SECURITIES AND EXCHANGE COMMISSION

FORM 424B3

Prospectus filed pursuant to Rule 424(b)(3)

Filing Date: **1994-01-21**
SEC Accession No. 0000950124-94-000176

(HTML Version on secdatabase.com)

FILER

FIRST OF AMERICA BANK CORP /MI/

CIK:**36703**| IRS No.: **381971791** | State of Incorp.:**MI** | Fiscal Year End: **1231**
Type: **424B3** | Act: **33** | File No.: **033-51537** | Film No.: **94502170**
SIC: **6021** National commercial banks

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[LGF BANCORP, INC. LETTERHEAD]

January 14, 1994

Filed Pursuant to Rule 424(b)(3)
Registration No. 33-51537

Dear Shareholder,

You are cordially invited to attend a Special Meeting of Shareholders of LGF Bancorp, Inc. ("LGF"), to be held at the Holiday Inn-Countryside located at 6201 Joliet Road, Countryside, Illinois, on February 24, 1994 at 2:00 p.m. local time.

The purpose of the meeting is to consider and vote upon approval of an Agreement and Plan of Reorganization and related Agreement and Plan of Merger under which LGF will merge with a wholly owned subsidiary of First of America Bank Corporation of Kalamazoo, Michigan. If the proposed merger is consummated, each share of LGF Common Stock will be converted into 0.8754 shares of First of America Common Stock as described in the accompanying Prospectus/Proxy Statement. Such a 0.8754 fractional share of First of America Common Stock had a market value of $36.44 on October 11, 1993, the last trading day before the public announcement of the proposed merger, based on the closing trading price on the New York Stock Exchange for First of America Common Stock. On January 6, 1994, such a fractional share of First of America Common Stock had a market value of $33.05, based on the closing trading price on the New York Stock Exchange.

Your Board of Directors believes that the proposed merger is in the best interests of LGF and its shareholders and has unanimously approved the proposed merger. The Board has also received the opinion of Capital Resources Group, Inc. to the effect that the terms of the proposed merger are fair, from a financial point of view, to LGF's shareholders. Attached are a Notice of the meeting and a Prospectus/Proxy Statement containing information about the proposed merger and First of America Bank Corporation. Whether or not you plan to attend the meeting, please mark, sign, date and promptly return the enclosed proxy.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR APPROVAL OF THE PROPOSED MERGER.

IN ORDER TO ASSURE THAT YOUR SHARES WILL BE REPRESENTED AND VOTED AT THE MEETING, PLEASE MARK, SIGN AND DATE THE ENCLOSED PROXY, AND MAIL IT IN THE RETURN ENVELOPE PROVIDED. A FAILURE TO VOTE WILL BE THE EQUIVALENT OF A VOTE AGAINST THE MERGER.

Very truly yours,

J. Edward Weishel
Chairman, President
and Chief Executive Officer

LGF BANCORP, INC.
ONE NORTH LA GRANGE ROAD
LA GRANGE, ILLINOIS 60525
(708) 352-3671

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

TO BE HELD FEBRUARY 24, 1994

A Special Meeting of Shareholders of LGF Bancorp, Inc. ("LGF") will be held at the Holiday Inn-Countryside, located at 6201 Joliet Road, Countryside, Illinois, on February 24, 1994 at 2:00 p.m. local time, for the following purposes:

(1) voting upon approval of the Agreement and Plan of Reorganization and the Agreement and Plan of Merger, both dated as of October 12, 1993, among First of America Bank Corporation, First of America Acquisition Company and LGF ("the Merger Agreement") as described in the accompanying Prospectus/Proxy Statement; and

(2) transacting such other business as properly may come before the meeting or any adjournment thereof.

Only holders of record of LGF Common Stock at the close of business on January 7, 1994, are entitled to notice of and to vote at the meeting.

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In order to assure that your shares will be represented and voted at the meeting, please mark, sign and date the enclosed proxy, and mail it in the return envelope provided. A failure to vote will be the equivalent of a vote against the Merger.

Dated: January 14, 1994

By order of the Board of Directors

J. Edward Weishel
Chairman, President
and Chief Executive Officer

PROSPECTUS/PROXY STATEMENT

FIRST OF AMERICA BANK CORPORATION 211 South Rose Street Kalamazoo, Michigan 49007 (616) 376-9000	LGF BANCORP, INC. One North La Grange Road La Grange, Illinois 60525 (708) 352-3671
PROSPECTUS Up to 1,662,203 Shares of First of America Bank Corporation Common Stock	PROXY STATEMENT for the Special Meeting of Shareholders to be held February 24, 1994

This Prospectus/Proxy Statement is a proxy statement furnished at the direction of the Board of Directors of LGF Bancorp, Inc. ("LGF") in connection with the solicitation of proxies from its shareholders to be voted at a Special Meeting of Shareholders of LGF to be held on February 24, 1994 (the "Special Meeting"), and at any adjournment thereof, for the purpose of considering and voting upon approval of the Agreement and Plan of Reorganization and the Agreement and Plan of Merger, both dated as of October 12, 1993, among First of America Bank Corporation ("First of America"), First of America Acquisition Company ("Acquisition Sub") and LGF (hereinafter collectively called the "Merger Agreement"). This Prospectus/Proxy Statement is first being released to LGF shareholders on or about January 14, 1994.

This Prospectus/Proxy Statement is a prospectus of First of America relating to its offering of shares of its Common Stock, $10 par value ("First of America Common Stock"), to holders of the Common Stock of LGF, $.01 par value ("LGF Common Stock"), and to the holders of options to purchase LGF Common Stock, in connection with the proposed merger of LGF into Acquisition Sub (the "Merger"). If the Merger Agreement is approved by the requisite vote of LGF shareholders and if, following satisfaction of certain conditions, the Merger is consummated, issued and outstanding shares of LGF Common Stock and outstanding options to purchase LGF Common Stock will be converted into and exchanged for shares of First of America Common Stock, as described herein and in the Merger Agreement.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON. THIS PROSPECTUS/PROXY STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE SECURITIES OFFERED BY THIS PROSPECTUS/PROXY STATEMENT IN ANY STATE OR TO ANY PERSON IN WHICH OR TO WHOM IT WOULD BE UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. THE DELIVERY OF THIS PROSPECTUS/PROXY STATEMENT AT ANY TIME DOES NOT IMPLY THAT THE INFORMATION INCLUDED HEREIN IS CORRECT AS OF ANY TIME AFTER ITS DATE.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The date of this Prospectus/Proxy Statement is January 7, 1994.

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AVAILABLE INFORMATION

First of America and LGF are subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and, in accordance therewith, file reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). First of America also files these reports and other information with the New York Stock Exchange ("NYSE"), and LGF files these reports and other information with the National Association of Securities Dealers, Inc. These reports, proxy and information statements, and other information can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at certain of its regional offices located at 7 World Trade Center, 12th Floor, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511. In addition, material filed by First of America can be inspected at the offices of the NYSE, 20 Broad Street, New York, New York 10005 and material filed by LGF can be inspected at the offices of the National Association of Securities Dealers, Inc. at 1735 K. Street, N.W., Washington D.C. 20006.

First of America has filed a registration statement on Form S-4 (the "Registration Statement") under the Securities Act of 1933, as amended (the "Securities Act"), with respect to the First of America Common Stock issuable in the Merger. This Prospectus/Proxy Statement does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. The Registration Statement, including the exhibits filed or incorporated by reference as a part thereof, can be inspected at the public reference facilities of the Commission set forth above and copies of which can be obtained from the Public Reference Section of the Commission at prescribed rates.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents, filed with the Commission by First of America (File No. 1-10534) pursuant to the Exchange Act, are incorporated herein by reference:

(1) First of America's Annual Report on Form 10-K for the year ended December 31, 1992;

(2) First of America's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1993, June 30, 1993 and September 30, 1993; and

(3) the description of First of America Common Stock and First of America Series A Junior Participating Preferred Stock Purchase Rights contained in First of America's Registration Statements on Form 8-A dated April 30, 1990 and July 18, 1990, respectively, filed with respect to such securities pursuant to Section 12 of the Exchange Act, and all amendments or reports filed for purposes of updating such descriptions.

All documents filed by First of America pursuant to Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act after the date of this Prospectus/Proxy Statement and before the Special Meeting are hereby incorporated by reference, and such documents are deemed to be a part hereof from the date of filing of such documents. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be modified or superseded for the purposes of this Prospectus/Proxy Statement to the extent that a statement contained herein or in any other subsequently filed document which is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus/Proxy Statement.

THIS PROSPECTUS/PROXY STATEMENT INCORPORATES DOCUMENTS BY REFERENCE WHICH ARE NOT PRESENTED HEREIN OR DELIVERED HEREWITH. COPIES OF THESE DOCUMENTS, OTHER THAN EXHIBITS TO SUCH DOCUMENTS, ARE AVAILABLE WITHOUT CHARGE ON WRITTEN OR ORAL REQUEST OF ANY PERSON, INCLUDING ANY BENEFICIAL OWNER, TO WHOM THIS PROSPECTUS/PROXY STATEMENT IS DELIVERED, FROM RICHARD D. KLEIN, VICE CHAIRMAN, FIRST OF AMERICA BANK CORPORATION, 211 SOUTH ROSE STREET, KALAMAZOO, MICHIGAN 49007 (616) 376-9000. IN ORDER TO ENSURE TIMELY DELIVERY OF THE DOCUMENTS, ANY REQUEST SHOULD BE MADE BY FEBRUARY 17, 1994.

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Agreement and Plan of Reorganization and Agreement and Plan of Merger Among First of America Bank Corporation, First of America Acquisition Company and LGF Bancorp, Inc., Dated as of October 12, 1993 . . . . B-1

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SUMMARY OF THE PROSPECTUS/PROXY STATEMENT

This Prospectus/Proxy Statement contains information about the Special Meeting, the Merger, First of America Common Stock, LGF Common Stock, First of America, and LGF. The following summary does not purport to be complete and is qualified in its entirety by the specific provisions of the full text of this Prospectus/Proxy Statement, the documents incorporated herein by reference, and the exhibits attached hereto.

THE PARTIES. First of America is a Michigan corporation and a registered bank holding company under the federal Bank Holding Company Act of 1956, as amended (the "Bank Holding Company Act"). Its corporate headquarters are located at 211 South Rose Street, Kalamazoo, Michigan 49007. Its telephone number is (616) 376-9000. At September 30, 1993, it owned 20 banks located in Michigan, Indiana, and Illinois (the "FOA Banks"). At September 30, 1993, the consolidated assets of First of America totaled $21.1 billion. See "Information About First of America."

Acquisition Sub is a Delaware corporation wholly owned by First of America. Its sole purpose is to facilitate First of America's acquisition of LGF through the Merger.

LGF is a Delaware corporation and a unitary savings and loan holding company under the federal Home Owners Loan Act of 1933, as amended ("HOLA"). Its corporate headquarters are located at One North La Grange Road, La Grange, Illinois 60525. Its telephone number is (708) 352-3671. LGF owns 100 percent of the stock of and operates La Grange Federal Savings and Loan Association ("La Grange Federal"). At September 30, 1993, LGF's consolidated assets totaled $412.0 million. See "Information About LGF."

THE MERGER. The Merger Agreement provides for the merger of LGF into Acquisition Sub, with Acquisition Sub designated as the surviving corporation. On the effective date of the Merger, First of America will continue its existing business, LGF will be merged into Acquisition Sub and cease to exist, and Acquisition Sub will continue to be a wholly owned subsidiary of First of America. The Merger Agreement also provides that immediately following effectiveness of the Merger, La Grange Federal will be merged with First of America Bank -Kankakee/Will County, N.A. ("First of America-Kankakee"), an existing national bank subsidiary of First of America (the "Bank Merger"). The main office and the branch facilities of La Grange Federal will be maintained as branch facilities of First of America-Kankakee. See "The Merger--Merger."

BACKGROUND OF THE MERGER. LGF, through its financial advisor, Capital Resources Group, Inc. ("Capital Resources"), solicited and received indications of interest concerning the acquisition of LGF from First of America and other financial institution holding companies. After consulting with Capital Resources and legal counsel, LGF negotiated a proposed Merger Agreement with First of America. Following an in-depth analysis, review and discussion of such agreement by and among Capital Resources, LGF's legal counsel and its board of directors, including Capital Resources' advice that the Merger Agreement was fair, from a financial point of view, to holders of LGF Common Stock, the board of directors of LGF unanimously voted to accept the Merger Agreement proposed by First of America. See "The Merger--Background of the Merger, Fairness Opinion to LGF."

RELATED AGREEMENTS. In fulfillment of a condition to First of America's execution of the Merger Agreement, LGF issued a warrant (the "Warrant") to First of America pursuant to a Warrant Agreement dated as of October 12, 1993 (the "Warrant Agreement"). The Warrant entitles First of America to purchase an aggregate of 439,574 shares of LGF Common Stock at a price of $28.00 per share upon the occurrence of certain events set forth in the Warrant Agreement, including, but not limited to, the acquisition of 10% of or the right to acquire 10% of the outstanding LGF Common Stock by a third party, the failure of LGF shareholders to approve the Merger Agreement following a proposal by a third party to acquire 10% or more of the LGF Common Stock or to otherwise acquire LGF, the execution of an agreement by LGF with another party for the acquisition of LGF by such party, or the withdrawal, revocation, or material modification by LGF's Board of Directors of its approval or recommendation to shareholders of the Merger Agreement. The Warrant terminates upon the earliest occurring of certain events set forth in the Warrant Agreement, including, but not limited to, the date two years after an event entitling First of America to exercise the Warrant and the date the Merger is consummated. A copy of the Warrant

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Agreement and the Warrant are attached as Exhibit C to the Merger Agreement attached to this Prospectus/Proxy Statement as Exhibit B. See "The Merger--Related Agreements."

CONSIDERATION TO BE RECEIVED IN THE MERGER. The Merger Agreement provides that upon effectiveness of the Merger, each issued and outstanding share of LGF Common Stock will be converted into and exchanged for .8754 shares (the "Exchange Ratio") of First of America Common Stock, except that cash will be paid in lieu of issuing fractional shares of First of America Common Stock. The Merger Agreement further provides that upon effectiveness of the Merger, each outstanding option to purchase LGF Common Stock will be converted into and exchanged for .6322 shares (the "Option Exchange Ratio") of First of America Common Stock.

The Exchange Ratio and the Option Exchange Ratio were determined through the parties' negotiation of the Merger Agreement (see "The Merger--Background of the Merger"). These terms reflect First of America's and LGF's judgments as to the value of the shares of LGF Common Stock relative to the historical and anticipated market price of First of America Common Stock. See "The Merger--Termination, Modification, Amendment and Waiver."

FAIRNESS OPINION TO LGF. LGF engaged Capital Resources, as its financial advisor, on August 27, 1993, to assist LGF's Board of Directors in the possible sale of LGF. In this connection, Capital Resources delivered its oral advice on October 12, 1993 and its written opinion, dated January 4, 1994, to LGF's Board of Directors, stating that the terms of the Merger Agreement are fair, from a financial point of view, to holders of LGF Common Stock. LGF shareholders are urged to read the opinion of Capital Resources, which is attached to this Prospectus/Proxy Statement as Exhibit A, for a description of the procedures followed, matters considered, and qualifications and limitations on the review undertaken in connection therewith. See "The Merger--Fairness Opinion to LGF."

INTERESTS OF MANAGEMENT. Certain members of the management and the Board of Directors of LGF have certain interests in the Merger that are in addition to their interests as stockholders of LGF generally. These interests include, among others, provisions in the Merger Agreement relating to indemnification, continuation of certain change in control and employment contracts upon consummation of the Merger, or the receipt of benefits pursuant to such agreements as a result of the Merger, and the appointment of all of the members of the La Grange Federal Board of Directors to the First of America - Kankakee Board of Directors. In addition, the outside directors of the La Grange Federal board will be considered retired at the effective date of the Merger and will be eligible to receive benefits under La Grange Federal Savings and Loan Association Directors' Consultation and Retirement Plan. The amounts to be received by the various executive officers and directors of LGF pursuant to the foregoing arrangement are described in greater detail under "The Merger-Interests of Management."

FIRST OF AMERICA COMMON STOCK. Subject to the rights of the holders of any First of America preferred stock when outstanding (the "First of America Preferred Stock") to vote in event of dividend arrearages and when specifically required by the Michigan Business Corporation Act, as amended (the "Michigan Act"), holders of First of America Common Stock have exclusive voting rights. Holders of First of America Common Stock elect approximately one-third of the Board of Directors for a three year term at each annual meeting. Subject to the rights of the holders of First of America Preferred Stock when outstanding, holders of First of America Common Stock are entitled to receive dividends if and when declared by First of America's Board of Directors out of any funds legally available therefor. Subject to the rights of the holders of First of America Preferred Stock when outstanding, holders of First of America Common Stock are entitled to receive pro rata upon liquidation all of the assets of First of America remaining after provision for the payment of creditors. Holders of First of America Common Stock have no preemptive rights to subscribe to any additional shares which First of America may issue. Under the Michigan Act, holders of First of America Common Stock generally have no dissenters' rights of appraisal because First of America Common Stock is held of record by more than 2,000 persons. See "Description and Comparison of First of America Capital Stock and LGF Common Stock--First of America Common Stock."

Certain provisions of First of America's Articles of Incorporation and Bylaws and First of America's Shareholder Rights Plan may have the effect of rendering more difficult or discouraging a merger proposal involving First of America, a tender offer for the voting stock of First of America, or a proxy contest for control of First of

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America's Board of Directors. LGF's Certificate of Incorporation and Bylaws generally contain provisions that may have similar anti-takeover effects. LGF does not, however, have a shareholder rights plan. See "Comparison of Certain Provisions of First of America's Articles of Incorporation and Bylaws and LGF's Articles of Incorporation and Bylaws" and "Description and Comparison of First of America Capital Stock and LGF Common Stock--First of America Shareholder Rights Plan."

MARKET FOR FIRST OF AMERICA AND LGF COMMON STOCK. First of America Common Stock is listed for trading on the NYSE (symbol FOA). The high, low, and closing sales prices for First of America Common Stock on December 31, 1993 were $39.375, $39.125 and $39.25, respectively. On October 11, 1993 the last full trading day before public announcement of the Merger, the high, low, and closing sales prices were $41.75, $41.50 and $41.625, respectively.

Price quotations for LGF Common Stock are reported on the Nasdaq National Market (symbol LGFB). The last sale price reported on December 31, 1993, was $32.75. On October 11, 1993, the last full trading day before public announcement of the Merger Agreement, the reported last sale price was $28.50. See "Description and Comparison of First of America Capital Stock and LGF Capital Stock--First of America Common Stock,--LGF Common Stock."

SHAREHOLDER APPROVAL. At the Special Meeting, LGF shareholders will vote on approval of the Merger Agreement. Under the Delaware General Corporation Law, as amended (the "Delaware Law"), and under LGF's Certificate of Incorporation, the affirmative vote of holders of a simple majority of the outstanding shares of LGF Common Stock entitled to vote is required for approval of the Merger Agreement. Therefore, a failure to return a properly executed proxy card, or to vote in person at the Special Meeting will have the same effect as a vote against the Merger. At January 7, 1994, the record date for the Special Meeting, there were 1,762,990 shares of LGF Common Stock outstanding and entitled to vote at the Special Meeting. Therefore, the affirmative vote of holders of at least 881,496 shares of LGF Common Stock is required for approval of the Merger Agreement. As of December 31, 1993, all directors and executive officers of LGF as a group beneficially owned 326,086 shares of LGF Common Stock (or 17.7 percent of the outstanding shares). See "The Merger--Shareholder Approval." None of First of America's executive officers or directors own any shares of LGF Common Stock.

RECOMMENDATION OF LGF BOARD OF DIRECTORS. The Board of Directors of LGF has unanimously approved the Merger Agreement and unanimously recommends that shareholders vote for approval of the Merger Agreement. See "The Merger--Recommendation of LGF Directors."

NO RIGHTS OF DISSENTING SHAREHOLDERS. Holders of LGF Common Stock who do not vote in favor of approval of the Merger Agreement or who otherwise object to the Merger have no right to demand appraisal of or cash payment for their shares in the event the Merger is consummated. See "The Merger--No Rights of Dissenting Shareholders."

FEDERAL INCOME TAX CONSEQUENCES. The Merger Agreement provides, as a condition to the parties' obligations to consummate the Merger, that the parties shall have received an opinion from counsel to First of America that the Merger will qualify as a tax-free reorganization under the Internal Revenue Code of 1986, as amended ("the Code"), and, except with respect to any cash received in lieu of fractional shares or for shares of LGF Common Stock with respect to which dissenters' rights have been exercised, no gain or loss will be recognized by the holders of LGF Common Stock upon receipt of shares of First of America Common Stock in exchange for their shares. See "The Merger--Federal Income Tax Consequences."

REGULATORY APPROVALS. Consummation of the Merger is conditioned upon obtaining the prior approval of the Board of Governors of the Federal Reserve System (the "FRB") and the Office of Thrift Supervision (the "OTS"). Consummation of the Merger is further conditioned upon obtaining the prior approval of the Comptroller of the Currency of the United States (the "OCC"), the OTS and the FRB with respect to the Bank Merger. First of America is preparing to submit or has submitted to these regulatory agencies applications for approval of the

Merger and the Bank Merger. There can be no assurances that such regulatory approvals will be obtained or as to the timing or conditions of such approvals.

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See "The Merger--Regulatory Approvals".

OTHER CONDITIONS. Under the Merger Agreement, consummation of the Merger is also subject to other conditions including, without limitation, the absence of any material adverse change in the capitalization, business, properties or financial condition of the parties. See "The Merger--Other Conditions to the Merger,--Business of LGF Pending the Merger."

TERMINATION, MODIFICATION, AMENDMENT, AND WAIVER. The Merger Agreement may be terminated and the Merger abandoned before the effectiveness of the Merger as follows: (1) by agreement between First of America and LGF authorized by a majority of the entire Board of Directors of each; (2) by First of America or LGF if any condition to effectiveness of the Merger is not fulfilled and not waived by the party adversely affected; (3) by First of America or LGF in the event of a material breach by the opposite party of any representation, warranty, covenant, or agreement contained in the Merger Agreement which has not been cured within 30 days after written notice has been given to the breaching party; (4) by First of America or LGF if the Merger is not consummated on or before July 31, 1994; or (5) by LGF in the event that the average closing trade prices of First of America Common Stock on the NYSE during the last fifteen trading days on which reportable sales of First of America Common Stock took place immediately prior to, but not including, the third business day prior to the effective date of the Merger is less than $34.95.

At any time before effectiveness of the Merger (including the time after shareholder approval of the Merger Agreement), the time for performance may be extended and the covenants, agreements, and conditions of the Merger Agreement may be modified, amended, or waived by the appropriate officers or directors of First of America and LGF. However, after approval of the Merger Agreement by LGF shareholders, any such waiver shall be made by LGF only if, in the opinion of the appropriate officers or directors of LGF, such waiver will not have any material adverse affect on the benefits intended under the Merger Agreement for the shareholders of LGF and will not require resolicitation of any proxies for such shareholders.

SELECTED FINANCIAL INFORMATION

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($ in millions, except per share data)	September 30,		December 31,	
FIRST OF AMERICA BANK CORPORATION	1993	1992	1992	1991
<S>	<C>	<C>	<C>	<C>
BALANCE SHEET SUMMARY AT PERIOD END				
Investment securities (a)	$ 4,856	4,700	3,490	4,261
Net loans	14,000	13,454	13,516	13,053
Total assets	21,083	19,894	20,147	19,470
Deposits	18,466	17,764	18,036	17,483
Long-term debt	251	242	254	260
Total shareholders' equity	1,451	1,320	1,335	1,267
Book value per common share - primary	24.08	21.85	22.12	20.58
SUMMARY OF OPERATIONS FOR THE PERIOD (b)				
Net interest income	$ 674	648	875	751
Provision for loan losses	64	58	79	71
Net income	182	111	148	159
Net income applicable to common stock	177	100	135	144
Net income per common share:				
Primary	3.08	1.86	2.46	2.69
Fully diluted	3.04	1.86	2.46	2.69
Cash dividends declared per common share	1.15	0.99	1.34	1.24
LGF BANCORP, INC. (c)				
BALANCE SHEET SUMMARY AT PERIOD END				
Investment securities and mortgage backed securities (a)	$ 155	87	106	31
Net loans	197	212	206	227
Total assets	412	411	412	393
Deposits	363	366	367	367
Total shareholders' equity	42	40	40	22
Book value per common share	23.92	21.47	21.95	--

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SUMMARY OF OPERATIONS FOR THE PERIOD (b)				
Net interest income	$ 9	7	10	9
Provision for loan losses	0	0	0	0
Net income (loss)	3	2	3	4
Net income per common share:				
Primary	1.61	1.08	1.38	--
Fully diluted	1.59	1.08	1.35	--
Cash dividends declared per common share (d)	--	--	--	--

<CAPTION>

($ in millions, except per share data)	December 31,		
FIRST OF AMERICA BANK CORPORATION	1990	1989	1988
BALANCE SHEET SUMMARY AT PERIOD END			
Investment securities (a)	3,775	3,604	3,603
Net loans	11,091	9,824	9,033
Total assets	16,790	15,507	14,661
Deposits	15,016	13,828	12,982
Long-term debt	180	171	202
Total shareholders' equity	1,176	1,118	1,035
Book value per common share - primary	18.97	17.52	16.03
SUMMARY OF OPERATIONS FOR THE PERIOD (b)			
Net interest income	679	641	568
Provision for loan losses	45	44	38
Net income	155	152	122
Net income applicable to common stock	138	133	102
Net income per common share:			
Primary	2.62	2.52	2.08
Fully diluted	2.62	2.52	2.08
Cash dividends declared per common share	1.15	1.08	0.95
LGF BANCORP, INC. (c)			
BALANCE SHEET SUMMARY AT PERIOD END			
Investment securities and mortgage backed securities (a)	94	104	135
Net loans	231	210	194
Total assets	366	352	352
Deposits	347	328	323
Total shareholders' equity	17	17	15
Book value per common share	--	--	--
SUMMARY OF OPERATIONS FOR THE PERIOD (b)			
Net interest income	7	7	7
Provision for loan losses	0	0	0
Net income (loss)	(1)	(1)	3
Net income per common share:			
Primary	--	--	--
Fully diluted	--	--	--
Cash dividends declared per common share (d)	--	--	--

</TABLE>

(a) Excludes securities held for sale.
(b) The interim period presented is for the nine months ended September 30.
(c) Information for periods prior to 1992 is given for LGF's subsidiary, La Grange Federal, which was in mutual form prior to June 18, 1992, when it was acquired by LGF.
(d) LGF has not declared any dividends since its inception in 1992.

EQUIVALENT PER SHARE DATA (a)

<TABLE>
<CAPTION>

	First of America Historical	Pro Forma First of America (b)	LGF Historical	LGF Pro Forma Equivalent (c)
<S>	<C>	<C>	<C>	<C>

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Book value at September 30, 1993	$24.08	$24.12	$23.92	$21.11
Cash dividends declared per share:				
Year ended December 31, 1990	1.15	1.15	--	1.01
Year ended December 31, 1991	1.24	1.24	--	1.09
Year ended December 31, 1992	1.34	1.34	--	1.17
Nine months ended September 30, 1993	1.15	1.15	--	1.01
Net income per share - primary:				
Year ended December 31, 1990	2.62	n/a	--	--
Year ended December 31, 1991	2.69	n/a	--	--
Year ended December 31, 1992	2.46	2.43	1.38	2.13
Nine months ended September 30, 1993	3.08	3.04	1.61	2.66
Net income per share - fully diluted:				
Year ended December 31, 1990	2.62	n/a	--	--
Year ended December 31, 1991	2.69	n/a	--	--
Year ended December 31, 1992	2.46	2.43	1.35	2.13
Nine months ended September 30, 1993	3.04	3.00	1.59	2.63
Market value per common share (d)	41.625	41.625	28.50	36.44

</TABLE>

NOTES TO EQUIVALENT PER SHARE DATA

(a) Equivalent per share data presents selected comparative unaudited per share data for First of America and LGF on a historical basis and on a pro forma combined basis, reflecting the pooling of interests method of accounting and assuming the combination had been effective during the periods presented. The pro forma results are not necessarily indicative of the results which would have actually been attained if the acquisition had been consummated in the past or what may be attained in the future.

(b) Pro forma amounts per share assume that LGF Common Stock will be converted and exchanged for First of America Common Stock based on an Exchange Ratio of 0.8754 and that each outstanding option to purchase LGF Common Stock will be converted and exchanged for 0.6322 shares of First of America Common Stock.

(c) Pro forma equivalent amounts reflect the pro forma amount of 0.8754 shares of First of America Common Stock, the number of shares of such common stock into which each share of LGF Common Stock will be converted. See "The Merger - Consideration to be Received on the Merger."

The LGF pro forma equivalent market value per common share assumes the Merger was consummated on a hypothetical date in the past with an Exchange Ratio of 0.8754 and is intended to show the value of the First of America Common Stock hypothetically received, assuming a market value of First of America Common Stock of $41.625. Based on the trading market price of First of America Common Stock on the NYSE on December 31, 1993, the LGF pro forma equivalent market value per common share would be $34.36.

(d) The market value per share of First of America Common Stock (Historical) represents the closing trade price on the NYSE on October 11, 1993, the last trading day on which sales of First of America Common Stock took place before public announcement of the Merger Agreement. The market value per share of LGF Common Stock (Historical) represents the last sale price as reported by Nasdaq National Market on October 11, 1993, the last trading day on which sales of the stock took place before public announcement of the Merger Agreement. See Note (c) above for a discussion of the calculation of the LGF pro forma equivalent market value.

THE SPECIAL MEETING, PROXIES, VOTING, AND CERTAIN SHAREHOLDERS

THE SPECIAL MEETING. The Special Meeting will be held at the Holiday Inn-Countryside, located at 6201 Joliet Road, Countryside, Illinois, on February 24, 1994, at 2:00 p.m. local time. The purpose of the Special Meeting is for holders of LGF Common Stock to vote on approval of the Merger Agreement.

PROXIES. Proxies are solicited on behalf of the Board of Directors of LGF in connection with the Special Meeting and any adjournment thereof. Shares of LGF Common Stock represented at the Special Meeting by properly executed proxies will, unless such proxies have been previously revoked, be voted in accordance with the instructions made in such proxies. If no instructions are

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made, such shares will be voted for approval of the Merger Agreement. If any other matter is properly presented at the Special Meeting for action, the persons named in the proxies and acting thereunder will have discretion to vote on such matter in accordance with their best judgment as to the best interests of LGF and its shareholders. A shareholder may revoke his or her proxy by executing and delivering to LGF a proxy bearing a later date, by giving LGF written notice of revocation before such proxy is voted, or by attending the Special Meeting and voting in person. Attendance at the Special Meeting will not in and of itself constitute the revocation of a proxy. LGF's management currently does not know of any other matter to be presented at the Special Meeting. The cost of soliciting proxies will be borne by LGF. Proxies may be solicited by mail, in person, or by telephone by directors, officers or regular employees of LGF and La Grange Federal. These persons will not be specially compensated for soliciting proxies. In addition, Morrow & Co., Inc., a proxy solicitation firm, will assist LGF in soliciting proxies for the Special Meeting and will be paid a fee estimated to be $4,500, plus out of pocket expenses.

VOTING. The record date for determining shareholders entitled to notice of and to vote at the Special Meeting has been fixed as of the close of business on January 7, 1994. At the close of business on that date, there were 1,762,990 shares of LGF Common Stock outstanding and entitled to vote at the Special Meeting. Each share of LGF Common Stock is entitled to one vote except as described below. The favorable vote of the holders of at least 881,496 shares of LGF Common Stock is required for approval. See "The Merger - Shareholder Approval."

As provided in LGF's Certificate of Incorporation, record holders of LGF Common Stock who beneficially own in excess of 10% of the outstanding shares of LGF Common Stock (the "Limit") are not entitled to any vote in respect to the shares held in excess of the Limit. A person or entity is deemed to beneficially own shares owned by an affiliate of, as well as persons acting in concert with, such person or entity.

The presence, in person or by proxy, of a majority of the outstanding shares of LGF Common Stock entitled to vote (after subtracting any shares in excess of the Limit) is necessary to constitute a quorum of the shareholders in order to take action at the Special Meeting. For these purposes, shares of LGF Common Stock which are present, or represented by proxy, at the Special Meeting will be counted for quorum purposes regardless of whether the holder of the shares or proxy fails to vote on the Merger Agreement or whether a broker with discretionary authority fails to exercise its discretionary voting authority. Once a quorum is established, approval of the Merger Agreement requires the affirmative vote of holders of a majority of the outstanding shares of LGF Common Stock. For voting purposes therefore, abstentions and "broker non-votes" will have the same effect as votes against the Merger.

CERTAIN SHAREHOLDERS. The following table presents information about the shares of LGF Common Stock held as of December 31, 1993, by persons known by LGF to be beneficial owners of more than five percent of the outstanding LGF Common Stock, each director of LGF, and all directors and officers of LGF as a group based on information supplied by such persons.

First of America also holds a warrant entitling it to purchase up to 439,574 additional shares of LGF Common Stock upon the occurrence of certain events. If purchased pursuant to exercise of the warrant, the 439,574 shares would constitute approximately 19.99 percent of the LGF Common Stock then outstanding. See "The Merger--Related Agreements."

AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP OF LGF COMMON STOCK (1)

<TABLE>
<CAPTION>

Name and Address of Beneficial Owners; Names of Directors and Executive Officers	Shares of Beneficially Owned	Percent of Common Stock
<S>	<C>	<C>
La Grange Federal Savings and Loan Association Employee Stock Ownership Plan and Trust ("ESOP") (2) One North La Grange Road La Grange, Illinois 60525	111,090	6.3%
First Manhattan Company 437 Madison Avenue	171,613	9.7%

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New York, New York 10022

Edward L. Breen Director; Treasurer of Breen's, Inc., a local dry cleaner	54,769 (3) (4) (5)	3.1%
J. Edward Weishel Director; Chairman of the Board of LGF and La Grange Federal; Chief Executive Officer and President of LGF and La Grange Federal	78,898 (4) (6) (7)	4.4%
Lee M. Burkey Director; Attorney and Executive Vice President of Asher, Gittler, Greenfield et. al.	40,735 (4) (7) (8)	2.3%
Howard A. Graening Director; Retired Comptroller and Corporate Secretary for Illinois Bell Telephone	18,050 (4) (8)	1.0%
Daniel R. Metzger Director; Secretary of LGF and La Grange Federal; President of D.R. Metzger, Inc.	45,583 (4) (8) (9)	2.6%
Herbert R. Pohl Director; H.R. Pohl & Co., Inc. Independent consultant to publishing industry	53,225 (4) (8)	3.0%
Stock Ownership of directors and executive officers as a group (11 persons)	326,086 (7) (10) (11)	17.7%

</TABLE>

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(1) The numbers of shares presented include shares owned of record by each person and shares which, under applicable regulations of the Commission, are deemed to be beneficially owned by each person. Under these regulations, a beneficial owner of a security includes any person, who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares voting power or

investment power with respect to the security or has the power to acquire the security within 60 days. Voting power includes the power to vote or to direct the voting of the security. Investment power includes the power to dispose or to direct the disposition of the security.

(2) Lee M. Burkey, J. Edward Weishel, Ruth E. Hayman, Howard A. Graening and Edward Bilka administer the ESOP as a committee (the "ESOP Committee"). Nationar has been appointed as the corporate trustee for the ESOP ("ESOP Trustee"). The ESOP Trustee, subject to its fiduciary duty, must vote all allocated shares held in the ESOP in accordance with the instructions of the participating employees. Under the ESOP, unallocated shares held in the suspense account will be voted by the ESOP Trustee in a manner calculated to most accurately reflect the instructions received from participants regarding the allocated stock so long as such vote is in accordance with the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

(3) Includes 5,000 shares held by Breen's, Inc., of which Mr. Breen is a 20% owner and for which he disclaims beneficial ownership.

(4) Includes 4,297, 11,579, 1,285, 1,285, 1,285, and 1,285 shares awarded to Messrs. Breen, Weishel, Burkey, Graening, Metzger and Pohl, respectively, under the La Grange Federal Savings and Loan Association Recognition and Retention Plan and Trust (the "RRP") and as to which voting may be directed by them. Under the RRP, the awards vest at rates of 33-1/3% and 20% annually beginning on June 18, 1992, for outside directors and officers, respectively. All awards become 100% vested upon a change in control of LGF or La Grange Federal.

(5) Includes 11,176 shares subject to options granted under the LGF 1992 Stock Option Plan for Outside Directors ("Directors' Option Plan")

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which are currently exercisable and excludes the remaining 5,589 shares subject to options granted which will vest on the earlier of June 18, 1994, or a change in control of LGF or La Grange Federal.

(6) Includes 22,218 shares subject to options granted under the LGF 1992 Incentive Stock Option Plan ("Incentive Option Plan") which are currently exercisable and excludes the remaining 33,327 shares subject to options which will vest annually each June 18 at a rate of 20% of the original number of options granted. All options become immediately exercisable upon a change in control of LGF or La Grange Federal. Also includes 981 shares which have been allocated to Mr. Weishel pursuant to the La Grange Federal ESOP.

(7) Includes 21,400 shares held by La Grange Federal's Retirement Plan over which Messrs. Weishel and Burkey have voting and dispositive power as trustees.

(8) Includes 7,980 shares subject to options granted under the Directors' Option Plan which are currently exercisable for each outside director and excludes the remaining 3,990 shares subject to options granted to each director which will vest on the earlier of June 18, 1994, or a change in control of LGF or La Grange Federal.

(9) Includes 31,548 shares held in D.R. Metzger, Inc. Profit Sharing Trust. Mr. Metzger is the beneficial owner of such trust.

(10) Includes 31,489 shares (including 21,016 shares set forth in footnote 4 above) subject to awards under the RRP and as to which voting may be directed and 80,128 shares subject to options which are currently exercisable including those set forth in footnotes 5, 6, and 8.

(11) Includes 2,928 shares which have been allocated to executive officers pursuant to the La Grange Federal ESOP.

THE MERGER

GENERAL. The following is a summary of the material features of the Merger Agreement and the Merger. The Merger Agreement contains all the terms of and conditions to consummation of the Merger including the manner and basis for converting and exchanging the outstanding shares of LGF Common Stock into and for First of America Common Stock. This description of the Merger and the Merger Agreement and all other references herein are qualified in their entirety by provisions of the Merger Agreement, which is incorporated herein by reference and a copy of which is attached to this Prospectus/Proxy Statement as Exhibit B.

PARTIES TO THE MERGER AGREEMENT. First of America is a Michigan corporation and a registered bank holding company with its corporate headquarters located in Kalamazoo, Michigan. At September 30, 1993, its consolidated assets totaled $21.1 billion.

Acquisition Sub is a Delaware corporation wholly owned by First of America. Its sole purpose is to facilitate First of America's acquisition of LGF.

LGF is a Delaware corporation and a unitary savings and loan holding company located in La Grange, Illinois. At September 30, 1993, LGF's consolidated assets totaled $412.0 million. LGF owns 100 percent of and operates La Grange Federal.

MERGER. The Merger Agreement provides that the affiliation of LGF with First of America is to be effected by the merger of LGF into Acquisition Sub, with Acquisition Sub designated as the surviving corporation. Upon effectiveness of the Merger, First of America will continue its existing business, LGF will be merged into Acquisition Sub and cease to exist, and Acquisition Sub will remain a wholly owned subsidiary of First of America. The Merger Agreement also provides that immediately following effectiveness of the Merger, La Grange Federal will be merged with First of America-Kankakee in the Bank Merger. The main office and branch facilities of La Grange Federal will be maintained as branch facilities of First of America-Kankakee.

REASONS FOR MERGER AND AFFILIATION. The LGF Board, with the assistance of outside financial and legal advisors, has evaluated the financial, legal and market considerations bearing on the decision to recommend the Merger. The terms of the Merger, including the purchase price, are a result of arms-length negotiations between representatives of LGF and First of

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America. In reaching its determination that the Agreement is fair to, and in the best interest of, LGF and holders of LGF Common Stock, the LGF Board considered a number of factors, both from a short term and a long term perspective, including, without limitation, the following: (1) LGF Board's familiarity with and review of LGF's business, financial condition, results of operations, management and prospects, including, but not limited to, its potential growth, development, productivity and profitability; (2) the current and prospective environment in which LGF operates, including national and local economic conditions, the competitive environment for savings and other financial institutions generally and the trend toward consolidation in the financial services industry; (3) information concerning the business financial condition, results of operations and prospects of First of America, including recent acquisitions and the recent performance of First of America Common Stock; (4) the value to be received by holders of LGF Common Stock pursuant to the Merger in relation to the historical trading prices and book value of LGF Common Stock; (5) the oral presentation of Capital Resources and the opinion of Capital Resources orally expressed to the LGF Board on October 12, 1993 that the consideration is fair to the holders of LGF Common Stock from a financial point of view (See "The Merger--Fairness Opinion to LGF"); (6) the financial and other significant terms of the First of America offer compared to the other offers; (7) the potential upside value offered in connection with the First of America offer compared to the other offers, and downside protection associated with the First of America offer compared to the other offers; (8) the review by the LGF Board with its legal and financial advisors of the provisions of the proposed Agreement and Warrant Agreement; (9) LGF Board's belief that the terms of the proposed form of merger agreement with First of America were attractive in that it would allow LGF's shareholders to receive stock in the Merger thus permitting shareholders to defer any tax liability associated with the increase in the value of their stock as a result of the merger and to become shareholders in First of America, an institution with strong operations, management and earnings performance; (10) the expectation that First of America will continue to provide quality service to the community and customers served by LGF; and (11) the compatibility of the respective business and management philosophies of LGF and First of

America. The importance of these factors relative to one another cannot precisely be determined or stated here. Accordingly, the LGF Board has unanimously approved the Merger Agreement and unanimously recommends that LGF shareholders vote for approval of the Merger Agreement.

First of America's management believes that the affiliation of LGF with First of America will provide First of America with an attractive means of expanding its presence in the financial institutions market in and around La Grange, Illinois. This market complements the other banking markets currently served by First of America's affiliate banks.

BACKGROUND OF THE MERGER. The terms of the Merger Agreement are the result of arm's length negotiations between LGF and First of America and their respective representatives. In negotiating the terms of the Merger Agreement, LGF and First of America reviewed many factors, including various of the following: the general business philosophies of First of America and LGF, the benefit to LGF stockholders including the market price of First of America Common Stock and LGF Common Stock respectively, historical earnings records, book and market values of assets, the nature of the markets in which LGF and First of America operate, dividend histories, deposit growth prospects, managements, and judgments with regard to the future earnings prospects of LGF and First of America, separately and combined.

Originally chartered in 1925, La Grange Federal converted to the stock form of organization in June of 1992. The period since such conversion has been a period of continued, substantial and rapid change in the banking industry, characterized by intensifying competition and consolidation. Management and the Board of Directors focused on these changes and sought to best position LGF in light of this industry consolidation.

In light of general expressions of interest in LGF from other entities and recognizing the imminent expiration of the conditions generally prohibiting combination transactions during the first year after Conversion imposed by the OTS in connection with La Grange's conversion to stock form, LGF's Board, in May of 1993, appointed a committee (the "Special Committee"), to evaluate the position LGF should take in reference to possible mergers, acquisitions and combinations, and in general any efforts which might enhance shareholder value. After discussing with legal counsel the considerations involved in selling LGF and hearing presentations from several financial advisory firms, the LGF Board engaged Capital Resources Group, Inc. to furnish financial advisory services pertaining to the possible sale of LGF. Capital Resources prepared confidential information packets regarding LGF, which were distributed to

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potential buyers in August and September of 1993.

On September 21, 1993, Mr. Weishel presented to the LGF Board information concerning institutions which had expressed interest in the possible acquisition of LGF. On September 24, 1993, a special meeting of the LGF Board was held, with representatives of Capital Resources in attendance, to consider a proposed letter of intent from a possible acquiror which had conducted a preliminary due diligence investigation of LGF. The LGF Board decided to delay any action on the proposed letter of intent until all the institutions contacted by Capital Resources had a chance to respond.

On September 30, 1993, First of America made a presentation to the Special Committee, regarding First of America's history, business philosophy and operations and outlined a preliminary offer for the acquisition of LGF. The Special Committee determined to allow First of America to perform a preliminary due diligence investigation of LGF. At a meeting on October 7, 1993, the Special Committee evaluated proposals from three different institutions, such evaluation included a report by Capital Resources regarding the various proposals and the proposed acquirors. The Special Committee determined that the First of America offer, compared to the other available offers, incorporated the best features for long term value to LGF's stockholders and, based on current market conditions, reflected the highest price available to LGF stockholders. Therefore, the Special Committee decided that the First of America offer would be in the best interests of LGF and its stockholders. The Special Committee instructed Capital Resources and LGF's legal counsel to finalize negotiations with First of America regarding the First of America proposal.

On October 12, 1993, a special meeting of the LGF Board was held, with representatives of Capital Resources in attendance, to consider the First of America offer. The LGF Board was presented with the proposed

Agreement and the Warrant Agreement setting forth the terms and conditions of First of America's proposal to acquire LGF. The LGF Board discussed the financial and legal implications of the proposal and the provisions of the Agreement and the Warrant. At such time, Capital Resources rendered oral advice as to the fairness of the consideration, from a financial point of view, to be paid to holders of LGF Common Stock. Following further discussion, the LGF Board approved the Agreement and Warrant Agreement and authorized their execution. Subsequently, the Agreement and Warrant were executed and LGF and First of America issued a press release that same day announcing the proposed Merger.

RELATED AGREEMENTS. In fulfillment of a condition to First of America's execution of the Merger Agreement, LGF issued the Warrant to First of America pursuant to the Warrant Agreement. In the course of negotiation of the Merger Agreement (See "The Merger--Background of the Merger"), First of America advised LGF that LGF's execution of the Warrant Agreement and issuance of the Warrant were conditions precedent to First of America's execution of the Merger Agreement. Having been so advised and believing it had conducted a fair process intended to produce the best available transaction for LGF shareholders and further believing that the First of America offer was such an offer, LGF's Board determined to execute the Warrant Agreement and issue the Warrant in order to induce First of America's entry into the Merger Agreement and to protect the value to LGF shareholders represented by the First of America offer.

The Warrant entitles First of America to purchase an aggregate of 439,574 shares of LGF Common Stock at a price of $28.00 per share subject to certain adjustments on the occurrence of certain events set forth in the Warrant Agreement, including, but not limited to, the acquisition of 10% of or the right to acquire 10% of the outstanding LGF Common Stock by a third party, the failure of LGF shareholders to approve the Merger Agreement following a proposal by a third party to acquire 10% or more of the LGF Common Stock or to otherwise acquire LGF, the execution of an agreement by LGF with another party for the acquisition of LGF by such party, or the withdrawal, revocation, or material modification by LGF's Board of its approval or recommendation to LGF's shareholders of the Merger Agreement. The Warrant terminates upon the earliest occurring of certain events set forth in the Warrant Agreement, including, but not limited to, the date two years after an event entitling First of America to exercise the Warrant, failure of LGF shareholders to approve the Merger (other than as described in the Merger Agreement), valid termination of the Merger Agreement and the date the Merger is consummated. A copy of the Warrant Agreement and the Warrant are attached as Exhibit C to the Merger Agreement attached to this Prospectus/Proxy Statement as Exhibit B.

CONSIDERATION TO BE RECEIVED IN THE MERGER. The Merger Agreement

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provides that upon effectiveness of the Merger, each issued and outstanding share of LGF Common Stock will be converted into and exchanged for .8754 shares of First of America Common Stock, except that cash will be paid in lieu of issuing fractional shares of First of America Common Stock.

At December 31, 1993, there were outstanding options for the purchase of 92,575 shares of LGF Common Stock at an exercise price of $10.00 per share granted to certain employees of LGF pursuant to the Incentive Option Plan and there are outstanding options for the purchase of 64,645 shares of LGF Common Stock at an exercise price of $10.00 per share granted to directors of LGF pursuant to the Directors' Option Plan (collectively "Option Rights"). The Merger Agreement provides that upon effectiveness of the Merger, each Option Right which has not been previously exercised will be converted into and exchanged for .6322 shares of First of America Common Stock.

The Exchange Ratio and the Option Exchange Ratio were determined through the parties' negotiation of the Merger Agreement (see "The Merger--Background of the Merger"). These terms reflect First of America's and LGF's judgments as to the value of the shares of LGF Common Stock relative to the historical and anticipated market price of First of America Common Stock. The terms of the consideration may be altered pursuant to the terms of the Merger Agreement. See "The Merger--Termination, Modification, Amendment, and Waiver."

FAIRNESS OPINION TO LGF. LGF engaged Capital Resources on August 27, 1993, as its financial advisor to assist with the possible sale of LGF, to assist in the negotiation and structuring of possible merger proposals, and

to render an opinion on the fairness of the Merger Agreement as discussed below. Pursuant to its engagement, Capital Resources assisted LGF in negotiating and structuring the Merger Agreement, particularly the terms of the Merger Agreement described herein under the caption "The Merger-- Consideration to be Received in the Merger," which terms include the Exchange Ratio and the Option Exchange Ratio. Additionally, prior to the execution of the Merger Agreement, Capital Resources advised the LGF Board orally that, based upon its review and analysis, the terms of the Merger Agreement were fair from a financial point of view to LGF's shareholders as of October 12, 1993. See "The Merger--Background of the Merger."

Capital Resources is an investment banking and financial consulting firm which, as part of its specialization in financial institutions, is regularly engaged in assisting institutions in the search for investors and merger partners, in the negotiation and structuring of merger transactions, and in providing financial valuations and analyses of business enterprises and securities in connection with mergers, acquisitions, mutual-to-stock conversions, initial and secondary stock offerings and other corporate transactions. LGF has utilized the services of Capital Resources in the past. The LGF Board chose Capital Resources because of their expertise, experience and familiarity with LGF and the financial institution industry. Capital Resources reviewed the terms of the Merger, the related financial data and reviewed these issues with the LGF Board and with LGF's executive management. No limitations were imposed on Capital Resources by the LGF Board with respect to the investigation made or procedures followed by it in rendering its opinion. Capital Resources participated in discussions and negotiations among representatives of LGF, First of America and legal advisors.

Capital Resources has rendered a written opinion dated January 4, 1994, stating that the terms of the Merger Agreement are fair, from a financial point of view, to the holders of LGF Common Stock. The full text of the opinion of Capital Resources dated January 4, 1994, which sets forth certain assumptions made, matters considered and limitations on the reviews undertaken, is attached as Exhibit A to this Prospectus/Proxy Statement, and should be read in its entirety in connection with this Prospectus/Proxy Statement. The Summary of the opinion of Capital Resources set forth in this Prospectus/Proxy Statement is qualified in its entirety by reference to the opinion. In the course of rendering its fairness opinion, the following factors were considered by Capital Resources: (1) the Merger Agreement; (2) the audited financial statements of LGF for the fiscal years ended December 31, 1987 through 1992, the unaudited financial statements of LGF for the nine months ended September 30, 1993, as reported in its Report on Form 10-Q, the OTS quarterly reports covering the period through September 30, 1993, the latest available asset/liability reports, business plan, other miscellaneous internally-generated management information reports and, latest summary budget report; (3) the Annual Report to Stockholders and Form 10-K for 1992 which provides a discussion of LGF's business and operations and reviews various financial data and trends; (4) discussions with executive management of LGF regarding the business, operations, recent financial condition and operating

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results and future prospects of LGF; (5) comparisons of LGF's financial condition and operating results with those similarly-sized thrift institutions operating in the Midwest and the U.S.; (6) comparisons of LGF's financial condition and operating performance with the published financial statements and market price data of publicly-traded thrift institutions in general and publicly-traded thrift institutions in LGF's region of the U.S. specifically; (7) the relevant market information regarding shares of LGF Common Stock including trading activity, volume and options to purchase LGF Common Stock; (8) other financial analyses and investigations as deemed necessary, including a comparative financial analysis and review of the financial terms of other pending and completed acquisitions of companies considered to be generally similar to LGF; (9) examination of LGF's economic operating environment and the competitive environment of LGF's market area; (10) available financial reports and financial data for First of America, including annual reports to shareholders, Form 10-K reports covering the fiscal years ended 1988 through 1992, quarterly reports, Form 10-Q reports, internal and regulatory financial reports provided by management of First of America and other published financial data; (11) First of America's banking office network; (12) the pricing trends of First of America Common Stock and dividend payment history; and (13) visited First of America's administrative offices and interviewed senior management regarding First of America's business and prospects. In addition, Capital Resources also considered the following factors: (1) the extent of LGF's revenue diversification and asset, deposit and earnings growth prospects relative to that of First of America; and (2) the size and geographic reach of LGF's office network relative to that of First of America.

Capital Resources assumed and relied upon without independent verification the accuracy and completeness of the information reviewed by it for the purposes of its opinion. Capital Resources did not make any independent

valuation or appraisal of the assets or liabilities of LGF or First of America. Capital Resources assumed without independent verification, that the aggregate allowances and reserves for loan losses of LGF and First of America are adequate to cover such losses. Capital Resources' opinion was necessarily based on economic, market and other conditions as in effect on, and the information made available to it as of, the date of the opinion.

In preparing its fairness opinion, Capital Resources has evaluated whether the financial proposal for acquisition is fair from a financial point of view to the stockholders of LGF. The fairness of the acquisition offer is determined by comparing the offer to acquisition offers received by other comparable types of companies over a time-frame that reflects a similar economic environment. The comparison included an examination of key financial characteristics of the comparative acquisition companies, including balance sheet, earnings and credit risk characteristics.

LGF's key operating statistics and ratios were compared to a select group of thrift institutions, which have also been the subject of a proposed or completed acquisition. It is important to note that the comparative groups utilized in the fairness opinion were comprised only of thrift institutions (rather than commercial banks), given the distinctive financial, operating, and regulatory characteristics of the thrift industry. These thrift institutions were divided into two broad categories for purposes of the analysis: (1) institutions which have recently completed an acquisition; and (2) institutions subject to a pending acquisition. Capital Resources reviewed relevant acquisition pricing ratios, notably offer price-to-book value (and price-to-tangible book value), offer price-to-earnings, offer price-to-market value (or trading price, before the announcement, where available) offer price-to-deposits and offer price-to-assets of the comparative group and compared these ratios to those of LGF. The analysis included a review and comparison of the mean and median pricing ratios represented by a sample of comparative group thrifts concentrated in the midwestern United States as well as other parts of the country.

Based on an assumed offer price of $34.02 for each outstanding share of LGF Common Stock (which is based on First of America's average closing trading price during the last 30 trading days preceding January 4, 1994, as quoted on NYSE, of $ 38.86 per share), the following acquisition pricing ratios resulted for LGF relative to comparative acquisition group: (1) LGF's price/earnings ratio of 17.81 x exceeded the mean and median price/earnings ratios of the comparative group. The mean and median price/ earnings ratios of the comparative group were 13.77 and 13.37 x, respectively; (2) LGF's price/book value ratio of 149.5 percent was moderately higher than the mean and median price/book value ratios of 141.6 and 140.9 percent, respectively, for the comparative group. LGF's tangible price/book value ratio of 149.5 percent, compared with the mean and median ratio of 145.3 and 149.6 percent,

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respectively, for the comparative group; (3) LGF's price/assets ratio of 15.86 percent compared to a mean and median price/assets ratio of 12.95 and 12.34 percent, respectively, for the comparative group; (4) LGF's price/deposits ratio of 18.01 percent compared to a mean and median price/deposits ratio of 15.74 and 14.27 percent, respectively, for the comparative group; and (5) LGF's offer price/trading price ratio of 132.1 percent fell below the mean and median offer price/market value (or trading price) ratios of the comparative group of 146.7 and 134.5 percent, respectively.

Based on its comparative financial analysis and given the factors noted above, Capital Resources concluded that the financial terms of the First of America offer to LGF's stockholders resulted in pricing ratios which were reasonable when compared to the pricing ratios stemming from the comparative acquisition group proposals. This conclusion was also supported by the significant premium being offered to LGF stockholders relative to LGF's stock trading price levels since conversion.

The summary set forth above does not purport to be a complete description of the review and analyses performed by Capital Resources. The preparation of a fairness opinion is not necessarily susceptible to partial analysis or summary description. Capital Resources believes that its analyses must be considered as a whole. Capital Resources may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions.

In performing its analyses, Capital Resources made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of First of America and LGF. Such analyses were prepared solely as part of Capital Resources' analysis of the fairness, from a financial point of view, of the exchange ratios to the holders of LGF Common Stock and were

provided to the LGF Board in connection with the delivery of Capital Resources' opinion. The terms "fair from a financial point of view" is a standard phrase contained in investment banker fairness opinions and refers to the fact that Capital Resources' opinion as to the fairness of the terms of the Merger Agreement are addressed solely to the financial attributes of the Merger Agreement.

As described above, Capital Resources' opinion and presentation to the LGF Board was one of many factors taken into consideration by the LGF Board in making its determination to approve the Merger Agreement. Consequently, the Capital Resources analyses described above should not be viewed as determinative of the LGF Board's conclusions with respect to the value of LGF or of the decision of the LGF Board to agree to the Exchange Ratio and the Option Exchange Ratio.

LGF retained Capital Resources pursuant to an agreement dated August 27, 1993 in accordance with which LGF has paid or will pay to Capital Resources fees of $20,000 and $50,000 for the preparation of an investor Information Report and Fairness Opinion, respectively, which fees shall be applied against an additional fee equal to the sum of 1.00 percent of the aggregate consideration received in an amount less than or equal to 100 percent of tangible book value of LGF on a consolidated basis as of the month end preceding the closing of the Merger ("TBV"), and 1.25 percent of the additional aggregate consideration received in an amount in excess of 100 percent of TBV but less than or equal to 135 percent of TBV, and 3.0 percent of the additional aggregate consideration received in an amount in excess of 135 percent of TBV. Pursuant to the August 27, 1993 engagement agreement, Capital Resources would have been entitled only to the fees for preparation of the Information Report and Fairness Opinion if a transaction were effected with certain specifically identified entities, who previously had expressed a general interest in LGF. The two other entities which submitted proposals to LGF were included among such identified entities. Capital Resources is also to be reimbursed for its reasonable out-of-pocket expenses plus travel expenses in rendering its services and is to be indemnified against certain liabilities to which Capital Resources may become subject in connection with rendering its services.

INTERESTS OF MANAGEMENT.

At December 31, 1993, all directors and executive officers of LGF as a group beneficially owned 326,086 shares or 17.7% of the outstanding shares of LGF Common Stock. No director or any executive officer of LGF owns any First of America Common Stock. None of First of America's executive officers or directors owns any shares of LGF Common Stock.

Certain members of LGF's management and the LGF Board may be deemed to

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have certain interests in the Merger that are in addition to their interests as stockholders of LGF generally. The LGF Board was aware of these interests and considered them, among other matters, in approving the Merger Agreement and the transactions contemplated thereby.

EMPLOYMENT AGREEMENTS. La Grange Federal and LGF have employment agreements with Mr. Weishel. The employment agreements provide for concurrent three year terms. Commencing on the first anniversary date and continuing each anniversary date thereafter, the agreements may be extended for an additional year so that the remaining terms shall be three years. The agreements provide that the base salary of the executive will be reviewed annually. Mr. Weishel's base salary as of September 30, 1993 was $135,000. In addition to the base salary, the agreements provide for, among other things, disability pay, participation in stock benefit plans and other fringe benefits applicable to executive personnel.

The agreements provide for termination by La Grange Federal or LGF for cause at any time. In the event that La Grange Federal or LGF chooses to terminate the executive's employment for reasons other than for cause, or in the event of the executive's resignation from La Grange Federal and LGF upon (1) failure to re-elect the executive to his current offices or board membership, (2) a material change in the executive's functions, duties or responsibilities, or relocation of his principal place of employment, (3) liquidation or dissolution of La Grange Federal or LGF, or (4) a breach of the agreement by La Grange Federal or LGF, the executive, or in the event of death, his beneficiary would be entitled to severance pay or liquidated damages in an amount equal to the salary to which he would be entitled for the remaining term of the agreements.

