change in Asset Composition -- In response to the risk-based capital requirements, in December 1989 American Savings sells FNMA and FHLMC MBSs having a carrying value of \$314,505,000 for settlement in January 1990. In January 1990, the proceeds from this sale are reinvested in GNMA MBSs, which carry a lower risk weight than the MBS sold. Additionally American Savings announces its intent to sell approximately \$250,000,000 of its automobile loans during 1990 in the form of an asset-backed security. The proceeds from this sale are to be reinvested in high quality MBSs and/or used to pay off liabilities which would reduce all three of American Savings' capital requirements. The assets related to the MBSs and loan sales are classified as held for sale at December 31, 1989.
- 6.) Decrease in Total Assets -- In order to reduce all three capital requirements, American Savings reduces its total assets by approximately \$365,000,000 during the period from May 31, 1989 through December 31, 1989, by selling assets, including its excess liquidity portfolio, and by paying off liabilities from MBS principal repayments.

\* During 1989, American Savings opens six new savings branch offices and relocates two branch offices. In September 1989, ASLA sells a savings branch office located in Pinellas County and three separately coded savings branch offices and deposits in a fourth savings branch office located in Hillsborough County.

- \* In September 1989, American Savings further reduces its investments through the sale, at a profit, of \$242,645,000 of its low yielding liquidity portfolio in excess of required liquid assets. The proceeds of such sales are used to pay off reverse repos.
- \* Enstar Group, as reorganized effective as of November 3, 1989, is a holding company of American Savings, certain former subsidiaries of American Savings, and Enstar Specialty Retail, Inc., which operates Shoe City and AMRET (consisting of Simply 6, Max \$10 and Bargain Town) stores in ten southeastern states. Before the reorganization, Enstar was also the holding company of Kinder-Care Learning Centers, Inc., Sylvan Learning Corporation and Mini-Skools Ltd., as well as its current subsidiaries described above.
- \* At December 31, 1989, American Savings classifies as held for sale, MBSSs having a carrying value and market value of \$432,521,000 and \$435,039,000 respectively.
- \* At December 31, 1989, American Savings is owed \$244,580,000 from Enstar Financial and \$1,300,000 from a wholly-owned sub of Enstar Financial. The amounts due directly from Enstar Financial include (1) the collateralized note amounting to \$209,259,000 received in exchange for American Savings securities not of investment grade, (2) A note, which was acquired as a result of the merger, amounting to \$17,679,000 secured by the stock of a wholly-owned sub of Enstar Financial engaged in the oil and gas business, and (3) \$17,642,000 of income taxes receivable.



**American Savings of Florida Chronology  
1988**

(Source: Form 10-K For The Eight Months Ended December 31, 1988)

Summary of financial condition and selected financial data at December 31, 1988 and for the eight months ended April 30, 1988 (dollars in thousands).

Financial Data (at December 31, 1988)

Total Assets	\$5,310,804
MBS and Loans Receivables, Net	3,430,814
U.S. Government and Agency Obligations	268,020
Other Marketable Securities	640,139
Other Investments	324,173
Trading Securities	85,716
Savings Deposits	3,166,289
Borrowed Funds	1,441,477
Stockholders' Equity	344,262

Selected Income Data

Net Income for the Eight Months Ended December 31, 1988	\$ 16,589
Net Income for the Seven Months Ended April 30, 1988	(52,545)

Regulatory Capital

Regulatory Capital	\$ 350,529
Excess of Reg. Worth vs. FHLBB req.	140,840

<u>Nonaccrual Loans</u>	\$ 17,764
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Common and Preferred Stock Data

There is no established public trading market for American Savings' Common Stock. All issued common stock is owned by Pioneer Western Holding Corporation as a result of the merger.

Series A Preferred Stock -- Becomes convertible into the right to receive a cash payment of \$16.40 per share as a result of the merger. Also as a result of the merger, the stock is delisted from the New York Stock Exchange and is quoted on the NASDAQ.

Series B Preferred Stock -- As part of the merger, Centerbanc and its subs are contributed to American Savings in exchange for 5,160,000 of American Savings' newly created \$3.00 cumulative preferred stock, Series B. The Series B stock ranks junior to the Series A stock in the payment of dividends and distribution of assets on liquidation.

