October 7, 2008

Dear Shareholders & Customers,

Recently, a few shareholders have asked us how the Company is faring in the current economic environment and if their investments are still safe with us. I would like to take this opportunity to share my answer to these questions with each of you.

What caused the fall of these other companies and could the same thing happen to ASL?

As Warren Buffett, the most successful investor of our day says, ***"You only learn who has been swimming naked when the tide goes out."*** Well, the tide is certainly receding this year and it is not a pleasant sight.

The overwhelming cause of the failure of so many companies this year is their investment in bad loans. Since ASL is heavily invested in loans, could we suffer the same fate? To answer this question, let's compare the typical loan portfolio of these companies that have failed or taken massive losses with ASL's typical loan:

	Typical Loans of Failed Institutions	Typical ASL Loans
Average Loan-To-Value	About 90%	About 50%
Unsecured loans	Yes, credit cards, etc.	None
Securitized Loans	Yes	None
Dependent on selling loans	Yes	No

As you see, we maintain a much greater margin of safety in how much we loan against a property. We also do not make unsecured loans, which are beginning to really hurt banks. Hopefully this simple comparison shows you that, particularly in times of market downturns, the type of loans ASL makes are much more secure than those typically made by banks and other financial institutions. It is for this reason, we are confident that **we are better able to withstand hefty drops in real estate values without having to take large losses.**

How are our investments performing?

ASL's investments are performing exceptionally well, given all that is happening with the real estate market and economy. As of the date of this letter, only 9% of our loan portfolio is over 2 months past due. Although we typically end up foreclosing on a small part of our delinquent loans, given the current economy, it is reasonable to expect that we will end up foreclosing on more properties than usual. Nevertheless, since our loan-to-values are so conservative, **we most likely will incur little if any loss when we sell the foreclosed properties**. This is a big difference from most banks and the companies we've seen fail this year. When their loans default, they have to take much larger losses since they loaned more against the property securing the loan.

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How is our profitability and cash flow?

As a life insurance company, the majority of our profits and cash flows are derived from our investment performance. While most life insurance companies invest primarily in stocks and bonds, our investment strategy has always been to invest most of our assets in low risk, high yielding real estate loans (typically only lending 50% to 60% of the property's value while producing yields of 11% to 12%). **This investment strategy has proved successful through every real estate downturn during the past half of a century** and we are confident it will do so again this time.

Our cash flows remain strong and our profitability is down only slightly from last year. This decrease in profits is from a decrease in real estate capital gains this year, not from a deterioration of our normal operating income, which is actually up 4% over this time last year.

Is the "Credit Crisis" affecting the Company and if so, how?

Benjamin Franklin's wise adage ***"He that goes a borrowing goes a sorrowing"*** is perhaps more applicable in today's economy than at any time since the Great Depression. In the current credit crisis, any company that is required to use debt to sustain their business is in jeopardy. Fortunately, **we have always run our business without the use of any debt.** By not being dependent on any bank's ability or willingness to extend us credit, we are in a very strong position to make it through these current economic conditions. In fact, the only effect from the current credit crisis we are feeling is fewer of our loans are paying off early, primarily because it is harder for them to get alternative financing. This is not a bad problem for us to have!

So is my investment in ASL safe?

We believe the answer to this question is **"Definitely!"** ASL continues to have strong profits and cash flows with little risk of loss from our loan portfolio. We operate our business without the reliance on debt and we have an unusually strong capital structure with a very low leverage ratio. These are all excellent indications that ASL should be able to weather any storm that comes our way.

Of course, we certainly cannot guarantee anything. But we can assure you that we are committed to continuing the conservative principles this great Company has espoused for over 50 years. To keep you informed about how we are doing financially, we update the Company website by the 15th of each month with key financial indicators. Please go to www.AmericanSavingsLife.com and click on "Stockholder Services."

We thank you for your confidence in American Savings Life. We wish you all the best during this difficult economic time and we pledge our sincerest effort to be worthy stewards of your investment in ASL.

Most sincerely,

Byron Frihoff Allen, President