

SECURITIES AND EXCHANGE COMMISSION

FORM DEF 14A

Definitive proxy statements

Filing Date: **1999-03-26** | Period of Report: **1999-04-21**

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FILER

FIRSTFED FINANCIAL CORP

CIK: **810536** | IRS No.: **954087449** | State of Incorporation: **DE** | Fiscal Year End: **1231**

Type: **DEF 14A** | Act: **34** | File No.: **001-09566** | Film No.: **99573278**

SIC: **6035** Savings institution, federally chartered

Mailing Address

401 WILSHIRE BOULEVARD
SANTA MONICA CA
90401-1490

Business Address

401 WILSHIRE BOULEVARD
SANTA MONICA CA
90401-1490
3103196000

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE
SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO.)

Filed by the Registrant ☒ [X]

Filed by a Party other than the Registrant ☐ []

Check the appropriate box:

- ☐ [] Preliminary Proxy Statement
☐ [] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
☒ [X] Definitive Proxy Statement
☐ [] Definitive Additional Materials
☐ [] Soliciting Material Pursuant to 240.14a-11(c) or 240.14a-12

FIRSTFED FINANCIAL CORP.

 (Name of Registrant as Specified In Its Charter)

 (Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☒ [X] No fee required.
☐ [] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

☐ [] Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

FIRSTFED FINANCIAL CORP.
 401 WILSHIRE BOULEVARD
 SANTA MONICA, CALIFORNIA 90401-1490

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

APRIL 21, 1999

NOTICE IS HEREBY GIVEN that an annual meeting of stockholders (the "Annual Meeting") of FirstFed Financial Corp. ("FFC" or the "Company") will be held in the Starlight Room of the Miramar-Sheraton Hotel at 101 Wilshire Blvd., Santa Monica, California 90401 on April 21, 1999 at 11:00 A.M., local time, for the following purposes:

(1) To elect three Directors to hold office for a three-year term and until their successors are duly elected and qualified.

(2) To approve an amendment to the Restated Certificate of Incorporation to increase the number of common shares authorized for issuance to 100,000,000.

(3) To ratify the appointment of KPMG Peat Marwick LLP as independent public auditors of the Company for 1999.

(4) To transact such other business as may properly be brought before the Annual Meeting or any adjournment or adjournments thereof.

Only stockholders of record at the close of business on March 5, 1999 are entitled to notice of and to vote at the Annual Meeting or any adjournment or adjournments thereof.

IMPORTANT: If your shares are held in the name of a brokerage firm or nominee, only that holder can execute a proxy on your behalf. To ensure that your shares are voted, we urge you to telephone the individual responsible for your account today and obtain instructions on how to direct him or her to execute a proxy.

If you receive more than one proxy in separate mailings, it is an indication that your shares are registered differently in more than one account. All proxy cards received by you should be signed and mailed to ensure that all of your shares are voted.

Ann E. Lederer
Corporate Secretary

Santa Monica, California
March 17, 1999

IT IS REQUESTED THAT YOU PROMPTLY MARK, DATE AND SIGN THE ENCLOSED PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE WHETHER OR NOT YOU PLAN TO ATTEND THE ANNUAL MEETING. THE PROXY MAY BE WITHDRAWN AT ANY TIME BEFORE IT IS VOTED AT THE MEETING, OR STOCKHOLDERS MAY VOTE IN PERSON AS DESCRIBED IN THE ACCOMPANYING PROXY STATEMENT.

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FIRSTFED FINANCIAL CORP.
401 WILSHIRE BOULEVARD
SANTA MONICA, CALIFORNIA 90401-1490

PROXY STATEMENT

INFORMATION RELATING TO VOTING AT THE ANNUAL MEETING

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of FirstFed Financial Corp. ["FFC", and collectively with its subsidiary, First Federal Bank of California ("Bank"), the "Company"] for use at the Annual Meeting of Stockholders to be held on April 21, 1999, and at any adjournment thereof. The approximate date of mailing of this Proxy Statement is March 17, 1999.

The Board of Directors of the Company has selected March 5, 1999 as the record date for the Annual Meeting. Only those stockholders of record at the close of business on that date will be entitled to notice of and to vote at the Annual Meeting. The Company had a total of 21,033,097 shares of common stock ("Company Stock") outstanding at that date. Stockholders will be entitled to one vote for each share of Company Stock held by them of record at the close of business on the record date on any matter that may be presented for consideration and action by the stockholders at the Annual Meeting.

All valid proxies received in response to this solicitation will be voted in accordance with the instructions indicated thereon by the stockholders giving

such proxies. If no contrary instructions are given, proxies received will be voted in favor of the election of the three director nominees named in this Proxy Statement and in favor of the other proposals described herein. Abstentions and broker non-votes are counted for purposes of determining whether a quorum of stockholders is present at the Annual Meetings but are not considered as having voted for purposes of determining the outcome of a vote. Proxies solicited hereby may be voted for adjournment of the Annual Meeting (whether or not a quorum is present for the transaction of business) in order to permit further solicitation of proxies if the Board of Directors of the Company determines that such adjournment would be advisable in order to obtain sufficient votes for approval of the matters to be voted upon at the Annual Meeting.

The Board of Directors does not know of any other business to be presented for action at the Annual Meeting. If any other business is properly presented at the Annual Meeting and may properly be voted upon, the proxies solicited hereby will be voted on such matters in accordance with the best judgment of the proxy holders named in such proxies. A stockholder's proxy may be revoked at any time before it is voted at the Annual Meeting by giving written notice of such revocation to the Secretary of the Company (which notice may be given by the filing of a duly executed proxy bearing a later date) or by attending the Annual Meeting and voting in person.

The costs of this proxy solicitation will be paid by the Company. The Company has retained Kissel-Blake, Inc. to assist in the solicitation of proxies for a fee of \$7,500 and reimbursement of certain expenses. To the extent necessary, proxies may also be solicited by personnel of the Company in person, by telephone, or through other forms of communication. Company personnel who participate in this solicitation will not receive any additional compensation for such solicitation. The Company will request record holders of shares beneficially owned by others to forward this Proxy Statement and related materials to the beneficial owners of such shares and will reimburse such record holders for their reasonable expenses incurred in doing so.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The information set forth below is based upon filings as of March 2, 1999 made by the listed entity with the Securities and Exchange Commission ("SEC"). Except as set forth below, no person is known to the Company to own beneficially more than 5% of the outstanding shares of Common Stock:

<TABLE> <CAPTION>		
NAME AND ADDRESS OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP	PERCENT OF CLASS
-----	-----	-----
<S>	<C>	<C>
J.P. Morgan & Co. Inc. 60 Wall Street New York, NY 10260	1,136,000 (1)	5.3%
</TABLE>		

- (1) According to its filing on Schedule 13G filed with the SEC dated February 22, 1999, J.P. Morgan & Co. Inc. ("J.P. Morgan") has sole voting power over 975,200 of these shares, has no shared voting power over any of these shares, and has sole dispositive power over all 1,136,000 shares reported. According to the filing, J.P. Morgan is the parent holding company of Morgan Guaranty Trust Company of New York, a bank, J.P. Morgan Investment Management, Inc., a registered investment advisor, and J.P. Morgan Florida Federal Savings Bank, a registered investment advisor.

