

Inter-Office
Communication

Comptroller of Florida
Division of Banking

DATE: April 17, 1997

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-04/18/97--01108--001

****227.50 ****227.50

TO: Karon Beyer, Department of State
Division of Corporations - Bureau of Commercial Recording

FROM: Bruce Ricca, Licensing and Chartering *BR*

SUBJ: Merger of Firststate Financial, F.A., into Republic Bank
and under the title of Republic Bank

EFFECTIVE DATE

4-18-97

Please file the attached "Plan and Agreement of Merger" for
the above-referenced institutions, using the close of business
on April 18, 1997, as the effective date.

Please make the following distribution of certified copies:

- (1) One copy to: Division of Banking
Office of Licensing and Chartering
Fletcher Building, Suite 636
- (2) One copy to: Federal Deposit Insurance Corporation
Suite 1600, One Atlantic Center
1201 West Peachtree Street, N.E.
Atlanta, Georgia 30309-3449
- (3) One copy to: Mr. Christopher M. Hunter
Republic Bank
Post Office Box 33008
St. Petersburg, FL 33733-3008

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97 APR 17 PH 3:08
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

FILING 70.00
RECEIVED
CERTIFIED 157.50
CDS
OVERPAYMENT
TOTAL 227.50

Also attached is a check which represents payment of the filing fees,
charter tax and certified copies. If you have any questions, please
call 414-8066.

BR:mergeart

cc: Federal Reserve Bank of Atlanta, Atlanta, Georgia
Bureau of Financial Institutions - District I

427587

ARTICLES OF MERGER
Merger Sheet

MERGING:

FIRSTSTATE FINANCIAL, F.A.

INTO

REPUBLIC BANK, a Florida corporation, 427587

File date: April 17, 1997, effective April 18, 1997

Corporate Specialist: Louise Flemming-Jackson



ROBERT F. MILLIGAN
COMPTROLLER OF FLORIDA

OFFICE OF COMPTROLLER

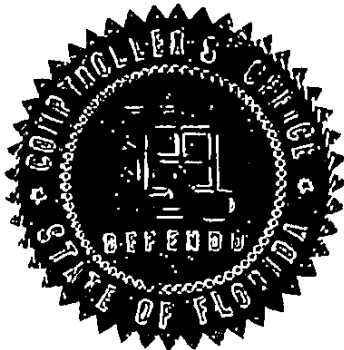
DEPARTMENT OF BANKING AND FINANCE

STATE OF FLORIDA

TALLAHASSEE
32399-0350

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Having given my approval on March 20, 1997, to merge Firststate Financial, F.A., Orlando, Orange County, Florida, with and into Republic Bank, St. Petersburg, Pinellas County, Florida, and being satisfied that the conditions of my approval have been met, I hereby approve for filing with the Secretary of State, the attached "Plan and Agreement of Merger", which contains the Articles of Incorporation of Republic Bank (the resulting bank), so that effective at the close of business on April 18TH, 1997, they shall read as stated herein.



Signed on this 3RD

day of April, 1997.

Robert F. Milligan
Comptroller

WRITTEN CONSENT IN LIEU OF
A SPECIAL MEETING OF THE
SOLE SHAREHOLDER OF
FIRSTSTATE FINANCIAL, F.A.

The undersigned, Equity Holdings Limited (the "Partnership"), being the sole shareholder of Firststate Financial, F.A. ("Firststate"), by this Written Consent in Lieu of a Special Meeting of the Sole Shareholder of Firststate, does hereby consent to, take, and adopt the following resolution, having the same force and effect as if adopted at a duly called Special Meeting of the Sole Shareholder of Firststate:

WHEREAS, the Partnership has entered into a Stock Purchase Agreement by and between Republic Bancshares, Inc. ("Republic"), and the Partnership, dated as of December 19, 1996 (the "Purchase Agreement"), providing for the acquisition (the "Acquisition") by Republic of all of the issued and outstanding capital stock of Firststate; and

WHEREAS, it is contemplated that, immediately following the Acquisition or shortly thereafter, Firststate will be merged (the "Merger") with and into Republic Bank, a bank organized and existing under the laws of the State of Florida ("Bank"), with Bank as the surviving entity in the Merger; and

WHEREAS, as part of the application to be submitted by Bank to the Federal Deposit Insurance Corporation in connection with the Merger, Bank is required to provide evidence of the approval of the Merger by the board of directors of the holding company parent of Firststate or its equivalent; and

WHEREAS, in connection with the Merger, as the Partnership will no longer hold any shares of Firststate or have any interest therein, it has no liability or responsibility associated with Firststate, and is authorizing the Merger only as an accommodation to Republic to facilitate the Merger; and

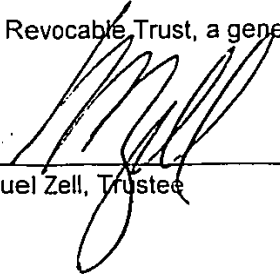
WHEREAS, the undersigned has determined that following the Acquisition, Republic and the Bank should proceed with the Merger if it is their desire, and the undersigned wishes to facilitate the Merger at the request of Republic and the Bank;

RESOLVED, that the merger of Firststate with and into Republic Bank, a bank organized and existing under the laws of the State of Florida ("Bank"), such merger to occur only following the acquisition of the shares of Firststate by Republic Bancshares, Inc. be and is hereby approved in accordance with the applicable requirements of Chapter V and the Florida Financial Institutions Codes

Executed and acknowledged by the undersigned, through one of its general partners, as of the 21 day of January, 1997.

EQUITY HOLDINGS LIMITED, an Illinois limited partnership

By: Samuel Zell Revocable Trust, a general partner

By: 
Samuel Zell, Trustee

SECRETARY'S CERTIFICATE

The undersigned, the duly elected and appointed [assistant] secretary of Firststate Financial, F.A. ("Firststate") certifies that attached hereto is a true and correct copy of resolutions adopted by the sole shareholder of Firststate on January 21, 1997, and that such resolution has not been amended, modified or repealed. This 21 day of January, 1997.

Richard L. Fennell
[Assistant] Secretary

[Corporate Seal]

**WRITTEN CONSENT IN LIEU OF
A SPECIAL MEETING OF THE
SOLE SHAREHOLDER OF
REPUBLIC BANK**

The undersigned, Republic Bancshares, Inc. (Republic), being the sole shareholder of Republic Bank (Bank), by this Written Consent in Lieu of a Special Meeting of the Sole Shareholder of Bank, does hereby consent to, take, and adopt the following resolution, having the same force and effect as if adopted at a duly called Special Meeting of the Sole Shareholder of Bank.

WHEREAS, Republic has entered into a Stock Purchase Agreement by and between Republic, and Equity Holdings, Ltd. (The "Partnership") dated as of December 19, 1996 (the "Purchase Agreement"), providing for the acquisition (the "Acquisition") by Republic of all of the issued and outstanding capital stock of Firststate Financial, F.A. ("Firststate"); and

WHEREAS, it is contemplated that, immediately following the Acquisition or shortly thereafter, Firststate will be merged (the "Merger") with and into Bank, a bank organized and existing under the laws of the State of Florida, with Bank as the surviving entity in the Merger pursuant to a Plan and Agreement of Merger dated January 13, 1997 (the "Merger Agreement"); and

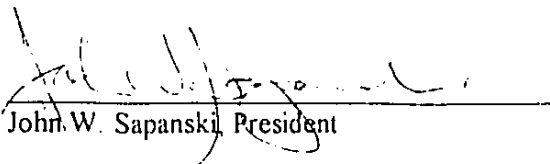
WHEREAS, as part of the application to be submitted by Bank to the Federal Deposit Insurance Corporation in connection with the Merger, Bank is required to provide evidence of the approval of the Merger Agreement by the holding company parent of Bank;

RESOLVED, that the merger of Firststate with and into Republic Bank, a bank organized and existing under the laws of the State of Florida ("Bank"), such merger to occur only following the acquisition of the shares of Firststate by Republic Bancshares, Inc. and the Merger Agreement are hereby approved in accordance with the applicable requirements of Section 607.0704 of the Florida Statutes and the Florida Financial Institutions Codes.

Executed and acknowledged by the undersigned, as of the 20th day of February, 1997

REPUBLIC BANCSHARES, INC.

By:


John W. Sapanski, President

SECRETARY'S CERTIFICATE

The undersigned, the duly elected and appointed secretary of Republic Bancshares, Inc., certifies that attached hereto is a true and correct copy of a written consent in lieu of special shareholders meeting executed by the sole shareholder of Republic Bank on February 20, 1997, and that such resolution has not been amended, modified or repeated. This 20 day of February, 1997.



Secretary

[Corporate Seal]

EFFECTIVE DATE

4-18-97

PLAN AND AGREEMENT OF MERGER

This Plan of Agreement and Merger, ("Merger Agreement") is entered into this 18th day of January, 1997 by and between **REPUBLIC BANK**, ("Republic") and **FIRSTSTATE FINANCIAL, F.A.** ("Firststate").

WITNESSETH

WHEREAS, Republic Bancshares, Inc., a Florida corporation and sole shareholder of Republic, and Equity Holdings Limited, an Illinois limited partnership and sole shareholder of Firststate, have entered into a Stock Purchase Agreement dated December 19, 1996, (the "Purchase Agreement"), a copy of which is attached to this Merger Agreement as Exhibit "A"; and

WHEREAS, the Purchase Agreement provides for the purchase by Republic Bancshares, Inc. of all of the Firststate stock held and owned by Equity Holdings Limited in exchange for the Purchase Price as defined in and more fully set forth in the Purchase Agreement; and

WHEREAS, the Boards of Directors of the parties hereto deem it desirable and in the best business interests of the respective parties and their shareholders that Firststate be merged into Republic pursuant to the provisions of the Florida Business Corporation Act and the Florida Financial Institutions Codes on the terms as are hereinafter set forth.

