

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 13E-4

ISSUER TENDER OFFER STATEMENT  
(PURSUANT TO SECTION 13(E)(1) OF THE SECURITIES EXCHANGE ACT OF 1934)  
(Amendment No. 1)

FUND AMERICAN ENTERPRISES HOLDINGS, INC.  
(Name of Issuer)

FUND AMERICAN ENTERPRISES HOLDINGS, INC.  
(Name of Person(s) Filing Statement)

COMMON STOCK, PAR VALUE \$1.00 PER SHARE  
(Title of Class of Securities)

360768 10 5  
(CUSIP Number of Class of Securities)

MICHAEL S. PAQUETTE  
VICE PRESIDENT AND CONTROLLER  
FUND AMERICAN ENTERPRISES HOLDINGS, INC.  
THE 1820 HOUSE  
MAIN STREET  
NORWICH, VERMONT 05055-0850  
(802) 649-3633

Copy to:  
Philip A. Gelston, Esq.  
Cravath, Swaine & Moore  
825 Eighth Avenue - Worldwide Plaza  
New York, New York 10019  
(212) 474-1000

(Name, address and Telephone Number of Person Authorized to Receive Notices  
and Communications on Behalf of the Person(s) Filing Statement)

DECEMBER 4, 1995

(Date Tender Offer First Published, Sent, or Given to Security Holders)

TRANSACTION VALUE\*

AMOUNT OF FILING FEE\*

\$35,500,000

\$7,100

\*Based on \$71.00 cash price per share for 500,000 shares.

[X] Check box if any part of the fee is offset as provided by Rule 0-11(a)(2)  
and identify the filing with which the offsetting fee was previously paid.  
Identify the previous filing by registration statement number, or the Form  
or Schedule and the date of its filing.

Amount Previously Paid: \$7,100  
Form or Registration No.: Schedule 13E-4  
Filing Party: Fund American Enterprises Holdings, Inc.  
Date Filed: December 4, 1995

This Amendment No. 1 amends and supplements the Issuer Tender Offer Statement on Schedule 13E-4 originally filed on December 4, 1995, relating to the invitation of Fund American Enterprises Holdings, Inc., a Delaware corporation (the "Company"), to its shareholders to tender up to 500,000 shares of its Common Stock, par value \$1.00 per share (the "Shares"), to the Company at \$71 per Share, upon the terms and subject to the conditions set forth in the Offer to Purchase dated December 4, 1995 (the "Offer to Purchase"), and the related Letter of Transmittal (which together constitute the "Offer").

ITEM 8. ADDITIONAL INFORMATION

Item 8(e) is amended by adding the following paragraph:

The Company has extended the expiration date of the Offer to Wednesday, January 10, 1996, in order to inform shareholders of an important recent development involving the Company and to provide shareholders with additional time to evaluate this development. The Offer was originally scheduled to expire at midnight Tuesday, January 2, 1996. A supplement dated December 26, 1995 announcing such extension is attached hereto as Exhibit (a) (11) and incorporated herein by reference.

ITEM 9. MATERIAL TO BE FILED AS EXHIBITS.

Item 9 is amended by adding the following exhibit::

(a)(11) Supplement dated December 26, 1995

SIGNATURE

After due inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

FUND AMERICAN ENTERPRISES HOLDINGS, INC.

December 26, 1995

By: /s/ Michael S. Paquette

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Michael S. Paquette  
Vice President and Controller

EXHIBIT INDEX

EXHIBITS	PAGE
(a)(1) Offer to Purchase dated December 4, 1995.....	*
(a)(2) Letter of Transmittal (together with Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9).....	*
(a)(3) Notice of Guaranteed Delivery.....	*
(a)(4) Letter from the Company's Chairman to Shareholders dated December 4, 1995.....	*
(a)(5) Form of Letter from First Chicago Trust Company of New York to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.....	*
(a)(6) Form of Letter from Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees to their clients.....	*
(a)(7) Form of summary advertisement dated December 4, 1995.....	*
(a)(8) Text of press release dated November 28, 1995.....	*
(a)(9) Text of press release dated November 29, 1995.....	*
(a)(10) Text of press release dated December 4, 1995.....	*
(a)(11) Supplement dated December 26, 1995.....	

