

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the period ended September 30, 1996

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_ to \_\_\_\_

Commission file number 1-8993

FUND AMERICAN ENTERPRISES HOLDINGS, INC.  
(Exact name of registrant as specified in its charter)

Delaware	94-2708455
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)

80 South Main Street, Hanover, New Hampshire 03755-2053  
(Address of principal executive offices including zip code)

(603) 643-1567  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports), and (2) has been subject to such  
filing requirements for the past 90 days.

Yes	X	No
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As of November 11, 1996, 7,161,977 shares of Common Stock with a par value of  
\$1.00 per share were outstanding.

FUND AMERICAN ENTERPRISES HOLDINGS, INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

FUND AMERICAN ENTERPRISES HOLDINGS, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(dollars in millions, except per share amounts)

	September 30, 1996 ----- (Unaudited)	December 31, 1995 -----
Assets		
Common equity securities, at fair value (cost: \$87.3 and \$232.1)	\$ 120.6	\$ 274.5
Fixed maturity investments, at fair value (cost: \$153.7 and \$109.8)	153.4	110.7
Other investments (cost: \$120.5 and \$86.7)	162.3	95.9
Short-term investments, at amortized cost (which approximated market value)	70.4	103.6
	-----	-----
Total investments	506.7	584.7
Cash	4.4	2.7
Capitalized mortgage servicing, net of accumulated amortization	389.1	397.1
Mortgage loans held for sale	273.5	381.0
Other mortgage origination and servicing assets	179.8	164.4
Insurance premiums receivable	54.0	45.3
Investments in unconsolidated insurance affiliates	209.3	96.2
Other assets	262.3	200.5
	-----	-----
Total Assets	\$ 1,879.1	\$ 1,871.9
	=====	=====
Liabilities		
Short-term debt	\$ 357.9	\$ 445.4
Long-term debt	406.9	407.3
Loss and loss adjustment expense reserves	50.3	44.1
Unearned insurance premiums	73.4	35.0
Accounts payable and other liabilities	237.7	196.4
	-----	-----
Total liabilities	1,126.2	1,128.2
	-----	-----
Minority Interest - preferred stock of subsidiary	44.0	44.0
	-----	-----
Shareholders' Equity		
Common stock at \$1 par value per share - authorized 125,000,000 shares; issued 32,229,675 and 32,719,279 shares	32.2	32.7
Common paid-in surplus	369.9	375.5
Retained earnings	1,121.8	1,124.6
Common stock in treasury, at cost - 25,034,939 shares	(871.0)	(871.0)
Net unrealized gains on investment securities	56.0	37.9
	-----	-----
Total shareholders' equity	708.9	699.7
	-----	-----
Total Liabilities, Minority Interest and Shareholders' Equity	\$ 1,879.1	\$ 1,871.9
	=====	=====

See Notes to Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED INCOME STATEMENTS  
Unaudited  
(millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Revenues:				
Mortgage servicing revenue	\$ 33.0	\$ 32.0	\$ 101.1	\$ 107.4
Amortization of capitalized servicing	16.1	14.5	26.1	51.6
Net loss on financial instruments	.2	-	5.1	-
Net servicing revenue	16.7	17.5	69.9	55.8
Net gain on sales of mortgages	7.7	9.6	32.2	15.3
Gain on sale of mortgage servicing	10.1	-	10.1	28.2
Other mortgage operations revenue	4.1	3.5	13.6	10.5
Insurance premiums earned	30.4	-	75.7	-
Equity in earnings of unconsolidated insurance affiliates	3.0	3.2	6.1	7.2
Other insurance operations revenue	2.0	-	7.3	9.7
Investment income	16.0	14.8	45.6	42.0
Total revenues	90.0	48.6	260.5	168.7
Expenses:				
Compensation and benefits	25.3	16.0	73.2	96.7
General expenses	22.8	14.7	64.0	42.1
Interest expense	11.5	12.2	38.5	34.3
Insurance losses and loss adjustment expenses	21.7	-	52.2	-
Total expenses	81.3	42.9	227.9	173.1
Pretax operating earnings (loss)	8.7	5.7	32.6	(4.4)
Net realized investment gains (losses)	(1.6)	4.4	28.1	31.8
Pretax earnings	7.1	10.1	60.7	27.4
Income tax provision	3.4	3.5	24.7	11.3
After tax earnings	3.7	6.6	36.0	16.1
Tax benefit from sale of discontinued operations	-	-	-	66.0
Loss on early extinguishment of debt, after tax	-	-	-	(.4)
Net Income	3.7	6.6	36.0	81.7
Less dividends on preferred stock	-	.5	-	3.8
Net income applicable to common stock	\$ 3.7	\$ 6.1	\$ 36.0	\$ 77.9
Primary earnings per share:				
After tax earnings	\$ .46	\$ .75	\$ 4.38	\$ 1.46
Net income	.46	.75	4.38	9.26
Fully diluted earnings per share:				
After tax earnings	.46	.75	4.38	1.74
Net income	.46	.75	4.38	8.86