WHEREAS, immediately upon consummation of the acquisition of the shares of Firststate by Republic Bancshares, Inc. as contemplated by the Purchase Agreement, and simultaneously therewith, pursuant to Florida statutes Sections 655.412 and Section 658.41 through 658.44 Firststate shall merge into and with Republic as provided herein (the "Merger"), and Republic shall be the surviving bank resulting therefrom.

NOW THEREFORE, in consideration of the mutual covenants, and subject to the terms and conditions set forth below, the parties hereto agree as follows:

1. **Recitals**. The above recitals are true and correct and are incorporated herein by reference.

2. **Constituent Banks**. Republic is a commercial bank organized and existing under the laws of the State of Florida with its principal office at 111 Second Avenue, N.E., St. Petersburg, Florida 33701. A listing of each branch office of Republic is set forth on Exhibit "B" attached hereto. Firststate is a savings bank organized and existing under the laws of the United States of America, with its principal office at 255 S. Orange Avenue, Suite 1200, Orlando, Florida 32801. A listing of each branch office of Firststate is set forth on Exhibit "C".

3. **Resulting State Bank**. With respect to the resulting state bank the parties hereto agree as follows:

rec'd for
Capt. of State

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SECRETARY OF STATE
FLORIDA

A. The name of the resulting state bank shall be Republic Bank and the specific location of the proposed main office is 111 Second Avenue, N.E., St. Petersburg, Florida 33701. A list of each existing and proposed branch office is attached hereto as Exhibit "D"

B. Directors. The names and addresses of each of the directors of the resulting state bank who will serve until the next meeting of stockholders at which directors are elected is attached hereto as Exhibit "E".

C. Executive Officers. The names and addresses of each of the executive officers of the resulting state bank who will serve until the next meeting of stockholders at which directors are elected is attached hereto as Exhibit "F".

D. Capital Stock. On March 21, 1996 Republic and Republic Bancshares, Inc. completed a holding company reorganization and share exchange in which all of Republic's stockholders became stockholders of Republic Bancshares, Inc. As of that date Republic had authorized the issuance of ten million (10,000,000.00) shares of two dollar (\$2.00) par value common stock of which four million one hundred eighty two thousand two hundred and fifty seven (4,182,257) shares were outstanding. In addition, Republic had authorized the issuance of one hundred thousand (100,000) shares of twenty dollar (\$20.00) par value non-cumulative convertible perpetual preferred stock of which seventy five thousand (75,000) shares were outstanding. Each share of preferred stock was convertible at any time into ten shares of common stock. Holders of preferred shares were entitled to receive, when and if declared by the Board of Directors of Republic, non-cumulative cash dividends payable quarterly in arrears at the rate of three dollars and fifty two cents (\$3.52) per share per annum. Unless full dividends on the preferred stock had been declared and paid no dividend or distribution could be declared or paid on any shares of common stock. In the event of any liquidation of Republic, voluntary or involuntary, the holders of preferred stock were entitled to receive out of the assets of Republic available for distribution to shareholders, before any distribution of assets to holders of common stock, liquidating distributions in the amount of eighty eight dollars (\$88.00) per share plus dividends declared but unpaid for the then current dividend period. The amount of the retained earnings of Republic as resulting bank will be unchanged (\$52,933,000 as of September 30, 1996).

E. Trust Powers. Republic, as the resulting state bank, will have trust powers. Currently Republic's trust powers are inactive with the Florida Department of Banking, subject to activation upon the filing of an appropriate application and notice therefore.

F. Articles of Incorporation. The Articles of Incorporation of Republic shall continue to be the Articles of Incorporation of the resulting bank following the effective date of the merger. A copy of the Articles of Incorporation is attached hereto as Exhibit "G".

4. Terms and Conditions. On the effective date of the Merger, the separate existence of Firststate shall cease, and, except as otherwise set forth in the Purchase Agreement, Republic shall

succeed to all the rights, privileges, immunities and franchises and all the property real, personal and mixed of Firststate, without the necessity for any separate transfer. Except as otherwise set forth in the Purchase Agreement, Republic shall then be responsible and liable for all liabilities and obligations of Firststate, and neither the rights of creditors nor any liens on the property of Firststate shall be impaired by the Merger.

5. **Conversion of Shares.** The manner and basis of converting the shares of Firststate stock shall be as follows: At the consummation of the transaction as outlined in the Purchase Agreement, Equity Holdings Limited shall surrender its certificates representing said shares to Republic Bancshares, Inc. or its duly appointed agent, in the manner that Republic Bancshares, Inc. shall require. In return Republic Bancshares, Inc. shall pay to Equity Holdings Limited the Purchase Price, as is defined and set forth in the Purchase Agreement. Immediately thereafter, upon consummation of the Merger, the shares of Firststate stock shall be canceled and no additional consideration shall be issued in exchange therefor.

6. **Bylaws.** The By-laws of Republic shall continue to be its By-laws following the Effective Date of the Merger.

7. **Directors and Officers.** The Directors and Officers of Republic, on the Effective Date of the merger, shall continue as the Directors and Officers of Republic for the full unexpired terms of their offices and until their successors have been elected or appointed.

8. **Approval.** This Merger Agreement shall be submitted for the approval of the sole shareholder of each of the parties hereto in the manner provided by the applicable laws of the State of Florida and the United States of America and shall further be submitted for approval by the Florida Department of Banking, the Federal Deposit Insurance Corporation and such other state or federal regulatory agencies as state or federal law shall require.

9. **Effective Date of Merger.** It is the intent of the parties that the Merger be consummated on the Closing Date, as defined in the Purchase Agreement, immediately upon consummation of the acquisition of the shares of Firststate by Republic Bancshares, Inc. and simultaneously therewith, provided, however, that at the election of Republic, the Merger may be consummated at such date and time thereafter as it shall elect without the necessity of further amendment of this Merger Agreement or additional approval or consent of Firststate, its directors or sole shareholder. It is not a condition precedent to the obligations of Republic Bancshares, inc. as set forth in the Purchase Agreement that the Merger occur simultaneously with the acquisition of the shares of Firststate from Equity Holdings Limited, but rather the Merger may occur at any time thereafter.

10. **Amendment and Termination.** This Merger Agreement may be amended or terminated in accordance with the provisions on amendment and termination as provided in the Purchase Agreement.

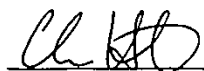
11. **Execution of Agreement.** This Merger Agreement may be executed in any number of counterparts, and each counterpart shall constitute an original instrument.

12. **Applicable Law.** This Merger Agreement shall be interpreted and governed by the laws of the State of Florida.

IN WITNESS WHEREOF, this Merger Agreement is executed on behalf of the parties hereto by their officers, sealed with their corporate seals, and attested by their respective Secretaries pursuant to the authorization of their respective Boards of Directors on the date first above written. (Effective at the close of business on April 18, 1997)

REPUBLIC BANK

Attest:

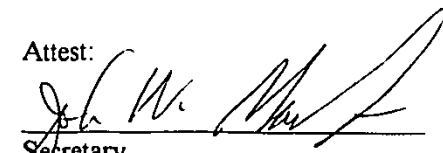

Secretary

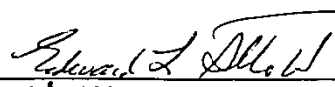

William R. Falzone
Executive Vice President

Corporate Seal:

FIRSTSTATE FINANCIAL, F.A.

Attest:


Secretary


Edward L. Abbott
President and Chief Executive Officer

Corporate Seal:

ORIGINAL

EXHIBIT "A"

STOCK PURCHASE AGREEMENT

BY AND BETWEEN

REPUBLIC BANCSHARES, INC.

AND

EQUITY HOLDINGS LIMITED

Dated as of December 19, 1996

RECEIVED
DIVISION OF BANKING
Bureau of Licensing & Chartering
F/U _____ FILE _____ DOG: _____

FEB 24 1997

RT. _____ CY _____

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of December 19, 1996, by and between Republic Bancshares, Inc. ("Republic"), a Florida corporation; and Equity Holdings Limited, ("EHL"), an Illinois Limited Partnership, the sole shareholder of Firststate Financial, F.A. ("Firststate"), a federally chartered savings association.

Preamble

EHL is the record and beneficial owner of all of the issued and outstanding shares of Firststate Common Stock (the "Shares"). EHL desires to sell all of the Shares to Republic, and Republic desires to purchase the Shares from EHL, upon the terms and subject to the conditions set forth in this Agreement. The transactions described in this Agreement are subject to the receipt of certain regulatory approvals and the satisfaction of certain other conditions described in this Agreement.

Certain terms used in this Agreement are defined in Section 8.1 of this Agreement.

NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants, and agreements set forth herein, the parties agree as follows:

ARTICLE 1 **PURCHASE AND SALE**

1.1 Purchase and Sale. Upon the terms and subject to the conditions of this Agreement, EHL shall sell to Republic, and Republic shall purchase from EHL, the Shares at the Closing (the "Stock Purchase"). The purchase price for the Shares shall be \$5,501,000 (the "Purchase Price"), and shall be paid as provided in Section 1.2.