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SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth, as of February 12, 1999, information concerning the beneficial ownership of shares of Company Stock by each Director, the Company's Chief Executive Officer and the four other most highly compensated named executive officers of the Company during the fiscal year ended December 31, 1998, and all Directors and executive officers of the Company as a group. Unless otherwise indicated, each person listed has sole investment and voting power with respect to the shares indicated.

<TABLE>

<CAPTION>

NAME OF BENEFICIAL OWNER	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1) (2) (3)	PERCENTAGE OF CLASS
<S>	<C>	<C>
James P. Giraldin.....	70,358	*
Douglas Goddard.....	2,844	*
Scott Gray.....	2,021	*
Christopher M. Harding.....	10,498	*
Babette E. Heimbuch.....	403,595	1.96%
James L. Hesburgh.....	71,586	*
Shannon Millard.....	15,353	*
William S. Mortensen.....	237,376	1.15%
William G. Ouchi.....	23,000	*
William P. Rutledge.....	16,000	*
Charles F. Smith.....	62,000	*
Steven L. Soboroff.....	5,750	*
John R. Woodhull.....	27,000	*
All Directors and Executive Officers as a Group (14 persons).....	946,101	4.59%

</TABLE>

* Less than 1%.

- (1) The number of shares shown for each person includes shares, if any, held beneficially or of record by the person's spouse; voting and investment power of the shares indicated may also be shared by spouses.
- (2) Includes, with respect to the named executive officers and all Directors and executive officers as a group, shares held through the First Federal Bank of California Employee Stock Ownership Plan and Trust. Also includes, with respect to all executive officers, shares of restricted stock held in trust for such persons while the restrictions apply.
- (3) Includes, with respect to Ms. Heimbuch, 5,520 shares of Company Stock subject to options granted under the Bank's 1994 Stock Option Plan which are exercisable within 60 days of February 12, 1999. Includes with respect to Mr. Giraldin, 23,605 shares of Company Stock subject to options granted under the Bank's 1994 Stock Option Plan which are exercisable within 60 days of February 12, 1999. Includes, with respect to Ms. Millard, 7,567 shares of Company Stock subject to options granted under the Bank's 1994 Stock Option Plan which are exercisable within 60 days of February 12, 1999. Includes, with respect to all nonemployee directors (a group consisting of all directors except Ms. Heimbuch), 80,000 shares subject to options granted under the 1997 Nonemployee Directors Stock Incentive Plan which are exercisable within 60 days of February 12, 1999. No other Director or executive officer holds options which are exercisable within such date. The percentage of outstanding shares owned by holders of stock options was computed based upon the number of shares which would have been outstanding if such options had been exercised.

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PROPOSAL 1

ELECTION OF DIRECTORS

The Certificate of Incorporation of the Company provides that the Board of Directors shall consist of not less than seven and not more than fifteen Directors unless a greater number is fixed by the Board of Directors, that the Directors shall be divided into three staggered classes as nearly equal in number in number as possible, that each class of Directors shall be elected for a term of three years and that one class of Directors shall be elected annually. The class of Directors scheduled to be elected at the Annual Meeting is composed of three Directors who will be elected to serve a three year term until the annual meeting of stockholders in 2002 or until their successors are duly elected and qualified. The nominees receiving the highest number of votes, up to the number of Directors to be elected, are elected.

Set forth below are the names of the persons nominated by the Board of Directors for election as Directors at the Annual Meeting, as well as all other Directors, together with their ages, principal occupations and business experience during the last five years, present directorships and the year each first became a Director of the Bank and of the Company. All of the nominees are presently Directors. If any nominees should be unable to serve as a Director, the person or persons voting the proxies solicited hereby will select another

nominee in his or her place. The Company has no reason to believe that any of the nominees will be unable or unwilling to serve if elected.

<TABLE>
<CAPTION>

NOMINEES FOR ELECTION -----	AGE ---	POSITION HELD WITH COMPANY -----	FIRST BECAME DIRECTOR (1) -----	TERM TO EXPIRE (2) -----
<S>	<C>	<C>	<C>	<C>
William G. Ouchi	55	Director	1995	2002
William P. Rutledge	57	Director	1995	2002
Charles F. Smith	66	Director	1989	2002

<TABLE>
<CAPTION>

CONTINUING DIRECTORS -----				TERM EXPIRING -----
<S>	<C>	<C>	<C>	<C>
Christopher M. Harding	46	Director	1984	2000
Babette E. Heimbuch	51	Director, President and Chief Executive Officer	1986	2001
James L. Hesburgh	65	Director	1975	2000
William S. Mortensen	66	Director, Chairman of the Board	1961	2001
Steven L. Soboroff	50	Director	1991	2000
John R. Woodhull	65	Director	1988	2001

-
- (1) The date given is the earlier of the date such Director became a director of First Federal Bank of California or a Director of the Company.
- (2) Term of service if re-elected as a Director of the Company at the Annual Meeting.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR NOMINEES WILLIAM G. OUCHI, WILLIAM P. RUTLEDGE AND CHARLES F. SMITH

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William S. Mortensen joined the Bank in 1955, was named President of the Bank in 1969 and Chairman of the Board of Directors of the Bank in 1982, and retired as Chief Executive Officer effective January 1, 1997. He continues to serve as Chairman of the Board today. Mr. Mortensen also serves on the Board of Directors of the Los Angeles Metropolitan YMCA and the Welk Group. Mr. Mortensen is also on the boards of Teach for America, Pepperdine University and the St. John's Health Center Foundation.

Christopher M. Harding is a managing partner of the law firm of Lawrence & Harding. He is active in numerous local civic groups, including the Santa Monica Chamber of Commerce, YWCA, Santa Monica Boys & Girls Club and the Santa Monica Youth Athletic Foundation. He has served as a Director of the Bank since 1984, and of FFC since 1987.

Babette E. Heimbuch was previously employed by the accounting firm of KPMG Peat Marwick LLP serving as the Audit Manager assigned to the Bank. Ms. Heimbuch joined the Bank as Senior Vice President, Chief Financial Officer in 1982. She was appointed Executive Vice President in 1985, and was elected a Director of the Bank in March, 1986. In 1987 she was appointed Senior Executive Vice President of the Bank and of FFC and was elected a Director of FFC. Ms. Heimbuch was named President and Chief Operating Officer of the Bank and FFC in 1989. In January 1997, Ms. Heimbuch was named Chief Executive Officer of the Bank and FFC. Ms. Heimbuch serves on the Board of Directors of the Western League of Savings Institutions, the Federal Home Loan Bank of San Francisco, America's Community Bankers and on the Thrift Institutions Advisory Council of the Federal Reserve Board. Ms. Heimbuch is on the Board of Advisors for the Santa Monica-UCLA Medical Center.

