

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 June 30, 1995

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
(State or other jurisdiction of
incorporation or organization)

94-2708455
(I.R.S. Employer
Identification No.)

THE 1820 HOUSE, MAIN STREET, NORWICH, VERMONT 05055-0850
(Address of principal executive offices including zip code)

(802) 649-3633
(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
 ----- -----

As of August 11, 1995, 7,662,208 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)

	JUNE 30, 1995	DECEMBER 31, 1994
	----- (UNAUDITED)	-----
ASSETS		
Common equity securities, at market value (cost: \$210.5	245.4	\$ 332.4
Other investments (cost: \$198.0 and \$163.6)	197.7	157.3
Short-term investments, at amortized cost (which approx	164.5	119.2
	-----	-----
Total investments	607.6	608.9
Cash	6.5	1.5
Capitalized mortgage servicing, net of accumulated amor	363.8	530.5
Mortgage loans held for sale	354.1	210.5
Other mortgage origination and servicing assets	216.2	213.7
Investments in unconsolidated affiliates	87.6	69.7
Other assets	187.5	172.5
	-----	-----
TOTAL ASSETS	\$ 1,823.3	\$ 1,807.3
	=====	=====
LIABILITIES		
Short-term debt	\$ 328.5	\$ 254.1
Long-term debt	456.4	547.0
Accounts payable and other liabilities	208.3	245.1
	-----	-----
Total liabilities	993.2	1,046.2
	-----	-----
MINORITY INTEREST - PREFERRED STOCK OF SUBSIDIARY	100.0	100.0
	-----	-----
SHAREHOLDERS' EQUITY		
Preferred stock - authorized 10,000,000 shares:		
Series D - voting preferred stock; \$1 par value per share -		
20,833 shares outstanding	75.0	75.0
Common stock at \$1 par value per share - authorized 125,000,000 shares;		
issued 32,847,147 and 33,597,147 shares	32.8	33.6
Common paid-in surplus	376.8	338.1
Retained earnings	1,123.8	1,098.2
Net unrealized gains on investment securities	25.4	19.7
Common stock in treasury, at cost - 25,184,939 and 25,1 (878.4)		(878.5)
Loan for common stock issued	(25.3)	(25.0)
	-----	-----
Total shareholders' equity	730.1	661.1
	-----	-----
TOTAL LIABILITIES, MINORITY INTEREST AND SHAREHOLDERS' EQUITY	\$ 1,823.3	\$ 1,807.3
	=====	=====

See Notes to Condensed Consolidated

FUND AMERICAN ENTERPRISES HOLDINGS, INC.
CONDENSED CONSOLIDATED INCOME STATEMENTS
UNAUDITED
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
REVENUES:				
Mortgage servicing revenue	\$ 34.2	\$ 40.9	\$ 75.4	\$ 84.6
Amortization of capitalized servicing	10.8	19.2	24.5	45.8
Net servicing revenue	23.4	21.7	50.9	38.8
Net gain (loss) on sales of mortgages	(2.5)	16.6	(3.8)	28.8
Gain on sale of mortgage servicing	-	-	28.2	-
Other mortgage operations revenue	3.5	6.9	7.0	14.8
Equity in earnings of unconsolidated affiliates	2.4	.7	4.0	.7
Investment income	14.3	25.8	27.2	59.6
Other revenue	9.7	-	9.7	-
Total revenues	50.8	71.7	123.2	142.7
EXPENSES:				
Interest expense	10.1	21.8	22.1	47.2
Compensation and benefits	62.9	19.8	80.7	33.0
General expenses	13.8	18.0	27.4	37.0
Total expenses	86.8	59.6	130.2	117.2
PRETAX OPERATING EARNINGS (LOSS)	(36.0)	12.1	(7.0)	25.5
Net realized investment gains	10.4	20.9	27.4	22.4
Pretax earnings (loss)	25.6	33.0	20.4	47.9
Income tax provision (benefit)	(8.0)	13.0	8.9	18.9
AFTER TAX EARNINGS (LOSS)	(17.6)	20.0	11.5	29.0
Tax benefit from sale of discontinued operations	66.0	-	66.0	-
Loss on early extinguishment of debt, after tax	(.2)	-	(.4)	-
Cumulative effect of accounting change- purchased mortgage servicing, after tax	-	-	-	(44.3)
NET INCOME (LOSS)	48.2	20.0	77.1	(15.3)
Less dividends on preferred stock	1.7	3.1	3.3	6.1
Net income (loss) applicable to common stock	\$ 46.5	\$ 16.9	\$ 73.8	\$ (21.4)
PRIMARY EARNINGS PER SHARE:				
After tax earnings (loss)	\$ (2.36)	\$ 1.72	\$.96	\$ 2.32
Net income (loss)	5.67	1.72	8.63	(2.17)
FULLY DILUTED EARNINGS PER SHARE:				
After tax earnings (loss)	(1.91)	1.62	1.19	2.31
Net income (loss)	5.20	1.62	8.03	(2.17)