1.2 Time and Place of Closing.

(a) The closing of the transactions contemplated hereby (the "Closing") will take place at 9:00 A.M. on the date that the Closing Date occurs, or at such other time as the Parties, acting through their authorized officers, may mutually agree. The Closing shall be held at such location as may be mutually agreed upon by the Parties. Subject to the terms and conditions hereof, unless otherwise mutually agreed upon in writing by the authorized officers of each Party, the Parties shall use their reasonable efforts to cause the Closing to occur on the first business day following the effective date (including expiration of any applicable waiting period) of the last required Consent of any Regulatory Authority having authority over and approving or exempting the Stock Purchase (the "Closing Date").

(b) At the Closing:

(i) Republic shall deliver to EHL immediately available funds by wire transfer to an account specified by EHL in an amount equal to the aggregate Purchase Price for the Shares, and

(ii) EHL shall deliver to Republic (x) certificates representing all the Shares duly registered in the name of Republic (or such other Person as Republic may designate to Seller not less than five business days prior to the Closing), free and clear of any Liens and (y) resignations of any of the directors of Firststate from their respective positions with Firststate or any of its Subsidiaries as requested by Republic.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES OF EHL

EHL hereby represents and warrants to Republic as follows:

2.1 Organization, Standing, and Power.

(a) Firststate is a federally chartered savings and loan association with the corporate power and authority to carry on its business as now conducted and to own, lease and operate its material Assets. The minute books and other organizational documents for Firststate have been made available to Republic for its review and, except as disclosed in Section 2.1 of the EHL Disclosure Memorandum, are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the Board of Directors and shareholders thereof for the past five years

(b) EHL is a limited partnership duly organized and validly existing under the laws of the State of Illinois.

2.2 Authority of EHL; No Breach By Agreement.

(a) Subject to the receipt of Consents required from Regulatory Authorities, EHL has the right, power, authority, and capacity to execute and deliver this Agreement and the EHL Closing Documents and to perform its obligations under this Agreement and the EHL Closing Documents. This Agreement represents a legal, valid, and binding obligation of EHL, enforceable against EHL in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought). Upon the execution and delivery by EHL of the EHL Closing Documents, the EHL Closing Documents will constitute the legal, valid, and binding obligations of EHL, enforceable against EHL in accordance with their respective terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or

injunctive relief is subject to the discretion of the court before which any proceeding may be brought)

(b) Neither the execution and delivery of this Agreement by EHL, nor the consummation by EHL of the transactions contemplated hereby, nor compliance by EHL with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of EHL's Certificate of Limited Partnership or Firststate's Articles of Incorporation or Bylaws or the certificate or articles of incorporation of any Firststate Entity or the governing instruments of Firststate or EHL, or (ii) except as disclosed in Section 2.2 of the EHL Disclosure Memorandum, constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of either EHL or any Firststate entity under, any Contract or Permit of EHL, where such Lien, or any failure to obtain such Consent, is reasonably likely to have, individually or in the aggregate, an EHL Material Adverse Effect or a Firststate Material Adverse Effect, or, (iii) subject to receipt of the requisite Consents referred to in Section 6.1(b), violate any Law or Order applicable to EHL, Firststate or any Firststate Entity or any of their respective material Assets.

(c) Other than Consents required from Regulatory Authorities, and other than notices to or filings with the Internal Revenue Service or the Pension Benefit Guaranty Corporation with respect to any employee benefit plans, and other than Consents, filings, or notifications which, if not obtained or made, are not reasonably likely to have, individually or in the aggregate, an EHL Material Adverse Effect, no notice to, filing with, or Consent of, any public body or authority is necessary for the consummation by EHL of the transactions contemplated in this Agreement.

2.3 Capital Stock.

(a) The authorized capital stock of Firststate consists of 400,000 shares of Firststate Common Stock, of which 200,000 shares are issued and outstanding as of the date of this Agreement. All of the issued and outstanding shares of capital stock of Firststate are duly and validly issued and outstanding and are fully paid and nonassessable. None of the outstanding shares of capital stock of Firststate has been issued in violation of any preemptive rights of the current or past shareholders of Firststate.

(b) EHL owns all right, title and interest (legal and beneficial) in and to all of the issued and outstanding shares of Firststate's capital stock, free and clear of any restrictions on transfer or Liens. Except as specifically contemplated by, provided in or disclosed pursuant to this Agreement, no Person has any Contract or any right, claim, commitment or privilege (whether preemptive or contractual) capable of becoming a Contract for the purchase from the EHL of any of the Shares, or any Contract or Shareholder Right for the purchase, subscription or issuance of any securities of Firststate. EHL is not a party to any voting trust, proxy or other agreement or understanding with respect to the voting of the Shares.

2.4 Firstate Subsidiaries. EHL has disclosed in Section 2.4 of the EHL Disclosure Memorandum all of the significant Firstate Subsidiaries that are corporations (identifying its jurisdiction of incorporation, each jurisdiction in which it is qualified and/or licensed to transact business, and the number of shares owned and percentage ownership interest represented by such share ownership) and all of the Firstate Subsidiaries that are general or limited partnerships, limited liability companies, or other non-corporate entities (identifying the Law under which such entity is organized, each jurisdiction in which it is qualified and/or licensed to transact business, and the amount and nature of the ownership interest therein). Except as disclosed in Section 2.4 of the EHL Disclosure Memorandum, Firstate owns all of the issued and outstanding shares of capital stock (or other equity interests) of each Firstate Subsidiary. No capital stock (or other equity interest) of any Firstate Subsidiary is or may become required to be issued (other than to another Firstate Entity) by reason of any Shareholder's Rights, and there are no Contracts by which any Firstate Subsidiary is bound to issue (other than to another Firstate Entity) additional shares of its capital stock (or other equity interests) or Shareholder's Rights or by which any Firstate Entity is or may be bound to transfer any shares of the capital stock (or other equity interests) of any Firstate Subsidiary (other than to another Firstate Entity). There are no Contracts relating to the rights of any Firstate Entity to vote or to dispose of any shares of the capital stock (or other equity interests) of any Firstate Subsidiary. All of the shares of capital stock (or other equity interests) of each Firstate Subsidiary held by a Firstate Entity are fully paid and nonassessable under the applicable corporation Law of the jurisdiction in which such Subsidiary is incorporated or organized and are owned by the Firstate Entity free and clear of any restriction on transfer or Lien. Except as disclosed in Section 2.4 of the EHL Disclosure Memorandum, each such Subsidiary is duly organized, validly existing, and (as to corporations) in good standing under the Laws of the jurisdiction in which it is incorporated or organized, and has the corporate power and authority necessary for it to own, lease, and operate its Assets and to carry on its business as now conducted. Each Firstate Subsidiary is duly qualified or licensed to transact business as a foreign corporation in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a Firstate Material Adverse Effect. The minute book and other organizational documents for each Firstate Subsidiary have been made available to Republic for its review, and, except as disclosed in Section 2.4 of the EHL Disclosure Memorandum, are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the Board of Directors and shareholders thereof for the past five years.

2.5 Financial Statements. Each of the Firstate Financial Statements (including, in each case, any related notes) was prepared in accordance with GAAP applied on a consistent basis throughout the periods involved (except as may be indicated in the notes to such financial statements), and fairly presented in all material respects the consolidated financial position of Firstate and its Subsidiaries as at the respective dates and the consolidated results of operations and cash flows for the periods indicated, except that the unaudited interim financial statements were or are subject to normal and recurring year-end adjustments which were not or are not expected to be material in amount or effect.

2.6 Absence of Undisclosed Liabilities. No Firststate Entity has any Liabilities that are reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, except Liabilities which are accrued or reserved against in the consolidated balance sheets of Firststate as of December 31, 1995, and September 30, 1996, included in the Firststate Financial Statements delivered prior to the date of this Agreement or reflected in the notes thereto. To the knowledge of EHL, no Firststate Entity has incurred or paid any Liability since September 30, 1996, except for such Liabilities incurred or paid (i) in the ordinary course of business consistent with past business practice and which are not reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect or (ii) in connection with the transactions contemplated by this Agreement.

2.7 Absence of Certain Changes or Events. Since December 31, 1995, except as disclosed in the Firststate Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 2.7 of the EHL Disclosure Memorandum, (i) there have been no events, changes, transactions, losses or other occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, and (ii) the Firststate Entities have not taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a material breach or violation of any of the covenants and agreements of Firststate provided in Article 4.

2.8 Tax Matters.

(a) All Tax Returns required to be filed by or on behalf of any of the Firststate Entities have been timely filed for periods ended on or before December 31, 1995, and on or before the date of the most recent fiscal year end immediately preceding the Closing Date, except to the extent that all such failures to file, taken together, are not reasonably likely to have a Firststate Material Adverse Effect, and all Tax Returns filed are complete and accurate in all material respects. All Taxes shown on filed Tax Returns have been paid. As of the date of this Agreement, there is no audit examination, deficiency, or refund Litigation with respect to any Taxes that is reasonably likely to result in a determination that would have, individually or in the aggregate, a Firststate Material Adverse Effect, except as reserved against in the Firststate Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 2.8 of the EHL Disclosure Memorandum. All Taxes and other Liabilities due with respect to completed and settled Tax examinations or concluded refund Litigation have been paid. There are no Liens with respect to Taxes upon any of the Assets of the Firststate Entities, except for any such Liens which are not reasonably likely to have a Firststate Material Adverse Effect.

(b) None of the Firststate Entities has executed an extension or waiver of any statute of limitations on the assessment or collection of any Tax due (excluding such statutes that relate to years currently under examination by the Internal Revenue Service or other applicable taxing authorities) that is currently in effect.