If termination as described above follows a change in control of La Grange Federal or LGF the executive or in the event of death prior to payment, his beneficiary, would be entitled to a severance payment equal to three times his average compensation (base salary, including bonus and any other cash or deferred compensation paid) over the past three years of employment with La Grange Federal or LGF. La Grange Federal and LGF would also continue the executive's life, health, and disability coverage for 36 months following termination. The Merger would constitute a change in control under the agreements.

If a material change in Mr. Weishel's functions, duties or responsibilities occurs, which change in his position would be the case subsequent to the Merger, and Mr. Weishel terminates employment following the change in control, based upon his current compensation, Mr. Weishel would receive approximately $460,576 in severance payments in addition to other non cash benefits provided under the agreement. The Merger Agreement provides that First of America will honor Mr. Weishel's agreements. In addition, upon such departure Mr. Weishel will be entitled to receive his retirement benefits.

CHANGE IN CONTROL AGREEMENTS. La Grange Federal and LGF have change in control agreements ("CIC") with four executive officers (other than Mr. Weishel). Each CIC provides for a one year term. Commencing on the first anniversary date and continuing on each anniversary thereafter, the CIC may be extended for an additional year by the La Grange Federal Board. Each CIC provides that at any time following a change in control of LGF or La Grange Federal, if the officer's employment is terminated for any reason other than cause, or if the officer terminates his employment following his demotion, loss of title, office or significant authority, a reduction in his compensation, or relocation of his principal place of employment, the officer or, in the event of death, his beneficiary, would be entitled to receive a severance payment equal to his average annual compensation of the past year of his employment with La Grange Federal. La Grange Federal and LGF would also continue the officer's life, health, and disability coverage for the remaining unexpired term of the agreement. The Merger would constitute a change in control under the agreements.

If all the executive officers (other than Weishel) leave after the result of the change in control and the occurrence of one of the other factors represented above, based upon their current compensation, they would receive in the aggregate approximately $360,931 in severance payments.

LA GRANGE BOARD. The Merger Agreement provides that La Grange Federal's Board of Directors will be appointed to the First of America - Kankakee Board of Directors. The La Grange Federal Board of Directors will serve until their successors are elected and duly qualified; provided, however, that notwithstanding the directors age qualification requirement in First of America - Kankakee, directors of La Grange Federal will be eligible to serve until the annual meeting of First of America - Kankakee which follows the

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expiration of two (2) years from the Merger.

In addition, members of La Grange Federal's Board of Directors who were not employed by LGF or La Grange Federal will be deemed retired from such positions as of the consummation of the Merger and will be entitled to receive payments under the La Grange Federal Savings and Loan Association Directors' Consultation and Retirement Plan. Under the plan, each director will receive ten (10) annual installments of $4,500 commencing as of the effectiveness of the Merger, in exchange for consulting services to be provided over that period.

INDEMNIFICATION; INSURANCE. The Merger Agreement provides that First of America will indemnify the directors and officers of LGF against certain liabilities following consummation of the Merger. In addition, the Merger Agreement required First of America to obtain directors and officers' liability insurance for the benefit of the director and officers of LGF for three (3) years after the Merger.

OPTION PLANS AND RECOGNITION AND RETENTION PLANS. LGF maintains an incentive option plan and a directors option plan as well as a recognition and retention plan. Such plans provide for an acceleration of the vesting period upon a change in control. The Merger will constitute such a change in control. See "The Special Meeting, Proxies, Voting, and Certain Shareholders--Certain Shareholders."

SHAREHOLDER APPROVAL. At the Special Meeting, LGF shareholders will vote on approval of the Merger Agreement. Under Delaware Law and LGF's Certificate of Incorporation, the affirmative vote of holders of a

simple majority of the outstanding shares of LGF Common Stock entitled to vote is required for approval of the Merger Agreement. At January 7, 1994, the record date for the Special Meeting, there were 1,762,990 shares of LGF Common Stock outstanding and entitled to vote at the Special Meeting. Therefore, the affirmative vote of holders of at least 881,496 shares of LGF Common Stock is required for approval of the Merger Agreement. A failure to return a properly executed proxy card or to vote in person at the Special Meeting will have the same effect as a vote against the Merger Agreement. As of December 31, 1993, all directors and executive officers of LGF as a group beneficially owned 326,086 shares of LGF Common Stock (or 17.7 percent of the outstanding shares).

RECOMMENDATION OF LGF BOARD OF DIRECTORS. The LGF Board has unanimously approved the Merger Agreement and unanimously recommends that LGF shareholders vote for approval of the Merger Agreement.

NO RIGHTS OF DISSENTING SHAREHOLDERS. Holders of LGF Common Stock who do not vote in favor of approval of the Merger Agreement or who otherwise object to the Merger have no right to demand appraisal of or cash payment for their shares in the event the Merger is consummated.

REGULATORY APPROVALS. Consummation of the Merger is contingent upon obtaining the prior approvals of the Merger by the FRB and the OTS and the prior approval of the Bank Merger by the OCC, the OTS, and the FRB, all without any conditions, which, in the reasonable opinion of First of America, or in certain cases of LGF, are materially adverse. First of America is preparing to submit or has submitted applications for approval of the Merger and the Bank Merger to these regulatory agencies. There can be no assurances that such regulatory approvals will be obtained or as to the timing or conditions of such approval.

FEDERAL INCOME TAX CONSEQUENCES. The Merger Agreement provides, as a condition to the parties' obligations to consummate the Merger, that the parties shall have received an opinion from counsel to First of America that, the Merger will qualify as a tax-free reorganization under the Code and, except with respect to any

cash received in lieu of fractional shares or for shares of LGF Common Stock

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with respect to which dissenters' rights have been exercised, no gain or loss will be recognized by the holders of LGF Common Stock upon receipt of shares of First of America Common Stock in exchange for their shares.

First of America has been advised by letter from its counsel, Howard & Howard Attorneys, P.C. ("Howard & Howard") that in its opinion the Merger would yield the federal income tax consequences described above. Howard & Howard's opinion also states that the Merger would yield the following additional federal income tax consequences.

No gain or loss will be recognized to LGF shareholders who receive First of America Common Stock in exchange for their LGF Common Stock. The basis of the First of America Common Stock received by LGF shareholders will be the same as the basis of the LGF Common Stock surrendered in exchange therefor. The holding period of the First of America Common Stock received by LGF shareholders will include the period during which the LGF Common Stock surrendered in exchange therefor was held, provided that the LGF Common Stock surrendered was held as a capital asset at the time of the exchange. The payment of cash to LGF shareholders in lieu of fractional shares of First of America Common Stock will be treated as if the fractional shares were distributed as part of the exchange and redeemed by First of America. Provided that the LGF Common Stock surrendered in the exchange was held as a capital asset at the time of the exchange, capital gain or loss will be realized and recognized to such shareholder measured by the difference between the redemption price and the adjusted basis of the First of America Common Stock redeemed. Where solely cash is received by a holder of LGF Common Stock who exercises dissenters' rights of appraisal, such cash payment will be treated by that shareholder as a distribution and redemption of his or her LGF Common Stock. Where, as a result of such distribution, a shareholder owns no First of America Common Stock, either directly or through attribution, the redemption will be a complete termination of interest, and such cash will be treated as a distribution in full payment in exchange for his or her shares. Provided that the LGF Common Stock redeemed was held as a capital asset at the time of the redemption, capital gain or loss will be realized and recognized to such shareholder in an amount equal to the difference between the amount of such cash and the adjusted basis of the shares of LGF Common Stock surrendered.

Ordinary income, in an amount equal to the fair market value of the First of America Common Stock received, will be realized by holders of Option Rights, whether incentive stock options or non-qualified stock options, who receive First of America Common Stock in exchange for their Option Rights. The basis of the First of America Common Stock received by holders of Option Rights will be equal to the amount of ordinary income recognized and the holding period will begin on the exchange date.

Howard & Howard's opinion letter is dated January 5, 1994, and is based on facts, laws, regulations, and interpretations as of that date. Therefore, receipt of an additional opinion of Howard & Howard as of a date more proximate to effectiveness of the Merger will be required to satisfy the condition to the parties' obligations to consummate the Merger.

THE DISCUSSION OF FEDERAL INCOME TAX CONSEQUENCES SET FORTH ABOVE IS INCLUDED HEREIN FOR INFORMATIONAL PURPOSES ONLY. THE TAX CONSEQUENCES OF THE MERGER WILL VARY DEPENDING ON THE CIRCUMSTANCES OF THE INDIVIDUAL SHAREHOLDER. EACH SHAREHOLDER SHOULD CONSULT HIS OR HER TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE MERGER, INCLUDING THE APPLICATION AND EFFECT OF STATE AND LOCAL TAX LAWS.

OTHER CONDITIONS TO THE MERGER. Consummation of the Merger is also contingent upon other conditions, including the following: (1) accuracy in all material respects of all financial statements of First of America and LGF required to be furnished to the opposite party; (2) prior receipt by LGF and First of America of favorable opinions of legal counsel to First of America and LGF, respectively, regarding various legal matters in connection with the Merger; (3) compliance in all material respects by First of America and LGF with all terms of the Merger Agreement and receipt by First of America and LGF of officers' certificates from LGF and First of America, respectively, certifying such compliance; (4) excluding payment of expenses and other costs incurred in connection with this transaction, immediately before effectiveness of the Merger, the net worth of LGF as shown by its total

shareholders' equity plus the allowance for loan losses, shall not be less than such amount as set forth in its Consolidated Statement of Condition of June 30, 1993; (5) neither LGF, La Grange Federal nor First of America shall have been made a party to or, to their respective knowledge, threatened by litigation or other proceedings which, in their respective reasonable opinions, are likely to materially adversely affect them, or which materially challenges the Merger;

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(6) there shall have been no material adverse change in the consolidated capitalization or business, properties, or financial condition of First of America, La Grange Federal or LGF; (7) all documents delivered and all proceedings undertaken by First of America and LGF shall be reasonably satisfactory to counsel to LGF and counsel to First of America, respectively; (8) receipt by First of America and LGF of any consents or approvals reasonably necessary, in the respective opinions of First of America and LGF, to consummate the Merger; (9) no stop order proceedings with respect to the Registration Statement shall be pending or threatened; (10) First of America shall have obtained any and all material Blue Sky permits, authorizations, consents or approvals required for the issuance of the First of America Common Stock; and (11) consummation of the Merger shall not violate any order, decree or judgment of any court or governmental body having competent jurisdiction.

BUSINESS OF LGF PENDING THE MERGER. There are additional obligations of LGF which are also conditions to consummation of the Merger. Certain of these obligations provide that from the date of the Merger Agreement to effectiveness of the Merger, LGF and La Grange Federal will: (1) conduct its business in the ordinary course; (2) conduct its business and operate only in accordance with sound banking and business practices, including charging off all loans required to be charged off by banking regulators and regulations, statutes and sound banking practices; (3) remain in good standing with all applicable banking regulatory authorities; (4) maintain an allowance for loan losses at an adequate level based on past loan loss experience and evaluation of potential losses in current portfolios; (5) preserve its existing banking locations; (6) use its best efforts to retain the services of such of its officers and employees that its goodwill and business relationships with customers and others are not materially and adversely affected; (7) maintain insurance covering the performance of their duties by its directors, officers and employees; and (8) consult with First of America prior to acquiring any interest in real property.

Additional terms of the Merger Agreement provide that from the date of the Merger Agreement to effectiveness of the Merger, subject to certain exceptions for contemplated transactions, LGF and its subsidiaries will not, among other things, without the prior written consent of First of America: (1) amend its or their Certificate of Incorporation, Charter or Bylaws; (2) except in connection with the exercise of Option Rights or the Warrant, make any commitment requiring or permitting the issue, sale, purchase, or delivery of its capital stock; (3) increase or reduce the number of shares of its capital stock through a stock split, reclassification, change in par or stated value or stock dividend; (4) close any office or transfer or lease any of its assets or property except in the ordinary course of business; (5) except with respect to amending the director retirement plan of LGF to permit payments to be made to the designated beneficiary or the estate of a deceased director, and except in connection with annual renewal of employment agreements on substantially the same terms as currently in effect, and except in connection with the adoption of bonus plans for 1994 which are substantially on the same terms as bonus plans currently in effect (but which will provide for payment of prorated bonuses for the period between January 1, 1994, and the effective date), adopt, materially modify, or enter into certain employee benefit plans or employment arrangements, or increase wages or salaries other than as part of its normal salary administration plan; (6) other than with respect to sales of REO property less than $250,000, and other than with respect to payments made with respect to the ESOP loan in 1993 and in 1994 in an amount which does not exceed $160,000 in 1993 or $120,000 in 1994, make or enter into any commitment or transaction involving in excess of $50,000, other than loan transactions in the ordinary course of business; (7) pay or declare any cash dividend or other dividend or distribution with respect to its common stock, except that, LGF's subsidiaries shall be permitted to make dividend payments to LGF in accordance with past practices and as permitted by law; (8) mortgage, pledge, or otherwise subject to material lien (except pledges required to permit La Grange Federal to accept deposits of public funds and excluding mechanics' liens), charge, security interest, or other encumbrance of any of its assets, except for liens for taxes not yet due and payable; (9) invite or initiate discussions or negotiations for the acquisition or merger of LGF with any entity other than First of America or its affiliates; (10) cancel or compromise any debt or claim, which has not previously been charged off, other than in the ordinary course of business in an aggregate amount which is not materially adverse; (11) transfer or grant any rights under any leases, licenses or agreements, other than in the ordinary course of business; (12) incur any indebtedness for borrowed money, except for deposit liabilities and except for indebtedness incurred in the ordinary course of business the repayment term of which does not exceed one year;

(13) enter into any transaction other than in the ordinary course of business; and (14) take any action which constitutes a breach or default of its

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obligations under the Merger Agreement or which is reasonably likely to delay or jeopardize the receipt of any of the required regulatory approvals or is reasonably likely to the best of LGF's knowledge to preclude the Merger from qualifying for "pooling of interests" accounting treatment.

TERMINATION, MODIFICATION, AMENDMENT, AND WAIVER. The Merger Agreement may be terminated and the Merger abandoned before the effectiveness of the Merger as follows: (1) by agreement between First of America and LGF authorized by a majority of the entire Board of Directors of each; (2) by First of America or LGF if any condition to effectiveness of the Merger is not fulfilled and not waived by the party adversely affected; (3) by First of America or LGF in the event of a material breach by the opposite party of any representation, warranty, covenant, or agreement contained in the Merger Agreement which has not been cured within 30 days after written notice has been given to the breaching party; (4) by First of America or LGF if the Merger is not consummated on or before July 31, 1994; or (5) by LGF in the event that the average closing trade prices of First of America Common Stock on the NYSE during the last fifteen trading days on which reportable sales of First of America Common Stock took place immediately prior to, but not including, the third business day prior to the effective date of the Merger is less than $34.95.

At any time before effectiveness of the Merger (including the time after shareholder approval of the Merger Agreement), the time for performance may be extended and the covenants, agreements, and conditions of the Merger Agreement may be modified, amended, or waived by the appropriate officers or directors of First of America and LGF. However, after approval of the Merger Agreement by LGF shareholders, any such waiver shall be made by LGF only if, in the opinion of the appropriate officers or directors of LGF, such waiver will not have any material adverse affect on the benefits intended under the Merger Agreement for the shareholders of LGF and will not require resolicitation of any proxies for such shareholders.

EFFECTIVENESS OF THE MERGER. No specific effective date for the Merger is provided by the Merger Agreement. If the Merger Agreement is approved by LGF shareholders, it is expected that the Merger will be consummated as soon as practicable after the requisite regulatory approvals (see "The Merger--Regulatory Approvals") have been received. The Merger will thereafter become effective upon the filing of the appropriate documents with the Delaware Secretary of State.

ACCOUNTING TREATMENT. The parties anticipate accounting for the Merger as a pooling of interests, and it is a condition to First of America's and LGF's respective obligations to consummate the Merger that they shall have received a letter from KPMG Peat Marwick to the effect that the Merger will qualify for pooling of interests accounting treatment.

SURRENDER OF STOCK CERTIFICATES. After effectiveness of the Merger, each holder of certificates theretofore representing validly issued and outstanding shares of LGF Common Stock will surrender his or her certificates to Norwest Stock Transfer, the exchange agent for such shares, and each holder will be entitled upon surrender to receive a certificate representing the whole number of shares of First of America Common Stock into which his or her shares of LGF Common Stock will have been converted and cash (without interest thereon) in lieu of fractional shares of First of America Common Stock. Following effectiveness of the Merger and until surrendered, each outstanding certificate representing LGF Common Stock will be deemed for all corporate purposes, other than payment of dividends previously declared and unpaid or uncollected, to evidence ownership of only the right to receive the First of America Common Stock (and cash in lieu of fractional shares) into which shares of LGF Common Stock will have been converted in the Merger. Unless and until any such certificate is surrendered, the holder thereof will not have any right to receive First of America Common Stock (and cash in lieu of fractional shares) or any dividends otherwise payable on First of America Common Stock. Following surrender, there will be paid to the record holder of any LGF Common Stock the amount of any dividends (without interest thereon) otherwise payable except for failure to surrender.

SURRENDER OF OPTION RIGHTS. LGF and First of America have determined that consent of the option holders will be required in order to permit the conversion of Option Rights into First of America Common Stock. It is expected that such consent will be obtained in advance of the Special Meeting. After effectiveness of the

Merger, each holder of Option Rights will be entitled to receive a certificate representing the whole number of shares of First of America Common Stock (and cash in lieu of fractional shares) into which his or her Option

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RESALE OF THE FIRST OF AMERICA COMMON STOCK. Shares of First of America Common Stock issued to shareholders of LGF will be transferable without restriction upon disposition, except shares issued to any person who may be considered an "affiliate" of LGF, as defined by the rules and regulations of the Commission under the Securities Act. LGF has agreed in the Merger Agreement to furnish at or before the effective date of the Merger an agreement from each such "affiliate" that such person will not make a "distribution" within the meaning of the Commission's Rule 145 of First of America Common Stock received in the Merger and that such stock will be held subject to all applicable provisions of the Securities Act and the rules and regulations of the Commission thereunder. In addition, such agreements will contain prohibitions upon dispositions by affiliates which would prevent the Merger from being accounted for as a pooling of interest. (See "the Merger-Accounting Treatment").

DESCRIPTION AND COMPARISON OF FIRST OF AMERICA CAPITAL STOCK AND LGF CAPITAL STOCK

Holders of LGF Common Stock will, upon consummation of the Merger, become holders of First of America Common Stock. The rights of holders of First of America Common Stock differ in some respects from the rights of holders of LGF Common Stock. These differences are due to differences between the provisions of First of America's Articles of Incorporation and Bylaws and LGF's Certificate of Incorporation and Bylaws and differences between the Michigan Act, under which First of America is incorporated, and the Delaware Law, under which LGF is incorporated. The following discussion describes and compares the material differences between the rights of holders of First of America Common Stock and LGF Common Stock.

FIRST OF AMERICA COMMON STOCK. First of America is authorized to issue 100,000,000 shares of First of America Common Stock, par value $10 per share. At December 31, 1993, there were 59,520,710 shares of First of America Common Stock outstanding, held of record by approximately 28,400 persons. As of that date, there were also outstanding options to purchase 965,700 shares of First of America Common Stock, held by officers of First of America and its subsidiaries.

Subject to the rights of the holders of any First of America Preferred Stock when outstanding (as described below), holders of First of America Common Stock are entitled to receive dividends if and when declared by the Board of Directors out of any funds legally available therefor. Subject to the rights of holders of any First of America Preferred Stock when outstanding, holders of First of America Common Stock are entitled to receive pro rata upon liquidation, dissolution, or winding up all of the assets of First of America remaining after provision for the payment of creditors. Subject to the rights of holders of any First of America Preferred Stock when outstanding to elect additional directors in the case of dividend arrearages, holders of First of America Common Stock are vested with exclusive voting rights, each share being entitled to one vote. Holders of First of America Common Stock have no cumulative voting rights in electing directors. Holders of First of America Common Stock have no preemptive rights to subscribe for any additional shares of capital stock which First of America may issue. First of America Common Stock is neither convertible nor redeemable. All outstanding shares of First of America Common Stock are fully paid and nonassessable and have tandem shareholder rights.

First of America Common Stock is listed for trading on the NYSE (symbol FOA). The high, low, and closing sales prices for First of America Common Stock on December 31, 1993, were $39.375, $39.125 and $39.25, respectively. On October 11, 1993, the last full trading day before public announcement of the Merger, the high, low, and closing sales prices were $41.75, $41.50 and $41.625, respectively. The First of America Common Stock issuable upon consummation of the Merger will be listed for trading on the NYSE.

FIRST OF AMERICA PREFERRED STOCK. First of America is authorized to issue 10,000,000 shares of First of America Preferred Stock, $1.00 stated value. Shares of First of America Preferred Stock are issuable in series with designation, powers, relative rights and preferences as prescribed by First of America's Board of Directors in the resolution providing for the issuance thereof. There are currently no shares of First of America Preferred Stock

outstanding.

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FIRST OF AMERICA SHAREHOLDER RIGHTS PLAN. First of America has reserved 500,000 shares of preferred stock for issuance as Series A Junior Participating Preferred Stock ("Series A Preferred") upon the exercise of certain preferred stock purchase rights (each a "Right") issued to holders of and in tandem with all outstanding shares of the Common Stock. The description and terms of the Rights are set forth in a Rights Agreement ("Rights Agreement"), dated July 18, 1990, between First of America and First of America Bank-Michigan, N.A., as Rights Agent. The Rights Agreement was filed with the Securities and Exchange Commission as an exhibit to the First of America's Registration Statement dated July 18, 1990 on Form 8-A under the Securities Exchange Act of 1934. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement which is incorporated herein by reference.

Generally, the Rights Agreement provides as follows. The Rights are not exercisable until a Distribution Date, which occurs ten days after a person or group (an "Acquiring Person") publicly announces acquisition of or commences a tender offer which may result in the acquisition of beneficial ownership of 10 percent or more of the outstanding shares of First of America Common Stock (a "Stock Acquisition Date"). If, following a Stock Acquisition Date, First of America is merged with or engages in a business combination transaction with the Acquiring Person or the Acquiring Person increases its beneficial ownership of First of America Common Stock by more than one percent or engages in self dealing, then holders of Rights, other than the Acquiring Person, will receive upon exercise of each Right, common stock of First of America or of the entity surviving the merger or business combination or other consideration with a value of two times the exercise price of the right.

First of America may, at its option, at any time after a Stock Acquisition Date and before an Acquiring Person becomes the beneficial owner of more than 50 percent of the outstanding shares of First of America Common Stock, elect to exchange all outstanding Rights for shares of First of America Common Stock at an exchange ratio of one share of First of America Common Stock per Right, subject to adjustment to prevent dilution. At any time until twenty days following the Stock Acquisition Date, First of America may redeem the Rights in whole, but not in part, at a price of $.01 per Right. Until a Right is exercised, the holder thereof, as such, will have no right as a shareholder of First of America, including, without limitation, the right to vote or to receive dividends. Other than those provisions relating to the principal economic terms of the Rights, any of the provisions of the Rights Agreement may be amended by First of America's Board of Directors prior to the Distribution Date.

If issued upon exercise of the Rights, shares of the Series A Preferred will rank junior to the Convertible Preferred. Each share of Series A Preferred shall be entitled to 100 votes on all matters submitted to a vote of the shareholders of First of America. Additionally, in the event First of America fails to pay dividends on the Series A Preferred for four full quarters, holders of the Series A Preferred have certain rights to elect additional directors of First of America. Except as described above, holders of the Series A Preferred have no preemptive rights to subscribe for additional securities which First of America may issue. The Series A Preferred will not be redeemable. Each share of Series A Preferred will, subject to the rights of the Convertible Preferred and any other preferred stock First of America may issue ranking senior to the Series A Preferred, if any, be entitled to preferential quarterly dividends equal to the greater of $10.00, or subject to certain adjustments, 100 times the dividend declared per share of Common Stock. Upon liquidation of First of America, holders of Series A Preferred will, subject to the rights of senior securities, be entitled to a preferential liquidation payment equal to $95.00 per share, plus accrued and unpaid dividends. In the event of any merger, consolidation, or other transaction in which shares of Common Stock are exchanged, each share of Series A Preferred will, subject to the rights of senior

securities, be entitled to receive 100 times the amount received per share of Common Stock. The rights of the Series A Preferred are protected by customary antidilution provisions.

The Rights have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire First of America without conditioning the offer on a substantial number of Rights being acquired. The Rights should not interfere with any merger or other business combination approved by First of America's Board of Directors since the Board of Directors may, at its option, at any time until 20 days following the stock acquisition date redeem all but not less than all of the then outstanding Rights at the redemption price.

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LGF COMMON STOCK. LGF is authorized to issue 5,000,000 shares of LGF Common Stock, $.01 par value. At December 31, 1993, there were 1,762,990 shares of LGF Common Stock outstanding, held of record by 754 holders. As of that date, there were also outstanding 157,220 Option Rights and the Warrant to purchase up to 439,574 shares of LGF Common Stock. (See "The Merger--Related Agreements, Consideration to be Received in the Merger.")

Price quotations of LGF Common Stock are reported on Nasdaq National Market (symbol LGFB). The last sale price reported on December 31, 1993, was $32.75. On October 11, 1993, the last full trading day before public announcement of the Merger, the reported last sale price was $28.50.

Subject to the rights of the holders of any LGF Preferred Stock when outstanding (as described below), holders of LGF Common Stock are entitled to receive dividends when, as, and if declared by the LGF Board out of any funds legally available therefor. Subject to the rights of the holders of any LGF Preferred Stock when outstanding, in the event of liquidation, holders of LGF Common Stock are entitled, after payment of the claims of creditors, to receive pro rata the net assets of LGF. Subject to the rights of the holders of any LGF Preferred Stock when outstanding, holders of LGF Common Stock are vested with all voting power of LGF and are entitled to one vote for each share held. LGF's shareholders do not have cumulative voting rights with respect to the election of directors. Holders of LGF Common Stock do not have any preemptive rights to subscribe for additional shares of capital stock of LGF. LGF Common Stock is neither convertible nor redeemable. All outstanding shares of LGF Common Stock are fully paid and nonassessable.

LGF PREFERRED STOCK. LGF is authorized to issue 1,000,000 shares of preferred stock, $.01 par value ("LGF Preferred Stock"). The LGF Board is authorized to provide for the issuance of the shares of LGF Preferred Stock in series, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences, and rights of the shares of each such series and any qualifications, limitations or restrictions thereof. There are currently no shares of LGF Preferred Stock outstanding.

COMPARISON OF CERTAIN PROVISIONS OF FIRST OF AMERICA'S ARTICLES OF INCORPORATION AND BYLAWS AND LGF'S CERTIFICATE OF INCORPORATION AND BYLAWS

The following discussion describes provisions of First of America's Articles of Incorporation and Bylaws and LGF's Certificate of Incorporation and Bylaws relating to the topics indicated by the captions and then compares the provisions. The discussion is intended to show the similarities and differences in the rights of holders of First of America Common Stock and LGF Common Stock and illustrate the effect of the Merger on LGF shareholders who become First of America shareholders.

BOARD OF DIRECTORS.

FIRST OF AMERICA. The Articles of Incorporation ("Articles") of First of America provide that directors of First of America are divided into three classes, and at each annual meeting of shareholders, one class is elected for a three year term. Under the Articles, the number of directors is fixed from time to time by resolution adopted by a number of directors constituting not less than 80 percent of First of America's full Board of Directors. Subject to the rights of holders of any particular class or series of equity securities of First of America, any newly created directorship resulting from an increase in the total number of authorized directors may be filled by an 80 percent vote of the directors then in office, or by a sole remaining director, or by a majority vote of the shareholders. Any vacancy resulting from death, resignation, retirement, disqualification, removal from office, or other cause may be filled only by an 80 percent

vote of the directors then in office, or by a sole remaining director, or by a majority of the shareholders. Any vacancy resulting from death, resignation, retirement, disqualification, removal from office, or other cause may be filled only by 80 percent vote of the directors the in office, or by a sole remaining director. Any director elected to fill any newly created directorship or vacancy shall serve for the remainder of the full term of the class to which such director has been elected. The Articles provide that directors may be removed only for cause and only by the affirmative vote of holders of not less than 66-2/3 percent of the outstanding shares of capital stock of First of America entitled to vote generally in the election of directors ("Voting Stock"). First of America's Bylaws provide that nomination of directors by shareholders may be made only in person or by proxy at a meeting at which the nominating shareholder is entitled to vote, and only if written notice of such

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shareholder's intent to make such nomination has been received by First of America at least 30 days but not more than 90 days before the anniversary date of the record date for determination of shareholders entitled to vote at the immediately preceding annual meeting of shareholders. The notice must contain certain information as specified in First of America's Bylaws. First of America's Bylaws set forth certain qualifications for any nominee to be eligible to be elected or to serve on its Board of Directors. These qualifications include the requirement that the nominee have a history of conducting his or her own personal and business affairs in a safe and sound manner, in a safe and sound condition, and in accordance with applicable laws and regulations, and without substantial conflicts of interest. The Bylaws require that all nominees complete a qualification, eligibility and disclosure questionnaire in the form approved by First of America's Board of Directors. The Bylaws also set forth procedures pursuant to which the Directors Nominating and Management Succession Committee of the Board of Directors shall determine whether nominees are eligible to serve as directors pursuant to the qualifications set forth in the Bylaws.

LGF. The Certificate of Incorporation ("Certificate") of LGF provides that directors of LGF are divided into three classes, and at each annual meeting of shareholders, one class is elected for a three year term. Under the Certificate, the number of directors is fixed from time to time by resolution adopted by a majority of the then authorized directors. Subject to the rights of holders of any particular class or series of equity securities of LGF, any newly created directorship resulting from an increase in the authorized number of directors may be filled only by a majority vote of the directors then in office. Any vacancy resulting from death, resignation, retirement, disqualification, removal from office, or other cause may be filled only by a majority vote of the directors then in office. Any director elected to fill any newly created directorship or vacancy shall serve for the remainder of the full term of the class to which such director has been elected. The Certificate provides that directors may be removed only for cause and only by the affirmative vote of holders of not less than 80 percent of the outstanding shares of capital stock of LGF entitled to vote generally in the election of directors. LGF's Bylaws provide that nomination of directors may be made by shareholders entitled to vote thereon, only if written notice of such shareholder's nomination has been received by LGF not less than 90 days prior to the date of the annual meeting; provided, however, in the event that less than 100 days notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholders must be received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. The notice must contain certain information as specified in LGF's Bylaws.

COMPARISON. The First of America and LGF provisions regarding number, election, appointment and removal of directors are very similar. These provisions could have the effect of making removal of incumbent management more difficult, and, therefore, may discourage accumulation of a substantial block of common stock by a shareholder and discourage assumption of control by such a shareholder.

ACTION BY SHAREHOLDERS.

FIRST OF AMERICA. First of America's Articles provide that First of America shareholders may not act by written consent without a shareholder meeting. Special meetings called by shareholders may be called only by holders of not less than 66-2/3 percent of the Voting Stock, and such meetings require 30 days prior notice stating all purposes of the meeting. First of America's Bylaws provide that only such business as set forth in a notice of a special meeting of shareholders shall be conducted at the meeting. First of America's Bylaws set forth procedures for shareholders to give notice of matters proposed to be brought before the annual meeting of shareholders. These procedures require that the shareholder's notice be received by First of America's Secretary at least 30 but not more than 90 days before the anniversary of the record date for determination of shareholders entitled to vote at the

immediately preceding annual meeting of shareholders. The notice must include information about the business desired to be brought before the annual meeting, and any material interest of the shareholder therein, and the shareholder's beneficial ownership of First of America's securities.

LGF. LGF's Certificate provides that LGF shareholders may not act by written consent. Further, LGF's Certificate and Bylaws provide that a special shareholders' meeting may be called only by LGF's Board pursuant to a resolution adopted by a majority of the total number of directors then authorized. LGF's Bylaws provide that at any special meeting of the

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shareholders, only such business shall be conducted as shall have been brought before the meeting by or at the direction of the LGF Board. LGF's Bylaws set forth procedures for shareholders to give notice of matters proposed to be brought before the annual meeting of shareholders. These procedures require that the shareholders' notice be received by LGF's secretary at least 90 days prior to the date of the annual meeting; provided, however, that in the event that less than 100 days notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder, to be timely, must be received no later then the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. The notice must include information about the business desired to be brought before the annual meeting, any material interest of the shareholder therein, and the shareholders' beneficial ownership of LGF securities.

COMPARISON. First of America's Articles require the affirmative vote of 66-2/3 percent of the Voting Stock to call a special shareholder's meeting; LGF's Certificate provides that a special shareholder's meeting may be called only by LGF's Board. The First of America and LGF provisions relating to matters to be brought before the annual meeting of shareholders both require significant advanced notice and information regarding the matter. These provisions may have the effect of assisting incumbent management in retaining their positions and discouraging business combination transactions, such as a merger, which management does not first approve.

SUPERMAJORITY APPROVAL OF CERTAIN TRANSACTIONS.

FIRST OF AMERICA. Under First of America's Articles, except where a greater vote is required by the Fair Price Act (as defined below, see "Comparison of The Michigan Business Corporation Act and The Delaware General Corporation Law--Transactions with Interested Shareholders"), the affirmative vote of 66-2/3 percent of the Voting Stock and a majority of the Voting Stock not held by the beneficial owner of 10 percent or more of the Voting Stock of First of America (an "Interested Shareholder") is required to approve certain business combination transactions with an Interested Shareholder not approved by First of America's Board of Directors, unless the price per share to be received by all shareholders is at least equal to the price paid for shares of Voting Stock purchased by the Interested Shareholder within the preceding two years. The Articles also provide that any merger with another corporation other than a subsidiary, sale or disposition of substantially all assets, or liquidation or dissolution requires the affirmative vote of at least 66-2/3 percent of the Voting Stock, unless it is approved by a majority of the First of America's Directors, other than those affiliated with the other party to the transaction.

LGF. Under LGF's Certificate, an affirmative vote of 80 percent of the then outstanding shares of stock of LGF entitled to vote in the election of directors ("LGF Voting Stock") is required to approve certain business combination transactions with a beneficial owner of 10 percent or more of the LGF Voting Stock when the combination has not been approved by LGF's Board. Voting requirements for business combinations with disinterested parties are not provided in either of LGF's Certificate or Bylaws, and, therefore, the Delaware Law's requirement of an affirmative vote of the majority of all shares entitled to vote and of each class entitled to vote as a class would apply to such a transaction.

COMPARISON. The First of America and LGF provisions relating to business combinations with interested shareholders may have the effect of giving a minority shareholder or group of shareholders, including management, the ability to defeat a transaction which may be desired by or viewed as beneficial to other shareholders. The provisions of LGF's Certificate establish a higher shareholder approval requirement, 80 percent for LGF versus 66-2/3 percent for First of America, make it more difficult for an interested shareholder of LGF than for an interested shareholder of First of America to force a business combination without management approval. First of America's provisions relating to business combinations not involving an interested shareholder, however, are more restrictive

than LGF's provisions, as the First of America provisions require a 66-2/3 percent approval from shareholders unless management approves whereas the LGF provisions simply require approval by a majority of all shares entitled to vote and a majority of each class entitled to vote.

AMENDMENT OR REPEAL OF CERTAIN PROVISIONS.

FIRST OF AMERICA. The provisions of First of America's Articles described herein may be amended or repealed only by the affirmative vote of at

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least 66-2/3 percent of the Voting Stock. The provisions of First of America's Bylaws described above and certain other by-law provisions may be amended or repealed only by the affirmative vote of at least 66-2/3 percent of the Voting Stock or 80 percent of First of America's full Board of Directors.

LGF. The certain provisions of LGF's Certificate described herein may be amended only by the affirmative vote of at least 80 percent of the outstanding shares entitled to vote on the proposed amendment. The LGF Bylaws may be amended by a majority of the LGF Board and by the affirmative vote of at least 80 percent of the outstanding shares entitled to vote generally in the election of directors.

COMPARISON. The First of America and LGF provisions regarding amendments to their respective Articles, Certificate and Bylaws are similar except for the amount of vote required.

OTHER PROVISIONS.

FIRST OF AMERICA. First of America's Articles provide that when the Board of Directors is evaluating a tender or exchange offer of another person, an offer to merge, or to purchase all the assets of First of America, it shall consider all relevant factors including the social and economic effects on employees, customers, suppliers, and other constituencies and on the communities in which First of America operates or is located. This provision of First of America's Articles may allow First of America's Board of Directors to use the factors stated as a basis for rejecting an offer that, judged strictly on its financial terms, may be desirable by First of America shareholders.

LGF. LGF has a similar provision in its Certificate.

OVERALL COMPARISON AND EFFECTS OF FIRST OF AMERICA PROVISIONS.

LGF's Certificate and Bylaws and First of America's Articles and Bylaws both generally contain provisions that may have the effect of discouraging, delaying, deterring, or preventing a change in control through a business combination transaction or otherwise. These provisions may also have the effect of making incumbent management more difficult to remove and may discourage accumulations of significant blocks of common stock. However, First of America's intent in implementing the provisions described above was not to discourage proposals involving a change in control of First of America, but to encourage the makers of such proposals to negotiate with First of America's management and Board of Directors so that they can act in the best interest of shareholders.

COMPARISON OF THE MICHIGAN BUSINESS CORPORATION ACT AND THE DELAWARE GENERAL CORPORATION LAW

If the Merger is consummated, LGF shareholders will become shareholders of First of America. First of America is a Michigan corporation incorporated under the Michigan Act. LGF is a Delaware corporation incorporated under the Delaware Law. The following discussion summarizes material differences between the Michigan Act and the Delaware Law with respect to rights of shareholders.

DISSENTERS' RIGHTS OF APPRAISAL.

In both Michigan and Delaware, a shareholder who does not vote in favor of certain corporate actions has the right to receive cash in exchange for such shareholder's stock. This right is known as the "right to dissent" in Michigan or "appraisal rights" in Delaware.

MICHIGAN ACT. The Michigan Act recognizes rights to dissent in connection with certain amendments to the articles if incorporation, mergers, consolidation, and sales or other dispositions of all or substantially all of the assets of a corporation. Under the Michigan Act, rights to dissent from a corporate action (including a merger or consolidation) are not available as to shares listed on a national securities exchange (such as First of America Common Stock) or held of record by not less than 2,000 persons on the record date fixed to determine the shareholders entitled to vote on the corporate action. Further, rights to dissent are not available in connection with mergers or consolidations pursuant to which shareholders receive cash or shares of stock which shares of stock to be received are listed on a national securities exchange or are held of record by not less than 2,000 persons on the record date fixed to determine the shareholders entitled to vote on the merger or consolidation.

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DELAWARE LAW. Under the Delaware Law, appraisal rights are available for the shares of stock of a constituent corporation in certain mergers. Unless the corporate charter otherwise provides, appraisal rights are not available under Delaware Law as a result of an amendment to a corporation's certificate of incorporation or the sale of all or substantially all of the assets of the corporation. Under the Delaware Law, no appraisal rights are available for the shares of any stock which, at the record date fixed to determine the stockholder entitled to receive notice of and to vote at the meeting of stockholders to act upon the agreement of merger or consolidation, were listed on a national securities exchange, designated as a Nasdaq National Market security or held of record by more than 2,000 stockholders. Notwithstanding the foregoing, appraisal rights are available for the shares of any class of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation to accept in exchange anything except (1) shares of stock of the corporation surviving or resulting from such merger or consolidation; (2) shares of stock of any other corporation which at the effective date of the merger or consolidation will be either listed on a national securities exchange, designated as a Nasdaq National Market security or held of record by more than 2,000 stockholders; (3) cash in lieu of fractional shares of the corporations described in the foregoing clauses (1) and (2); or (4) any combination of the foregoing. LGF shareholders do not have dissenters' rights with respect to the Merger. See "The Merger--No Rights of Dissenting Shareholders."

SUPERMAJORITY VOTING PROVISIONS.

MICHIGAN ACT. Under the Michigan Act, supermajority voting provisions (which require a greater-than-majority vote in order to take certain actions) may be included in a corporation's articles of incorporation. Adding a supermajority voting provision to the articles of incorporation requires a simple majority vote of approval by shareholders. Changing or eliminating a supermajority voting provision, however, requires the same supermajority shareholder approval as contained in the provision being changed or eliminated.

DELAWARE LAW. Under Delaware Law, supermajority voting provisions (which require a vote greater than that required by statute in order to take certain actions) may be included in a corporation's certificate of incorporation. Adding a supermajority voting provision to the certificate of incorporation requires a simple majority vote by shareholders. Changing or eliminating a supermajority voting position requires the same simple majority shareholder approval unless the certificate of incorporation specifically requires a higher vote.

ACTION WITHOUT A MEETING.

MICHIGAN ACT. Under the Michigan Act, a corporation's articles of incorporation may provide that shareholders may take action without a meeting and without a vote if consent in writing to the action taken is given by holders of at least the minimum number of shares that would be required to vote for approval of such action at a meeting. If a corporation's articles do not contain a provision such as that described above, then unanimous consent by holders of all shares that would be entitled to vote on the action at a meeting is required to take action without a meeting and a vote.

DELAWARE LAW. Under the Delaware Law, unless the certificate of incorporation otherwise provides, an action required by law to be taken at an annual or special meeting of the stockholders may be taken without a meeting, without prior notice and without a vote, if the holders of outstanding shares having the minimum number of votes that would be necessary to take the action at a meeting have consented in writing to the action.

TRANSACTIONS WITH INTERESTED SHAREHOLDERS.

MICHIGAN ACT. The Fair Price Act, which forms a part of the Michigan Act, provides that a supermajority of 90 percent of the shareholders and no less than two-thirds of the votes of noninterested shareholders must approve a "business combination." The Fair Price Act defines a "business combination" to encompass any merger, consolidation, share exchange, sale of assets, stock issue, liquidation, or reclassification of securities involving an "interested shareholder" or certain "affiliates." An "interested shareholder" is generally defined as any person who owns 10 percent or more of the outstanding voting shares of the corporation. An "affiliate" is a person who directly or indirectly controls, is controlled by, or is under common control with, a specified person.

The supermajority vote required by the Fair Price Act does not apply to business combinations that satisfy certain conditions. These conditions

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include, among others, that (1) the purchase price to be paid for the shares of the corporation is at least equal to the highest of either (a) the market value of the shares or (b) the highest per share price paid by the interested shareholder within the preceding two-year period or in the transaction in which the shareholder became an interested shareholder, whichever is higher; and (2) once becoming an interested shareholder, the person does not become the beneficial owner of any additional shares of the corporation except as part of the transaction which resulted in the interested shareholder becoming an interested shareholder or by virtue of proportionate stock splits or stock dividends.

The requirements of the Fair Price Act do not apply to a business combination with the interested shareholder that the board of directors has approved or exempted from the requirements of the Fair Price Act by resolution at any time prior to the time that the interested shareholder first became an interested shareholder.

DELAWARE LAW. The Delaware Law provides that if a person acquires 15 percent or more of a Delaware corporation's voting stock (thereby becoming an "interested stockholder"), such stockholder may not engage for three years after such acquisition in certain enumerated transactions with the corporation (a "business combination") unless one of three exceptions is satisfied: (1) prior to the date such person became an interested shareholder, the board of directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder; (2) upon consummation of the transaction which resulted in such person becoming an interested stockholder, such person owned at least 85 percent of the corporation's voting stock outstanding at the time the transaction commenced (excluding shares owned by directors who are also officers and shares owned by employee stock plans in which participants do not have the right to determine confidentially whether shares will be tendered in a tender or exchange offer); or (3) the business combination is approved by the board and authorized by the affirmative vote of a stockholder's meeting (a written consent cannot be used for this purpose) of at least 66-2/3% of the outstanding voting stock not owned by the interested stockholder.

CONTROL SHARE ACQUISITIONS.

MICHIGAN ACT. Under the Shareholder Equity Act, which forms a part of the Michigan Act, "Control Shares" of an "issuing public company" purchased by a shareholder or group of shareholders may be voted only to the extent approved (1) by a majority of the outstanding voting shares and (2) a majority of the outstanding voting shares excluding shares held by the acquiring person or group and shares held by officers and employees/directors of the issuing public company. "Control Shares'' are shares that, when added to other shares owned by the person or group, would entitle such person or group to exercise voting power of an issuing public company in the election of directors within any of the following ranges of voting power: (1) one-fifth or more but less than one-third of all voting power; (2) one-third or more but less than a majority of all voting power; or (3) a majority of all voting power. An "issuing public company" is one that has (1) 100 or more shareholders of record, (2) its principal place of business, its principal office or substantial assets in Michigan and (3) either (a) more than 10 percent of its

shareholders of record reside in Michigan, (b) more than 10 percent of its shares owned of record by Michigan residents or (c) 10,000 shareholders of record residing in Michigan.

The Board of Directors of First of America has amended its Bylaws to provide, as authorized by the Shareholder Equity Act, that Control Shares held by a Control Shares acquiror who has not filed an acquiring person statement with First of America are subject to redemption and that Control Shares which have not been accorded full voting rights after a vote, as provided in the Act, are subject to redemption. The redemption price is the highest price per share which the Control Share acquiror has paid for the Control Shares.

DELAWARE LAW. The Delaware Law does not contain any provision similar to those of the Michigan Act with respect to control share acquisitions other than as discussed above under "Transactions with Interested Shareholders."

INFORMATION ABOUT FIRST OF AMERICA

GENERAL. First of America is a corporation organized under the Michigan Act and a bank holding company registered under the Bank Holding Company Act. Its principal activity consists of owning and supervising 20 affiliate financial institutions which operate general commercial banking

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businesses from 574 offices and facilities located in Michigan, Illinois, and Indiana. First of America owns 9 banks located in Michigan with combined assets of $12.8 billion at September 30, 1993. First of America owns 9 banks located in Illinois with combined assets of $7.0 billion at September 30, 1993. First of America also owns two banks in Indiana with combined assets of $1.3 billion at September 30, 1993. First of America also has divisions and non-banking subsidiaries which provide mortgage, trust, data processing, pension consulting, discount securities brokerage, revolving credit and investment advisory services. First of America owns all of the outstanding stock of Acquisition Sub. At September 30, 1993, First of America had consolidated assets of $21.1 billion, deposits of $18.5 billion, and shareholders' equity of $1.5 billion.

First of America is frequently in the process of examining potential acquisitions or merger candidates. Several potential acquisitions or mergers are often at different stages of development and negotiation at any one time. No assurance can be given that First of America will or will not consummate any such acquisitions or mergers.

First of America was incorporated in 1971 by its lead bank, First of America Bank-Michigan, N.A., Kalamazoo, Michigan, which was established in 1863. It became a bank holding company in 1972 in a transaction in which First of America Bank-Michigan, N.A. and two other banks became wholly owned affiliates. First of America became a savings and loan holding company on July 31, 1990, through the acquisition of a federally chartered stock savings association which has since been merged with one of First of America's affiliate commercial banks.

As the parent company, First of America provides certain management functions to its affiliate financial institutions relating to loan policies and procedures, profit planning and accounting, external and internal audit, legal advice and compliance with government regulations, and general coordination of investment, trust, and human resources administration, data processing, and product development activities.

First of America's affiliate financial institutions offer a broad range of lending, depository, and related financial services to individual, commercial, industrial, financial, and governmental customers, including demand, savings, and time deposits, secured and unsecured loans, lease financing, letters of credit, money transfers, corporate and personal trust services, cash management, and other financial services.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE. Additional information about First of America, including certain financial information, information about voting securities of First of America and principal holders thereof, and information about directors and executive officers of First of America, is included in the documents

filed by First of America with the Commission and the NYSE under the Exchange Act and incorporated herein by reference. See "Incorporation of Certain Documents by Reference."

INFORMATION ABOUT LGF

GENERAL. LGF was incorporated in 1992 in Delaware and is a savings and loan holding company subject to regulation by the OTS, the Federal Deposit Insurance Corporation ("FDIC") and the SEC. LGF was organized, for the purpose of acquiring all of the capital stock of La Grange Federal subsequent to La Grange Federal's conversion from a mutual to stock form of ownership. This event was completed on June 18, 1992. Currently, LGF does not transact any material business other than through its sole subsidiary, La Grange Federal. La Grange Federal was founded in 1925 as an Illinois chartered savings and loan association headquartered in La Grange, Illinois. In 1934, the institution converted to a federally chartered and insured savings and loan association. La Grange Federal is a member of the Federal Home Loan Bank System and its deposit accounts are insured up to applicable limits by the FDIC. At September 30, 1993, La Grange Federal had total assets of $405.2 million and stockholders' equity of $35.9 million (8.87% of total assets).

La Grange Federal's principal business is attracting retail deposits

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from the general public and investing these deposits, together with funds generated from operations and borrowings, primarily in one- to four-family residential mortgage loans and, to a lesser extent, consumer loans, mortgage-backed securities, U.S. Government and federal agency securities and other marketable securities. La Grange Federal's revenues are derived principally from interest on its mortgage loan and mortgage-backed securities portfolio and earnings on its investment securities. La Grange Federal's primary sources of funds are deposits, principal and interest payments on loans and mortgage-backed securities and, to a lesser extent, borrowings.

MARKET AREA. La Grange Federal is a community-oriented financial institution offering a variety of financial services to meet the needs of the communities it serves. La Grange Federal currently operates out of its main office located in La Grange and its branch offices located in Cook and DuPage Counties, Illinois. La Grange Federal's deposit-gathering base is concentrated in the communities surrounding its offices while its lending base extends throughout west suburban Cook County and central DuPage County. La Grange Federal also on occasion purchases loans outside of its lending area. La Grange Federal's offices are located in middle- to upper-class communities, consisting of residential neighborhoods of predominantly one- to four-family residences.

LENDING ACTIVITIES.

LOAN AND MORTGAGE-BACKED SECURITIES PORTFOLIO COMPOSITIONS. La Grange Federal's loan portfolio composition consists primarily of conventional fixed-rate and adjustable-rate first mortgage loans secured by one- to four-family residences. Although La Grange Federal does not usually originate, purchase or participate in construction loans, it loans funds to the real estate development joint venture of its subsidiary for the purpose of constructing residential homes.

LGF on a consolidated basis also invests in mortgage-backed securities. All of the mortgage-backed securities in the portfolio at December 31, 1992 were insured or guaranteed by either the Government National Mortgage Association ("GNMA"), the Federal National Mortgage Association ("FNMA") or the Federal Home Loan Mortgage Corporation ("FHLMC").

The following table sets forth the composition of LGF's mortgage and other loan portfolios and mortgage-backed securities portfolios in dollar amounts and in percentages at the dates indicated.

<TABLE>
<CAPTION>

	At December 31,					
	1992		1991		1990	
($ in thousands)	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Total
Mortgage loans:						
One- to four family	$197,025	94.04%	$216,245	94.32%	$220,378	94.68%
Other mortgage loans:						
Commercial real estate . .	1,168	.57	1,199	.52	1,386	.60
Multi-family	593	.28	906	.39	967	.41
Land	195	.09	195	.09	-	-
Total mortgage loans . .	198,981	94.98	218,545	95.32	222,731	95.69
CONSUMER AND OTHER LOANS:						
Home equity	7,004	3.34	6,556	2.86	5,727	2.46
Credit cards	1,248	.60	1,259	.55	998	.43
Home improvement	353	.17	697	.30	922	.39
Student loans	484	.23	669	.29	768	.33
Share	428	.20	471	.21	464	.20
Automobile	208	.10	275	.12	444	.19
Commercial and other	796	.38	795	.35	715	.31
Total other loans	10,521	5.02	10,722	4.68	10,038	4.31

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Gross loans receivable . . .	209,502	100.00%	229,267	100.00%	232,769	100.00%
LESS:						
Loans in process	123		10		90	
Unearned discounts, premiums and deferred loan fees, net	2,289		2,138		1,858	
Allowance for possible loan losses	723		450		60	
Loan receivable, net	$206,367		$226,669		$230,761	
MORTGAGE-BACKED SECURITIES:						
FHLMC	$ 12,299		$ 6,240		$ 24,140	
FNMA	17,703		2,223		-	
GNMA	24,427		5,706		2,018	
Total mortgage-backed securities	54,429		14,169		26,158	
Net premiums (discounts) .	334		233		(173)	
Net mortgage-backed securities	$ 54,763		$ 14,402		$ 25,985	
MORTGAGE-BACKED SECURITIES HELD FOR SALE:						
FNMA	$ 13,967		-		-	
FHLMC	11,963		$ 21,591		-	
Total mortgage-backed securities held for sale	25,930		21,591		-	
Net premiums (discounts) .	(125)		(147)		-	
Valuation allowance	(94)		-		-	
Net mortgage-backed securities held for sale	$ 25,711		$ 21,444		-	

</TABLE>

<TABLE>
<CAPTION>

<S> ($ in thousands)	At December 31, 1989 Amount <C>	1989 Percent of Total <C>	1988 Amount <C>	1988 Percent of Total <C>
Mortgage loans:				
One- to four family	$200,352	94.75%	$185,219	95.17%
Other mortgage loans:				
Commercial real estate . .	2,119	1.00	1,638	.84
Multi-family	1,047	.50	1,121	.58
Land	-	-	-	-
Total mortgage loans . .	203,518	96.25	187,978	96.59
CONSUMER AND OTHER LOANS:				
Home equity	3,875	1.84	2,585	1.33
Credit cards	370	.17	-	-
Home improvement	1,011	.48	805	.41
Student loans	976	.46	1,209	.62
Share	537	.25	694	.36
Automobile	711	.34	870	.44
Commercial and other	452	.21	483	.25
Total other loans	7,932	3.75	6,646	3.41

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Gross loans receivable . . .	211,450	100.00%	194,624	100.00%
LESS:				
Loans in process	62		201	
Unearned discounts, premiums and deferred loan fees, net	1,346		676	
Allowance for possible loan losses	-		-	
Loan receivable, net	$210,042		$193,747	
MORTGAGE-BACKED SECURITIES:				
FHLMC	$ 26,582		$ 29,329	
FNMA	-		-	
GNMA	2,173		2,226	
Total mortgage-backed securities	28,755		31,555	
Net premiums (discounts) .	(189)		(209)	
Net mortgage-backed securities	$ 28,566		$ 31,346	
MORTGAGE-BACKED SECURITIES HELD FOR SALE:				
FNMA	-		-	
FHLMC	-		-	
Total mortgage-backed securities held for sale	-		-	
Net premiums (discounts) .	-		-	
Valuation allowance	-		-	
Net mortgage-backed securities held for sale	-		-	

</TABLE>

LOAN ORIGINATIONS AND LOAN AND MORTGAGE-BACKED SECURITIES PURCHASES, SALES AND SERVICING. La Grange Federal originates primarily fixed-rate loans and to a lesser extent ARM loans, the amount of which is dependent upon relative customer demand as well as current and expected future levels of interest rates. La Grange Federal has not experienced a significant demand for ARMs in its lending area and has consequently purchased ARMs originated outside of its lending area. La Grange Federal purchases loans that generally meet La Grange Federal's underwriting standards, which are secured by first mortgages on owner-occupied one- to four-family residences located primarily in New England and California. At December 31, 1992, the amount of purchased loans secured by property outside La Grange Federal's lending area was $19.2 million.

During 1991, La Grange Federal swapped $15.0 million in fixed rate mortgage loans originated in 1988 and 1989 for FHLMC participation certificates which were subsequently sold. During 1992 and 1990, La Grange Federal did not sell any of its loans. Prior to 1990, La Grange Federal sold loans with a remaining outstanding balance of approximately $9.6 million at December 31, 1992 to the FHLMC with recourse to La Grange Federal. In the event the borrowers default on such loans, the FHLMC has the right to return them to La Grange Federal. At December 31, 1992, the amount of residential mortgage loans serviced for others totaled $14.2 million.

The following table sets forth the loan originations and loan and mortgage-backed securities purchases, sales and principal repayments for the periods indicated:

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(in thousands)	Year Ended December 31, 1992	1991	1990
Mortgage loans (gross):			
At beginning of period	$218,545	$222,731	$203,518
Mortgage loans originated:			
One- to four-family	58,999	43,715	41,856
Commercial real estate	901	-	-
Land	-	195	-
Total mortgage loans originated	59,900	43,910	41,856
Mortgage loans purchased:			
One- to four-family	-	2,799	2,008
Total mortgage loans originated and purchased	59,900	46,709	43,864
Principal repayments	(79,464)	(35,912)	(24,651)
Mortgage loans swapped for mortgage-backed securities	-	(14,983)	-
At end of period	$198,981	$218,545	$222,731
Consumer and other loans (gross):			
At beginning of period	$ 10,722	$ 10,038	$ 7,932
Other loans originated	4,905	3,821	4,329
Principal repayments	(5,106)	(3,137)	(2,223)
At end of period	$ 10,521	$ 10,722	$ 10,038
Mortgage-backed securities (net):			
At beginning of period	$ 14,402	$25,985	$ 28,566
Purchases	44,565	15,341	-
Mortgage loans swapped for mortgage-backed securities	-	14,983	-
Transferred to held for sale	-	(21,444)	-
Amortization of (premiums) and discounts, net	(7)	259	17
Sales(1)	-	(16,992)	-
Principal repayments	(4,197)	(3,730)	(2,598)
At end of period	$ 54,763	$ 14,402	$ 25,985

(1) Includes $14,983 of mortgage loans swapped for mortgage-backed securities.

The following table sets forth at December 31, 1992, the dollar amount of all loans and mortgage-backed securities due after December 31, 1993, and whether such loans or mortgage-backed securities have fixed interest rates or adjustable interest rates.

(In thousands)	Due After December 31, 1993 Fixed(1)	Adjustable	Total

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Mortgage loans	$166,531	$ 32,330	$198,861
Consumer and other loans	3,016	6,940	9,956
Total loans receivable	169,547	39,270	208,817
Mortgage-backed securities(2)	30,354	50,120	80,474
Total loans receivable and mortgage-backed securities	$199,901	$ 89,390	$289,291

- ----------------------

</TABLE>
(1) Includes loans with rates that adjust once during the life of the loan ("two-step loans").
(2) Includes $25.8 million of fixed interest rate mortgage-backed securities held for sale.

LOAN MATURITY AND REPRICING. The following table shows the maturity or period to repricing of the loan and mortgage-backed securities portfolio at December 31, 1992, except for mortgage-backed securities held for sale which are categorized based on the earlier of maturity or period of planned disposition. Loans that have adjustable rates are shown as being due in the period during which the interest rates are next subject to change. The table does not include prepayments or scheduled principal amortization. Principal repayments on loans receivable and mortgage-backed securities totaled $88.8 million, $42.8 million and $29.5 million, for the years ended December 31, 1992, 1991 and 1990, respectively.