James L. Hesburgh is President and Chief Executive Officer of James L. Hesburgh International, Inc. and Battley USA, Inc. Mr. Hesburgh is also a director of Alyn Corporation, Fremont Funding, Inc., Roberts Sinto Corporation, Sinto America, Inc., and USCS International, Inc. He serves as a Trustee Emeritus of St. John's Health Center Foundation in Santa Monica, California. He has served in senior management capacities with several major United States corporations and specializes in international marketing and consulting. Mr. Hesburgh has served as a Director of the Bank since 1975, and a Director of FFC since 1987.

William G. Ouchi is the Sanford and Betty Sigoloff Professor in Corporate Renewal for the John E. Anderson Graduate School of Management at the University of California, Los Angeles. In 1993 Dr. Ouchi was appointed to serve as special policy advisor to Los Angeles Mayor Richard J. Riordan, and from 1994 to 1995 was Mayor Riordan's Chief of Staff. Dr. Ouchi has written numerous books and articles on business management and organization. Dr. Ouchi serves on the boards of Williams College, KCET Public Television, LEARA and the Commission on Presidential Debates. He is also a member of the Consumer Advisory Committee of the U.S. Securities and Exchange Commission and of the Real Estate Advisory Committee of the Trust Company of the West. Dr. Ouchi serves on the Boards of Directors of Allegheny-Teledyne, Incorporated and Sempra Energy.

William P. Rutledge was, until his resignation in February 1997, President and Chief Executive Officer of Allegheny-Teledyne, Incorporated. Allegheny-Teledyne, Incorporated was formed in August 1996 in a strategic combination of Pittsburgh-based Allegheny Ludlum Corporation and Los Angeles-based Teledyne Inc. He joined Teledyne in 1986. Mr. Rutledge serves on the boards of AECOM, Computer Sciences Corporation, Lafayette College, George Washington University, and KCET Public Television and is a Trustee of St. John's Health Center Foundation.

Charles F. Smith is president of Charles F. Smith & Company, Inc. He serves as a Director of Trans Ocean Distribution Ltd., Sizzler International, Inc. and Fremont Funding, Inc., and as a Trustee of Marymount High School, and of St. John's Health Center Foundation. Mr. Smith became a Director of the Bank and FFC in 1989.

Steven L. Soboroff is an investor, real estate representative for retailers and Managing Partner of Soboroff Partners. He is Chairman of Big Brothers of Greater Los Angeles, President of the Recreation and Parks Commission for the City of Los Angeles and the Senior Adviser to the Mayor of Los Angeles. Mr. Soboroff became a Director of the Bank and FFC in 1991.

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John R. Woodhull was President and Chief Executive Officer of Logicon, Inc. from 1959 to 1998. He serves on the boards of Adams Business Forms, Sunrise Medical, Inc., the Los Angeles Metropolitan YMCA and The National Defense Industrial Association. Mr. Woodhull became a director of the Bank and FFC in 1988.

Directors' Fees. Directors of the Bank, including Directors who are officers of the Bank, receive annual directors' fees of \$15,000, and Directors who are not officers of the Bank also receive \$1,250 for each regular meeting of the Board attended. The Chairman of the Board receives an additional fee of \$25,000 per year plus reimbursement of related expenses of up to approximately \$46,000 per year. Members of the Executive Committee of the Board who are not officers of the Bank receive \$1,000 per month. Directors, excluding the Legal-Audit Committee Chair, who are Chairs of Board Committees receive \$400 per quarter. The Legal-Audit Committee Chair currently receives an annual retainer of \$10,620. Other members of the Legal-Audit Committee receive \$600 per month. Directors of FFC receive no separate compensation.

Committees of the Board of Directors. The Company has standing Legal-Audit, Executive Fair Lending/Community Reinvestment Act ("CRA"), Compensation and Executive Committees. The Legal-Audit Committee currently consists of Messrs. Smith (Chair), Ouchi and Woodhull, all of whom are non-employee directors. The Committee reviews litigation and reports on various legal, accounting and auditing matters, including the selection of the Company's independent auditors, the scope of audit procedures, the nature of services performed by the independent auditors, the performance of the Company's independent and internal auditors, its accounting practices, and monitors the Company's legal and regulatory compliance programs. During the year ended December 31, 1998, the Legal-Audit Committee held four meetings.

The Executive Fair Lending-CRA Committee held three meetings in 1998. Its responsibilities include monitoring the Bank's Community Reinvestment Act activities and ensuring that the Bank complies with all directives from the Board of Directors. Members of the Committee are Former Bank Director June Lockhart (Chair) and Officers Diana Wright (CRA Officer), Shannon Millard, Craig Smith, Ann Lederer, Nancy Elander, Kendon Studebaker, Daniel Eliot, Scott Gray, Laura Cox, Julie Delgado, Jill Rodenberg and Jose Budet.

The Compensation Committee, which held seven meetings in 1998, currently consists of Directors Hesburgh (Chair), Harding and Soboroff, all of whom are non-employee directors. This Committee administers the Company's salary and other compensation programs. See "EXECUTIVE COMPENSATION -- Report of Board Compensation Committee."

The Executive Committee met four times in 1998 and is presently comprised of Chairman Mortensen and Directors Heimbuch, Hesburgh, Smith and Woodhull.

FFC does not have a standing nominating committee of the Board of Directors (or another committee performing similar functions). The Bylaws of FFC provide that only persons nominated in accordance with the procedures set forth therein shall be eligible for election as Directors. Shareholder nominations must be made pursuant to written notice received by FFC not less than 60 days nor more than 90 days prior to the scheduled date of the Annual Meeting. Such notice must state the nominee's name, age and address (business and residence), the nominee's principal occupation or employment, and the class and number of shares of Company Stock beneficially owned by the nominee on the date of the notice. The required notice must also disclose certain information relating to the nominee which would be required to be disclosed in a proxy statement and in certain other filings under the federal securities laws. In addition, the shareholder making the nomination must disclose his or her name and address as they appear on FFC's books, the name and principal business or residence address of any other record or beneficial stockholders known by the nominating shareholder to support such nominee, and the class and number of shares of Company Stock beneficially owned by the nominating shareholder and any such supporting stockholders on the date of the notice.

Meetings of the Board of Directors. During 1998 there were twelve regular meetings of the Board of Directors of the Bank and FFC. Each Director attended at least 75% of the aggregate number of such meetings and of the meetings of the Committee on which he or she served during the period during which he or she held a position on the Board.

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Information Relating to Executive Officers. Set forth below are the names and ages of the current executive officers of the Company, other than Ms. Heimbuch (see "ELECTION OF DIRECTORS"), together with the positions held by these persons.