Number of Branch Offices (at 2/28/89)

59 -- Dade, Broward, Palm Beach and the West Coast of Florida

Consumer Lending Offices (at 2/28/89)

3 -- Miami, Maitland and Tampa

Mortgage Origination Offices (at 2/28/89)

7 -- Throughout Florida

Number of Employees (as of 2/28/89)

American Savings - 1,016; Kaufmann, Aslberg - 18; Pioneer Western Corp. - 48 and Western Reserve - 196

Subsidiaries and Equity Interests

- American Southern Mortgage Corporation: No longer active.
- Kaufmann, Aslberg & Co., Inc., NY, NY:
  - \* American Savings contributes \$4,967,000 to Kaufmann, Aslberg in August 1988.
  - \* Kaufmann, Aslberg enters into a two-year employment agreement with Steven M. Mizel; he becomes Chairman of the Board and C.E.O.
  - \* Pretax Income (Loss) attributable to Kaufmann and included in American Savings' statements of operations for the eight months ended December 31, 1988 and the seven months ended April 30, 1988, total \$7,242,000 and (\$7,923,000) respectively.
- General Homes Corporation, Houston, Texas:
  - \* American Savings records equity in net income (loss) of GHC of (\$42,903,000) for the seven months ended April 30, 1988.
  - \* In April of 1988, because of the substantial reduction in the market value of GHC common stock and because of the related uncertainty involved with American Savings' investment in such stock, American Savings classifies its investment in GHC as a "discontinued business asset" and reduces the carrying amount of its investment from \$9,380,000 to \$6,467,000.

\* In December of 1988, based upon the resolution of certain circumstances which existed at April 1988 American Savings adjusts its valuation of GHC stock to zero and records a provision for professional fees as of April 30, 1988. Together, these actions increase goodwill by \$7,767,000.

\* GHC and its wholly-owned Mortgage Banking subsidiary, FGMC, Inc., have certain outstanding secured credit agreements. At December 31, 1988, American Savings is a participant in both the GHC secured credit agreement and the FGMC secured credit line. American Savings' receivables under these agreements, which are now classified as substandard, amount to \$14,318,000 at December 31, 1988. American Savings had not recorded any specific loss reserves against the receivables at the time.

- Star Holdings Development Corporation, Florida:

\* April 1988, American Savings reclassifies its investment in and advances to Star as "discontinued business assets", reflecting the Board's intent to dispose of American Savings' interests in the convenience store holding company.

- Pioneer Western Corporation and Western Reserve: PWC, a wholly-owned subsidiary of American Savings, is a national financial services holding company that, through its subsidiaries, underwrites or structures and distributes life insurance, annuities and related products, mutual funds, stocks, bonds, real estate and other financial products, distributes limited partnership interests and provides other financial planning services.

- Western Reserve Life Assurance Co. of Ohio: A wholly-owned subsidiary of PWC, is a national life insurance company which writes ordinary life insurance, endowment insurance and annuities primarily on a non-participating basis, as well as universal life policies. Western Reserve has approximately 1,700 independent insurance agents who operate under a modified general agency plan. The company is authorized to transact its insurance business in all states except Alaska and New York.

The majority of Western's agents are also registered with the N.A.S.D. and under applicable state securities laws, sell securities either through Western's registered broker/dealer affiliate, P.W. Securities, Inc. (a wholly-owned sub of Pioneer Western Corp., and NASD member) or through independent broker/dealers.

\* Pretax Income attributable to PWC and subs included in American Savings' statement of operations for the eight months ended December 31, 1988 was \$4,737,000.

American's Corporate Officers

Harris C. Friedman  
Chairman and C.E.O. (from 4/88)

Edward P. Mahoney  
President and C.O.O. (from 4/88)

J. Clark Coleman  
Senior Executive Vice President, C.F.O.  
President of Capital Markets Division  
Treasurer from (7/88 - New to Group)

Alan B. Goldstein  
Executive Vice President,  
General Counsel and Corporate Secretary

Barbara E. Mahoney  
Executive Vice President  
Retail Banking and Support Services

Merrill B. Blanksteen  
Senior Vice President  
Asset/Liability Management (from 8/88 - New to Group)

William J. Brodie  
Senior Vice President  
Consumer Finance Administration

Steven W. Christopher  
Senior Vice President  
Retail Banking Administration

Claude C. Cody, IV  
Senior Vice President  
Corporate Securities (title from 8/88 - New to Group 7/88)

Thomas A. Dorsey  
Senior Vice President  
Administrative Services and Security Officer

D. Clarke Franklin  
Senior Vice President  
Residential Lending (from 6/88 - New to Group)

T. Glynn Gilbert  
Senior Vice President  
Lending (from 5/88)  
Regional Director,  
West Coast Retail Banking Division (from 12/88 - New to Group)

Linda M. Haskins  
Senior Vice President and  
Controller

Yunus Ismail  
Senior Vice President  
Management Information Systems.