(In thousands)	At December 31, 1992			
	Mortgage Loans			
	One- to Four-Family	Land and Commercial Real Estate	Multi-Family	Consumer and Other Loans
Amounts due:				
Within 1 year	$ 30,153	$ 406	$165	$ 8,060
After 1 year:				
1 to 3 years	1,850	250	92	1,768
3 to 5 years	4,357	551	20	144
5 to 10 years	14,992	48	316	225
10 to 20 years	61,847	--	--	324
Over 20 years	83,826	108	--	--
Total due after 1 year	166,872	957	428	2,461
Total amounts due	$197,025	$1,363	$593	$10,521

At December 31, 1992		
Totals		
Total Loans	Mortgage-Backed	Mortgage-Backed

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(In thousands)	Receivable, Gross	Securities Held for Sale, Net	Securities Held for Investment, Net	Total
<S>	<C>	<C>	<C>	<C>
Amounts due:				
Within 1 year	$ 38,784	$ 5,995	$ --	$ 44,779
After 1 year:				
1 to 3 years	3,960	19,716	9	23,685
3 to 5 years	5,072		1,987	7,059
5 to 10 years	15,581		105	15,686
10 to 20 years	62,171		943	63,114
Over 20 years	83,934	--	51,719	135,653
Total due after 1 year .	170,718	25,711	54,763	245,197
Total amounts due . . .	$209,502	$25,711	$54,763	$289,976

</TABLE>

ONE- TO FOUR-FAMILY MORTGAGE LOANS. La Grange Federal offers first mortgage loans secured by one- to four-family residences in La Grange Federal's lending area. Typically, such residences are single-family homes that serve as the primary residence of the owner. La Grange Federal offers a minimum one- to four-family residential loan of $10,000, which may be waived under certain circumstances, and a maximum loan of $500,000. La Grange Federal generally originates one- to four-family residential mortgage loans in amounts up to 80% of the appraised value or selling price of the mortgaged property. Loans may be originated in amounts up to 90% of the appraised value or selling price of the mortgaged property, provided that the loan amount does not exceed $203,100, the property is owner occupied, and private mortgage insurance is provided on the amount in excess of 80%.

Loan originations are generally obtained from existing or past customers, members of the local community, and referrals from established builders and realtors within La Grange Federal's lending area. Mortgage loans originated and held by La Grange Federal in its portfolio generally include due-on-sale clauses which provide La Grange Federal with the contractual right to deem the loan immediately due and payable in the event that the borrower transfers ownership of the property without La Grange Federal's consent.

La Grange Federal currently offers ARM loans, which adjust every one or three years. La Grange Federal's ARM loans may carry an initial interest rate which is slightly less than the fully-indexed rate for the loan. The initial discounted rate is determined by La Grange Federal in accordance with market and competitive factors and as of December 31, 1992 was below the fully indexed rate. La Grange Federal's one-year and three-year ARM loans generally adjust by a maximum of 2.00% per adjustment, with a lifetime cap of 6% on increases. ARM loans are originated for a term up to 30 years. La Grange Federal currently charges origination fees of 1.00% for one- to four-family residential ARM loans in addition to nominal service charges.

Generally, ARM loans pose credit risks different than the risks inherent in fixed-rate loans, primarily because as interest rates rise, the underlying payments of the borrower rise, thereby increasing the potential for default. At the same time, the marketability of the underlying property may be adversely affected by higher interest rates. To minimize risks, borrowers of one-year ARM loans are qualified at the fully-indexed rate. La Grange Federal does not originate ARM loans which provide for negative amortization.

La Grange Federal currently originates primarily fixed-rate mortgage loans. Interest rates and origination fees charged on fixed-rate loans are competitively priced based on the term of the loan, market conditions and the cost of funds. La Grange Federal's origination fees range from 0.00% to 2.50% on fixed-rate one- to four-family residential mortgage loans in addition to nominal service charges. La Grange Federal's fixed-rate mortgage loans currently are made for terms of 15 and 30 years.

La Grange Federal presently offers a "two-step" mortgage loan program: a "5/25" loan. The initial interest rate for the five-year period is determined by market conditions. At the end of the fifth year, the interest rate for the remaining 25 years is adjusted at .50% over the FHLMC secondary

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market rate.

La Grange Federal also originates a limited number of loans secured by second liens on one- to four-family residences. These loans generally are originated as a fixed-rate loan with terms up to 10 years. An origination fee is charged. Such loans are only made on owner-occupied, one- to four-family, residences and the property may not be encumbered by other than a first mortgage. These loans are generally subject to an 80% combined loan-to-value limitation, including any other outstanding mortgages or liens.

OTHER MORTGAGE LOANS. La Grange Federal also originates to a limited extent commercial real estate, multi-family, construction, and land loans. These loans are not a significant part of La Grange Federal's lending activities. In connection with construction loans, La Grange Federal has issued certain letters of credits.

CONSUMER AND OTHER LOANS. La Grange Federal also offers consumer loans in the form of home equity lines of credit, credit cards, home improvement loans, student loans, automobile loans and unsecured personal loans. These loans totalled $10.5 million or 5.0% of total loans receivable at December 31, 1992. In addition, La Grange Federal had unsecured commercial loans to one borrower totalling approximately $492,000 at December 31, 1992.

LOAN APPROVAL AUTHORITY AND UNDERWRITING. All loans secured by real estate must have the approval of a member of the Loan Committee which currently consists of two loan officers and the Vice President/Lending. The Loan Committee meets on an as-needed basis. All loans in excess of $250,000 require prior Board approval. Prior Board approval is also required for purchases and sales of loans and the origination of commercial loans.

One- to four-family residential mortgage loans are generally underwritten according to FHLMC guidelines. For all loans originated by La Grange Federal, upon receipt of a completed loan application from a prospective borrower, a credit report is ordered, income and certain other information is verified and, if necessary, additional financial information is requested. An appraisal of the real estate intended to secure the proposed loan is required which currently is performed by an independent appraiser designated and approved by La Grange Federal. It is La Grange Federal's policy to obtain title insurance on all real estate first mortgage loans. Borrowers must also obtain hazard insurance prior to closing the loan. Borrowers generally are required to advance funds on a monthly basis together with each payment of principal and interest to an escrow account from which La Grange Federal makes disbursements for items such as real estate taxes and hazard insurance premiums.

MORTGAGE-BACKED SECURITIES. LGF on a consolidated basis also invests in mortgage-backed securities. All of the mortgage-backed securities are insured or guaranteed by the GNMA, FNMA or the FHLMC, and have coupon rates as of December 31, 1992, ranging from 4.46% to 10.00% with a weighted average yield of 6.36% at December 31, 1992. At December 31, 1992, mortgage-backed securities totalled $80.5 million or 20.0% of total assets of which $54.8 million were held for investment and $25.7 million were held for sale. In addition, $15.3 million (3.8% of total assets) of the investment in mutual fund securities are invested in mortgage-backed securities. The mortgage-backed securities held directly contain 62.3% of ARM loans and 37.7% of fixed-rate mortgage loans. The market value of such mortgage-backed securities totalled approximately $80.6 million of which $25.7 million were held for sale at December 31, 1992.

NON-PERFORMING AND PROBLEM ASSETS.

COLLECTION PROCEDURES. With respect to originated mortgage loans, La Grange Federal's collection procedures include sending a past due notice at 15 days and a late notice after payment is 30 days past due. In the event that payment is not received, letters are sent or phone calls are made to the borrower. When contact is made with the borrower at any time prior to foreclosure, La Grange Federal will attempt to obtain full payment or work out a repayment schedule with the borrower to avoid foreclosure. Generally, foreclosure notices are sent when a loan is over 90 days delinquent.

La Grange Federal had $19.2 million in purchased mortgage loans at December 31, 1992. La Grange Federal has no recourse against the seller on whole mortgage loans and loan participations purchased. La Grange Federal receives monthly reports from the loan servicers which it uses to closely monitor its purchased mortgage loan and loan participation portfolio. Where loans are delinquent 60 days or more, La Grange Federal contacts the loan servicer to determine the reason for the delinquency and whether or not contact

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has been made with the borrower. On purchased loans, La Grange Federal uses the servicer to commence foreclosure proceedings.

La Grange Federal generally has experienced only insignificant losses on its delinquent loans. Mortgage loans are placed on non-accrual status when, in management's judgement, the probability of collection of interest is deemed to be insufficient to warrant further accrual. The accrual of interest income is discontinued on real estate and consumer loans which are past due 90 or more days as to principal or interest payments. When loans are placed on non-accrual status, interest accrued is charged against interest income. Loans may be reinstated to accrual status when all payments are brought current and, in the opinion of management, collection of the remaining balance can be reasonably expected. In La Grange Federal's experience where mortgage loans have been foreclosed upon, La Grange Federal typically has been outbid at the sheriff's sale upon foreclosure and experienced no losses. The loan losses experienced in the past five years by La Grange Federal are attributable to installment and other consumer loans.

DELINQUENT LOANS. At December 31, 1992, 1991 and 1990, delinquencies in La Grange Federal's portfolio were as follows:

<TABLE>
<CAPTION>

	At December 31, 1992				At December 31, 1991			
	60-89 Days		90 Days or More		60-89 Days		90 Days or More	
($ in thousands)	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
MORTGAGE LOANS:								
One- to four-family (originated)	9	$ 598	9	$459	11	$ 674	1	$ 55
One- to four-family (purchased)	4	491	2	113	7	665	4	343
Consumer and other loans	7	11	3	3	9	21	13	68
Total	20	$1,100	14	$575	27	$1,360	18	$466
Delinquent loans to total gross loans		.53%		.27%		.59%		.20%

</TABLE>

<TABLE>
<CAPTION>

	At December 31, 1990			
	60-89 Days		90 Days or More	
($ in thousands)	Nunmber of Loans	Principal Balance of Loans	Number of Loans	Principal Balance of Loans
<S>	<C>	<C>	<C>	<C>
MORTGAGE LOANS:				
One- to four-family (originated)	36	$1,402	12	$507
One- to four-family (purchased)	5	603	2	156
Consumer and other loans	5	68	1	35
Total	46	$2,073	15	$698
Delinquent loans to total gross loans		89%		.30%

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</TABLE>

NON-PERFORMING ASSETS. The following table sets forth information regarding non-performing loans (loans delinquent 90 days or more) and real estate owned by La Grange Federal at the dates indicated. At September 30, 1993, La Grange Federal had no restructured loans within the meaning of Financial Accounting Standards Board Statement No. 15.

<TABLE>
<CAPTION>

($ in thousands)	At September 30, 1993	1992	At December 31, 1992	1991	1990	1989	1988
Accruing mortgage loans delinquent more than 90 days . . .	$ --	$ 715	$ --	$ 398	$ 663	$1,492	$ 954
Accruing consumer loans and other delinquent more than 90 days . . .	--	--	--	--	--	143	27
Non-accruing mortgage loans and other delinquent more than 90 days	348	281	572	--	--	--	--
Non-accruing consumer loans and other delinquent more than 90 days	41	91	3	68	35	--	--
Total non-performing loans	389	1,087	575	466	698	1,635	981
Total real estate owned, net of related allowances(1)	3,246	3,254	3,326	3,385	3,752	3,314	3,336
Total non-performing assets	$3,635	$4,341	$3,901	$3,851	$4,450	$4,949	$4,317
Non-performing loans to total gross loans	.20%	.46%	.27%	.20%	.30%	.77%	.50%
Total non-performing assets to total assets	.88%	1.06%	.95%	.98%	1.22%	1.41%	1.22%
Gross interest income that would have been recorded, if loans had been current	$ 7	$ 24	$ 26	$ 2	$ 2	$ --	$ --
Interest income from non-accruing loans included in income	--	--	--	5	2	--	--

</TABLE>

(1) Includes real estate acquired in foreclosure of mortgage loans and improvements thereto including approximately $3.0 million attributable to an industrial park consisting of five lots and improvements of a warehouse constructed by La Grange Federal with a lease running to 1996 that is current with respect to payments.

CLASSIFIED ASSETS. Federal regulations provide for the classification of loans and other assets such as debt and equity securities considered to be of lesser quality as "substandard," "doubtful" or "loss" assets. Assets which do not currently expose the insured institution to sufficient risk to warrant classification in one of the aforementioned categories but possess weaknesses are required to be designated "special mention" by management.

A classification of either substandard or doubtful, requires the establishment of general allowances for loan losses in an amount deemed prudent by management. Assets classified as "loss," require either a specific allowance for losses equal to 100% of the amount of the asset so classified or

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a charge off of such amount. An institution's determination as to the classification of its assets and the amount of its valuation allowances is subject to review by the OTS which can order the establishment of additional general or specific loss allowances. All classified assets of La Grange Federal are included in non-performing loans delinquent 90 days or more.

ALLOWANCE FOR POSSIBLE LOAN LOSSES. The allowance for possible loan losses is established through a provision for possible loan losses based on management's evaluation of the risk inherent in its loan portfolio and the general economy. Such evaluation, which includes a review of all loans on which full collectibility may not be reasonably assured, considers among other matters, the estimated net realizable value of the underlying collateral, economic conditions, historical loan loss experience and other factors that warrant recognition in providing for an adequate loan loss allowance.

The amount of this allowance at September 30, 1993, was $902,000 and at December 31, 1992, 1991 and 1990, it was $723,000, $450,000 and $60,000, respectively, and was determined based on an evaluation of the above-mentioned factors including the current regulatory and national economic environment. The amount provided for the nine months ending September 30, 1993 was $195,000 and the amounts provided for the years 1992, 1991 and 1990 were $310,000, $419,000 and $82,000, respectively. For the year ended December 31, 1992, there were net charge-offs of $37,000 and for the nine months ending September 30, 1993, there were net charge-offs of $16,000.

The following table sets forth LGF's allowance for possible loan losses at or for the dates indicated. All charge-offs during the period shown were from consumer loans.

<TABLE>
<CAPTION>

($ in thousands)	At or For the Nine Months Ended September 30, 1993	1992
Balance at beginning of period	$723	$450
Provision for possible loan losses	195	262
Charge-offs	(20)	(28)
Recoveries	4	3
Balance at end of period	$902	$687
Ratio of allowance for possible loan losses to net loans receivable at the end of period	.46%	.32%
Ratio of allowance for possible loan losses to total non-performing loans at end of period	231.88%	63.20%
Ratio of net charge-offs to average loans at the end of period	.01%	.01%

</TABLE>

<TABLE>
<CAPTION>

($ in thousands)	At or for the Year Ended December 31, 1992	1991	1990	1989 (1)	1988 (1)
Balance at beginning of period	$450	$ 60	$ --	$ --	$ --
Provision for possible loan losses	310	419	82	15	5
Charge-offs	(41)	(40)	(33)	(17)	(33)
Recoveries	4	11	11	2	28
Balance at end of period	$723	$450	$ 60	$ -	$ -

Ratio of allowance for possible loan losses to net loans receivable at

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the end of period	.35%	.20%	.03%	-	-
Ratio of allowance for possible loan losses to total non-performing loans at end of period	125.74%	96.57%	8.60%	-	-
Ratio of net charge-offs to average loans at the end of period	0.02%	.01%	.01%	.01%	-

</TABLE>

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(1) La Grange Federal had no allowance for possible loan losses prior to 1990 and has incurred no losses on the disposition of foreclosed properties during the period from January 1, 1988 to September 30, 1993.

<TABLE>
<CAPTION>

	At September 30,			
	1993		1992	
($ in thousands)	Amount	Percent(1)	Amount	Percent(1)
<S>	<C>	<C>	<C>	<C>
Allowance at end of period applicable to:				
Mortgage loans	$855	94.79%	$610	88.79%
Consumer loans and other loans	47	5.21	77	11.21
Total	$902	100.00%	$687	100.00%

</TABLE>

<TABLE>
<CAPTION>

	At December 31,					
	1992		1991		1990	
($ in thousands)	Amount	Percent(1)	Amount	Percent(1)	Amount	Percent(1)
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Allowance at end of period applicable to:						
Mortgage loans	$660	91.29%	$350	95.32%	$30	95.69%
Consumer loans and other loans	63	8.71	100	4.68	30	4.31
Total	$723	100.00%	$450	100.00%	$60	100.00%

</TABLE>

____

(1) Percent of type of loans in each category to total gross loans at the dated indicated.

INVESTMENT ACTIVITIES.

Federally chartered savings institutions have the authority to invest in various types of liquid assets, including U.S. Treasury obligations, securities of various federal agencies, certain certificates of deposit of insured banks and savings institutions, certain bankers' acceptances, repurchase agreements and federal funds sold. Subject to various restrictions, federally chartered savings institutions may also invest a portion of their assets in commercial paper, corporate debt securities and asset-backed securities. LGF's (on a consolidated basis) investment policy is established by the Board of Directors and is implemented by the Asset Liability Management Committee. It is designed primarily to provide and maintain liquidity, to generate a favorable return on investments without incurring undue interest rate and credit risk, and to complement and fund La Grange Federal's lending

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activities.

At December 31, 1992, investment securities held for sale consisted of long-term U.S. Treasury securities and holdings of mutual funds that have investments in U.S. government securities, mortgage-backed securities and corporate debt. One mutual fund, with a carrying and market value of $2.0 million at December 31, 1991, included, non-investment grade securities which, under the FIRREA, must be divested prior to July 1, 1994. Under an agreement with its regulatory agencies, La Grange Federal was required to sell and did sell its investment in non-investment grade mutual funds by August, 1992. Accordingly, effective as of August 1989 such marketable equity securities were transferred to investments held for sale. In late 1991, La Grange Federal, consistent with management's goal of reducing La Grange Federal's one year and one to three year negative gap positions, determined to reclassify U.S. treasury securities in the amount of $3.4 million and all mutual fund securities as held for sale. Securities held for sale are accounted for at the lower of cost or market.

The key elements of management's plans to reduce the level of such securities held for sale and the anticipated effect on the results of operations, although no assurances can be given, are as follows. LGF management plans to sell its mutual funds, consisting of investments in U.S. government securities, mortgage-backed securities and corporate debt, which have a carrying value of approximately $47.0 million and weighted average yield of 4.54% at December 31, 1992. Sales of these funds will occur over the next two years. Other securities held for sale include U.S. Treasury securities of approximately $2.2 million and a weighted average current yield of 7.55% and mortgage-backed securities with a balance of approximately $25.7 million and a weighted average current yield of 7.44% at December 31, 1992 which will be sold over the next two years. As of December 31, 1992, management anticipates a decline in the rate of return on the reinvested proceeds. Although the effects of a lower rate of return on the above reinvested proceeds cannot be estimated, management expects that this will be offset, in part, by a decline in the cost of funding over the same period.

The following table sets forth certain information regarding the carrying and market values of LGF's investment and securities held for sale portfolios at the dates indicated:

<TABLE>
<CAPTION>

	At December 31,			
	1992		1991	
($ in thousands)	Carrying Value	Market Value	Carrying Value	Market Value
<S>	<C>	<C>	<C>	<C>
Interest-bearing deposits	$ 2,087	$ 2,087	$ 4,364	$ 4,364
Federal funds sold	$ 1,200	$ 1,200	$ 4,100	$ 4,100
Investment securities:				
Mutual fund investments	$ -	$ -	$ -	$ -
U.S. Government agency securities . .	34,357	34,601	10,013	10,287
U.S. Treasury obligations	16,468	16,671	6,000	6,079
Other investments	72	72	239	239
Total investment securities	$50,897	$51,344	$16,252	$16,605
Investment securities held for sale(1):				
Mutual funds:				
U.S. Government securities	$23,565	$23,584	$36,977	$37,121
Mortgage-backed securities:				
ARMs	11,928	11,928	15,000	15,000
Fixed rate	3,404	3,404	10,982	11,009
Corporate debt:				
Investment grade	8,084	8,084	10,019	10,019
Non-investment grade	-	-	2,032	2,032

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U.S. Treasury bonds	2,202	2,202	3,398	3,398
Total investment securities held for sale	$49,183	$49,202	$78,408	$78,579
Federal Home Loan Bank Stock, net	$ 2,705	$ 2,705	$ 2,598	$ 2,598

($ in thousands)	At December 31, 1990 Carrying Value	Market Value
Interest-bearing deposits	$ 4,056	$ 4,056
Federal funds sold	$ 2,300	$ 2,300
Investment securities:		
Mutual fund investments	$44,388	$44,388
U.S. Government agency securities	14,004	14,031
U.S. Treasury obligations	9,409	9,067
Other investments	239	239
Total investment securities	$68,040	$67,725
Investment securities held for sale(1):		
Mutual funds:		
U.S. Government securities	$ -	$ -
Mortgage-backed securities:		
ARMs	-	-
Fixed rate	-	-
Corporate debt:		
Investment grade	-	-
Non-investment grade	15,933	15,933
U.S. Treasury bonds	-	-
Total investment securities held for sale	$15,933	$15,933
Federal Home Loan Bank Stock, net	$ 2,301	$ 2,301

- ----------------------------------
(1) Excludes mortgage-backed securities held for sale.

Securities held for sale and Investment Securities (exclusive of obligations of the U.S. Government and federal agencies) issued by any one entity with a total carrying value in excess of 10% of retained earnings at December 31, 1992, were $47.0 million as detailed below.

($ in thousands)	Carrying Value	Market Value
Federated Investors:		
Income Trust	$ 3,404	$ 3,404

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Floating Rate Trust	8,084	8,084
Total Federated Investors	11,488	11,488
Asset Management Fund:		
Intermediate Term Liquidity Portfolio	5,000	5,019
Adjustable-Rate Mortgage Portfolio	11,928	11,928
Total Asset Management Fund	16,928	16,947
Eaton Vance:		
Short Term Treasury Fund	18,565	18,565
Total	$46,981	$47,000

</TABLE>

The tables below set forth certain information regarding the maturities' carrying value and weighted average yields of LGF's investment securities at December 31, 1992.

<TABLE>
<CAPTION>

	At December 31, 1992			
	Weighted Average Life in Years	Carrying Value	Market Value	Annualized Weighted Average Yield
		(Dollars in thousands)		
<S>	<C>	<C>	<C>	<C>
Investment Securities:				
U.S. Government agency obligations . .	1.2	$34,357	$34,601	6.01%
U.S. Treasury obligations	1.5	16,468	16,671	5.03
Other	--	72	72	4.11
Total investment securities		$50,897	$51,344	5.69%

<CAPTION>

	1 Year or Less		1-5 Years		5-10 Years	
	Carrying Value	Weighted Average Yield	Carrying Value	Weighted Average Yield	Carrying Value	Weighted Average Yield
			(Dollars in thousands)			
<S>	<C>	<C>	<C>	<C>	<C>	<C>
U.S. Government securities and obligations	$23,354	5.94%	$26,492	5.68%	$ 979	6.39%
Other	25	5.50	--	--	47	3.36
Total	$23,379	5.94%	$26,492	5.68%	$1,026	6.25%

</TABLE>

SOURCES OF FUNDS.

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GENERAL. La Grange Federal's primary sources of funds are deposits, repayments on loans and mortgage-backed securities, and, to a lesser extent in the past, FHLB-Chicago advances and reverse repurchase agreements.

DEPOSITS. La Grange Federal offers a variety of deposit accounts having a range of interest rates and terms. Deposits principally consist of fixed-term certificates, passbook and statement savings, money market, Keogh accounts, individual retirement accounts ("IRAs") and NOW (checking) accounts. The flow of deposits is influenced significantly by general economic conditions, the restructuring of the thrift industry, changes in money market and prevailing interest rates and competition. La Grange Federal's deposits are typically obtained from the area in which its offices are located. La Grange Federal relies primarily on customer service and long-standing relationships with customers to attract and retain these deposits. La Grange Federal has no brokered deposits.

La Grange Federal seeks to maintain a high level of stable core deposits by providing extended hours of service - both early and late - through its Branch Offices and Drive-Thru facility. When pricing deposits, consideration is given to local competition, Treasury offerings and the need for funds. Management's strategy is to price competitively contingent upon the need for funds and to stratify the pricing system to attract deposits and maintain a controlled gap position.

The following table sets forth the distribution of LGF's deposit accounts at the dates indicated and the weighted average nominal interest rates on each category of deposits presented. Management does not believe that the use of year end balances instead of average balances resulted in any material difference in the information presented.

<TABLE>
<CAPTION>

	At December 31,					
	1992			1991		
($ in thousands)	Amount	Percent of Total Deposits	Weighted Average Nominal Rate	Amount	Percent of Total Deposits	Weighted Average Nominal Rate
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Demand accounts:						
Money market accounts . .	$ 29,136	7.94%	2.83%	$ 31,082	8.46%	3.96%
NOW accounts	27,098	7.39	2.22	23,142	6.30	3.49
Total demand accounts	56,234	15.33	2.53	54,224	14.76	3.76
Passbook and statement accounts	78,603	21.42	3.25	59,985	16.32	5.00
Certificate accounts:						
Ninety-one day and under .	5,043	1.37	3.37	2,925	.80	5.12
Six month	27,588	7.52	3.63	29,295	7.97	5.54
One year	53,358	14.54	4.33	59,990	16.33	6.26
Eighteen month	7,303	1.99	4.93	7,217	1.96	6.65
Two year	31,705	8.64	5.97	39,158	10.66	7.34
Three year	6,369	1.74	6.52	9,159	2.49	7.86
Four year	4,921	1.34	7.39	4,855	1.32	8.11
Five to ten year	15,017	4.09	7.94	14,336	3.90	8.31
IRA and Keogh accounts . .	69,602	18.96	7.72	66,084	17.98	8.30
Jumbo(1)	11,246	3.06	3.83	20,232	5.51	6.27
Total certificate accounts .	232,152	63.25	5.83	253,251	68.92	7.08
Total deposits	$366,989	100.00%	4.77	$367,460	100.00%	6.25

<CAPTION>

	At December 31,		
	1990		
		Percent	Weighted Average

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($ in thousands)	Amount	of Total Deposits	Nominal Rate
<S>	<C>	<C>	<C>
Demand accounts:			
Money market accounts . .	$ 31,049	8.96%	6.19%
NOW accounts	19,949	5.75	5.53
Total demand accounts	50,998	14.71	5.93
Passbook and statement accounts	48,459	13.99	5.50
Certificate accounts:			
Ninety-one day and under .	2,798	.81	5.26
Six month	28,569	8.24	5.66
One year	58,596	16.91	6.38
Eighteen month	8,619	2.49	6.71
Two year	37,930	10.94	7.40
Three year	9,893	2.85	7.87
Four year	4,721	1.36	8.11
Five to ten year	18,036	5.20	8.27
IRA and Keogh accounts . .	58,732	16.95	8.33
Jumbo(1)	19,225	5.55	6.57
Total certificate accounts .	247,119	71.30	7.16
Total deposits	$346,576	100.00%	6.75

</TABLE>

____
(1) Certificates with deposit balances of $100,000 or more

At December 31, 1992, LGF had outstanding $44.1 million in jumbo certificates and other deposit accounts in amounts of $100,000 or more maturing as follows:

<TABLE>
<CAPTION>

Maturity Period	Amount (In thousands)
<S>	<C>
Three months or less	$24,591
Over three through six months	4,388
Over six through 12 months	2,869
Over 12 months	12,257
Total	$44,105

</TABLE>

The following table presents the deposit activity of LGF for the periods indicated.

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1992	1991	1990
	(In thousands)		

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<S>	<C>	<C>	<C>
Deposits	$379,381	$324,054	$303,330
Withdrawals	(397,416)	(324,379)	(306,298)
Interest credited on deposits	17,564	21,209	21,514
Total (decrease) increase in deposits	$ (471)	$ 20,884	$ 18,546

</TABLE>

The following table presents, by various rate categories, the amount of certificate accounts outstanding at December 31, 1992, 1991, and 1990, and the periods to maturity of the certificate accounts outstanding at December 31, 1992.

<TABLE>
<CAPTION>

	At December 31,			Period to Maturity from December 31, 1992				
($ in thousands)	1992	1991	1990	Within One Year	One to Two Years	Two to Three Years	Thereafter	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Certificate accounts:								
3.00% to 3.99% . . .	$ 55,138	$ --	$ --	$ 53,507	$ 1,631	$ --	$ --	$ 55,138
4.00% to 4.99% . . .	65,226	978	--	56,135	8,174	838	79	65,266
5.00% to 5.99% . . .	19,760	63,786	--	4,964	8,071	1,596	5,129	19,760
6.00% to 6.99% . . .	16,968	60,030	1,094	12,394	1,115	83	3,376	16,968
7.00% to 7.99% . . .	31,291	77,776	147,143	8,714	2,871	7,249	12,457	31,291
8.00% to 8.99% . . .	22,513	30,019	72,045	8,668	6,672	2,059	5,114	22,513
9.00% to 9.99% . . .	4,136	4,132	11,414	1,177	30	689	2,240	4,136
10.00% to 10.99% . .	7,904	7,483	7,033	39	940	6,925	--	7,904
11.00% to 11.99% . .	9,216	9,047	8,390	1	9,067	31	117	9,216
Total	$232,152	$253,251	$247,119	$145,599	$38,571	$19,470	$28,512	$232,152

</TABLE>

BORROWINGS.

Although deposits are La Grange Federal's primary source of funds, La Grange Federal's policy has been to utilize borrowings as an alternative or less costly source of funds. La Grange Federal obtains advances from the Federal Home Loan Bank of Chicago ("FHLB-Chicago"). These advances are collateralized by the capital stock of the FHLB-Chicago held by La Grange Federal and certain of La Grange Federal's mortgage loans and mortgage-backed securities. See "Regulation and Supervision--Federal Home Loan Bank System." Such advances are made pursuant to several different credit programs, each of which has its own interest rate and range of maturities. The maximum amount that the FHLB-Chicago will advance to member institutions, including La Grange Federal, for purposes other than meeting withdrawals, fluctuates from time to time in accordance with the policies of the OTS and the FHLB-Chicago. The maximum amount of FHLB-Chicago advances to a member institution generally is reduced by borrowings from any other source. There were no sales of securities under agreements to repurchase ("reverse repurchase agreements") or federal funds purchased at any time during the three years ended December 31, 1992. Management may, in the future, borrow funds and enter into reverse repurchase

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agreements, if needed, in light of liquidity needs and asset/liability management strategy.

(In thousands)	At or for the year ended December 31 1992	1991	1990
FHLB advances:			
Average balance outstanding	$--	$--	$ 265
Maximum amount outstanding at any month-end during the period	--	--	2,000
Balance outstanding at end of period . . .	--	--	--
Weighted average interest rate during the period (1)	--	--	7.16%
Weighted average interest rate at end of period	--	--	--

- ----------------------
(1) Computed on the basis of daily balances.

SUBSIDIARY.

WEST SUBURBAN FINANCIAL CORPORATION. West Suburban Financial Corporation ("West Suburban") is a wholly-owned subsidiary of La Grange Federal. West Suburban has three divisions. The insurance division, LaFed Insurance Agency, is engaged in selling general insurance. The real estate division is engaged in a joint venture to develop single-family residential real estate. The stock brokerage and annuity insurance division offers investment opportunities to La Grange Federal's customers through the INVEST/INSURE programs. For the year ended December 31, 1992 net income (loss) to La Grange Federal from the insurance, real estate and brokerage divisions was approximately $(1,600), $(63,000) and $20,000, respectively.

REAL ESTATE DEVELOPMENT JOINT VENTURE. West Suburban entered into this joint venture in 1988 with a limited partnership. The limited partnership and West Suburban act as the general partners. The purpose of the joint venture is to acquire, develop and construct approximately 129 townhouses in the village of Western Springs, Illinois. West Suburban has a 50% interest in the joint venture. La Grange Federal has a loan outstanding to West Suburban in the amount of $3.2 million at September 30, 1993 and a line-of-credit to the joint venture in the amount of $50,000 of which $41,116 was outstanding as of September 30, 1993. LGF's total investment in and advances to the joint venture were $3.7 million as of September 30, 1993. Construction commenced in 1992 and management anticipates it will be completed within four years. La Grange Federal has issued a commitment to fund the development costs of this real estate joint venture in an amount up to La Grange Federal's regulatory limit not to exceed $5.0 million. The Village of Western Springs has issued approval of the project. La Grange Federal has

guaranteed certain irrevocable letters of credit totaling $490,000 at September 30, 1993, issued by the Federal Home Loan Bank of Chicago on behalf of the real estate joint venture. As security for these letters of credit, La Grange Federal has pledged its stock in the Federal Home Loan Bank of Chicago and is required to maintain certain qualifying first mortgage loans in an amount equal to at least 170 percent of the outstanding advances.

Real estate development and investment activities involve varying degrees of risk. In the case of increases in expenses, declines in the underlying value of the project or in its general market area, adverse changes in local, regional and/or national economic conditions, or a combination of these or other factors can have a negative effect on the profitability and value of the project. La Grange Federal's investment in and advances to the real estate joint venture causes a reduction to its regulatory capital.

COMPETITION. The Chicago metropolitan area has a high density of financial institutions, many of which are significantly larger and have greater financial resources than La Grange Federal, and all of which are competitors of La Grange Federal to varying degrees. La Grange Federal's competition for loans comes principally from savings and loan associations, savings banks, mortgage banking companies, insurance companies, and commercial banks. Its most direct competition for deposits has historically come from savings and

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loan associations, savings banks, commercial banks, and credit unions. La Grange Federal faces additional competition for deposits from short-term money market funds and other corporate and government securities funds. La Grange Federal also faces increased competition from other financial institutions such as brokerage firms and insurance companies for deposits. Competition may also increase as a result of the lifting of restrictions on the interstate operations of financial institutions.

La Grange Federal is a community-oriented financial institution serving its market area with a wide selection of residential loans and retail financial services. Management considers La Grange Federal's reputation for financial strength and customer service as its major competitive advantage in attracting and retaining customers in its market area. Management also believes it benefits from its community orientation as well as its relatively high core deposit base.

PERSONNEL. As of September 30, 1993, La Grange Federal had 105 full-time employees and 40 part-time employees. The employees are not represented by a collective bargaining unit, and La Grange Federal considers its relationship with its employees to be good.

PROPERTIES. La Grange Federal conducts its business through its main office and drive-through facility located in La Grange, Illinois and branch offices in Countryside, La Grange Park and Naperville, Illinois, all of which are owned by La Grange Federal. At December 31, 1992, the net book value for such property was $3.1 million.

LEGAL PROCEEDINGS. La Grange Federal is involved in various legal actions arising in the normal course of its business. In the opinion of management, the resolutions of these legal actions are not expected to have a material adverse effect on La Grange Federal's results of operations.

LGF'S MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ASSET/LIABILITY MANAGEMENT.

Asset/liability management is a daily function of LGF's management and is continually changing as interest rates fluctuate. The matching of assets and liabilities may be analyzed by examining the extent to which such assets and liabilities are interest rate sensitive, and by monitoring LGF's interest rate sensitivity "gap."

The interest rate sensitivity gap is defined as the difference between the amount of interest-earning assets anticipated, based on certain assumptions, to mature or reprice within a specific time period and the amount of interest-bearing liabilities anticipated to mature or reprice within that time period. A gap is considered positive when the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities, and conversely a gap is considered negative when the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to adversely affect net interest income.

Management's strategy has been to reduce LGF's risk to rising interest rates and to maintain a cumulative one year gap ratio of between negative 20% to positive 20%. This ratio was positive 3.6% at December 31, 1992, as compared to a ratio of negative 11.0% at December 31, 1991.

The table below sets forth the amounts of interest-earning assets and interest-bearing liabilities outstanding at December 31, 1992, which are expected to reprice or mature in each of the future time periods shown. The amount of assets and liabilities shown which reprice or mature during a particular period were determined using assumptions prepared by the OTS for its quarterly gap report for December 31, 1992. The assumptions used at the dates indicated may not be indicative of the actual prepayments and withdrawals experienced by LGF.

The office of OTS issued final regulations which set forth the methodology for calculating an interest rate risk component that will be incorporated in the OTS regulatory capital rules. Under the new regulations, only savings associations with "above normal" interest rate risk exposure would be required

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to maintain additional capital. The dollar amount of capital would be an addition to a savings association's existing risk-based capital requirement. The final rule becomes effective January 1, 1994; implementation begins July 1, 1994.

OTS issues a quarterly interest rate risk exposure report. The most recent issuance, with data as of June 30, 1993, measured La Grange Federal's risk, with a 200 basis point rate shock, at 1.91%. This percentage representing the change in the net portfolio value as a percent of the portfolio value of assets, is below the minimum requirement of 2.00%, which would increase the capital requirement for risk based assets. Management anticipates that this regulation, when implemented, will not have a significant effect on its capital position.

INTEREST RATE SENSITIVITY ANALYSIS.

($ in thousands)	At December 31, 1992 One Year or Less	More Than One Year to Three Years	More Than Three Years to 5 Years	More than 5 Years to 10 Years
Interest-earning assets:				
Mortgage loans(1)	$ 69,448	$54,005	$30,547	$32,345
Consumer and other loans(1)	8,059	1,766	144	225
Mortgage-backed securities	50,408	1,786	1,044	1,111
Mortgage-backed securities held for sale	5,995	19,716	--	--
Interest-bearing deposits, federal funds sold, investment securities and FHLB stock	29,370	25,493	1,000	1,026
Investment securities held for sale	43,346	5,837	--	--
Total interest-earning assets	206,626	108,603	32,735	34,707
Interest-bearing liabilities:				
Passbook and statement accounts	13,363	20,296	13,232	16,794
Money market accounts	23,017	3,206	1,526	1,170
NOW accounts	10,001	9,192	2,460	3,301
Certificate accounts	145,599	58,041	20,987	7,525
Total interest-bearing liabilities	191,980	90,735	38,205	28,790
Interest sensitivity gap per period	$ 14,646	$17,868	$(5,470)	$ 5,917
Cumulative interest sensitivity gap	$ 14,646	$32,514	$27,044	$32,961
Cumulative interest sensitivity gap as a percentage of total assets	3.56%	7.90%	6.57%	8.01%
Cumulative net interest-earning assets as a percentage of net interest-bearing liabilities	107.63%	111.50%	108.43%	109.43%

($ in thousands)	At December 31, 1992 More Than 10 Years to 20 Years	More Than 20 Years	Total
Interest-earning assets:			
Mortgage loans(1)	$11,077	$ 987	$198,409
Consumer and other loans(1)	324	--	10,518
Mortgage-backed securities	381	33	54,763
Mortgage-backed securities held for sale	--	--	25,711
Interest-bearing deposits, federal funds sold, investment securities and FHLB stock	--	--	56,889
Investment securities held for sale	--	--	49,183
Total interest-earning assets	11,782	1,020	395,473

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Interest-bearing liabilities:			
Passbook and statement accounts	11,617	3,301	78,603
Money market accounts	212	5	29,136
NOW accounts	1,812	332	27,098
Certificate accounts	--	--	232,152
Total interest-bearing liabilities . . .	13,641	3,638	366,989
Interest sensitivity gap per period	$(1,859)	$(2,618)	$ 28,484
Cumulative interest sensitivity gap	$31,102	$28,484	$ 28,484
Cumulative interest sensitivity gap as a percentage of total assets	7.56%	6.92%	6.92%
Cumulative net interest-earning assets as a percentage of net interest-bearing liabilities	108.56%	107.76%	107.76%

</TABLE>

(1) For purposes of the gap analysis, gross mortgage and other loans are reduced for non-performing loans but are not reduced for allowance for loan losses. Non-performing loans equal $572,000 for mortgage loans and $3,000 for other loans, for a total of $575,000.

Certain shortcomings are inherent in the method of analysis presented in the foregoing table. For example, although certain assets and liabilities may have similar maturities or periods in repricing, they may react in different degrees to changes in market interest rates. Also, the interest rates on certain types of assets and liabilities may fluctuate in advance of changes in market interest rates, while interest rates on other types may lag behind changes in market rates. Additionally, certain assets, such as Adjustable Rate Mortgage ("ARM") loans, have features which restrict changes in interest rates on a short-term basis and over the life of the asset. Further, in the event of a change in interest rates, prepayment and early withdrawal levels would likely deviate from those assumed in calculating the table. Finally, the ability of many borrowers to service their debt may decrease in the event of an interest rate increase.

AVERAGE BALANCE SHEET.

The following table sets forth certain information relating to LGF's consolidated statements of financial condition and the consolidated statements of operations averaged for the nine months ended September 30, 1993 and the years ended December 31, 1992, 1991, and 1990 and reflects the average yield on assets and average cost of liabilities for the periods indicated. Such yields and costs are derived by dividing income or expense by the average balance of assets or liabilities, respectively, for the periods shown. Average balances are derived from average monthly balances except on federal funds sold and other borrowings which, because of high balance fluctuations within the accounts during the months, used average daily balances. Management does not believe that the use of average monthly balances instead of average daily balances on all other accounts has caused any material differences in the information presented. The average balance of loans receivable includes loans on which LGF has discontinued accruing interest. Total interest-earning assets are net of discounts and premiums. The yields and costs include fees which are considered adjustments to yields.

<TABLE>
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	At September 30,		Year Ended December 31,		
	1993		1992		
($ in thousands)	Balance	Weighted Yield	Average Balance	Interest	Average Yield/ Cost

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<S>	<C>	<C>	<C>	<C>	<C>
Assets:					
Interest-earning assets:					
Loans receivable	$197,311	8.03%	$215,716	$20,779	9.63%
Mortgage-backed securities	78,291	5.82	39,935	2,134	5.34
Interest-earning deposits, federal funds sold and FHLB stock	8,009	4.19	25,015	884	3.53
Investment securities	76,518	5.49	33,853	2,062	6.09
Securities held for sale	30,374	4.70	73,391	4,394	5.99
Total interest-earning assets	390,503	6.75	387,910	30,253	7.80
Non interest-earning assets	21,491		15,723		
Total assets	$411,994		$403,633		
Liabilities and stockholders' equity:					
Interest-earning liabilities:					
Now accounts	25,787	2.07	$ 25,324	$ 749	2.96%
Money market accounts	25,409	2.52	29,395	1,067	3.63
Passbook and statement accounts	83,663	2.75	70,965	2,699	3.80
Certificate accounts	227,814	5.35	240,838	15,590	6.47
Borrowed funds	5,000	4.59	--	--	--
Total interest-bearing liabilities	367,673	4.32	366,522	20,105	5.49
Other liabilities	2,254		4,593		
Total liabilities	369,927		371,115		
Stockholders' equity	$ 42,067		32,518		
Total liabilities and stockholders' equity	$411,994		$403,633		
Net interest income/interest rate spread(1)		2.43%		$10,148	2.31%
Net interest-earning assets/net interest margin(2)	$22,830		$ 21,388		2.62%
Ratio of interest-earning assets to interest-bearing liabilities	1.06x		1.06x		

</TABLE>
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	Year Ended December 31,					
	1991			1990		
($ in thousands)	Average Balance	Interest	Average Yield/ Cost	Average Balance	Interest	Average Yield/ Cost
Assets:						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest-earning assets:						
Loans receivable	$230,893	$22,863	9.90%	$222,413	$22,212	9.99%
Mortgage-backed securities	33,906	3,014	8.89	27,135	2,475	9.12
Interest-earning deposits, federal funds sold and FHLB stock	15,459	1,021	6.60	5,838	624	10.69
Investment securities	67,939	5,153	7.58	70,499	5,611	7.96
Securities held for sale	19,789	1,503	7.60	16,972	1,806	10.64

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Total interest-earning assets	367,986	33,554	9.12	342,857	32,728	9.55
Non interest-earning assets	15,567			15,387		
Total assets	$383,553			$358,244		
Liabilities and stockholders' equity:						
Interest-earning liabilities:						
Now accounts	$ 21,544	$ 1,028	4.77%	$ 19,415	$ 1,017	5.24%
Money market accounts . . .	31,936	1,697	5.31	31,404	1,906	6.07
Passbook and statement accounts	53,317	2,855	5.35	47,476	2,627	5.53
Certificate accounts	252,814	19,418	7.68	239,315	19,821	8.28
Borrowed funds	--	--	--	265	20	7.55
Total interest-bearing liabilities	359,611	24,998	6.95	337,875	25,391	7.51
Other liabilities	4,593			4,240		
Total liabilities	364,204			342,115		
Stockholders' equity	19,349			16,129		
Total liabilities and stockholders' equity .	$383,553			$358,244		
Net interest income/interest rate spread(1)		$ 8,556	2.17%		$ 7,337	2.04%
Net interest-earning assets/net interest margin(2)	$ 8,375		2.33%	$ 4,982		2.14%
Ratio of interest-earning assets to interest-bearing liabilities	1.02x			1.01x		

- --------------------------------------

</TABLE>

(1) Interest rate spread represents the difference between the average rate on interest-earning assets and the average cost of interest-bearing liabilities.

(2) Net interest margin represents net interest income divided by average interest-earning assets.

RATE/VOLUME ANALYSIS.

The following table presents the extent to which changes in interest rates and changes in the volume of interest-earning assets and interest-bearing liabilities have affected LGF's interest income and interest expense during the periods indicated. Information is provided in each category with respect to (1) changes attributable to changes in volume (changes in volume multiplied by prior rate), (2) changes attributable to changes in rate (changes in rate multiplied by prior volume), and (3) the net change. The changes attributable to the combined impact of volume and rate have been allocated proportionately to the changes due to volume and the changes due to rate.

<TABLE>
<CAPTION>

	Year Ended December 31, 1992 Compared to Year Ended December 31, 1991 Increase (Decrease)			Year Ended December 31, 1991 Compared to Year Ended December 31, 1990 Increase (Decrease)		
($ in thousands)	VOLUME	RATE	NET	VOLUME	RATE	NET
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Interest-earning assets:						
Loans receivable	$(1,503)	$ (581)	$(2,084)	$ 847	$ (196)	$ 651

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Mortgage-backed securities . . .	536	(1,416)	(880)	618	(79)	539
Interest-earning deposits, federal funds sold, and other	631	(768)	(137)	1,028	(631)	397
Investment securities	(2,585)	(506)	(3,091)	(204)	(254)	(458)
Securities held for sale	4,071	(1,180)	2,891	300	(603)	(303)
Total	1,150	(4,451)	(3,301)	2,589	(1,763)	826
Interest-bearing liabilities:						
NOW accounts	180	(459)	(279)	112	(101)	11
Money market accounts	(135)	(495)	(630)	32	(241)	(209)
Passbook and statement accounts	945	(1,101)	(156)	323	(95)	228
Certificate accounts	(920)	(2,908)	(3,828)	1,118	(1,521)	(403)
Borrowed funds	-	-	-	(20)	-	(20)
Total	70	(4,963)	(4,893)	1,565	(1,958)	(393)
Net change in interest income . . .	$1,080	$ 512	$1,592	$1,024	$ 195	$1,219

</TABLE>

COMPARISON OF OPERATING RESULTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1993 AND 1992.

GENERAL. Net income for the nine months ended September 30, 1993 was $2,998,000 as compared to $2,003,000 for the nine months ended September 30, 1992. The increase was due primarily to improved net interest margin and the positive effect on earnings in 1993 from the use of the $17 million in net proceeds from the stock conversion which occurred in June, 1992.

INTEREST INCOME. Interest income decreased to $21.0 million for the nine months ended September 30, 1993 from $22.7 million for the nine months ended September 30, 1992. Interest income was positively effected by the effects of the stock conversion proceeds which increased average earning assets in the first nine months of 1993 compared to the same 1992 period. Interest income declined due to a reduction in the average yield on all interest-earning assets to 7.22% in 1993 from 7.96% in 1992. The decrease in the average yield of interest-earning assets was attributable, in part, to the reinvestment of proceeds from loan refinancing into lower yielding earning assets.

INTEREST EXPENSE. Interest expense for the nine months ended September 30, 1993 was $12.3 million as compared to $15.5 million of the nine months ended September 30, 1992. The decrease was attributable primarily to the reduction in the average cost of deposits resulting from a transfer in term certificates of deposit to passbook accounts. The average cost of deposits and borrowed funds for the first nine months of 1993 was 4.53% as contrasted to 5.65% in the comparable period in 1992.

NET INTEREST INCOME. Net interest income increased to $8.7 million for the nine months ended September 30, 1993, from $7.2 million earned in the nine months ended September 30, 1992. The increase resulted primarily from the decline in market interest rates. Average earning assets increased in the first nine months of 1993 to $388.4 million in comparison to $381.1 million in the first nine months of 1992. The excess of interest-earning assets over interest-bearing liabilities increased to $26.4 million in the first nine months of 1993 from $14.5 million in the comparable 1992 period.

PROVISION FOR POSSIBLE LOAN LOSSES. During the nine month period ended September 30, 1993, the provision for possible loan losses was $195,000 as compared to $262,000 during the comparable 1992 period. The provision is not related to any specific loan delinquency or problem loans during the nine month period. The provision reflects management's policy of evaluating the loan portfolio in view of the relative composition of the loan portfolio and general, local and national economic conditions.

OTHER INCOME. Other income increased to $1.5 million for the nine months ended September 30, 1993 from $1.2 million in the comparable 1992 period. The increase was due primarily to the reduction in net losses from the sales of securities held for sale in 1993 of $70,000 as compared with $448,000 net losses in the comparable 1992 period.

OTHER EXPENSES. Other expenses for the nine month period ended September 30, 1993 were $5.7 million as compared to $5.3 million for the nine months ended September 30, 1992. The increase was primarily due to higher occupancy, advertising, legal and holding company costs offset in part by a reduction in federal deposit insurance premiums resulting from a final credit given by FDIC to thrifts who had prepaid premiums in prior years.

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FEDERAL INCOME TAXES. Federal income taxes increased to $1,315,000 for the nine months ended September 30, 1993 from $783,000 in the comparable 1992 period. LGF implemented SFAS No. 109 "Accounting for Income Taxes" in the first quarter of 1993. The effective tax rate for the first nine months of 1993 was 30.5% as compared to 28.1% in the comparable 1992 period. In adopting SFAS No. 109, LGF has recorded no valuation allowance with respect to the deferred asset recorded for capital losses. This determination is based upon management's evaluation that such deferred assets will, on a more likely than not basis, be recognized within the carryforward period.

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED DECEMBER 31, 1992 AND 1991.

GENERAL. Net income for the year ended December 31, 1992, was $2.6 million as compared to $4.4 million in 1991. This $1.8 million decline in net income was despite a $1.6 million increase in net interest income. Improved net interest income was, in part attributable to the infusion of $17 million of net proceeds from LGF's initial public offering. Lower overall earnings were primarily a result of a $1.7 million decrease in the favorable lower of cost or market adjustment on securities held for sale, a $760,000 increase in compensation and benefit expense due in part to expenses associated with the new Employee Stock Ownership Plan and Recognition and Retention Plan and a $888,000 increase in the provision for income taxes arising in part from a non-recurring favorable Internal Revenue Service ("IRS") settlement of $898,000 recorded in 1991.

INTEREST INCOME. Interest income decreased from $33.6 million in 1991 to $30.3 million in 1992. This decrease was caused by lower yields on earning assets, offset by an $18.1 million increase in average assets primarily due to the proceeds from the initial public offering. Interest on loans decreased $2.1 million to $20.8 million for 1992, from $22.9 million in 1991. The average yield of the loan portfolio declined to 9.63% in 1992, from 9.90% in 1991, which resulted primarily from lower market interest rates and the refinancing of adjustable rate and higher-yielding fixed rate mortgage loans to lower-yielding fixed rate loans. Interest on mortgage-backed securities, investment securities and securities held for sale decreased $1.1 million to $8.6 million for 1992 from $9.7 million for 1991. This decrease was primarily due to a decline in the average yield on these assets to 5.84% in 1992, from 7.95% in 1991.

INTEREST EXPENSE. Interest expense decreased $4.9 million to $20.1 million in 1992, from $25.0 million in 1991. This decline was due to a lower average cost of interest-bearing liabilities from 6.95% in 1991 to 5.49% in 1992, offset in part by a $6.9 million increase in the average balance of deposits.

NET INTEREST INCOME BEFORE PROVISION FOR POSSIBLE LOAN LOSSES. Net interest income increased $1.5 million or 14.85% to $10.1 million in 1992, from $8.6 million in 1991. The increase resulted primarily from a combination of growth in the average balance of interest-earning assets to $387.9 million in 1992 from $368.0 million in 1990 and a reduction in the average cost of interest-bearing liabilities to 5.49% in 1992, from 6.95% in 1991, due to generally lower levels of interest rates for such liabilities.

PROVISION FOR POSSIBLE LOAN LOSSES. The allowance for possible loan losses is maintained at a level which management considers to be adequate to absorb possible losses on existing loans that may become uncollectible. The adequacy of the allowance is based upon prior loan loss experience, which has been historically very low for LGF, and an overall evaluation of the collectibility of loans. This evaluation takes into consideration such factors as the nature and volume of the loan portfolio, a review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay. LGF's allowance for possible loan losses increased to $723,000 at December 31, 1992, from $450,000 at December 31, 1991. Non-performing loans to total gross loans increased to .27% at December 31, 1992, from .20% at December 31, 1991. Loans delinquent 90 days or more increased to $575,000 at December 31, 1992, from $466,000 at December 31, 1991. Net charge-offs totaled $37,000 in 1992 and $29,000 in 1991. The allowance for possible loan losses is established through a provision for possible loan losses charged to expense. In 1992, LGF recorded a provision for possible loan losses of $310,000 as compared to $419,000 for 1991. Such evaluation includes a review of all loans on which full collectibility may not be reasonably assured and considers, among other matters, the estimated net realizable value of the underlying collateral, economic conditions, historical loan loss experience, and other factors that warrant recognition in providing for an adequate loan loss provision. LGF will continue to monitor its allowance for possible loan losses and make future provisions to the allowance in consideration of the amount and types of loans in its portfolio and as economic conditions dictate. In addition, LGF's

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determination as to the amount of its allowance for possible loan losses is subject to review by its regulatory agencies, the OTS and Federal Deposit Insurance Corporation ("FDIC"), which can order the establishment of additional general or specific reserves.

OTHER INCOME. Other income totalled $1.2 million in 1992 as compared to $2.9 million in 1991 primarily as a result of favorable lower of cost or market adjustments of $590,000 in 1992 and $2.3 million in 1991 relating to securities held for sale.

Securities held for sale consist of securities that management either intends to sell or to use as part of its asset/liability management strategy and that may be sold in response to changes in interest rates, resultant prepayment risk and other factors related to interest rates and resultant prepayment risk changes. Subsequent to designation as held for sale, reductions of cost to market value are recorded through a valuation allowance with a corresponding charge to operations. Subsequent recoveries in market values reduce the valuation allowance up to the lower of cost or current market value at date of designation with a corresponding credit to operations. To the extent the market value of these securities is a function of fluctuations in market prices, LGF's future earnings could be significantly affected by lower of cost or market adjustments.

OTHER EXPENSES. Other expenses increased approximately $900,000 or 13.99%, to $7.2 million for 1992, from $6.3 million for 1991. Salaries and employee benefits increased $760,000 during 1992 which resulted primarily from greater employee benefit costs associated with the new Employee Stock Ownership Plan and Recognition and Retention Plan. Holding company expenses were $72,000 in 1992. There were no holding company expenses in 1991 as LGF was not established until 1992.

FEDERAL INCOME TAX. The federal income tax provision increased $888,000 to $1,172,000, from $284,000 for the years ended December 31, 1992, and 1991 respectively. During 1991 a settlement was reached with the IRS relating to certain issues covering the period from 1970 to 1988, which had the effect of reducing the income tax provision by $898,000. Exclusive of the IRS settlement, LGF experienced a 25.10% effective tax rate in 1991. In 1992 the effective tax rate was 31.02%. The effective tax rate for financial statement purposes differed from the statutory federal income tax rate of 34% primarily due to the net effect of non-deductible realized capital losses and non-taxable unrealized capital gains on mutual funds held for sale.

COMPARISON OF OPERATING RESULTS FOR THE YEARS ENDED DECEMBER 31, 1991 AND DECEMBER 31, 1990.

GENERAL. Net income increased in 1991 to $4.4 million from a net loss of $688,000 in 1990. Results for both years included significant lower of cost or market adjustments relative to certain mutual fund securities which were held for sale. The positive lower of cost or market adjustment of $2.3 million in 1991 compared to a negative adjustment of $1.9 million in 1990. Additionally, an $898,000 federal income tax benefit (plus $225,000 of related interest recorded as other income) was recorded in 1991 due to an IRS settlement agreed to in 1991. Absent these adjustments, net income would have decreased to $1.1 million for the year ended 1991 and increased to $1.2 million for the year ended 1990.

INTEREST INCOME. Interest income increased $826,000 to $33.6 million for 1991, from $32.7 million for 1990. This increase resulted primarily from an increase of 9.74% in the average balance of loans receivable, mortgage-backed securities, interest-bearing deposits, federal funds sold and Federal Home Loan Bank ("FHLB") stock, offset by a decrease in the average yield of total interest-earning assets to 9.12% in 1991, from 9.55% in 1990.

INTEREST EXPENSE. Interest expense for 1991 was $25.0 million as compared to $25.4 million for 1990. The decrease resulted primarily from the reduction in the average cost of deposits due to general market conditions to 6.95% in 1991, from 7.51% in 1990.

NET INTEREST INCOME BEFORE PROVISION FOR POSSIBLE LOAN LOSSES. Net interest income increased $1.3 million or 17.81% to $8.6 million in 1991, from $7.3 million in 1990. The increase resulted primarily from a combination of an increase in the average balance of interest-earning assets to $368.0 million in 1991 from $342.9 million in 1990, and a decrease in the average cost of interest-bearing liabilities to 6.95% in 1991 from 7.51% in 1990, due to generally lower levels of interest rates for such liabilities.

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PROVISION FOR POSSIBLE LOAN LOSSES. In 1991, LGF recorded a provision for possible loan losses of $419,000 as compared to $82,000 for 1990. The increase in the provision during 1991 is not related to any increase in identifiable loan delinquencies or specific problem loans during such period, but resulted from management's evaluation of the risk inherent in its loan portfolio and the general economy. Non-performing loans to total gross loans decreased to .20% at December 31, 1991, from .30% at December 31, 1990. Loans delinquent 90 days or

more declined to $466,000 at December 31, 1991, from $698,000 at December 31, 1990. The company generally has recorded only insignificant losses on its delinquent loans. Net charge-offs totaled $29,000 and $22,000 for the years ended December 31, 1991, and 1990, respectively.

OTHER INCOME. Other income totalled $2.9 million in 1991, as compared to a net expense of $1.3 million in 1990 primarily as a result of lower of cost or market adjustments of a positive $2.3 million in 1991, and a negative $1.9 million in 1990 relating to securities held for sale. Excluding these adjustments, other income increased $107,000 to $639,000 during 1991, from $532,000 during 1990.

The remaining $107,000 increase to other income results primarily from recording approximately $225,000 of interest income received from the IRS for a settlement, discussed below, in favor of LGF over prior years' federal income tax payments. The effect of the settlement was partially offset by net losses of $150,000 on sales of investment and mortgage-backed securities and securities held for sale. There were no such net gains or losses on sales in 1990.

OTHER EXPENSE. Other expenses increased $400,000 to $6.3 million in 1991, from $5.9 million in 1990. Salaries and employee benefits increased $177,000 or 7.05% in 1991. Premiums paid for federal deposit insurance totalled $745,000 in 1991 as compared to $608,000 in 1990.

FEDERAL INCOME TAX PROVISION. The federal income tax provision decreased by $459,000 to $284,000, from $743,000 for the years ended December 31, 1991, and 1990, respectively. During 1991, a settlement was reached with the IRS relating to certain issues covering the period from 1970 to 1988, which had the effect of reducing the income tax provision by $898,000. Exclusive of the IRS settlement, the 1991 effective tax rate was 25.10%. The effective tax rate differed from the statutory federal income rate of 34% primarily due to the net effect of realized capital losses and unrealized capital gains on mutual funds held for sale. In 1990, the provision for income taxes was significantly in excess of the 34% statutory federal income tax rate primarily due to $1.9 million of unrealized capital losses for which no tax benefit could be recorded for financial statement reporting purposes. In addition, an IRS settlement had the effect of increasing 1990 income tax expense by $195,000.

LIQUIDITY AND CAPITAL RESOURCES.

LGF's primary sources of funds are deposits, proceeds from principal in interest payments on loans and mortgage-backed securities, maturities of investment securities, proceeds from sales of securities held for sale and funds provided by operations. While maturities and scheduled amortization of loans and mortgage-backed securities are a predictable source of funds, deposit flows and mortgage prepayments are greatly influenced by general interest rates, economic conditions, competition and restructuring of the thrift industry.

La Grange Federal is required to maintain minimum levels of liquid assets as defined in existing OTS regulations. These requirements, which may be varied at the direction of the OTS depending upon economic conditions and deposit flows, are based upon a percentage of deposits and borrowings. The required ratio is currently 5%. La Grange Federal's total liquidity was $58.9 million or 16.1% at December 31, 1992 and $89.6 million or 24.5% at September 30, 1993. Liquidity management is both a daily and long-term function of management strategy. Excess funds are generally invested in short-term investments. In the event that LGF should require funds beyond its ability to generate them internally, additional sources of funds are available through the use of FHLB advances and reverse repurchase agreements.