<TABLE>

<CAPTION>

NAME ----	AGE ---	TITLE -----
<S>	<C>	<C>
James P. Giraldin.....	46	Senior Executive Vice President/Chief Operating Officer
Daniel R. Eliot.....	42	Executive Vice President/Community and Business Banking
Douglas Goddard.....	46	Executive Vice President/Chief Financial Officer
Scott Gray.....	54	Executive Vice President/Chief Lending Officer
Shannon Millard.....	36	Executive Vice President/Chief Credit Officer

</TABLE>

James P. Giraldin joined the Company in 1992 as Executive Vice President/Chief Financial Officer. Prior to joining FFC, Mr. Giraldin was Chief Executive Officer of Irvine City Bank for five years. He previously served as Chief Financial Officer for two other savings and loan associations and was a certified public accountant with KPMG Peat Marwick. Mr. Giraldin was appointed Chief Operating Officer and Senior Executive Vice President of the Bank and FFC in 1997. Mr. Giraldin serves on the Executive Committee of the Santa Monica Chamber of Commerce.

Daniel R. Eliot joined the Company in September, 1997. Mr. Eliot formerly was Senior Vice President with California United Bank. He has also held positions with Security Pacific Bank and Wells Fargo Bank, and has over fifteen years of experience in commercial banking.

Douglas Goddard joined the Company in April, 1997. Previously, Mr. Goddard served as Controller of California United Bank. He has held positions at Security Pacific Bank, Community Bank, and KPMG Peat Marwick.

Scott Gray joined the Company in May, 1997. Formerly, Mr. Gray was the Regional Vice President/Director of Comerica Bank's California mortgage lending operations. His previous experience also includes a position as Senior Vice President with Frontline Mortgage Corp.

Shannon Millard joined the Company in 1992. In 1994 she was promoted to her current position of Executive Vice President/Chief Credit Officer. Ms. Millard was formerly with the Bank of California for six years, most recently as the Vice President in charge of Real Estate Services. Prior to that, Ms. Millard was with Sumitomo Bank. Ms. Millard currently serves on the board of the Santa Monica YWCA.

EXECUTIVE COMPENSATION

The following SUMMARY COMPENSATION TABLE includes compensation for the years ended December 31, 1998, 1997 and 1996 for services in all capacities awarded to, earned by, or paid to the Company's Chief Executive Officer and the four other named executive officers of the Company.

SUMMARY COMPENSATION TABLE

<TABLE>

<CAPTION>

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG TERM COMPENSATION			
		SALARY \$	BONUS \$	OTHER ANNUAL COMPENSATION	AWARDS		PAYOUTS	
					RESTRICTED STOCK AWARD (\$)(2)	SECURITIES UNDERLYING OPTIONS/ SAR's (#)*	LTIP PAYOUTS (\$)	ALL OTHER COMPENSATION (\$)(3)
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Babette E. Heimbuch.....	1998	377,400	188,700	(1)	-0-	19,200	-0-	17,801
President and Chief	1997	363,000	166,980	(1)	-0-	27,600	-0-	18,471
Executive Officer	1996	263,340	110,000	(1)	-0-	-0-	-0-	4,730
James P. Giraldin.....	1998	266,040	119,718	(1)	24,843(4)	12,100	-0-	17,801
Chief Operating Officer	1997	254,040	105,173	(1)	19,698(4)	17,400	-0-	14,352
	1996	202,800	80,000	(1)	-0-	20,250	-0-	4,730
Douglas Goddard(5).....	1998	149,760	52,416	(1)	-0-	6,400	-0-	14,228
Chief Financial Officer	1997	100,430	34,776	(1)	-0-	-0-	-0-	-0-
Scott Gray(5).....	1998	131,760	56,007	(1)	-0-	6,400	-0-	15,642
Residential Lending	1997	59,883	20,000	(1)	-0-	-0-	-0-	-0-
Shannon Millard.....	1998	187,200	65,520	(1)	-0-	6,400	-0-	17,801
Chief Credit Officer	1997	178,500	60,476	(1)	-0-	9,400	-0-	11,497
	1996	169,980	70,000	(1)	-0-	10,188	-0-	4,730

</TABLE>

* Figures adjusted for two-for-one stock split declared June 25, 1998.

- (1) Perquisites to each officer did not exceed the lesser of \$50,000 or 10% of the total salary and bonus for such officer.
- (2) Based on the price at December 31, 1998 of \$17.875 per share. The aggregate restricted stock holdings at December 31, 1998 for the named executive officers consisted of approximately 12,473 shares worth \$222,954 at the then current market value, without giving effect to the diminution of value attributable to the restrictions on such stock. The number of restricted stock awards held by Ms. Heimbuch, Mr. Giraldin, and Ms. Millard at the end of the last fiscal year is 4,264, 5,610 and 2,599, respectively. The value of all restricted stock awards at the end of the last fiscal year based upon a stock price of \$17.875 per share as of December 31, 1998 is \$76,219, \$100,278 and \$46,457 for Ms. Heimbuch, Mr. Giraldin, and Ms. Millard, respectively. Except as set forth below, no restricted stock award vests in under three years from the date of grant. Dividends will be paid on the restricted stock if and when paid on the Company Stock. Stock dividends shall be subject to all of the restrictions applicable to the restricted stock.
- (3) Employee Stock Ownership Plan contributions and, for 1998 and 1997, contributions by the Company under a matching program for the Company's plan established pursuant to Section 401(k) of the Internal Revenue Code (the "401(k) Plan," as more fully described below).
- (4) On February 25, 1999, Mr. Giraldin was awarded 1,500 shares of restricted stock which vest over a two year period. The award was made as a bonus for services rendered during 1998. The amount shown is based on the price of the Company stock at the date of grant (\$16.562 per share). On February 26, 1998, Mr. Giraldin was awarded 500 shares of restricted stock which vest over a two year period. The award was made as a bonus for services rendered during 1997. The amount shown is based on the price of the Company Stock at the date of grant (\$39.937 per share).

(5) Messrs. Goddard and Gray joined the Company in 1997.

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OPTION/SAR GRANTS IN LAST FISCAL YEAR

<TABLE>

<CAPTION>

INDIVIDUAL GRANTS					
NAME	NUMBER OF	% OF TOTAL	EXERCISE	EXPIRATION	GRANT DATE
	SECURITIES	OPTIONS/SARs	OR BASE		
	UNDERLYING	GRANTED TO	PRICE	DATE	PRESENT VALUE (\$)
	OPTIONS/SARs	EMPLOYEES IN	(\$/SH)		
	GRANTED (#) (1)	FISCAL YEAR			
<S>	<C>	<C>	<C>	<C>	<C>
Babette E. Heimbuch.....	19,200	14.39	17.25	1/28/2008	192,384
James P. Giralдин.....	12,100	8.91	17.25	1/28/2008	121,242
Douglas Goddard.....	6,400	4.71	17.25	1/28/2008	64,128
Scott Gray.....	6,400	4.71	17.25	1/28/2008	64,128
Shannon Millard.....	6,400	4.71	17.25	1/28/2008	64,128

</TABLE>

(1) Options to purchase Company Stock were granted under the 1994 Stock Plan, which provides for the granting of options at an exercise price equal to the fair market value of the Company's common stock on the date of grant. All options granted become exercisable in installments beginning on the second anniversary date of the date of grant, and becoming 100% vested on the sixth anniversary date of the date of grant. The exercise price may be paid by delivery of already owned shares, subject to certain conditions. All options were granted for terms of 10 years, subject to earlier termination in certain events related to termination of employment.