Roger W. Lander  
Senior Vice President  
Information Technology

Timothy J. Maimone  
Senior Vice President  
Investments (from 12/88 - New to Group)

Karen J. Orlin  
Senior Vice President  
Associate Counsel and  
Assistant Secretary (from 10/88 - New to Group)

Robert A. Radler  
Senior Vice President  
Marketing

Walter A. Young  
Senior Vice President  
Director of Internal Auditing

John M. Hoie  
Senior Vice President  
Secondary Marketing (7/88 to 12/88)

Edgar P. Melton  
Senior Vice President  
Investments (4/88 to 7/88)

Barry F. Rose  
Senior Vice President  
Corporate Development (through 7/88)

James W. Stern  
Senior Vice President  
West Coast Controller (4/88 to 5/88)

American's Board of Directors

Harris C. Friedman  
Chairman and C.E.O.  
Miami, FL (from 4/88)

Edward P. Mahoney  
President and C.O.O.  
Hollywood, FL (from 4/88)

James A. Brennan, Jr.  
President and C.E.O. and Director  
Brennan Construction Corporation  
Coral Gables, FL

Laurence D. Fink  
Chairman and C.E.O. of Blackstone Financial Management L.P.  
General Partner of the Blackstone Group  
New York, NY

Richard J. Grassgreen  
President and C.E.O. of Kinder-Care  
Chairman C.E.O. Pioneer Western Holdings  
Director of Kinder-Care, Kinder-Care Learning Centers, Inc. and  
Trans-Resources, Inc.  
Montgomery, AL

Donald Kaplan  
Managing Director  
Kaplan, Smith  
Atlanta, GA

Stephen M. Lazovitz  
Vice President, Treasurer and Director, Lazovitz, Inc.  
President  
SDR, SDE Construction Inc.  
President  
Newbold/Lazovitz, Inc.  
Director of General Homes  
Cherry Hill, NJ

Morris N. Broad  
President and C.E.O.  
Miami, FL (through 4/88)

Alan B. Goldstein  
Executive Vice President, General Counsel and Secretary.  
Boca Raton, FL (4/88 through 7/88)

Edward P. Mahoney  
President and C.O.O.  
Hollywood, FL (through 7/88)

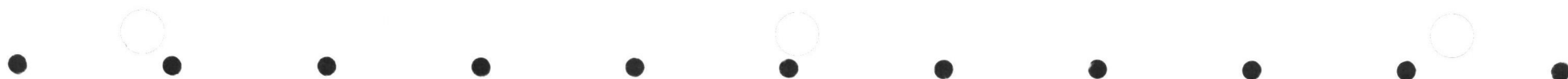
1988 -- Highlights -- American Savings

- \* April 1988 -- American Savings consummates merger with Kinder-Interim Savings Bank, Inc., an indirect, wholly-owned subsidiary of Kinder-Care, Inc. American Savings survives the merger, and simultaneously, Centerbanc Savings Association is contributed to American Savings.
- \* All of American Savings' outstanding common stock is owned by Pioneer Western Holdings Corporation, a wholly-owned subsidiary of Kinder-Care.
- \* Shortly after the merger, American Savings' new management hires Blackstone Financial Management, L.P. to advise in the execution of a series of capital market transactions that establish a new direction and greatly broadens the scope of American's traditional activities. These transactions include the sale of approximately \$866,835,000 of assets comprised mainly of U.S. Treasury Notes, Corporate Securities and whole loans and the reinvestment of the proceeds in fixed and variable rate MBSs, Mortgage Derivative Securities and various short-term money market instruments.
- \* To conduct its capital markets activities, American Savings forms a Capital Markets Division, which is expected to be a beneficial step in assisting American Savings with diversification and market position.
- \* American Savings' new basic operating strategy is described as "designed to address changes in the regulatory and economic environments through asset and liability management". American Savings believes that its new operating strategy enhances the possibility of continued profitability in a continuously changing environment.
- \* American Savings declares that the retail thrift operation is oriented to (i) extending and strengthening its branch network in locations selected to produce increased deposit generation, (ii) increasing its consumer and residential mortgage lending activities with a major emphasis on auto loan production, (iii) and expanding its insurance and related activities through its subsidiaries, Pioneer Western and Western Reserve.
- \* In October 1988, the Board of Directors of American Savings authorizes a program of issuance and sale, from time to time in series, of up to \$1,000,000,000 aggregate principal amount of American Savings' Mortgage-backed, Medium-Term notes and Mortgage-backed notes, through agents, underwriters or dealers, including, among others, The First Boston Corp., Drexel Burnham Lambert Inc., and Merrill Lynch Capital Markets, Merrill Lynch, Pierce, Fenner and Smith Inc. The

proceeds are intended to be used for general corporate purposes of American Savings, which may include lending and investment activities and repayment of reverse repos and other short-term borrowings or other obligations.