LGF's net liquid assets are cash and cash equivalents, which include investments in highly liquid, short-term investments. The levels of these assets are dependent on LGF's operating, financing and investing activities during any given period. At December 31, 1992, and 1991 and at September 30,

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1993, cash and cash equivalents totalled $10.5 million, $14.9 million and $12.4 million, respectively.

LGF's primary investing activity is the origination and purchase of loans and the purchase of investment and mortgage-backed securities and securities held for sale. During the years ended December 31, 1991 and 1992 and the nine months ended September 30, 1993, LGF originated and purchased loans in the amounts of $46.7

million, $64.7 million, and $59.1 million. In those same periods, purchases of mortgage-backed securities totalled $15.3 million, $44.6 million, and $31.0 million, respectively. Purchases of investment securities, primarily U.S. government and agency securities, totalled $47.8 million and $26.0 million for the year ended December 31, 1992 and 1991 and $39.0 million for the nine months ended September 31, 1993. During fiscal 1992 purchases of securities held for sale, consisting of mortgage-backed securities and investments in mutual funds totalled $93.5 million. The majority of these purchases were made to acquire a mutual fund investment whose purpose is to generate capital gains for income tax purposes. Purchases of securities held for sale totalled $33.2 million in fiscal 1991. During the nine months ended September 30, 1993, there were no purchases of securities held for sale. These activities were funded primarily by principal repayments on loans and mortgage-backed securities, maturities of investment securities and proceeds from the sale of securities held for sale.

At September 30, 1993, LGF had outstanding commitments to originate loans and unused lines of credit of $19.2 million and to fund its subsidiary's real estate investment joint venture in an amount up to $5.0 million. Management anticipates that sufficient funds will be available to finance on a timely basis its short- and long-term loan commitments. Certificates of deposit which are scheduled to mature in one year or less at September 30, 1993, totalled $133.2 million. Management believes that a significant portion of such deposits will remain with LGF.

In fiscal 1992, LGF used $8.5 million of the net proceeds from the initial public offering to purchase all of the common stock of La Grange Federal and retained the remainder for its own operations. The remaining proceeds were invested in daily funds, government and federal agency securities and other short term or adjustable rate investments.

In November 1992, LGF received approval from the OTS to repurchase up to 5% of LGF's outstanding common stock. Through December 31, 1992, 30,000 shares had been repurchased at a cost of $480,000.

At September 30, 1993, La Grange Federal's capital exceeded all of the capital requirements of the OTS as mandated by FIRREA on both a current and fully phased-in basis.

IMPACT OF INFLATION AND CHANGING PRICES.

The Consolidated Financial Statements and Notes thereto presented herein have been prepared in accordance with generally accepted accounting principles, which require the measurement of financial position and operating results in terms of historical dollars without considering the changes in the relative purchasing power of money over time due to inflation. The impact of inflation is reflected in the increased cost of LGF's operations. Unlike most industrial companies, nearly all the assets and liabilities of LGF are monetary in nature. As a result, interest rates have a greater impact on LGF's performance than do the effects of general levels of inflation. Interest rates do not necessarily move in the same direction or to the same extent as the price of goods and services.

REGULATION OF FIRST OF AMERICA AND LGF

Various federal and state banking laws and regulations affect the businesses of First of America and its affiliate financial institutions and of LGF and La Grange Federal. First of America and its affiliate financial institutions are subject to supervision, regulation, and periodic examination by various federal and state financial institution regulatory agencies, including the FRB, the OCC, the FDIC, the Illinois Commissioner, the Michigan FIB and the Indiana Department of Financial Institutions (the "Indiana DFI"). LGF and La Grange Federal are subject to supervision, regulation, and periodic examination by the FDIC and the OTS.

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The following is a summary of certain statutes and regulations affecting First of America, its affiliate financial institutions, and LGF and La Grange Federal. This summary is qualified in its entirety by such statutes and regulations, which are subject to change based on pending and future legislation and action by regulatory agencies.

BANK HOLDING COMPANIES. First of America is a bank holding company under the Bank Holding Company Act (the "BHC Act") and as such is subject to regulation by the FRB. A bank holding company is required to file with the FRB annual reports and other information regarding its business operations and those of its subsidiaries. A bank holding company and its subsidiary banks are also subject to examination by the FRB. The non-banking activities of a bank holding company and its subsidiaries are limited to certain activities specified in the BHC Act and such other activities as the FRB, by regulation or order, determines to be closely related, and a proper incident, to the business of banking. The FRB has determined that owning, controlling or operating a savings association is a permissible activity for bank holding companies if the savings association engages only in activities that are permissible for bank holding companies. Prior FRB approval may be required for a bank holding company to acquire new subsidiaries, including savings associations, or commence new lines of business.

The BHC Act requires every bank holding company to obtain the prior approval of the FRB before acquiring substantially all the assets of any bank or bank holding company or ownership or control of any voting shares of any bank or bank holding company, if, after such acquisition, it would own or control, directly or indirectly, more than five percent of the voting shares of such bank or bank holding company. Bank holding companies are also prohibited from acquiring shares of any bank located outside the state in which the operations of the bank holding company's banking subsidiaries are principally conducted unless such an acquisition is specifically authorized by statute of the state of the bank whose shares are to be acquired.

Under a Michigan statute applicable to First of America, a Michigan bank holding company may acquire a bank located in any state in the United States if the laws of the other state permit ownership of banks located in that state by a Michigan bank holding company. Under the same Michigan statute, a Michigan bank or bank holding company may be acquired by a bank holding company located in any state in the United States subject to approval of the Michigan FIB and the existence of a reciprocal law in such other state.

A bank holding company which acquires a savings association and holds it as a separate subsidiary becomes a savings and loan holding company subject to laws and regulations applicable to such holding companies (See "Regulation of First of America and LGF-Savings and Loan Holding Companies"). The acquisition of a savings association by a bank holding company which is not also a savings and loan holding company is not subject to approval of the Michigan FIB.

SAVINGS AND LOAN HOLDING COMPANIES. LGF is a savings and loan holding company and subject to the jurisdiction of the OTS with regard to certain matters. Among other things, a savings and loan holding company is required to: (1) file and cause all of its subsidiaries which are not savings associations to file such periodic reports as may be required by the OTS; (2) maintain books and records as prescribed by the OTS; and (3) be subject to examination by the OTS. LGF is a unitary savings and loan holding company and generally is not restricted under existing laws as to the types of business activities in which it may engage, provided that La Grange continues to be a qualified thrift lender ("QTL") as defined in HOLA. Multiple savings and loan holding companies which own or control more than one savings association are subject to extensive limitations on the types of business activities in which they can engage. The HOLA limits the activities of multiple savings and loan holding companies primarily

to activities permissible for bank holding companies under the BHC Act and activities authorized by OTS regulations.

Under the Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA"), the OTS is granted broad power to impose restrictions on savings and loan holding company activities if the OTS Director determines there is reasonable cause to believe that the continuation by the holding company of any activity constitutes a serious risk to the financial safety, soundness or stability of a subsidiary savings association. The restrictions, issued in the form of a directive, may limit: (1) the payment of dividends by the savings association to the holding company; (2) transactions between the savings association, the holding company, and the subsidiaries or affiliates of either; and (3) any activities of the savings association that might create a

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serious risk that the liabilities of the holding company or its other affiliates may be imposed on the savings association.

Finally, a savings and loan holding company must obtain prior written approval from the OTS before acquiring substantially all the assets of any savings association or savings and loan holding company or any ownership or control of any voting shares of any savings association or savings and loan holding company if, after such acquisition, it would own or control, directly or indirectly, more than five percent of the voting shares of such savings association or savings and loan holding company. Savings and loan holding companies also are prohibited from controlling savings associations in more than one state unless such acquisition is specifically authorized by federal law as an emergency acquisition or by statute of the state of the savings association whose shares are to be acquired.

BANKS. Fourteen of First of America's affiliate banks are national banking associations and as such are subject to regulation and supervision and regular examination by the OCC. Five of First of America's affiliate banks are Michigan state banks and are subject to regulation and supervision and regular examination by the Michigan FIB. One of First of America's affiliate banks is an Indiana state bank and is subject to regulation and regular examination by the Indiana DFI. Five of First of America's affiliate state banks are members of the Federal Reserve System, and as such are subject to the applicable provisions of the Federal Reserve Act and regulations thereunder and to supervision, regulation and regular examination by the FRB. One of First of America's affiliate state banks is not a member of the Federal Reserve System and is subject to regulation, supervision and regular examination by the FDIC. Deposits held by affiliate banks of First of America are insured, to the extent permitted by law, by the Bank Insurance Fund ("BIF") administered by the FDIC, and deposits held by First of America's affiliate banks are insured in part by BIF and in part by the Savings Association Insurance Fund ("SAIF") administered by the FDIC.

Federal law and the laws of Michigan, Indiana, and Illinois govern, among other things, the scope of a bank's business, the investments a bank may make, the loans a bank may make, transactions with affiliates, and a bank's activities with respect to mergers and establishing branches.

SAVINGS ASSOCIATIONS. La Grange Federal is a federally chartered stock savings association subject to extensive regulation, supervision and regular examination by the OTS and to the provisions of the HOLA as amended by FIRREA, and the Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA"), and other federal laws including the Federal Deposit Insurance Act. Federal law governs, among other things, the scope of the savings association's reserves, the investments a savings association may make, the loans a savings association may make, and transactions with affiliates. Deposits held by La Grange Federal are insured, to the extent permitted by law, by the SAIF.

The HOLA requires savings institutions to meet a QTL test. Under the QTL test, as modified by FDICIA, a savings association is required to maintain at least 65% of its "portfolio assets" (total assets less (1) specified liquid assets up to 20% of total assets, (2) intangibles, including goodwill, and (3) the value of property used to conduct business) in certain "qualified thrift investments" (primarily residential mortgages and related investments, including certain mortgage-backed securities) on a monthly basis in 9 out of every 12 months.

A savings association that fails the QTL test must either convert to a bank charter or operate under certain restrictions. If the savings association does not convert to a banking charter, its is generally prohibited from: (1)

making an investment or engaging in any new activity not permissible for a national bank; (2) paying dividends not permissible under national bank regulations; (3) obtaining advances from any Federal Home Loan Bank ("FHLB"); and (4) establishing any new branch office in a location not permissible for a national bank in the savings association's home state. In addition, beginning three years after the savings association failed the QTL test, the savings association would be prohibited from retaining an investment or engaging in any activity not permissible for a national bank and would have to repay any outstanding advances from an FHLB as promptly as possible. As of September 30, 1993, La Grange Federal maintained 89.28% of its portfolio assets in qualified thrift investments and, therefore, met the QTL test.

TRANSACTIONS WITH AFFILIATES. Each of First of America's subsidiary banks is subject to Sections 23A and 23B of the Federal Reserve Act, which impose certain restrictions on loans and extensions of credit by a bank to its affiliates, on investments by a bank in the stock or securities of its

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affiliates, on acceptance of such stock or securities as collateral for loans by the bank to any borrower and on leases and service and other contracts between a bank and its affiliates. For purposes of sections 23A and 23B of the Federal Reserve Act, the affiliates of a bank include its holding company and all other companies (including other banks) controlled by the holding company. Transactions between banks that are at least 80 percent owned by the same holding company (such as First of America's subsidiary banks) are exempt from certain of the restrictions of sections 23A and 23B of the Federal Reserve Act under the so-called "sister bank" exemption.

Sections 23A and 23B of the Federal Reserve Act generally apply to savings associations in the same manner and to the same extent as they apply to banks but with several differences. First, a savings association may not make any loan or extension of credit to any affiliate unless the affiliate is engaged only in permissible bank holding company activities. Next, a savings association is barred from investing in the securities of an affiliate other than a subsidiary of the savings association. Finally, the "sister bank" exemption from quantitative limitations of Section 23A, which is available to 80 percent commonly-controlled banks, generally is not available to "sister thrifts" until January 1, 1995. However, the exemption is available on a limited basis for banks and savings associations that are 80 percent owned by the same holding company, provided that every bank and savings association owned by the holding company complies with all applicable capital requirements on a fully phased-in basis without reliance on goodwill.

Banks and savings associations are also subject to Section 22(h) of the Federal Reserve Act, which place limitations on loans to insiders. Under Section 22(h), a bank or savings association may extend credit to its or its affiliates' executive officers, directors and principal shareholders or their related interests only if the loan is made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions with non-insiders and if credit underwriting standards are followed that are no less stringent than those applicable to comparable transactions with non-insiders. Also, loans to insiders must not involve more than the normal risk of repayment or present other unfavorable features and must, in certain circumstances, be approved in advance by a majority of the entire board of directors of the lending institution. The aggregate amount that can be lent to all insiders is limited to the institution's unimpaired capital and surplus. No insider shall knowingly receive any extension of credit not authorized under Section 22(h). Banks and savings associations also are subject to Section 22(g) of the Federal Reserve Act which imposes additional restrictions on loans to executive officers.

CAPITAL REQUIREMENTS. The FRB has adopted risk based capital requirements applicable to bank holding companies. Under these requirements, bank holding companies must have a minimum ratio of total capital to total risk-weighted assets of eight percent. In addition, bank holding companies must maintain a minimum ratio of Tier I capital to total risk-weighted assets equal to four percent. In determining the amount of risk-weighted assets, all assets, including certain off-balance sheet assets, are multiplied by a risk-weight of 0 percent to 100 percent. Tier I capital includes common shareholders' equity, qualifying perpetual preferred stock and minority interests in equity accounts of consolidated subsidiaries less goodwill.

Based on calculations as of September 30, 1993, both First of America's Tier I capital and total capital as a percentage of total risk-weighted assets were in excess of the required ratios.

As a supplement to risk based capital requirements, the FRB also adopted a leverage measure which requires bank holding companies to maintain a minimum of Tier I capital equal to 3 percent of total assets. All bank holding companies except those that are most highly-rated must maintain an additional cushion of Tier I capital of at least 100 to 200 basis points, which is a leverage ratio of 4 to 5 percent. As of September 30, 1993, First of America's Tier I leverage ratio, computed using period end total assets, was 6.40 percent.

All of First of America's subsidiary banks are subject to risk-weighted capital standards which are similar, but in some cases not identical, to the requirements for bank holding companies. The FRB, OCC and FDIC have proposed amendments to their risk-based capital standards for banks to take interest rate risk into account as required by FDICIA. The proposed regulations include two alternative methods for assessing a bank's capital adequacy for interest rate risk. Under one method, the dollar amount of capital required for interest rate risk would be incorporated into risk-based capital requirements by increasing a bank's risk-weighted assets, which would lower the risk-based capital ratios. Under the second method, capital required for interest rate risk would not be incorporated into a bank's risk-based

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capital ratios. Rather, examiners would consider interest rate risk exposure along with other factors in evaluating a bank's capital adequacy and a bank would be expected to hold additional capital commensurate with the risks being taken. Since final regulations have not been adopted, First of America cannot assess the impact, if any, that such standards may have on its affiliated banks.

The OTS has not adopted capital requirements for savings and loan holding companies. The OTS requires savings institutions such as La Grange Federal to maintain a minimum ratio of total capital to risk-weighted assets of eight percent. The risk weighting requirements are similar to those discussed above. Savings associations also must maintain a three percent leverage ratio which is the ratio of core capital to adjusted total assets. Core capital includes common stockholder's equity, qualifying perpetual preferred stock and minority interests in equity accounts of consolidated subsidiaries less intangibles other than certain qualifying supervisory intangible assets and certain purchased mortgage servicing rights. In addition, savings associations must maintain a 1.5 percent ratio of tangible capital to adjusted total assets. OTS regulations require that, in meeting required capital standards, savings institutions must deduct investments and loans to subsidiaries engaged in activities not permissible for a national bank. At September 30, 1993, La Grange Federal had a nonqualifying investment of $5,972,000 in its subsidiary, West Suburban, of which $1,493,000 is deducted from capital.

The OTS has adopted a final rule to be effective January 1, 1994 pursuant to which savings associations with above normal interest rate risk exposure will be subject to a deduction from total capital for the purpose of calculating the risk-based capital ratio. See "Information About LGF--Management's Discussion and Analysis of Financial Condition and Results of Operations."

All of First of America's affiliated financial institutions and La Grange Federal meet applicable capital requirements. LGF's risk based capital position is discussed above under the caption "Information About LGF--Management's Discussion and Analysis of Financial Condition and Result of Operations." The following table shows capital requirements and current capital levels for First of America and LGF and for combined First of America and LGF on a pro forma basis based on FRB capital requirements for bank holding companies.

PRO FORMA RISK BASED CAPITAL CALCULATIONS AS OF SEPTEMBER 30, 1993

<TABLE>
<CAPTION>

FULLY PHASED-IN CAPITAL REQUIREMENTS ($ in thousands)	First of America	LGF	Pro Forma First of America & LGF
<S>	<C>	<C>	<C>
CAPITAL:			
TIER 1:			
Common Stock	$ 571,462	$ 19	$ 587,879
Surplus	214,415	16,981	214,998
Retained earnings	590,225	25,067	615,292
Perpetual preferred stock	74,586	0	74,586
Less: Goodwill, core deposit intangibles and nonqualifying investment in subsidiary	140,372	1,493	140,372
Tier I capital	$ 1,310,316	$ 40,574	$ 1,352,383
TIER II:			
Allowance for loan losses	$ 175,883	$ 902	$ 177,601
Subordinated debt	171,682	0	171,682
Total Tier II Capital	347,565	902	349,283
Total Capital	$ 1,657,881	$ 41,476	$ 1,701,666

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TOTAL RISK-WEIGHTED ASSETS AND OFF-BALANCE SHEET ITEMS	$14,059,981	$148,083	$14,208,065
RISK-WEIGHTED CAPITAL RATIOS:			
Tier I capital to risk-weighted assets	9.32%	27.40%	9.52%
Minimum fully phased-in requirement	4.00	4.00	4.00
Total capital to risk-weighted assets	11.79	28.01	11.98
Minimum fully phased-in requirement	8.00	8.00	8.00
TIER I LEVERAGE RATIO (period end)	6.40%	9.85%	6.33%

</TABLE>

PROMPT CORRECTIVE ACTION. In addition to the existing capital requirements discussed above, FDICIA created a new approach to supervision of insured banks and savings associations that requires, or in some cases permits, federal regulatory agencies to take certain actions based on an institution's capital level. This "prompt corrective action" framework addresses capital deficiencies and supervisory concerns of institutions with the intent of resolving problems of institutions at the least possible long-term costs to BIF and SAIF. FDICIA and prompt corrective action regulations adopted by the federal regulatory agencies create five capital categories. Each insured depository institution will be categorized based on its level of capital as measured by specified ratios. An institution's capital category determines what regulatory restrictions and supervisory actions, if any, must, or in some cases may, be taken by federal regulators. These provisions became effective December 19, 1992.

The five capital categories are well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. The specified capital ratios for determining the capital category of all but critically undercapitalized institutions are: (1) the ratio of total capital to risk-weighted assets (total risk based ratio); (2) the ratio of Tier 1 or core capital to risk-weighted assets (Tier 1 risk based ratio); and (3) the ratio of Tier 1 or core capital to total average assets (Tier 1 leverage ratio). The sole capital measure for defining critically undercapitalized institutions is the ratio of tangible equity to total assets. The required ratios for each of the five capital categories are summarized in the following table:

<TABLE>
<CAPTION>

CATEGORY	TOTAL RISK BASED RATIO	TIER 1 RISK BASED RATIO	TIER 1 LEVERAGE RATIO	OTHER
<S>	<C>	<C>	<C>	<C>
Well-capitalized	10% or above	6% or above	5% or above	Not subject to a directive to meet a specific level for any capital measure
Adequately capitalized	8% or above	4% or above	4% or above(1)	Does not meet definition of well-capitalized
Undercapitalized	Under 8%	Under 4%	Under 4%(2)	
Significantly undercapitalized	Under 6%	Under 3%	Under 3%	
Critically undercapitalized				Ratio of tangible equity to total assets of 2% or under.

</TABLE>

(1) 3% or above for institutions rated CAMEL 1 or MACRO 1 in most recent examination by federal regulators.
(2) Under 3% for institutions rated CAMEL 1 or MACR0 1 in most recent examination by federal regulators.

FDICIA also provides that a well-capitalized institution may be reclassified as adequately capitalized and that an adequately capitalized or undercapitalized institution may be required to comply with restrictions and be subjected to supervisory actions as if it were in the next lower capital category, if the appropriate federal regulatory agency determines, after notice and opportunity for an informal hearing, that the institution is in an unsafe or unsound condition or is deemed to be engaging in an unsafe or unsound

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practice. An institution may be deemed to be engaged in an unsafe or unsound practice if it received a less-than-satisfactory rating in its most recent examination. Although no restrictions apply automatically and regulatory agencies are not required to take other supervisory action as a result of reclassification, such a reclassification permits an institution's regulatory agency to impose various restrictions and to take supervisory action to deal with the institution's deficiencies.

La Grange Federal and all of First of America's affiliate financial institutions are well capitalized. Neither First of America nor LGF currently have reason to believe or otherwise anticipate that any of First of America's affiliate financial institutions or La Grange Federal, respectively, will be reclassified to a lower capital category.

FDICIA and the prompt corrective action regulations specifically impose certain restrictions on, and require regulators to take certain supervisory actions with respect to, less than adequately capitalized institutions. The imposition of other restrictions and supervisory actions are left to the regulatory agencies' discretion. Certain of the more significant provisions are generally described below. Among the mandatory provisions are the following. Under FDICIA all institutions are prohibited from making a capital distribution or paying a management fee to a

controlling person that would leave the institution undercapitalized. All institutions which are undercapitalized or worse are subject to increased monitoring and capital restoration requirements. Significant additional restrictions apply to significantly and critically undercapitalized institutions. In addition to these mandatory supervisory actions, if an institution is undercapitalized or worse, the institution's federal regulatory agency has the authority to, among other things, restrict the institution's activities, growth and affiliate relationships.

STANDARDS FOR SAFETY AND SOUNDNESS. FDICIA requires each federal banking agency to prescribe for all insured depository institutions and their holding companies standards relating to internal controls, information systems and audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth, and compensation, fees and benefits and such other operational and managerial standards as the agency deems appropriate. In addition, the federal banking regulatory agencies are required to prescribe by regulation standards specifying: (1) maximum classified assets to capital ratios; (2) minimum earnings sufficient to absorb losses without impairing capital; (3) to the extent feasible, a minimum ratio of market value to book value for publicly traded shares of depository institutions or the depository institution holding companies; and (4) such other standards relating to asset quality, earnings and valuation as the agency deems appropriate. Finally, each federal banking agency is required to prescribe standards for employment contracts and other compensation arrangements of executive officers, employees, directors and principal stockholders of insured depository institutions that would prohibit compensation and benefits and arrangements that are excessive or that could lead to a material financial loss for the institution. If an insured depository institution or its holding company fails to meet any of the standards described above, it will be required to submit to the appropriate federal banking agency a plan specifying the steps that will be taken to cure the deficiency. If an institution fails to submit an acceptable plan or fails to implement the plan, the appropriate federal banking agency will require the institution or holding company to correct the deficiency and, until corrected, may impose restrictions on the institution or company, including any of the restrictions applicable under the prompt corrective action provisions of FDICIA. The federal regulatory agencies issued a proposed rule regarding implementation of these standards but final regulations have not been released. Since final regulations have not yet been prescribed, First of America and LGF cannot assess the significance of the impact, if any, such standards may have on First of America and its affiliated banks and LGF and La Grange Federal.

OTHER LIMITATIONS BASED ON CAPITAL. FDICIA and implementing regulations place certain limitations, based on an institution's capital categorization, on the acceptance of brokered deposits, interest rates on deposits, and deposit insurance coverage. Only well-capitalized institutions may accept brokered deposits without limitation. Adequately capitalized institutions may accept brokered deposits only upon obtaining a waiver from the FDIC. Further, an adequately capitalized institution may not offer rates of interest on deposits that are significantly more than relevant local or national rates. Undercapitalized institutions may not accept brokered deposits.

Effective December 19, 1992 "pass through" deposit insurance on employee benefit plan deposits is available only on deposits at institutions that can accept brokered deposits. This includes well-capitalized institutions and adequately capitalized institutions accepting brokered deposits pursuant to an FDIC waiver.

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AUDIT AND REPORTING REQUIREMENTS. FDICIA added a new section to the Federal Deposit Insurance Act, the purpose of which is to facilitate early identification of problems in financial institutions' management through annual independent audits, more stringent reporting requirements, and the establishment and maintenance of internal control structures and procedures. Under FDICIA and implementing regulations of the FDIC, the new requirements apply to institutions with assets of $500 million or more, with certain exceptions for subsidiaries of holding companies, and are effective for fiscal years beginning after December 31, 1992.

The new audit and reporting requirements under FDICIA generally require as follows. Each insured depository institution (or its holding company, as discussed below) must submit to the appropriate federal regulatory agency and make publicly available an annual report including the following: (1) financial statements audited by an independent public accounting firm; (2) a report by the institution's management, which acknowledges responsibility for the financial statements and compliance with safety and soundness laws and regulations, assesses the institution's internal controls and states the institution's compliance with laws and regulations relating to loans to insiders and dividends; (3) an attestation and report by the independent public accountant on management's assertions on internal control structure and procedures for financial reporting; and (4) the independent public accountant's findings on

compliance with laws and regulations relating to insider loans and dividends. Additionally, each institution (or its holding company, as discussed below) must have an independent audit committee comprised entirely of outside directors and subject to duties specified by FDICIA and the FDIC regulations. For large institutions, such as First of America, the committee must include two members with banking or financial management experience, may not include large customers or individuals associated with large customers of the institution, and must have access to outside legal counsel.

La Grange Federal is not subject to the audit and reporting requirements described above. All of First of America's affiliate depository institutions are subject to these requirements. It is currently anticipated that the independent audit will be satisfied by the audit at the holding company level.

RESERVE REQUIREMENTS. FRB regulations require banks and savings institutions to maintain non-interest-earning reserves against their transaction accounts (primarily NOW and demand accounts). The FRB regulations generally require that reserves be maintained against aggregate transaction accounts as follows: for accounts aggregating $51.9 million or less (subject to adjustment by the FRB) the reserve requirement is three percent or approximately $1.6 million. Net transaction accounts in excess of $51.9 million currently are subject to a ten percent reserve requirement which is subject to adjustment by the FRB between eight percent and fourteen percent. The first $4.0 million of otherwise reservable balances (subject to adjustments by the FRB) are exempted from the reserve requirements.

DEPOSIT INSURANCE. Both banks and savings associations are insured by the FDIC. However, under FIRREA, separate funds have been established, with BIF (the Bank Insurance Fund) generally covering banks and SAIF (the Savings Association Insurance Fund) generally covering savings associations. A minimum designated reserve ratio, i.e., the ratio of the insurance fund's reserves to total estimated insured deposits of 1.25 percent of insured deposits has been established for both BIF and SAIF. However, the FDIC may set a higher designated reserve ratio for either fund if circumstances raise a significant risk of substantial future losses to the fund. Assessment rates will be established sufficient to maintain reserves at the designated reserve ratio or, if the reserve ratio is less than the designated reserve ratio, to increase the reserve ratio to the designated reserve ratio within a reasonable period of time. In order to recapitalize the BIF, the FDICIA permits the FDIC to either set assessment rates for BIF members such that the required 1.25 percent reserve ratio is achieved within one year or specify a series of target reserve ratios culminating in a reserve ratio of 1.25 percent within a maximum of 15 years. The FDIC also is authorized to impose special assessments as it deems necessary. The rates on regular assessments may be changed by the FDIC semi-annually for each fund independent of the other . All insured financial institutions are assessed on a semi-annual basis.

However, under FDICIA the FDIC is required to establish a system of risk based deposit insurance premiums to be implemented no later than January 1, 1994. Under a risk based assessment system each institution's semi-annual assessment will be based on the probability that the insurance fund will incur a loss related to that institution, the likely amount of the loss and the

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revenue needs of the deposit insurance fund. If the BIF reserve ratio is less than 1.25 percent, under the risk based system the FDIC must collect total premiums at least equal to the amount that would be collected if all BIF members were paying $0.23 per $100 of deposits. For SAIF members, if the SAIF reserve ratio is less than 1.25 percent, the minimum aggregate assessment rate per $100 of deposits is $0.23 through December 31, 1993, $0.18 from January 1, 1994 through December 31, 1997 and $0.23 thereafter.

The FDIC adopted a transitional system, effective January 1, 1993, and a virtually identical final risk based premium system to be effective January 1, 1994, under which higher-risk banks and thrifts pay more into the insurance funds than other institutions. Under both the transitional and final rules, a financial institution will pay an assessment of between 23 cents and 31 cents per $100 of insured deposits based on its risk classification. To arrive at a risk based assessment for each insured institution for each semi-annual period, the FDIC places it in one of nine assessment risk classifications using a two-step analysis based first on capital ratios and then on supervisory risk factors.

Three capital categories are used, well-capitalized, adequately capitalized and undercapitalized, which are identical to those adopted for prompt corrective action purposes, except the deposit insurance premium rule excludes references to supervisory evaluations and directives included under the prompt corrective action rule (see "Regulation of First of America and LGF - - Prompt Corrective Action"). Each institution also is assigned to one of three supervisory risk subgroups based on consideration of supervisory evaluations by the institution's primary regulatory agency and other information relevant to the institution's financial condition and the risk of loss to the insurance fund posed by the institution. Subgroup A is for financially sound institutions with only a few minor weaknesses. Subgroup B is for institutions that demonstrate weakness that, if not corrected, could result in significant deterioration. Subgroup C is for institutions that pose a substantial probability of loss to the insurance fund unless effective corrective action is taken. These supervisory subgroups will modify premium rates within each of the three capital categories.

The FDIC notifies institutions of their assessment risk classification for each semi-annual period by the first day of the month preceding each semi-annual period (June 1 for the period beginning July 1 and December 1 for the period beginning January 1). An institution may submit a written request for review of its assessment risk classification.

Nine of First of America's depository institutions are covered by BIF and are subject to assessments at the BIF rates. Eleven of First of America's subsidiary banks have a portion of their deposits insured by BIF and subject to assessment at the BIF rates with the remaining portion of their deposits insured by SAIF and subject to assessment at the SAIF rates. La Grange Federal's deposits are covered by SAIF and after the Merger the acquired deposits will continue to be covered by SAIF subject to assessment at the SAIF rates.

DIVIDEND REGULATION. A bank holding company which controls an institution that is classified as undercapitalized or worse for prompt corrective action purposes (see "Regulation of First of America and LGF - Prompt Corrective Action") may be prohibited from making any dividend payment without prior approval of the FRB. In addition, the ability of a bank or savings and loan holding company to obtain funds for the payment of dividends to its shareholders and for other cash requirements is largely dependent on the amount of dividends which may be declared by its subsidiary banks and savings associations. Federal and state statutes and regulations restrict the payment of dividends by banks and savings associations. Certain of these statutes and regulations applicable to First of America's affiliate financial institutions and to La Grange Federal are discussed below.

Under FDICIA no insured depository institution may declare any dividend if, following the payment of such dividend, the institution would be undercapitalized (see "Regulation of First of America and LGF - Prompt Corrective Action").

A national bank may not pay a dividend on its common stock if the dividend would exceed the net undivided profits then on hand after deducting losses and bad debts. Additionally, the prior approval of the OCC is required for any dividend to a bank holding company by any affiliated national bank if the total of all dividends, including any proposed dividend, declared by such bank in any calendar year exceeds the total of its net profits for that year to date combined with its retained net profits for the preceding two years, less any required transfers to surplus.

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Under the Federal Reserve Act, a state bank which is a member of the Federal Reserve System cannot pay a dividend in an amount greater than its net profits then on hand after deducting losses and bad debts. Further, the approval of the FRB will be required if dividends declared by any subsidiary state bank which is a member of the Federal Reserve System in any year exceeds the total of net profits for that year to date combined with the retained net profits for the preceding two years, less any required transfers to surplus.

Under the Michigan Banking Code, no dividend may be declared by a Michigan State bank in an amount greater than net profits then on hand after deducting losses and bad debts. In addition, if the surplus of the bank is less than the amount of its capital stock, before a dividend may be declared, the bank must transfer to surplus not less than ten percent of the net profits of such bank for the preceding half- year in the case of quarterly or semi-

annual dividends or not less than ten percent of its net profits for the preceding two consecutive half- year periods in the case of annual dividends.

Under the Indiana Financial Institutions Act, an Indiana state bank may not declare or pay any dividend unless its capital is unimpaired and a surplus fund equal to 25 percent of such capital stock has been set apart and retained unimpaired. Dividends may be declared and paid thereafter not more frequently than quarterly and at a rate not greater than six percent per annum on the book value of the stock, until the bank's unimpaired surplus fund is equal to the amount of the capital stock, and such capital shall have remained unimpaired. This limitation does not apply if the bank's common capital is unimpaired, its unimpaired surplus is equal to 25 percent of its common capital, and its sound capital is in excess of 20 percent of the average daily deposit liability computed on an annual basis. Sound capital includes paid- in and unimpaired capital, unimpaired surplus and unimpaired proceeds of notes and debentures. First surplus and then capital is impaired to the extent a bank has negative retained earnings.

Under OTS regulations, a savings association that exceeds all fully phased-in capital requirements before and after a proposed dividend and has not been advised by the OTS that is in need of more than normal supervision, could after thirty days prior notice, make capital distributions during a calendar year equal to the greater of: (1) 100% of its net income to date during the calendar year plus the amount that would reduce by one-half its "surplus capital ratio" (the excess capital over its fully phased-in capital requirements) at the beginning of the calendar year; or (2) 75% of its net income for the previous four quarters. Any additional capital distributions would require prior regulatory approval. In addition, the OTS could prohibit a proposed capital distribution by any institution, which would otherwise be permitted by the regulations, if the OTS determines that such distribution would constitute an unsafe or unsound practice.

Under federal and state banking laws and regulations the term "net profits" means the remainder of all earnings from current operations plus actual recoveries on loans and investments and other assets, after deducting from the total thereof all current operating expenses, actual losses, accrued dividends on preferred stock, if any, and all federal and state taxes.

Dividends paid to First of America by its banking subsidiaries amounted to $137.4 million in 1992 and $146.5 million during the first nine months of 1993. Unless prior regulatory approval is obtained, banking regulations limit the dividends First of America's banking subsidiaries can declare during 1993 to the amount of 1993 net profits, as defined in the Federal Reserve Act, plus retained net profits for 1992 and 1991, which amounted to $92.0 million.

MONETARY POLICY AND ECONOMIC CONDITIONS. The business of commercial banks and savings associations is affected by the monetary and fiscal policies of various regulatory agencies, including the FRB. Among the regulatory techniques available to the FRB are open market operations in United States government securities, changing the discount rate for member bank borrowings, and imposing and changing the reserve requirements applicable to bank and savings association deposits and to certain borrowings by banks, savings associations and their affiliates (including parent companies). These policies influence to a significant extent the overall growth and distribution of bank loans, investments, and deposits, and the interest rates charged on loans, as well as the interest rates paid on savings and time deposits.

The monetary policies of the FRB have had a significant effect on the operating results of commercial banks and savings associations in the past and are expected to continue to do so in the future. In view of constantly changing

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conditions in the national economy and the money market, as well as the effect of acts by monetary and fiscal authorities, including the FRB, no definitive predictions can be made by First of America or LGF as to future changes in interest rates, credit availability, or deposit levels or the effect of any such changes on First of America's or LGF's operations and financial condition.

OTHER MATTERS

FEES AND EXPENSES. LGF and First of America will each pay its own fees and expenses incident to the negotiation and performance of the Merger Agreement including the fees and expenses of counsel, accountants, and other experts, whether or not the Merger is consummated.

SOURCES OF INFORMATION. All information about LGF included in this Prospectus/Proxy Statement has been prepared from information furnished by LGF for inclusion herein, and all information about First of America has been furnished by First of America.

LEGAL MATTERS

Legal matters in connection with the Merger, including issuance of First of America Common Stock, will be passed upon for First of America by Howard & Howard Attorneys, P.C., Kalamazoo, Michigan. J. Michael Kemp, managing partner of Howard & Howard, is a director of First of America. As of December 31, 1993, Mr. Kemp owned 29,315 shares of First of America Common Stock jointly with his spouse, 730 shares individually, and 276 shares in a retirement trust. As a co-trustee with two other co-trustees, Mr. Kemp has voting and investment power over 60,000 shares of First of America Common Stock. Other attorneys with Howard & Howard and members of their families own shares of First of America Common Stock. Additionally, certain of Howard & Howard's attorneys and members of their families are indebted to and have other banking and trust relationships with certain of First of America's affiliate banks.

Legal matters in connection with the Merger will be passed upon for LGF by Muldoon, Murphy & Faucette of Washington, D.C.

EXPERTS

The consolidated financial statements of LGF and its subsidiaries as of December 31, 1992 and 1991, and for each of the three years in the period ended December 31, 1992 included in this Prospectus/Proxy Statement have been audited by Deloitte & Touche, independent auditors, as stated in their report appearing herein, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of First of America as of December 31, 1992 and 1991, and for each of the years in the three- year period ended December 31, 1992, incorporated by reference herein and elsewhere in the registration statement have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG Peat Marwick, independent certified public accountants, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

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INDEPENDENT AUDITORS' REPORT

LGF Bancorp, Inc.:

We have audited the accompanying consolidated statements of financial condition of LGF Bancorp, Inc. and subsidiaries at December 31, 1992 and 1991 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1992. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of LGF Bancorp, Inc. and subsidiaries at December 31, 1992 and 1991, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1992 in conformity with generally accepted accounting principles.

/s/ Deloitte & Touche
DELOITTE & TOUCHE

Chicago, Illinois
February 16, 1993

LGF BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

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December 31,

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	1992	1991
ASSETS	(In thousands)	
<S>	<C>	<C>
Cash and due from depository institutions	$ 7,201	$ 6,392
Interest-bearing deposits	2,087	4,364
Federal funds sold	1,200	4,100
Total cash and cash equivalents	10,488	14,856
Securities held for sale	74,894	99,852
Investment securities (market value 1992-$51,344; 1991-$16,605)	50,897	16,252
Mortgage-backed securities (market value 1992-$54,888; 1991-$14,653)	54,763	14,402
Loans receivable (net of allowance for possible loan losses 1992-$723; 1991-$450)	206,367	226,669
Federal Home Loan Bank stock-at cost	2,705	2,598
Real estate held for sale	4,503	4,187
Office properties and equipment, net	3,674	3,617
Accrued interest receivable	2,261	2,513
Other assets	971	8,338
Total Assets	$411,523	$393,284
LIABILITIES AND STOCKHOLDERS' EQUITY		
Deposits	$366,989	$367,460
Advance payments by borrowers for taxes and insurance	1,390	1,714
Accrued interest payable	199	284
Employee Stock Ownership Plan loan obligation	992	--
Other liabilities	1,976	1,371
Total liabilities	371,546	370,829
Commitments and contingencies	--	--
Stockholders' equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized	--	--
Common stock, $.01 par value, 5,000,000 shares authorized, 1,851,500 shares issued, 1,821,500 outstanding	19	--
Additional paid-in capital	16,981	--
Retained earnings--substantially restricted	25,061	22,455
Stock held for Recognition and Retention Plan	(612)	--
Guaranteed Employee Stock Ownership Plan loan obligation	(992)	--
Treasury stock, at cost, 30,000 shares	(480)	--
Total stockholders' equity	39,977	22,455
Total Liabilities and Stockholders' Equity	$411,523	$393,284

</TABLE>
SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

LGF BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
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	Years Ended December 31,		
	1992	1991	1990
	(In thousands, except per share data)		
Interest income:			
<S>	<C>	<C>	<C>

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Loans receivable	$20,779	$22,863	$22,212
Investment securities	2,062	5,153	5,611
Mortgage-backed securities	2,134	3,014	2,475
Securities held for sale	4,394	1,503	1,806
Interest-bearing deposits, Federal funds sold and other	884	1,021	624
Total interest income	30,253	33,554	32,728
Interest expense:			
Deposits	20,105	24,998	25,559
Borrowed funds	--	--	20
Less capitalized interest	--	--	(188)
Total interest expense	20,105	24,998	25,391
Net interest income	10,148	8,556	7,337
Provision for possible loan losses	310	419	82
Net interest income after provision for possible loan losses	9,838	8,137	7,255
Other income:			
Loan servicing fees, late charges, and other related fees	110	105	77
Net losses on sales of investment and mortgage-backed securities and securities held for sale	(448)	(150)	--
Lower of cost or market adjustment on securities held for sale	590	2,281	(1,867)
Other	923	684	455
Total other income	1,175	2,920	(1,335)
Other expenses:			
Compensation and employee benefits	3,447	2,687	2,510
Occupancy and equipment expenses, net	1,015	1,037	1,058
Federal deposit insurance premiums	791	745	608
Advertising and promotion	378	387	375
Real estate operations expense (income), net	(110)	23	21
Other	1,714	1,468	1,293
Total other expenses	7,235	6,347	5,865
Income before income taxes	3,778	4,710	55
Provision for income taxes	1,172	284	743
Net income (loss)	$ 2,606	$ 4,426	$ (688)
Earnings per share:			
Primary	$ 1.38		
Fully diluted	$ 1.35		

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

LGF BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

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Years Ended December 31,	Additional	Retained Earnings-	Unrealized Loss on Marketable

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1992, 1991 and 1990 (Dollars in Thousands)	Common Stock	Paid-in Capital	Substantially Restricted	Equity Securities
<S>	<C>	<C>	<C>	<C>
Balance, January 1, 1990	$--	$ --	$18,717	$(1,941)
Net loss	--	--	(688)	--
Decrease in net unrealized loss on marketable equity securities	--	--	--	430
Balance, December 31, 1990	--	--	18,029	(1,511)
Net income	--	--	4,426	--
Decrease in net unrealized loss on marketable equity securities	--	--	--	1,511
Balance, December 31, 1991	--	--	22,455	--
Net income	--	--	2,606	--
Net proceeds from issuance of 1,851,500 shares of common stock	19	16,981	--	--
Common stock purchased for Recognition and Retention Plan	--	--	--	--
Guaranteed Employee Stock Ownership Plan loan obligation	--	--	--	--
Repayment of Employee Stock Ownership Plan loan obligation	--	--	--	--
Amortization of purchase price of Recognition and Retention Plan's stock	--	--	--	--
Purchase of treasury stock	--	--	--	--
Balance, December 31, 1992	$19	$16,981	$25,061	$ --

<CAPTION>

Years Ended December 31, 1992, 1991 and 1990 (Dollars in Thousands)	Stock Held for RRP	Guaranteed ESOP Loan Obligation	Treasury Stock, at Cost	Total
<S>	<C>	<C>	<C>	<C>
Balance, January 1, 1990	$ --	$ --	$ --	$16,776
Net loss	--	--	--	(688)
Decrease in net unrealized loss on marketable equity securities	--	--	--	430
Balance, December 31, 1990	--	--	--	16,518
Net income	--	--	--	4,426
Decrease in net unrealized loss on marketable equity securities	--	--	--	1,511
Balance, December 31, 1991	--	--	--	22,455
Net income	--	--	--	2,606
Net proceeds from issuance of 1,851,500 shares of common stock	--	--	--	17,000
Common stock purchased for Recognition and Retention Plan	(965)	--	--	(965)
Guaranteed Employee Stock Ownership Plan loan obligation	--	(1,111)	--	(1,111)
Repayment of Employee Stock Ownership Plan loan obligation	--	119	--	119
Amortization of purchase pri of Recognition and Retention Plan's stock	353	--	--	353

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Purchase of treasury stock	--	--	(480)	(480)
Balance, December 31, 1992	$(612)	$(992)	$(480)	$39,977

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

LGF BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

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	Years Ended December 31,		
	1992	1991	1990
		(In thousands)	
Cash flows from operating activities:			
<S>	<C>	<C>	<C>
Net income (loss)	$ 2,606	$ 4,426	$ (688)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Amortization of loan fees	(917)	(551)	(373)
Provision for real estate held for sale	--	160	--
Provision for possible loan losses	310	419	82
Gain on sales of real estate owned	--	(42)	--
Net loss on sales of investment and mortgage-backed securities and securities held for sale	448	150	--
Lower of cost or market adjustment on securities held for sale	(590)	(2,281)	1,867
Depreciation and amortization	676	127	372
Deferred income taxes	(236)	(212)	(391)
Increase in deferred loan fees	1,069	834	886
Decrease (increase) in accrued interest receivable and other assets	7,855	(1,096)	117
Increase in accrued interest payable and other liabilities	520	416	36
Net cash flows provided by operating activities	11,741	2,350	1,908
Cash flows from investing activities:			
Proceeds from sale of investment securities	--	10,091	--
Proceeds from maturities of investment securities	13,167	15,000	7,508
Proceeds from sales of mortgage-backed securities	--	17,431	--
Proceeds from sales of securities held for sale	115,647	20,535	--
Proceeds from sale of FHLB stock	--	--	135
Purchases of investment securities	(47,796)	(26,019)	--
Purchases of mortgage-backed securities	(44,565)	(15,341)	--
Purchases of securities held for sale	(93,469)	(33,176)	--
Purchases of mortgage loans	--	(2,799)	(2,008)
Purchase of FHLB stock	--	(173)	--
FHLB stock dividend	(107)	(124)	--
Principal collected on mortgage-backed securities	7,144	3,730	2,598
Net decrease (increase) in loans receivable	19,747	(8,794)	(19,306)
Proceeds from sales of real estate held for sale	76	297	65
Expenditures on real estate held for sale:			
Improvements	--	(122)	(321)
Capitalized interest	--	--	(188)
Investment in and advances to joint venture	(375)	(93)	(114)
Expenditures for office properties and equipment	(338)	(58)	(301)
Net cash flows used in investing activities	(30,869)	(19,615)	(11,932)

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CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)

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<S>	1992 <C>	1991 <C> (In thousands)	1990 <C>
	Years Ended December 31,		
Cash flows from financing activities:			
Proceeds from sale of common stock	$ 17,000	$ --	$ --
Purchase of common stock for Recognition and Retention Plan	(965)	--	--
Purchase of treasury stock	(480)	--	--
Net increase (decrease) in deposits	(471)	20,884	18,546
Net increase (decrease) in advance payments by borrowers for taxes and insurance	(324)	89	416
Repayment of notes payable	--	--	(4,800)
Net cash flows provided by financing activities	14,760	20,973	14,162
Net increase (decrease) in cash and cash equivalents	(4,368)	3,708	4,138
Cash and cash equivalents--Beginning of year	14,856	11,148	7,010
Cash and cash equivalents--End of year	$ 10,488	$ 14,856	$ 11,148
Supplemental disclosure of cash flow information:			
Cash paid during the year for interest	$ 20,190	$ 25,087	$ 25,418
Cash paid during the year for income taxes	1,523	1,239	1,059

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

LGF BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 1992, 1991 AND 1990

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

LGF Bancorp, Inc., a Delaware corporation, was organized in March 1992 for the purpose of acquiring all of the capital stock of La Grange Federal Savings and Loan Association (the "Association") pursuant to a conversion of the Association from a Federally chartered mutual association to a Federally chartered stock association (the "Conversion"). Effective June 18, 1992, LGF Bancorp, Inc. completed its initial public offering and sold 1,851,500 shares of common stock for $10 per share, primarily to depositors. The expenses associated with the conversion were charged to paid-in capital. Fifty percent, or $8,500,000 of the net proceeds from the public offering was used to purchase all of the capital stock of the Association issued pursuant to the Conversion. This transaction was accounted for in a manner similar to a pooling of interests, consequently no goodwill or other intangibles were recorded as a result of this transaction.

The accounting and reporting policies of LGF Bancorp, Inc. and its subsidiaries conform to generally accepted accounting principles and to general practice within the savings and loan industry. The following is a description of the more significant policies which LGF Bancorp, Inc. follows in preparing and presenting its consolidated financial statements.

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements of LGF Bancorp, Inc. and its subsidiaries (the "Company") include the accounts of LGF Bancorp, Inc., the Association and the Association's wholly-owned subsidiary, West Suburban Financial Corp. All material intercompany accounts and transactions have been eliminated in consolidation.

SECURITIES HELD FOR SALE - Securities held for sale consist of securities that management either intends to sell or to use as part of its

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asset/liability management strategy and that may be sold in response to changes in interest rates, resultant prepayment risk and other factors related to interest rates and resultant prepayment risk changes. Securities held for sale at December 31, 1991 include certain mutual funds that have investments in corporate bonds, including non-investment grade securities which, under the Financial Institutions Reform Recovery Act of 1989, were required to be divested. Accordingly, effective August 1989 such marketable equity securities were transferred to securities held for sale and the related unrealized loss was charged to operations. In December 1991, the Association transferred its remaining investments in mutual funds and certain other investment and mortgage-backed securities to securities held for sale.

Securities held for sale are recorded at the lower of cost or market value at the date of purchase or transfer. Subsequent reductions of cost to market value are recorded through a valuation allowance with a corresponding charge to operations. Subsequent increases in market values reduce the valuation allowance up to the lower of original recorded value at date of designation or current market value with a corresponding credit to operations.

INVESTMENT AND MORTGAGE-BACKED SECURITIES - Investment securities and mortgage-backed securities are carried at cost, adjusted for amortization of premium and accretion of discount. Such securities are carried at amortized cost only if they can be held to final maturity and there is no intent to sell in the foreseeable future. The Company has both the ability and the intent to hold such securities to maturity. Prior to December 1991, investments in certain mutual funds (which invested in investment grade securities) were held for investment and, accordingly, were carried at the lower of aggregate cost or market with any increase or decrease in the valuation allowance recorded as an adjustment to retained earnings. Gains or losses on the sale of investment and mortgage-backed securities are determined using the adjusted cost of the specific security sold.

INTEREST ON LOANS - Interest on loans is recorded as income earned. Mortgage loans are placed on non-accrual status when, in management's judgment, the probability of collection of interest is deemed to be insufficient to warrant further accrual. The accrual of interest income is discontinued on commercial real estate and consumer loans which are past due 90 or more days as to principal or interest payments. When loans are placed

on non-accrual status, interest accrued is charged against interest income. Loans may be reinstated to accrual status when all payments are brought current and, in the opinion of management, collection of the remaining balance can be reasonably expected.

LOAN ORIGINATION FEES, SERVICING FEES, AND PREMIUMS AND DISCOUNTS - Loan origination fees and related direct loan origination costs are deferred and recognized over the contractual life of the loan as an adjustment to yield. Fees for servicing mortgage loan portfolios are recognized in income as collected. Premiums and discounts on mortgage loans purchased are amortized to income over the lives of the loans using the level yield method.

PROVISION FOR POSSIBLE LOAN LOSSES - Provisions for possible loan losses are charged to operations based on management's evaluation of the potential losses in its loan portfolio. The major factors considered in evaluating potential losses are historical charge-off experience, delinquency rates, local and national economic conditions and the value of any related collateral. Management's estimate of fair value of the collateral considers the current and anticipated future operating or sales conditions, thereby causing these estimates to be particularly susceptible to changes that could result in a material adjustment to results of operations in the future. Recovery of the carrying value of such loans and related real estate is dependent, to a great extent, on economic, operating and other conditions that may be beyond the Company's control.

REAL ESTATE HELD FOR SALE - In accordance with the American Institute of Certified Public Accountants' Statement of Position 92-3, "Accounting for Foreclosed Assets," properties acquired through foreclosure or by deed in lieu of foreclosure are initially valued at the lower of recorded investment or fair value. Any excess of recorded investment over fair value at the date of acquisition is charged directly to the allowance for possible loan losses. Costs relating to the development and improvement of a property are capitalized when incurred. Provisions for estimated losses required on the basis of later evaluations, gains or losses on sales, or net expenses incurred from maintaining such properties are included in real estate operations expense.

The amounts the Company could ultimately recover from real estate held for sale could differ materially from the amounts used in determining the net carrying value of the assets because of future market factors beyond the Company's control or changes in the Company's strategy for recovering its

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investment.

OFFICE PROPERTIES AND EQUIPMENT - Depreciation is charged to operations over the estimated useful lives of the assets on a straight-line basis. Maintenance, repairs and minor improvements are charged to operating expenses as incurred.

INCOME TAXES - The Company files a consolidated Federal income tax return with the Association. Income taxes are accrued based on income and expenses reported for financial statement purposes. Deferred income taxes are provided on income and expenses which are recognized in different periods for income tax purposes than for financial reporting purposes. Principal timing differences consist of loan fees and capitalized interest recognized in different periods for financial reporting and tax purposes.

NEW ACCOUNTING PRONOUNCEMENTS - The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No.106, "Employers' Accounting for Post Retirement Benefits Other Than Pensions" (SFAS 106) in December, 1990. This statement requires accrual of post retirement benefits (such as health care) during the years an employee provides services. The Company does not currently provide, nor does it intend to provide, non-pension benefits to employees after retirement.

The Company currently accounts for income taxes in accordance with Accounting Principles Board Opinion No. 11. In February 1992, the FASB issued Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" (SFAS 109). The statement requires the use of the liability method in accounting for income taxes and eliminates, on a prospective basis, the former exception for provision of deferred income taxes on thrift bad debt reserves. The Company plans to adopt SFAS 109 in the first quarter of 1993. Implementation of this new statement is not expected to have a material impact on the Company's financial position.

In November 1992, the FASB issued Statement of Financial Accounting Standards No.112, "Employers' Accounting for Postemployment Benefits" (SFAS112) which requires accrual of a liability representing the cost of certain benefits earned by employees over their employment period. SFAS 112 applies to vested benefits provided to former or inactive employees, their beneficiaries and covered dependents, after employment but before retirement. Such benefits include salary continuation, supplemental unemployment compensation, severance pay, job training and continuation of health care and life insurance coverage. This statement is effective for fiscal years beginning after December 15, 1993, although earlier application is encouraged. Management is currently reviewing the impact of this statement; however, at December 31, 1992, management did not expect it to have a material impact on the Company.

CONSOLIDATED STATEMENTS OF CASH FLOWS - For purposes of reporting cash flows, the Company has defined cash and cash equivalents to include cash and amounts due from other depository institutions, interest-bearing deposits and Federal funds sold with original maturities of 90 days or less. Non-cash transfers from loans receivable to real estate acquired in settlement of loans were $91,000 and $75,000 for the years ended December 31, 1992 and 1991. There were no non-cash transfers from loans receivable to real estate acquired in settlement of loans for the year ended December 31, 1990.

EARNINGS PER SHARE - Earnings per share for the year ended December 31, 1992 were determined by dividing net income for the year by the weighted average number of common stock and common stock equivalents outstanding determined as if the Company's initial public offering took place on January 1, 1992. Stock options are regarded as common stock equivalents and are therefore considered in both primary and fully diluted earnings per share calculations. Common stock equivalents are computed using the treasury stock method. Earnings per share information for the years ended December 31, 1991 and 1990 is not meaningful because the Company had no shares issued until June 18, 1992.

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2. SECURITIES HELD FOR SALE

Securities held for sale are summarized as follows:

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<CAPTION>

	December 31 1992		
	Gross Carrying Value	Estimated Unrealized Gains	Market Value
		(in thousands)	
Mutual Funds			
U.S. Government securities	$23,565	$ 19	$ 23,584
Mortgage-backed securities:			
ARM's	11,928	--	11,928
Fixed rate	3,404	--	3,404
Corporate debt (investment grade)	8,084	--	8,084
U.S. Treasury bonds	2,202	--	2,202
	49,183	19	49,202
Mortgage-backed securities	25,711	--	25,711
Total	$74,894	$ 19	$ 74,913

</TABLE>
<TABLE>
<CAPTION>

	December 31 1991		
	Gross Carrying Value	Estimated Unrealized Gains	Market Value
		(in thousands)	
Mutual Funds:			
U.S. Government securities	$36,977	$ 144	$ 37,121
Mortgage-backed securities:			
ARM's	15,000	--	15,000
Fixed rate	10,982	27	11,009
Corporate debt:			
Investment grade	10,019	--	10,019
Non-investment grade	2,032	--	2,032
U.S. Treasury bonds	3,398	--	3,398
	78,408	171	78,579
Mortgage-backed securities	21,444	918	22,362
Total	$99,852	$1,089	$100,941

</TABLE>

Under an agreement with its regulatory agencies, the Association was required to sell its investment in non-investment grade mutual funds by August 1992.

Proceeds, gross gains and gross losses from sales of securities held for sale are summarized as follows (in thousands):

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<TABLE>
<CAPTION>

	Year Ended December 31,	
	1992	1991
Proceeds	$115,647	$20,535
Gross gains	458	--
Gross losses	906	821

</TABLE>

There were no sales of securities held for sale during the year ended December 31, 1990.

3. INVESTMENT SECURITIES

The carrying and estimated market values of investment securities are as follows:

<TABLE>
<CAPTION>

	December 31, 1992			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
	(in thousands)			
U.S. Treasury obligations	$16,468	$218	$15	$16,671
U.S. Government agency obligations	34,357	247	3	34,601
Other	72	--	--	72
Total	$50,897	$465	$18	$51,344

</TABLE>

<TABLE>
<CAPTION>

	December 31, 1991			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
	(in thousands)			
U.S. Treasury obligations	$ 6,000	$ 79	$--	$ 6,079
U.S. Government agency obligations	10,013	274	--	10,287
Other	239	--	--	239
Total	$16,252	$353	$--	$16,605

</TABLE>

At December 31, 1992, the maturities of U.S. Treasury obligations, U.S. Government agency obligations and other securities were as follows:

<TABLE>
<CAPTION>

	Term to Maturity	
	Carrying Value	Estimated Market Value
	(in thousands)	
Due in one year or less	$23,379	$23,543
Due after one year through five years	26,492	26,756

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Due after five years through 10 years	1,026	1,045
Total	$50,897	$51,344

</TABLE>

Proceeds from sales of investment securities were $16,154,000 (including $6,063,000 receivable from a mutual fund which was reflected in other assets) for the year ended December 31, 1991. Gross gains of $232,000 were realized on those sales for the year ended December 31, 1991. There were no sales of investment securities during the years ended December 31, 1992 and 1990.

In December 1991, the Association transferred U.S. Treasury bonds and mutual funds with carrying values of $3,398,000 and $48,375,000, respectively to securities held for sale (See Note 2.) Such securities were transferred at their lower of cost or market.

Investment securities with a carrying value of approximately $3,500,000 were pledged as collateral on certain deposits at December 31, 1992.

4. MORTGAGE-BACKED SECURITIES

The carrying and estimated market value of mortgage-backed securities are as follows:

<TABLE>
<CAPTION>

	December 31, 1992			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
FHLMC certificates	$14,156	$ 9	$124	$14,041
GNMA certificates	24,372	321	50	24,643
FNMA certificates	16,235	36	67	16,204
Total	$54,763	$366	$241	$54,888

<CAPTION>

	December 31, 1991			
	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
	(in thousands)			
<S>	<C>	<C>	<C>	<C>
FHLMC certificates	$ 6,382	$ 34	$ 19	$ 6,397
GNMA certificates	5,751	219	1	5,969
FNMA certificates	2,269	18	--	2,287
Total	$14,402	$271	$ 20	$14,653

</TABLE>

At December 31, 1992, mortgage-backed securities were composed of variable rate FHLMC and FNMA participation certificates and fixed rate FHLMC and GNMA participation certificates representing pools of single family mortgage loans originated for terms of 15 or 30 years. However, very few of these loans remain outstanding for their entire term. Usually, scheduled

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repayments gradually reduce the outstanding balance until the underlying property is sold or refinanced and the original loan paid off. Expected maturities will differ from contractual maturities because borrowers may have the right to repay obligations without prepayment penalties.

