

AMERICAN SAVINGS LIFE  
INSURANCE COMPANY



August 18, 2010

Dear Shareholders,

I would like to take this opportunity to update you on the status of your Company given the continued strained economy and real estate market.

**Dividend declared!**

The Board of Directors has declared a **9¢ per share dividend to be paid on October 9, 2010** to shareholders of record on September 30, 2010. Together with the 10¢ per share dividend paid in April this makes a total of 19¢ per share. This **equals a 5.65% dividend yield** on your stock's 12-31-2009 book value of \$3.365 per share.

**Financial Performance as of 7-31-2010:**

Annuity Sales: We are continuing to have great success with the sale of our PREMIER SERIES annuities. We have sold \$9.6 million in total thus far. This has been the primary reason for our Total Assets increasing \$10.5 million (44%) since 7-31-09 to \$34.5 million.

Net Income: As of 7-31-2010, year-to-date net income is \$509,000 (\$0.10 per share), which is down 25% from a year ago. The three main factors causing the decrease in profits are (1) an increase in loan write-downs of \$113,000, (2) a reduction in interest income resulting from foreclosures, and (3) interest paid on new annuity premiums that are not yet invested in loans.

Although these factors negatively impact our current profitability, there is definitely some good news these numbers tell us. First, our total loan write-downs are only 0.5% of our total loan portfolio. Second, the reduction in interest income from foreclosures is a temporary situation. As we lease or sell our foreclosed properties, these assets will again contribute to our earnings. Third, the first year of annuity sales is not expected to be profitable but as annuity premiums are fully invested in subsequent years, they are anticipated to be very profitable.

**How does the future for the Company look?**

In the near term we expect to continue seeing loan delinquencies and foreclosures negatively impact Company earnings. Nevertheless, our investment strategy is time-proven over many decades and economic cycles. We believe the loans we are currently making are even safer investments than previous years since we are valuing properties about half their previous values and therefore loaning about half as much per property. We know the economy and real estate markets are cyclical and these challenging times will be followed by better times, as they always have in the past.

We also anticipate higher profits resulting from the sale of annuities as we invest most of those funds in conservative real estate loans. We expect to realize a very attractive yield spread between the interest we are paying on the annuities and our investment yield, resulting in significant profits for the Company in future years. So overall we are confident of continued future profitability and dividends.

On behalf of the Board of Directors and management, I thank you for your continued confidence in American Savings Life. We all take our fiduciary responsibility as stewards of your investment in ASL very seriously and we pledge our commitment to be worthy of your trust.

Most sincerely,

Byron Frihoff Allen, President

AMERICAN SAVINGS LIFE INSURANCE COMPANY

**Key Financial Data** – 7 months ending July 31, 2010 and July 31, 2009  
(unaudited)

	<b>July 31, 2010</b>	<b>July 31, 2009</b>
<b>Key Balance Sheet Data</b>		
Total Assets	<b>\$34,533,360</b>	\$23,983,795
Reserves for Life Ins+Annuity+GICs	<b>\$16,697,988</b>	\$6,009,130
Total Shareholders Equity	<b>\$17,014,569</b>	\$17,217,983
<b>Key Income Statement Data</b>		
Total Ins + Annuity Premiums	<b>\$7,285,229</b>	\$79,213
Total Revenues	<b>\$8,903,683</b>	\$1,465,134
Net Gain from Operations	<b>\$681,668</b>	\$734,954
Loan Write-downs/capital losses	<b>\$121,030</b>	\$7,527
Net Income	<b>\$509,032</b>	\$679,660
<b>Key Loan Portfolio Data</b>		
Total Loan Portfolio	<b>\$22,109,016</b>	\$16,255,347
Total foreclosures year-to-date	<b>\$909,000</b>	\$165,000
<i>Foreclosures as % of loan portfolio</i>	<b>4.1%</b>	1.0%
Loan Write-downs/capital losses year-to-date	<b>\$121,030</b>	\$0
<i>Loan write-downs as % of loan portfolio</i>	<b>0.5%</b>	0.0%
<i>Loan write-downs as % of foreclosures</i>	<b>13.3%</b>	0.0%
<b>Key Per Share Data</b>		
Shareholders Equity per share	<b>\$3.36</b>	\$3.38
Year-to-date Net Income per share	<b>\$0.10</b>	\$0.13
Dividends per share (annual)	<b>\$0.19</b>	\$0.20

You can always stay informed of our current financial condition by going to the Company website: [www.AmericanSavingsLife.com/stock](http://www.AmericanSavingsLife.com/stock). It is updated monthly with current (unaudited) financial figures.