(c) The provision for any Taxes due or to become due for any of the Firststate Entities for the period or periods through and including the date of the respective Firststate Financial Statements that has been made and is reflected on such Firststate Financial Statements is sufficient to cover all such Taxes.

(d) Deferred Taxes of the Firststate Entities have been provided for in accordance with GAAP.

(e) None of the Firststate Entities is a party to any Tax allocation or sharing agreement and none of the Firststate Entities has been a member of an affiliated group filing a consolidated federal income Tax Return (other than a group the common parent of which was Firststate) has any Liability for Taxes of any Person (other than Firststate and its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign Law) as a transferee or successor or by Contract or otherwise.

(f) Each of the Firststate Entities is in compliance with, and its records contain all information and documents (including properly completed IRS Forms W-9) necessary to comply with, all applicable information reporting and Tax withholding requirements under federal, state, and local Tax Laws, and such records identify with specificity all accounts subject to backup withholding under Section 3406 of the Internal Revenue Code, except for such instances of noncompliance and such omissions as are not reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect.

(g) Except as disclosed in Section 2.8 of the EHL Disclosure Memorandum, none of the Firststate Entities has made any payments, is obligated to make any payments, or is a party to any Contract that could obligate it to make any payments that would be disallowed as a deduction under Section 280G or 162(m) of the Internal Revenue Code.

(h) There has not been an ownership change, as defined in Internal Revenue Code Section 382(g), of the Firststate Entities that occurred during or after any Taxable Period in which the Firststate Entities incurred a net operating loss that carries over to any Taxable Period ending after December 31, 1995.

(i) No Firststate Entity has or has had in any foreign country a permanent establishment, as defined in any applicable tax treaty or convention between the United States and such foreign country.

(j) After the date hereof, no election with respect to Taxes will be made which, if either made or failed to be made as appropriate could have a Firststate Material Adverse Effect, without the prior written consent of Republic, which consent will not be unreasonably withheld.

(k) Firststate has made available to Republic for inspection correct and complete copies of all federal income Tax Returns, examination reports and statements of deficiencies assessed against or agreed to by Firststate since January 1, 1993.

(l) None of the Firststate Entities has filed a consent under Section 341(f) of the Internal Revenue Code concerning collapsible corporations.

(m) On request of Republic, at or prior to Closing, EHL will provide a certificate of non-foreign status for the purposes of Section 1445 of the Internal Revenue Code.

2.9 Allowance for Possible Loan Losses. In the opinion of management of Firststate, the allowance for possible loan or credit losses (the "Allowance") shown on the consolidated balance sheets of Firststate included in the most recent Firststate Financial Statements dated prior to the date of this Agreement was, and the Allowance shown on the consolidated balance sheets of Firststate included in the Firststate Financial Statements as of dates subsequent to the execution of this Agreement will be, as of the dates thereof, adequate (within the meaning of GAAP) to provide for all known or reasonably anticipated losses relating to or inherent in the loan and lease portfolios (including accrued interest receivables) of the Firststate Entities and other extensions of credit (including letters of credit and commitments to make loans or extend credit) by the Firststate Entities as of the dates thereof, except where the failure of such Allowance to be so adequate is not reasonably likely to have a Firststate Material Adverse Effect.

2.10 Assets.

(a) Except as disclosed in Section 2.10 of the EHL Disclosure Memorandum or as disclosed or reserved against in the Firststate Financial Statements delivered prior to the date of this Agreement, the Firststate Entities have good and marketable title, free and clear of all Liens, to all of their respective Assets which are material to Firststate's business on a consolidated basis, except for any such Liens or other defects of title which are not reasonably likely to have a Firststate Material Adverse Effect.

(b) All Assets which are material to Firststate's business on a consolidated basis, held under leases or subleases by any of the Firststate Entities, are held under valid Contracts enforceable in accordance with their respective terms (except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, or other Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceedings may be brought), and each such Contract is in full force and effect.

(c) The Firststate Entities currently maintain insurance as disclosed in Section 2.10(e) of the EHL Disclosure Memorandum, and to the Knowledge of EHL, such insurance is in full force and effect. None of the Firststate Entities has received notice from any insurance carrier that (i) any policy of insurance will be canceled or that coverage thereunder will be reduced or eliminated, or (ii) premium costs with respect to such policies of insurance will be substantially increased. There are presently no claims for amounts exceeding in any individual case \$100,000 pending under such policies of insurance and no notices of claims in excess of such amounts have been given by any Firststate Entity under such policies.

2.11 Intellectual Property. Each Firststate Entity owns or has a right to use all of the Intellectual Property used by such Firststate Entity in the course of its business, except to the extent that failure to own or have such a right is not reasonably likely to have a Firststate Material Adverse Effect. No proceedings have been instituted, or are pending or to the Knowledge of EHL threatened, which challenge the rights of any Firststate Entity with respect to Intellectual Property used by such Firststate Entity in the course of its business, nor has any person claimed or alleged any rights to such Intellectual Property. To the Knowledge of EHL, the conduct of the business of the Firststate Entities does not infringe any Intellectual Property of any other person.

2.12 Environmental Matters.

(a) To the Knowledge of EHL, and except as disclosed in Section 2.12 of the EHL Disclosure Memorandum, each Firststate Entity, its Participation Facilities, and its Operating Properties are, and have been, in compliance with all Environmental Laws, except for violations which are not reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect.

(b) There is no Litigation pending or, to the Knowledge of EHL, threatened before any court, governmental agency, or authority or other forum in which any Firststate Entity or any of its Operating Properties or Participation Facilities (or Firststate in respect of such Operating Property or Participation Facility) has been or, with respect to threatened Litigation, may be named as a defendant (i) for alleged noncompliance (including by any predecessor) with any Environmental Law or (ii) relating to the release, discharge, spillage, or disposal into the environment of any Hazardous Material, whether or not occurring at, on, under, adjacent to, or affecting (or potentially affecting) a site owned, leased, or operated by any Firststate Entity or any of its Operating Properties or Participation Facilities, except for such Litigation pending or threatened that is not reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, nor is there any reasonable basis for any Litigation of a type described in this sentence, except such as is not reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect.

(c) During the period of (i) any Firststate Entity's ownership or operation of any of their respective current properties, (ii) any Firststate Entity's participation in the management of any Participation Facility, or (iii) any Firststate Entity's holding of a security interest in a Operating Property, to the Knowledge of EHL there have been no releases, discharges, spillages, or disposals of Hazardous Material in, on, under, adjacent to, or affecting (or potentially affecting) such properties, except such as are not reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect. Prior to the period of (i) any Firststate Entity's ownership or operation of any of their respective current properties, (ii) any Firststate Entity's participation in the management of any Participation Facility, or (iii) any Firststate Entity's holding of a security interest in a Operating Property, to the Knowledge of EHL, there were no releases, discharges, spillages, or disposals of Hazardous Material in, on, under, or affecting any such

property, Participation Facility or Operating Property, except such as are not reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect.

2.13 Compliance with Laws. Firststate and each Firststate Entity has in effect all Permits necessary for it to own, lease, or operate its material Assets and to carry on its business as now conducted, except for those Permits the absence of which are not reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, and there has occurred no Default under any such Permit. Except as disclosed in Section 2.13 of the EHL Disclosure Memorandum, none of the Firststate Entities:

(a) is in Default under any of the provisions of its Charter, Articles of Incorporation or Bylaws (or other governing instruments);

(b) is in Default under any Laws, Orders, or Permits applicable to its business or employees conducting its business; or

(c) since January 1, 1993, and except as disclosed in Section 2.13 of the EHL Disclosure Memorandum, has received any notification or communication from any agency or department of federal, state, or local government or any Regulatory Authority or the staff thereof (i) asserting that any Firststate Entity is not in compliance with any of the Laws or Orders which such governmental authority or Regulatory Authority enforces, where such noncompliance is reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, (ii) threatening to revoke any Permits, the revocation of which is reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, or (iii) requiring any Firststate Entity to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment, or memorandum of understanding, or to adopt any Board resolution or similar undertaking, which restricts materially the conduct of its business or in any manner relates to its capital adequacy, its credit or reserve policies, its management, or the payment of dividends.

Copies of all material reports, correspondence, notices and other documents relating to any inspection, audit, monitoring or other form of review or enforcement action by a Regulatory Authority have been made available to Republic.

2.14 Labor Relations. No Firststate Entity is the subject of any Litigation, and, to the Knowledge of EHL, there is no Litigation threatened, before any court, governmental agency or authority or other forum, asserting that it or any other Firststate Entity has committed an unfair labor practice (within the meaning of the National Labor Relations Act or comparable state law) or seeking to compel it or any other Firststate Entity to bargain with any labor organization as to wages or conditions of employment, nor is any Firststate Entity party to any collective bargaining agreement, nor is there any strike or other labor dispute involving any Firststate Entity, pending or, to the Knowledge of EHL, threatened, nor to the Knowledge of EHL, is there any activity involving any Firststate Entity's employees seeking to certify a collective bargaining unit or engaging in any other organization activity.

2.15 Employee Benefit Plans.

(a) EHL has disclosed in Section 2.15 of the EHL Disclosure Memorandum, and has delivered or made available to Republic prior to the execution of this Agreement copies in each case of, all pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, severance pay, vacation, bonus, or other incentive plan, all other written employee programs, arrangements, or agreements, all medical, vision, dental, or other health plans, all life insurance plans, and all other employee benefit plans or fringe benefit plans, including "employee benefit plans" as that term is defined in Section 3(3) of ERISA, currently sponsored by any Firststate Entity (collectively, the "Firststate Benefit Plans"). Any Firststate Benefit Plan which is an "employee pension benefit plan," as that term is defined in Section 3(2) of ERISA, is referred to herein as a "Firststate ERISA Plan."