See Notes to Condensed Consolidated Financial Statements

FUND AMERICAN ENTERPRISES HOLDINGS, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
Unaudited  
(millions)

	Nine Months Ended September 30,	
	1996	1995
Cash flows from operations:		
Net income	\$ 36.0	\$ 81.7
Charges (credits) to reconcile net income to cash flows from operations:		
Tax benefit from sale of discontinued operations	-	(66.0)
Loss on early extinguishment of debt, after tax	-	.4
Undistributed equity in earnings of unconsolidated insurance affiliates	(3.9)	(6.6)
Compensation expense resulting from warrant extension	-	46.2
Net realized investment gains	(28.1)	(31.8)
Decrease (increase) in mortgage loans held for sale	107.5	(177.8)
Gain on sale of mortgage servicing	(10.1)	(28.2)
Increase in unearned insurance premiums	38.4	-
Increase in insurance premiums receivable	(8.7)	-
Increase in deferred insurance policy acquisition costs	(6.6)	-
Depreciation and amortization	32.3	55.2
Net unrealized loss on financial instruments	4.9	-
Capitalized excess mortgage servicing income	(7.6)	(4.7)
Changes in current income taxes receivable and payable	9.0	21.9
Deferred income tax expense (benefit)	15.1	(10.8)
Other, net	23.7	46.8
	-----	-----
Net cash flows provided from (used for) operating activities	202.0	(73.7)
	-----	-----
Cash flows from investing activities:		
Net decrease in short-term investments	33.2	50.4
Sales of common equity securities and other investments	196.4	152.8
Sales and maturities of fixed maturity investments	98.3	-
Purchases of common equity securities and other investments	(58.1)	(70.5)
Purchases of fixed maturity investments	(145.8)	-
Acquisition of consolidated affiliate	(13.2)	-
Investments in unconsolidated insurance affiliates	(107.6)	(33.8)
Collections on mortgage origination and servicing assets	122.8	154.2
Additions to purchased mortgage servicing rights	(22.5)	(36.1)
Originated mortgage servicing rights	(32.1)	(20.4)
Proceeds from sale of mortgage servicing	11.7	169.8
Additions to other mortgage origination and servicing assets	(145.6)	(123.8)
Net (purchases) sales of fixed assets	(4.8)	.3
	-----	-----
Net cash flows (used for) provided from investing activities	(67.3)	242.9
	-----	-----
Cash flows from financing activities:		
(Repayments) issuances of short-term debt	(58.1)	67.4
Repayments of long-term debt	(29.7)	(93.7)
Purchases of common stock retired	(39.8)	(64.2)
Purchases of preferred stock retired	-	(75.0)
Dividends paid to shareholders	(4.5)	(4.9)
Other	(.9)	.1
	-----	-----
Net cash used for financing activities	(133.0)	(170.3)
	-----	-----
Net increase (decrease) in cash during period	1.7	(1.1)
Cash balance at beginning of period	2.7	1.5
	-----	-----
Cash balance at end of period	\$ 4.4	\$ .4
	=====	=====
Supplemental cash flows information:		
Interest paid	\$ (33.8)	\$ (30.4)
Net income tax payments	\$ (.7)	\$ (.2)
Non-cash exchanges of investment securities	\$ -	\$ 90.0

See Notes to Condensed Consolidated Financial Statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
Unaudited

Note 1. Basis of Presentation

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The accompanying condensed consolidated financial statements include the accounts of Fund American Enterprises Holdings, Inc. (the "Company") and its subsidiaries (collectively, "Fund American"). Fund American's principal businesses are conducted through White Mountains Holdings, Inc. and its operating subsidiaries ("White Mountains") and Source One Mortgage Services Corporation and its subsidiaries ("Source One"). White Mountains is an insurance holding company principally engaged through its affiliates in the business of property and casualty insurance. Source One is one of the nation's largest independent mortgage banking companies.