(2) Present value determinations were made using the Black-Scholes option pricing model. There is no assurance that any value realized by optionees will be at or near the value estimated by the Black-Scholes model. The estimated present values under that model are based on a ten year holding period, and on the following assumptions with respect to volatility and the risk-free rate, forfeiture percentage and dividend yield. Based upon the quarterly closing prices of the Company's common stock from December 31, 1987, until the grant date of January 27, 1998, the model uses annualized volatility of 35.75%. For the risk-rate, the model uses the yield on a ten-year treasury note on January 30, 1998 of 5.505%. For the forfeiture percentage, the model uses zero. For the dividend yield, the model uses zero.

AGGREGATED OPTION/SAR EXERCISES IN LAST FISCAL YEAR AND FY-END
OPTION/SAR VALUES

<TABLE>

<CAPTION>

NAME	SHARES ACQUIRED	VALUE	NUMBER OF SECURITIES	VALUE OF UNEXERCISED
	ON EXERCISE (#)	REALIZED (\$)	UNDERLYING UNEXERCISED	IN-THE-MONEY
			OPTIONS/SARs AT	OPTIONS/SARs AT
			DECEMBER 31, 1998 (#)	DECEMBER 31, 1998 (\$)
			(EXERCISABLE/ UNEXERCISABLE)	(EXERCISABLE/ UNEXERCISABLE) (1)
<S>	<C>	<C>	<C>	<C>
Babette E. Heimbuch.....	-0-	-0-	171,875/46,800	1,886,328/205,200
James P. Giralдин.....	-0-	-0-	20,125/49,625	238,229/367,591
Douglas Goddard.....	-0-	-0-	-0- / 6,400	-0- / 4,000
Scott Gray.....	-0-	-0-	-0- / 6,400	-0- / 4,000
Shannon Millard.....	-0-	-0-	7,567/31,753	79,865/232,222

</TABLE>

(1) In accordance with the SEC's rules, values are calculated by subtracting the exercise price from the fair market value of the underlying Company Stock. For purposes of this table, fair market value is based on the market value at December 31, 1998 (\$17.875 per share).

Retirement Plan. Until August 31, 1996, the Bank had a non-contributory defined benefit pension plan (the "Pension Plan"). Upon termination of the Pension Plan, each participant received a distribution in the form of an actuarially equivalent lump sum.

Effective January 1, 1997, the Company made available to its employees the opportunity to make tax-deferred contributions to a plan established under Section 401(k) of the Internal Revenue Code (the "401(k) Plan"). Participants are permitted to make contributions on a pre-tax basis up to the IRS limitation, a portion of which is matched by the Bank. For contributions made during 1999, one-half of an employee's contribution (up to six percent of the employee's compensation) will be matched.

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SERP TABLE*

BENEFITS AT AGE 60:

<TABLE>

<CAPTION>

FINAL FIVE YEAR AVERAGE SALARY AND BONUS	YEARS OF SERVICE				
	20	25	30	35	40
<S>	<C>	<C>	<C>	<C>	<C>
\$150,000.....	112,500	112,500	112,500	112,500	112,500
200,000.....	150,000	150,000	150,000	150,000	150,000
250,000.....	187,500	187,500	187,500	187,500	187,500
300,000.....	225,000	225,000	225,000	225,000	225,000
350,000.....	262,500	262,500	262,500	262,500	262,500
400,000.....	300,000	300,000	300,000	300,000	300,000
450,000.....	337,500	337,500	337,500	337,500	337,500
500,000.....	375,000	375,000	375,000	375,000	375,000

</TABLE>

* Social security payments do not reduce the amounts to be paid under the SERP. Benefits under the SERP are reduced by Company-provided benefits under the 401(k) Plan and prior Pension Plan.

Supplemental Executive Retirement Plan. The Bank has adopted a Supplemental Executive Retirement Plan ("SERP") covering the Chief Executive Officer and Chief Operating Officer. The foregoing table shows the estimated annual benefits payable upon retirement at age 60 to participants in the SERP for the indicated levels of average compensation and various periods of service, assuming no future changes in such plan and based upon the current formula.

Stock Option and Stock Appreciation Rights Plan. Until August 18, 1993, options to purchase shares of the Company's common stock were granted under the First Federal 1983 Stock Option and Stock Appreciation Rights Plan, as amended in 1987 ("1983 Stock Plan"). The 1983 Stock Plan expired by its terms in 1993 and has been replaced by the 1994 Stock Option and Stock Appreciation Rights Plan ("1994 Stock Plan"). Other than the option grants described above, no options were granted to the named executive officers under the 1994 Stock Plan during 1998.

Nonemployee Directors of the Bank participate in the 1997 Nonemployee Directors Stock Incentive Plan (the "Directors Stock Plan"). The Directors Stock Plan permits the issuance of up to 400,000 shares of Company Stock. Annual grants of shares are made to nonemployee directors. All shares granted under the Directors Stock Plan vest on the first anniversary of the grant date.

Certain Relationships and Related Transactions. The Bank offers mortgage loans to officers and directors, solely for the purchase or refinance of such officer's or director's principal residence. Loans to officers, directors and employees are made in the ordinary course of business and, in the judgment of management, do not involve more than the normal risk of collectability. To qualify under the Employee Loan Benefit Program ("ELBP"), all real estate and home equity credit line loans are required to be secured by the employee's primary residence. Employee real estate loan benefits require one year of full-time employment with the Company. All ELBP loans are made on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated persons, except for the interest rates and loan fees charged thereon.

ELBP real estate loans are written as adjustable mortgage loans ("AMLs"), and are modified while the person is employed by the Company to a rate approximately equal to (but not less than) the Bank's cost of funds during the month prior to the loan approval for the first three months of the loan. Thereafter, the interest rate adjusts monthly to a rate equal to the Federal Home Loan Bank's Eleventh District Cost of Funds. Fees are charged for appraisal, credit report, title policy and documents costs only. All

preferential rates are subject to increase upon termination of the individual's employment with the Company.

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The following table sets forth amounts in excess of \$60,000 in the aggregate receivable from Directors and executive officers as of December 31, 1998.