- \* American Savings states that together with Pioneer Western Corporation and its subsidiaries it is beginning to take steps to become a true "Full Service" financial institution, with the capability of offering not only traditional mortgages, consumer loans, and deposit products, but also products and services more diverse than those typically available at commercial banks and thrifts, such as life insurance, insurance-based investment products, mutual funds, and brokerage services. American Savings intends to create new financial instruments that use products of American Savings and its subsidiaries and anticipate in the sale of these instruments through the combined distribution network of ASLA and Western Reserve.
- \* As a condition of the regulatory approval of the merger, Kinder-Care is required to make a capital contribution of \$10,000,000 to American Savings in May 1988.
- \* As a condition to the approval of the merger by the FHLBB and the FSLIC, American Savings enters into an operating agreement with the FSLIC and the Florida Department regarding risk-controlled arbitrage transactions, corporate debt and equity investments, and other matters. Under the operating agreement, American Savings establishes specific policies, guidelines and procedures with respect to conflicts of interest, loan and investment standards, liability growth limitations, stock portfolios and additional matters to insure compliance with various rules and regulations of the FHLBB and the FSLIC.
- \* The letter from the FHLBB approving the merger requires, among other things, that American Savings dispose of certain of its high yield securities if American Savings investment in such securities exceeds its regulatory capital and the PSA determines that level of such investments is unsafe and unsound. The letter also provides that, whenever American Savings fails to meet its regulatory capital requirement, it will not make additional investments in high yield securities.
- \* As another condition to the approval of the merger, Kinder-Care and its affiliates enter into a Regulatory Capital Maintenance/Dividend Agreement with the FSLIC.
- \* American Savings substantially increases its MBS portfolio consisting primarily of GNMA, FNMA and FHLMC securities. MBS increase \$1,387,707,000 from April 30, 1988 to December 31, 1988.

- \* As of December 31, 1988, American Savings has \$195,735,000 in goodwill and other intangibles resulting primarily from the merger and contribution of Centerbanc.
- \* Borrowed funds increase \$755,866,000 from April 30, 1988 to December 31, 1988. The increase is attributed to increases in reverse repos which are used to finance MBSS and other interest earning assets as part of American Savings' plan to increase its asset base.
- \* Shepard Broad, American Savings founder and former Chairman of the Executive Committee retires on March 31, 1988.
- \* In June 1988, the Circuit Court dismisses the complaints of the three holders of shares of Series A Preferred Stock of American Savings filed separately in December 1987 and January 1988.
- \* On June 1988, the U.S. District Court for the Southern District of Florida dismisses with prejudice the civil injunctive action brought by the SEC and the FHLBB against American Savings in September 1986, arising from events prior to the collapse of E.S.M. The settlement reached provided for the issuance of a joint administrative report and order presenting the views of the SEC and FHLBB. American Savings consents to the issuance of the report and order without, however, admitting or denying any of the statements in it.



**American Savings of Florida Chronology  
1987**

(Source: 1987 Annual Report and Form 10-K)

Summary of financial condition and selected financial data at year end September 30, 1987, (dollars in thousands except for share data):

Financial Data

Total Assets	\$2,897,822
Loans Receivables, Net	1,365,101
U.S. Government and Agency Obligations	1,001,713
Other Marketable Securities	252,098
Other Investments	40,843
Invest. in and Adv. to Unconsol. Subs.	117,884
Savings Deposits	2,130,549
Borrowed Funds	513,447
Stockholder's Equity	164,619

Book Value per Share of Common Stock Assuming No Conversion of Series A Preferred Stock	11.87
Assuming Conversion of Series A Preferred Stock	15.34

Selected Income Data

Net Income	\$ 19,568
Pretax Income (Loss) From S and L Ops.	13,707
Gains on Sales of Lns., Secs. and Other Assets	26,416
Gains on Sale of Branches	0
Income from Kaufmann, Alsberg	3,411
Equity in Earnings in General Homes Corp.	(7,610)
Equity in Net Loss of Star Development	(173)

Regulatory Capital

Regulatory Net Worth	\$ 176,068
Excess of Reg. Net Worth vs. FHLBB req.	93,617

<u>Nonaccrual Loans</u>	\$ 12,530
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Common and Preferred Stock Data

Common stock is traded on the New York Stock Exchange. At September 30, 1987, there are 8,078,436 shares of common stock outstanding, held by approximately 920 stockholders of record.