There were no sales of mortgage-backed securities during the years ended December 31, 1992 and 1990. In 1991, the Association exchanged $14,983,000 of mortgage loans for undivided interests in FHLMC participation certificates. Such securities were subsequently sold in 1991. Proceeds from sales of mortgage-backed securities were $17,431,000 for the year ended December 31, 1991. Gross gains of $439,000 were realized on those sales for the year ended December 31, 1991. No gross losses were realized on sales for the year ended December 31, 1991. In conjunction with the 1991 sales, approximately $299,000 of previously deferred loan origination fees was recognized as income. In December 1991, the Association transferred mortgage-backed securities with a carrying value of $21,444,000 to securities held for sale (See note 2.) Such securities were transferred at their lower of cost or market.

5. LOANS RECEIVABLE

<TABLE>
<CAPTION>
Loans receivable consisted of the following at December 31:

	1992	1991
	(in thousands)	
Mortgage loans:		
<S>	<C>	<C>
One-to-four-family	$197,025	$216,245
Multi-family	593	906
Commercial real estate	1,168	1,199
Land	195	195
Total mortgage loans	198,981	218,545
Consumer loans and other:		
Home equity	7,004	6,556
Other	3,517	4,166
Gross loans receivable	209,502	229,267
Less:		
Unearned discounts and deferred loans fees, net	2,289	2,138
Loans in process	123	10
Allowance for possible loan losses	723	450
Loans receivable-net	$206,367	$226,669

</TABLE>

The Company originates the majority of its mortgage loans in the western suburbs of Chicago. All mortgage loans are secured by first mortgages principally on one-to-four-family residences. Management believes that the potential for loss due to this concentration of credit risk is not significant.

The Company also originates multi-family and commercial real estate loans. Such loans, which are secured by the underlying property, are considered by management to be of greater credit risk due to the dependency on income production.

The Company originates and purchases both adjustable and fixed interest rate mortgage loans. At December 31, 1992, adjustable interest rate loans totaled $32,330,000 and fixed interest rate loans totaled $166,651,000. The adjustable rate loans have interest rate adjustment limitations and are generally indexed to a U.S. Treasury note rate. Fixed interest rate loans are generally originated for terms of 30 years; however, very few of the loans remain outstanding for their entire term.

Transactions in the allowance for possible loan losses are summarized as follows:

<TABLE>
<CAPTION>

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	Year Ended December 31,		
	1992	1991	1990
	(in thousands)		
<S>	<C>	<C>	<C>
Balance, beginning of period	$450	$ 60	$ --
Provision for possible loan losses	310	419	82
Charge-offs	(41)	(40)	(33)
Recoveries	4	11	11
Balance, end of period	$723	$450	$ 60

</TABLE>

Loans on which the recognition of interest has been discontinued amounted to approximately $575,000, $68,000 and $35,000 at December 31, 1992, 1991 and 1990, respectively.

At December 31, 1992, 1991, and 1990, the Company was servicing loans for the benefit of others with aggregate unpaid principal balances of $14,197,000, $34,527,000 and $28,350,000, respectively. Servicing loans for others generally consists of collecting mortgage payments, maintaining escrow accounts, disbursing payments to investors and foreclosure processing. In connection with these loans serviced for others, the Company held borrowers' escrow balances of $201,000, $399,000 and $337,000, respectively. Loan servicing income includes servicing fees from investors and certain charges collected from borrowers such as late payment fees.

6. REAL ESTATE HELD FOR SALE

<TABLE>
<CAPTION>

	DECEMBER 31,	
	1992	1991
	(in thousands)	
<S>	<C>	<C>
Real estate owned	$3,814	$3,797
Less: allowance for estimated losses	(331)	(331)
Less: accumulated depreciation	(157)	(81)
	3,326	3,385
Investment in and advances to real estate joint venture	1,177	802
Total	$4,503	$4,187

</TABLE>

Transactions in the allowance for estimated losses are summarized as follows:

<TABLE>
<CAPTION>

	Year Ended December 31,		
	1992	1991	1990
	(in thousands)		
<S>	<C>	<C>	<C>
Balance, beginning of period	$331	$171	$171
Provision for estimated losses	--	175	--
Recoveries	--	(15)	--
Balance, end of period	$331	$331	$171

</TABLE>

Real estate owned at December 31, 1992 and 1991 consists principally

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of land and a warehouse located in a western suburb of Chicago. The building is leased through August 1993 and is being depreciated on a straight-line basis over 20 years. Rental income recognized during the years ended December 31, 1992, 1991, and 1990 totalled $229,000, $206,000 and $26,000, respectively.

At December 31, 1992 and 1991, investments in and advances to real estate joint venture consist of a loan for $760,000 and $385,000, respectively, and an equity investment of $417,000. There were no significant results of operations during 1992, 1991 or 1990. The joint venture holds approximately 30 acres of real estate which it intends to develop into a 129 unit townhome community. The Company issued a commitment to fund the development costs of this real estate investment joint venture project in an amount up to $5.0 million, subject to Federal regulatory limitations.

The Association has guaranteed certain irrevocable letters of credit totaling $490,000 at December 31, 1992, issued by the Federal Home Loan Bank of Chicago on behalf of the real estate joint venture. As security for these letters of credit, the Association has pledged its stock in the Federal Home Loan Bank of Chicago and is required to maintain certain qualifying first mortgage loans in an amount equal to at least 170 percent of the outstanding advances.

7. OFFICE PROPERTIES AND EQUIPMENT

Office properties and equipment are summarized at cost as follows:

<TABLE>
<CAPTION>

	December 31,	
	1992	1991
	(in thousands)	
<S>	<C>	<C>
Land	$ 836	$ 836
Buildings and improvements	4,273	4,043
Furniture and equipment	570	636
	5,679	5,515
Less accumulated depreciation	2,005	1,898
Office properties and equipment, net	$3,674	$3,617

</TABLE>

8. REQUIRED INVESTMENTS

The Association, as a member of the Federal Home Loan Bank system, is required to obtain and hold a specified number of shares of capital stock in the Federal Home Loan Bank of Chicago. In accordance with Office of Thrift Supervision regulations, the Association maintains cash, U.S. Treasury and Government agency securities and other qualifying securities in an amount exceeding five percent of its deposits and other obligations due within one year.

9. ACCRUED INTEREST RECEIVABLE

Accrued interest receivable is summarized as follows:

<TABLE>
<CAPTION>

	December 31,	
	1992	1991
	(in thousands)	
<S>	<C>	<C>
Loans receivable	$1,080	$1,285
Investment securities	472	328
Mortgage-backed securities	287	129
Securities held for sale	385	763
Other	37	8

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Total	$2,261	$2,513

</TABLE>

10. DEPOSITS

Deposits are summarized as follows:

<TABLE>
<CAPTION>

	December 31, 1992		December 31, 1991	
	Weighted Average Nominal Rate	Balance	Weighted Average Nominal Rate	Balance
	(in thousands)			
Demand accounts:				
NOW accounts	2.22%	$ 27,098	3.49%	$ 23,142
Money market accounts	2.83	29,136	3.96	31,082
Total demand	2.53	56,234	3.76	54,224
Passbook and statement accounts	3.25	78,603	5.00	59,985
Certificate accounts:				
Within one year:				
Six months	3.63	27,588	5.54	29,295
Other within one year	4.25	58,401	6.21	62,915
One year to three years	5.88	45,377	7.34	55,534
Over three years	7.86	19,938	8.26	19,191
IRA and Keogh	7.72	69,602	8.30	66,084
Jumbo	3.83	11,246	6.27	20,232
Total certificate accounts	5.83	232,152	7.08	253,251
Total deposits	4.77%	$366,989	6.25%	$367,460

</TABLE>

At December 31, 1992, certificate accounts are scheduled to mature as follows:

<TABLE>
<CAPTION>

Year Maturing	1992
	(in thousands)
1993	$145,599
1994	38,571
1995	19,470
1996	15,939
1997 and thereafter	12,573
Total	$232,152

</TABLE>

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Interest expense on deposits consists of the following:

<TABLE>
<CAPTION>

<S>	Year Ended December 31, 1992	1991	1990
	<C>	<C>	<C>
	(in thousands)		
NOW accounts	$ 749	$ 1,028	$ 1 017
Money market accounts	1,067	1,697	1,906
Passbook and statement accounts	2,699	2,855	2,627
Certificate accounts	15,590	19,418	20,009
Total	$20,105	$24,998	$25,559

</TABLE>

11. INCOME TAXES

The components of the provision for income taxes are as follows:

<TABLE>
<CAPTION>

<S>	Year Ended December 31, 1992	1991	1990
	<C>	<C>	<C>
	(in thousands)		
Current	$1,408	$1,394	$ 939
Deferred	(236)	(212)	(391)
IRS settlements	--	(898)	195
Total	$1,172	$ 284	$ 743

</TABLE>

The differences between recorded income taxes and the amount computed at the statutory Federal income tax rates are as follows:

<TABLE>
<CAPTION>

<S>	Year Ended December 31, 1992	1991	1990
	<C>	<C>	<C>
	(in thousands)		
Tax effect of computed provision for income taxes at statutory rate of 34%	$1,285	$1,601	$ 19
Loss (recovery) on mutual funds held for sale	(95)	(641)	635
Bad debt deduction	(13)	46	(44)
Non-taxable interest income	(2)	(4)	(4)
IRS settlements	--	(898)	195
Provision for loss on real estate owned	--	82	--
Miscellaneous-net	(3)	98	(58)
Income tax expense	$1,172	$ 284	$743

</TABLE>

The significant timing differences creating the deferred income taxes recognized in the consolidated statements of operations are summarized as follows:

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<TABLE>
<CAPTION>

<S>	1992	1991	1990
	Year Ended December 31, (in thousands)		
Loan fees	$(256)	$(300)	$(379)
Capitalized interest	--	--	64
FHLB stock dividend	49	54	--
Other	(29)	34	(76)
Total	$(236)	$(212)	$(391)

</TABLE>

In December 1991, the Association reached a settlement with the Internal Revenue Service on disputed issues relating to certain tax years spanning from 1970 to 1988. Such issues included the deductibility of core deposit intangibles and the computation of bad debt deductions in the years with net operating loss carrybacks or carryforwards. Such items represent permanent differences between expense for financial reporting purposes and income tax reporting purposes. As a result of the settlement, the Association recorded approximately $898,000 to reduce the Association's provision for income taxes for the year ended December 31, 1991. In 1992, the settlement was collected in full. Related interest of approximately $304,000 and $225,000 has been recorded in other income for the years ended December 31, 1992 and 1991, respectively. In 1990, the Association settled certain prior year issues resulting in an increase to the 1990 provision for income taxes of $195,000. Related interest of $106,000 was recognized and recorded as a reduction of other income.

The Company is permitted under the Internal Revenue Code (the "Code") to deduct an annual addition to the reserve for bad debts in determining taxable income, subject to certain limitations. The Company's deductions for the years ended December 31, 1992, 1991 and 1990 were based upon the percentage of taxable income method as defined by the Code. The bad debt deduction allowable under this method equals eight percent of taxable income determined without regard to that deduction and with certain adjustments. This addition differs from the bad debt experience used for financial accounting purposes. Bad debt deductions for income tax purposes are included in taxable income of later years only if the bad debt reserve is used subsequently for purposes other than to absorb bad debt losses. Because the Company does not intend to use the reserve for purposes other than to absorb losses, no deferred income taxes have been provided. Retained earnings at December 31, 1992 includes approximately $10.5 million representing such bad debt deductions for which no deferred income taxes have been provided.

The income tax provision applicable to sales of investment securities, mortgage-backed securities, and securities held for sale was approximately $148,000 and $149,000 for the years ended December 31, 1992 and 1991, respectively. During 1992 and 1991, certain mutual fund investments were sold which generated net capital losses. To the extent that capital gains did not offset such losses, no tax benefit has been recognized. At December 31, 1992, the applicable financial statement and tax capital loss carryforwards were approximately $1,902,000 and $725,000, respectively.

12. CONVERSION TO STOCK OWNERSHIP AND REGULATORY CAPITAL

On January 22, 1992, the Association's Board of Directors adopted a plan of conversion to convert from a federally chartered mutual savings and loan association to a federally chartered stock association. On June 18, 1992, the Company sold 1,851,500 shares of common stock for $10.00 per share to depositors, employees and other community members. Of this amount, 50 percent of the net proceeds of the offering were used to acquire all of the capital stock of the Association. The expenses associated with the conversion were charged to paid-in capital.

At the time of conversion, the Association established a liquidation account for the benefit of deposit account holders as of September 30, 1991, who continue to maintain their deposit accounts in the Association after

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conversion. In the event of a complete liquidation of the Association, a deposit account holder as of September 30, 1991, who continues to maintain his savings account will be entitled to receive a liquidation distribution from the liquidation account before any distribution may be made with respect to the Association's capital stock. The Association may not declare or pay a cash dividend to the Company on, or repurchase any of, its capital stock if the effect thereof would cause the net worth of the Association to be reduced below the amount required for the liquidation account. Substantially all of the initial liquidation account of $22,661,000 remains at December 31, 1992.

Office of Thrift Supervision ("OTS") regulations provide that an association that exceeds all fully phased-in capital requirements and not deemed "undercapitalized" before and after any proposed capital distribution could, after prior notice but without the approval of the OTS, make capital distributions during a calendar year up to 100 percent of its net income to date during the calendar year plus the amount that would reduce by one-half the excess capital over fully phased in capital requirements at the beginning of the calendar year. Any additional capital distributions would require prior regulatory approval.

Unlike the Association, the Company is not subject to these regulatory restrictions on the payment of dividends to its stockholders. However, the source of future dividends, if any, may depend upon dividends from the Association.

Under current capital regulations, the Association must have: (i) tangible capital equal to 1.5 percent of adjusted total assets, (ii) core capital equal to 3 percent of adjusted total assets, and (iii) total capital equal to 8.0 percent of risk-weighted assets.

At December 31, 1992, the Association's regulatory capital was as follows:

<TABLE>
<CAPTION>

	Tangible Capital	Core Capital	Risk-based Capital
		(in thousands)	
Stockholders' equity	$32,890	$32,890	$32,890
Stock held for Recognition and Retention Plan	612	612	612
Nonincludable investments and advances	(202)	(202)	(202)
General valuation allowances	--	--	723
Regulatory capital computed	33,300	33,300	34,023
Minimum capital requirement	6,091	12,181	12,618
Regulatory capital excess	$27,209	$21,119	$21,405
Computed capital ratio	8.20%	8.20%	21.57%
Minimum capital ratio	1.50	3.00	8.00
Regulatory capital excess	6.70%	5.20%	13.57%

</TABLE>

At December 31, 1992, tangible assets and total risk-weighted assets used in computing regulatory capital were $406,044,000 and $157,728,000, respectively.

Management believes that, under the current regulations, the Association will continue to meet its minimum capital requirements in the coming year. Certain other regulatory capital amendments are mandated or expected to occur in future periods. These amendments may include, among other things, the disallowance of certain intangible and other assets not now excluded, additional capital requirements related to interest rate risk and possible increases in required core capital levels to between 4% and 5%.

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In April 1991, the OTS issued a proposal to amend the regulatory capital regulations to establish a 3% leverage ratio (defined as the ratio of core capital to adjusted total assets) for institutions in the strongest financial and managerial condition, with a 1 MACRO Rating (the highest rating of the OTS for savings institutions). For all other institutions, the minimum core capital leverage ratio would be 3% plus at least an additional 100 to 200 basis points. In determining the amount of additional capital under the proposal, the OTS would assess both the quality of risk management systems and the level of overall risk in each individual institution through the supervisory process on a case-by-case basis. Although the OTS has not adopted this regulation in final form, generally a savings association that has a leverage capital ratio of less than 4.0% will be deemed to be "undercapitalized" under the OTS prompt corrective action rule and thus may be subject to certain restrictions.

In September 1992, the OTS issued a proposed rule which would set forth the methodology for calculating an interest rate component that would be incorporated in the OTS regulatory capital rule. This recent proposal replaces an earlier proposal by the OTS to calculate interest rate risk. Under the new proposal, only savings associations with "above normal" interest rate risk exposure (i.e., where an institution's market value portfolio equity would decline in value by more than 2% of assets in the event of a hypothetical 200-basis-point move in interest rates) would be required to maintain additional capital. The additional capital that such an institution would be required to maintain would be equal to one half the difference between its measured interest rate risk and 2%, multiplied by the market value of its assets. That dollar amount of capital would be in addition to an institution's existing risk-based capital requirement. If adopted in final form, this proposal could increase the amount of regulatory capital required to be held by the Association.

Based upon the current proposed capital requirements, management does not believe that the proposed regulations will have a material impact on the Association. However, events beyond the control of the Association such as increased rates or a downturn in the economy in areas where the Association has most of its loans, could adversely affect future earnings and, consequently, the ability of the Association to meet its future minimum capital requirements.

13. RETIREMENT PLANS

The Company has a noncontributory defined benefit retirement plan (the "Plan") which covers all full-time employees who meet minimum service requirements. The benefits are based, among other things, on years of service and the employee's compensation in each year of service. The Company's funding policy is to contribute the annual pension cost as determined by the actuarial cost method subject to the limitations of the Employee Retirement Income Security Act of 1974. The following table sets forth the funded status of the Plan and amounts recognized in the Company's financial statements at December 31:

<TABLE>
<CAPTION>

	1992	1991
	(in thousands)	
<S>	<C>	<C>
Actuarial present value of benefits obligation:		
Vested benefits	$1,547	$1,423
Nonvested benefits	87	54
Accumulated benefit obligation	1,634	1,477
Effect of projected future compensation levels	198	209
Projected benefit obligation	1,832	1,686
Plan assets at fair value	2,423	2,136
Plan assets in excess of projected benefit obligation	591	450
Unrecognized prior service cost	58	22
Unrecognized net asset at transition at January 1, 1987, being amortized over 15 years	(357)	(396)
Unrecognized net loss (gain) due to past experience different from that earned	(125)	71

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Net prepaid pension cost included in other assets	$ 167	$ 147

</TABLE>

Net pension cost (benefit) for the years ended December 31, 1992, 1991 and 1990 included the following components:

	1992	1991	1990
		(in thousands)	
Service cost	$ 62	$ 61	$ 59
Interest cost	143	131	127
Expected return on assets	(190)	(169)	(169)
Amortization of unrecognized prior service cost	5	2	2
Amortization of unrecognized transition net gain	(40)	(40)	(40)
Net pension (benefit)	$(20)	$(15)	$(21)

The weighted average discount rate, long-term investment rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 8.5 percent, 8.5 percent, and 5 percent, respectively, for each of the three years in the period ended December 31, 1992.

Additionally, the Company has a defined contribution plan (the "401(k) Plan") which is intended to qualify as a salary reduction plan under Section 401(k) of the Internal Revenue Code. Substantially all of the Company's employees are covered by the 401(k) Plan. Participants may make tax-deferred contributions within a range specified by the 401(k) Plan. The Company makes matching contributions in an amount equal to 50 percent of each

participant's contribution up to the first six percent of the pay that is deferred. Contributions by the Company to the 401(k) Plan were $40,000, $34,000 and $34,000 for the years ended December 31, 1992, 1991 and 1990, respectively.

The assets of the 401(k) and pension plans included $230,000 and $259,000, respectively, in deposit accounts at the Association at December 31, 1992 and 1991.

14. OFFICER, DIRECTOR AND EMPLOYEE PLANS

STOCK OPTION PLANS - In conjunction with the Conversion, the Company adopted a stock option plan for the benefit of officers and employees of the Company and a directors' stock option plan for the benefit of outside directors of the Company. The option price must be at least equal to the per share value of such stock at the date the option is granted. Options granted expire ten years from the date of grant and are not transferable other than on death. Options granted pursuant to the officers' and employees' stock option plan (Options granted - 92,575 shares at $10 per share) will become exercisable commencing from the grant date at a rate of 20 percent annually. Options granted pursuant to the directors' stock option plan (76,615 shares granted during the 1992 fiscal year, 7,980 subsequently forfeited, at an exercise price of $10 per share; 23,940 shares available for future grant) will become exercisable commencing from the grant date at a rate of 33.33 percent annually. No options were exercised during the 1992 fiscal year.

EMPLOYEE STOCK OWNERSHIP PLAN ("ESOP") - As part of the conversion, the Company established an ESOP for officers and employees who have reached the age of 21 and completed one year of service. The ESOP borrowed $1,110,900 from an unrelated financial institution and purchased 111,090 shares issued in the conversion. The Company is obligated to make cash contributions in amounts adequate to service the debt of the ESOP. The Board of Directors may authorize additional contributions at its discretion. Total contributions to the ESOP were $155,319 for the year ended December 31, 1992, which were used to fund principal and interest payments on the ESOP debt.

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Since the Company is obligated as to payment of principal and interest on the ESOP loan, the unpaid balance of the borrowing is reported as a liability by the Company and an equivalent amount, which is comparable to unearned compensation, is shown as a deduction of stockholders' equity. Both the liability and the amount in stockholders' equity will be reduced in equal amounts as the ESOP repays the borrowings. The ESOP will repay the loan in twenty-eight equal quarterly installments of $39,675 commencing June 30, 1992 and continuing until March 31, 1999. The ESOP will also pay interest on the unpaid principal balance quarterly in arrears at the prime rate plus .25 percent, adjusted monthly.

RECOGNITION AND RETENTION PLAN ("RRP") - In conjunction with the Conversion, the Company formed an RRP that subsequent to the Conversion purchased 74,060 shares in the open market for a total of $965,000. These shares, except for 7,720 shares that were not allocated at December 31, 1992, were granted to directors, officers and other key employees of the Company. The awards are earned by employees and outside directors ratably over a five-year and three-year period, respectively.

The aggregate purchase price of these shares is being amortized to expense as the directors and officers become vested in their stock awards and the unamortized cost is reflected as a reduction of stockholders' equity. For the year ended December 31, 1992, expense related to the RRP was $353,000.

As these plans were established in 1992, there was no expense related to these plans during the years ended December 31, 1991 and 1990.

15. FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Company is a party to financial instruments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include commitments to extend mortgage loans and lines of credit. Such instruments involve elements of credit risk in excess of the amount recognized in the statements of financial condition. The Company does not use financial instruments with off-balance-sheet risk as part of its own asset/liability management program or for trading purposes.

The Company's exposure to credit loss for commitments to extend credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments as it does for on-balance-sheet instruments.

Off-balance-sheet financial instruments whose contract amounts represent credit risk at December 31, 1992 and 1991 are as follows:

<TABLE>
<CAPTION>

	1992	1991
	(in thousands)	
<S>	<C>	<C>
Commitments to originate mortgage loans	$11,895	$2,572
Unused home equity lines of credit	4,561	3,176
Unused credit card lines of credit	4,712	4,216

</TABLE>

Additionally, the Company has issued a commitment to fund the development costs of its real estate investment joint venture project in an amount up to $5.0 million, subject to Federal regulatory limitations.

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and any required payment of a fee. The Company evaluates each credit extension on a case-by-case basis. The amount of collateral obtained, if deemed necessary by the Company upon extension of credit, is based on management's credit evaluation of the counter party. Such collateral consists primarily of residential properties.

Additionally, the Company has sold loans with recourse provisions to FHLMC. Such loans have an outstanding balance of approximately $9,571,000 at December 31, 1992. On these loans, the Company bears all risks and costs of a borrower default, including the costs of foreclosure.

The Company must repurchase FHLMC's percentage of participation in a mortgage plus accrued interest upon completion of the foreclosure sale.

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16. CONTINGENCIES

In the normal course of the Company's business, there are various commitments, legal proceedings and contingencies which are not reflected in the accompanying consolidated financial statements. In the opinion of management, no material losses are expected to result from any such commitments, legal proceedings or contingencies.

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of SFAS No. 107, "Disclosures about Fair Value of Financial Instruments." The estimated fair value amounts have been determined by the Company using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

<TABLE>
<CAPTION>

	December 31, 1992	
	Carrying Amount	Fair Value
	(in thousands)	
<S>	<C>	<C>
ASSETS:		
Cash and due from depository institutions	$ 7,201	$ 7,201
Interest-bearing deposits	2,087	2,087
Federal funds sold	1,200	1,200
Securities held for sale	74,894	74,894
Investment securities	50,897	51,344
Mortgage-backed securities	54,763	54,888
Loans receivable	206,367	233,084
Federal Home Loan Bank stock	2,705	2,705
Accrued interest receivable	2,261	2,261
LIABILITIES:		
Deposits	366,989	374,743
Advance payments by borrowers for taxes and insurance	1,390	1,390
Accrued interest payable	199	199
Other liabilities	1,976	1,976
Employee Stock Ownership Plan loan obligation	992	992
OFF-BALANCE-SHEET INSTRUMENTS--unrealized losses:		
Commitments to extend credit		119

</TABLE>

CASH AND DUE FROM DEPOSITORY INSTITUTIONS, INTEREST-BEARING DEPOSITS, FEDERAL FUNDS SOLD AND FHLB STOCK - For cash and due from depository institutions, interest-bearing deposits, Federal funds sold and FHLB stock, the carrying amount is a reasonable estimate of fair value.

SECURITIES HELD FOR SALE AND INVESTMENT SECURITIES - For securities held for sale and held for investment purposes, fair values are based on quoted market prices or dealer quotes. If a quoted price is not available, fair value is estimated using quoted prices for similar securities.

MORTGAGE-BACKED SECURITIES - Estimated fair value of mortgage-backed securities is based on similar securities with quoted market prices and adjusted for any differences in credit ratings or maturities.

LOANS RECEIVABLE - For certain homogeneous categories of loans, such as residential mortgages, credit card receivables, and other consumer loans, the fair value is estimated by discounting the future cash flows using the current rates at which similar loans would be made to borrowers with similar credit ratings and for the same remaining maturities.

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ACCRUED INTEREST RECEIVABLE - The carrying amount of accrued interest receivable approximates fair value.

DEPOSITS - The fair value of demand deposits, savings accounts, and certain money market deposits is the amount payable on demand at the reporting date. The fair value of fixed-maturity certificates of deposit is estimated using the rates currently offered for deposits of similar remaining maturities.

GUARANTEED EMPLOYEE STOCK OWNERSHIP PLAN LOAN OBLIGATION - Rates currently available to the Company for debt with similar terms and remaining maturities are used to estimate fair value of existing debt.

ADVANCE PAYMENTS BY BORROWERS FOR TAXES AND INSURANCE, ACCRUED INTEREST PAYABLE AND OTHER LIABILITIES - The estimated fair value of advance payments by borrowers for taxes and insurance, accrued interest payable and other liabilities, which primarily include trade accounts payable, approximates their carrying value.

COMMITMENTS TO EXTEND CREDIT - The fair value of commitments is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and the present creditworthiness of the counterparty. For fixed-rate loan commitments, fair value also considers the difference between current levels of interest rates and the committed rates.

18. CONDENSED PARENT ONLY FINANCIAL STATEMENTS

The following condensed statement of financial condition as of December 31, 1992, and condensed statement of operations and cash flows for the period from March 9, 1992 (inception) to December 31, 1992, for LGF Bancorp, Inc., should be read in conjunction with the consolidated financial statements and notes thereto.

STATEMENT OF FINANCIAL CONDITION
December 31, 1992 (In Thousands)

ASSETS	
Cash and cash equivalents	$ 2,105
Investment securities	2,971
Mortgage-backed securities	3,003
Investment in the Association	11,047
Other assets	56
Total assets	$19,182
LIABILITIES	
Other liabilities	$ 56
Employee Stock Ownership Plan loan obligation	992
Total liabilities	1,048
Stockholders' Equity:	
Common stock	19
Additional paid-in capital	16,981
Retained earnings	2,606
Guaranteed Employee Stock Ownership Plan loan obligation	(992)
Treasury stock, at cost	(480)
Total stockholders' equity	18,134
Total liabilities and stockholders' equity	$19,182

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STATEMENT OF OPERATIONS
For the Period from March 9, 1992 (Inception) to
December 31, 1992 (In Thousands)

Interest income	$ 161
Other expenses	72
Income before income taxes and equity in undistributed income of subsidiaries	89
Provision for income taxes	30
Income before equity in undistributed income of subsidiaries	59
Equity in undistributed income of subsidiaries	2,547
Net income	$ 2,606

STATEMENT OF CASH FLOWS
For the Period from March 9, 1992 to
December 31,1992
(In Thousands)

OPERATING ACTIVITIES	
Net income	$ 2,606
Less equity in earnings of the Association not providing funds	(2,547)
Net changes in:	
Amortization of premiums/discounts	(1)
Other assets	(56)
Other liabilities	55
Net cash provided by operations	57
INVESTING ACTIVITIES	
Purchase of capital stock of the Association	(8,500)
Purchases of investment securities	(2,969)
Purchases of mortgage-backed securities	(3,008)
Repayment of mortgage-backed securities	5
Net cash used in investment activities	(14,472)
FINANCING ACTIVITIES	
Net proceeds from common stock issuance	17,000
Purchase of treasury stock	(480)
Net cash provided by financing activities	16,520
Net increase in cash and cash equivalents	2,105
Cash and Cash Equivalents-Beginning of period	--
Cash and Cash Equivalents-End of period	$ 2,105

19. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

	Year Ended December 31, 1992			
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.

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	(In Thousands)			
Interest income	$7,720	$7,470	$7,549	$7,514
Interest expense	5,418	5,217	4,900	4,570
Net interest income	2,302	2,253	2,649	2,944
Provision for possible loan losses	110	75	77	48
Net interest income after provision for possible loan losses	2,192	2,178	2,572	2,896
Net gain (loss) on sale of investment and mortgage-backed securities and securities held for sale	31	(275)	(204)	--
Lower of cost or market adjustment on securities held for sale	(398)	806	514	(332)
Other income	335	191	186	321
Non-interest expense	1,710	1,863	1,769	1,893
Income before income taxes	450	1,037	1,299	992
Provision for income taxes	244	260	279	389
Net income	$ 206	$ 777	$1,020	$ 603

	Year Ended December 31, 1991			
	1st Qtr.	2nd Qtr.	3rd Qtr.	4th Qtr.
	(In Thousands)			
Interest income	$8,281	$8.400	$8,546	$8,327
Interest expense	6,379	6,354	6,279	5,986
Net interest income	1,902	2,046	2,267	2,341
Provision for possible loan losses	46	37	30	306
Net interest income after provision for possible loan losses	1,856	2,009	2,237	2,035
Net gain (loss) on sale of investment and mortgage-backed securities and securities held for sale	--	(260)	(118)	228
Lower of cost or market adjustment on securities held for sale	868	628	542	243
Other income	139	154	186	310
Non-interest expense	1,488	1,476	1,593	1,790
Income before income taxes	1,375	1,055	1,254	1,026
Provision for income taxes	189	116	353	(374)
Net income	$1,186	$ 939	$ 901	$1,400

LGF BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(In thousands, except per share data)

	September 30, 1993	December 31, 1992
Assets:		

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Cash and due from depository institutions	$ 7,161	$ 7,201
Interest bearing deposits	3,561	2,087
Federal funds sold	1,700	1,200
Total cash and cash equivalents	12,422	10,488
Securities held for sale	30,374	74,894
Investment securities (Market value 1993--$77,420, 1992--$51,344)	76,518	50,897
Mortgage-backed securities (Market value 1993--$80,215, 1992--$54,888)	78,291	54,763
Loan receivable (Net of allowance for possible loan losses 1993--$902, 1992--$723)	197,311	206,367
Federal Home Loan Bank stock - at cost	2,748	2,705
Real estate held for sale	6,809	4,503
Other properties and equipment, net	3,670	3,674
Accrued interest receivable	2,610	2,261
Other assets	1,241	971
Total Assets	$411,994	$411,523
Liabilities and Stockholders' Equity:		
Deposits	$362,673	$366,989
Borrowed funds	5,000	--
Advance payments by borrowers for taxes and insurance	345	1,390
Accrued interest payable	157	199
ESOP loan obligation	873	992
Other liabilities	879	1,976
Total Liabilities	369,927	371,546
Commitments and Contingencies		
Stockhholders' Equity:		
Preferred stock, $.01 par value, 1,000,000 shares authorized		
Common stock, $.01 par value, 5,000,000 shares authorized, 1,851,500 shares issued, 1,759,000 outstanding at September 30, 1993; 1,821,500 outstanding at December 31, 1992	19	19
Additional paid-in capital	16,981	16,981
Retained earnings, substantially restricted	28,059	25,061
Stock held for recognition and retention plan	(457)	(612)
Guaranteed ESOP loan obligation	(873)	(992)
Treasury stock, at cost, 92,500 shares at September 30, 1993; 30,000 shares at December 31, 1992	(1,662)	(480)
Total Stockholders' Equity	42,067	39,977
Total Liabilities and Stockholders' Equity	$411,994	$411,523

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

LGF BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

<TABLE>
<CAPTION>

<S>	Three Months Ended September 30, 1993 <C>	Three Months Ended September 30, 1992 <C>	Nine Months Ended September 30, 1993 <C>	Nine Months Ended September 30, 1992 <C>
Interest Income:				
Loans receivable	$ 4,473	$ 5,213	$13,856	$15,785
Investment securities	958	709	2,514	1,363
Mortgage-backed securities	944	544	2,448	1,471
Securities held for sale	403	877	1,911	3,372
Interest-bearing deposits, federal funds sold, and other	110	206	295	748

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Total interest income	6,888	7,549	21,024	22,739
Interest Expense:				
Deposits	4,048	4,900	12,224	15,535
Borrowed funds	59		67	
Total interest expense	4,107	4,900	12,291	15,535
Net interest income	2,781	2,649	8,733	7,204
Provision for possible loan losses	54	77	195	262
Net interest income after provision for possible loan losses	2,727	2,572	8,538	6,942
Other Income:				
Loan servicing fees, late charges, and other related fees	22	42	72	141
Net gain (loss) on sales of securities held for sale	192	(204)	(70)	(448)
Lower of cost or market adjustment on securities held for sale	239	514	959	922
Other	130	144	490	571
Total other income	583	496	1,451	1,186
Other Expenses:				
Compensation and employee benefits	896	911	2,683	2,660
Occupancy and equipment expenses, net	259	250	752	720
Federal deposit insurance premiums	212	198	439	592
Advertising and promotion	67	47	336	275
Real estate operations expense, net	(2)	(11)	(22)	(76)
Other	472	374	1,488	1,171
Total other expense	1,904	1,769	5,676	5,342
Income before income taxes	1,406	1,299	4,313	2,786
Provision for income taxes	395	279	1,315	783
Net income	$ 1,011	$ 1,020	$ 2,998	$ 2,003
Earnings per share	$ 0.54	$ 0.55	$ 1.59	$ 1.08

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

LGF BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 1993
(In thousands)

<TABLE>
<CAPTION>

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	STOCK HELD FOR RECOGNITION AND RETENTION PLAN	GUARANTEED ESOP LOAN OBLIGATION	TREASURY STOCK AT COST	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, January 1, 1993	$19	16,981	25,061	(612)	(992)	(480)	39,977
Net income			2,998				2,998

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Repayment of ESOP loan obligation					119		119
Amortization of cost of recognition and retention plan stock				155			155
Purchase of treasury stock						(1,182)	(1,182)
Balance, September 30, 1993	$19	16,981	28,059	(457)	(873)	(1,662)	42,067

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

LGF BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

(In thousands)	For Nine Months Ended September 30, 1993	1992
<S>	<C>	<C>
Cash Flows From Operating Activities:		
Net income	$ 2,998	$ 2,003
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of loan fees	(802)	(559)
Provision for possible loan losses	195	262
Net loss on sales of investment and securities held for sale	70	448
Lower of cost or market adjustment on securities held for sale	(959)	(922)
Depreciation and amortization	474	553
Increase in deferred loan fees	584	799
(Increase) decrease in accrued interest receivable and other assets	(619)	6,061
Increase (decrease) in accrued interest payable and other liabilities	(1,139)	1,756
Net cash flows provided by operating activities	802	10,401
Cash Flows From Investing Activities:		
Proceeds from maturities of investment securities	13,375	11,167
Proceeds from sale of investment securities	45	
Proceeds from sales of securities held for sale	62,249	97,193
Purchases of investment securities	(39,029)	(35,825)
Purchases of mortgage-backed securities	(31,255)	(34,465)
Purchases of securities held for sale	(18,684)	(70,025)
Purchase of FHLB stock	(6)	--
FHLB stock dividend	(37)	(107)
Principal collected on mortgage-backed securities	9,495	5,154
Net decrease in loans receivable	9,079	13,961
Proceeds from sales of real estate held for sale	91	76
Expenditures on real estate held for sale:		
Improvements	--	(2)
Investment in and advance to joint venture	(2,453)	(219)
Expenditures for office properties and equipment	(195)	(328)
Net cash flows provided by (used in) investing activities	2,675	(13,420)
Cash Flows From Financing Activities:		
Net proceeds from sale of common stock	--	17,000
Net decrease in deposits	(4,316)	(1,382)
Proceeds from borrowed funds	5,000	--
Net decrease in advance payments by borrowers for taxes and insurance	(1,045)	(1,412)
Purchase of treasury stock	(1,182)	--
Purchase of common stock under recognition and retention plan		(965)
Net cash flows provided by (used in) financing activities	(1,543)	13,241
Net increase in cash and cash equivalents	1,934	10,222
Cash and cash equivalents - beginning of year	10,488	14,856

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Cash and cash equivalents - end of period	$ 12,422	$ 25,078
Supplemental disclosure of cash flow information:		
Cash paid during the period for interest	$ 12,266	$ 15,625
Cash paid during the period for income taxes	1,238	1,080

</TABLE>

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

LGF BANCORP, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

LGF Bancorp, Inc. (the "Company"), a Delaware Corporation, was organized in March 1992 for the purpose of acquiring all of the capital stock of La Grange Federal Savings and Loan Association (the "Association") pursuant to a conversion of the Association from a federally chartered mutual savings association to a federally chartered stock savings association. The transaction was accounted for in a manner similar to a pooling of interests, consequently no goodwill or other intangibles were recorded as a result of the transaction.

The unaudited consolidated financial statements include the accounts of the Company and of the Association and its wholly-owned subsidiary. All material intercompany accounts and transactions have been eliminated in consolidation.

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and with Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included.

The results of operations for the three and nine month periods ended September 30, 1993 are not necessarily indicative of the results that may be expected for the year ending December 31, 1993.

2. EARNINGS PER SHARE

Earnings per share for the three and nine month periods ended September 30, 1993 have been determined by dividing net income for the period by the weighted average number of common stock and common stock equivalents outstanding.

3. CONTINGENCIES

In the normal course of business, there are various commitments, legal proceedings and contingencies which are not reflected in the accompanying consolidated financial statements. In the opinion of management, no material losses are expected to result from any such commitments, legal proceedings or contingencies.

4. ACCOUNTING FOR INCOME TAXES

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes", effective January 1, 1993. This Statement supersedes APB 11, "Accounting for Income Taxes", which was previously used by the Company in 1992 and earlier years. There was no material cumulative effect of adopting SFAS No. 109 on the Company's financial statements as of January 1, 1993 and for the three and nine months ended September 30, 1993.

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Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (b) capital loss carryforwards. The tax effects of significant items comprising the Company's net deferred tax asset as of January 1, 1993 are as follows:

(in thousands)	
DEFERRED TAX LIABILITIES	
Capitalized Interest	$ 178.3
Prepaid Pension	56.6
Tax Bad Debt Allowance In Excess of Base Year Amount	703.2
Other	163.6
	1,101.7
DEFERRED TAX ASSETS	
Loan Fees	776.1
Tax Capital Losses	246.4
Financial Statement Bad Debt Allowance	358.5
Differences Between Financial Statement and Tax Bases of FHLB Stock and Securities Held for Sale	315.4
	1,696.4
Valuation Allowance	0.0
Net Deferred Tax Asset	$ 594.7

5. NEW ACCOUNTING PRONOUNCEMENTS

In May 1993, FASB issued two new accounting standards, SFAS No. 114, "Accounting by Creditors for Impairment of a Loan" ("FAS 114") and SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities" ("FAS 115"). FAS 114 requires that impaired loans be measured at the present value of expected future cash flows by discounting those flows at the loan's effective interest rate, or the fair value of the collateral if the loan is collateral dependent. Under FAS 115, only debt securities which LGF has the positive intent and ability to hold to maturity would be classified as held to maturity and reported at amortized cost. These statements are effective for fiscal years beginning after December 15, 1994 and 1993, respectively. Based on preliminary evaluations, LGF's management believes that FAS 114 will not have a material impact on LGF's consolidated financial statements. LGF's management is unable to determine the future effects, if any, of FAS 115 at this time.

Exhibit A

CAPITAL RESOURCES GROUP, INC.

January 4, 1994

Board of Directors
LGF Bancorp, Inc.
1 N. La Grange Road
La Grange, IL 60525

Dear Board Members:

You have requested our opinion as to the fairness from a financial point of view to the holders of shares of common stock of LGF Bancorp, Inc. ("LGF Bancorp" or the "Company") of the proposed consideration to be paid to the shareholders of LGF Bancorp by First of America Bank Corporation ("First of America").

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Capital Resources Group, Inc. ("Capital Resources") is an investment banking firm that, as part of our specialization in financial institutions, is regularly engaged in the financial valuations and analyses of business enterprises and securities in connection with mergers and acquisitions, valuations for mutual-to-stock conversions of thrifts, initial and secondary offerings, divestiture and other corporate purposes. Senior members of Capital Resources have extensive experience in such matters. We believe that, except for the fee we will receive for our opinion and other fees to be received in connection with the transaction discussed below, we are independent of the Company.

FINANCIAL TERMS OF THE OFFER

We understand that, pursuant to an Agreement and Plan of Reorganization, dated October 12, 1993, among First of America, First of America Acquisition Company and LGF Bancorp ("Agreement"), First of America has agreed to acquire all of the issued and outstanding shares of common stock of LGF Bancorp pursuant to which each share of LGF Bancorp's outstanding stock will be converted into .8754 shares (the "exchange ratio") of First of America common stock ("Transaction"). Based on First of America's average closing trading price during the last 30 trading days preceding January 4, 1994 as quoted on the New York Stock Exchange, of $38.86 per share, this translates into an acquisition price of $34.02 per share for LGF Bancorp's common stock. Each outstanding option for the purchase of Company common stock shall be converted into and represent the right to receive and be exchanged for .6322 shares of First of America common stock (the "option exchange ratio"). If First of America effects a stock dividend, reclassification, split-up, reverse split or similar transaction prior to the effective time of the Transaction, then the appropriate adjustment will be made in the exchange ratio and option exchange ratio.

The Agreement may be terminated at any time prior to the effective time of the Transaction by the Company in the event that the average closing trading price of First of America common stock on the New York Stock Exchange during the last 15 trading days on which reportable sales of First of America common stock took place immediately prior to, but not including, the third business day prior to the effective time of the Transaction is less than $34.95.

It is intended that no gain or loss will be recognized by any LGF Bancorp stockholder for tax purposes, except in connection with the receipt of cash in lieu of a fractional share of First of America common stock, upon the exchange of LGF Bancorp common stock for First of America common stock.

Pursuant to the Transaction, LGF Bancorp will be merged into a wholly owned subsidiary of First of America. Also, as a result of the Transaction, it is expected that La Grange Federal Savings and Loan Association, the wholly owned operating subsidiary of LGF Bancorp, will be merged with and into First of America's affiliate, First of America Bank-Kankakee/Will County, N.A.

MATERIALS REVIEWED

In the course of rendering our opinion we have, among other things:

(1) Reviewed the terms of the offer and discussed the offer with management and the Board of Directors, and LGF Bancorp's legal counsel, Muldoon, Murphy & Faucette;

(2) Reviewed the following financial data of LGF Bancorp:

- the audited financial statements of LGF Bancorp for the fiscal years ended December 31, 1987 through December 31, 1992 and unaudited financial statements for the nine months ended September 30, 1993 as reported in its Report on Form 10-Q,

- the Office of Thrift Supervision ("OTS") quarterly Thrift Financial Reports covering the period through September 30, 1993, the latest available period,

- LGF Bancorp's latest available asset/liability

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reports,

- other miscellaneous internally-generated management information reports for recent periods,

- LGF Bancorp's most recent business plan and budget report;

(3) Reviewed LGF Bancorp's Annual Report to shareholders and Form 10-K Report for fiscal 1992 which provides a discussion of the Company's business and operations and reviews various financial data and trends;

(4) Discussed with executive management of LGF Bancorp, the business, operations, recent financial condition and operating results and future prospects of the Company;

(5) Compared LGF Bancorp's financial condition and operating results to those of similarly-sized thrift companies operating in the Midwest and the U.S.;

(6) Compared LGF Bancorp's financial condition and operating performance to the published financial statements and market price data of publicly-traded thrifts in general, and publicly-traded thrifts in LGF Bancorp's region of the U.S. specifically;

(7) Reviewed the relevant market information regarding the shares of common stock of the Company including trading activity and volume and information on options to purchase shares of common stock;

(8) Performed such other financial analyses and investigations as we deemed necessary, including a comparative financial analysis and review of the financial terms of other pending and completed acquisitions of companies we consider to be generally similar to the Company;

(9) Examined LGF Bancorp's economic operating environment and the competitive environment of the Company's market area;

(10) Reviewed available financial reports and financial data for First of America, including Annual Reports to shareholders and Form 10-K Reports covering the fiscal years ended 1988 through 1992, quarterly reports, Form 10-Q reports, other published financial data and other internal and regulatory financial reports provided by management of First of America; reviewed First of America's banking office network; and reviewed the pricing trends of First of America's common stock and dividend payment history;

(11) Visited First of America's administrative offices and conducted interviews with management.

In arriving at our opinion, we have relied upon the accuracy and completeness of the information provided to us by the various parties mentioned above, upon public information and upon representations and warranties in the Agreement, and have not conducted any independent investigations to verify any such information or performed any independent appraisal of LGF Bancorp's or First of America's assets.

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This fairness opinion is supported by the detailed information and analysis contained in the Evaluation and Analysis Report dated January 4, 1994 ("Report"), which has been produced by Capital Resources and delivered to LGF Bancorp. We have relied on the Report for purposes of rendering this current fairness opinion. The Report contains a business description and financial analysis of LGF Bancorp, an analysis of current economic conditions in the Company's primary market area, and a financial and market pricing comparison with a selected group of thrift institutions which completed merger and acquisition transactions or are currently subject to pending transactions.

OPINION

Based on the foregoing and on our general knowledge of and experience in the valuation of businesses and securities, we are of the opinion that, as of January 4, 1994, the consideration proposed by First of America for shares of common stock of the Company is fair to the shareholders of the Company from a financial point of view.

Respectfully submitted,

CAPITAL RESOURCES GROUP, INC.

/s/ David P. Rochester
David P. Rochester
Chairman and Chief
Executive Officer

/s/ Michael B. Seiler
Michael B. Seiler
Senior Vice President

EXHIBIT B

AGREEMENT AND PLAN OF REORGANIZATION

AMONG

FIRST OF AMERICA BANK CORPORATION,

FIRST OF AMERICA ACQUISITION COMPANY

AND

LGF BANCORP, INC.

DATED AS OF OCTOBER 12, 1993

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EXHIBIT A

EXHIBIT B

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APPENDIX I

AGREEMENT AND PLAN OF REORGANIZATION

THIS AGREEMENT AND PLAN OF REORGANIZATION by and among FIRST OF AMERICA BANK CORPORATION, a Michigan corporation ("FIRST OF AMERICA"), FIRST OF AMERICA ACQUISITION COMPANY, a Delaware corporation and a wholly owned subsidiary of FIRST OF AMERICA ("FOA- ACQUISITION"), and LGF BANCORP, INC., a Delaware corporation (the "COMPANY").

W I T N E S S E T H:

WHEREAS, FOA-ACQUISITION is a wholly owned subsidiary of FIRST OF AMERICA, and FIRST OF AMERICA and the COMPANY desire that the COMPANY shall be merged with FOA-ACQUISITION in accordance with the applicable statutes of the State of Delaware and in accordance with an Agreement and Plan of Merger (the "Plan of Merger") substantially on the terms and in the form attached hereto as Exhibit A (the merger provided for therein being herein called the "Merger");

NOW, THEREFORE, in consideration of the premises and the mutual and dependent promises hereinafter contained, the parties do represent, warrant, covenant and agree as follows:

ARTICLE ONE

THE MERGER

1.01 Plan of Merger. FOA-ACQUISITION, the COMPANY and FIRST OF AMERICA agree to execute and adopt the Plan of Merger substantially on the terms and in the form attached hereto as Exhibit A.

1.02 Manner of Merger. At the Effective Time, as hereinafter defined, the COMPANY shall be merged into FOA- ACQUISITION, under the Certificate of Incorporation of FOA-ACQUISITION as the Surviving Corporation (hereinafter sometimes called the "Surviving Corporation"), pursuant to the terms of this Agreement and with the effect of the provisions of the Delaware General Corporation Law (the "Delaware Law").

At the Effective Time, the corporate existence of the COMPANY shall cease, and the corporate existence of FOA-ACQUISITION, with all its purposes, objects, rights, privileges, powers and franchises, shall continue unaffected and unimpaired by the Merger.

1.03 Effect of Merger. Upon the Merger becoming effective:

(a) The separate existence of the COMPANY shall cease and be merged into the Surviving Corporation, which shall possess all of

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the rights, privileges, immunities, powers and franchises of a public as well as of a private nature, and shall be subject to all of the restrictions, disabilities and duties, of each of the COMPANY and FOA-ACQUISITION; and all singular rights, privileges, immunities, powers and franchises of each of the COMPANY and FOA-ACQUISITION, and all property, real, personal and mixed, and all debts due to either the COMPANY or FOA-ACQUISITION in whatever account, including subscriptions to shares, and all other things in action or belonging to each of the COMPANY and FOA-ACQUISITION shall be vested in FOA-ACQUISITION as the Surviving Corporation; and all property, rights, privileges, immunities, powers and franchises, and all and every interest, shall be thereafter as effectually the property of FOA-ACQUISITION as the Surviving Corporation as they were of the COMPANY and FOA-ACQUISITION and the title to any real estate, or interest therein, vested by deed or otherwise, in either of the COMPANY and FOA-ACQUISITION shall not revert or be in any way impaired by reason of the Merger.

(b) All rights of creditors and all liens upon any property of the COMPANY or FOA-ACQUISITION shall be preserved unimpaired and all debts, liabilities and duties of the COMPANY or FOA-ACQUISITION shall thenceforth attach to FOA-ACQUISITION as the Surviving Corporation and may be enforced against FOA-ACQUISITION as the Surviving Corporation to the same extent as if said debts, liabilities and duties had been incurred or contracted by it; provided, however, that all such liens shall attach only to those assets to which they were attached prior to the Effective Time (as hereinafter defined).

(c) Any action or proceeding, whether civil, criminal or administrative, pending by or against either the COMPANY or FOA-ACQUISITION shall be prosecuted as if the Merger had not taken place, and FOA-ACQUISITION as the Surviving Corporation may be substituted as a party in such action or proceeding in place of the COMPANY.

(d) Each share of stock of FOA-ACQUISITION issued and outstanding immediately prior to the Merger and each share of FIRST OF AMERICA Common Stock issued and outstanding immediately prior to the Merger shall remain as identical shares of the Surviving Corporation and FIRST OF AMERICA, respectively, after the Merger.

(e) Each share of the COMPANY'S Common Stock issued and outstanding immediately prior to the Merger shall be converted into and represent the right to receive and be exchangeable for .8754 shares (the "exchange ratio") of FIRST OF AMERICA Common Stock.

(f) Each of the Option Rights (as hereinafter defined) which is outstanding immediately prior to the Merger shall be converted into and represent the right to receive and be exchangeable for .6322 shares of FIRST OF AMERICA Common Stock (the "Option

exchange ratio"). For purposes of determining Option Rights outstanding immediately prior to the Merger, all Option Rights which have been granted as of the date hereof, as described in Section 3.03 hereof, shall be deemed outstanding unless they shall have been exercised prior to the Effective Time or shall have expired or otherwise have been terminated prior thereto.

(g) In the event of any extraordinary dividend distribution to the holders of FIRST OF AMERICA Common Stock or in the event of any increase or reduction in the number of shares of FIRST OF AMERICA Common Stock issued and outstanding caused by split-up, reverse split, reclassification, distribution of stock dividends or change of par or stated value, the parties agree to amend the Plan of Merger to cause a proportionate adjustment to be made to the exchange ratio and the Option exchange ratio.

1.04 Certificate of Incorporation, Bylaws, Directors, Officers and Name of the Surviving Corporation. By virtue of the Merger and at the Effective Time:

(a) The Certificate of Incorporation of FOA-ACQUISITION, shall be the Certificate of Incorporation of the Surviving Corporation until the same shall be further amended and changed as provided by law.

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(b) The Bylaws of FOA-ACQUISITION shall be the Bylaws of the Surviving Corporation until the same shall be further amended and changed as provided by law.

(c) The Directors and Officers of FOA-ACQUISITION immediately prior to the Effective Time shall be the sole Directors and Officers of the Surviving Corporation and shall hold office until the next annual meeting of the shareholder and the next annual meeting of the Board of Directors of the Surviving Corporation and until their successors are elected and qualified.

(d) The name of the Surviving Corporation shall be FIRST OF AMERICA ACQUISITION COMPANY or such other name as is designated by FIRST OF AMERICA.

1.05 Merger of LA GRANGE FEDERAL and FOA-BANK. The COMPANY owns all of the issued and outstanding shares of La Grange Federal Savings and Loan Association, La Grange, Illinois ("LA GRANGE FEDERAL"). FIRST OF AMERICA and the COMPANY agree and acknowledge that, immediately following the Effective Time, LA GRANGE FEDERAL shall be merged (the "Bank Merger") with and into FIRST OF AMERICA'S affiliate, First of America Bank-Kankakee/Will County, National Association ("FOA-BANK") in a transaction which satisfies the requirements of Section 5(d)(3) of the Federal Deposit Insurance Corporation Act, and which will, upon consummation thereof, result in the ownership by FIRST OF AMERICA of 100% of the issued and outstanding capital stock of FOA-BANK. Such transaction will otherwise be on the terms and conducted in the manner described in the bank merger agreement (the "Bank Merger Agreement") attached hereto as Appendix I.

1.06 Effective Time. The Merger shall be consummated upon the filing of appropriate Certificate of Merger with the Secretary of State of the State of Delaware in the form and manner required by the Delaware Law. The close of business on the date on which such Certificate of Merger shall have been filed is herein referred to as the "Effective Time," unless some other date is agreed upon by the parties hereto and is specified therein.

ARTICLE TWO

REPRESENTATIONS AND WARRANTIES OF FIRST OF AMERICA

FIRST OF AMERICA represents and warrants to the COMPANY as follows:

2.01 Organization; Qualification; Good Standing; Corporate Power.

(a) FIRST OF AMERICA is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan and is duly qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted or the properties or assets owned or leased by it makes such qualification necessary. FIRST OF AMERICA is a registered bank holding company under the Bank Holding Company Act of 1956. FIRST OF AMERICA has the corporate power and authority to carry on its business as it is now conducted, to own, lease and operate its properties, to execute and deliver this Agreement and the power to consummate the transactions contemplated hereby.

(b) FOA-ACQUISITION is a corporation in organization and before the Effective Time will be duly organized, validly existing and in good standing under the laws of the State of Delaware and will be duly qualified to do business and in good standing in each jurisdiction in which the nature of the business conducted or the properties or assets owned or leased by it makes such qualification necessary. FOA-ACQUISITION will have the corporate power and authority to carry on the business of the COMPANY as it is now conducted, to own, lease and operate its properties, to execute and deliver this Agreement and the power to consummate the transactions contemplated hereby.

(c) FIRST OF AMERICA holds all licenses, certificates, permits, franchises and rights from all appropriate federal, state or other public authorities necessary for the conduct of its businesses. FIRST OF AMERICA has conducted its business so as to comply in all material respects with all applicable federal, state and local statutes, ordinances, regulations or rules, and FIRST OF AMERICA is not presently charged with, or, to its knowledge, under governmental investigation with respect to, any actual or alleged material

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violations of any statute, ordinance, regulation or rule; and FIRST OF AMERICA is not the subject of any pending or, to its knowledge, threatened material proceeding by any regulatory authority having jurisdiction over its business, properties or operations.

2.02 Authorization. Upon approval by the Board of Directors of FIRST OF AMERICA not later than October 20, 1993, the execution, delivery and performance of this Agreement and the Plan of Merger by FIRST OF AMERICA will have been duly authorized and approved by all necessary corporate action, and this Agreement and the Plan of Merger will be legally binding on and enforceable against FIRST OF AMERICA in accordance with their terms, subject to the receipt of all required regulatory or other governmental approvals and except as enforceability may be limited by bankruptcy laws, insolvency laws or other laws affecting creditors' rights generally. The execution and delivery of this Agreement and the Plan of Merger do not, and the consummation of the Merger will not, violate the provisions of FIRST OF AMERICA'S respective Articles of Incorporation, as amended, or Bylaws, as amended.

2.03 Capitalization. As of June 30, 1993, the authorized capitalization of FIRST OF AMERICA consisted of 100,000,000 shares of Common Stock, par value $10.00 per share ("FIRST OF AMERICA Common Stock"), of which 57,134,965 shares were outstanding; 10,000,000 shares of Preferred Stock, without par value ("FIRST OF AMERICA Preferred Stock") which have been divided into and issued in series as follows: (1) 500,000 shares have been designated as Series A Junior Participating Preferred Stock of which no shares are outstanding; and (2) 400,000 shares have been designated as Series F 9% Convertible Preferred Stock of which 392,557 shares were outstanding. Except incident to FIRST OF AMERICA'S Shareholders' Investment Plan, Employee Service/Retirement Award Program, the RESTATED FIRST OF AMERICA Bank Corporation 1987 Stock Option Plan, the FIRST OF AMERICA Bank Corporation Reserve Plus Savings Plan, the rights to acquire shares pursuant to the Rights Agreement dated July 18, 1990, between FIRST OF AMERICA and First of America Bank-Michigan, N.A., as Rights Agent, the possible offering, pursuant to a "shelf" registration statement on Form S-3 filed by FIRST OF AMERICA under the Securities Act of 1933, as amended (the "Securities Act"), of shares of FIRST OF AMERICA Preferred Stock, and any conversion rights applicable thereto, and conversion rights incident to the FIRST OF AMERICA Preferred Stock, there were, as of June 30, 1993, no outstanding warrants, options, rights, calls or other commitments of any nature relating to the authorized but unissued shares of FIRST OF AMERICA Common Stock or FIRST OF AMERICA Preferred Stock or concerning the authorization, issuance or sale of any other class of equity securities of FIRST OF AMERICA. Except incident to the foregoing plans, programs and rights, between June 30, 1993, and the date of this Agreement there has been no material change in the capitalization of FIRST OF AMERICA. The number of shares set forth above is subject to change before the Effective Time by affiliation with other banks, bank holding companies or bank-related businesses or by purchase, sale, issuance, redemption, conversion, distribution or other transaction. A vote of the shares set forth above is not required to approve this Agreement. All of the outstanding shares set forth above are validly issued, fully paid, and nonassessable.

2.04 Financial Statements.

(a) FIRST OF AMERICA has furnished to the COMPANY true, correct and complete copies of: (i) the audited Consolidated Balance Sheets of FIRST OF AMERICA as of December 31, 1991, and December 31, 1992, and the related Consolidated Statements of Income, Consolidated Statements of Changes in Shareholders' Equity and the

Consolidated Statements of Cash Flows for each of the three years ending December 31, 1992, including the respective notes thereto, together with the reports of KPMG Peat Marwick relating thereto; and (ii) the unaudited Consolidated Balance Sheet as of June 30, 1993, and the related unaudited Consolidated Statement of Income for the period then ended (the "Financial Statements"). Subject to such changes which may result from an audit which includes the period of the unaudited Financial Statements as of and for the six months ended June 30, 1993 (which changes in the aggregate would not be material), such Financial Statements fairly present the consolidated financial position of FIRST OF AMERICA as of and for the periods ended on their

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respective dates and the consolidated operating results and changes in financial position of FIRST OF AMERICA for the indicated periods in conformity with generally accepted accounting principles applied on a consistent basis. Since June 30, 1993, there have not been any changes in FIRST OF AMERICA'S consolidated financial condition, assets, liabilities or business, other than changes in the ordinary course of business which in the aggregate have not been materially adverse.