(b) As to each Firststate Benefit Plan, to the knowledge of EHL, Firststate has complied with the applicable terms of ERISA and the Internal Revenue Code and any other applicable laws, the breach or violation of which are reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect. Each Firststate ERISA Plan which is intended to be qualified under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service.

(c) No Firststate Pension Plan is a defined benefit plan within the meaning of Section 414(g) of the Code.

(d) No Firststate Pension Plan is a multiemployer plan within the meaning of Section 3(37) of ERISA.

(e) Except as disclosed in Section 2.15 of the EHL Disclosure Memorandum, no Firststate Entity maintains a Firststate Benefit Plan providing welfare benefits (as defined in Section 3(1) of ERISA) to Employees after retirement or after separation from service except to the extent required under Part 6 of Title I of ERISA or Code Section 4980B.

2.16 Material Contracts. Except as disclosed in Section 2.16 of the EHL Disclosure Memorandum or otherwise reflected in the Firststate Financial Statements, none of the Firststate Entities, nor any of their respective Assets, businesses, or operations, is a party to, or is bound or affected by, or receives benefits under, (i) any employment, severance, termination, consulting, or retirement Contract providing for aggregate payments to any Person in any calendar year in excess of \$100,000, (ii) any Contract relating to the borrowing of money by any Firststate Entity or the guarantee by any Firststate Entity of any such obligation (other than Contracts evidencing deposit liabilities, purchases of federal funds, fully-secured repurchase agreements, and Federal Home Loan Bank advances of depository institution Subsidiaries, trade payables and Contracts relating to borrowings or guarantees made in the ordinary course of business), (iii) any Contract which prohibits or restricts any Firststate Entity from engaging in any business activities in any geographic area, line of business or otherwise in competition with any other Person, (iv) any Contract between or among Firststate Entities, (v) any Contract involving Intellectual Property (other than Contracts entered into in the ordinary course with customers and "shrink-wrap"

software licenses), (vi) any Contract relating to the provision of data processing, network communication, or other technical services to or by any Firststate Entity, other than in the ordinary course of business, copies of which will be made available to Republic upon request, (vii) any Contract relating to the purchase or sale of any goods or services (other than Contracts entered into in the ordinary course of business and involving payments under any individual Contract not in excess of \$100,000 in any calendar year), (viii) any exchange-traded or over-the-counter swap, forward, future, option, cap, floor, or collar financial Contract, or any other interest rate or foreign currency protection Contract not included on its balance sheet which is a financial derivative Contract, and (ix) any other Contract or amendment thereto that would be required to be filed as an exhibit to a Form 10-K filed (were such Form 10-K required to be filed) by Firststate with the SEC or other relevant Regulatory Authority as of the date of this Agreement (together with all Contracts referred to in Sections 2.10 and 2.15(a), the "Firststate Contracts"). With respect to each Firststate Contract and except as disclosed in Section 2.16 of the EHL Disclosure Memorandum, or except to the extent that such matter would not result in a Firststate Material Adverse Effect: (i) the Contract is in full force and effect; (ii) no Firststate Entity is in Default thereunder; (iii) no Firststate Entity has repudiated or waived any material provision of any such Contract; and (iv) no other party to any such Contract is, to the Knowledge of Firststate, in Default in any respect, or has repudiated or waived any material provision thereunder. All of the indebtedness of any Firststate Entity for money borrowed is prepayable at any time by such Firststate Entity without penalty or premium.

2.17 Legal Proceedings. There is no Litigation instituted or pending, or, to the Knowledge of EHL, threatened (or unasserted but considered probable of assertion and which if asserted would have at least a reasonable probability of an unfavorable outcome) against any Firststate Entity, or against any director, employee or employee benefit plan of any Firststate Entity, or against any Asset, interest, or right of any of them, that is reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, nor are there any Orders of any Regulatory Authorities, other governmental authorities, or arbitrators outstanding against any Firststate Entity, that are reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, except as disclosed in Section 2.17 of the EHL Disclosure Memorandum.

2.18 Reports. Since January 1, 1993, or the date of organization if later, each Firststate Entity has timely filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Regulatory Authorities. As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all material respects with all applicable Laws.

2.19 Statements True and Correct. No statement, certificate, instrument or other writing furnished or to be furnished by EHL or any Firststate Entity or any Affiliate thereof to Republic pursuant to this Agreement or any other document, agreement or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All documents that EHL or any Firststate Entity or any Affiliate thereof is responsible for filing with any Regulatory Authority in connection with the transactions

contemplated hereby will comply as to form in all material respects with the provisions of applicable Law.

2.20 Regulatory Matters. No Firststate Entity nor EHL nor any Affiliate thereof has taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to materially impede or delay receipt of any Consents of Regulatory Authorities referred to in Section 6.1(b), or which would prohibit EHL from consummating the transactions contemplated by this Agreement.

ARTICLE 3 **REPRESENTATIONS AND WARRANTIES OF REPUBLIC**

Republic hereby represents and warrants to EHL as follows:

3.1 Organization, Standing, and Power. Republic is a corporation duly organized, validly existing, and in good standing under the Laws of the State of Florida, and has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its material Assets. Republic is duly qualified or licensed to transact business as a foreign corporation in good standing in the States of the United States and foreign jurisdictions where the character of its Assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a Republic Material Adverse Effect.

3.2 Authority; No Breach By Agreement.

(a) Republic has the corporate power and authority necessary to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, including the Stock Purchase, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of Republic. This Agreement represents a legal, valid, and binding obligation of Republic, enforceable against Republic in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought).

(b) Neither the execution and delivery of this Agreement by Republic, nor the consummation by Republic of the transactions contemplated hereby, nor compliance by Republic with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of Republic's certificate of incorporation or bylaws, or (ii) constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of any Republic Entity under, any Contract or Permit of any Republic Entity, or, (iii) subject

to receipt of the requisite Consents referred to in Section 6.1(b), constitute or result in a Default under, or require any Consent pursuant to, any Law or Order applicable to any Republic Entity or any of their respective material Assets (including any Republic Entity or EHL or any Firststate Entity becoming subject to or liable for the payment of any Tax or any of the Assets owned by any Republic Entity or any Firststate Entity being reassessed or revalued by any Taxing authority).

(c) Other than Consents required from Regulatory Authorities, and other than notices to or filings with the Internal Revenue Service or the Pension Benefit Guaranty Corporation with respect to any employee benefit plans, and other than Consents, filings, or notifications which, if not obtained or made, are not reasonably likely to have, individually or in the aggregate, a Republic Material Adverse Effect, no notice to, filing with, or Consent of, any public body or authority is necessary for the consummation by Republic of the Stock Purchase and the other transactions contemplated in this Agreement.

3.3 Compliance with Laws. Republic is duly registered as a bank holding company under the BHC Act. Each Republic Entity has in effect all Permits necessary for it to own, lease or operate its material Assets and to carry on its business as now conducted, except for those Permits the absence of which are not reasonably likely to have, individually or in the aggregate, a Republic Material Adverse Effect, and there has occurred no Default under any such Permit. None of the Republic Entities:

(a) is in Default under its Articles of Incorporation or Bylaws (or other governing instruments); or

(b) is in Default under any Laws, Orders or Permits applicable to its business or employees conducting its business; or

(c) since January 1, 1993, has received any notification or communication from any agency or department of federal, state, or local government or any Regulatory Authority or the staff thereof (i) asserting that any Republic Entity is not in compliance with any of the Laws or Orders which such governmental authority or Regulatory Authority enforces, where such noncompliance is reasonably likely to have, individually or in the aggregate, a Republic Material Adverse Effect, (ii) threatening to revoke any Permits, the revocation of which is reasonably likely to have, individually or in the aggregate, a Republic Material Adverse Effect, or (iii) requiring any Republic Entity to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment or memorandum of understanding, or to adopt any Board resolution or similar undertaking, which restricts materially the conduct of its business, or in any manner relates to its capital adequacy, its credit or reserve policies, its management, or the payment of dividends; or

(d) to the extent that one or more of the Republic Entities is an insured financial institution, each such Entity has at least a "satisfactory" rating on its consumer compliance and Community Reinvestment Act examinations.

3.4 Legal Proceedings. There is no Litigation instituted or pending, or, to the Knowledge of Republic, threatened (or unasserted but considered probable of assertion and which if asserted would have at least a reasonable probability of an unfavorable outcome) against any Republic Entity, or against any director, employee or employee benefit plan of any Republic Entity, or against any Asset, interest, or right of any of them, that is reasonably likely to have, individually or in the aggregate, a Republic Material Adverse Effect, nor are there any Orders of any Regulatory Authorities, other governmental authorities, or arbitrators outstanding against any Republic Entity, that are reasonably likely to have, individually or in the aggregate, a Republic Material Adverse Effect.

3.5 Statements True and Correct. No statement, certificate, instrument or other writing furnished or to be furnished by any Republic Entity or any Affiliate thereof to Firststate pursuant to this Agreement or any other document, agreement or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. All documents that any Republic Entity or any Affiliate thereof is responsible for filing with any Regulatory Authority in connection with the transactions contemplated hereby will comply as to form in all material respects with the provisions of applicable Law.

3.6 Regulatory Matters. No Republic Entity or any Affiliate thereof has taken or agreed to take any action or has any Knowledge of any fact or circumstance that is reasonably likely to materially impede or delay receipt of any Consents of Regulatory Authorities referred to in Section 6.1(b), or which would prohibit Republic from consummating the transactions contemplated by this Agreement.