LOANS TO DIRECTORS AND EXECUTIVE OFFICERS

<TABLE>

<CAPTION>

NAME	TYPE OF LOAN	HIGHEST BALANCE OUTSTANDING DURING 1998 (\$)	UNPAID BALANCE AT 12/31/98 (\$)	INTEREST RATE AT 12/31/98	YEAR MADE
----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
Christopher M. Harding.....	1st TD	450,000	448,912	4.950%	1998
Babette E. Heimbuch.....	1st TD	364,900	354,483	4.882%	1988
Shannon Millard.....	1st TD	320,000	313,172	4.950%	1998

</TABLE>

Employment Contracts, Termination of Employment and Change of Control Arrangements. The Company has entered into Change of Control Agreements with certain of the Bank's management, including each of the named executive officers. These agreements were entered into in order to retain executives during financial industry merger and acquisition transactions, provide a change in control severance arrangement consistent with the peer group and better allow executives to concentrate on negotiating the best possible transaction and, if such a transaction occurs, restructuring a merged entity under these circumstances. If a "change in control" (as defined in the agreements) occurs within the "change in control period" (as defined in the agreements) the agreements will become effective. Upon becoming effective, the agreements provide for employment terms up to three years and for compensation and other terms of employment at least as favorable as those during the twelve-month period prior to the effective date. Each of the agreements also provides for severance payments and other benefits in the event that the officer's employment is terminated by the Bank other than for death, disability or "cause" (as defined in the agreements) or by the officer for "good reason" (as defined in the agreements). The agreements with the named executive officers provide for a severance payment equal to three times the executive's annual base salary, plus bonus, plus amounts representing the value of additional retirement and other benefits which would have accrued if the executive's employment had continued for three additional years. These agreements also provide for continuation of other benefits for a period of three years and for the payment, under certain specified circumstances, of an additional amount to cover the federal excise tax imposed on some "golden parachute" payments. Other than described above, the Company has no employment arrangements with any of the named executive officers.

The Restricted Stock Bonus Plan described in the Report of the Compensation Committee below, the 1983 and 1994 Stock Plans and the Directors Stock Plan provide for accelerated vesting of rights in the event of certain change of control events.

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REPORT OF THE COMPENSATION COMMITTEE OF FIRSTFED FINANCIAL CORP.

Decisions on compensation of the Company's executives are made by a three-member Compensation Committee composed entirely of nonemployee directors. Set forth below is the report submitted by Messrs. Hesburgh (Chair), Harding and Soboroff addressing the Company's compensation policies for 1998 as they affected Ms. Heimbuch (the Company's Chief Executive Officer during 1998) and the Company's other executive officers.

The Members of the Compensation Committee have the responsibility to oversee the Company's various compensation plans, including its annual bonus plan, restricted stock plan, stock option program, Employee Stock Ownership Plan ("ESOP"), 401(k) Plan and annual salary review. The Committee reviews compensation levels of all members of management, including executive officers, evaluates their performance, and considers officer succession and related matters. The Committee reviews with the Board all aspects of compensation for officers at the level of vice president or above, as well as reviewing bonus compensation for assistant vice presidents.

No person who served as a member of the Compensation Committee was an employee of the Company or any of its subsidiaries, was formerly an officer of the Company or any of its subsidiaries, or had any relationship with the Company or its subsidiaries requiring disclosure, except as specifically described in this Proxy Statement.

COMPENSATION PHILOSOPHY

The Compensation Committee's executive compensation philosophy is to provide competitive levels of compensation, tie compensation levels and individual compensation to the Company's operating performance and strategic direction, and assist the Company in attracting and retaining talented management by providing compensation reasonably comparable to that offered by the Company's peer group.

The principal elements of the Company's executive compensation are base salary, annual bonus, annual stock option awards and restricted stock awards. Each of these elements are discussed below. In reviewing and making recommendations as to overall levels of compensation, the Compensation Committee also takes into account deferred and non-cash benefits, including ESOP benefits, insurance and other benefits. Compensation has been and will continue to be structured so as to be tax deductible. The Company has established a 401(k) Plan for employee contributions with some matching employer contributions (see more detailed discussion above).

In general, the Company's compensation programs have the overall goal of ensuring that employees' interests are aligned with that of the Company as a whole. At the senior officer level, this is achieved by rewarding performance based upon measurable standards which are mutually determined by the officer and senior management. Additionally, the incentive program for management consists of a potential combination of cash bonus and stock options.

At each level of management (e.g., executive vice president, senior vice president, etc.), a formula is established which allocates the cash bonus and stock option potential awards as percentages of total base salary. The cash bonus portion ranges from 15% to 50% of base salary, and is awarded based on achievement of stated goals, with a small discretionary component. The stock option awards typically vest 20% on the second anniversary date after the grant, an additional 40% on the fourth anniversary date, and the remaining 40% on the sixth anniversary date.

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BASE SALARY

Executive officer base salaries are initially determined, but not established, by reference to the responsibilities and description of the position and competitive marketplace for executive talent for the responsibilities of the particular position. The Company's Human Resources Department participates in, obtains information from, and analyzes the results of a salary and benefits survey conducted annually by the Western League of Savings Institutions ("Western League"). The Western League survey is considered an effective tool to initiate the Compensation Committee review process since it utilizes information obtained from other savings institutions in California. The Company has utilized the Western League survey annually for over twenty years. The Compensation Committee reviews the results of the annual survey to ensure that the Company's salary grades and benefits are comparable to those provided by its peers. The Committee's goal generally is to be within the 75th percentile of what it has determined to be the appropriate peer group as reported on the Western League survey.

Additionally, in 1998, the Company participated in the SNL Executive Compensation Review of 1998 ("SNL Review") in order to analyze more closely the compensation of executive officers.

Annual salary adjustments are determined by evaluating the performance of the Company generally and the performance of each executive officer. General annual salary adjustments to base salary for executive officers in 1998 ranged from 2 percent to 5 percent.

ANNUAL BONUSES

A portion of the annual compensation of each officer is based upon the performance of the Company, as well as the individual contribution of the officer to the Company's performance. While corporate performance measures such as net income, earnings per common share, return on stockholders equity and return on average total assets are considered, the Committee does not apply a specific quantitative formula in making compensation decisions. Non-financial

performance measures also may be included, such as product development, efficiency, client relations and employee relations. No particular weight is given to one factor over another among these performance measures. For 1998, the most significant issue was the successful implementation of a conversion to a new data processing systems platform, as well as the launch of new strategic business units including community banking and commercial/industrial lending. For years in which the Company's net earnings are significant, a large portion of an executive officer's compensation may be determined by the Compensation Committee at the end of each year based upon the officer's contribution to the Company's performance during the year. For purposes of establishing the annual bonus pool, the Company's performance is measured against earnings goals established prior to the commencement of each fiscal year by the Board.

In 1998, the Compensation Committee established a pool of funds based upon net earnings for the year of approximately \$34.6 million, or \$1.60 per diluted share. The Committee attributed these positive results in large part to management's efforts in increasing net interest income, gains on the sale of loans, and being well positioned to realize opportunities in the current market. Accordingly, the Committee awarded cash bonuses for 1998 to management. Named Executive Officers Babette E. Heimbuch, James P. Giraldin, Douglas Goddard, Scott Gray and Shannon Millard received cash bonuses of \$188,700, \$119,718, \$52,416, \$56,007, and \$65,520, respectively. Bonuses were also paid to other employees and officers pursuant to parameters established by the Compensation Committee and management.

STOCK OPTIONS AND RESTRICTED STOCK

The Compensation Committee believes that stock ownership by management and employees and performance-based compensation arrangements in the form of Company Stock are beneficial in ensuring that management's interest in the Company's performance corresponds to those of the Company's shareholders. It also believes that stock ownership helps attract and retain key executives. The Company awards stock options and restricted stock grants in furtherance of this philosophy.