The financial statements have been prepared in accordance with generally accepted accounting principles and include all adjustments (consisting of normal recurring adjustments) considered necessary by management to fairly present the financial position, results of operations and cash flows of Fund American. These interim financial statements may not be indicative of financial results for the full year and should be read in conjunction with the Company's 1995 Annual Report to Shareholders.

2. Accounting Standard Recently Issued

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In June 1996, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 125, "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities". SFAS No. 125 eliminates the distinction between "normal" servicing rights and excess servicing receivable and will change Source One's method of measuring the value of its capitalized excess servicing asset. The statement is effective for transfers and servicing of financial assets beginning in 1997. The Company has not yet determined what impact, if any, the adoption of this statement will have on its financial position or results of operations.

Note 3. Earnings Per Share

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Primary earnings per share amounts are based on the weighted average number of common and dilutive common equivalent shares outstanding of 7,977,711 and 8,146,614 for the three month periods ended September 30, 1996 and 1995, respectively, and 8,220,149 and 8,411,168 for the nine month periods ended September 30, 1996 and 1995, respectively. Fully diluted earnings per share amounts are based on the weighted average number of common shares outstanding, assuming full dilution, of 7,977,743 and 8,150,534 for the three month periods ended September 30, 1996 and 1995, respectively, and 8,220,229 and 9,221,554 for the nine month periods ended September 30, 1996 and 1995, respectively.

Item 2. Management's Discussion and Analysis

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Results of Operations -- Three-Month and Nine-Month Periods Ended September 30, 1996 and 1995

Fund American reported net income of \$36.0 million, or \$4.38 per share, for the nine month period ended September 30, 1996, compared to net income of \$81.7 million, or \$8.86 per share fully diluted, for the nine month period ended September 30, 1995. The 1995 nine month period includes three non-recurring items recorded in the 1995 second quarter which served to increase net income by a net amount of \$42.3 million, or \$4.58 per share fully diluted. For the 1996 third quarter Fund American reported net income of \$3.7 million, or \$.46 per share, versus \$6.6 million, or \$.75 per share, in 1995.

Book value per common and equivalent share increased to \$90.10, an increase of \$6.82 from the December 31, 1995 book value per share of \$83.28.

Insurance Operations. Property and casualty earned insurance premiums for the 1996 third quarter and year-to-date totalled \$30.4 million and \$75.7 million, respectively. Earned premium will continue to substantially lag net written premium until 1997 because Charter Indemnity Company ("Charter"), which writes non-standard automobile insurance in Texas, began to retain virtually all its written premium for the first time in 1996. Valley Insurance Companies ("Valley"), which includes the operations of Valley Insurance Company, a regional property-casualty company which writes personal and commercial lines in the Northwest, and White Mountains Insurance Company, a newly formed regional property-casualty company which writes commercial lines in the Northeast, posted a combined ratio of 101.9% for the 1996 nine month period. Valley's combined ratio for the third quarter was adversely impacted by reserve strengthening for California severity as well as startup costs incurred at Valley National Insurance Company, a multi-state property and casualty subsidiary which is currently being developed by Valley for future use. Valley had \$52.6 million of earned premium for the 1996 year-to-date period and had net written premium of \$57.8 million. Charter posted a combined ratio of 97.8% for the 1996 nine month period. Charter had \$23.1 million of earned premium for the 1996 year-to-date period and had net written premium of \$56.2 million. Valley and Charter were acquired by White Mountains on December 1, 1995. A summary of White Mountains' consolidated insurance operating results follows:

Dollars in millions	Three Months Ended Sept. 30, 1996	Nine Months Ended Sept. 30, 1996
-----		
Gross written premium	\$ 36.5	\$119.3
Net written premium	34.8	114.0
Ending statutory surplus		80.0
Valley:		
-----		
Loss and loss adjustment expense ratio	68.2%	64.9%
Underwriting expense ratio	39.7%	37.0%
	-----	-----
Combined ratio	107.9%	101.9%
	=====	=====
Charter:		
-----		
Loss and loss adjustment expense ratio	76.3%	78.1%
Underwriting expense ratio	22.7%	19.7%
	-----	-----
Combined ratio	99.0%	97.8%
=====		

The Company's unconsolidated insurance affiliates are comprised of a 25% interest in Financial Security Assurance Holdings Ltd. ("FSA"), a 50% interest in Folksamerica Holding Company, Inc. ("Folksamerica") and a 33% interest in Main Street America Holdings, Inc. ("MSA"). FSA continued to post strong core operating results for 1996 through the third quarter. FSA's adjusted book value per share at September 30, 1996 was \$33.43, up \$2.27 from \$31.16 at December 31, 1995. The 1996 growth in adjusted book value from FSA's operations was muted somewhat by unrealized investment losses in its bond portfolio. Folksamerica continues to persevere despite a highly competitive market. During the 1996 third quarter, Folksamerica's book value per share increased from \$11.16 to \$11.67. MSA's underwriting results for the 1996 nine month period were unsatisfactory with a combined ratio of 108.9%. MSA's loss ratio is high because of unusually high winter storm losses in early 1996 but seems to be improving as the year progresses.

Mortgage Origination and Servicing. A summary of Source One's mortgage loan production and mortgage servicing portfolio activities follows:

Millions	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	1996	1995	1996	1995
Mortgage loan production:				
Retail originations	\$ 371	\$ 534	\$ 1,471	\$ 1,059
Wholesale originations	420	475	1,632	889
Total	\$ 791	\$ 1,009	\$ 3,103	\$ 1,948
Mortgage loan servicing portfolio (a):				
Beginning balance	\$ 31,329	\$ 28,746	\$ 31,831	\$ 39,568
Mortgage loan production	791	1,009	3,103	1,948
Regular payoffs	(634)	(687)	(2,417)	(1,550)
Sale of servicing	(3,302)	-	(3,302)	(9,893)
Other	(537)	(501)	(1,568)	(1,506)
Ending balance	\$ 27,647	\$ 28,567	\$ 27,647	\$ 28,567

(a) Includes loans subserviced for others of \$3,796 million and \$4,111 million as of September 30, 1996 and September 30, 1995, respectively.

The increase in mortgage loan production and payoffs for the 1996 nine month period versus the comparable prior year period reflects lower market interest rates and a corresponding increase in refinancing activity. Additional information regarding Source One's mortgage loan servicing portfolio is shown below:

	Sept. 30, 1996	Dec. 31, 1995
Mortgage loan servicing portfolio (a):		
Number of loans	439,264	494,051
Weighted average interest rate	8.31%	8.33%
Percent delinquent (includes loans in process of foreclosure)	5.61%	6.08%

(a) Includes loans subserviced for others of \$3,796 million and \$4,039 million as of September 30, 1996 and December 31, 1995, respectively.

Source One's net mortgage servicing revenue increased to \$69.9 million for the nine month period ended September 30, 1996 from \$55.8 million for the comparable 1995 period. The increase in net servicing revenue is primarily the result of \$27.5 million in pretax recoveries of Source One's valuation allowance for the impairment of mortgage servicing rights in 1996. The impairment recoveries reflect an increase in market interest rates which resulted in an increase in the estimated fair value of Source One's mortgage servicing rights from 1995 levels. Gross mortgage servicing revenue, however, decreased during the 1996 year-to-date period due primarily to declines in both the size of the servicing portfolio and average servicing fee rates.

Source One is now utilizing interest rate floor contracts and principal-only swaps to mitigate the effect on earnings of higher amortization and impairment of the capitalized servicing asset caused by changes in market interest rates. The interest rate contracts, which were entered into in the 1995 fourth quarter and the 1996 first half, are not subject to total losses in excess of their original cost of \$5.5 million. In the 1996 third quarter, Source One entered into two



principal-only swaps with a current aggregate notional value of \$92 million. Net mortgage servicing revenue for the three and nine month periods ended September 30, 1996 has been reduced by \$.2 million and \$5.1 million of pretax net losses, respectively, which represent declines in the market value of Source One's investments in financial instruments.