ARTICLE 4 **CONDUCT OF BUSINESS PENDING CONSUMMATION**

4.1 Affirmative Covenants With Respect to Firststate. From the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement, unless the prior written consent of Republic shall have been obtained, and except as otherwise expressly contemplated herein, EHL shall use reasonable efforts to cause Firststate and each of its Subsidiaries to (a) operate its business only in the usual, regular, and ordinary course, (b) preserve intact its business organization and Assets and maintain its rights and franchises, except for such changes as might occur in the ordinary course of business consistent with past practices, and (c) take no action which would (i) materially adversely affect the ability of either Party to obtain Consents required for the transactions contemplated hereby without imposition of a condition or restriction of the type referred to in the last sentences of Section 6.1(b) of 6.1(c), or (ii) materially adversely affect the ability of either Party to perform its covenants and agreements under this Agreement.

4.2 Negative Covenants With Respect to Firststate. From the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement, unless the prior written consent of Republic shall have been obtained, and except as otherwise expressly

contemplated herein, EHL covenants and agrees that it will not permit Firststate or any of its Subsidiaries to do or agree to do, any of the following:

(a) amend the Articles of Incorporation, Bylaws or other governing instruments of any Firststate Entity, except as may be required by Law, or

(b) incur any additional debt obligation or other obligation for borrowed money (other than indebtedness of a Firststate Entity to another Firststate Entity) except in the ordinary course of the business of Firststate consistent with past practices (which shall include, for Firststate, creation of deposit liabilities, purchases of federal funds, advances from the Federal Reserve Bank or Federal Home Loan Bank, entry into repurchase agreements fully secured by U.S. government or agency securities and similar activities), or except as reasonably necessary (even if outside the ordinary course of business) in response to extraordinary circumstances, or impose, or suffer the imposition, on any Asset of any Firststate Entity of any Lien or permit any such Lien to exist (other than in connection with deposits, repurchase agreements, bankers acceptances, "treasury tax and loan" accounts established in the ordinary course of business, the satisfaction of legal requirements in the exercise of trust powers, and Liens in effect as of the date hereof that are disclosed in Section 4.2(b) of the EHL Disclosure Memorandum); or

(c) repurchase, redeem, or otherwise acquire or exchange, directly or indirectly, any shares, or any securities convertible into any shares, of the capital stock of any Firststate Entity, or declare or pay any dividend or make any other distribution in respect of Firststate's capital stock, except as specifically provided or permitted herein; or

(d) except for this Agreement, issue, sell, pledge, encumber, authorize the issuance of, enter into any Contract to issue, sell, pledge, encumber, or authorize the issuance of, or otherwise permit to become outstanding, any additional shares of Firststate Common Stock, or any other capital stock of any Firststate Entity except in connection with the sale of the real estate held or owned by a Firststate Subsidiary, or any stock appreciation rights, or any option, warrant, or other Stockholders' Right; or

(e) adjust, split, combine or reclassify any capital stock of any Firststate Entity or issue or authorize the issuance of any other securities in respect of or in substitution for shares of Firststate Common Stock, or sell, lease, mortgage or otherwise dispose of or otherwise encumber (x) any shares of capital stock of any Firststate Subsidiary (unless any such shares of stock are sold or otherwise transferred to another Firststate Entity, or except with respect to a Firststate Subsidiary, in connection with the sale of the real estate held or owned by such Subsidiary) or (y) any Asset other than in the ordinary course of business for reasonable and adequate consideration; or

(f) except in the ordinary course of business and consistent with past practices, purchase any securities or make any material investment, either by purchase of stock of securities, contributions to capital, Asset transfers, or purchase of any Assets, in any Person other than a wholly owned Firststate Subsidiary, or otherwise acquire direct or indirect

control over any Person, other than in connection with (i) foreclosures in the ordinary course of business, (ii) acquisitions of control by Firststate in its fiduciary capacity, or (iii) the creation of new wholly owned Subsidiaries organized to conduct or continue activities otherwise permitted by this Agreement, including Subsidiaries formed to hold real estate or other assets received as a result of or in lieu of foreclosure; or

(g) grant any increase in compensation or benefits to the employees or officers of any Firststate Entity, except in accordance with past practice disclosed in Section 4.2(g) of the EHL Disclosure Memorandum or as required by Law; pay any severance or termination pay or any bonus other than pursuant to written policies or written Contracts in effect on the date of this Agreement and disclosed in Section 4.2(g) of the EHL Disclosure Memorandum; enter into or amend any severance agreements with officers of any Firststate Entity; grant any material increase in fees or other increases in compensation or other benefits to directors of any Firststate Entity except in accordance with past practice or as disclosed in Section 4.2(g) of the EHL Disclosure Memorandum; or

(h) enter into or amend any employment Contract between any Firststate Entity and any Person (unless such amendment is required by Law) that the Firststate Entity does not have the unconditional right to terminate without Liability (other than Liability for services already rendered), at any time on or after the Closing Date except as disclosed in Section 4.2(h) of the EHL Disclosure Memorandum, or except as may not be material in amount; or

(i) adopt any new employee benefit plan of any Firststate Entity or terminate or withdraw from, or make any material change in or to, any existing employee benefit plans of any Firststate Entity other than any such change that is required by Law or that, in the opinion of counsel, is necessary or advisable to maintain the tax qualified status of any such plan, or make any distributions from such employee benefit plans, except as required by Law, the terms of such plans or consistent with past practice; or

(j) make any significant change in any Tax or accounting methods or systems of internal accounting controls, except as may be appropriate to conform to changes in Tax Laws or regulatory accounting requirements or GAAP; or

(k) except in the ordinary course of business, enter into, modify, amend or terminate any material Contract, or waive, release, compromise or assign any material rights or claims (other than in connection with the workout of any Material loan Contract).

4.3 Covenants of Republic. From the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement, unless the prior written consent of EHL shall have been obtained, and except as otherwise expressly contemplated herein, Republic covenants and agrees that it shall take no action which would (i) materially adversely affect the ability of any Party to obtain any Consents required for the transactions contemplated hereby, or (ii) materially adversely affect the ability of any Party to perform its covenants and agreements

under this Agreement, materially delay the Closing Date or materially hinder consummation of the Stock Purchase.

4.4 Adverse Changes in Condition. Each Party agrees to give written notice promptly to the other Party upon becoming aware of the occurrence or impending occurrence of any event or circumstance relating to it or any of its Subsidiaries which (i) is reasonably likely to have, individually or in the aggregate, an EHL Material Adverse Effect, a Firststate Material Adverse Effect or a Republic Material Adverse Effect, as applicable, or (ii) would cause or constitute a material breach of any of its representations, warranties, or covenants contained herein, and to use its reasonable efforts to prevent or promptly to remedy the same.

4.5 Reports. Each Party and its Subsidiaries shall file all reports required to be filed by it with Regulatory Authorities between the date of this Agreement and the Closing Date and shall deliver to the other Party copies of all such reports promptly after the same are filed. Any financial statements contained in any reports to any Regulatory Authority shall be prepared in accordance with Laws applicable to such reports.

ARTICLE 5

ADDITIONAL AGREEMENTS

5.1 Applications Republic shall promptly prepare, and shall in any event within 30 days of the date hereof file, and EHL shall cooperate in the preparation and, where appropriate, filing of, applications with all Regulatory Authorities having jurisdiction over the transactions contemplated by this Agreement seeking the requisite Consents necessary to consummate the transactions contemplated by this Agreement. The Parties shall deliver to each other copies of all filings, correspondence and orders to and from all Regulatory Authorities in connection with the transactions contemplated hereby.

5.2 Agreement as to Efforts to Consummate. Subject to the terms and conditions of this Agreement, each Party agrees to use, and to cause its Subsidiaries to use, its reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable under applicable Laws to consummate and make effective, as soon as reasonably practicable after the date of this Agreement, the transactions contemplated by this Agreement, including using its reasonable efforts to lift or rescind any Order adversely affecting its ability to consummate the transactions contemplated herein and to cause to be satisfied the conditions referred to in Article 6; provided, that nothing herein shall preclude either Party from exercising its rights under this Agreement. Each Party shall use, and shall cause each of its Subsidiaries to use, its reasonable efforts to obtain all Consents necessary or desirable for the consummation of the transactions contemplated by this Agreement.

5.3 Investigation and Confidentiality.

(a) Prior to the Closing Date, EHL keep Republic advised of all material developments relevant to the business and operations of Firststate and its Subsidiaries and

to consummation of the Stock Purchase and shall permit Republic to make or cause to be made such investigation of the business and properties of Firststate and its Subsidiaries and of their respective financial and legal conditions as Republic reasonably requests, provided that such investigation shall be reasonably related to the transactions contemplated hereby and shall not interfere unnecessarily with normal operations. Republic shall promptly notify EHL if in the course of its investigation Republic discovers any fact of circumstance which it believes may constitute a breach of warranty or representation made by EHL herein.

(b) Republic shall, and shall cause its advisers and agents to, maintain the confidentiality of all confidential information furnished to it by EHL or Firststate concerning Firststate and its Subsidiaries' businesses, operations, and financial positions and shall not use such information for any purpose except in furtherance of the transactions contemplated by this Agreement. If this Agreement is terminated prior to the Closing Date, Republic shall promptly return or certify the destruction of all documents and copies thereof, and all work papers containing confidential information received from EHL or Firststate.