(b) FIRST OF AMERICA will furnish the COMPANY with copies of its audited and unaudited Consolidated Balance Sheets, and related reports, for each annual and quarterly period subsequent to June 30, 1993, until the Closing Date ("Subsequent Financial Statements").

(c) Subject to such changes which may result from an audit which includes the period of the unaudited Financial Statements as of and for the six months ended June 30, 1993, or an audit of any Subsequent Financial Statements (which changes, in the aggregate, will not be material), all of the aforesaid Financial Statements have been, and, with respect to the Subsequent Financial Statements, will be, prepared in accordance with generally accepted accounting principles, utilizing accounting practices consistent with prior years except as otherwise disclosed. None of the aforesaid Financial Statements contain, and none of the Subsequent Financial Statements will contain, any material undisclosed extraordinary or prior period items or fail to disclose any material items that should be disclosed. All of the aforesaid Financial Statements present fairly, and all of the Subsequent Financial Statements will present fairly, the consolidated financial position of FIRST OF AMERICA and the results of its operations and changes in its financial position as of and for the periods ending on their respective dates. Subject to such changes which may result from an audit which includes the six months ended June 30, 1993, or an audit of any Subsequent Financial Statements (which changes, in the aggregate, will not be material), the allowance for loan losses in such Financial Statements is, and with respect to the Subsequent Financial Statements will be, adequate under the standards applied by the Board of Governors of the Federal Reserve System ("Federal Reserve") and based on past loan loss experiences and potential losses in current portfolios to cover all known or anticipated loan losses. There are, and with respect to the Subsequent Financial Statements will be, no agreements, contracts or other instruments to which FIRST OF AMERICA is a party or by which it or (to the knowledge of FIRST OF AMERICA) any of the officers, directors, employees or shareholders of FIRST OF AMERICA have rights which

would have a materially adverse effect on the consolidated financial position of FIRST OF AMERICA which are not reflected in the Financial Statements and the Subsequent Financial Statements.

2.05 Absence of Undisclosed Liabilities. Except as and to the extent reflected or reserved against in the Financial Statements or the Subsequent Financial Statements, neither FIRST OF AMERICA nor any of its subsidiaries have, and with respect to the Subsequent Financial Statements will not have, any liabilities or obligations, of any nature, secured or unsecured, (whether accrued, absolute, contingent or otherwise) including, without limitation, any tax liabilities due or to become due, which would have a materially adverse effect on the consolidated financial position of FIRST OF AMERICA. FIRST OF AMERICA further represents and warrants that it does not know or have any reason to believe that there is or will be any basis for assertion against it or any of its subsidiaries as of December 31, 1992, or June 30, 1993, or as of the date of any Subsequent Financial Statements, of any liability or obligation of any nature or any amount not fully reflected or reserved against in the Consolidated Balance Sheets as of said dates or as of such subsequent dates and for such subsequent periods or in the footnotes thereto, which would have a materially adverse effect on the consolidated financial position of FIRST OF AMERICA.

2.06 No Violation, Consents. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby, with or without the giving of notice or the lapse of time, or both, will: (i) violate, conflict with, result in the breach or termination of, constitute a default under, accelerate the performance required by, or result in the creation of any material lien, charge or encumbrance upon any of the properties or assets of FIRST OF AMERICA or its subsidiaries, taken as a whole, pursuant to any indenture, mortgage, deed of trust or other agreement (including borrowing agreements) or instrument to which FIRST OF AMERICA or any of its subsidiaries is a party or by which it or any of its properties or assets may

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be bound; or (ii) violate any statute, rule or regulation applicable to FIRST OF AMERICA or any of its subsidiaries which would have a material adverse effect on FIRST OF AMERICA'S consolidated financial condition, assets, liabilities or business. No consent, approval, authorization, order, registration or qualification of or with any court, regulatory authority or other governmental body, or of any lender or purchaser under any borrowing agreement, other than as specifically contemplated by this Agreement, is required for the consummation by FIRST OF AMERICA of the transactions contemplated by this Agreement.

2.07 Litigation. As of the date of this Agreement, there are no legal, quasi-judicial, administrative, or other actions, suits, proceedings or investigations of any kind or nature pending or, to the knowledge of FIRST OF AMERICA, threatened against FIRST OF AMERICA or any of its subsidiaries that challenge the validity or propriety of the transactions contemplated by this Agreement or which would have a material adverse effect on FIRST OF AMERICA'S consolidated financial condition, assets, liabilities or business. Neither FIRST OF AMERICA nor any of its subsidiaries is subject to, or in default with respect to, nor are any of their assets subject to, any outstanding judgment, order or decree of any court or of any governmental agency or

instrumentality which would have a material adverse effect on FIRST OF AMERICA'S consolidated financial condition, assets, liabilities or business.

2.08 Taxes, Returns and Reports. FIRST OF AMERICA has duly filed all material tax returns required to be filed. The reserve for taxes in FIRST OF AMERICA'S December 31, 1992, Consolidated Balance Sheet is adequate to cover all of its tax liabilities (including, without limitation, income taxes and franchise fees) that may become payable in future years in respect to any transactions consummated prior to December 31, 1992. FIRST OF AMERICA has not had and, to the best of FIRST OF AMERICA'S knowledge, will not have any liability for taxes of any nature for or in respect of the operation of its business or ownership of its assets from December 31, 1992, up to and including the Effective Time, except to the extent reflected on its Consolidated Balance Sheet as of June 30, 1993, or on its Subsequent Financial Statements or otherwise reflected in the books and records of FIRST OF AMERICA for the period following its then most recent Subsequent Financial Statements.

2.09 Corporate Properties. No proceedings to take all or any part of the properties of FIRST OF AMERICA (whether leased or owned) by condemnation or right of eminent domain are pending or, to FIRST OF AMERICA'S knowledge, threatened. FIRST OF AMERICA owns directly or indirectly 100% of the issued and outstanding shares of its banking subsidiaries.

2.10 Brokerage Commissions, Fees, Etc. All negotiations relating to this Agreement and the Plan of Merger and the transactions contemplated herein and therein have been and will be carried on by FIRST OF AMERICA directly with the COMPANY, its counsel, accountants and other representatives in such a manner as not to give rise to any claim against the COMPANY for any brokerage commission, finder's fee, investment advisor's fee or other like payment.

2.11 Regulatory Filings. FIRST OF AMERICA has filed and will continue to file in a timely manner all required filings with (i) the Securities and Exchange Commission ("SEC"), including all reports on Form 10-K, Form 10-Q, Form 8-K and proxy statements and will furnish the COMPANY with copies of all such SEC filings made subsequent to the date hereof until the Effective Time; and (ii) the Federal Reserve; and, to the best knowledge of FIRST OF AMERICA, all such filings were complete and accurate in all material respects as of the dates of the filings, and no such SEC filing made any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. Except for normal examinations conducted by the Internal Revenue Service or various banking regulatory authorities in the regular course of the business of the FIRST OF AMERICA and its subsidiaries, no federal, state or local governmental agency, commission or other entity has initiated any proceeding or, to the best of the knowledge and belief of the FIRST OF AMERICA, investigation into the business or operations of the FIRST OF AMERICA and its subsidiaries within the past five years which would have material adverse effect on the consolidated financial condition of FIRST OF AMERICA. To FIRST OF AMERICA'S knowledge, there is no unresolved violation, criticism or exception of a material nature by the SEC or any banking regulatory authority or other agency, commission or entity with respect to any report or statement referred to herein. Since the date of any such

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filings there has been no material change in FIRST OF AMERICA'S condition, financial or otherwise, such that had such change occurred prior to any such filing, such change would have been required to be disclosed or described therein.

2.12 Compliance With ERISA. All employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974 ("ERISA")) established or maintained by FIRST OF AMERICA or to which FIRST OF AMERICA contributes ("FIRST OF AMERICA Employee Plans") are in compliance in all material respects with all applicable requirements of ERISA, and are in compliance in all material respects with all applicable requirements (including qualification and nondiscrimination requirements in effect as of the Effective Time) of the Internal Revenue Code of 1986, as amended (the "Code"), for obtaining the tax benefits the Code thereupon permits with respect to such FIRST OF AMERICA Employee Plans. No FIRST OF AMERICA Employee Plan has, or as of the Effective Time will have, any amount of unfunded benefit liabilities (as defined in Section 4001(a)(18) of ERISA) for which FIRST OF AMERICA would be liable to any person under Title IV of ERISA if the FIRST OF AMERICA Employee Plans were terminated as of the Effective Time, which amounts would be material to FIRST OF AMERICA. The FIRST OF AMERICA Employee Plans are funded in accordance with Section 412 of the Code (if applicable). There would be no obligations which would be material to FIRST OF AMERICA under Title IV of ERISA relating to any Employee Plan that is a multi-employer plan if any such plan were terminated or if FIRST OF AMERICA or any of its subsidiaries withdrew from any such plan as of the Effective Time.

2.13 Other Information. No representation or warranty by FIRST OF AMERICA contained in this Agreement, no certificate or other instrument or document furnished or to be furnished by or on behalf of FIRST OF AMERICA pursuant to this Agreement and no information furnished or to be furnished by FIRST OF AMERICA for use in the Prospectus/Proxy Statement (as hereinafter defined) or the Registration Statement (as hereinafter defined) or the regulatory filings described in Section 4.06 hereof contains or will contain any untrue statement of material fact or omits or will omit to state any material fact required to be stated herein or therein which is necessary to make the statements contained herein or therein, in light of the circumstances in which they are or were made, not misleading in any material respect.

2.14 Advice of Changes. Between the date hereof and the Effective Time, FIRST OF AMERICA shall promptly advise the COMPANY in writing of any fact which, if existing or known at the date hereof, would have been required to be set forth or disclosed in or pursuant to this Agreement or of any fact which, if existing or known at the date hereof, would have made any of the representations contained herein materially untrue.

2.15 Shares to be Issued in Merger. The FIRST OF AMERICA Common Stock which the stockholders of the COMPANY will be entitled to receive upon consummation of the Merger pursuant to the Plan of Merger will, at the Effective Time, be duly authorized and will, when issued pursuant to the Plan of Merger, be validly issued, fully paid and nonassessable and will have been registered under the Securities Act.

2.16 Orders, Injunctions, Decrees, Etc. FIRST OF AMERICA is not subject to any order, injunction, or decree of any governmental body or court, or in violation of any order, injunction, or decree, or any other requirement of any governmental body or court, which would have a material adverse effect on the condition (financial or otherwise), business, properties, assets, operations, or liabilities of FIRST OF AMERICA on a consolidated basis.

2.17 Ownership of COMPANY Stock. Except with respect to shares which may be held in a fiduciary capacity by FIRST OF AMERICA'S banking subsidiaries, as of the date of this Agreement, neither FIRST OF AMERICA nor any of its subsidiaries owns any shares of any class of the capital stock of the COMPANY.

2.18 Compliance with Environmental and Safety Laws.

(a) The operations of FIRST OF AMERICA and its subsidiaries comply and have complied in all material respects with all applicable federal, state and local environmental statutes and regulations; to the best of FIRST OF AMERICA'S knowledge, none of FIRST OF AMERICA'S or its subsidiaries' operations are subject to any judicial or administrative proceedings, alleging the violation of any

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federal, state or local environmental, health, or safety statute or regulation; to the best of FIRST OF AMERICA'S knowledge, none of FIRST OF AMERICA'S or its subsidiaries' operations are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to a release of hazardous or toxic waste, substance or constituent, or any other substance into the environment; to the knowledge of FIRST OF AMERICA, neither FIRST OF AMERICA nor its subsidiaries have generated hazardous waste in FIRST OF AMERICA'S or the subsidiaries' operations; to the knowledge of FIRST OF AMERICA, neither FIRST OF AMERICA nor its subsidiaries have transported hazardous waste attributable to FIRST OF AMERICA'S or its subsidiaries' operations for treatment, storage or disposal; and to the knowledge of FIRST OF AMERICA, neither FIRST OF AMERICA nor its subsidiaries have reported a spill or release of a hazardous or toxic waste, substance or constituent or any other substance in the environment due to FIRST OF AMERICA'S or its subsidiaries' operations.

(b) FIRST OF AMERICA and its subsidiaries own and control real estate either outright, as REO property, in a fiduciary capacity and otherwise (the "FIRST OF AMERICA Real Estate"). There are various judicial or administrative proceedings alleging the violation of federal, state or local environmental, health or safety statute or regulation with respect to certain properties which are included in the FIRST OF AMERICA Real Estate and various investigations evaluating whether remedial action is needed with respect to certain properties which are included in the FIRST OF AMERICA Real Estate to respond to a release of hazardous or toxic waste, substance or constituent, or other substances into the environment. However, FIRST OF AMERICA is not aware of any such proceedings or investigation which is reasonably likely to result in a materially adverse change in the consolidated financial condition of FIRST OF AMERICA.

(c) FIRST OF AMERICA'S representations regarding the "operations" referenced in this Section 2.18 do not extend to customers of FIRST OF AMERICA or its subsidiaries unless FIRST OF AMERICA or its subsidiaries influenced the customer's use, storage or disposal of hazardous or toxic waste. To the knowledge of FIRST OF AMERICA, neither FIRST OF AMERICA nor its subsidiaries has influenced any customer's use, storage or disposal of hazardous or toxic waste.

(d) For the purposes of this Section 2.18, any reference to "hazardous" or "toxic" waste, substances or constituents encompasses any waste, substance or constituent regulated by, or subject to, the provisions and regulations of either the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 6901 et seq., the Toxic Substances Control Act, 15 USC Section 2601 et seq., or the Illinois Environmental Protection Act, 415 ILCS 5/1 (1992 State Bar Ed.).

2.19 Community Reinvestment Act Compliance. FIRST OF AMERICA and each of its subsidiaries, where applicable, is in substantial compliance with the applicable provisions of the Community Reinvestment Act of 1977 and the regulations promulgated thereunder. As of the date of this Agreement, FIRST OF AMERICA has not been advised of the existence of any act or circumstance or set of facts or circumstances which, if true, would cause FIRST OF AMERICA or any of its subsidiaries to fail to be in substantial compliance with such provisions. None of FIRST OF AMERICA'S subsidiaries have received a rating from its principal banking regulator which is less than "satisfactory."

2.20 Approvals. FIRST OF AMERICA knows of no reason why all regulatory approvals necessary to permit it to consummate the transactions contemplated hereby in the manner provided herein should not be obtained or why the opinion letter referred to in Section 8.11 hereof cannot be obtained.

ARTICLE THREE

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The COMPANY represents and warrants to FIRST OF AMERICA as follows: (For purposes of this Article Three a "COMPANY Schedule" is defined as a schedule prepared and executed by an Officer of the COMPANY and delivered to FIRST OF AMERICA and dated not later than twenty (20) days after the date of the execution of this Agreement).

3.01 Organization; Qualification; Good Standing; Corporate Power.

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(a) The COMPANY is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is duly qualified to do business and is in good standing in Illinois and in each other jurisdiction in which the nature of the business conducted or the properties or assets owned or leased by it makes

such qualification necessary. The COMPANY is a registered savings association holding company under the Home Owners Loan Act. The COMPANY has the corporate power and authority to carry on its business as it is now conducted, to own, lease and operate its properties, to execute and deliver this Agreement and the power to consummate the transactions contemplated hereby.

(b) LA GRANGE FEDERAL is a federally chartered stock savings association duly organized, validly existing and in good standing under the laws of the United States. West Suburban Financial Corporation ("WEST SUBURBAN") is a wholly owned subsidiary of LA GRANGE FEDERAL and is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois. (LA GRANGE FEDERAL and WEST SUBURBAN are sometimes collectively referred to herein as the "SUBSIDIARIES"). The SUBSIDIARIES each have the corporate power and authority to carry on its business as it is now conducted and to own, lease and operate its properties, and is duly qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted or the properties or assets owned or leased by it makes such qualification necessary.

(c) The COMPANY and the SUBSIDIARIES hold all licenses, certificates, permits, franchises and rights from all appropriate federal, state or other public authorities necessary for the conduct of its and their business and where failure to do so would have a material adverse effect on the COMPANY or the SUBSIDIARIES. The COMPANY and the SUBSIDIARIES have each conducted its business so as to comply in all material respects with all applicable federal, state and local statutes, ordinances, regulations or rules, and neither the COMPANY nor either of the SUBSIDIARIES is presently charged with, or, to the COMPANY'S knowledge, under governmental investigation with respect to, any actual or alleged material violations of any statute, ordinance, regulation or rule; and neither the COMPANY nor either of the SUBSIDIARIES is the subject of any pending or, to the COMPANY'S knowledge, threatened material proceeding by any regulatory authority having jurisdiction over its business, properties or operations.

3.02 Authorization. The execution, delivery and performance of this Agreement and the Plan of Merger by the COMPANY have been duly authorized and approved by all necessary corporate action, and this Agreement and the Plan of Merger are legally binding on and enforceable against the COMPANY in accordance with their terms, subject to the approval of the stockholders of the COMPANY and subject to the receipt of all required regulatory and other government approvals and except as enforceability may be limited by bankruptcy laws, insolvency laws or other laws affecting creditors' rights generally. The execution and delivery of this Agreement and of the Plan of Merger do not, and the consummation of the Merger will not violate the COMPANY'S Certificate of Incorporation, as amended, or Bylaws, as amended.

3.03 Capitalization.

(a) As of the date of this Agreement, the authorized capitalization of the COMPANY consists of (i) 5,000,000 shares of Common Stock ("COMPANY Common Stock"), $.01 par value per share, of which 1,759,000 shares (not including treasury shares) are issued and outstanding, which includes 111,090 shares which are held by La Grange Federal Savings and Loan Association Employee Stock Ownership Plan (the "ESOP"), and 92,500 shares are held by the COMPANY as treasury shares and (ii) 1,000,000 shares of Preferred Stock, $.01 par value per share, of which no shares are issued and outstanding. The COMPANY has no other class of stock and there are and, as of the Effective Time, there will be, no fractional shares of COMPANY Common Stock

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issued or outstanding. In addition, there are outstanding options for the purchase of 92,575 of COMPANY Common Stock at an exercise price of Ten Dollars ($10.00) per share granted to certain employees of the COMPANY pursuant to the LGF Bancorp, Inc. 1992 Incentive Stock Option Plan (the "Employee Plan") and there are outstanding options for the purchase of 68,635 shares of COMPANY Common Stock at an exercise price of Ten Dollars ($10.00) per share granted to directors of the COMPANY pursuant to the LGF Bancorp, Inc. 1992 Stock Option Plan for Outside Directors (the "Director Plan") (the option rights granted pursuant to the Employee Plan and the Director Plan are sometimes collectively referred to herein as the "Option Rights".) In addition, LA GRANGE FEDERAL has made certain restricted stock awards to certain directors and officers of LA GRANGE FEDERAL pursuant to LA GRANGE FEDERAL'S Recognition and Retention Plan and Trust which purchased 74,060 shares of COMPANY Common Stock in the open market (the "Restricted Stock"). Except with respect to the Option Rights and the Restricted Stock, neither the COMPANY nor the SUBSIDIARIES have granted any outstanding warrants, options, rights, calls, agreements, understandings or other commitments of any nature relating to the authorization, issuance, sale or repurchase of any equity securities of the COMPANY or the SUBSIDIARIES. Except in connection with the exercise of the Option Rights and stock issued in connection with the Warrant Agreement referred to in Section 5.09 hereof, the number of shares set forth above is not subject to change before the Effective Time. Assuming the exercise of all of the Option Rights prior to the Effective Time, at the Effective Time the number of shares of COMPANY Common Stock which will be issued and outstanding will not exceed 1,920,210. Except as otherwise provided in the Certificate of Incorporation of the COMPANY, all of the issued and outstanding shares of COMPANY Common Stock will be entitled to vote to approve this Agreement and the Plan of Merger.

(b) The COMPANY owns directly or indirectly all of the issued and outstanding shares of capital stock of the SUBSIDIARIES. COMPANY Schedule 3.03 accurately identifies the number of shares of authorized and outstanding capital stock of the SUBSIDIARIES. Except as set forth in COMPANY Schedule 3.03, neither the COMPANY nor the SUBSIDIARIES owns directly or indirectly any debt, equity or other proprietary interest in any other corporation, joint venture, partnership, entity, association or other business.

(c) All of the outstanding shares of the COMPANY and the SUBSIDIARIES are validly issued, fully paid and nonassessable and, in the case of the shares of the SUBSIDIARIES, are owned free and clear of all liens, charges or encumbrances.

3.04 Financial Statements.

(a) The COMPANY has furnished to FIRST OF AMERICA true, correct and complete copies of: (i) the audited Consolidated Statements of Financial Condition of the COMPANY as of December 31, 1991 and December 31, 1992, and the related Consolidated Statements of Operations, Consolidated Statements of Stockholders' Equity and Consolidated Statements of Cash Flows for each of the three years ending December 31, 1992, including the respective notes thereto, together with the reports of Deloitte & Touche; and (ii) the unaudited Consolidated Statements of Financial Condition of the COMPANY as of June 30, 1993, and the related Consolidated Statements of Operations, Consolidated Statements of Stockholders' Equity and Consolidated Statements of Cash Flows for the period then ended ("COMPANY Financial Statements"). Subject to such changes which may result from an audit which includes the period of the unaudited COMPANY Financial Statements as of and for the six months ended June 30, 1993 (which changes in the aggregate would not be material), such COMPANY Financial Statements fairly present the financial position of the COMPANY and the SUBSIDIARIES as of and for the periods ended on their respective dates and the operating results of the COMPANY and the SUBSIDIARIES for the indicated periods in conformity with generally accepted accounting principles applied on a consistent basis. Since June 30, 1993, there have not been any changes in the COMPANY'S or the SUBSIDIARIES' financial condition, assets, liabilities or business, other than changes in the ordinary course of business which in the aggregate have not been materially adverse.

(b) The COMPANY will furnish FIRST OF AMERICA with copies of its audited and unaudited Consolidated Statements of Condition, and related reports, for each annual and quarterly period, and each

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financial report it or the SUBSIDIARIES file with the Office of Thrift Supervision ("OTS"), subsequent to June 30, 1993, until the Effective Time ("Subsequent COMPANY Financial Statements").

(c) Subject to such changes which may result from an audit which includes any Subsequent COMPANY Financial Statements (which changes in the aggregate will not be material), all of the aforesaid COMPANY Financial Statements have been, and, with respect to the Subsequent COMPANY Financial Statements, will be, prepared in accordance with generally accepted accounting principles (except with respect to reports filed with the OTS which have, in each case, been prepared in accordance with OTS requirements), utilizing accounting practices consistent with prior years except as otherwise disclosed. None of the aforesaid COMPANY Financial Statements contain, and none of the Subsequent COMPANY Financial Statements will contain, any material undisclosed extraordinary or prior period items or fail to disclose any material items that should be disclosed. All of the aforesaid COMPANY Financial Statements present fairly,

and all of the Subsequent COMPANY Financial Statements will present fairly, the financial position of the COMPANY and the results of its operations and changes in its financial position as of and for the periods ending on their respective dates. Subject to such changes which may result from an audit of any Subsequent COMPANY Financial Statements (which changes in the aggregate will not be material), the provision for loan losses in such COMPANY Financial Statements is, and, with respect to the Subsequent COMPANY Financial Statements will be, adequate under the standards applied by the OTS and based on past loan loss experiences and potential losses in current portfolios to cover all known or anticipated loan losses. Except with respect to this Agreement and the transactions contemplated herein, there are, and with respect to the Subsequent Financial Statements will be, no agreements, contracts or other instruments to which the COMPANY or the SUBSIDIARIES is a party or by which it or they or (to the knowledge of the COMPANY) any of the officers, directors, employees or stockholders of the COMPANY or the SUBSIDIARIES have rights which would have a materially adverse effect on the consolidated financial position of the COMPANY or the financial position of LA GRANGE FEDERAL which are not disclosed herein or reflected in the COMPANY Financial Statements and the Subsequent COMPANY Financial Statements.

3.05 Absence of Undisclosed Liabilities. Except as and to the extent reflected or reserved against in the COMPANY Financial Statements or the Subsequent COMPANY Financial Statements, neither the COMPANY nor the SUBSIDIARIES had, nor with respect to the Subsequent COMPANY Financial Statements will have, any liabilities or obligations, of any nature, secured or unsecured, (whether accrued, absolute, contingent or otherwise) including, without limitation, any tax liabilities due or to become due, which would have a materially adverse effect on the consolidated financial position of the COMPANY or the financial position of LA GRANGE FEDERAL. Except as set forth in Schedule 3.05, the COMPANY further represents and warrants that it does not know or have reason to believe that there is or will be any basis for assertion against it or the SUBSIDIARIES as of December 31, 1992, or June 30, 1993, or as of the date of any Subsequent COMPANY Financial Statements, of any liability or obligation of any nature or any amount not fully reflected or reserved against in the COMPANY Financial Statements as of said dates and for subsequent periods or in the footnotes thereto, which would have a materially adverse effect on the financial position of the COMPANY or the SUBSIDIARIES.

3.06 No Violation, Consents. Neither the execution and delivery of this Agreement nor, subject to the approval of this Agreement by the stockholders of the COMPANY, the consummation of the transactions contemplated hereby, with or without the giving of notice or the lapse of time, or both, will: (i) violate, conflict with, result in the breach or termination of, constitute a default under, accelerate the performance required by, or result in the creation of any material lien, charge or encumbrance upon any of the properties or assets of the COMPANY or the SUBSIDIARIES pursuant to any indenture, mortgage, deed of trust, or other material agreement (including borrowing agreements) or instrument to which the COMPANY or the SUBSIDIARIES is a party or by which it or the SUBSIDIARIES or any of their properties or assets may be bound; or (ii) violate any statute, rule or regulation applicable to the COMPANY or the SUBSIDIARIES, which would have a material adverse effect on the consolidated financial condition,

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assets, liabilities or business of the COMPANY or the financial condition, assets, liabilities or business of LA GRANGE FEDERAL. Other than as specifically contemplated by this Agreement, no consent, approval, authorization, order, registration or qualification of or with any court, regulatory authority or other governmental body, or of any lender or purchaser under any borrowing agreement, is required for the consummation by the COMPANY and the SUBSIDIARIES of the transactions contemplated by this Agreement.

3.07 Litigation. As of the date of this Agreement, there are no legal, quasi-judicial, administrative, or other actions, suits, proceedings, or investigations of any kind or nature pending or, to the knowledge of the COMPANY, threatened against the COMPANY or the SUBSIDIARIES that challenge the validity or legality of the transactions contemplated by this Agreement or which would have a material adverse effect on the financial condition, assets, liabilities or business of the COMPANY or the SUBSIDIARIES. COMPANY Schedule 3.07 accurately describes all litigation which is pending or, to the knowledge of the COMPANY, threatened against the COMPANY or the SUBSIDIARIES. Neither the COMPANY nor the SUBSIDIARIES is subject to or in default with respect to, nor are any of its or their assets subject to, any outstanding judgment, order or decree of any court or of any governmental agency or instrumentality which would have a material adverse effect on the financial condition, assets, liabilities or business of the COMPANY or the SUBSIDIARIES.

3.08 Taxes, Returns and Reports. The COMPANY and the SUBSIDIARIES have duly filed all material tax returns required to be filed. The reserve for taxes in the COMPANY December 31, 1992 Consolidated Statement of Condition is adequate to cover all tax liabilities of the COMPANY and the SUBSIDIARIES (including, without limitation, income taxes and franchise fees) that may become payable in future years in respect to any transactions consummated prior to December 31, 1992. Neither the COMPANY nor the SUBSIDIARIES has or, to the best of the COMPANY'S knowledge, will have any liability for taxes of any nature for or in respect of the operation of its business or ownership of its or their assets from December 31, 1992, up to and including the Effective Time, except to the extent reflected in the COMPANY'S Consolidated Statement of Condition as of June 30, 1993, or the Subsequent COMPANY Financial Statements, or otherwise reflected in the books and records of the COMPANY for the period following the then most recent COMPANY Subsequent Financial Statements.

3.09 Corporate Properties.

(a) COMPANY Schedule 3.09 accurately identifies: (i) all real property owned or leased by the COMPANY or the SUBSIDIARIES, including a brief description of any buildings located thereon; and (ii) all known copyrights, patents, trademarks, trade names, franchises, and related applications and all other similar intangible assets owned by the COMPANY or the SUBSIDIARIES. Except as set forth in said COMPANY Schedule, all of the COMPANY'S or the SUBSIDIARIES' properties, leasehold improvements, and equipment are in reasonable operating condition, free from any known defects, except defects which in the aggregate do not materially and adversely affect the COMPANY'S consolidated, or LA GRANGE FEDERAL'S, condition, financial or otherwise, and all known

copyrights, patents, trademarks, trade names, franchises, and related applications are valid and in full force and effect in accordance with their terms. No complaints have been received by the COMPANY or the SUBSIDIARIES and, to the best of the COMPANY'S knowledge, none are threatened that the COMPANY or the SUBSIDIARIES are in violation of applicable building, zoning, environmental, safety, or similar laws, ordinances, or regulations in respect of their buildings or equipment, or the operation thereof, and to the best of the COMPANY'S knowledge, the COMPANY and the SUBSIDIARIES are not in material violation of any such law, ordinance, or regulation, except as disclosed in said COMPANY Schedule. To the knowledge of the COMPANY, no proceedings to take all or any part of the properties of the COMPANY or the SUBSIDIARIES (whether leased or owned) by condemnation or right of eminent domain are pending or threatened.

(b) Except as set forth in said COMPANY Schedule 3.09, the COMPANY and the SUBSIDIARIES have good and marketable title to all their real and personal property, free, clear, and discharged of, and from, any and all liens, charges, encumbrances, security interests, and/or equities which, in the aggregate, are materially adverse to the

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COMPANY'S or the SUBSIDIARIES' condition, financial or otherwise.

3.10 Obligations to Employees. Except as set forth in COMPANY Schedule 3.10, all material accrued obligations of the COMPANY and the SUBSIDIARIES, whether arising by operation of law or by contract, for payments to trusts or other funds or to any governmental agency or to any individual director, officer, employee or agent (or his or her heirs, legatees or legal representatives) with respect to unemployment compensation benefits, profit sharing, pension or retirement benefits or social security benefits have been paid, or adequate actuarial accruals for such payments have been and are being made, by the COMPANY and the SUBSIDIARIES. All material obligations of the COMPANY and the SUBSIDIARIES, whether arising by operation of law or by contract, for bonuses and other forms of compensation which are or may become payable to their directors, officers, employees or agents have been paid, or adequate accruals for payment therefor have been and are being made to the extent required in accordance with generally accepted accounting principles, all of which accruals are reflected in the books and records of the COMPANY. COMPANY Schedule 3.10 includes a list of all of the COMPANY'S and the SUBSIDIARIES' pension, profit sharing, health, accident, welfare, life insurance and other employee benefit plans within the meaning of Section 3(3) of ERISA ("COMPANY Employee Plans"). All such COMPANY Employee Plans established or maintained by the COMPANY or the SUBSIDIARIES or to which the COMPANY or the SUBSIDIARIES contributes are in compliance in all material respects with all applicable requirements of ERISA, and are in compliance in all material respects with all applicable requirements (including qualification and nondiscrimination requirements in effect as of the Effective Time) of the Code, for obtaining the tax benefits the Code thereupon permits with respect to such COMPANY Employee Plans. No COMPANY Employee Plan has any amount of unfunded benefit liabilities (as defined in Section 4001(a)(18) of ERISA) for which the COMPANY or the SUBSIDIARIES would be liable to any person under Title IV of ERISA if the COMPANY Employee Plans were terminated as of the Effective Time, which amounts would be material to the COMPANY or the SUBSIDIARIES. The Employee Plans are funded in accordance with Section 412 of the Code (if applicable). There would be no

obligations which would be material to the COMPANY or the SUBSIDIARIES under Title IV of ERISA relating to any COMPANY Employee Plan that is a multi-employer plan if any such plan were terminated or if the COMPANY or the SUBSIDIARIES withdrew from any such plan as of the Effective Time.

3.11 Brokerage Commissions, Fees, Etc. All negotiations relating to this Agreement and the Plan of Merger and the transactions contemplated herein and therein have been and will be carried on by the COMPANY directly with FIRST OF AMERICA, its counsel, accountants and other representatives in such a manner as not to give rise to any claim against FIRST OF AMERICA or the COMPANY for any brokerage commission, finder's fee, investment advisor's fee or other like payment, except that the COMPANY has agreed to make payment to Capital Resources Group, Inc. for services rendered as financial advisor in connection with the transactions contemplated hereby pursuant to that certain letter agreement dated August 27, 1993, between the COMPANY and Capital Resources Group, Inc.

The COMPANY has fee agreements with all outside attorneys, accountants, and other independent experts and advisors it has used or plans to use in connection with the transactions contemplated in this Agreement, which provide that such attorneys, accountants, and other independent experts and advisors will be compensated only at their normal hourly or per diem rates plus reasonable out-of-pocket expenses.

3.12 Certain Agreements. COMPANY Schedule 3.12 accurately identifies all of the following agreements, contracts, or other instruments written or, to the knowledge of the COMPANY, oral, to which the COMPANY or the SUBSIDIARIES are a party or by which any of them are bound or affected or, to the knowledge of the COMPANY, by which any of the stock, properties, or assets of the COMPANY or the SUBSIDIARIES are bound or affected, or under which any of their officers, directors, employees, or stockholders have rights: (a) all material leases of real property under which the COMPANY or the SUBSIDIARIES are either lessor, sublessor, lessee, or sublessee; (b) all insurance policies held by the COMPANY or the SUBSIDIARIES relating to their properties or operations, including but not limited to those covering their leasehold improvements, properties, equipment, furniture, fixtures, lives of, or performance of their duties by their directors, officers, and employees (all such policies of insurance, including blanket bonds and director and officer liability insurance, are in force and, until the Effective Time, the COMPANY will cause all such policies to continue in force or to obtain substitute policies acceptable to FIRST OF AMERICA with comparable coverage in amounts deemed by FIRST OF AMERICA to be sufficient); (c) to the extent not disclosed

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in COMPANY Schedule 3.10, all employment contracts, pension, retirement, stock option, stock purchase, savings, profit sharing, deferred compensation, consultant, incentive, bonus, noncompetition, or collective bargaining agreements, group insurance contracts, or other incentive, benefit, or welfare plans or arrangements of the COMPANY and the SUBSIDIARIES, including any trust or comparable agreement or instrument relating thereto, and including for each plan the latest actuary's report on the condition of the plan and any determination letters issued by the Internal Revenue Service (except as otherwise disclosed in said COMPANY Schedule, all such contracts, plans, practices, or arrangements are terminable at the will of the employer without liability on not more than 60

days' notice to any affected employee); and (d) except as entered into with respect to loan transactions or work outs in the ordinary course of business by the COMPANY, any material agreement, instrument, or understanding of the COMPANY or the SUBSIDIARIES, whether or not made in the ordinary and regular course of business involving an aggregate liability in excess of $50,000.00 per annum. The COMPANY will deliver to FIRST OF AMERICA true, complete, and correct copies of all of the written agreements, contracts, or other instruments, and written descriptions of the material details of any oral agreements or instruments identified in said COMPANY Schedule. Except as otherwise specifically disclosed in said COMPANY Schedule 3.12, all such agreements, contracts, or other instruments are in full force and effect and neither the COMPANY nor either of the SUBSIDIARIES is in material default under any such agreement, contract, or other instrument to which they are a party or by which they may be bound.

3.13 Articles of Incorporation, Articles of Association, Bylaws, Etc. COMPANY Schedule 3.13 includes complete and correct copies of the following: (a) the Certificate of Incorporation, and all amendments thereto, of the COMPANY and WEST SUBURBAN; (b) the Charter, and all amendments thereto, of LA GRANGE FEDERAL; (c) the Bylaws of the COMPANY and the SUBSIDIARIES, as amended to date; and (d) a specimen certificate for each type of outstanding security of the COMPANY and the SUBSIDIARIES.

3.14 Orders, Injunctions, Decrees, Etc. Neither the COMPANY nor the SUBSIDIARIES are subject to any order, injunction or decree of any governmental body or court, or are in violation of any order, injunction, or decree, or any other requirement of any governmental body or court, which would have a material adverse effect on the condition (financial or otherwise), business, properties, assets, operations or liabilities of the COMPANY or the SUBSIDIARIES.

3.15 Stockholders of the COMPANY. COMPANY Schedule 3.15 accurately identifies the names and addresses of all of the stockholders who, to the COMPANY'S knowledge, beneficially own more than 5% of COMPANY Common Stock and the number of shares of stock of the COMPANY held by each such stockholder and by each director and senior officer of the COMPANY. From the date hereof until the Effective Time, the COMPANY shall, upon request, provide FIRST OF AMERICA with a complete list of all of its stockholders, including the names, addresses and number of shares of COMPANY Common Stock held by each stockholder. Without the advance written consent of the COMPANY, FIRST OF AMERICA will not disclose or make use of the information provided by the COMPANY pursuant hereto except as may be required in connection with regulatory or other filings permitted by this Agreement, the mailing of the Prospectus/Proxy Statement (as hereinafter defined) or as is otherwise specifically permitted by this Agreement.

3.16 Regulatory Filings. The COMPANY and the SUBSIDIARIES have filed and will continue to file in a timely manner all required filings with (i) the SEC (and will furnish FIRST OF AMERICA with copies of all such filings made subsequent to the date hereof until the Effective Time), (ii) the OTS and (iii) the Federal Deposit Insurance Corporation ("FDIC") and, to the best knowledge of the COMPANY, all such filings were true, complete and accurate in all material respects as of the dates of the filings, and no such SEC filing made any untrue statement of a

material fact or omitted to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading. Except for normal examinations conducted by the Internal Revenue Service or the OTS or the FDIC in the regular course of the business of

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the COMPANY or the SUBSIDIARIES, no federal, state or local governmental agency, commission or other entity has initiated any proceeding or, to the best of the knowledge and belief of the COMPANY, investigation into the business or operations of the COMPANY or the SUBSIDIARIES within the past five years. To the COMPANY'S knowledge, there is no unresolved violation, criticism or exception of a material nature by the SEC or the OTS or the FDIC or other agency, commission or entity with respect to any report or statement referred to herein. Since the date of any such filings there has been no material change in the COMPANY'S or LA GRANGE FEDERAL'S condition, financial or otherwise, such that, had such change occurred prior to any such filing, such change would have been required to be disclosed or described therein.

3.17 Loans. All loans and loan commitments extended by the SUBSIDIARIES (the "Loans") have been made in accordance with customary lending standards in the ordinary course of business. The Loans are evidenced by appropriate and sufficient documentation and constitute valid and binding obligations of the borrowers enforceable in accordance with their terms, except as limited by applicable bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and remedies generally from time to time in effect and by applicable law which may affect the availability of equitable remedies. All such Loans are, and at the Effective Time will be, free and clear of any security interest, lien, encumbrance or other charge and the COMPANY and the SUBSIDIARIES have complied, and at the Effective Time will have complied, in all material respects with all laws and regulations relating to such Loans. The Loans are not subject to any material offsets, or to the knowledge of the COMPANY, claims of material offset, or claims of other material liability on the part of the COMPANY or the SUBSIDIARIES.

3.18 Conduct. Except as set forth in Company Schedule 3.18, since June 30, 1993, neither the COMPANY nor any of the SUBSIDIARIES have: (i) conducted its business or entered into any transaction other than in the ordinary course, or incurred or become subject to any liabilities or obligations except liabilities incurred in the ordinary course of business; (ii) suffered any labor trouble, or any event or condition of any character materially adversely affecting its or their business or prospects; (iii) discharged or satisfied any material lien or encumbrance or paid any material obligation or liability other than those presented in the COMPANY Financial Statements or incurred after the date thereof in the ordinary course of business; (iv) mortgaged, pledged, or subjected to lien, charge or other encumbrance any material part of its assets, or sold or transferred any such assets, except in the ordinary course of business; (v) made or permitted an amendment or termination of any material contract to which it is a party except in the ordinary course of business; (vi) issued, agreed to issue or sold any of its capital stock or corporate debt obligations (whether authorized and unissued or held in the treasury); (vii) granted any options, warrants or other rights for the purchase of its capital stock; (viii) declared, agreed to declare, set aside or paid any dividend or other distribution in respect of its or their capital stock (except as permitted by Section 5.02(b)(iii) of this Agreement) or, directly or indirectly purchased, redeemed, or otherwise acquired or agreed to purchase or redeem or

otherwise acquire any shares of such stock; (ix) entered into any employment contract with any officer or salaried employee, made any accrual or arrangement for or payment of bonuses or special compensation of any kind or any severance or termination pay to any of its or their present officers or employees, increased the rate of compensation payable or to become payable by them to any of its or their officers or employees, or instituted or made any material increase in any employee welfare, retirement or similar plan or arrangement, in each case other than in the ordinary course of business; or (x) entered into any other material transaction other than in the ordinary course of business.

3.19 Fiduciary Responsibilities. The COMPANY and the SUBSIDIARIES have performed all of their duties in their capacities as trustees, executors, administrators, registrars, guardians, custodians, escrow agents, receivers or any other fiduciary capacity in a manner which complies in all material respects with all applicable laws, regulations, orders, agreements, wills, instruments and common law standards.

3.20 Compliance With Environmental and Safety Laws.

(a) The operations of the COMPANY and the SUBSIDIARIES comply and have complied in all material respects with all applicable federal, state, and local environmental statutes and regulations; to the best of the COMPANY'S knowledge, none of the COMPANY'S or the SUBSIDIARIES' operations are subject to any judicial or administrative proceedings alleging the violation of any federal, state, or local

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environmental, health or safety statute or regulation; to the best of the COMPANY'S knowledge, none of the COMPANY'S or the SUBSIDIARIES' operations are the subject of a federal, state or local investigation evaluating whether any remedial action is needed to respond to a release of any hazardous or toxic waste, substance or constituent, or any other substance into the environment; to the knowledge of the COMPANY, neither the COMPANY nor the SUBSIDIARIES have generated hazardous waste in the COMPANY'S or the SUBSIDIARIES' operations; to the COMPANY'S knowledge, neither the COMPANY nor the SUBSIDIARIES have transported hazardous waste attributable to the COMPANY'S or the SUBSIDIARIES' operations for treatment, storage or disposal; and to the knowledge of the COMPANY, neither the COMPANY nor the SUBSIDIARIES have reported a spill or release of a hazardous or toxic waste, substance or constituent or any other substance in the environment due to the COMPANY'S or the SUBSIDIARIES' operations.

(b) All real estate owned, beneficially or otherwise, or controlled by the COMPANY or the SUBSIDIARIES, whether owned outright, as REO property (this representation is limited to the COMPANY'S knowledge as to REO), as a joint venture, or owned or controlled in a fiduciary capacity, or otherwise (the "Real Estate"), is in compliance in all material respects with all applicable federal, state, and local environmental statutes and regulations; to the best of the COMPANY'S knowledge, the Real Estate is not subject to any judicial or administrative proceedings alleging the violation of any federal, state, or local environmental, health or safety statute or

regulation; to the best of the COMPANY'S knowledge, the Real Estate is not the subject of a federal, state, or local investigation evaluating whether any remedial action is needed to respond to a release of any hazardous or toxic waste, substance or constituent, or any other substance into the environment; to the knowledge of the COMPANY, neither the COMPANY nor any of the SUBSIDIARIES have generated any hazardous material on the Real Estate; and to the knowledge of the COMPANY, neither the COMPANY nor any of the SUBSIDIARIES have transported any hazardous material from the Real Estate to any waste treatment, storage or disposal facility.

(c) The COMPANY'S representations regarding the "operations" referenced in this Section 3.20 do not extend to customers of the COMPANY or of the SUBSIDIARIES unless the COMPANY or the SUBSIDIARIES influenced the customer's use, storage, or disposal of hazardous or toxic waste. To the knowledge of the COMPANY, neither the COMPANY nor the SUBSIDIARIES has influenced any customer's use, storage, or disposal of hazardous or toxic waste.

(d) For the purposes of this Section 3.20, any reference to "hazardous" or "toxic" waste, substances, or constituents encompasses any waste, substance, or constituent regulated by, or subject to, the provisions and regulations of either the Comprehensive Environmental Response, Compensation, and Liability Act, 42 USC Section 6901 et seq., the Toxic Substances Control Act, 15 USC Section 2601 et seq., or the Illinois Environmental Protection Act, 415 ILCS 5/1 (1992 State Bar Ed.).

3.21 Other Information. No representation or warranty by the COMPANY contained in this Agreement, or disclosure in any COMPANY Schedule, certificate or other instrument or document furnished or to be furnished by or on behalf of the COMPANY pursuant to this Agreement and no information furnished or to be furnished by the COMPANY for use in the Prospectus/Proxy Statement (as hereinafter defined) or the Registration Statement (as hereinafter defined) or the regulatory filings described in Section 4.06 hereof contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact required to be stated herein or therein which is necessary to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading in any material respect.

3.22 Insider Interests. All loans, extensions of credit, and other contractual arrangements (including deposit relationships) between the COMPANY or the SUBSIDIARIES and any officer or director of the COMPANY or the SUBSIDIARIES, or any affiliate of any such officer or director conform to applicable rules and regulations and requirements of all applicable regulatory agencies. No officer or director of the COMPANY or the SUBSIDIARIES has any material interest in any property, real or personal, tangible or intangible, used in or pertaining to the business of the COMPANY or the SUBSIDIARIES.

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3.23 No Sensitive Transactions. Within the past five (5) years, neither the COMPANY nor the SUBSIDIARIES nor, to the COMPANY'S knowledge, any director, employee, or agent of the

COMPANY or the SUBSIDIARIES, has directly or indirectly used funds or other assets of the COMPANY or the SUBSIDIARIES for (a) illegal contributions, gifts, entertainment, or other expenses related to political activities; (b) payments to or for the benefit of any governmental official or employee, other than payments required or permitted by law; (c) illegal payments to or for the benefit of any person, firm, corporation, or other entity, or any officer, employee, agent, or representative thereof; or (d) the establishment or maintenance of a secret or unrecorded fund.

3.24 Delaware Law. The provisions of Section 203 of the Delaware Law as they relate to the COMPANY do not and will not apply to this Agreement, the Merger or the transactions contemplated hereby.

3.25 Community Reinvestment Act Compliance. The COMPANY and each of the SUBSIDIARIES, where applicable, is in substantial compliance with the applicable provisions of the Community Reinvestment Act of 1977 and the regulations promulgated thereunder. As of the date of this Agreement, the COMPANY has not been advised of the existence of any act or circumstance or set of facts or circumstances which, if true, would cause the COMPANY or any of the SUBSIDIARIES to fail to be in substantial compliance with such provisions. LA GRANGE FEDERAL has not received a rating from the OTS which is less than "satisfactory."

3.26 Approvals. The COMPANY knows of no reason why all regulatory approvals necessary to permit FIRST OF AMERICA to consummate the transactions contemplated hereby in the manner provided herein should not be obtained or why the opinion letter referred to in Section 8.11 hereof cannot be obtained.

3.27 Qualified Thrift Lender. LA GRANGE FEDERAL is a "Qualified Thrift Lender" as defined under 12 USC 1467a(m) or Section 10(m) of the Home Owners' Loan Act.

3.28 Advice of Changes. Between the date hereof and the Closing Date, the COMPANY shall promptly advise FIRST OF AMERICA in writing of any fact which, if existing or known as of the date hereof, would have been required to be set forth or disclosed in or pursuant to this Agreement or of any fact which, if existing or known as of the date hereof, would have made any of the representations contained herein materially untrue.

ARTICLE FOUR

COVENANTS OF FIRST OF AMERICA

FIRST OF AMERICA hereby covenants and agrees with the COMPANY as follows:

4.01 Conduct Of Business; Certain Covenants. From and after the execution and delivery of this Agreement and until the Effective Time, FIRST OF AMERICA and its banking subsidiaries will:

(a) conduct its and their business and operate only in the usual ordinary course of business and maintain its and their properties, books, contracts, business, operations, commitments, records, loans, investments and any trust operations in accordance with generally accepted accounting principles;

(b) conduct its and their business and operate only in accordance with sound banking and business practices;

(c) remain in good standing with all applicable banking regulatory authorities.

4.02 SEC Registration. FIRST OF AMERICA shall file with the SEC as soon as practicable after the execution of this Agreement, a registration statement on an appropriate form under the Securities Act covering the FIRST OF AMERICA Common Stock to be issued pursuant to the Plan of Merger and shall use its best efforts to cause the same to become effective and thereafter, until

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the Effective Time or termination of this Agreement, to keep the same effective and, if necessary, amend and supplement the same. Such registration statement and any amendments and supplements thereto are referred to herein as the "Registration Statement." The Registration Statement shall include a prospectus/proxy statement thereto ("the Prospectus/Proxy Statement"), prepared for use in connection with the meeting of stockholders of the COMPANY referred to in Section 5.01 of this Agreement, all in accordance with the rules and regulations of the SEC. FIRST OF AMERICA shall, as soon as practicable after the execution of this Agreement, make all filings required to obtain all material Blue Sky permits, authorizations, consents or approvals required for the issuance of the FIRST OF AMERICA Common Stock.

4.03 Authorization, Reservation, and Stock Exchange Listing of Common Stock. By appropriate Resolution, a certified copy of which shall be provided to the COMPANY, the Board of Directors of FIRST OF AMERICA shall, prior to the Effective Time, authorize and reserve the required number of shares of FIRST OF AMERICA Common Stock to be issued pursuant to the Plan of Merger. FIRST OF AMERICA shall also use all reasonable efforts to cause the shares of FIRST OF AMERICA Common Stock to be issued pursuant to the Plan of Merger to be approved for listing on the New York Stock Exchange ("NYSE"), subject in each case to official notice of issuance, prior to the Effective Time.

4.04 Confidentiality. FIRST OF AMERICA will cause all internal, nonpublic financial and business information obtained by it from the COMPANY to be treated confidentially (exercising the same degree of care as it uses to preserve and safeguard its own confidential information); provided, however, that notwithstanding the foregoing, nothing contained herein shall prevent or restrict FIRST OF AMERICA from making such disclosure thereof as may be required by law in connection with purchases or sales of securities or as may be required in the performance of this Agreement. If the Merger shall not take place, all nonpublic financial statements, documents and materials and all copies thereof shall be returned to the COMPANY, or destroyed by FIRST OF AMERICA, and shall not be used by FIRST OF AMERICA in any way detrimental to the COMPANY or any of its affiliates.

4.05 Indemnification. FIRST OF AMERICA agrees that it will honor with respect to the COMPANY, and that FOA-BANK will honor with respect to LA GRANGE FEDERAL, all rights to indemnification, including rights to payments of advances for indemnification obligations, existing in favor of the employees, agents, directors, and officers of the COMPANY or LA GRANGE FEDERAL as provided in their Certificate of Incorporation, Charter, Bylaws, or otherwise in effect on the date of this Agreement, and that all such rights shall survive the Effective Time and shall continue in full force and effect with respect to matters occurring prior to the Effective Time. As of the Effective Time and for a period of three (3) years thereafter, FIRST OF AMERICA will maintain in effect director and officer liability insurance policies, with respect to acts or omissions occurring prior to the Effective Time, for those individuals who were directors or officers of the COMPANY and the SUBSIDIARIES at any time between January 1, 1989, and the Effective Time which will provide coverage for such individuals not less favorable than the insurance maintained by the COMPANY on the date of this Agreement, provided that such coverage is available and obtainable at a cost reasonable in comparison to the cost paid for similar prior acts coverage for similar companies.

4.06 Required Approvals. As soon as practicable after the execution of this Agreement, FIRST OF AMERICA will submit: (a) an application with the Federal Reserve, or the appropriate Federal Reserve Bank under delegated authority, for the acquisition by FIRST OF AMERICA of the COMPANY and the SUBSIDIARIES; (b) an application with the OTS to permit the acquisition by FIRST OF AMERICA of the COMPANY and the SUBSIDIARIES; (c) an application with the Michigan Financial Institutions Bureau ("FIB") to permit the acquisition by FIRST OF AMERICA of the COMPANY and the SUBSIDIARIES; and (d) an application with the Office of the Comptroller of the Currency (the "OCC"), the OTS and the Federal Reserve to permit the Bank Merger.

4.07 Employment Agreements and Directors.

(a) FIRST OF AMERICA agrees to honor the COMPANY'S and LA GRANGE FEDERAL'S existing employment agreements with J. Edward Weishel and LA GRANGE FEDERAL'S existing Change In Control Agreements with Edward J. Bilka, Winfield H. Lewis, Howard M. Lipsey and Kenneth J. Okelman, each of which is dated June 1, 1993. (The agreements referred to in this Section 4.07(a) are collectively referred to herein as the "Employment Agreements.")

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(b) Following the Bank Merger, the Board of Directors of FOA-BANK shall consist of those persons who are currently serving in such capacity of FOA-BANK and those persons who are currently serving in such capacity of LA GRANGE FEDERAL. After the Effective Time, such directors shall serve until their successors are elected and duly qualified or until they are no longer qualified to serve; provided, however, that notwithstanding the director age qualification requirement contained in the Bylaws of FOA-BANK, directors of LA GRANGE FEDERAL who would otherwise be ineligible to serve as of the date of the Bank Merger, or who would otherwise become ineligible to serve during the two-year period after the date of the Bank Merger, on the Board of Directors of the BANK because of such age qualification requirement will be eligible to serve until the annual meeting of FOA-BANK'S shareholders which follows the expiration of two (2) years from the date of the Bank Merger. Persons who were members of the Board of Directors of LA GRANGE FEDERAL, but who were not otherwise employed by the COMPANY or LA GRANGE FEDERAL, immediately prior to the Bank Merger shall be deemed to be retired from such positions as of the date of the Bank Merger and FIRST OF AMERICA will honor the terms of the directors' retirement plan and pay each such person ten (10) annual installments of Four Thousand Five Hundred Dollars ($4,500.00) commencing on the date of the Bank Merger with the nine (9) remaining installments to be paid on the next succeeding nine anniversary dates of the Bank Merger. In the event that any such director shall fail to survive for the full period of such payments, such payments shall be made to the designated beneficiary or the estate of such deceased director. Such payments shall be in lieu of any other benefits such directors shall be entitled to receive as retiring directors of the COMPANY and LA GRANGE FEDERAL; provided, however, during the period of their service on the Board of Directors of FOA-BANK such directors shall nevertheless be entitled to receive director fees in accordance with the practices and policies of FOA-BANK as in effect from time to time.

4.08 Severance Policy for Terminated Employees. Each employee of the COMPANY or LA GRANGE FEDERAL who is terminated from employment, other than for cause, following the Effective Time (other than those employees who are the subject of the Employment Agreements) will be provided salary continuation payments for such period (the "Salary Continuation Period") as provided in FIRST OF AMERICA'S severance policy as then in effect for terminated employees of FIRST OF AMERICA generally. Such policy currently provides for the payment of two (2) weeks salary for each year of full-time service. For purposes of determining entitlement to benefits under such policy, each such terminated employee will be credited for periods of full-time service with the COMPANY or LA GRANGE FEDERAL prior to the Effective Time. During the Salary Continuation Period, such employees will be permitted to continue to participate in the FIRST OF AMERICA Employees' Health Care Plan upon payment of the appropriate employee contribution rate applicable to other full-time employees of FIRST OF AMERICA.

4.09 Retirement Plans. For purposes of crediting periods of service for eligibility and vesting under the First of America Bank Corporation Employees' Retirement Plan and the First of America Bank Corporation Reserve Plus Savings Plan, and for purposes of crediting periods of service for eligibility for other employee benefits provided to employees of FIRST OF AMERICA and its affiliates, employees of the COMPANY and the SUBSIDIARIES who otherwise would be

eligible to participate in such plans and benefit programs after the Effective Time shall be given credit for service with the COMPANY and the SUBSIDIARIES prior to the Effective Time.

4.10 Information, Access Thereto. The COMPANY, its representatives and agents shall, at all times during normal business hours prior to the Closing Date, have full and continuing access to the facilities, operations, records and properties of FIRST OF AMERICA and its subsidiaries. The COMPANY, its representatives and agents may, prior to the Effective Time, make or cause to be made such investigation of the operations, records and properties of FIRST OF AMERICA and its subsidiaries, and of its and their financial and legal condition as the COMPANY shall deem necessary or advisable to familiarize itself with such records, properties and other matters. Upon request, FIRST OF

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AMERICA and its subsidiaries will furnish the COMPANY or its representatives or agents, its and their attorneys' responses to auditors requests for information and such financial and operating data and other information requested by the COMPANY developed by FIRST OF AMERICA or its subsidiaries, its and their auditors, accountants or attorneys, and will permit the COMPANY, its representatives or agents to discuss such information directly with any individual or firm performing auditing or accounting functions for FIRST OF AMERICA or its subsidiaries, and such auditors and accountants shall be directed to furnish copies of any reports or financial information as developed to the COMPANY or its representatives or agents. No investigation by the COMPANY shall affect the representations and warranties made by FIRST OF AMERICA herein. No investigation or access provided hereunder shall interfere with the normal operations of FIRST OF AMERICA and its subsidiaries.

4.11 Negative Covenant. From and after the execution of this Agreement and until the Effective Time, FIRST OF AMERICA will not, without the prior written consent of the COMPANY, take any action which constitutes a breach or default of its obligations under this Agreement or which is reasonably likely to delay or jeopardize the receipt of any of the regulatory approvals required hereby or is reasonably likely, to the best of FIRST OF AMERICA'S knowledge, to preclude the Merger from qualifying for "pooling of interests" accounting treatment (provided, however, FIRST OF AMERICA shall not be precluded from taking such action in the event it shall have first waived the condition contained in Section 8.11 hereof) or cause any of the other conditions set forth in Articles Six, Seven or Eight hereof to fail.

ARTICLE FIVE

COVENANTS OF THE COMPANY

The COMPANY hereby covenants and agrees with FIRST OF AMERICA as follows:

5.01 Stockholders' Meeting. The COMPANY shall cause a meeting of its stockholders to be held at the earliest practicable date after the execution of this Agreement and availability of the Prospectus/Proxy Statement for the purpose of acting upon this Agreement and the Plan of Merger, and in connection therewith shall distribute the Prospectus/Proxy Statement and any

amendments or supplements thereto and shall solicit proxies from its stockholders in accordance with the rules and regulations of the SEC.

5.02 Conduct Of Business; Certain Covenants.

(a) From and after the execution and delivery of this Agreement and until the Effective Time, the COMPANY and the SUBSIDIARIES will:

(i) conduct its and their business and operate only in the usual ordinary course of business and maintain its and their properties, books, contracts, business, operations, commitments, records, loans, investments and any trust operations in accordance with generally accepted accounting principles;

(ii) conduct its and their business and operate only in accordance with sound banking and business practices, including charging off all loans required to be charged off by bank regulators and regulations, statutes and sound banking practices;

(iii) maintain a provision for loan losses at an adequate level based on past loan loss experience and evaluation of potential losses in current portfolios;

(iv) remain in good standing with all applicable banking regulatory authorities and preserve each of its and their existing banking locations;

(v) use its and their best efforts to retain the services of such of its and their present officers and employees that its and their goodwill and business relationships with customers and others are not materially and adversely affected;

(vi) maintain insurance covering the performance of

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its and their duties by its and their directors, officers and employees; and

(vii) consult with FIRST OF AMERICA prior to acquiring any interest in real property.