### Quarterly Per Share Information

Quarters End:	Common Stock Price Range	
	<u>Low</u>	<u>High</u>
Dec. 31, 1986	\$15.25	\$18.88
March 31, 1987	16.25	18.38
June 30, 1987	11.75	17.63
Sept. 30, 1987	14.38	15.63

### Number of Branch Offices

41 -- Dade, Broward and Palm Beach

### Consumer Lending Offices

3 -- Miami, Deerfield and Tampa

### Mortgage Originations Offices

6 -- Atlanta, Aventura, Delray Beach, Orlando, Tampa and West Palm

### Number of Employees

873

### Subsidiaries

- Kaufmann, Alsberg & Co., Inc., NY, NY

- \* For the period October 1, 1987, through November 30, 1987, Kaufmann, Alsberg incurs a pretax loss of \$7,910,000, due mainly to losses resulting from the stock market collapse in October 1987.
- \* In an attempt to minimize future losses, the management of both American and Kaufmann agree to reduce trading activity until market conditions stabilize.
- \* By December 1987, the following occurs:
  - The employment agreements, dating back to January 16, 1984, with Irwin Gutttag, President & C.E.O. and Michael E. O'Connor, Executive Vice President, C.O.O. and Treasurer are terminated. Gutttag remains as President and C.E.O. pursuant to a new employment agreement.

- In connection with the acquisition by American Savings of Kaufmann & Alsberg, \$2,000,000 was placed in an escrow account, \$1,000,000 of which is paid to Gutttag and \$1,000,000 to O'Connor on January 1, 1988, pursuant to the termination provisions contained in their original employment agreements.
- The options arbitrage portfolio of Kaufmann is substantially liquidated.
- The convertible debentures arbitrage portfolio is reduced to approximately \$24,000,000.
- The risk arbitrage portfolio is reduced by 50%, to approximately \$29,000,000 in long positions and \$47,000,000 in short positions.
- Rent and personnel expenses are also reduced.
- General Homes Corp., Houston, Texas: Approximately 43% owned by American Savings, the company conducts single family home building operations in the metropolitan areas of six southern and southwestern cities (Houston, Dallas, New Orleans, Tampa, Orlando and Phoenix). The company engages in the volume production and sale of moderately priced homes and the development of related subdivisions.

Since a substantial portion of General Home's inventories of completed homes is located in markets adversely affected by the downturn in the energy business, the management decides to reduce activities in certain subdivisions located in those markets.

During the latter part of fiscal 1987 and first few months of fiscal 1988, General Homes implements a series of actions which is expected to improve future results from operations even if the lower volumes of fiscal 1987 continue into future periods:

- \* A 28% reduction in the number of employees.
- \* Suspension of construction activities in New Orleans and in 8 of 19 subdivisions in Houston.
- \* Reduction of inventories by not replacing certain inventories sold in the normal course of business, thereby reducing financing costs.
- \* Return to a more standardized product.

\* Commencing construction activities in Atlanta and South Florida, markets which enjoy stronger economies.

- Star Development Holding Corp.: American invests/advances \$4,086,000 to Star, a convenience store holding company, during fiscal year 1987.

American's Corporate Officers

Morris N. Broad  
Chairman and C.E.O. (1/87 to 5/87)  
Chairman and Treasurer (6/87 to 12/87)

Edward P. Mahoney  
President and C.O.O. (1/87 to 5/87)  
President and C.E.O. (5/87 to 12/87)

Alan B. Goldstein  
Executive Vice President,  
General Counsel and Corporate Secretary

Barbara E. Mahoney  
Executive Vice President  
Retail Banking and Support Services

Alan J. Weitz  
Executive Vice President  
Lending

Marvin E. Brager  
Senior Vice President  
Commercial Real Estate Lending

William J. Brodie  
Senior Vice President  
Installment Lending

Steven W. Christopher  
Senior Vice President  
Retail Operations Administration

Thomas A. Dorsey  
Senior Vice President  
Administrative Services and Security Officer

Linda M. Haskins  
Senior Vice President  
and Controller

Roger W. Lander  
Senior Vice President  
Information Technology

Robert A. Radler  
Senior Vice President  
Marketing

Barry F. Rose  
Senior Vice President  
Corporate Development

Walter A. Young  
Senior Vice President  
Internal Auditing

Executive Officers No Longer Listed\*

R. Wayne Davis  
Executive Vice President

J. Douglas Bagley  
Senior Vice President  
Real Estate Finance

Thomas F. Schneider  
Senior Vice President  
Residential Mortgages and Consumer Lending

- \* No Details are available on termination date or on the date in which replacements were appointed.

American's Board of Directors

Morris N. Broad  
Chairman and C.E.O. (1/87 to 5/87)  
Chairman and Treasurer (5/87 to 12/87)  
Miami, FL

Shepard Broad  
Chairman of the Executive Committee  
Miami, FL

Edward P. Mahoney  
President and C.O.O. (1/87 to 5/87)  
President and C.E.O. (5/87 to 12/87)  
Hollywood, FL

James Anthony Brennan, Jr.  
Chairman and C.E.O.  
Brennan Construction  
Coral Gables, FL (New to board)

Marshall S. Kogan  
Chairman and C.E.O.  
Know International Holdings, Inc.  
New York, NY

Sister M. Trinita Flood, Q.P.  
Academic Dean, St. John Vianney Seminary  
Miami, FL

Stephen Lazovitz  
Vice President and Director  
Lazovitz, Inc.  
Cherry Hill, NJ

Sheldon N. Lelchuk  
Attorney  
Miami, FL

Louis G. Lytton  
M.D., Retired Physician  
Miami, FL

Directors No Longer Listed

Stephen Swid  
Chairman and C.E.O.  
SKB Entertainment World  
New York, NY

(No details are available with regards to the date of  
departure as a Director).