\* previously filed.

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SUPPLEMENT DATED DECEMBER 26, 1995  
RELATING TO THE  
OFFER TO PURCHASE DATED DECEMBER 4, 1995  
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IMPORTANT NOTICE TO SHAREHOLDERS OF FUND AMERICAN ENTERPRISES HOLDINGS, INC.  
FUND AMERICAN ENTERPRISES HOLDINGS, INC.

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THE OFFER, PRORATION PERIOD AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT,  
NEW YORK CITY TIME, ON WEDNESDAY, JANUARY 10, 1996, UNLESS THE OFFER IS FURTHER  
EXTENDED.  
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Fund American Enterprises Holdings, Inc., a Delaware corporation (the "Company"), hereby extends the expiration date of its offer to purchase up to 500,000 shares of its Common Stock, par value \$1.00 per share ("Shares"), for \$71.00 per Share, net to the seller in cash, from January 2, 1996 to January 10, 1996. The offer is made upon the terms and subject to the conditions set forth in the Offer to Purchase dated December 4, 1995, as supplemented hereby and in the related Letter of Transmittal (which together constitute the "Offer"), including the proration provisions described herein. The Offer is being extended to inform shareholders of an important recent development involving the Company and to provide shareholders with additional time to evaluate this development. THE TENDER DOCUMENTS ORIGINALLY PROVIDED TO YOU PURSUANT TO THE OFFER ARE THE DOCUMENTS TO BE USED TO TENDER SHARES PURSUANT TO THE OFFER.

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The Company announced on December 26, 1995 that it had entered into a letter of intent with a significant financial institution contemplating the sale of Source One Mortgage Services Corporation ("Source One"), a wholly-owned mortgage banking subsidiary of the Company, for an aggregate price equal to Source One's adjusted book value as of the closing date plus a premium of \$65 million, and the assumption of all existing debt and preferred stock.

The Company points out that Source One's book value may have declined from the amount reported at September 30, 1995 due to reductions in the value of its mortgage servicing portfolio. The value of mortgage servicing rights tends to decline when lower interest rates cause existing mortgage holders to refinance.

The Company anticipates that the transaction, if it occurs, will close during the first quarter of 1996. The Company also said it is evaluating whether the sale would require approval of its stockholders under applicable law. If such approval is necessary, closing of any transaction might be delayed into the second quarter of 1996.

The transaction is subject to a number of significant conditions including, among other things, the prospective buyer being satisfied with the results of its due diligence investigation and negotiation of a mutually satisfactory purchase agreement. The agreement itself is expected to contain customary closing conditions including clearance under the Hart-Scott-Rodino antitrust review procedures. There cannot be any assurance that the transaction will be negotiated successfully or, if a definitive agreement is executed, that the sale will be consummated.

December 26, 1995

Facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. The Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each shareholder of the Company or such shareholder's broker, dealer, commercial bank, trust company or other nominee to the Depository at one of its addresses set forth below.

THE DEPOSITARY AND THE INFORMATION AGENT FOR THE OFFER IS:

FIRST CHICAGO TRUST COMPANY OF NEW YORK

FACSIMILE TRANSMISSION:  
(FOR ELIGIBLE INSTITUTIONS ONLY)

201-222-4720  
or  
201-222-4721

BY MAIL:  
Tenders & Exchanges  
Suite 4660 - FA  
P.O. Box 2559  
Jersey City, NJ 07303-2559

BY HAND OR OVERNIGHT COURIER:  
Tenders & Exchanges  
Suite 4680 - FA  
14 Wall Street - 8th Floor  
New York, NY 10005

FOR INFORMATION:  
1-800-438-0057

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Any questions or requests for assistance or for additional copies of this Offer to Purchase, the Letter of Transmittal or the Notice of Guaranteed Delivery may be directed to the Information Agent. Shareholders may also contact their broker, dealer, commercial bank, trust company or other nominee for assistance concerning the Offer.  
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