(b) From and after the execution and delivery of this Agreement and until the Effective Time, the COMPANY and the SUBSIDIARIES will not, without the prior written consent of FIRST OF AMERICA:

(i) amend its or their Certificate of Incorporation, Charter, or Bylaws;

(ii) except in connection with the exercise of Option Rights or as contemplated by Section 5.09 hereof, issue or sell any shares of its or their capital stock, issue or grant any stock options, warrants, rights, calls or commitments of any character calling for or permitting the issue or sale of its or

their capital stock (or securities convertible into or exchangeable, with or without additional consideration, for shares of such capital stock);

(iii) pay or declare any cash dividend or other dividend or distribution with respect to the COMPANY'S or the SUBSIDIARIES' capital stock, except that the SUBSIDIARIES shall be permitted to make dividend payments to the COMPANY in accordance with past practices and as permitted by law;

(iv) increase or reduce the number of shares of its or their capital stock by split-up, reverse split, reclassification, distribution of stock dividends, or change of par or stated value;

(v) except in connection with the exercise of Option Rights or as contemplated by Section 5.09 hereof, purchase, permit the conversion of or otherwise acquire or transfer for any consideration any outstanding shares of its or their capital stock or securities carrying the right to acquire, or convert into or exchange for such stock, with or without additional consideration;

(vi) except with respect to amending the director retirement plan of the COMPANY to permit payments to be made to the designated beneficiary or the estate of a deceased director, and except in connection with annual renewal of the Employment Agreements on substantially the same terms as currently in effect, and except in connection with the adoption of bonus plans for 1994 which are substantially on the same terms as bonus plans currently in effect (but which will provide for payment of prorated bonuses for the period between January 1, 1994, and the Effective Time), any bonus, pension, profit sharing, retirement or other compensation plan or enter into any contract of employment with any officer which is not terminable at will without cost or other liability (other than benefits accrued as of the date of such termination), except as herein provided and except as may be required by applicable law or regulation, including revenue laws or regulations;

(vii) incur any obligations or liabilities except in the ordinary course of business;

(viii) mortgage, pledge (except pledges required for existing Federal Home Loan Bank advances or pledges of such assets as may be required to permit LA GRANGE FEDERAL to accept deposits of public funds) or subject to any material lien (excluding mechanics liens), charge, security interest, or any other encumbrance, any of its or their assets or property, except for liens for taxes not yet due and payable;

(ix) transfer or lease any of its or their assets or property except in the ordinary course of business, or close any banking office;

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(x) transfer or grant any rights, under any leases, licenses or agreements, other than in the ordinary course of business;

(xi) make or grant any general or individual wage or salary increase except for general salary and wage adjustments now in progress, or as part of the conduct of a normal salary administration program consistent with past practices;

(xii) other than with respect to loan transactions (including, without limitation, letters of credit and purchase of leases), and other than with respect to sales of REO property less than $250,000, and other than with respect to payments made with respect to the ESOP Loan (as hereinafter defined) in 1993 and 1994 in an amount which does not exceed $160,000 in 1993 or $120,000 in 1994, make or enter into any material transaction, contract or agreement or incur any other material commitment which is defined for purposes of this provision as any transaction, contract, agreement or commitment in excess of $50,000.00;

(xiii) incur any indebtedness for borrowed money, except for deposit liabilities and except for indebtedness incurred in the ordinary course of business the repayment term of which does not exceed one year;

(xiv) cancel or compromise any debt or claim, which has not previously been charged off, other than in the ordinary course of business in an aggregate amount which is not materially adverse;

(xv) enter into any transaction other than in the ordinary course of business;

(xvi) invite or initiate or engage in discussions or negotiations for the acquisition or merger of the COMPANY or the SUBSIDIARIES by or with any corporation or other entity other than FIRST OF AMERICA or its affiliates; and

(xvii) take any action which constitutes a breach or default of its obligations under this Agreement or which is reasonably likely to delay or jeopardize the receipt of any of the regulatory approvals required hereby or is reasonably likely to the best of the COMPANY'S knowledge to preclude the Merger from qualifying for "pooling of interests" accounting treatment or cause any of the other conditions set forth in Articles Six, Seven, or Eight hereof to fail.

5.03 Affiliate Agreements. At or prior to the Closing Date, the COMPANY shall furnish to FIRST OF AMERICA an agreement in the form set forth in Exhibit B, executed by each person, other than FIRST OF AMERICA and any of its affiliates, who is an affiliate of the COMPANY, as such term is defined in Rule 144 under the Securities Act.

5.04 Information, Access Thereto. FIRST OF AMERICA, its representatives and agents shall, at all times during normal business hours prior to the Closing Date, have full and

continuing access to the facilities, operations, records and properties of the COMPANY and the SUBSIDIARIES. FIRST OF AMERICA, its representatives and agents may, prior to the Effective Time, make or cause to be made such investigation of the operations, records and properties of the COMPANY and the SUBSIDIARIES, and of its and their financial and legal condition as FIRST OF AMERICA shall deem necessary or advisable to familiarize itself with such records, properties and other matters. Upon request, the COMPANY and the SUBSIDIARIES will furnish FIRST OF AMERICA or its representatives or agents, its and their attorneys' responses to auditors requests for information and such financial and operating data and other information requested by FIRST OF AMERICA developed by the COMPANY or the SUBSIDIARIES, its and their auditors, accountants or attorneys, and will permit FIRST OF AMERICA, its representatives or agents to discuss such

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information directly with any individual or firm performing auditing or accounting functions for the COMPANY or the SUBSIDIARIES, and such auditors and accountants shall be directed to furnish copies of any reports or financial information as developed to FIRST OF AMERICA or its representatives or agents. FIRST OF AMERICA and FIRST OF AMERICA'S agents, contractors and environmental consultants shall also have the right of access to the Real Estate before the Closing Date for the purpose of undertaking such environmental investigation and testing as FIRST OF AMERICA deems necessary or appropriate. FIRST OF AMERICA and FIRST OF AMERICA'S agents, contractors and environmental consultants shall also have the right of access to the COMPANY'S and the SUBSIDIARIES records or employees for the purpose of carrying out necessary investigation and testing. No investigation by FIRST OF AMERICA shall affect the representations and warranties made by the COMPANY herein. No investigation or access provided hereunder shall interfere with the normal operations of the COMPANY and the SUBSIDIARIES.

5.05 Confidentiality. The COMPANY will cause all materials and other internal, nonpublic financial and business information obtained by it from FIRST OF AMERICA or any of its affiliates to be treated confidentially (exercising the same degree of care as it uses to preserve and safeguard its own confidential information); provided, however, that notwithstanding the foregoing, nothing contained herein shall prevent or restrict the COMPANY from making such disclosure thereof as may be required by law in connection with purchases or sales of securities or as may be required in the performance of this Agreement. If the Merger shall not be consummated, all nonpublic financial statements, documents and material and all copies thereof shall be returned to FIRST OF AMERICA, or destroyed by the COMPANY, and shall not be used by the COMPANY in any way detrimental to FIRST OF AMERICA or any of its affiliates.

5.06 Recommendation of Merger to Stockholders. The Board of Directors of the COMPANY will unanimously recommend in the Prospectus/Proxy Statement approval of the Merger by all stockholders of the COMPANY entitled to vote thereon.

5.07 Litigation Matters. The COMPANY will consult with FIRST OF AMERICA about any proposed settlement or lack thereof, or any disposition of, any material litigation matter in which it or either of the SUBSIDIARIES is or becomes involved.

5.08 Bank Merger. The COMPANY will cause LA GRANGE FEDERAL to take all such corporate action as is reasonably required to complete the Bank Merger, including approval by

the Board of Directors of LA GRANGE FEDERAL and execution by appropriate officers of LA GRANGE FEDERAL of the Bank Merger Agreement.

5.09 Warrant Agreement. Simultaneously with the execution of this Agreement, the COMPANY and FIRST OF AMERICA executed a Warrant Agreement (the "Warrant Agreement"), the form of which is attached hereto as Exhibit C, and the COMPANY issued a Warrant (the "Warrant") to FIRST OF AMERICA which entitled FIRST OF AMERICA to purchase an aggregate of 439,574 shares of COMPANY Common Stock at an exercise price of Twenty-Eight Dollars ($28.00) per share on the terms and conditions set forth therein. The COMPANY will promptly notify FIRST OF AMERICA of the occurrence of any event giving FIRST OF AMERICA the right to sell, assign, transfer or exercise the Warrant, as provided in the Warrant Agreement.

ARTICLE SIX

CONDITIONS TO OBLIGATIONS OF EACH OF THE PARTIES

The obligation of each of the parties hereto to consummate the transactions contemplated by this Agreement are subject to the satisfaction of the following conditions at or prior to the Effective Time:

6.01 Approval by Affirmative Vote of Stockholders. This Agreement and the Plan of Merger shall have been duly approved, confirmed and ratified by the requisite vote of the stockholders of the COMPANY.

6.02 Approval by Federal Reserve. Prior approval shall have been received from the Federal Reserve for the acquisition by FIRST OF AMERICA of the COMPANY and the SUBSIDIARIES as set forth herein without any conditions which in the reasonable opinion of FIRST OF AMERICA are materially adverse and such approval shall not have been withdrawn or stayed.

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6.03 Approval by OTS. Prior approval shall have been received from the OTS of the acquisition by FIRST OF AMERICA of the COMPANY and of the SUBSIDIARIES without any conditions which in the reasonable opinion of FIRST OF AMERICA or the COMPANY are materially adverse and such approval shall not have been withdrawn or stayed.

6.04 Approval by FIB. Prior approval shall have been received from the FIB of the acquisition by FIRST OF AMERICA of the COMPANY and the SUBSIDIARIES as set forth herein without any conditions which in the reasonable opinion of FIRST OF AMERICA are materially adverse and such approval shall not have been withdrawn or stayed.

6.05 Approval of Bank Merger. Prior approval shall have been received from the OCC, the OTS and the Federal Reserve for the Bank Merger in the manner set forth herein and in the Bank Merger Agreement without any conditions which in the reasonable opinion of FIRST

OF AMERICA or the COMPANY are materially adverse and such approval shall not have been withdrawn or stayed.

6.06 Tax Opinion. An opinion shall have been delivered by Howard & Howard Attorneys, P.C. in form and substance reasonably satisfactory to FIRST OF AMERICA and the COMPANY and to its counsel, that the Merger will qualify as a tax-free reorganization under the Code and, except with regard to cash received in exchange for fractional or dissenting shares, that no gain or loss will be recognized by the holders of COMPANY Common Stock upon receipt of shares of FIRST OF AMERICA Common Stock in exchange for their shares of COMPANY Common Stock.

6.07 Registration Statement. The Registration Statement filed by FIRST OF AMERICA with the SEC with respect to the FIRST OF AMERICA Common Stock to be issued pursuant to this Agreement and the Plan of Merger shall have become effective and no stop order proceedings with respect thereto shall be pending or threatened.

6.08 Blue Sky. FIRST OF AMERICA shall have obtained any and all material Blue Sky permits, authorizations, consents or approvals required for the issuance of the FIRST OF AMERICA Common Stock.

6.09 Other Approvals. All actions, consents or approvals, governmental or otherwise, which are, or in the opinion of counsel for FIRST OF AMERICA may be, necessary to permit or enable the FOA-ACQUISITION, upon and after the Merger, and as are or may be necessary to permit FOA-BANK, upon and after the Bank Merger, to conduct all or any part of the business of the COMPANY and the SUBSIDIARIES, respectively, in the manner in which such activities and businesses are conducted up to the Effective Time (except those activities and business of the COMPANY or the SUBSIDIARIES which FIRST OF AMERICA or FOA-BANK would be unable to conduct as a bank holding company or national bank, respectively), shall have been obtained without any conditions which in the reasonable opinion of FIRST OF AMERICA are materially adverse, and shall not have been withdrawn or stayed.

6.10 Orders, Decrees and Judgments. Consummation of the transactions contemplated by this Agreement shall not violate any order, decree or judgment of any court or governmental body having competent jurisdiction.

6.11 Pooling Letter. The COMPANY and FIRST OF AMERICA shall have received, within forty-five (45) days after the execution of this Agreement, a letter from KPMG Peat Marwick which is reasonably satisfactory to the COMPANY and FIRST OF AMERICA to the effect that KPMG Peat Marwick has reviewed the terms of this Agreement and the transactions contemplated hereby and that nothing has come to its attention which would render it incapable or otherwise affect its ability or willingness to issue the opinion referred to in Section 8.11 hereof; provided, however, in the event FIRST OF AMERICA shall have waived prior to the expiration of such period the condition contained in Section 8.11 hereof, this Section 6.11 shall be without any effect.

6.12 Fairness Opinion. An opinion shall have been received by the COMPANY from Capital Resources Group, Inc., prior to distribution of the Prospectus/Proxy Statement to the stockholders of the COMPANY as required by

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Section 5.01 of this Agreement, to the effect that the consideration to be received by the COMPANY'S stockholders pursuant to this Agreement is fair to the stockholders of the COMPANY from a financial point of view and such opinion shall not have been withdrawn or materially modified prior to the vote of the stockholders.

6.13 Consents and Approvals. Any consents or approvals required to be secured by either party by the terms of this Agreement or the Plan of Merger or otherwise reasonably necessary in the opinion of FIRST OF AMERICA or the COMPANY to consummate the transactions contemplated by this Agreement or the Plan of Merger or the Bank Merger Agreement shall have been obtained and shall be satisfactory to FIRST OF AMERICA.

ARTICLE SEVEN

FURTHER CONDITIONS TO THE OBLIGATIONS OF THE COMPANY

The obligation of the COMPANY to consummate the transactions contemplated by this Agreement is further subject to the satisfaction of the following conditions:

7.01 Compliance by FIRST OF AMERICA. (a) All the terms, covenants and conditions of this Agreement required to be complied with and satisfied by FIRST OF AMERICA at or prior to the Effective Time shall have been duly complied with and satisfied in all material respects, and (b) the representations and warranties made by FIRST OF AMERICA shall be true and correct in all material respects at and as of the Effective Time, except for those specifically relating to a time or times other than the Effective Time (which shall be true and correct in all material respects at such time or times) and except for changes permitted by this Agreement and the Plan of Merger, with the same force and effect as if made at and as of the Effective Time.

7.02 Accuracy of Financial Statements. The Financial Statements and the Subsequent Financial Statements heretofore or hereafter furnished by FIRST OF AMERICA to the COMPANY shall not be inaccurate in any material respect.

7.03 Sufficiency of Documents. All documents and proceedings of FIRST OF AMERICA in connection with the Registration Statement, the Prospectus/Proxy Statement, regulatory filings and the Closing contemplated by this Agreement and the Plan of Merger shall be reasonably satisfactory to counsel to the COMPANY.

7.04 Opinion of Counsel. There shall have been delivered and addressed to the COMPANY an opinion of Howard & Howard Attorneys, P.C., General Counsel to FIRST OF AMERICA, in form and substance reasonably satisfactory to counsel to the COMPANY, dated the Closing Date, to the effect that:

(a) FIRST OF AMERICA is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan, and FOA-ACQUISITION is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware;

(b) FIRST OF AMERICA and FOA-ACQUISITION have the corporate power and authority to carry on its business as now conducted, to own, lease and operate its properties and to consummate the transactions contemplated by this Agreement and the Plan of Merger;

(c) this Agreement and the Plan of Merger have been duly authorized, executed and delivered by FIRST OF AMERICA and FOA-ACQUISITION and constitute the valid and binding obligation of FIRST OF AMERICA and FOA-ACQUISITION;

(d) as of the close of business on June 30, 1993, the capitalization of FIRST OF AMERICA was as set forth in Section 2.03 hereof;

(e) all corporate acts and other proceedings required to be taken by or on the part of FIRST OF AMERICA to consummate the transactions contemplated by this Agreement and the Plan of Merger have been properly taken; neither the execution and delivery of this Agreement or the Plan of Merger, nor the consummation of the transactions contemplated hereby and thereby, with or without the giving of notice or the lapse of time, or both, will (x) violate any

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provision of the Articles of Incorporation or Bylaws of FIRST OF AMERICA, or (y) to the knowledge of such counsel, violate, conflict with, result in the breach or termination of, constitute a default under, accelerate the performance required by, or result in the creation of any material lien, charge or encumbrance upon any of the properties or assets of FIRST OF AMERICA pursuant to any indenture, mortgage, deed of trust, or other agreement or instrument to which it is a party or by which it or any of its properties or assets may be bound, or violate any statute, rule or regulation applicable to FIRST OF AMERICA, which would have a material adverse effect on FIRST OF AMERICA'S consolidated financial condition, assets, liabilities or business; to the knowledge of such counsel, no consent, approval, authorization, order, registration or qualification of or with any court, regulatory authority or other governmental body, other than as specifically contemplated by this Agreement, is required for the consummation by FIRST OF AMERICA of the transactions contemplated by this Agreement or the Plan of Merger;

(f) the FIRST OF AMERICA Common Stock to be issued in exchange for the COMPANY Common Stock has been duly authorized and, when such FIRST OF AMERICA Common Stock is issued and delivered as contemplated by this Agreement and the Plan of Merger, all such FIRST OF AMERICA Common Stock will have been validly issued, fully paid and nonassessable;

(g) the Registration Statement has been declared effective by the SEC or has become effective and, to the knowledge of such counsel, no stop order proceedings are pending or threatened with respect thereto by the SEC or state securities authorities;

(h) except as disclosed in such opinion, to the knowledge of such counsel there are no actions, suits, proceedings or investigations of any nature pending or threatened that challenge the validity or propriety of the transactions contemplated by this Agreement or the Plan of Merger or which seek or threaten to restrain, enjoin or prohibit or to obtain substantial damages in connection with the consummation of such transactions; and

(i) the Prospectus/Proxy Statement as of the date thereof and as amended or supplemented prior to the date of the meeting of the COMPANY'S stockholders referred to in Section 5.01 (except as to financial statements and other financial data contained therein, upon which such counsel need express no opinion) complies as to form in all material respects with the requirements of the Securities Act and the rules and regulations thereunder; such counsel has participated in the preparation of the Prospectus/Proxy Statement, and although such counsel has not independently verified the information contained therein, nothing has come to the attention of such counsel to lead such counsel to believe that the Prospectus/Proxy Statement, as of the date thereof and as amended and supplemented prior to the date of the meeting of the COMPANY'S stockholders referred to in Section 5.01, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading (except that such counsel need express no opinion with respect to financial statements and other financial data contained therein or with respect to matters relating to the COMPANY or its business, properties, management, or securities), and such counsel does not know of any contracts or other documents relating to FIRST OF AMERICA of a character required to be filed with the Prospectus/Proxy Statement as of such dates, or of any documents, other contracts, statutes or legal or governmental proceedings relating to FIRST OF AMERICA required to be described therein which are not filed or described as required.

7.05 Officers' Certificate. FIRST OF AMERICA shall deliver to the COMPANY a certificate signed by its Chairman and Chief Executive Officer or Vice Chairman or President and Chief Operating Officer or Executive Vice President and by its Secretary or Assistant Secretary, dated the Closing Date, certifying to his respective best knowledge and belief, that FIRST OF AMERICA has met and fully complied with all conditions necessary to make this Agreement and the Plan of Merger effective as to it. FIRST OF AMERICA shall have delivered all such other certificates and documents with respect to FIRST OF AMERICA as may reasonably have been requested by the COMPANY.

7.06 Absence of Certain Changes or Events. From the date hereof to the Effective Time, there shall be and have been no material adverse change in

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the consolidated capitalization, business, properties or financial condition of FIRST OF AMERICA.

7.07 Consents and Approvals. Any consents or approvals required to be secured by either party by the terms of this Agreement or the Plan of Merger or otherwise reasonably necessary in the opinion of the COMPANY to consummate the transactions contemplated by this Agreement or the Plan of Merger shall have been obtained and shall be satisfactory to the COMPANY.

7.08 Litigation. FIRST OF AMERICA shall not be made a party to, or to the knowledge of FIRST OF AMERICA threatened by, any actions, suits, proceedings, litigation or legal proceedings which, in the reasonable opinion of the COMPANY, have or are likely to have a material adverse effect on the consolidated assets, properties, business, operations or condition, financial or otherwise, of FIRST OF AMERICA. No action, suit, proceeding or claim shall have been instituted, made or threatened by any person relating to the Merger or the validity or propriety of the transactions contemplated by this Agreement or the Plan of Merger.

ARTICLE EIGHT

FURTHER CONDITIONS TO THE OBLIGATIONS OF FIRST OF AMERICA

The obligation of FIRST OF AMERICA to consummate the transactions contemplated by this Agreement is further subject to satisfaction of the following conditions:

8.01 Compliance by the COMPANY. (a) All the terms, covenants and conditions of this Agreement required to be complied with and satisfied by the COMPANY at or prior to the Effective Time shall have been duly complied with and satisfied in all material respects, and (b) the representations and warranties made by the COMPANY shall be true and correct in all material respects at and as of the Effective Time, except for those specifically relating to a time or times other than the Effective Time (which shall be true and correct in all material respects at such time or times) and except for changes permitted by this Agreement and the Plan of Merger, with the same force and effect as if made at and as of the Effective Time.

8.02 Accuracy of Financial Statements. The COMPANY Financial Statements, COMPANY Schedules and Subsequent COMPANY Financial Statements heretofore or hereafter furnished to FIRST OF AMERICA shall not be inaccurate in any material respect.

8.03 Net Worth. As of the close of business on the day immediately preceding the Effective Time and without consideration of the recognition or payment of the fees, expenses or other charges incurred in connection with this transaction, the COMPANY'S net worth as shown by the sum of its total stockholders' equity plus the provision for loan losses shall not be less than such amount as set forth in the COMPANY Consolidated Statement of Condition at June 30, 1993. The COMPANY shall deliver to FIRST OF AMERICA a certificate signed by its chief financial officer, dated the Closing Date, certifying to such effect.

8.04 Sufficiency of Documents, Proceedings. All documents delivered by and proceedings of the COMPANY in connection with the transactions contemplated by this Agreement and the Plan of Merger shall be reasonably satisfactory to Howard & Howard, Attorneys, P.C.

8.05 Opinion of Counsel. There shall have been delivered to FIRST OF AMERICA an opinion of Muldoon, Murphy & Faucette, special counsel to the COMPANY, in form and substance reasonably satisfactory to Howard & Howard Attorneys, P.C., dated the Closing Date, to the effect that:

(a) the COMPANY is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Delaware and LA GRANGE FEDERAL is a federally chartered stock savings association validly existing and in good standing under the laws of the United States;

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(b) the COMPANY has the corporate power and authority to carry on its business as described in the Prospectus/Proxy Statement, to own, lease and operate its properties and to consummate the transactions contemplated by this Agreement and the Plan of Merger and the SUBSIDIARIES have the corporate power and authority to carry on their business as described in the Prospectus/Proxy Statement and to own, lease and operate its properties and LA GRANGE FEDERAL has the authority to consummate the transactions contemplated by the Bank Merger Agreement;

(c) this Agreement and the Plan of Merger have been duly authorized and approved by the COMPANY and this Agreement and the Plan of Merger have been approved by the COMPANY'S stockholders and duly authorized, executed and delivered by the COMPANY and this Agreement and the Plan of Merger constitute the valid and binding obligation of the COMPANY;

(d) the authorized capitalization of the COMPANY is as set forth in Section 3.03 hereof;

(e) all corporate acts and other proceedings required to be taken by or on the part of the COMPANY, including the adoption of this Agreement and the Plan of Merger by the stockholders of the COMPANY, to consummate the transactions contemplated by this Agreement and the Plan of Merger have been properly taken; neither the execution and delivery of this Agreement and the Plan of Merger nor the consummation of the transactions contemplated hereby and thereby, with or without the giving of notice or the lapse of time, or both, will (i) violate any provision of the Certificate or Charter or Bylaws of the COMPANY or the SUBSIDIARIES; or (ii) to the knowledge of such counsel, violate, conflict with, result in the material breach or termination of, constitute a material default under, accelerate the performance required by, or result in the creation of any material lien, charge or encumbrance upon any of the properties or assets of the COMPANY or the SUBSIDIARIES pursuant to any indenture, mortgage, deed of trust, or other agreement or instrument to which the COMPANY or the SUBSIDIARIES is a party or

by which it or any of their properties or assets may be bound, or violate any statute, rule or regulation applicable to the COMPANY or the SUBSIDIARIES, which would have a material adverse effect on the financial condition, assets, liabilities or business of the COMPANY or the SUBSIDIARIES; to the knowledge of such counsel, no consent, approval, authorization, order, registration or qualification of or with any court, regulatory authority or other governmental body, other than as specifically contemplated by this Agreement and the Bank Merger Agreement, is required for the consummation by the COMPANY or the SUBSIDIARIES of the transactions contemplated by this Agreement, the Plan of Merger or the Bank Merger Agreement;

(f) to the knowledge of such counsel, since June 30, 1993, neither the COMPANY nor the SUBSIDIARIES have granted any options, warrants, calls, agreements or commitments of any character relating to any of the shares of the COMPANY or the SUBSIDIARIES, nor has the COMPANY or the SUBSIDIARIES granted any rights to purchase or otherwise acquire from the COMPANY or the SUBSIDIARIES any shares of the COMPANY'S or the SUBSIDIARIES' capital stock;

(g) except as disclosed in such opinion, to the knowledge of such counsel there are no actions, suits, proceedings or investigations of any nature pending or threatened that challenge the validity or legality of the transactions contemplated by this Agreement or the Plan of Merger or the Bank Merger Agreement or which seek or threaten to restrain, enjoin or prohibit (or obtain substantial damages in connection with) the consummation of such transactions;

(h) except as disclosed in said opinion, such counsel (notwithstanding anything contained herein to the contrary, the opinion provided in this Section 8.05(h) may be provided by legal counsel to the COMPANY other than Muldoon, Murphy & Faucette, provided that such other legal counsel is reasonably acceptable to FIRST OF AMERICA) does not know of any litigation, appraisal or other proceeding or governmental investigation pending or threatened against or relating to the business or property of the COMPANY or the SUBSIDIARIES which would have a materially adverse effect on the

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consolidated financial condition of the COMPANY or the financial condition of LA GRANGE FEDERAL, or of any legal impediment to the continued operation of the properties and business of the COMPANY or the SUBSIDIARIES in the ordinary course after the consummation of the transactions contemplated by this Agreement and the Plan of Merger or by the Bank Merger Agreement; and

(i) such counsel has participated in the preparation of the Prospectus/Proxy Statement and, although such counsel has not independently verified the information contained therein, nothing has come to the attention of such counsel to lead such counsel to believe that the Prospectus/Proxy Statement, as of the date thereof and as amended and supplemented prior to the date of the meeting of the COMPANY'S stockholders referred to in Section 5.01, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the

circumstances under which they were made, not misleading (except that such counsel need express no opinion with respect to financial statements and other financial data contained therein or with respect to matters relating to FIRST OF AMERICA or its business, properties, management or securities), and such counsel does not know of any contracts or other documents relating to the COMPANY or the SUBSIDIARIES of a character required to be filed with the Prospectus/Proxy Statement as of such dates, or of any documents, other contracts, statutes or legal or governmental proceedings relating to the COMPANY or the SUBSIDIARIES required to be described therein which are not filed or described as required.

8.06 Officers' Certificate. The COMPANY shall deliver to FIRST OF AMERICA a certificate signed by its Chairman, Chief Executive Officer and President and by its Secretary, dated the Effective Time, certifying in their official capacity to their respective best knowledge and belief that the COMPANY has met and fully complied with all conditions necessary to make this Agreement and the Plan of Merger effective as to the COMPANY. The COMPANY shall have delivered all such other certificates and documents with respect to the COMPANY as may reasonably have been requested by FIRST OF AMERICA.

8.07 Absence of Certain Changes or Events. From the date hereof to the Effective Time, there shall be and have been no material adverse change in the capitalization or in the business, properties or financial condition of the COMPANY or the SUBSIDIARIES.

8.08 Litigation. Neither the COMPANY nor the SUBSIDIARIES shall be made a party to, or, to the knowledge of the COMPANY, threatened by, any actions, suits, proceedings, litigation or legal proceedings which, in the reasonable opinion of FIRST OF AMERICA, have or are likely to have a material adverse effect on the consolidated assets, properties, business, operations or condition, financial or otherwise, of the COMPANY or the assets, properties, business, operations or condition, financial or otherwise, of LA GRANGE FEDERAL, nor shall any director or officer or former director or officer of the COMPANY or the SUBSIDIARIES be made a party to, or threatened by, any actions, suits, proceedings, litigation or legal proceedings relating to their performance or nonperformance of their legal or fiduciary duties as directors and officers of the COMPANY or the SUBSIDIARIES which in the reasonable opinion of the Board of Directors of FIRST OF AMERICA is likely to have a material adverse effect on the COMPANY on a consolidated basis or LA GRANGE FEDERAL. No action, suit, proceeding or claim shall have been instituted, made or threatened by any person relating to the Merger or the validity or propriety of the transactions contemplated by this Agreement or the Plan of Merger or the Bank Merger Agreement which would make consummation of the Merger or the Bank Merger inadvisable in the reasonable opinion of FIRST OF AMERICA.

8.09 Transfer by Affiliates. At or prior to thirty (30) days prior to the Effective Time, the COMPANY shall have entered into agreements with each of its affiliates, as such term is defined in Rule 144 under the Securities Act, by which each such affiliate shall have agreed to make no disposition of the COMPANY Common Stock during the thirty (30) day period immediately preceding the Effective Time.

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8.10 Bank Merger Agreement. The Bank Merger Agreement shall have been duly authorized and approved by LA GRANGE FEDERAL and the other terms and conditions of the Bank Merger Agreement shall have been satisfied so as to permit the Bank Merger to be consummated as contemplated thereby.

8.11 Pooling of Interests. FIRST OF AMERICA shall have received an opinion, dated as of the Effective Time, from KPMG Peat Marwick that the Merger shall be accounted for as a pooling of interests.

8.12 Affiliation Audit. No later than forty-five (45) days after the execution of this Agreement, at FIRST OF AMERICA'S expense, FIRST OF AMERICA or, at FIRST OF AMERICA'S option, an independent certified public accountant designated by FIRST OF AMERICA, shall have examined the COMPANY'S and the SUBSIDIARIES' operations, properties, books, contracts, commitments, and records and, after appropriate inquiry and examination with respect to the financial condition, results of operations, quality of the loan and bond portfolios and the adequacy of the provision for loan losses of the COMPANY and the SUBSIDIARIES as of the affiliation audit date, FIRST OF AMERICA shall have received an audit report the results of which, in the reasonable opinion of FIRST OF AMERICA, are satisfactory to FIRST OF AMERICA.

ARTICLE NINE

ABANDONMENT; AMENDMENT AND WAIVER

9.01 Abandonment. This Agreement may be terminated and the Plan of Merger abandoned at any time prior to the filing of the Certificate of Merger as provided in Section 11.02 hereof (whether before or after approval of this Agreement and the Plan of Merger by the stockholders of the COMPANY):

(a) by agreement between FIRST OF AMERICA and the COMPANY authorized by a majority of the entire Board of Directors of each;

(b) by either FIRST OF AMERICA or the COMPANY if adversely affected and if any of the conditions set forth in Article Six hereof shall not have been fulfilled and shall not have been waived pursuant to Section 10.01 (b) hereof or shall become impossible of fulfillment;

(c) by the COMPANY if any of the conditions set forth in Article Seven hereof shall not have been fulfilled and shall not have been waived pursuant to Section 10.01 (b) hereof or shall become impossible of fulfillment;

(d) by FIRST OF AMERICA if any of the conditions set forth in Article Eight hereof shall not have been fulfilled and shall have not been waived pursuant to Section 10.01 (b) hereof or shall become impossible of fulfillment;

(e) by either FIRST OF AMERICA or the COMPANY in the event of a material breach by the opposite party of any representation, warranty, covenant or agreement contained herein which has not been cured within thirty (30) days after written notice of such breach has been given to the party causing such breach; or

(f) by either FIRST OF AMERICA or the COMPANY in the event the Merger is not consummated on or before July 31, 1994.

(g) by the COMPANY in the event that the Average Price is less than $34.95. The term "Average Price" shall mean the average closing trade prices of FIRST OF AMERICA Common Stock on the New York Stock Exchange during the last fifteen (15) trading days on which reportable sales of FIRST OF AMERICA Common Stock took place immediately prior to, but not including, the third business day prior to the Effective Time.

9.02 Effect of Abandonment. In the event this Agreement is terminated and the Plan of Merger abandoned as provided in Section 9.01, this Agreement and the Plan of Merger shall become void and of no further force and effect without any liability on the part of the terminating party or parties or their respective stockholders, directors or officers; provided, however, that Section 4.04 and Section 5.05 of this Agreement shall survive any such abandonment. In the event of termination of this Agreement and abandonment of the Plan of Merger as provided in Section 9.01, written notice thereof and the

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reasons therefor shall be given to the other parties by the terminating party.

ARTICLE TEN

MODIFICATIONS, AMENDMENTS AND WAIVER

10.01 Modifications, Amendments and Waiver. At any time prior to the Effective Time and before or after stockholder approval of this Agreement or the Plan of Merger, the COMPANY, FIRST OF AMERICA and FOA-ACQUISITION may, (a) by written agreement executed by a duly authorized officer of each, and in the case of the COMPANY approved by its Board of Directors, extend the time for the performance of any of the obligations or other acts of the parties hereto, (b) by written notice executed by a duly authorized officer of the party adversely affected waive compliance in whole or in part with any of the covenants, agreements or conditions contained in this Agreement or the Plan of Merger, or (c) by written agreement executed by a duly authorized officer of each, make any other amendment or modification of this Agreement or the Plan of Merger; provided, however, that, after stockholder approval of this Agreement, no such extension, waiver, amendment or modification shall adversely affect the amount of the consideration to be received in the Merger by the stockholders of the COMPANY. Any such extension, waiver, amendment or modification shall be conclusively evidenced by the execution and delivery of the same by the Chairman and Chief Executive Officer, the President and Chief Operating Officer, the Vice Chairman, or any Executive Vice

President in the case of FIRST OF AMERICA or FOA-ACQUISITION, or the Chairman, Chief Executive Officer and President in the case of the COMPANY, attested to by the Secretary or Assistant Secretary of each party. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect such party's right at a later time to enforce the same. No waiver by any party of any condition or of the breach of any term contained in this Agreement or the Plan of Merger, whether by conduct or otherwise, in any one or more instances shall be deemed to be or construed as a further or continuing waiver of any such condition or a waiver of any other condition or of the breach of any other term of this Agreement or the Plan of Merger.

ARTICLE ELEVEN

MISCELLANEOUS

11.01 Closing. A closing (the "Closing") of the transactions provided for herein shall take place at the offices of the COMPANY in La Grange, Illinois, on the last business day of the month in which all of the approvals required hereby and by the Plan of Merger become effective, or on such later day and at such other place as the parties may agree (the "Closing Date"). In the event the Closing does not take place on the date referred to in the preceding sentence because any condition to the obligations of any party under this Agreement and the Plan of Merger is not met on that date, the other parties to this Agreement may postpone the Closing to any designated subsequent business day by giving the nonperforming party to this Agreement notice of the postponed date. At the Closing the parties will exchange the certificates, opinions, and other documents called for herein. Subject to the terms and conditions hereof, consummation of the Merger in the manner described herein shall be accomplished as soon as practicable after the exchange of the documents at the Closing has been completed.

11.02 Certificate of Merger. Subject to the provisions of this Agreement, on the Closing Date, as herein defined, the Certificate of Merger described in Section 1.06, shall be signed, verified and affirmed as required by the Delaware Law and duly filed with the Secretary of State of the State of Delaware.

11.03 Procurement of Approvals. FIRST OF AMERICA, FOA-ACQUISITION and the COMPANY shall each use its best efforts to proceed as expeditiously as possible and cooperate fully in the procurement of any required consents and approvals and in the taking of any other action, and the satisfaction of all other requirements prescribed by law or otherwise, necessary for the consummation of the Merger on the terms provided herein and in the Plan of Merger and in the Bank Merger Agreement, including, without being limited to, preparation by FIRST OF AMERICA and submission of any required application for prior approval of the Federal Reserve, an application for prior approval of the OTS, an application for prior approval of the FIB, applications for prior approval of the Bank Merger by the OCC, the OTS and the Federal Reserve, preparation by FIRST OF AMERICA and submission under the Securities Act of the

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Registration Statement, the preparation of the Prospectus/Proxy Statement by the COMPANY and FIRST OF AMERICA and the distribution of the Prospectus/Proxy Statement and the solicitation of proxies by the COMPANY.

11.04 Further Acts. Each of the parties (a) shall perform such further acts and execute such further documents as may be reasonably required to effect the Merger (including, without limitation, the certification, execution, acknowledgement and filing of the Plan of Merger) and to effect the Bank Merger and (b) shall use all reasonable efforts to satisfy or obtain the satisfaction of the conditions set forth in Articles Six, Seven and Eight hereof.

11.05 Notices. All documents, notices, requests, demands and other communications that are required or permitted to be delivered or given under this Agreement and the Plan of Merger shall be in writing and shall be deemed to have been duly delivered or given upon the delivery or mailing thereof, as the case may be, if delivered personally or sent by registered or certified mail, return receipt requested, postage prepaid:

(a) if to the COMPANY, to:

LGF BANCORP, INC.
One North La Grange Road
La Grange, Illinois 60525

ATTENTION: Mr. J. Edward Weishel
Chairman, Chief Executive Officer and President

with a copy to:

Muldoon, Murphy & Faucette
5101 Wisconsin Avenue, N.W.
Washington, D.C. 20016

ATTENTION: Leslie Murphy, Esq.
Thomas J. Haggerty, Esq.

(b) and if to FIRST OF AMERICA or FOA-ACQUISITION to:

FIRST OF AMERICA BANK CORPORATION
211 South Rose Street
Kalamazoo, Michigan 49007

ATTENTION: Mr. Richard D. Klein
Vice Chairman

with a copy to:

Howard & Howard Attorneys, P.C.
Suite 400
107 West Michigan Avenue
Kalamazoo, Michigan 49007

ATTENTION: Joseph B. Hemker, Esq.

or to such other person or address as a party hereto shall specify hereunder.

11.06 Expenses. The COMPANY, FIRST OF AMERICA and FOA-ACQUISITION shall each pay all of their own fees and expenses incident to the negotiation, preparation, execution and performance of this Agreement, the Bank Merger Agreement, shareholders' meetings, including the fees and expenses of their own counsel, accountants, investment bankers and other experts, whether or not the transactions contemplated by this Agreement are consummated; provided, however, in the event this Agreement is terminated by either party hereto as a result of a misrepresentation or a breach of any representation, warranty, or covenant contained herein, the terminating party shall be entitled to recover from the other party the fees and expenses incurred by the terminating party incident hereto. FIRST OF AMERICA and the COMPANY each agree to indemnify and hold the

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other harmless, and their respective officers, directors and affiliates, against and in respect of any and all claims made by, and losses incurred with respect to, third parties that arise out of or are based upon any misrepresentation or breach by the indemnifying party of any representation, warranty or covenant contained herein, including but not limited to, damages, judgments, settlements, attorneys' fees and costs; provided, however, that neither FIRST OF AMERICA nor the COMPANY shall be held liable for false statements made in the Prospectus/Proxy Statement, Registration Statement or any application filed in connection with this Agreement to the extent such false statement was based upon information provided in writing by the other.

11.07 Nonsurvival of Representations and Warranties. No representation or warranty contained in this Agreement or the Plan of Merger (other than contained in Section 2.11 relating to regulatory filings, Section 2.15 relating to shares of FIRST OF AMERICA Common Stock to be issued pursuant to the Plan of Merger, Section 4.05 relating to indemnification, Section 11.06 relating to expenses and Article III of the Plan of Merger relating to the issuance of the FIRST OF AMERICA Common Stock to stockholders of the COMPANY) shall survive the Merger.

11.08 Discussions With Other Banks, Bank Holding Companies and Bank-Related Businesses. FIRST OF AMERICA now or in the future may be discussing possible affiliation with other banks or bank holding companies or bank-related businesses located in Illinois or other states, but such discussions, if any, are preliminary in nature and there can be no assurance at this time that agreements for affiliation will be reached, or if reached, will be consummated. However, it is agreed that additional banks, bank holding companies or bank-related businesses as now or hereafter approved by the Federal Reserve may become affiliated with FIRST OF

AMERICA prior to, concurrently with, or after the date hereof, on such terms as FIRST OF AMERICA and any such other bank, bank holding company or bank-related business may in their discretion agree. It is further agreed that FIRST OF AMERICA and its subsidiaries, its pending subsidiaries, and future subsidiaries may engage in any activities permitted to be performed by bank holding companies, banks, or bank-related businesses and that FIRST OF AMERICA may merge or consolidate any or all of its subsidiaries, banks, or any or all of its bank-related businesses, as FIRST OF AMERICA may deem desirable or appropriate; provided, however, that nothing contained herein shall affect the right of the COMPANY or FIRST OF AMERICA to abandon this Agreement in the manner contemplated by Article Nine.

11.09 The ESOP. FIRST OF AMERICA and the COMPANY agree to use their best efforts to obtain assurance from the lender to the ESOP that accelerated cash payments under the loan agreement entered into in conjunction with the ESOP (the "ESOP Loan") will not be required by virtue of the acquisition of the COMPANY by FIRST OF AMERICA.

11.10 Entire Agreement. This Agreement, the Plan of Merger, the Bank Schedules and the Bank Merger Agreement constitute the entire agreement and understanding of the parties with respect to the transactions contemplated hereby and thereby, supersede any and all prior agreements and understandings relating to the subject matter hereof and thereof and may not be modified, amended or terminated except in writing signed by each of the parties hereto.

11.11 Governing Law. This Agreement and the Plan of Merger shall be governed by, and construed and enforced in accordance with, the laws of the State of Illinois.

11.12 Binding Effect and Parties in Interest. This Agreement and the Plan of Merger may not be assigned by any party hereto without the written consent of the other parties. This Agreement and the Plan of Merger shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any other person any rights or remedies of any nature whatsoever under or by reason of this Agreement and the Plan of Merger otherwise than as specifically provided herein.

11.13 Captions. The caption headings of the Articles, Sections and subsections of this Agreement are for convenience of reference only and are not intended to be, and should not be construed as, a part of this Agreement or the Plan of Merger.

11.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original instrument and all of which together shall constitute a single agreement.

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11.15 Severability Clause. If any provision of this Agreement or the Plan of Merger shall be held invalid, the remainder shall nevertheless, be deemed valid and effective.

11.16 Identification. This Agreement may be identified by date of execution of the last to sign of FIRST OF AMERICA, FOA-ACQUISITION and the COMPANY.

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Agreement as of the date set forth hereafter.

LGF BANCORP, INC.

By:/s/ J. Edward Weishel (Corporate Seal)
J. Edward Weishel
Chairman, Chief Executive Officer and President

Dated: October 12, 1993

Attest:/s/ David R. Metzer

Secretary

FIRST OF AMERICA BANK CORPORATION

By:/s/ Richard D. Klein (Corporate Seal)
Richard D. Klein
Vice Chairman

Dated: October 12, 1993

Attest:/s/ G. S. Nugent

FIRST OF AMERICA ACQUISITION COMPANY

By:/s/ Richard D. Klein
Richard D. Klein
President

Dated: October 12, 1993

Attest: /s/ G.S. Nugent

APPROVAL AND AGREEMENT OF DIRECTORS

The undersigned, being all of the Directors of LGF BANCORP, INC., La Grange, Illinois, do hereby approve the foregoing Agreement and the basis of exchange set forth therein, and in consideration of the benefits to be derived from affiliation by LGF BANCORP, INC. and its stockholders, each of us hereby agrees with each of the corporate parties, to exchange all shares of stock in LGF BANCORP, INC., now or hereafter beneficially owned by each in accordance with the terms thereof, and to vote said shares, in person or by proxy, at any

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meeting of stockholders of said LGF BANCORP, INC. or adjournments thereof, in favor of approval of this Agreement and the Plan of Merger and to unanimously recommend acceptance and approval of the Agreement and the Plan of Merger by stockholders of LGF BANCORP, INC. in the Prospectus/Proxy Statement.

/s/ Edward L. Breen Edward L. Breen	/s/ Daniel R. Metzger Daniel R. Metzger
/s/ Lee M. Burkey Lee M. Burkey	/s/ Herbert R. Pohl Herbert R. Pohl
/s/ Howard A. Graening Howard A. Graening	/s/ J. Edward Weishel J. Edward Weishel

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger is made and entered into as of ____________________, 199____, between FIRST OF AMERICA ACQUISITION COMPANY, a Delaware corporation ("FOA-ACQUISITION"), and LGF BANCORP, INC., a Delaware corporation, (the "COMPANY"), joined in by FIRST OF AMERICA BANK CORPORATION, a Michigan corporation ("FIRST OF AMERICA"). FOA-ACQUISITION and the COMPANY are hereinafter sometimes collectively referred to as the "Constituent Corporations." FIRST OF AMERICA is a party to this Agreement and Plan of Merger as a parent party corporation and not as a constituent corporation.

RECITALS

FOA-ACQUISITION is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. As of the date hereof, the authorized capital stock of FOA-ACQUISITION consists of 1,000 shares of Common Stock, $1.00 par value per share, all of which are owned by FIRST OF AMERICA.

The COMPANY is a corporation duly organized and validly existing under the laws of the State of Delaware. As of the date hereof, the authorized capital of the COMPANY consists of _____________ shares of COMPANY common stock, $.01 par value per share ("COMPANY Common Stock"), of which ______________ shares are issued and outstanding and of which _______________ shares are held in the treasury of the COMPANY.

FOA-ACQUISITION, the COMPANY and FIRST OF AMERICA have entered into an Agreement and Plan of Reorganization dated as of October 12, 1993 (the "Agreement"), setting forth certain representations, warranties, covenants and agreements in connection with the transactions therein and herein contemplated and which contemplates the merger of the COMPANY with and into FOA-ACQUISITION (the "Merger") in accordance with this Agreement and Plan of Merger.

FIRST OF AMERICA will authorize the issuance of shares of its Common Stock, par value $10.00 per share (the "FIRST OF AMERICA Common Stock"), for the purposes of the Agreement and this Agreement and Plan of Merger.

The respective Boards of Directors of the COMPANY, FIRST OF AMERICA and FOA-ACQUISITION deem the Merger advisable and in the best interests of each such corporation and their respective shareholders. The respective Boards of Directors of the COMPANY, FIRST OF AMERICA and FOA-ACQUISITION, by resolutions duly adopted, have approved the Agreement and approved this Agreement and Plan of Merger, and this Agreement and Plan of Merger has

been submitted to and approved by the requisite vote of the COMPANY'S and FOA-ACQUISITION'S stockholders.

Therefore, in consideration of the premises and the mutual covenants and agreements herein contained, the parties hereto hereby covenant and agree

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as follows:

ARTICLE I

1.01 Merger of the COMPANY into FOA-ACQUISITION. The COMPANY shall be merged into FOA-ACQUISITION at the Effective Time as that term is defined in the Agreement. The separate corporate existence of the COMPANY shall thereupon cease and FOA-ACQUISITION shall be the surviving corporation. FOA-ACQUISITION is herein sometimes referred to as the "Surviving Corporation".

1.02 Effect of the Merger. From and after the Effective Time:

(a) The separate existence of the COMPANY shall cease and be merged into the Surviving Corporation, which shall possess all of the rights, privileges, immunities, powers and franchises of a public as well as of a private nature, and shall be subject to all of the restrictions, disabilities and duties, of each of the COMPANY and FOA-ACQUISITION; and all singular rights, privileges, immunities, powers and franchises of each of the COMPANY and FOA-ACQUISITION, and all property, real, personal and mixed, and all debts due to either the COMPANY or FOA-ACQUISITION on whatever account, including subscriptions to shares, and all other things in action or belonging to each of the COMPANY and FOA-ACQUISITION shall be vested in FOA-ACQUISITION as the Surviving Corporation; and all property, rights, privileges, immunities, powers and franchises, and all and every interest, shall be thereafter as effectually the property of FOA-ACQUISITION as the Surviving Corporation as they were of the COMPANY and FOA-ACQUISITION and the title to any real estate, or interest therein, vested by deed or otherwise, in either of the COMPANY and FOA-ACQUISITION shall not revert or be in any way impaired by reason of the Merger.

(b) All rights of creditors and all liens upon any property of the COMPANY or FOA-ACQUISITION shall be preserved unimpaired and all debts, liabilities and duties of the COMPANY or FOA-ACQUISITION shall thenceforth attach to FOA-ACQUISITION as the Surviving Corporation and may be enforced against FOA-ACQUISITION as the Surviving Corporation to the same extent as if said debts, liabilities and duties had been incurred or contracted by it; provided, however, that all such liens shall attach only to those assets to which they were attached prior to the Effective Time (as hereinafter defined).

(c) Any action or proceeding, whether civil, criminal or administrative, pending by or against either the COMPANY or FOA-ACQUISITION shall be prosecuted as if the Merger had not taken place, and FOA-ACQUISITION as the Surviving Corporation may be substituted as a party in such action or proceeding in place of the COMPANY.

1.03 Additional Actions. If, at any time after the Effective Time, the Surviving Corporation shall consider or be advised that any further assignments or assurances in law or any other acts are necessary or desirable to (a) vest, perfect or confirm, of record or otherwise, in the Surviving Corporation its rights, title or interest in, to or under any of the rights, properties or assets of the COMPANY acquired or to be acquired by the Surviving Corporation as a result of, or in connection with, the Merger, or (b) otherwise carry out the purposes of the Agreement and this Agreement and Plan of Merger, the COMPANY and its proper officers and directors shall be deemed to have granted to the Surviving Corporation an irrevocable power of attorney to execute and deliver all such proper deeds, assignments and assurances in law and to do all acts necessary or proper to vest, perfect or confirm title to and possession of such rights, properties or assets in the Surviving Corporation and otherwise to carry out the purposes of the Agreement and this Agreement and Plan of Merger; and the proper officers and directors of the Surviving Corporation are fully authorized in the name of the COMPANY or otherwise to take any and all such action.

ARTICLE II

2.01 Name. The name of the Surviving Corporation shall be "FIRST OF AMERICA ACQUISITION COMPANY."

2.02 Articles of Incorporation. From and after the Effective Time, the Articles of Incorporation of FOA-ACQUISITION shall be the Articles of Incorporation of the Surviving Corporation.

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2.03 Bylaws. The Bylaws of FOA-ACQUISITION, as in effect immediately prior to the Effective Time, shall be the Bylaws of the Surviving Corporation until duly amended in accordance with law.

2.04 Directors and Officers. The directors and officers of FOA-ACQUISITION immediately prior to the Effective Time shall be the sole directors and officers of the Surviving Corporation.

ARTICLE III

3.01 Manner and Basis of Converting Shares of FOA-ACQUISITION. At the Effective Time, each share of FOA-ACQUISITION Common Stock which is outstanding immediately prior to the Effective Time shall continue to be outstanding without any change therein.

3.02 Manner and Basis of Converting Shares of COMPANY Stock.

(a) Any shares of COMPANY Common Stock or any other class or series of stock of the COMPANY held in the treasury of the COMPANY immediately prior to the Effective Time shall be canceled, and no FIRST OF AMERICA Common Stock shall be issuable or exchangeable with respect thereto.

(b) Each share of the COMPANY'S Common Stock issued and outstanding immediately prior to the Merger shall be converted into and represent the right to receive and be exchangeable for .8754 shares of FIRST OF AMERICA Common Stock.

(c) Each of the Option Rights (as defined in the Agreement) which is outstanding immediately prior to the Merger shall be converted into and represent the right to receive and be exchangeable for .6322 shares of FIRST OF AMERICA Common Stock.

3.03 Description of FIRST OF AMERICA Common Stock. The FIRST OF AMERICA Common Stock has a $10.00 par value. Holders of FIRST OF AMERICA Common Stock are entitled to receive such dividends as are declared by the Board of Directors of FIRST OF AMERICA. Each share of FIRST OF AMERICA Common Stock is entitled to one vote. Holders of FIRST OF AMERICA Common Stock have no cumulative voting rights in the election of directors. In the event of liquidation, holders of FIRST OF AMERICA Common Stock are entitled to receive on a pro rata basis any assets distributed to common shareholders.

3.04 Fractional Shares. No certificate evidencing fractional shares of FIRST OF AMERICA Common Stock shall be issued and no right to vote or receive any dividends or other rights as a shareholder shall attach to any fractions of a share of the FIRST OF AMERICA Common Stock resulting from the conversion as herein provided. In lieu thereof, shareholders of the COMPANY, who otherwise are entitled to receive a fraction of a share of FIRST OF AMERICA Common Stock, will be paid cash at a rate equal to the Average Price. The term "Average Price" shall mean the average closing trade prices of FIRST OF AMERICA Common Stock on the New York Stock Exchange during the last fifteen (15) trading days on which reportable sales of FIRST OF AMERICA Common Stock took place immediately prior to, but not including, the third business day prior to the Effective Time.

3.05 Surrender Of COMPANY Stock Certificates In Exchange For FIRST OF AMERICA Common Stock.

(a) After the Effective Time, each holder of a certificate or certificates that prior thereto represented validly issued and outstanding shares of COMPANY Common Stock shall surrender such certificate or certificates to NORWEST BANK MINNESOTA, NATIONAL ASSOCIATION, the exchange agent for such shares, or another exchange agent selected by FIRST OF AMERICA (the "Exchange Agent"), and shall receive in exchange therefor the applicable number of whole shares of FIRST OF AMERICA Common Stock, and

the cash for fractional shares (without interest thereon), if any, as provided in this Agreement and Plan of Merger.

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The holder of a certificate or certificates that prior to the Merger represented issued and outstanding shares of COMPANY Common Stock shall have no rights, after the Effective Time, with respect to such shares except to surrender the certificate or certificates in exchange for the applicable number of whole shares of FIRST OF AMERICA Common Stock, and the cash for fractional shares, if any. The Exchange Agent shall mark all certificates delivered pursuant to this Section 3.05(a) as canceled and shall promptly thereafter deliver the same to FIRST OF AMERICA for disposal.

(b) FIRST OF AMERICA dividends or other distributions otherwise payable subsequent to the Effective Time on any whole shares of FIRST OF AMERICA Common Stock for which a COMPANY certificate or certificates have not been surrendered for exchange pursuant to this Agreement and Plan of Merger shall be withheld until such COMPANY outstanding certificate or certificates shall be surrendered for exchange. Upon such surrender, there shall be paid to the record holder of the new certificate or certificates of FIRST OF AMERICA Common Stock the amount of all dividends, without interest thereon, withheld with respect to such shares as above provided.

(c) If a certificate of COMPANY Common Stock is lost, stolen or destroyed, the registered owner thereof shall be entitled to receive the applicable number of whole shares of FIRST OF AMERICA Common Stock, and the cash for fractional shares, if any, to which he or she would be otherwise entitled on surrender of such certificate of COMPANY Common Stock, by notifying FIRST OF AMERICA in writing of such lost, stolen or destroyed certificate and giving FIRST OF AMERICA evidence of loss and, at FIRST OF AMERICA'S option, a bond adequate in the opinion of FIRST OF AMERICA to indemnify it and the Exchange Agent against any claim that may be made against it on account of the alleged lost, stolen and destroyed certificate and the issuance of the applicable number of whole shares of FIRST OF AMERICA Common Stock, and the cash for fractional shares, if any.

(d) Promptly after the Effective Time, FIRST OF AMERICA shall cause the Exchange Agent to mail to each holder of record of a certificate or certificates which as of the Effective Time represented outstanding shares of COMPANY Common Stock (the "Certificates") (i) a form letter of transmittal which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates and (ii) instructions for use in effecting the surrender of the Certificates in exchange for FIRST OF AMERICA Common Stock.

3.06 Appraisal Rights. Each outstanding share of COMPANY Common Stock as to which an election to demand appraisal rights may be made and which is made in accordance with Section 262 of the Delaware General Corporation Law ("Appraisal Shares") and not withdrawn shall not be converted into or represent a right to receive shares of FIRST OF AMERICA Common

Stock hereunder unless and until the holder shall have failed to perfect or shall have effectively withdrawn or lost his or her right to appraisal of and for payment for his or her Appraisal Shares, at which time his or her shares shall be converted in the Merger into shares of FIRST OF AMERICA Common Stock as provided above and as provided in the Delaware General Corporation Law.

ARTICLE IV

4.01 Counterparts. This Agreement and Plan of Merger may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one agreement.

4.02 Governing Law. This Agreement and Plan of Merger shall be governed in all respects, including, but not limited to, validity, interpretation, effect and performance, by the laws of the State of Illinois.

4.03 Amendment. Subject to applicable law, this Agreement and Plan of Merger may be amended, modified or supplemented only by written agreement of FIRST OF AMERICA, FOA-ACQUISITION and the COMPANY, by their respective officers thereunto duly authorized, at any time prior to the Effective Time.

4.04 Waiver. Any of the terms or conditions of this Agreement and Plan of Merger may be waived at any time by whichever of the Constituent Corporations is, or the shareholders or stockholders of which are, entitled to the benefit thereof by action taken by the Board of Directors of such

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Constituent Corporation.

4.05 Termination. This Agreement and Plan of Merger shall terminate upon the termination of the Agreement and there shall be no liability on the part of any of the parties hereto (or any of their respective directors or officers) except as otherwise provided in the Agreement.

IN WITNESS WHEREOF, each of the Constituent Corporations and FIRST OF AMERICA have caused this Agreement and Plan of Merger to be executed on their behalf by their officers hereunto duly authorized and their respective corporate seals to be affixed hereto, all as of the date first above written.

ATTEST: FIRST OF AMERICA ACQUISITION COMPANY

By:

By:
Richard D. Klein
President

State of Michigan)

) ss:
County of Kalamazoo)

On this _______ day of _______________, 199____, before me appeared the above-signed officers, who being first duly sworn, deposed and said that they are officers of FIRST OF AMERICA ACQUISITION COMPANY, and are duly authorized by its Board of Directors to sign, affirm and verify this Agreement and Plan of Merger and that this Agreement and Plan of Merger has been approved by all requisite action of the Board of Directors of FIRST OF AMERICA ACQUISITION COMPANY and this Agreement and Plan of Merger is the act and deed of the Corporation and the facts stated herein are true to the best of their knowledge.

Notary Public
Kalamazoo County, Michigan
My Commission Expires:
My County of
Residence: Kalamazoo

ATTEST: LGF BANCORP, INC.

By:
Secretary

By:
J. Edward Weishel
Chairman, Chief Executive Officer and President

State of Michigan)
) ss:
County of Kalamazoo)

On this _______ day of ______________, 199____, before me appeared the above-signed officers, who being first duly sworn, deposed and said that they are officers of LGF BANCORP, INC. and are duly authorized by its Board of Directors to sign, affirm and verify this Agreement and Plan of Merger and that this Agreement and Plan of Merger has been approved by all requisite action of the Board of Directors of LGF BANCORP, INC. and this Agreement and Plan

of Merger is the act and deed of the Corporation and the facts stated herein are true to the best of their knowledge.

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(Seal)

Notary Public
Kalamazoo County, Michigan
My Commission Expires:
My County of
Residence:

ATTEST:

FIRST OF AMERICA BANK
CORPORATION

By:

By:
Richard D. Klein
Vice Chairman

State of Michigan)
) ss:
County of Kalamazoo)

On this ________ day of ______________, 199____, before me appeared the above-signed officers, who being first duly sworn, deposed and said that they are officers of FIRST OF AMERICA BANK CORPORATION, and are duly authorized by its Board of Directors to sign, affirm and verify this Agreement and Plan of Merger and that this Agreement and Plan of Merger has been approved by all requisite action of the Board of Directors of FIRST OF AMERICA BANK CORPORATION and this Agreement and Plan of Merger is the act and deed of the Corporation and the facts stated herein are true to the best of their knowledge.