See Notes to Condensed Consolidated Financial Statements

FUND AMERICAN ENTERPRISES HOLDINGS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
UNAUDITED
(MILLIONS)

	Six Months Ended June 30,	
	1995	1994
CASH FLOWS FROM OPERATIONS:		
Net income (loss)	\$ 77.1	\$ (15.3)
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	-
Cumulative effect of accounting change - purchased mortgage servicing, after tax	-	44.3
Compensation expense resulting from warrant extension	46.2	-
Net realized investment gains	(27.4)	(22.4)
(Increase) decrease in mortgage loans held for sale	(143.6)	790.3
Gain on sale of mortgage servicing	(28.2)	-
Depreciation and amortization	26.9	52.1
Capitalized excess mortgage servicing income	(2.0)	(12.6)
Changes in current income taxes receivable and payable	23.9	5.9
Deferred income tax (benefit) provision	(15.3)	7.5
Other, net	43.7	(35.2)
	-----	-----
NET CASH FLOWS (USED FOR) PROVIDED FROM OPERATING ACTIVITIES	(64.3)	814.6
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net increase in short-term investments	(45.3)	(129.0)
Sales and maturities of common equity securities and other investments	133.2	160.3
Purchases of common equity securities and other investments	(2.9)	(75.7)
Investments in unconsolidated affiliates	(33.8)	(40.6)
Dividends received from affiliates	.4	-
Funding of revolving credit agreement	(40.0)	-
Collections on mortgage origination and servicing assets	80.9	126.8
Additions to capitalized mortgage servicing	(28.4)	(21.3)
Proceeds from sale of mortgage servicing	169.8	20.0
Additions to other mortgage origination and servicing assets	(86.1)	(139.0)
Sales (purchases) of fixed assets, net	.4	(2.6)
	-----	-----
NET CASH PROVIDED FROM (USED FOR) INVESTING ACTIVITIES	148.2	(101.1)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net increase (decrease) in short-term debt	74.4	(778.4)
Proceeds from issuances of preferred stock by subsidiary	-	96.9
Repayments of long-term debt	(93.7)	(23.9)
Proceeds from issuances of common stock from treasury	.1	-
Purchases of common stock retired	(56.4)	(10.2)
Cash dividends paid to preferred shareholder	(3.3)	(6.1)
	-----	-----
NET CASH USED FOR FINANCING ACTIVITIES	(78.9)	(721.7)
	-----	-----
NET INCREASE (DECREASE) IN CASH DURING PERIOD	5.0	(8.2)
CASH BALANCE AT BEGINNING OF PERIOD	1.5	10.7
	-----	-----
CASH BALANCE AT END OF PERIOD	\$ 6.5	\$ 2.5
	-----	-----
SUPPLEMENTAL CASH FLOWS INFORMATION:		
Interest paid	\$ (24.2)	\$ (49.0)
Net income tax payments	\$ (.3)	\$ (3.9)
Non-cash exchanges of investment securities	\$ 35.1	\$ -

See Notes to Condensed Consolidated Financial Statements.

NOTE 1. BASIS OF PRESENTATION

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 primary business is conducted through Source One Mortgage Services Corporation and its subsidiaries ("Source One"). Source One is one of the nation's largest mortgage banking companies.

The financial statements have been prepared in accordance with generally accepted accounting principles and should be read in conjunction with the Company's 1994 Annual Report to Shareholders. These interim financial statements may not be indicative of financial results for the full year.