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Awards of stock options typically are made annually to officers at the level of assistant vice president and above. The awards are based upon a standardized dollar value at each participating level of responsibility and reflect the Compensation Committee's determination of the appropriate incentive for the responsibilities of that particular officer level. Other stock option awards may be made to officers of the Company from time to time.

In addition to stock options, as indicated above, restricted stock grants may be made by the Compensation Committee as part of the Company's bonus program. Restricted stock grants may be made to officers at the level of assistant vice president and above. In recognition of Mr. Giraldin's achievements during 1998, in particular the extensive remodel of the headquarters office and the conversion to a new data processing contract, the Compensation Committee granted 1,500 shares of Company Stock to Mr. Giraldin under the Restricted Stock Plan. These shares vest 50 percent one year following the date of grant, and the remaining 50 percent vests on the second anniversary of the date of the grant. An assistant vice president also received 300 restricted shares for his work on the conversion. Other than these grants, no new grants of restricted stock were made to officers during 1998.

CHIEF EXECUTIVE OFFICER COMPENSATION

Ms. Heimbuch was named Chief Executive Officer of the Company and the Bank effective January 1, 1997. She has served as President since 1989. In reviewing Ms. Heimbuch's compensation as Chief Executive Officer for 1998, the Compensation Committee looked at the Company's overall financial health. In particular, the Committee noted the earnings increase for the year (from \$23.1 million in 1997 to \$34.6 million in 1998), and the reduction in non-performing assets. The Committee noted the significant progress made under Ms. Heimbuch's leadership towards achieving the Company's strategic plans, the completion of a data processing systems conversion and the leadership role taken by Ms. Heimbuch in the industry in general. Ms. Heimbuch was awarded a cash bonus of \$188,700, and her base salary for 1998 was increased by approximately four percent.

The level of Ms. Heimbuch's aggregate salary for 1998 was comparable to the Company's performance ranking in relation to the peer groups (based on geographic location, asset size and levels of Return on Average Assets) shown in the Western League Survey and SNL Review. The other benefits received by Ms. Heimbuch are set forth in the Summary Compensation Table.

Compensation Committee:

James L. Hesburgh (Chair)

PERFORMANCE GRAPH

The SEC has adopted a requirement that companies include in their proxy statements a line graph presentation comparing cumulative five-year shareholder returns with two other specified indices. The Board of Directors has selected published indices consisting of the New York Stock Exchange Market Index and the Industry Group 541--Savings and Loan Index. These indices are prepared and published by The New York Stock Exchange and Media General Financial Services respectively, which are not affiliated with the Company.

COMPARE 5-YEAR CUMULATIVE TOTAL RETURN
AMONG FIRSTFED FINANCIAL CORP.,
NYSE MARKET INDEX AND PEER GROUP INDEX

<TABLE> <CAPTION>	FIRSTFED FINANCIAL -----	SAVINGS & LOANS -----	NYSE MARKET INDEX -----
<S>	<C>	<C>	<C>
'12/31/1993'	100	100	100
'12/30/1994'	78.91	95.79	98.06
'12/29/1995'	88.28	151.72	127.15
'12/31/1996'	137.5	198	153.16
'12/31/1997'	242.19	332.91	201.5
'12/31/1998'	223.44	291.84	239.77
</TABLE>			

ASSUMES \$100 INVESTED ON JANUARY 01, 1994
ASSUMES DIVIDEND REINVESTED
FISCAL YEAR ENDING DECEMBER 31, 1998

It should be noted that this graph represents historical stock price performance and is not necessarily indicative of any future stock price performance.

THE FOREGOING REPORT OF THE BOARD COMPENSATION COMMITTEE AND THE PERFORMANCE GRAPH THAT APPEARS IMMEDIATELY AFTER SUCH REPORT SHALL NOT BE DEEMED TO BE SOLICITING MATERIAL OR TO BE FILED WITH THE SEC OR INCORPORATED BY REFERENCE IN ANY DOCUMENT SO FILED.

PROPOSAL 2
AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION
TO INCREASE THE NUMBER OF AUTHORIZED SHARES
OF COMMON STOCK FROM 25 MILLION TO 100 MILLION

The Board of Directors has unanimously determined it to be in the best interests of the Company and its stockholders to amend the Restated Certificate of Incorporation of the Company to increase the number of shares of common stock that the Company has the authority to issue to 100,000,000 shares, and directed that the amendment be submitted to a vote of the stockholders at the Annual Meeting for approval. If the proposal is adopted, Article FOURTH of the Restated Certificate of Incorporation will be amended to read as follows:

FOURTH: AUTHORIZED SHARES. The total number of shares of all classes of stock which the Corporation shall have the authority to issue is one hundred five million (105,000,000) shares, one cent (\$.01) par value, divided into two classes of which one hundred million (100,000,000) shares shall be Common Stock ("Common Stock") and five million (5,000,000) shares shall be Preferred Stock ("Preferred Stock").

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL OF THE AMENDMENT TO THE RESTATED CERTIFICATE OF INCORPORATION.

The Restated Certificate of Incorporation of the Company currently authorizes the issuance of up to thirty million (30,000,000) shares, consisting of twenty-five million (25,000,000) shares of Common Stock ("Common Stock") and five million (5,000,000) shares of Preferred Stock ("Preferred Stock"). As of December 31, 1998, the Company had 21,127,426 shares of Common Stock outstanding, with approximately 4,540,874 additional shares of Common Stock reserved for issuance under the stock option plans and restricted stock plan

previously approved by the Company's stockholders (as described in more detail above). In addition, the Company has reserved 250,000 shares of Preferred Stock for possible issuance pursuant to the Company's Restated Shareholder Rights Plan, adopted in June 1998 (the "Rights Plan").

The proposed additional authorized shares of Common Stock could be issued for any proper corporate purpose in the best interest of the Company and its stockholders. These purposes could include stock splits (such as the recent two-for-one stock split declared as of June 25, 1998), stock dividends, corporate business combinations, funding of business acquisitions, employee benefit programs and other corporate purposes. The Board may consider such transactions from time to time, although no assurance can be given as to the future outcome of such consideration. Due to the number of remaining authorized but unissued or unreserved shares, the Company has no ability to use its Common Stock for these purposes under the present terms of the Restated Certificate of Incorporation. While the Company has no understandings or commitments with respect to the issuance of the additional shares, it is advisable to have the authorization to issue such shares in order to provide the Company with the flexibility to continue its existing stockholder-approved stock option and restricted stock plans, as well as the ability to move promptly to take advantage of market conditions and the availability of other favorable opportunities without the delay and expense involved in calling a special meeting of stockholders for such purpose.

The authorization of additional shares of Common Stock will not, by itself, have any effect on the rights of holders of existing Common Stock. Since holders of Common Stock do not have any preemptive or similar rights to subscribe for or purchase any additional shares of Common Stock that may be issued by the Company in the future, future issuances of Common Stock may, depending on the circumstances, have a dilutive effect on the earnings per share, voting power and other interest of existing stockholders. The Board does not intend to issue any Common Stock except on terms and for reasons which the Board deems to be in the best interests of the Company and its stockholders.