(c) Each Party agrees to give the other Party notice as soon as practicable after any determination by it of any fact or occurrence relating to the other Party which it has discovered through the course of its investigation and which represents, or is reasonably likely to represent, either a material breach or any representation, warranty, covenant or agreement of the other Party or which has had or is reasonably likely to have an EHL Material Adverse Effect, a Firststate Material Adverse Effect or an Republic Material Adverse Effect, as applicable.

(d) Republic has previously executed a Confidentiality Agreement with The Carson Medlin Company. Such agreement shall (i) remain in full force and effect upon execution of this Agreement, (ii) terminate upon completion of the stock purchase contemplated by this Agreement, and (iii) continue in full force and effect if this Agreement is terminated for any reason.

5.4 Press Releases. Prior to the Closing Date, EHL and Republic shall consult with each other as to the form and substance of any press release or other public disclosure materially related to this Agreement or any other transaction contemplated hereby; provided, that nothing in this Section 5.4 shall be deemed to prohibit any Party from making any disclosure which its counsel deems necessary or advisable in order to satisfy such Party's disclosure obligations imposed by Law.

5.5 Employment-Related Liabilities.

(a) As of the Closing Date, neither EHL nor any affiliated entity shall have any liabilities or obligations with respect to (i) employment-related liabilities, whether contingent or otherwise, arising out of any individual's employment or working relationship with any Firststate Entity; or (ii) any benefit plan, program, arrangement or policy maintained or contributed to by any Firststate Entity to the extent that such benefit plan, program, arrangement or policy benefits any Employee of any Firststate Entity (a "Firststate Employee") or any retiree, dependent, spouse,

director or independent contractor of any Firststate Entity,. As of the Closing Date, Republic shall assume and be liable for any obligations under any such benefit plan, program, arrangement or policy maintained or sponsored by any Firststate Entity except as specifically mentioned above.

(b) Republic agrees to indemnify EHL from any liability, loss, damage or expense EHL may incur (including reasonable attorneys' fees) with respect to any claims of any Firststate Employee arising out of (i) employment with Republic, (ii) the termination of such Firststate Employees' employment as a result of the actions of Republic on or after the Closing Date or (iii) liabilities assumed by Republic under this Agreement.

(c) Republic agrees to be responsible for complying with the requirements of Code Section 4980B and Part 6 of Title I of ERISA for Firststate Employees and their beneficiaries having a "qualifying event" (as defined in Code Section 4980B) on or after the Closing Date.

(d) Effective as soon as administratively feasible after the Closing Date, Republic will make its employee benefit plans and programs available to Firststate Employees on the same terms applicable to [Acquiror's] employees. Republic shall credit each Firststate Employee with such Employee's term of service with EHL or any affiliate of EHL or any Firststate Entity for purposes of Buyer's employee benefit plans and programs, except for purposes of benefit accrual under any ERISA pension plan (as defined in Section 3(2) of ERISA) maintained by Republic.

5.6 **Loan to Stonebridge, Ltd.** On or before the Closing, Firststate may, at the election of EHL, distribute to EHL or an entity selected by EHL the outstanding loan from Firststate to Stonebridge Ltd., which loan although outstanding on the date of this Agreement is not reflected as an asset on the books and records of Firststate.

ARTICLE 6

CONDITIONS PRECEDENT TO OBLIGATIONS TO CONSUMMATE

6.1 **Conditions to Obligations of Each Party.** The respective obligations of each Party to perform this Agreement and consummate the Stock Purchase and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by both Parties pursuant to Section 8.6:

(a) **Regulatory Approvals.** All Consents of, filings and registrations with, and notifications to, all Regulatory Authorities required for consummation of the Stock Purchase shall have been obtained or made and shall be in full force and effect and all waiting periods required by Law shall have expired. No Consent obtained from any Regulatory Authority which is necessary to consummate the transactions contemplated hereby shall be conditioned or restricted in a manner (including requirements relating to the raising of additional capital or the disposition of Assets) which in the reasonable judgment of the Board of Directors of either Party would so materially adversely impact the economic or business benefits of the transactions contemplated by this Agreement that, had such

condition or requirement been known, such Party would not, in its reasonable judgment, have entered into this Agreement.

(b) **Consents and Approvals.** Each Party shall have obtained any and all Consents required for consummation of the Stock Purchase or for the preventing of any Default under any Contract or Permit of such Party.

(c) **Legal Proceedings.** No court or governmental or regulatory authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Order (whether temporary, preliminary or permanent) or taken any other action which prohibits, restricts or makes illegal consummation of the transactions contemplated by this Agreement.

6.2 Conditions to Obligations of Republic. The obligations of Republic to perform this Agreement and consummate the Stock Purchase and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by Republic pursuant to Section 8.6(a):

(a) **Representations and Warranties.** For purposes of this Section 6.2(a), the accuracy of the representations and warranties of EHL set forth in this Agreement shall be assessed as of the date of this Agreement and as of the Closing Date with the same effect as though all such representations and warranties had been made on and as of the Closing Date (provided that representations and warranties which are confined to a specified date shall speak only as of such date). There shall not exist inaccuracies or omissions in the representations and warranties of EHL set forth in this Agreement such that the aggregate effect of such inaccuracies or omissions has, or is reasonably likely to have, an EHL Material Adverse Effect or a Firststate Material Adverse Effect.

(b) **Performance of Agreements and Covenants.** Each and all of the agreements and covenants of EHL to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Closing Date shall have been duly performed and complied with in all material respects.

(c) **Certificates.** EHL shall have delivered to Republic a certification by its general partner to the effect that he is authorized to execute and deliver this Agreement on behalf of EHL and to transfer the Shares as provided in Section 1.2 hereof.

(d) **Certain REO.** If such properties have not been previously sold by Firststate, and at the request of Acquiror, an entity selected by EHL, prior to Closing, shall buy or shall otherwise arrange for the purchase of two parcels of real estate identified as the Kay Property and the Hester Property, title to which are currently held by wholly owned subsidiaries of Jackson Street Management Co., Inc., a Firststate Subsidiary, for a cash contribution of \$577,900 with respect to the Kay Property and \$2,623,639 with respect to the Hester Property, for a total of \$3,201,539, which represents in each case the agreed net book value of the parcel. If either property is sold prior to the Closing for a price lower

than the agreed net book value above, EHL shall make a cash contribution to Firststate equal to the difference between the agreed net book value and the actual sale price. Firststate may write down either or both parcels of property on its books to such amount it deems appropriate. In the event any writedown requires EHL to make an additional capital contribution to Firststate, such capital contribution shall be deducted from EHL's obligation as described in this Section 6.2(d).

(e) **Zell Loan.** At or prior to Closing, and at the discretion of Republic, Sam Zell or an entity selected by him shall repay in full the loan held by Firststate in the amount of the outstanding balance, which was approximately \$10.5 million as of November 25, 1996, or shall purchase the loan for the outstanding principal balance thereof plus the accrued but unpaid interest thereon. At or prior to Closing, Firststate may release the escrowed marketable securities provided by Mr. Zell that serve as additional collateral for such loan.

(f) **Abbott Employment Contract.** Notwithstanding the provisions of Section 5.5, EHL or an entity selected by EHL shall assume all obligations under the employment letter from Firststate to Edward T. Abbott, dated February 6, 1992.

6.3 Conditions to Obligations of EHL. The obligations of EHL to perform this Agreement and consummate the Stock Purchase and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by EHL pursuant to Section 8.6(b):

(a) **Representations and Warranties.** For purposes of this Section 6.3(a), the accuracy of the representations and warranties of Republic set forth in this Agreement shall be assessed as of the date of this Agreement and as of the Closing Date with the same effect as though all such representations and warranties had been made on and as of the Closing Date (provided that representations and warranties which are confined to a specified date shall speak only as of such date). There shall not exist inaccuracies or omissions in the representations and warranties of Republic set forth in this Agreement such that the aggregate effect of such inaccuracies or omissions has, or is reasonably likely to have, a Republic Material Adverse Effect.

(b) **Performance of Agreements and Covenants.** Each and all of the agreements and covenants of Republic to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Closing Date shall have been duly performed and complied with in all material respects.

(c) **Capital Maintenance Agreements.** EHL shall have obtained assurances acceptable to it that the capital maintenance obligations which one of its general partners has to the Office of Thrift Supervision with respect to Firststate shall be terminated upon consummation of the transactions contemplated by this Agreement, and that all collateral held in trust related thereto shall be released.

6.4 **Post-Closing Covenants.** For a period of one year following the Closing, EHL and Republic agree as follows:

(a) **General.** In case at any time after the Closing any further action is necessary to carry out the provisions of this Agreement, each of the Parties will take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request, all at the sole cost and expense of the requesting Party. EHL acknowledges and agrees that from and after the Closing Republic will be entitled to obtain copies of all documents, books, records (including Tax records), agreements and financial data of any sort of the Firststate Entities as may be in its possession, custody or control.

(b) **Transition.** EHL will not take any action that is intended to have the effect of discouraging any depositor or borrower of Firststate Entity from maintaining such relationship with Firststate or its successors after the Closing.