NOTE 2. RECENTLY ISSUED ACCOUNTING STANDARD

In May 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 122, "Accounting for Mortgage Servicing Rights". SFAS No. 122 requires the total cost of acquiring mortgage loans, either through loan origination activities or purchase transactions, to be allocated to the mortgage servicing rights and the loans based on their relative fair values. The statement requires entities to measure impairment on a disaggregated basis by stratifying the capitalized mortgage servicing asset based on one or more predominant risk characteristics of the underlying loans. Impairment is recognized through a valuation allowance for each individual stratum.

Fund American intends to adopt in the 1995 third quarter the provisions of SFAS No. 122 as of January 1, 1995. It is expected that the adoption of SFAS No. 122, as it relates to the capitalization of originated mortgage servicing rights, will have a moderately favorable impact on Fund American's reported financial condition and results of operations. However, management is currently unable to estimate the effects of the impairment provisions of adopting the new statement.

NOTE 3. EARNINGS PER SHARE

Primary earnings per share amounts are based on the weighted average number of common and dilutive common equivalent shares outstanding of 8,190,455 and 9,824,513 for the three-month periods ended June 30, 1995 and 1994, respectively, and 8,545,624 and 9,870,291 for the six-month periods ended June 30, 1995 and 1994, respectively. Fully diluted earnings per share amounts are based on the weighted average number of common shares outstanding, assuming full dilution, of 9,245,268 and 12,299,519 for the three-month periods ended June 30, 1995 and 1994, respectively, and 9,596,395 and 9,879,436 for the six-month periods ended June 30, 1995 and 1994, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS -- THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 1995 AND 1994

Fund American ended the second quarter with a book value per common and equivalent share of \$80.96, an increase of \$12.01 from the December 31, 1994 book value per share of \$68.95, and an increase of \$8.67 from the March 31, 1995 book value per share of \$72.29.

Net income was \$77.1 million for the six month period ended June 30, 1995, versus a \$15.3 million net loss for the comparable prior year period. For the second quarter Fund American reported net income in 1995 of \$48.2 million versus \$20.0 million in 1994. Net income for the second quarter of 1995 includes three nonrecurring items which are further described herein: (i) a \$46.2 million pretax charge to compensation expense related to outstanding employee stock warrants; (ii) a \$66.0 million favorable tax development relating to the sale of a former subsidiary; and (iii) the receipt of a \$9.7 million breakup fee, net of expenses, from Home Holdings, Inc. The 1994 net loss includes a \$44.3 million after tax charge in the first quarter related to a change in accounting methodology adopted by Source One.

In June 1995 Fund American received a \$9.7 million breakup fee, plus reimbursement of certain expenses, which was triggered by the rejection of Fund American's proposed investment in Home Holdings, Inc. The breakup fee is included in other revenue.

MORTGAGE ORIGINATION AND SERVICING. A summary of Source One's mortgage loan

production and mortgage servicing portfolio activities follows:

Millions	Three Months Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
Mortgage loan servicing portfolio (c):				
Beginning balance	\$ 28,970	\$ 38,484	\$ 39,568	\$ 38,403
Retail originations	332	739	525	2,034
Wholesale originations	278	538	414	1,338
Servicing acquisitions	-	1,010	-	2,056
Regular payoffs	(479)	(1,255)	(863)	(3,438)
Sale of servicing	-	-	(9,893)	-
Servicing released, principal amortization, foreclosures & other	(355)	(646)	(1,005)	(1,523)
Ending balance	\$ 28,746	\$ 38,870	\$ 28,746	\$ 38,870

Additional information regarding Source One's mortgage loan servicing portfolio is shown below:

	June 30, 1995	March 31, 1995	Dec. 31, 1994
Mortgage loan servicing portfolio (a):			
Number of loans	442,352	446,489	543,428
Weighted average interest rate	8.29%	8.28%	8.14%
Percent delinquent (b)	4.90%	4.89%	4.84%

- (a) Excludes \$1,651 million of interim servicing as of December 31, 1994.
- (b) Includes loans in process of foreclosure.
- (c) Includes loans subserviced for others of \$4,190, \$4,252 million and \$4,294 million as June 30, 1995, March 31, 1995 and December 31, 1994, respectively.