1987 -- Highlights -- American Savings

- \* Although American Savings is primarily engaged in the thrift business, until 1987, its net income was largely attributable to equity investments in various companies, realized gains in its portfolio of equity securities and certain other nonrecurring gains.
- \* American Savings begins to decrease merchant banking activities and declares that the most effective long-term strategy in a relatively deregulated environment is:
  - The generation of real estate assets, primarily in residential, commercial and acquisition and development loans.
  - The origination of short-term or variable rate consumer loans, including automobile financing (direct and indirect), home equity financing and secured personal lines of credit.
- \* February 9, 1987, American Savings amends a previous complaint and alleges claims against Marvin L. Warner and Ronnie R. Ewton for violations of fiduciary duties to American Savings and causes of action for statutory misrepresentation in connection with American Savings' investment transactions with E.S.M. in 1984. ✓
- \* April 13, 1987 (amended on April 15) Marvin L. Warner files his answer to American Savings' complaint, and raises affirmative defenses and counter-claims against American Savings, Shepard Broad and Morris Broad. The counter claim alleges that American Savings and Messrs. Shepard Broad and Morris Broad engaged in conduct in violation of Section 10(b) of the Securities Exchange Act of 1934, as well as fraud and negligent misrepresentation in connection with the purchase by American Savings of 1,905,000 shares of its common stock from Marvin L. Warner.
- \* July 23, 1987, American Savings enters into a definitive merger agreement with Centerbanc Savings Association, a federally insured, Florida chartered stock savings and loan association. The merger agreement is joined in by Pioneer Western Holdings Corporation and Kinder-Care, Inc., a Delaware Corporation. Centerbanc and Pioneer are wholly-owned subsidiaries of Kinder-Care. Under the terms of the merger agreement, American Savings is the entity that will survive the merger. As a result of the merger, American Savings' common stock is to be converted into the right to receive \$17.00 in cash per share, without interest. Additionally, holders of outstanding incentive stock options will be

entitled to receive a cash payment equal to the amount by which the \$17.00 exceeds the exercise price of their option. Outstanding shares of American Savings' \$2.19 cumulative convertible Preferred Stock, Series A, will remain outstanding after the consummation of the merger and the Series A Preferred stockholders right of conversion becomes the right to receive \$16.40 per share in cash.

- \* Management indicates that it expects "The operations and strategic plans of American Savings may change substantially after the merger."
- \* American Savings receives the opinion, dated October 23, 1987, of E.F. Hutton and Company that the merger price is fair to the common stockholders of American Savings.
- \* American Savings sells, for a pretax gain of \$1,909,000, its Visa credit card portfolio the balance of which was \$19,863,000 at sale date.
- \* At a special meeting, held on December 14, 1987, American Savings' common stockholders approve the Centerbanc merger agreement conditioned upon the receipt of all necessary regulatory approvals.
- \* In December of 1987, Gerald Wolfe, a purported holder of shares of Series A Preferred Stock of American Savings, files a lawsuit alleging that the terms of the merger wrongfully remove the right of holders of the Series A Preferred stock to convert their shares into common stock of American Savings following consummation of the merger.
- \* Following the filing of the Wolfe suit, Milton Berns and Victor J. Farmer (each a purported holder of Series A Preferred Stock), in separate actions each file a suit in the Circuit Court substantially identical to Wolfe's. In addition, Fairbear Enterprises, a holder of common stock, files a suit in the Circuit Court.

The suit seeks, among other things, injunctive relief against consummation of the merger, disgorgement by the directors of American Savings of benefits obtained from the merger, as well as unspecified damages and, in the event of consummation of the merger, rescission.

- \* Both Kinder-Care and American Savings confirm their intent to proceed with the merger and to defend vigorously the challenges to the merger.