By having additional shares readily available for issuance, the Board will be able to act expeditiously without spending the time and incurring the expense of solicitation proxies and holding special meetings of stockholders. If the Amendment is approved, the Board may issue additional shares of Common Stock

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without stockholder approval if the action is permissible under Delaware law and the rules of the stock exchange on which the Common Stock is listed (currently, the New York Stock Exchange).

It should be noted that the Amendment may have the effect of deterring or rendering more difficult attempts by third parties to obtain control of the Company, if such attempts are not approved by the Board. Although the proposed Amendment is not intended to be an anti-takeover measure, and the Board is not aware of any current efforts to accumulate Company Common Stock or obtain control of the Company, the availability of authorized and unissued Common Stock, in addition to Preferred Stock, could enhance the Board's ability to negotiate for better terms on behalf of the Company's stockholders. However, it could be used to discourage a tender offer or prevent a change in control. The Company is afforded protection against acquisition attempts not supported by the Board by provisions in its Restated Certificate of Incorporation, Bylaws, and the Rights Plan. In connection with this proposal, the Company recommends that each stockholder consider, among other things, the information set forth in the Company's 1998 Annual Report to Stockholders, a copy of which is being furnished to each stockholder together with this proxy statement.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE AMENDMENT OF THE RESTATED CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK FROM 25 MILLION TO 100 MILLION. A MAJORITY OF SHARES OUTSTANDING AND ENTITLED TO VOTE AT THE MEETING IS REQUIRED TO APPROVE THE PROPOSAL. PROXIES WILL BE VOTED IN FAVOR OF THE PROPOSAL UNLESS STOCKHOLDERS SPECIFY A CONTRARY CHOICE IN THEIR PROXIES.

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PROPOSAL 3

Appointment of Independent Auditors. KPMG Peat Marwick LLP has been the independent public auditor of the Bank for more than twenty-five years and, upon recommendation of the Legal-Audit Committee, has been appointed by the Board of Directors as the auditor of the Company for 1999. The stockholders of the Company are requested to ratify this appointment. A representative of KPMG Peat Marwick LLP is expected to be present at the Annual Meeting with the opportunity

to make a statement if he or she so desires and to respond to appropriate questions.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE APPOINTMENT OF KPMG PEAT MARWICK LLP AS THE COMPANY'S INDEPENDENT PUBLIC AUDITOR FOR 1999.

SECTION 16(a)
BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires executive officers and directors and persons who beneficially own more than ten percent (10%) of the Company's stock, to file initial reports of ownership and reports of changes in ownership with the SEC and the New York Stock Exchange. Executive officers, directors and greater than ten percent (10%) beneficial owners are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on its review of the copies of such forms furnished to the Company and written representations from the executive officers and directors, the Company believes that all Section 16(a) filing requirements applicable to its executive officers, directors and greater than ten percent (10%) beneficial owners were satisfied, except as follows: (i) in December 1998, a Form 5 was filed to, among other things, correct the number of shares initially reported on Form 3 as directly owned by Executive Officer Douglas J. Goddard from 400 shares to 600 shares; and (ii) in December 1998, a Form 5 was filed reporting a purchase in September 1998 of 300 shares by Executive Officer Daniel Eliot.

STOCKHOLDER PROPOSALS

Any stockholder of the Company wishing to have a proposal considered for inclusion in the Company's 2000 proxy solicitation materials must set forth such proposal in writing and file it with the Secretary of the Company on or before November 24, 1999. Stockholder proposals not included in the Company's 2000 proxy solicitation materials must, in order to be considered at the 2000 Annual Meeting, be submitted in writing to the Secretary of the Company by no earlier than January 20, 2000 nor later than February 18, 2000.

The Board of Directors of the Company will review any stockholder proposals which are filed as required and will determine whether such proposals meet applicable criteria for inclusion in its 2000 proxy solicitation materials for consideration at the 2000 Annual Meeting.

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ANNUAL REPORT

The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 1998, including, but not limited to, statements of consolidated financial condition and related consolidated statements of operations, stockholders' equity and cash flows for fiscal years ended December 31, 1998, 1997 and 1996, prepared in conformity with generally accepted accounting principles, has been sent to stockholders. A copy of the Annual Report on Form 10-K for year ended December 31, 1998 may be obtained without charge by writing to the Secretary at the address indicated in the following paragraph.

UPON WRITTEN REQUEST OF ANY SHAREHOLDER SOLICITED HEREBY, THE COMPANY WILL PROVIDE FREE OF CHARGE A COPY OF ITS 1998 ANNUAL REPORT ON FORM 10-K WHICH HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. REQUESTS SHOULD BE DIRECTED TO SECRETARY, FIRSTFED FINANCIAL CORP, 401 WILSHIRE BLVD., SANTA MONICA, CALIFORNIA 90401.

By Order of the Board of Directors

Ann E. Lederer, Corporate Secretary

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REVOCABLE PROXY

FIRSTFED FINANCIAL CORP.

401 WILSHIRE BOULEVARD, SANTA MONICA, CALIFORNIA 90401

PROXY FOR ANNUAL MEETING -- APRIL 21, 1999
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints William S. Mortensen, Babette E. Heimbuch and James P. Giraldin, as proxies, each with the power to appoint his/her substitute, and hereby authorizes them to represent and to vote as designated on the reverse all shares of Common Stock of FirstFed Financial Corp. held of record by the undersigned on March 5, 1999, at the annual meeting of stockholders to be held on April 21, 1999, or any adjournment thereof.

A vote FOR nominees Ouchi, Rutledge and Smith, and FOR Proposals 2 and 3 is recommended by the Board of Directors.

PLEASE MARK, SIGN, DATE AND MAIL THE PROXY CARD PROMPTLY
USING THE ENCLOSED ENVELOPE.

(Continued and to be signed on reverse side)

23
<TABLE>
<S>

<C>

FIRSTFED FINANCIAL CORP.
PLEASE MARK VOTE IN OVAL IN THE FOLLOWING MANNER USING DARK INK ONLY.

[]

	For All	Withhold	For All (Except Nominee(s) written below)
1. ELECTION OF DIRECTORS (Year of Expiration of Nominees' Proposed Terms as Directors: 2002) William G. Ouchi, William P. Rutledge, Charles F. Smith	All []	All []	[]

	For	Against	Abstain
2. Amendment of Certificate of Incorporation to increase number of authorized common shares.	[]	[]	[]

	For	Against	Abstain
3. Ratification of KPMG Peat Marwick LLP as the Company's independent public auditors of 1999.	[]	[]	[]

4. In their discretion, the proxies are authorized to vote upon such other business that may properly come before the meeting.

THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE DIRECTORS NAMED IN PROPOSALS 2, 3 AND 4.

Dated _____, 1999

Signature _____

Signature if jointly held _____

Please sign exactly as name appears below. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in full corporation name, by president or other authorized officer. If a partnership, please sign in partnership's name by authorized person.

</TABLE>