Loan production in the 1995 second quarter improved versus first quarter production as recent declines in interest rates and a flattening of the yield curve have sparked fixed rate loan production.

Mortgage servicing revenue, net of amortization of the capitalized servicing asset, increased \$12.1 million to \$50.9 million for the six month period ended June 30, 1995 from \$38.8 million for the comparable prior year period. The improvement is due to slower amortization of the capitalized mortgage servicing asset resulting from lower prepayments during the first half of 1995 as compared to the first half of 1994. Net mortgage servicing revenue increased \$1.7 million to \$23.4 million for the second quarter of 1995.

Source One reported net losses on sales of mortgages into the secondary market of \$3.8 million and \$2.5 million for the six-month and three-month periods ended June 30, 1995, respectively, versus net gains of \$28.8 million and \$16.6 million for the comparable prior year periods. The 1995 deterioration is primarily attributable to increased price competition industry wide.

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 (the "Servicing Sale"). The capitalized mortgage servicing asset declined to \$363.8 million at June 30, 1995, from \$530.5 million at December 31, 1994, primarily as a result of the Servicing Sale.

INVESTMENT OPERATIONS. Fund American's investment income is comprised primarily

of interest income earned on mortgage loans originated by Source One. Investment income decreased to \$27.2 million and \$14.3 million for the six-month and three-month periods ended June 30, 1995, respectively, from \$59.6 million and \$25.8 million for the comparable prior year periods. The decrease resulted from a lower average size of Source One's inventory of mortgage loans held for sale.

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

Millions	Six Months Ended June 30,	
	1995	1994
Net realized gains	\$ 27.4	\$ 22.4
Net unrealized gains (losses)	8.7	(37.4)
Total net investment gains (losses), before tax	\$ 36.1	\$ (15.0)

During the first half of 1995, Fund American sold 2,401,000 shares of common stock of American Express Company for \$76.7 million. As of June 30, 1995, Fund American's largest holdings of common equity securities, at market value, were The Louisiana Land & Exploration Company (\$116.0 million) and San Juan Basin Royalty Trust (\$66.0 million).

EXPENSES. Source One finances its inventory of mortgage loans held for sale

primarily with debt. Accordingly, the decrease in mortgage loans held for sale resulted in a decrease in interest expense for 1995 as compared to 1994.

At Fund American's Annual Meeting on May 24, 1995, shareholders approved a new five-year employment agreement between Fund American and its Chairman Jack Byrne. The new employment agreement calls for Mr. Byrne to serve as Chairman and Chief Executive Officer of Fund American through December 31, 1999 in return for, among other things, an extension of the expiration date of 1,000,000 of Mr. Byrne's warrants to purchase shares of Fund American common

stock from January 2, 1996 to January 2, 2002. A \$46.2 million pretax charge to compensation expense was recorded in the second quarter of 1995 as a result of the warrant extension. The extension of the warrants, which were purchased by Mr. Byrne in 1985, did not reduce total shareholders' equity or book value per common and common equivalent share (which already considers the dilutive effects of all issued and outstanding common stock equivalents such as stock options and warrants).

Excluding the effects of the \$46.2 million pretax charge associated with the warrant extension, compensation and benefits expense increased 4.3% for the first half of 1995 and decreased 16.2% for the second quarter of 1995 versus the comparable prior year periods. Source One nets mortgage loan origination fees, less certain direct costs, against compensation and benefits expense. The higher level of originations experienced by Source One during 1994 resulted in significantly higher origination fees offsetting compensation and benefits for the year-to-date and quarterly 1994 periods than were experienced during the comparable 1995 periods. Excluding the effects of the warrant extension and mortgage loan origination fees, compensation and benefits decreased \$13.9 million and \$6.8 million for the year-to-date and quarterly periods, respectively, from 1994 to 1995.

Fund American's general expenses decreased 25.9%, to \$27.4 million, and 23.5%, to \$13.8 million, for the six month and quarterly periods ended June 30, 1995, respectively, versus the comparable prior year periods. The declines were primarily due to decreases in mortgage loan production expenses resulting from lower production levels experienced during 1995.

TAX BENEFIT FROM SALE OF SUBSIDIARY. On January 2, 1991, Fund American sold

Fireman's Fund Insurance Company to Allianz of America, Inc. The \$1.3 billion gain from the sale as reported in 1991 included a \$75.0 million tax benefit related to Fund American's estimated tax loss from the sale.