1986



American Savings of Florida Chronology  
1986 Base Year  
(Source: 1986 Annual Report)

Summary of financial condition and selected financial data at year end, September 30, 1986 (dollars in thousands except share data):

Financial Data

Total Assets	\$2,600,032
Loans Receivables, Net	1,507,881
U.S. Government and Agency Obligations	454,480
Other Marketable Securities	301,886
Other Investments	53,979
Invest. in and Adv. to Unconsol. Subs.	123,216
Savings Deposits	2,094,066
Borrowed Funds	230,685
Stockholder's Equity	150,552

Book Value Per Share of Common Stock Assuming No Conversion of Series A Preferred Stock	10.15
Book Value Per Share of Common Stock Assuming Conversion of Series A Preferred Stock	14.05

Selected Income Data

Net Income	\$ 50,242
Pretax Income (Loss) From S and L Ops.	1,206
Gains on Sales of Lns. Secs. and Other Assets	7,848
Gain on Sale of Branches	4,146
Income From Kaufmann, Alsberg and Co., Inc.	8,145
Equity in Earnings of General Homes Corp.	9,406
Extraordinary Items (Pension Plan overfund)	9,690
Recovery From ESM Loss Provision	22,500

Regulatory Capital

Regulatory Net Worth	\$ 164,037
Excess of Reg. Net Worth vs. FHLBB req.	101,816

<u>Nonaccrual Loans</u>	\$ 12,989
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Common and Preferred Stock Data

Listed for trading on the New York Stock Exchange under the symbols "AAA" and "AAAprA" respectively. At September 30, 1986, 8,062,366 shares of common stock outstanding, held by approximately 977 stockholders of record.

### Quarterly Per Share Information

Quarters Ended	Common Stock Price Range			Preferred Stock Price Range	
	<u>LOW</u>	<u>HIGH</u>	<u>DIVIDENDS</u>	<u>LOW</u>	<u>HIGH</u>
Dec. 31, 1985	\$ 6.75	\$ 9.00	\$.55	\$14.88	\$17.75
Mar. 31, 1986	8.38	13.25	.55	16.50	20.63
June 30, 1986	10.88	15.38	.54	19.50	21.63
Sept. 30, 1986	12.88	19.25	.55	20.50	24.38

### Number of Branch Offices

41 -- Dade, Broward and Palm Beach

### Consumer Lending Offices

3 -- Miami, Deerfield and Tampa

### Number of Employees

N/A

### Subsidiaries

- American Southern Mortgage Corporation: Offices in Atlanta, Aventura, Delray Beach, Orlando, Tampa and West Palm (6)
- Kaufmann, Alsberg & Co., Inc.: Offices in New York. A wholly-owned subsidiary of American. A securities firm with membership on the New York Stock Exchange that engages primarily in arbitrage activities.
- General Homes Corporation: Houston, Texas. A New York Stock Exchange listed corporation which is 43% owned by American. At the time, one of the largest single family builders in the U.S. with significant mortgage banking operations.

American's Corporate Officers:

Morris N. Broad  
Chairman and C.E.O.

Edward P. Mahoney  
President and C.O.O.

R. Wayne Davis  
Executive Vice President,  
American Savings and Loan  
President, American Southern  
Mortgage Corporation

Alan B. Goldstein  
Executive Vice President,  
General Counsel and Corporate Secretary

Barbara Mahoney  
Executive Vice President,  
Retail Banking and Support Service

J. Douglas Bagley  
Senior Vice President,  
Real Estate Finance

William J. Brodie  
Senior Vice President,  
Installment Lending

Steven W. Christopher  
Senior Vice President,  
Retail Operations

Thomas A. Dorsey  
Senior Vice President,  
Properties Management and Security Officer

Linda M. Haskins  
Senior Vice President and Controller

Roger W. Lander  
Senior Vice President,  
Information Technology

Robert A. Radler  
Senior Vice President,  
Marketing

Barry F. Rose  
Senior Vice President,  
Corporate Development and Consumer Lending

Thomas F. Schneider  
Senior Vice President,  
Residential Mortgages and Consumer Lending

Walter A. Young  
Senior Vice President,  
Internal Auditing

American's Board of Directors

Morris N. Broad  
Chairman and C.E.O.  
Miami, FL

Shepard Broad  
Chairman of the Executive Committee  
Miami, FL

Edward P. Mahoney  
President and C.O.O.  
Hollywood, FL

Marshall S. Kogan  
Chairman and C.E.O.,  
General Felt Industries  
New York, NY

Sister M. Trinita Flood  
O.P., Academic Dean,  
St. John Vianney College Seminary  
Miami, FL

Stephen Lazovitz  
Vice President and Director,  
Lazovitz, Inc.  
Cherry Hill, NJ

