Dear Fellow SHAREHOLDERS

March 1, 2011

The turbulence that continues to strain our country's economy and real estate market is presenting new challenges for our Company. As management, our job in navigating the Company through these headwinds has been anything but dull!

To return and report, in last year's Annual Report we stated our goals for 2010 were to originate at least $10 million in real estate loans and to sell $8 million in new annuities. During the year we exceeded both of these goals, originating $11.5 million in loans and selling $8.2 million in annuities. These sales were the primary source of increasing our assets by $10 million last year. This provides an increasing source of income, as we invest those funds in safe mortgage loans.

Although we were successful in meeting these important goals, our overall performance was less than stellar. We earned $1,042,000 of net income (20.6 cents per share) and we paid out $963,000 in dividends (19 cents per share), which was a 5.6% dividend yield on your 12-31-2009 book value. Your overall net return on your investment in American Savings Life was only 3.4% because Shareholder Equity (book value) decreased 2.2%.

Just as you have noticed what is happening with your home equity, the current real estate market has reduced the value of the properties which serve as collateral for mortgage loans. Even though the Company's loans when we made them were only 50 to 65 percent of the collateral value, in some instances that safety cushion has been completely eroded. When this happens, the Company absorbs a decrease in book value and earnings are reduced if payments stop or if the foreclosed property is appraised for less than what was owed. Likewise, the asset may not provide us an income until it is re-sold.

Thankfully, our conservative lending policies have resulted, even in this market, with 72% of all mortgages still current and paying according to original terms. In addition, 71% of the delinquent loans have made a payment in the last 30 days, showing they are trying to become current.

Of course there are areas where we have fallen short and where we strive to improve that will help us counter these economic headwinds. We strive to maintain adequate liquidity to be able to timely honor insurance claims, annuity & GIC withdrawals, and other liquidity needs. All cash beyond that level, however, we seek to have invested in performing assets, primarily mortgage loans. Last year we consistently had several million dollars more cash than necessary, thus underperforming. Likewise, Company owned real estate has grown from $2 million to $4 million in the past two years, most of which is not generating any income.

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Thus our top priority for 2011 is to have more of our assets producing satisfactory returns. We have a goal of originating at least $12 million in safe real estate loans and selling at least $1 million of our real estate.

Our dividends to stockholders also show the effect of our lower earnings, since the first 2011 semi-annual dividend has been declared to be nine cents per share and will be paid on April 8, 2011. This is one cent per share less that that paid a year ago. Our commitment to pay regular semi-annual dividends remains unchanged.

Our financial strength remains solid, with $1.86 in Assets for every $1 in Liabilities. This Solvency Ratio of 1.86 is one of the strongest in our industry. Our investment model has been proven for more that fifty years, and we are certain it will survive the economic storm with flying colors. In the words of Warren Buffett, "Time is the friend of the wonderful business." (Would an Annual Report be complete without a quote from Warren Buffett?)

We are blessed to be shareholders with you in this wonderful business. The headwinds currently buffeting us from the depressed real estate market and economy will assuredly turn around and eventually become tail winds, propelling us to greater profitability.

We invite you to attend the Annual Stockholders Meeting on April 12, 2011 at 10:00 AM at our home office. We hope to see you there!

Sincerely,

Byron Frihoff Allen, President

David K. Allen, Chairman