Since 1991 Fund American has carried an estimated reserve related to tax matters affecting the amount of the deductible tax loss from the sale and other tax matters.

The recent conclusion of Internal Revenue Service audits of Fund American's Federal tax returns for taxable periods ending on or prior to October 23, 1985 has resolved certain of the tax matters affecting the amount of Fund American's deductible tax loss from the sale and Fund American has, therefore, re-estimated its tax reserve. As a result of the reserve re-estimation, Fund American has included in its second quarter 1995 income statement an additional \$66.0 million income tax benefit from the sale.

The amount of tax benefit from the sale ultimately realized by Fund American may be significantly less or more than Fund American's current estimate due to possible changes in or new interpretations of tax rules, possible amendments to Fund American's 1990 or prior years' Federal income tax returns, the result of further Internal Revenue Service audits and other matters affecting the amount of the deductible tax loss from the sale.

LIQUIDITY AND CAPITAL RESOURCES

PARENT COMPANY. In connection with the Servicing Sale, on April 14, 1995 Source

One transferred \$90.0 million in cash and \$19.5 million in investment securities to its parent Fund American Enterprises, Inc. ("FAE", a wholly-owned subsidiary of the Company) in exchange for shares of Source One common stock held by FAE.

Pursuant to the terms of a credit agreement among the Company and White River Corporation ("White River"), the Company provided White River with a \$50.0 million term loan (the "Term Loan") which becomes due on March 24, 1996 and a \$40.0 million revolving credit facility (the "Revolver").

The credit agreement grants White River the right to use certain of its investment securities to repay its borrowings under the Term Loan and the Revolver. On June 29, 1995 White River repaid \$35.1 million in principal amount on the Revolver with: (i) 930,000 shares of common stock of Mid Ocean Limited ("Mid Ocean Shares"); and (ii) options to acquire an additional 388,140 Mid Ocean Shares through November 2002. On July 3, 1995, White River repaid the remaining \$4.9 million principal balance on the Revolver and \$5.0 million in principal amount on the Term Note in exchange for certain common equity securities.

On July 31, 1995, the Company redeemed all 20,833 shares of its outstanding Voting Preferred Stock Series D owned by American Express Company for \$75.0 million of cash. The redemption price for the shares of preferred stock redeemed was equal to the stock's liquidation preference.

As of August 8, 1995 the Company entered into a definitive agreement to acquire the Valley Insurance Group of Albany, Oregon for \$37.8 million in cash, subject to certain post-closing adjustments, from Skandia America Corporation. Valley is an "A" rated, Northwest-based, regional property-casualty company, writing personal and commercial lines through independent agents. In 1994, Valley wrote approximately \$65 million in gross premiums in three states. The Company expects to effect such acquisition through its wholly-owned subsidiary White Mountains Holdings, Inc. ("White Mountains"). Concurrent with the acquisition, White Mountains will contribute from \$20 million to \$40 million of capital to the Valley Group to support its future growth and development. As part of the transaction White Mountains will also acquire The Charter Group for \$3.3 million. The Charter Group wrote approximately \$60 million of Texas non-standard automobile insurance in 1994. Completion of the acquisition of the Valley Group and the Charter Group require regulatory approvals which the Company expects to obtain in the fourth quarter of 1995.

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

SOURCE ONE. Source One's investments, mortgage loans held for sale and mortgage

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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.

Declines in mortgage loan production have led to a reduction in the balance of mortgage loans held for sale during 1995, resulting in a decrease in Source One's short-term borrowings. Source One also repurchased \$82.3 million in principal amount of its long-term debt during the first half of 1995.

At June 30, 1995 Source One had \$83.3 million of short-term borrowings outstanding under committed bank credit agreements and \$215.2 million of outstanding commercial paper.