Net gain on sales of mortgages increased to \$32.2 million for the nine month period ended September 30, 1996, from \$15.3 million for the comparable 1995 period. The increase is primarily due to increased production and the related mortgage loan sales volume during 1996 compared to 1995.

During the third quarter of 1996, Source One recognized a \$10.1 million pretax gain (\$6.6 million after tax) from the sale of \$3.3 billion of its mortgage loan servicing portfolio to a third party. During the first quarter of 1995, Source One recognized a \$28.2 million pretax gain (\$18.3 million after tax) resulting from the sale of \$9.9 billion of its mortgage servicing portfolio to a third party. In October 1996, Source One entered into a contract to acquire the rights to service approximately \$2.8 billion of mortgage loans from a third party.

Investment Operations. Fund American's investment income is comprised primarily of interest income earned on mortgage loans originated by Source One and on the fixed maturity investments of its consolidated insurance operations. Investment income increased to \$45.6 million for the 1996 year-to-date period, from \$42.0 million for the comparable prior year period. For the third quarter investment income increased to \$16.0 million in 1996, from \$14.8 million in 1995. The increases are primarily due to additional fixed maturity investments resulting from the acquisition of Valley and Charter.

Total net investment gains and losses, before tax, were as follows:

Millions	Nine Months Ended Sept. 30,	
	1996	1995
Net realized gains	\$ 28.1	\$ 31.8
Net unrealized gains	27.1	11.6
Total net investment gains, before tax	\$ 55.2	\$ 43.4

During the first quarter of 1996, Fund American sold all its holdings (2,042,572 shares) of the common stock of Zurich Reinsurance Centre Holdings, Inc. ("ZRC") for net proceeds of \$61.8 million. Fund American also sold all its holdings (2,928,100 shares) of the common stock of The Louisiana Land and Exploration Company ("LLX") for net proceeds of \$125.1 million. Gains on the sales of ZRC and LLX represented the majority of the \$28.1 million of realized net investment gains reported for the nine month period ended September 30, 1996.

Expenses. Excluding a previously announced \$46.2 million one-time compensation charge related to outstanding employee stock warrants which is included in the Company's 1995 year-to-date income statement, compensation and benefits expense increased \$22.7 million to \$73.2 million during the 1996 nine month period versus the comparable 1995 period. The increase is primarily a result of higher mortgage loan production volumes experienced by Source One during 1996 and the inclusion of Valley and Charter's personnel costs in the 1996 consolidated financial statements.

General expenses increased to \$22.8 million and \$64.0 million for the 1996 third quarter and year-to-date periods, respectively, versus \$14.7 million and \$42.1 million for the comparable prior year periods. The increases are primarily due to the inclusion of Valley and Charter's operations in the 1996 consolidated financial statements.

## Liquidity and Capital Resources

Parent Company. During the 1996 third quarter, the Company repurchased 329,054 Shares of its common stock for \$27.1 million in a series of open market transactions. All such Shares repurchased have since been retired.

Prospectively, the primary sources of cash inflows for the Company will be distributions received from its operating subsidiaries, sales of investment securities and investment income.

White Mountains and Subsidiaries. On June 19, 1996 White Mountains completed its purchase, for \$79.9 million including related expenses, of a 50% interest in Folksamerica. Also on June 19, 1996, Folksamerica completed its previously announced acquisition of Christiania General Insurance Corporation ("Christiania") of New York for \$88.0 million. Folksamerica owns a multi-line broker-market reinsurance company which in 1995 had net written premiums of \$159.7 million. At September 30, 1996, Folksamerica had total assets \$1.0 billion, shareholders' equity of \$161.5 million and total capitalization of 237.0 million.

White Mountains' investment in Folksamerica includes (i) 6,920,000 shares of ten-year 6.5% voting preferred stock having a liquidation preference of \$79.4 million and (ii) ten-year warrants to purchase up to 6,920,000 shares of Folksamerica Common Stock for \$11.47 per share, subject to certain adjustments. Folksamerica reported a book value per share at September 30, 1996 of \$11.67.

On November 1, 1996 Fund American signed a definitive agreement (the "Agreement") to raise its stake in MSA from 33% to 50%. MSA currently shares in 40% of National Grange Mutual Insurance Company ("National Grange") business through a quota share reinsurance agreement which is expected to be increased to 60% pursuant to the Agreement. Also pursuant to the Agreement, National Grange will contribute certain of its insurance, reinsurance and information and financial services subsidiaries to MSA.