(Seal)

Notary Public
Kalamazoo County, Michigan
My Commission Expires:
My County of Residence:
Kalamazoo

EXHIBIT B

FIRST OF AMERICA BANK CORPORATION
211 South Rose Street
Kalamazoo, Michigan 49007

Gentlemen:

I have been advised that I may be deemed an "affiliate" within the meaning of paragraph (c) of Rule 145 of the Rules and Regulations of the Securities and Exchange Commission ("SEC") under the Securities Act of 1933 (the "Act") of LGF BANCORP, INC., a Delaware corporation (the "COMPANY"), and may be deemed such at the time of the merger ("Merger") of FIRST OF AMERICA ACQUISITION COMPANY, a Delaware corporation ("FOA-ACQUISITION") with the COMPANY. Pursuant to the Merger, I will acquire shares of the Common Stock ("FIRST OF AMERICA Common Stock") of FIRST OF AMERICA BANK CORPORATION ("FIRST OF AMERICA") in exchange for each share of the COMPANY stock held by me. I agree that I will not make any sale, transfer or other disposition of the FIRST OF AMERICA Common Stock in violation of the Act or the rules and regulations promulgated thereunder by the SEC.

I have been advised that the issuance of the FIRST OF AMERICA Common Stock to me pursuant to the Merger has been registered under the Act by FIRST OF AMERICA by the filing of a Registration Statement with the SEC. I have also been advised that such registration does not apply to any distribution by me of the FIRST OF AMERICA Common Stock received by me in the Merger. I have also been advised that, since at the effective time of the Merger, I may be deemed to have been an "affiliate" of the COMPANY, any offering or sale by me of any of the FIRST OF AMERICA Common Stock will, under current law, require either (i) the further registration under the Act of the FIRST OF AMERICA Common Stock to be sold; (ii) compliance with Rule 145 promulgated under the Act; or (iii) the availability of another exemption from such registration. In addition, I have been advised that any transferee in a private offering or other similar disposition will be subject to the same limitations as those imposed on me.

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I represent and warrant to FIRST OF AMERICA that:

1. I have carefully read this letter and discussed its requirements and other applicable limitations upon the sale, transfer or other disposition of the FIRST OF AMERICA Common Stock to the extent I felt necessary, with my counsel or counsel for the COMPANY.

2. I have been informed by FIRST OF AMERICA that the FIRST OF AMERICA Common Stock must be held by me indefinitely unless (i) any of the FIRST OF AMERICA Common Stock received by me in the Merger and to be distributed by me is first registered under the Act other than by the registration by FIRST OF AMERICA referred to above; (ii) a sale of the FIRST OF AMERICA Common Stock is made in conformity with the volume and other applicable limitations of paragraph (d) of Rule 145 (which incorporates by reference paragraphs (c), (e), (f) and (g)

of Rule 144); or (iii) some other exemption from registration is available with respect to any such proposed sale, transfer or other disposition of the FIRST OF AMERICA Common Stock. I will be required to deliver to FIRST OF AMERICA evidence of compliance with such requirements in connection with any proposed sale, transfer or other disposition by me which may include, in the case of a distribution under some other exemption from registration, an opinion of counsel satisfactory to counsel for FIRST OF AMERICA that such exemption is available.

3. I understand that FIRST OF AMERICA is under no obligation to register the FIRST OF AMERICA Common Stock that I may wish to sell, transfer, or otherwise dispose of or to take any other action necessary in order to make compliance with an exemption from registration available.

4. If I rely on the exemption from the registration provisions contained in Section 4 of the Act (other than that contained in Rule 144 or 145), I will obtain and deliver to FIRST OF AMERICA a copy of a letter from any prospective transferee which will contain (a) representations reasonably satisfactory to FIRST OF AMERICA as to the nondistributive intent, sophistication, ability to bear risk, and access to information of such transferee; (b) an acknowledgment concerning restrictions on transfer of the FIRST OF AMERICA Common Stock; and (c) an assumption of the obligations of the undersigned under this paragraph 4.

5. I understand that FIRST OF AMERICA expects that the Merger will be accounted for as a pooling-of-interests and that Accounting Series Release Number 130 of the SEC provides that the risk sharing requirement for the applicability of pooling-of-interests accounting will have occurred if no affiliate of either FIRST OF AMERICA or the COMPANY sells or in any other way reduces his or her risk relative to any common stock received in the Merger until such time as financial results covering at least 30 days of post-Merger combined operations have been published. I agree, in order to preserve pooling-of-interests accounting for the Merger, to make no disposition of any shares of FIRST OF AMERICA received in the Merger, or in any other way reduce my risk relative to the shares of FIRST OF AMERICA received in the Merger, until publication by FIRST OF AMERICA of financial results covering at least 30 days of post-Merger combined operations in the form of a Form 10-Q or Form 8-K filing with the SEC, the issuance of a quarterly earnings report, or any other public issuance which includes combined net sales and net income.

6. I also understand that to enforce the foregoing commitments, stop transfer instructions will be given to FIRST OF AMERICA'S transfer agent with respect to the FIRST OF AMERICA Common Stock and that there will be placed on the certificates for the FIRST OF AMERICA Common Stock, or any substitutions therefor, a legend stating in substance:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ISSUED IN A TRANSACTION TO WHICH RULE 145 PROMULGATED UNDER THE SECURITIES

ACT OF 1933 APPLIES AND MAY ONLY BE SOLD OR OTHERWISE TRANSFERRED IN COMPLIANCE WITH THE REQUIREMENTS OF RULE 145 OR PURSUANT TO A REGISTRATION STATEMENT UNDER

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SAID ACT OR AN EXEMPTION FROM SUCH REGISTRATION AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED UNTIL SUCH TIME AS FINANCIAL STATEMENTS OF FIRST OF AMERICA BANK CORPORATION COVERING AT LEAST THIRTY (30) DAYS OF COMBINED OPERATIONS FOLLOWING THE ACQUISITION OF LGF BANCORP, INC. SHALL HAVE BEEN PUBLISHED.

Very truly yours,

EXHIBIT C

WARRANT AGREEMENT

THIS WARRANT AGREEMENT, dated as of October 12, 1993, by and between First of America Bank Corporation ("First of America") and LGF Bancorp, Inc. ("the Company").

W I T N E S S E T H:

WHEREAS, First of America and the Company have entered into an Agreement and Plan of Reorganization dated as of October 12, 1993 (the "Plan"), which Plan is being executed by the parties hereto simultaneously with this Warrant Agreement;

WHEREAS, as a condition to First of America's entry into the Plan and in consideration for such entry, First of America has insisted that the Company agree to issue, on the terms and conditions set forth herein, warrants entitling First of America to purchase up to an aggregate of 439,574 shares of the Company's common stock, par value $.01 per share (the Company's common stock being hereinafter referred to as "Common Stock").

NOW, THEREFORE, in consideration of the execution of the Plan and the premises herein contained, First of America and the Company agree as follows:

1. Concurrently with the execution of the Plan, the Company shall issue to First of America a warrant or warrants in the form of Attachment A hereto (the "Warrant", which term as used herein includes any warrants issued upon transfer or exchange of the original Warrant) to purchase up to 439,574 shares of Common Stock. Each Warrant shall be exercisable at a price per share of Common Stock of $28.00, subject to adjustment as herein provided (the "Exercise Price"). The Company shall at all times maintain and reserve, free from preemptive rights, such number of authorized but unissued shares of Common Stock so that the Warrant may be exercised without additional authorization of Common Stock after giving effect to all other options, warrants, convertible securities and other rights to acquire shares of Common Stock. The Company represents and warrants that it has duly authorized the issuance of shares of Common Stock upon exercise of the Warrant and covenants that the shares of Common Stock issued upon exercise of the Warrant shall be duly authorized, validly issued and fully paid and nonassessable and subject to no preemptive rights by the Company stockholders. Each of the Company and First of America hereby represents to the other that this Agreement has been authorized by all necessary corporate action on its part and that the execution, delivery and performance of this Agreement by it do not, and the consummation of the transactions contemplated hereby by it will not, constitute (i) a breach or violation of any judgment, decree, order, governmental permit or license, or agreement, indenture or instrument made by it or to which it is subject, which breach,

violation or default would have a material adverse effect on the financial condition, results of operations or business of it and its subsidiaries, taken as a whole, or (ii) a breach or violation of, or a default under, the articles or by-laws of it or its subsidiaries; and the consummation of the transactions contemplated hereby will not require any consent or approval under any such judgment, decree, order, governmental permit or license or the consent or approval of

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any other party to any such agreement, indenture or instrument, other than any required approvals of applicable regulatory authorities. The Warrant and the shares of Common Stock for which the Warrant is exercisable (the "Warrant Common Stock") are hereinafter collectively referred to, from time to time, as "the securities." First of America hereby represents and warrants that (i) any securities acquired by First of America hereunder are being acquired for investment purposes only and not with a present view to distribution thereof within the meaning of the Securities Act of 1933, as amended (the "Securities Act"); (ii) any sale, transfer or other disposition of the securities purchased by First of America hereunder will be made only in compliance with all applicable provisions of the Securities Act and applicable state securities laws and the rules and regulations thereunder; and (iii) the certificate or certificates for the securities shall contain an appropriate legend with respect to the foregoing except that such legend shall not be included with respect to any securities which shall have been sold in a registered public offering in accordance with the provisions of this Agreement.

2. First of America will not sell, assign, transfer or exercise the Warrant without the prior written consent of the Company except upon: (i) the failure of the Company's stockholders to approve the Plan at a meeting called for such purpose after the public announcement by any person (other than First of America or any subsidiary thereof) of an offer or proposal to acquire (after giving effect to the shares of Common Stock of the Company already owned by such person) 10 percent or more of the Common Stock, or to acquire, merge or consolidate with the Company or to purchase all or substantially all of the Company's assets; (ii) the acquisition (after giving effect to the shares of Common Stock of the Company already owned by such person) by any person of, or of the right to acquire, 10 percent or more of the Common Stock exclusive of the shares of Common Stock sold directly or indirectly to such person by First of America or any subsidiary thereof; (iii) the fifth day preceding the scheduled expiration date of a tender or exchange offer by any person (unless the Company's stockholders have previously adopted the Plan) to acquire securities of the Company if (a) after giving effect to such offer such person would own or have the right to acquire 10 percent or more of any class or series of voting securities of the Company, (b) there have been filed documents with the Securities and Exchange Commission (the "SEC") in connection therewith (or, if no such filing is required, public evidence that the offer has actually commenced) and (c) such person has received all required regulatory approvals to own or control 10 percent or more of the class or series of securities to which the offer relates; (iv) the Company shall have entered into an agreement with a person (other than an agreement with First of America or any subsidiary thereof) for such person to acquire, merge or consolidate with the Company or to purchase all or substantially all

of the Company's assets; or (v) the withdrawal, revocation or material modification by the Company or its Board of Directors of its or their approval of the Plan or its or their recommendation of the Plan to the stockholders of the Company; provided, however, that First of America may not sell, assign or transfer, and neither First of America nor any Holder (as hereinafter defined) may exercise the Warrant if it is in material breach of any of its representations, warranties or covenants in the Plan at the time of any such exercise. As used in this Agreement, "person" shall mean any individual, firm, corporation, or other entity and shall include any syndicate or group of persons deemed to be a "person" by Section 13(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Any sale of the Warrant or the shares of Warrant Common Stock by First of America following an event described in this Paragraph 2, other than a registered public offering pursuant to Paragraph 3 or 5 or a sale to a majority-owned subsidiary, shall be subject to the right of first refusal of the Company (or any assignee or assignees of the Company previously notified to First of America) at a price equal to the bona fide written offer price and on the other terms which First of America receives from a third party (other than a majority-owned subsidiary of First of America) and intends to accept. The right of first refusal shall terminate unless consummated within ten (10) business days after notice of First of America's intention to sell has been delivered to the Company. Delivery shall be deemed to have been made when the notice is placed in registered mail by First of America; provided, however, First of America shall use its best efforts to notify the Company by telephone that such notice has been placed in registered

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mail. If an offer is made for a consideration other than cash, the value shall be determined by a recognized investment banking firm selected by First of America and acceptable to the Company (the failure of the Company to notify First of America within two (2) business days after delivery of notice of First of America's intention to sell that such firm is unacceptable shall constitute acceptance of such firm), and such determination shall in no event be made later than the fifth business day after notice of First of America's intention to sell has been delivered to the Company.

3. If at any time after the Warrant may be exercised or sold, the Company shall receive a written request therefor from First of America, the Company shall, if permitted, prepare, file and keep current a shelf registration statement on Form S-3 under the Securities Act covering the Warrant Common Stock, and shall use its best efforts to cause such registration statement to become effective and remain current for a period of 90 days from the effective date of such registration statement; provided, however, that First of America may not make more than two such requests. Without the written consent of First of America, neither the Company nor any other holder of securities of the Company may include securities in such registration statement. If the Company shall have notified First of America that it is contemplating a public offering of its common equity securities, then during the period of such offering First of America shall be entitled only to the registration rights described in Paragraph 5, below.

4. If and whenever the Company is required by the provisions of Paragraph 3 hereof to effect the registration of its securities under the Securities Act, the Company will:

(a) prepare and file with the SEC such amendments to such registration statement and supplements to the prospectus contained therein as may be necessary to keep such registration statement current;

(b) furnish to First of America and to the underwriters of the securities being registered such reasonable number of copies of the registration statement, preliminary prospectus, final prospectus and such other documents as First of America or such underwriters may reasonably request in order to facilitate the public offering of such securities;

(c) use its best efforts to register or qualify the securities covered by such registration statement under such state securities or blue sky laws of such jurisdictions as First of America or such underwriters may reasonably request; provided that the Company shall not be required by virtue hereof to submit to jurisdiction in any state;

(d) notify First of America, promptly after the Company shall receive notice thereof, of the time when such registration statement has become effective or a supplement or amendment to any prospectus forming a part of such registration statement has been filed;

(e) notify First of America promptly of any request by the SEC for the amending or supplementing of such registration statement or prospectus or for additional information;

(f) prepare and file with the SEC, promptly upon the request of First of America, any amendments or supplements to such registration statement or prospectus which, in the opinion of counsel for First of America and the Company, are required under the Securities Act or the rules and regulations thereunder in connection with the distribution of the securities by First of America;

(g) prepare and promptly file with the SEC such amendment or supplement to such registration statement or prospectus as may be necessary to correct any statement or omissions if, at the time when a prospectus relating to such securities is required to be delivered under the Securities Act, any event shall have occurred as the result of which such prospectus as then in effect would include an untrue statement

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of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading;

(h) advise First of America, promptly after it shall receive notice or obtain knowledge, of the issuance of any stop order by the SEC suspending the effectiveness of such registration statement or the initiation or threatening of any proceeding for that purpose and promptly use its best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued; and

(i) furnish on the date or dates provided for in the underwriting agreement: (i) an opinion or opinions of the counsel representing the Company for the purposes of such registration, addressed to the underwriters covering such matters as such underwriters may reasonably request and are customarily covered by issuer's counsel at that time; and (ii) a letter or letters from the independent certified public accountants of the Company, addressed to the underwriters covering such matters as such underwriters may reasonably request, in which letters such accountants shall state (without limiting the generality of the foregoing), that they are independent certified public accountants within the meaning of the Securities Act and that, in the opinion of such accountants, the financial statements and other financial data of the Company included or incorporated by reference in the registration statement or any amendment or supplement thereto comply in all material respects with applicable accounting requirements of the Securities Act.

Notwithstanding the foregoing, the Company may postpone for up to one (1) month the filing or the effectiveness of a registration statement if the Company reasonably determines that such registration would have a material adverse effect on any plan by the Company or any of its subsidiaries to engage in any material financings or in any acquisition of assets (other than in the ordinary course of business) or similar transaction or other material corporate transaction outside the ordinary course of business.

5. If at any time the Company proposes to register any of its common equity securities under the Securities Act on Forms S-1, S-2, S-3 or any other registration form at the time in effect on which the securities could be registered for sale by the Company (other than a registration in connection with an acquisition of or merger with another entity or the sale of shares to employees of the Company pursuant to employee stock option or other employee stock purchase plans, provided that the only securities covered by such registration are the securities to be issued as part of such acquisition or merger or the securities to be sold to such employees), the Company shall on each such occasion give written notice to First of America of its intention to do so and, upon the written request of First of America, given within 15 days after receipt of any such notice (which request shall state the intended method of disposition of the securities by First of America), the Company will use its diligent, good faith efforts to cause the securities, as to which First of America shall have so requested, to be registered under the Securities Act and under the same registration statement proposed to be filed by the Company; provided, however, that if the offering to which the proposed registration

statement relates is to be distributed by or through an underwriter selected by the Company, First of America shall agree either to sell the securities through such underwriter on the same terms and conditions as the underwriter agrees to sell securities on behalf of the Company or to withhold such shares from the market for a period of 135 days after the effective date of the closing with underwriters; and, provided, further, that if a greater number of securities is offered for participation in the proposed underwriting than in the opinion of the managing underwriter proposing to underwrite securities

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to be sold by the Company can be accommodated without adversely affecting the proposed underwriting, the Company may elect to reduce pro-rata the amount of all securities (including the securities) proposed to be offered in the underwriting to a number deemed satisfactory by the managing underwriter. First of America may not make more than two (2) requests pursuant to this paragraph.

6. With respect to the first registration requested pursuant to Paragraph 3 hereof, and with respect to the incidental registration requested pursuant to Paragraph 5 hereof, the Company shall bear the following fees, costs and expenses: all registration, filing and NASD fees, printing and engraving expenses, fees and disbursements of counsel and accountants for the Company, and all legal fees and disbursements and other expenses of the Company to comply with state securities or blue sky laws in which securities to be offered are to be registered or qualified. First of America shall bear such costs, fees and expenses with respect to the second registration requested pursuant to Paragraph 3 hereof. With respect to the registrations requested pursuant to Paragraph 3 and Paragraph 5 hereof, fees and disbursements of counsel and accountants for First of America, underwriting discounts and commissions and transfer taxes for First of America and any other expenses incurred by First of America shall be borne by First of America.

7. (a) The Company will indemnify and hold harmless First of America, any underwriter (as defined in the Securities Act) for First of America, and each person, if any, who controls First of America or such underwriter (within the meaning of the Securities Act) from and against any and all loss, damage, liability, cost and expense to which First of America or any such underwriter or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, damages, liabilities, costs or expenses arise out of or are caused by any untrue statement or alleged untrue statement of any material fact contained in such registration statement, any prospectus or preliminary prospectus contained therein or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading; provided, however, that the Company will not be liable in any such case to the extent that any such loss, damage, liability, cost or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by First of America, such

underwriter or such controlling person in writing specifically for use in the preparation thereof.

(b) First of America will indemnify and hold harmless the Company, any underwriter (as defined in the Securities Act), and each person, if any, who controls the Company or such underwriter (within the meaning of the Securities Act) from and against any and all losses, damages, liabilities, costs or expenses to which the Company or any such underwriter or controlling person may become subject under the Securities Act or otherwise, insofar as such losses, damages, liabilities, costs or expenses arise out of or are caused by any untrue or alleged untrue statement of any material fact contained in such registration statement, any prospectus or preliminary prospectus contained therein or any amendment or supplement thereto, or arise out of or are based upon the omission or the alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was so made in reliance upon and in conformity with written information furnished by First of America specifically for use in the preparation thereof.

(c) Promptly after receipt by an indemnified party pursuant to the provisions of subparagraph (a) or (b) of this Paragraph 7 of any claim in writing or of notice of the

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commencement of any action involving the subject matter of the foregoing indemnity provisions, such indemnified party will, if a claim in respect thereof is to be made against the indemnifying party pursuant to the provisions of said subparagraph (a) or (b), promptly notify the indemnifying party of the receipt of such claim or notice of the commencement of such action, but the omission to so notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party otherwise hereunder. In case such action is brought against any indemnified party and it notifies the indemnifying party of the commencement thereof, the indemnifying party shall have the right to participate in, and, to the extent that it may wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party; provided, however, if the defendants in any action include both the indemnified party and the indemnifying party and there is a conflict of interest which would prevent counsel for the indemnifying party from also representing the indemnified party, the indemnified party or parties shall have the right to select one separate counsel to participate in the defense of such indemnified party or parties. After notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, the indemnifying party will not be liable to such indemnified party pursuant to the provisions of said subparagraphs (a) or (b) for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, unless (i) the

indemnified party shall have employed counsel in accordance with the provisions of the preceding sentence, (ii) the indemnifying party shall not have employed counsel satisfactory to the indemnified party to represent the indemnified party within a reasonable time after the notice of the commencement of the action, or (iii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party.

(d) If recovery is not available under the foregoing indemnification provisions, for any reason other than as specified therein, the parties entitled to indemnification by the terms thereof shall be entitled to contribution to liabilities and expenses, except to the extent that contribution is not permitted under Section 11(f) of the Securities Act. In determining the amount of contribution to which the respective parties are entitled, there shall be considered the parties' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and/or prevent any statement or omission, and any other equitable considerations appropriate under the circumstances. First of America and the Company agree that it would not necessarily be equitable if the amount of such contribution were determined by pro-rata or per capita allocation even if the underwriters and First of America as a group were considered a single entity for such purpose.

8. Subject to applicable regulatory restrictions, from and after the date on which (i) any person acquires, or obtains the right to acquire, at least 10 percent of the Common Stock or (ii) an event described in clause (iv) or clause (v) of Paragraph 2 of this Agreement occurs, (1) at the request of the holder of the Warrant (the "Holder"), the Company shall repurchase the Warrant from the Holder at a price (the "Warrant Repurchase Price") equal to the higher of (i) (x) the Market/Offer Price less the Exercise Price, multiplied by (y) the number of shares of Common Stock for which the Warrant is then exercisable (the "Conversion Number") and (ii) in the event of the sale of all or any substantial part of the assets of the Company (or all or any substantial part of the assets of any significant subsidiary), the Conversion Number multiplied by the excess of (x)(I) the sum of (a) the price paid for such assets, (b) the current market value of the remaining assets of the Company, as determined by a recognized investment banking firm selected by the Holder and acceptable to the Company, and (c) the Exercise Price multiplied by the Conversion Number, divided by (II) the sum of the number of shares of Common

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Stock then outstanding and the Conversion Number (the "Sales Price"), over (y) the Exercise Price; and (2) at the request of the owner of Warrant Stock (the "Owner"), the Company shall repurchase any shares of Common Stock purchased pursuant to the Warrant ("Warrant Stock"), at a price (the "Warrant Stock Repurchase Price") equal to the highest of (x) 110 percent of the Exercise Price multiplied by the number of such shares, (y) the Market/Offer Price multiplied by the number of such shares and (z) in the event of a sale of all or any substantial part of the assets of the Company (or all or any substantial part of the assets of any significant subsidiary), the Sales Price multiplied by the number of such shares. In the event that an exchange offer

is made or an agreement is entered into for a merger or consolidation involving consideration other than cash, the value of the securities or other property issuable or deliverable in exchange for the Common Stock shall be determined by a nationally recognized investment banking firm acceptable to the Holder or Owner (as the case may be) and the Company.

Each of the Holder of the Warrant and the Owner may exercise its respective right to require the Company to repurchase the Warrant and the Warrant Stock pursuant to this Paragraph 8 by surrendering for such purpose to the Company, at its principal office, the Warrant and certificates for Warrant Stock accompanied by a written notice or notices stating that the Holder or the Owner, as the case may be, elects to require the Company to repurchase the Warrant and/or the Warrant Stock in accordance with the provisions of this Paragraph 8. As promptly as practicable, and in any event within five (5) business days after the surrender of the Warrant and/or certificates representing shares of Warrant Stock and the receipt of such notice or notices relating thereto, the Company shall deliver or cause to be delivered to the Holder the Warrant Repurchase Price and/or to the Owner the Warrant Stock Repurchase Price therefor or the portion thereof which the Company is not then prohibited under applicable law and regulation from so delivering.

To the extent that the Company is prohibited under applicable law or regulation, or as a result of administrative or judicial action, from repurchasing the Warrant and/or Warrant Stock in full, the Company shall immediately so notify the Holder and/or the Owner and thereafter deliver or cause to be delivered, from time to time, to the Holder and/or the Owner, as appropriate, the portion of the Warrant Repurchase Price and the Warrant Stock Repurchase Price, respectively, which it is no longer prohibited from delivering, within five (5) business days after the date on which the Company is no longer so prohibited; provided, however, to the extent the Company is at the time and after the expiration of 24 months, so prohibited from delivering to the Holder and/or the Owner, as appropriate, the Warrant Repurchase Price and the Warrant Stock Repurchase Price, respectively, in full (and the Company hereby undertakes to use its best efforts to obtain all required regulatory and legal approvals as promptly as practicable), the Company shall deliver to the Holder a new Warrant evidencing the right of the Holder to purchase that number of shares of Common Stock obtained by multiplying the number of shares of Common Stock for which the Warrant may at such time be exercised by a fraction, the numerator of which is the Warrant Repurchase Price less the portion thereof (if any) theretofore delivered to the Holder and the denominator of which is the Warrant Repurchase Price, and the Company shall deliver to the Owner a certificate for the shares of Warrant Stock it is then so prohibited from repurchasing, and the Company shall have no further obligation to repurchase such new Warrant or such Warrant Stock; and provided, further, that upon receipt of such notice and until five (5) business days thereafter the Holder and/or Owner may revoke its notice of repurchase of the Warrant and/or Warrant Stock by written notice to the Company at its principal office stating that the Holder and/or Owner elects to revoke its election to exercise its right to require the

Company to repurchase the Warrant and/or Warrant Stock, whereupon the Company will promptly deliver to the Holder and/or Owner the Warrant

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and/or certificates representing the shares of Warrant Stock surrendered to the Company for purposes of such repurchase and the Company shall have no further obligation to repurchase such Warrant and/or Warrant Stock.

Upon the occurrence of an event which results in the Warrant and the Warrant Stock becoming repurchasable as provided in this Paragraph 8, the Company shall promptly notify the Holder and the Owner of such event and promptly compute the Warrant Repurchase Price and the Warrant Stock Repurchase Price and furnish to the Holder and the Owner a certificate, signed by a principal financial officer of the Company, setting forth the Warrant Repurchase Price and the Warrant Stock Repurchase Price and the basis and computation thereof.

The term "Market/Offer Price" means the highest of (a) the highest price per share of Common Stock at which a tender offer or exchange offer meeting the requirements of clause (iii) of Paragraph 2 has been made, (b) the highest price per share of Common Stock paid or agreed to be paid therefor by any third party pursuant to an agreement with the Company and (c) the highest last reported sale price per share for shares of Common Stock reported for any trading day within the four-month period immediately preceding the date the Holder gives notice of a required repurchase pursuant to this Paragraph 8.

Notwithstanding anything to the contrary contained herein, the Warrant Repurchase Price and/or the Warrant Stock Repurchase Price shall not exceed an aggregate of $3,500,000 for all shares covered by the Warrant or acquired upon the exercise of the Warrant (prorated as to each share) if the repurchase is based on clause (i) of this Paragraph 8 or, if the repurchase is based on clause (ii) of this Paragraph 8, if an event described in clause (v) of Paragraph 2 of this Agreement occurs without the occurrence of an event described in clause (iv) of said Paragraph 2 or without any person acquiring or obtaining the right to acquire at least 10% of the Common Stock.

9. In the event that the Company issues any additional shares of Common Stock pursuant to outstanding stock options, or for any other reason, the Company shall issue additional warrants to First of America, such additional warrants to be exercisable for a number of shares of Common Stock equal to 19.99 percent of the number of additional shares of Common Stock so issued. Such additional warrants shall be identical to the Warrant.

10. The Company will not enter into any transaction described in (a), (b) or (c) of Paragraph 5(A) of the Warrant unless the Acquiring Corporation (as defined in the Warrant) assumes in writing, in form and substance satisfactory to the Holder, all the obligations of the Company hereunder.

11. Without limiting the foregoing or any remedies available to First of America, it is specifically acknowledged that First of America would not have an adequate remedy at law for any breach of this Agreement and will be entitled to specific performance of the obligations under, and injunctive relief against actual or threatened violations of the obligations of any person subject to, this Agreement.

12. This Warrant Agreement and the rights conferred hereby, except the registration and related rights described in Paragraphs 3 through 7 of this Warrant Agreement, shall terminate upon the earliest of (a) two years after an event described in the first sentence of Paragraph 2 of this Agreement, (b) the Effective Time of the Plan, (c) the failure of the Company's stockholders to adopt the Plan at a meeting called for such purpose (including any adjournment or adjournments thereof), other than any such failure described in clause (i) of Paragraph 2 of this Agreement, or (d) a valid termination of the Plan (other than if terminated by First of America by reason of a willful breach by the Company, in which event this Warrant Agreement shall terminate two years after such breach) prior to the occurrence of an event described in the first sentence of Paragraph 2 of this Warrant Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in counterparts by their duly authorized officers and their corporate seals to be hereunto affixed, all as of the day and year first above written.

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FIRST OF AMERICA BANK
CORPORATION

Attest:

By:
Richard D. Klein
Vice Chairman

LGF BANCORP, INC.

Attest:

By:
J. Edward Weishel
Chairman, Chief Executive
Officer and President

ATTACHMENT A TO
THE WARRANT
AGREEMENT

WARRANT
TO PURCHASE UP TO 439,574 SHARES OF
COMMON STOCK
OF
LGF BANCORP, INC.

This is to certify that, for value received, First of America Bank Corporation ("First of America") or any subsequent transferee (First of America or such transferee, the "Holder") is entitled to purchase, subject to the provisions of this Warrant, from LGF Bancorp, Inc. (the "Company") an aggregate of up to 439,574 fully paid and nonassessable shares of common stock, par value $.01 per share (the "Common Stock"), of the Company at a price per share equal to $28.00, subject to adjustment as herein provided (the "Exercise Price").

1. Exercise of Warrant. Subject to the provisions hereof and the limitations set forth in Paragraph 2 of the Warrant Agreement of even date hereof by and between First of America and the Company (the "Agreement") forming part of an Agreement and Plan of Reorganization of even date herewith between First of America and the Company (the "Plan"), this Warrant may be exercised in whole or in part, at any time or from time to time on or after the date hereof. This Warrant shall be exercised by presentation and surrender hereof to the Company at the principal office of the Company, accompanied by (i) a written notice of exercise, (ii) payment to the Company, for the account of the Company, of the Exercise Price for the number of shares of Common Stock specified in such notice and (iii) a certificate of the Holder stating the event or events that have occurred which entitle the Holder to exercise this Warrant. The Exercise Price for the number of shares of Common Stock specified in the notice shall be payable in immediately available funds.

Upon such presentation and surrender, accompanied by such notice, payment and certificate, the Company shall issue promptly (and within one business day if requested by the Holder) to the Holder or its assignee, transferee or designee the shares of Common Stock to which the Holder is entitled hereunder.

If this Warrant should be exercised in part only, the Company shall, upon surrender of this Warrant for cancellation, execute and deliver a new Warrant evidencing the rights of the Holder thereof to purchase the balance of the shares of Common Stock purchasable hereunder. Upon exercise of this Warrant, as set forth above, the Holder shall be deemed to be the holder of record of the shares of Common Stock issuable upon such exercise, notwithstanding that the stock transfer books of the Company shall then be closed or that certificates representing such shares of Common Stock shall not then be actually delivered to the Holder. The Company shall pay all expenses that may be payable in connection with the preparation, issuance and delivery

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of stock certificates pursuant to this Paragraph 1 in the name of the Holder or its assignee, transferee or designee, other than stock transfer taxes which may be payable upon such issuance in a name other than the Holder.

2. Reservation of Shares; Preservation of Rights of Holder. The Company hereby agrees that at all times it will maintain and reserve, free from preemptive rights, such number of authorized but unissued shares of Common Stock so that this Warrant may be exercised without additional authorization of Common Stock after giving effect to all other options, warrants, convertible securities, and other rights to acquire shares of Common Stock. The Company further agrees (i) that it will not, by charter amendment or through reorganization, consolidation, merger, dissolution or sale of assets, or by any other voluntary act, avoid or seek to avoid the observance or performance of any of the covenants, stipulations or conditions to be observed or performed hereunder or under the Agreement by the Company, (ii) that it will use its best efforts to take all action (including (A) complying with all premerger notification, reporting and waiting period requirements specified in 15 U.S.C. Section 18a and regulations promulgated thereunder and (B) in the event, under the Home Owners Loan Act, the Bank Holding Company Act of 1956, as amended, or the Change in Bank Control Act, prior approval of the Office of Thrift Supervision ("OTS") or the Board of Governors of the Federal Reserve System (the "Board") is necessary before this Warrant may be exercised, cooperating fully with the Holder in preparing such applications and providing such information to the OTS or the Board as the OTS or the Board may require) in order to permit the Holder to exercise this Warrant and the Company duly and effectively to issue shares of its Common Stock hereunder, and (iii) that it will promptly take all action necessary to protect the rights of the Holder against dilution as provided herein.

3. Fractional Shares. The Company shall not be required to issue fractional shares of Common Stock upon exercise of this Warrant but shall pay for any such fraction of a share in cash or by certified or official bank check at the Exercise Price.

4. Exchange, Transfer or Loss of Warrant. This Warrant is exchangeable or, subject to Paragraph 2 of the Agreement, transferable, without expense (other than stock transfer taxes which may be payable), at the option of the Holder, upon presentation and surrender hereof at the principal office of the Company, for other Warrants of different denominations entitling the Holder to purchase in the aggregate the same number of shares of Common Stock purchasable hereunder. The term "Warrant" as used herein includes any Warrants for which this Warrant may be exchanged. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of reasonably satisfactory indemnification, and upon surrender and cancellation of this Warrant, if mutilated, the Company will execute and deliver a new Warrant of like tenor and date.

5. Certain Transactions.

(A) In case the Company (a) shall consolidate with or merge into any Person, other than the Holder or one of its Affiliates, and shall not be the continuing or surviving corporation of such consolidation or merger, (b) shall permit any Person, other than the Holder or one of its Affiliates, to merge into the Company and the Company shall be the continuing or surviving corporation, but, in connection with such merger, the shares of Common Stock outstanding immediately prior to the merger shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property or shall represent less than 50 percent of the shares of Common Stock immediately after giving effect to the merger, or (c) shall sell or otherwise transfer all or substantially all of its assets to any Person, other than the Holder or one of its Affiliates, then, and in each such case, the agreement governing such transaction shall make proper provision so that this Warrant shall, upon the consummation of any such transaction and upon the terms and conditions set forth herein, be converted into, or exchanged for, a warrant (the "Substitute Warrant"), at the option of the Holder, of (I) the Acquiring Corporation (as hereinafter defined), (II) any company which controls the Acquiring Corporation, or (III) in the case of a merger described in clause (A)(b), the Company, in which case such warrant shall be a newly issued warrant.

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(B) The following terms have the meanings indicated:

(a) "Acquiring Corporation" shall mean (I) the continuing or surviving corporation of a consolidation or merger with the Company (if other than the Company), (II) the corporation merging into the Company in a merger in which the Company is the continuing or surviving person and in connection with which the shares of Common Stock outstanding immediately prior to the merger are changed into or exchanged for stock or other securities of any other Person or cash or any other property or shall represent less than 50 percent of the shares of Common Stock immediately after giving effect to the merger, and (III) the transferee of all or substantially all of the Company's assets or the assets of its subsidiaries;

(b) "Substitute Common Stock" shall mean the common stock issued by the issuer of the Substitute Warrant;

(c) "Assigned Value" shall mean the highest of the highest price per share of Common Stock at which a tender offer or exchange offer has been made, the highest price per share of Common Stock paid or agreed to be paid therefor by any third party pursuant to an agreement with the Company and the highest last reported sale price per share for shares of Common Stock reported for any trading day within the 4-month period immediately preceding the consolidation or merger in question;

(d) "Average Price" shall mean the average of the closing or last reported sale prices of a share of Substitute Common Stock for days on which trading

occurs during the 4-month period immediately preceding the consolidation, merger, or sale in question, but in no event higher than the closing or last reported sale price of the shares of Substitute Common Stock on the day preceding such consolidation, merger or sale; provided that if the Company is the issuer of the Substitute Warrant, the Average Price shall be computed with respect to a share of the common stock issued by the Person merging into the Company or by any company which controls such Person, as the Holder may elect;

(e) A "Person" shall mean any individual, firm, corporation or other entity and include as well any syndicate or group deemed to be a "person" by Section 13(d)(3) of the Securities Exchange Act of 1934, as amended;

(f) "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, as in effect on the date hereof.

(C) Subject to (D), the Substitute Warrant shall have the same terms as this Warrant provided that if the terms of the Substitute Warrant cannot, for legal reasons, be the same as this Warrant, such terms shall be as similar as possible and in no event less advantageous to the Holder. The issuer of the Substitute Warrant shall also enter into an agreement with the then Holder of the Substitute Warrant in substantially the same form as the Agreement, which shall be applicable to the Substitute Warrant.

(D) The Substitute Warrant shall be exercisable for such number of shares of Substitute Common Stock as is equal to the Assigned Value multiplied by the number of shares of Common Stock for which this Warrant is then exercisable, divided by the Average Price. The exercise price of the Substitute Warrant per share of Substitute Common Stock shall be equal to the Exercise Price multiplied by a fraction in which the numerator is the number of shares of Common Stock for which this Warrant is then exercisable and the denominator is the number of shares of Substitute Common Stock for which the Substitute Warrant is exercisable.

(E) In no event, pursuant to any of the foregoing paragraphs, shall the Substitute Warrant be exercisable for more than 19.99 percent of the aggregate of the outstanding shares of Substitute Common Stock and the Shares of Substitute Common Stock issuable upon

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exercise of the Substitute Warrant.

6. Adjustment. The number of shares of Common Stock purchasable upon the exercise of this Warrant and the Exercise Price shall be subject to adjustment from time to time as provided in this Paragraph 6.

(A)(1) In case the Company shall pay or make a dividend or other distribution on any class of capital stock of the Company in Common Stock, the number of shares of Common

Stock purchasable upon exercise of this Warrant shall be increased by multiplying such number of shares by a fraction of which the denominator shall be the number of shares of Common Stock outstanding at the close of business on the day immediately preceding the date of such distribution and the numerator shall be the sum of such number of shares and the total number of shares constituting such dividend or other distribution, such increase to become effective immediately after the opening of business on the date following such distribution.

(2) In case outstanding shares of Common Stock shall be subdivided into a greater number of shares of Common Stock, the number of shares of Common Stock purchasable upon exercise of this Warrant at the opening of business on the day following the day upon which such subdivision becomes effective shall be proportionately increased, and, conversely, in case outstanding shares of Common Stock shall each be combined into a smaller number of shares of Common Stock, the number of shares of Common Stock purchasable upon exercise of this Warrant at the opening of business on the day following the day upon which such combination becomes effective shall be proportionately decreased, such increase or decrease, as the case may be, to become effective immediately after the opening of business on the day following the day upon which such subdivision or combination becomes effective.

(3) The reclassification (excluding any transaction in which a Substitute Warrant would be issued) of Common Stock into securities (other than Common Stock) and/or cash and/or other consideration shall be deemed to involve a subdivision or combination, as the case may be, of the number of shares of Common Stock outstanding immediately prior to such reclassification into the number or amount of securities and/or cash and/or other consideration outstanding immediately thereafter and the effective date of such reclassification shall be deemed to be "the day upon which such subdivision becomes effective" or "the day upon which such combination becomes effective", as the case may be, within the meaning of clause (2) above.

(4) The Company may make such increases in the number of shares of Common Stock purchasable upon exercise of this Warrant, in addition to those required by this subparagraph (A), as shall be determined by its Board of Directors to be advisable in order to avoid taxation so far as practicable of any dividend of stock or stock rights or any event treated as such for federal income tax purchases to the recipients.

(B) Whenever the number of shares of Common Stock purchasable upon exercise of this Warrant is adjusted as herein provided, the Exercise Price shall be adjusted by a fraction in which the numerator is equal to the number of shares of Common Stock purchasable prior to the adjustment and the denominator is equal to the number of shares of Common Stock purchasable after the adjustment.

(C) For the purpose of this Paragraph 6, the term "Common Stock" shall include any shares of the Company of any class or series which has no preference or priority in the payment of dividends or in the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of the Company and which is not subject to redemption by the Company.

7. Notice. (A) Whenever the number of shares of Common Stock for which this Warrant is exercisable is adjusted as provided in Paragraph 6, the Company shall promptly compute such adjustment and mail to the Holder a certificate, signed by a principal financial officer of the Company, setting forth the number of shares of Common Stock for which this Warrant is exercisable as a result of such adjustment, a brief statement of the facts requiring such adjustment and the computation thereof and when such adjustment

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will become effective.

(B) Upon the occurrence of an event which results in this Warrant becoming convertible into, or exchangeable for, the Substitute Warrant, as provided in Paragraph 5, each of the Company and any Acquiring Corporation shall promptly notify the Holder of such event; and, upon receipt from the Holder of its choice as to the issuer of the Substitute Warrant, each of the Company and any Acquiring Corporation shall promptly compute the number of shares of Substitute Common Stock for which the Substitute Warrant is exercisable and furnish to the Holder a certificate, signed by a principal financial officer of each of the Company and any Acquiring Corporation, setting forth the number of shares of Substitute Common Stock for which the Substitute Warrant is exercisable, a computation thereof and when such adjustment will become effective.

8. Rights of the Holder. (A) Without limiting the foregoing or any remedies available to the Holder, it is specifically acknowledged that the Holder would not have an adequate remedy at law for any breach of this Warrant and will be entitled to specific performance of the obligation under, and injunctive relief against actual or threatened violations of the obligations of any Person subject to, this Warrant.

(B) The Holder shall not, by virtue hereof, be entitled to any rights of a shareholder in the Company.

9. Termination. This Warrant and the rights conferred hereby shall terminate upon the earliest of (a) two years after an event described in the first sentence of Paragraph 2 of the Agreement, (b) the Effective Time of the Plan, (c) the failure of the Company's stockholders to adopt the Plan at a meeting called for such purpose (including any adjournment or adjournments thereof), other than any such failure described in clause (i) of Paragraph 2 of the Agreement, or (d) a valid termination of the Plan (other than if terminated by First of America by reason of a willful breach by the Company, in which event the Warrant shall terminate two years after such breach) prior to the occurrence of an event described in the first sentence of Paragraph 2 of the Agreement.

10. Governing Law. This Warrant shall be governed by, and interpreted in accordance with, the laws of the State of Delaware.

Dated: October 12, 1993 LGF BANCORP, INC.

By:
J. Edward Weishel
Chairman, Chief Executive Officer
and President

ATTEST

By:

APPENDIX I

MERGER AGREEMENT

THIS AGREEMENT is made and entered into as of _____________, 1993 by and between First of America Bank-Kankakee/Will County, N.A. ("First of America") and La Grange Federal Savings & Loan Association ("La Grange").

RECITALS

WHEREAS, First of America is a national banking association organized

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under the laws of the United States of America, being located at One Dearborn Square, City of Kankakee, County of Kankakee, in the State of Illinois, with Capital of $_________________ divided into 549,000 shares of Common Stock, each of $25 par value ("First of America Stock"), Surplus of $_________ and Undivided Profits, including Capital Reserves, of $_________ as of September 30, 1993; and

WHEREAS, La Grange is a federal savings and loan association organized under the laws of the United States of America, being located at 1 North La Grange Road, City of La Grange, County of Cook, in the State of Illinois, with Capital of $___________ divided into _________ shares of Common Stock, each of $_____ par value ("La Grange Stock"), Surplus of $___________ and Undivided Profits, including Capital Reserves, of $_________ as of September 30, 1993; and

WHEREAS, First of America Bank Corporation ("FABC") is the sole shareholder of all of the outstanding First of America Stock; and

WHEREAS, immediately prior to the Effective Time, as hereinafter defined, FABC shall be the sole shareholder of all of the outstanding La Grange Stock; and

WHEREAS, in accordance with the provisions of the Act of November 7, 1918, as amended (12 U.S.C. Section 215a), directors of First of America and La Grange, in each case constituting not less than a majority of the respective Boards of Directors of First of America and La Grange, have agreed upon this Agreement in writing by their execution hereof.

NOW, THEREFORE, in consideration of the mutual promises contained herein, First of America and La Grange, hereby agree as follows:

SECTION 1

La Grange shall be merged with and into First of America under the charter, Articles of Association and By-laws of the latter, except that the Articles of Association shall be those set forth in Section 9 hereof.

SECTION 2

The name of the receiving association in the Merger (hereinafter called the "Association" whenever reference is made to it as of the time when the merger becomes effective being hereinafter called the "Effective Time" or thereafter) shall be "First of America Bank-__________________________, National Association."

SECTION 3

The business of the Association shall be that of a national banking association. This business shall be conducted by the Association at its main office, which shall be located at 202 One Dearborn Square, Kankakee, Illinois. All of the branches of La Grange and First of America in lawful operation at the Effective Time shall continue as branches of the Association and the main office of La Grange shall continue as a branch of the Association.

SECTION 4

The amount of capital stock of the Association shall be $__________ divided into ______________ shares of common stock, each of $25 par value, and at the Effective Time the Association shall have Surplus and Undivided Profits including Capital Reserves equal to the combined capital structures of La Grange and First of America as stated in the recital clauses to this Agreement, adjusted, however, for normal earnings and expenses and for the payment by La Grange and First of America of any dividends paid subsequent to the date of this Agreement (subject to adjustment, if necessary, for compliance with the push-down method of accounting for goodwill).

SECTION 5

At the Effective Time, by virtue of the merger, all assets, rights, franchises and interests of La Grange in and to every type of property (real, personal and mixed) and choses in action, as they exist immediately prior to the Effective Time, shall pass and be transferred to and vest in the Association, without any deed, conveyance or other transfer, and the separate existence of La Grange shall cease. The corporate existence of the Association shall continue after the Effective Time unaffected and unimpaired by the Merger, and the Association shall be responsible for all liabilities, including the liquidation account and liabilities arising out of the operation of any

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Trust Department, of La Grange of every kind and description, as they exist immediately prior to the Effective Time.

At the Effective Time, by virtue of the Merger, the Association, without any order or other action on the part of any court or otherwise, shall hold and enjoy all rights of property, franchises and interests, including appointments, designations and nominations, and all other rights and interests as trustee, executor, administrator, registrar of stocks and bonds, guardian of estates, assignee, receiver and committee of estates of incompetents, and in every other

fiduciary capacity, in the same manner and to the same extent as such rights, franchises and interest were held or enjoyed by La Grange and First of America immediately prior to the Effective Time, subject to removal by a court of competent jurisdiction in the same manner and to the same extent as was La Grange or First of America as the case may be, prior to the Effective Time.

SECTION 6

(a) Of the capital stock of the Association, the shares of First of America Stock outstanding immediately prior to the Effective Time shall remain outstanding at and after the Effective Time as one share of Common Stock of the Association, without any change therein.

(b) At the Effective Time each share of La Grange Stock outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into and exchanged for ____________________ (______) shares of Common Stock of the Association. Each certificate representing shares of La Grange Stock immediately prior to the Effective Time shall until surrendered as provided for in paragraph (c) of this Section evidence ownership of the number of shares of Common Stock of the Association into which the shares of La Grange theretofore represented thereby shall have been converted in the Merger.

(c) After the Effective Time the former holder of shares of La Grange Stock which have been converted into shares of Common Stock of the Association in the Merger shall, upon surrender in proper form to the Association for cancellation of the certificate or certificates which prior to the Effective Time represented such holder's shares of La Grange Stock, be entitled to receive one or more certificates representing the shares of Common Stock of the Association into which the shares of La Grange Stock previously represented by the surrendered certificates shall have been so converted.

SECTION 7

La Grange and First of America may pay normal and regular dividends between the date of this Agreement and the Effective Time and may dispose of any of their respective assets in any other manner in the normal course of business and for adequate value.

SECTION 8

The Board of Directors of the Association shall consist of the individuals who, immediately prior to the Effective Time, were directors of First of America and La Grange. Such directors shall serve until the next annual meeting of the shareholders of the Association, unless sooner removed, disqualified or deceased and until such time as their successors have been elected and have qualified.

SECTION 9

From and after the Effective Time, the Articles of Association of the Association shall read in their entirety as set forth in Annex I thereto.

SECTION 10

This Agreement may be amended by the parties hereto at any time prior to the Effective Time, whether before or after approval hereof by the shareholders of La Grange and First of America, but, after such approval by either the shareholders of La Grange or First of America, no amendment shall be

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made which materially adversely affects the rights of the shareholders of either party without further approval of such shareholders. The President or any Vice President acting together with the Cashier or Secretary of any party hereto are authorized and empowered to make, execute and deliver such amendment or amendments to this Agreement as such officers signing such amendment on behalf of a party may approve as shall be conclusively evidenced by their signatures to any such amendment. This Agreement may not be amended, except by an instrument in writing signed on behalf of the parties hereto.

This Agreement may be terminated by the unilateral action of the Board of Directors of either party prior to the approval of the shareholders of either La Grange or First of America or by mutual consent of the respective Boards of Directors of La Grange and First of America after the approval of the shareholders of either La Grange or First of America.

SECTION 11

The obligations of the parties under this Agreement shall be subject to: (i) the approval, ratification and confirmation of this Agreement by the shareholders of La Grange at a meeting of shareholders duly called and held; (ii) the approval, ratification and confirmation of this Agreement by the shareholders of First of America at a meeting of shareholders duly called and held; (iii) receipt of approval of the Merger from all governmental and banking authorities whose approval is required; (iv) receipt of any necessary regulatory approval to operate the main office of La Grange and the branches of La Grange as branches of the Association; and (v) the consummation of the transaction by an Agreement and Plan of Reorganization among FABC, First of America Acquisition Company, and LGF Bancorp, Inc. dated as of October _____, 1993, on or before the Effective Time. The Merger shall become effective at the time specified in a certificate to be issued by the Comptroller of the Currency of the United States, under the seal of his office, approving the Merger.

SECTION 12

All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following addresses (or at such other addresses for a party as shall be specified by like notice):

If to First of America, at:

First of America Bank-Kankakee/Will County, N.A.
One Dearborn Square
Kankakee, Illinois 60901
Attention: Lee J. Cieslak, President

If to La Grange, at:

La Grange Federal Savings & Loan Association
1 North La Grange Road
La Grange, Illinois 60525
Attention: J. Edward Weishel, President

SECTION 13

From time to time after the Effective Time, as and when requested by the Association and to the extent permitted by law, the officers and directors of First of America and La Grange last in office shall execute and deliver such assignments, deeds and other instruments and shall take or cause to be taken such further or other action as shall be necessary in order to vest or perfect in or to confirm of record or otherwise to the Association title to, and possession of, all of the assets, rights, franchises and interests of First of America and La Grange in and to every type of property (real, personal and mixed) and choses in action, and otherwise to carry out the purposes of this Agreement, and the proper officers and directors of the Association as the surviving corporation are fully authorized to take any and all such action in the name of First of America, La Grange or otherwise.

SECTION 14

This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois except to the extent that the laws of the United States of America are applicable.

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SECTION 15

This Agreement may be executed in two or more counterparts, which together shall constitute a single agreement.

WITNESS, the signatures and seals of First of America and La Grange as of the date first above written, each hereunto set by its President or Vice President and attested by its Cashier or Secretary, pursuant to a resolution of its Board of Directors, acting by a majority thereof, and witness the signatures hereto of a majority of each of the Boards of Directors of First of America and La Grange.

<TABLE>

<S>	<C>
	FIRST OF AMERICA BANK- KANKAKEE/WILL COUNTY, N.A.
(Corporate Seal)	
	By:___________________________________
ATTEST:	Its President
______________________________ Its Secretary	

Directors of First of America Bank-Kankakee/Will County, N.A.:

_____________________________________ Merrill Ashline	_____________________________________ Richard D. Klein
_____________________________________ Dr. John C. Bowling	_____________________________________ John McCracken
_____________________________________ Lee J. Cieslak	_____________________________________ Robert L. Moyer
_____________________________________ Joseph S. Feth	_____________________________________ Charles H. Smith
_____________________________________ Robert Hoekstra	_____________________________________ Samuel G. Stone
_____________________________________ Wayne Hove	_____________________________________ Hugh VanVoorst

	LA GRANGE FEDERAL SAVINGS & LOAN ASSOCIATION
(Corporate Seal)	
	By:____
ATTEST:	Its President
______________________________ Its Secretary	

</TABLE>

Directors of La Grange Federal Savings & Loan Association:

<TABLE>

<S>	<C>
_____________________________________ Edward L. Breen	_____________________________________ Daniel R. Metzger
_____________________________________ Lee M. Burkey	_____________________________________ Herbert R. Pohl

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_____________________________________ ______________________________________
Howard A. Graening J. Edward Weishel
</TABLE>

STATE OF ILLINOIS)
) ss:
COUNTY OF KANKAKEE)

On this _____ day of , 1993, before me, a Notary Public for the State and County aforesaid, personally came Lee J. Cieslak, as President, and as Secretary, of First of America Bank-Kankakee/Will County, N.A. and each in his or her said capacity acknowledged the foregoing instrument to be the act and deed of said association and the seal affixed thereto to be its seal; and came also

<TABLE>
<S> <C>

_______________________________________,	_______________________________________,
_______________________________________,	_______________________________________,
_______________________________________,	_______________________________________,
_______________________________________,	_______________________________________,
_______________________________________,	_______________________________________,
_______________________________________, and	_______________________________________,

</TABLE>

being not less than a majority of the Board of Directors of said association, and each of them acknowledged said instrument to be the act and deed of said association and of himself as a director thereof.

Witness my Official Seal and signature this day and year aforesaid.

(SEAL OF NOTARY) _______________________________________
Notary Public

STATE OF ILLINOIS)
) ss:
COUNTY OF COOK)

On this ______ day of , 1993, before me, a Notary Public for the State and County aforesaid, personally came ____________________ as President, and as Secretary, of La Grange Federal Savings & Loan Association, and each in his or her said capacity acknowledged the foregoing instrument to be the act and deed of said association and the seal affixed thereto to be its seal; and came also

_____________________________________, ___________________________________,
______________________________________, ___________________________________,
_____________________________________, and _______________________________,
being not less than a majority of the Board of Directors of said Bank, and each of them acknowledged said instrument to be the act and deed of said association and of himself as a director thereof.

Witness my Official Seal and signature this day and year aforesaid.

(SEAL OF NOTARY)
Notary Public

ANNEX I

RESTATED AND AMENDED ARTICLES OF ASSOCIATION
(Restated and Amended Effective)

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The following Articles of Association of First of America Bank-Kankakee/Will County, National Association, Kankakee, Illinois, are hereby amended and restated in their entirety as follows:

FIRST. The Title of this Association shall be First of America _______________________________, National Association.

SECOND. The Main Office of the Association shall be in the City of Kankakee, County of Kankakee and State of Illinois. The general business of the Association shall be conducted at its main office and its branches.

THIRD. The Board of Directors of this Association shall consist of not less than five nor more than twenty-five persons, the exact number to be fixed and determined from time to time by resolution of a majority of the full Board of Directors or by resolution of the shareholders at any annual or special meeting thereof. Each Director, during the full term of his or her directorship, shall own either such shares of the capital stock of the Association or of any company which has control of the Association as required by applicable laws, regulations or rulings. Unless otherwise provided by the laws of the United States, any vacancy in the Board of Directors for any reason, including an increase in the number thereof, may be filled by action of the Board of Directors. A majority of the Board of Directors shall be necessary to constitute a quorum for the transaction of business at any Director's meeting.

FOURTH. There shall be an annual meeting of the shareholders, the purpose of which shall be the election of Directors and the transaction of whatever other business may be brought before said meeting. It shall be held at the main office or other convenient place as the Board of Directors may designate, on the day of each year specified therefore in the Bylaws, but if no election is held on that day, it may be held on any subsequent day according to such lawful rules as may be prescribed by the Board of Directors.

FIFTH. The authorized amount of capital stock of this Association shall be _______________ shares of common stock of the par value of Twenty-five ($25.00) Dollars each; but said capital stock may be increased or decreased from time to time, in accordance with the provisions of the laws of the United States.

No holder of shares of the capital stock of any class of the Association shall have any preemptive or preferential right of subscription to any shares of any class of stock of the Association whether now or hereafter authorized, or to any obligations convertible into stock of the Association, issued or sold, nor any right of subscription to any thereof other than such, if any, as the Board of Directors, in its discretion, may from time to time determine and at such price as the Board of Directors may from time to time fix.

The Association, at any time and from time to time, by resolution duly adopted by its Board of Directors, may authorize and issue debt obligations of any kind whether or not Subordinated to other liabilities of the Association, without the approval of the shareholders.

SIXTH. The Board of Directors shall appoint one of its members President of this Association, who shall be Chairperson of the Board, unless the Board appoints another director to be the Chairperson. The Board of Directors shall have the power to appoint one or more Vice Presidents; and to appoint a Cashier and such other officers and employees as may be required to transact the business of this Association.

The Board of Directors shall have the power to define the duties of the officers and employees of the Association; to fix the salaries to be paid to them; to dismiss them; to require bonds from them and to fix the penalty thereof; to regulate the manner in which any increase of the capital of the Association shall be made; to manage and administer the business and affairs of the Association; to make all Bylaws that it may be lawful for them to make; and generally to do and perform all acts that it may be legal for a Board of Directors to do and perform.

SEVENTH. The Board of Directors shall have the power to change the location of the main office to any other place within the limits of the City of Kankakee without the approval of the shareholders upon notification to the Comptroller of the Currency, where relocation is to an already approved branch or with approval of the Comptroller of the Currency for any other relocation; and shall have the power to establish or change the location of any branch or branches of the Association to any other location, without the approval of the shareholders, but subject to the approval of the Comptroller of the Currency.

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EIGHTH. The corporate existence of this Association shall continue until terminated in accordance with the laws of the United States.

NINTH. The Board of Directors of this Association, or any shareholder owning, in the aggregate, not less than Ten Percent of the stock of this Association, may call a special meeting of shareholders at any time. Unless otherwise provided by the laws of the United States, a notice of the time, place and purpose of every annual and special meeting of the shareholders shall be given by first-class mail, postage prepaid, mailed at least ten days prior to the date of such meeting to each shareholder of record at his or her address as shown upon the books of this Association.

TENTH. No director of the Association shall be personally liable to the Association or its shareholders for monetary damages for breach of the director's fiduciary duty; provided that this Article Ten shall not eliminate or limit the liability of a director for any breach of the director's duty of loyalty to the Association or its shareholders or for any act or omission for which the elimination or limitation of liability is not permitted by the National Bank Act or the rules and regulations promulgated by the Comptroller of the Currency or other applicable bank regulatory agency or is not permitted by the Business Corporation Act of the State of Michigan with respect to directors of business corporations organized under the laws of that State. No amendment, alteration, modification or repeal of this Article Ten shall have any effect on the liability of any director of the Association with respect to any act or omission of such director occurring prior to such amendment, alteration, modification or repeal.

The Association may indemnify any person, his/her heirs, executors or administrators who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative by reason of the fact that such person is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust of other enterprise, against expenses (including attorneys' fees), and (except as to an action or suit by or in the right of the Association) judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding to the maximum extent now or hereafter permitted from time to time by the law of the State of Michigan applicable to Michigan business corporations, either at the time of the act or omission to be indemnified against or at the time of fully carrying out such indemnification, whichever is broader. Expenses incurred in defending any such civil or criminal action, suit or proceeding may be paid by the Association in advance of final disposition of any such matter subject to an undertaking by or on behalf of the director, officer, employee or agent, to repay such amount unless it shall ultimately be determined that he or she is entitled to be indemnified by the Association or by its indemnification insurance carrier; provided that there shall not be allowed hereunder indemnification against expenses, penalties or other payments incurred under an administrative proceeding or action instituted by an appropriate bank regulatory agency which proceeding or action results in a final order assessing civil money penalties in requiring affirmative action by an individual or individuals in the form of payments to the Association.

The Association may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Association, or is or was serving at the request of the Association as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against such liability asserted against such person and incurred by such person in any such capacity or arising out of his or her status as such, irrespective of whether or not the Association would have the power to indemnify against such liabilities under the law of the State of Michigan applicable to Michigan business corporations; provided that such

insurance shall not include coverage for a formal order assessing civil money penalties against a director or employee of the Association.

ELEVENTH. These Articles of Association may be amended at any regular or special meeting of the shareholders by the affirmative vote of the holders of a majority of the stock of this Association, unless the vote of the holders of a greater amount of stock is required by law, and in that case by the vote of the holders of such greater amount.

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