Sheldon N. Lelchuk  
Attorney  
Miami, FL

Louis G. Lytton  
M.D., Retired Physician  
Miami, FL

Stephen Swid  
Chairman and C.E.O.,  
SBK Entertainment World  
New York, NY

## 1986 -- Highlights -- American Savings

- \* In 1986, American Savings and Loan is the fourth largest in the state (based on total deposits).
- \* The savings bank is a Florida chartered thrift institution.
- \* The savings bank begins to emerge from the E.S.M. scandal.
- \* Net Income of \$50.2 million for the year ended September 30, 1986, is the highest in company history.
- \* Income was boosted by the consummation of several nonrecurring transactions:
  - A pretax gain of approximately \$11.2 million resulted from the termination of the pension plan.
  - \$4.1 million of pretax earnings generated from the sale of four branches on the west coast of Florida.
  - Reached settlement of litigation arising from E.S.M. with Grant Thornton in which American received \$22.5 million.
  - Net interest income increased to \$40.3 million for the fiscal year compared to \$17.3 million for fiscal year 1985.
  - Merchant Banking (Kaufmann & Alsborg and General Homes) contribute \$8.8 million in pretax earnings and \$9.4 million of equity in net earnings respectively.
- \* \$15.8 million of equity is raised through the completion of a rights offering of common stock to stockholders.
- \* Federal District Court approves settlement which provides for the dismissal of the preference suit brought by the trustee in bankruptcy of E.S.M. against American Savings for the recovery of approximately \$45 million aggregate fair market value of U.S. Treasury Notes. Part of the settlement calls for American to withdraw its claims against the bankrupt E.S.M. estate and contribute \$5 million towards the settlement. Both actions are taken; the \$5 million is charged to a \$5 million reserve in the quarter ending September 30, 1985.
- \* During 1986, branches begin to offer mortgage and consumer loans at the "point of sale" in an effort to enhance asset generation.

- \* American Southern Mortgage Corporation, American Savings' mortgage banking subsidiary, is re-engineered. New products are added and offices are re-staffed.
- \* Indirect Automobile Lending, instituted in 1985, grows to 80 dealers and \$100 million in outstandings. Tampa office opened.
- \* Visa credit card program grows to 35,000 cardholders and emphasis is placed on the generation of home equity lines and personal credit lines through the branches.
- \* Salomon Brothers, Inc., is retained to act as financial advisor in determining and evaluating "strategic financial alternatives" that may enhance shareholder value. The alternatives may include the possible sale of the association.
- \* Interest rate ceilings on deposits are removed as of April 1.
- \* September 16, 1986, the FHLBB files a civil injunctive action against American Savings in The US District Court in Ft. Lauderdale, FL. The action alleges violations by bank of Sections 12(i), 13(a) and 14(a) of the Security Exchange Act of 1934 for failure to make adequate disclosure concerning the risks of the 1984 transactions with E.S.M. and their settlement, in American Savings' quarterly reports on Form 10-Q for the quarters ended June 30, 1984 and December 31, 1984, the Annual Report on Form 10-K for years ended September 30, 1984, and the proxy statement for its Annual Meeting of Shareholders held on January 31, 1985. The action seeks permanent injunction to enjoin the future filing of any report required by the 1934 Act that contains material representations or omissions, or fails to contain information required by the FHLBB or the SEC.
- \* On September 16, 1986, the SEC files a civil injunctive action against ten individuals and American Savings in the U.S. District Court in Ft. Lauderdale alleging violations of Section 10(b) of the Securities Exchange Act of 1934 and Section 17(a) of the Securities Act of 1933. The Section 17(a) allegations were previously dismissed and the SEC action now alleges violations of Section 10(b) in connection with disclosures concerning the same E.S.M. matters addressed in the FHLBB action and the repurchase of Marvin L. Warner's shares, contained in American's Annual Report to Shareholders and Form 10-K for the year ended September 30, 1984; its quarterly reports to shareholders and form 10-Q, for the periods ended June 30, 1984 and December 31, 1984; the 1985 proxy statement; and certain press releases between June 1984 and January 1985. The SEC action alleges that during the period from July 1984 to March 1985, American Savings failed to disclose material acts regarding its transactions with E.S.M.

in periodic reports filed with the FHLBB, press releases and communications with its shareholders. In addition, The SEC alleges that from about December 24, 1984 until January 9, 1985 American failed to disclose its plan to use up to \$26,700,000 of its assets to purchase 1,905,000 shares of American Savings' common stock in the repurchase from Marvin L. Warner and thus terminate his ownership interest.

The balance of the 10 counts in the SEC action address other violations of the antifraud and reporting provisions of the Federal Securities Laws arising from the fraudulent activities of E.S.M., and the individual defendants' relationships as officers of E.S.M. or their participation in the business and affairs of E.S.M. at various times from 1977 until E.S.M. collapsed on March 4, 1985. No member of American Savings' management at the time is named as a defendant in the SEC action, nor is any member of American Savings' past management except for Marvin Warner and Ronald Ewton. The preliminary injunction sought by the SEC is later denied during an evidentiary hearing in October of 1987. The FHLBB action and the SEC action are consolidated for all purposes including trial and trial is set for March 1988.

- \* October 1986 American Savings purchases 33.3% interest in Star Development Holding Corp. a newly formed holding company operating convenience stores in Florida.