The aggregate purchase price to be paid by Fund American is approximately \$60.2 million, subject to certain purchase price adjustments. The closing is dependent upon receipt of Federal and state regulatory approvals and is expected to occur near year-end 1996. Fund American expects to assign the additional investment in MSA to White Mountains.

Source One. Source One's investments, mortgage loans held for sale and mortgage loan servicing portfolio provide a liquidity reserve since they may be sold to meet cash needs.

Source One's working capital requirements have historically been funded through its revolving credit and commercial paper programs. These borrowings are used to fund mortgage loan production until the sale of such mortgage loans in the secondary market. Source One is currently in the process of amending and restating its secured credit agreements to increase its borrowing capacity and flexibility. The provisions of the amendment increase the size of the facility from \$500 million to \$750 million, which will allow Source One to finance planned growth in production and servicing. The provisions will also extend the maturity, reduce borrowing costs and amend covenants which will allow Source One to upstream \$60.0 million to its parent, Fund American Enterprises, Inc.

Part II. OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 2. Changes in Securities

None.

Item 3. Defaults upon Senior Securities

None.

Item 4. Submission of Matters to a Vote by Security Holders

None.

Item 5. Other Information

None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

11 - Statement Re Computation of Per Share Earnings\*

(b) Reports on Form 8-K

None.

\*Filed herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FUND AMERICAN ENTERPRISES HOLDINGS, INC.

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(Registrant)

Date: November 12, 1996

By:/s/Michael S. Paquette

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Michael S. Paquette  
Vice President and Controller

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FUND AMERICAN ENTERPRISES HOLDINGS, INC.  
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS  
(in thousands, except per share earnings)  
Unaudited

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1995	1996	1995
Primary earnings per share:				
Earnings per share numerator:				
After tax earnings	\$ 3,666	\$ 6,637	\$ 35,966	\$ 16,090
Preferred stock dividends	-	(553)	-	(3,834)
After tax earnings applicable to common stock	3,666	6,084	35,966	12,256
Tax benefit from sale of discontinued operations	-	-	-	66,000
Loss on early extinguishment of debt, after tax	-	-	-	(400)
Net income for per share computation	\$ 3,666	\$ 6,084	\$ 35,966	\$ 77,856
Earnings per share denominator:				
Average common shares outstanding	7,298	7,617	7,538	7,880
Dilutive options, warrants and performance shares	680	530	682	531
Shares for per share computation	7,978	8,147	8,220	8,411
Primary earnings per share:				
After tax earnings	\$ .46	\$ .75	\$ 4.38	\$ 1.46
Net income	.46	.75	4.38	9.26
Fully diluted earnings per share				
Earnings per share numerator:				
After tax earnings	\$ 3,666	\$ 6,637	\$ 35,966	\$ 16,090
Preferred stock dividends, if applicable	-	(553)	-	-
After tax earnings applicable to common stock	3,666	6,084	35,966	16,090
Tax benefit from sale of discontinued operations	-	-	-	66,000
Loss on early extinguishment of debt, after tax	-	-	-	(400)
Net income for per share computation	\$ 3,666	\$ 6,084	\$ 35,966	\$ 81,690
Earnings per share denominator:				
Average common shares outstanding	7,298	7,617	7,538	7,880
Dilution for options, warrants and performance shares	680	534	682	534
Dilution for preferred stock, if applicable	-	-	-	808
Shares for per share computation	7,978	8,151	8,220	9,222
Fully diluted earnings per share:				
After tax earnings	\$ .46	\$ .75	\$ 4.38	\$ 1.74
Net income	.46	.75	4.38	8.86

NOTE: The Voting Preferred Stock Series D is not a common stock equivalent.



5  
1,000,000

9-MOS  
DEC-31-1996  
JAN-01-1996  
SEP-30-1996  
4  
507  
111  
(14)  
0  
0  
0  
0  
1879  
358  
407  
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0  
709  
0  
1,879  
0  
261  
0  
189  
(28)  
0  
39  
61  
25  
0  
0  
0  
0  
36  
4.38  
4.38