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

At the Company's 1995 Annual Meeting of shareholders, which was held on May 24, 1995, shareholders approved proposals (as further described in the Company's 1995 Proxy Statement) calling for the: (i) Election of Directors; (ii) Amendment of the Incentive Plan; (iii) Approval of the Agreement; and (iv) Appointment of Independent Auditors. With respect to proposal (i), 6,685,110 votes were cast in favor of the proposal whereas 35,315 votes were withheld. With respect to proposal (ii), 5,799,701 votes were cast in favor of the proposal, 250,477 votes were cast against the proposal and 17,247 votes abstained. With respect to proposal (iii), 6,012,456 votes were cast in favor of the proposal, 75,663 votes were cast against the proposal and 19,306 votes abstained. With respect to proposal (iv), 6,702,060 votes were cast in favor of the proposal, 6,893 votes were cast against the proposal and 11,472 votes abstained.

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.

(Registrant)

Date: August 11, 1995

By: /s/ Michael S. Paquette

Michael S. Paquette
Vice President and Controller

EXHIBIT 11

FUND AMERICAN ENTERPRISES HOLDINGS, INC.
 STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
 (IN THOUSANDS, EXCEPT PER SHARE EARNINGS)
 UNAUDITED

	Three Months Ended June 30,		Six Months Ended June 30,	
	1995	1994	1995	1994
PRIMARY EARNINGS PER SHARE:				
Earnings per share numerator:				
After tax earnings (loss)	\$ (17,660)	\$ 19,906	\$ 11,453	\$ 28,950
Preferred stock dividends	(1,641)	(3,042)	(3,281)	(6,084)
	-----	-----	-----	-----
After tax earnings (loss) applicable to common stock	(19,301)	16,864	8,172	22,866
Tax benefit from sale of discontinued operations	66,000	-	66,000	-
Loss on early extinguishment of debt, after tax	(227)	-	(400)	-
Cumulative effect of accounting change - purchased mortgage servicing, after tax	-	-	-	(44,296)
	-----	-----	-----	-----
Net income (loss) for per share computation	\$ 46,472	\$ 16,864	\$ 73,772	\$ (21,430)
	=====	=====	=====	=====
Earnings per share denominator:				
Average common shares outstanding	7,662	9,299	8,013	9,326
Dilution options, warrants and performance shares	528	526	532	544
	-----	-----	-----	-----
Shares for per share computation	8,190	9,825	8,545	9,870
	=====	=====	=====	=====
Primary earnings per share:				
After tax earnings (loss)	\$ (2.36)	\$ 1.72	\$.96	\$ 2.32
Net income (loss)	5.67	1.72	8.63	(2.17)
FULLY DILUTED EARNINGS PER SHARE				
Earnings per share numerator:				
After tax earnings (loss)	\$ (17,660)	\$ 19,906	\$ 11,453	\$ 28,950
Preferred stock dividends, if applicable	-	-	-	(6,084)
	-----	-----	-----	-----
After tax earnings (loss) applicable to common stock	(17,660)	19,906	11,453	22,866
Tax benefit from sale of discontinued operations	66,000	-	66,000	-
Loss on early extinguishment of debt, after tax	(227)	-	(400)	-
Cumulative effect of accounting change - purchased mortgage servicing, after tax	-	-	-	(44,296)
	-----	-----	-----	-----
Net income (loss) for per share computation	\$ 48,113	\$ 19,906	\$ 77,053	\$ (21,430)
	=====	=====	=====	=====
Earnings per share denominator:				
Average common shares outstanding	7,662	9,299	8,013	9,326
Dilution for options, warrants and performance shares	529	554	532	553
Dilution for preferred stock, if applicable	1,054	2,447	1,051	-
	-----	-----	-----	-----
Shares for per share computation	9,245	12,300	9,596	9,879
	=====	=====	=====	=====
Fully diluted earnings per share:				
After tax earnings (loss)	\$ (1.91)	\$ 1.62	\$ 1.19	\$ 2.31
Net income (loss)	5.20	1.62	8.03	(2.17)

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

3-MOS		6-MOS	
DEC-31-1995	APR-01-1995	DEC-31-1995	JAN-01-1995
	JUN-30-1995		JUN-30-1995
		0	7
	0		608
	0		43
	0		13
	0		0
	0	0	0
	0		0
	0		0
0		329	1,823
	0		456
	0		655
	0	75	0
	0		0
0			0
	51		123
		0	
	77		108
(10)		(27)	
0		0	
10		22	
(26)		20	
(8)		9	
(18)		12	
	66		66
	0		0
	48		77
	0		0
	5.67		8.63
	5.20		8.03