ARTICLE 7 TERMINATION

7.1 **Termination.** Notwithstanding any other provision of this Agreement, this Agreement may be terminated and the Stock Purchase abandoned at any time prior to the Closing Date:

(a) By mutual consent of Republic and EHL; or

(b) By either Party (provided that the terminating Party is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event of a material breach by the other Party of any representation or warranty contained in this Agreement which cannot be or has not been cured within 30 days after the giving of written notice to the breaching Party of such breach and which breach is reasonably likely, in the opinion of the non-breaching Party, to have, individually or in the aggregate, an EHL Material Adverse Effect, a Firststate Material Adverse Effect or a Republic Material Adverse Effect, as applicable; or

(c) By either Party (provided that the terminating Party is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event of a material breach by the other Party of any covenant or agreement contained in this Agreement which cannot be or has not been cured within 30 days after the giving of written notice to the breaching Party of such breach; or

(d) By either Party (provided that the terminating Party is not then in material breach of any representation, warranty, covenant, or other agreement contained in this Agreement) in the event any Consent of any Regulatory Authority required for consummation of the Stock Purchase and the other transactions contemplated hereby shall

have been denied by final nonappealable action of such authority or if any action taken by such authority is not appealed within the time limit for appeal; or

(c) By either Party in the event that the Stock Purchase shall not have been consummated by September 30, 1997, if the failure to consummate the transactions contemplated hereby on or before such date is not caused by any breach of this Agreement by the Party electing to terminate pursuant to this Section 7.1(e).

7.2 Effect of Termination. In the event of the termination and abandonment of this Agreement pursuant to Section 7.1, this Agreement shall become void and have no effect, except that (i) the provisions of this Section 7.2 and Article 8 and Section 5.3(b) and (d) shall survive any such termination and abandonment, and (ii) a termination pursuant to Sections 7.1(b) or 7.1(c) shall not relieve the breaching Party from Liability for an uncured willful breach of a representation, warranty, covenant, or agreement giving rise to such termination.

7.3 Non-Survival of Representations and Covenants. The respective representations, warranties, obligations, covenants, and agreements of the Parties shall not survive the Closing Date except this Section 7.3, Section 5.3(b) and (d), Section 5.5, and Article 8 and the certificate required in Section 6.2(c).

ARTICLE 8 **MISCELLANEOUS**

8.1 Definitions.

(a) Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings:

"Republic Material Adverse Effect" shall mean an event, change or occurrence which, individually or together with any other event, change or occurrence, has a material adverse impact on the ability of Republic to perform its obligations under this Agreement or to consummate the Stock Purchase or the other transactions contemplated by this Agreement provided that "Material Adverse Effect" shall not be deemed to include the impact of (a) changes in banking and similar Laws of general applicability or interpretations thereof by courts or governmental authorities, (b) changes in generally accepted accounting principles or regulatory accounting principles generally applicable to banks or savings associations or their holding companies, (c) actions and omissions of Republic (or any of its Subsidiaries) taken with the prior informed written Consent of EHL in contemplation of the transactions contemplated hereby, and (d) the direct effects of compliance with this Agreement on the operating performance of Republic, including expenses incurred by Republic in consummating the transactions contemplated by this Agreement.

"Affiliate" of a Person shall mean: (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control

with such Person; (ii) any officer, director, partner, employer, or direct or indirect beneficial owner of any 10% or greater equity or voting interest of such Person; or (iii) any other Person for which a Person described in clause (ii) acts in any such capacity.

"Agreement" shall mean this Stock Purchase Agreement, including the Exhibits delivered pursuant hereto and incorporated herein by reference.

"Assets" of a Person shall mean all of the assets, properties, businesses and rights of such Person of every kind, nature, character and description, whether real, personal or mixed, tangible or intangible, accrued or contingent, or otherwise relating to or utilized in such Person's business, directly or indirectly, in whole or in part, whether or not carried on the books and records of such Person, and whether or not owned in the name of such Person or any Affiliate of such Person and wherever located.

"BHC Act" shall mean the federal Bank Holding Company Act of 1956, as amended.

"Closing Date" shall mean the date on which the Closing occurs.

"Confidentiality Agreement" shall mean that certain Confidentiality Agreement between The Carson Medlin Company and Republic.

"Consent" shall mean any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation by any Person pursuant to any Contract, Law, Order, or Permit.

"Contract" shall mean any written or oral agreement, arrangement, authorization, commitment, contract, indenture, instrument, lease, obligation, plan, practice, restriction, understanding, or undertaking of any kind or character, or other document to which any Person is a party or that is binding on any Person or its capital stock, Assets or business.

"Default" shall mean (i) any breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, (ii) any occurrence of any event that with the passage of time or the giving of notice or both would constitute a breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, or (iii) any occurrence of any event that with or without the passage of time or the giving of notice would give rise to a right of any Person to exercise any remedy or obtain any relief under, terminate or revoke, suspend, cancel, or modify or change the current terms of, or renegotiate, or to accelerate the maturity or performance of, or to increase or impose any Liability under, any Contract, Law, Order, or Permit, where, in any such event, such Default is reasonably likely to have, individually or in the aggregate, an EHL Material Adverse Effect, a Firststate Material Adverse Effect or a Republic Material Adverse Effect, as applicable.

"EHL Disclosure Memorandum" shall mean the written information entitled "Equity Holdings Limited Disclosure Memorandum" delivered prior to the date of this

Agreement to Republic describing in reasonable detail the matters contained therein and, with respect to each disclosure made therein, specifically referencing each Section of this Agreement under which such disclosure is being made. Information disclosed with respect to one Section shall not be deemed to be disclosed for purposes of any other Section not specifically referenced with respect thereto.

"EHL Material Adverse Effect" shall mean an event, change or occurrence which, individually or together with any other event, change or occurrence, has a material adverse impact on the ability of EHL to perform its obligations under this Agreement or to consummate the Stock Purchase or the other transactions contemplated by this Agreement provided that "Material Adverse Effect" shall not be deemed to include the impact of (a) changes in banking and similar Laws of general applicability or interpretations thereof by courts or governmental authorities, (b) changes in generally accepted accounting principles or regulatory accounting principles generally applicable to banks or savings associations or their holding companies, (c) actions and omissions of EHL (or any of its Subsidiaries) taken with the prior informed written Consent of Republic in contemplation of the transactions contemplated hereby, and (d) the direct effects of compliance with this Agreement on the operating performance of EHL, including expenses incurred by EHL in consummating the transactions contemplated by this Agreement.

"Environmental Laws" shall mean all Laws relating to pollution or protection of human health or the environment (including ambient air, surface water, ground water, land surface, or subsurface strata) and which are administered, interpreted, or enforced by the United States Environmental Protection Agency and state and local agencies with jurisdiction over, and including common law in respect of, pollution or protection of the environment, including the Comprehensive Environmental Response Compensation and Liability Act, as amended, 42 U.S.C. 9601 *et seq.* ("CERCLA"), the Resource Conservation and Recovery Act, as amended, 42 U.S.C. 6901 *et seq.* ("RCRA"), and other Laws relating to emissions, discharges, releases, or threatened releases of any Hazardous Material, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of any Hazardous Material.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"Firstate Common Stock" shall mean the \$7.50 par value common stock of Firstate.

"Firstate Employee" shall mean any person employed by any Firstate Entity as of the Closing Date.

"Firstate Entities" shall mean, collectively, Firstate and all Firstate Subsidiaries.

"Firstate Financial Statements" shall mean (i) the consolidated balance sheets (including related notes and schedules, if any) of Firstate as of September 30, 1996, and as of December 31, 1995 and 1994, and the related statements of income, changes in

shareholders' equity, and cash flows (including related notes and schedules, if any) for the 9 months ended September 30, 1996, and for each of the three fiscal years ended December 31, 1995, 1994 and 1993, and (ii) the consolidated balance sheets of Firststate (including related notes and schedules, if any) and related statements of income, changes in shareholders' equity, and cash flows (including related notes and schedules, if any) with respect to periods ended subsequent to September 30, 1996.

"Firststate Material Adverse Effect" shall mean an event, change or occurrence which, individually or together with any other event, change or occurrence, has a material adverse impact on the financial condition of Firststate, provided that "Material Adverse Effect" shall not be deemed to include the impact of (a) changes in banking and similar Laws of general applicability or interpretations thereof by courts or governmental authorities, (b) changes in generally accepted accounting principles or regulatory accounting principles generally applicable to banks or savings associations or their holding companies, (c) actions and omissions of Firststate (or any of its Subsidiaries) taken with the prior informed written Consent of Republic in contemplation of the transactions contemplated hereby, and (d) the direct effects of compliance with this Agreement on the operating performance of Firststate, including expenses incurred by Firststate in consummating the transactions contemplated by this Agreement.

"Firststate Subsidiaries" shall mean the Subsidiaries of Firststate, which shall include the Firststate Subsidiaries described in Section 2.5 and any corporation or other organization acquired as a Subsidiary of Firststate in the future and held as a Subsidiary by Firststate on the Closing Date.

"GAAP" shall mean generally accepted accounting principles, consistently applied during the periods involved.

"Hazardous Material" shall mean (i) any hazardous substance, hazardous material, hazardous waste, regulated substance, or toxic substance (as those terms are defined by any applicable Environmental Laws) and (ii) any chemicals, pollutants, contaminants, petroleum, petroleum products, or oil (and specifically shall include asbestos requiring abatement, removal, or encapsulation pursuant to the requirements of governmental authorities and any polychlorinated biphenyls).

"Intellectual Property" shall mean copyrights, patents, trademarks, service marks, service names, trade names, applications therefor, technology rights and licenses, computer software (including any source or object codes therefor or documentation relating thereto), trade secrets, franchises, know-how, inventions, and other intellectual property rights.

"Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"Knowledge" as used with respect to a Person (including references to such Person being aware of a particular matter) shall mean the personal knowledge after due

inquiry of the chairman, president, chief financial officer, chief operating officer, chief credit officer or general counsel of such Person. Knowledge of EHL shall mean the personal knowledge of the general partners of EHL or personal knowledge after due inquiry of the president, chief executive officer and chief operating officer of Firststate as defined herein.

"Law" shall mean any code, law (including common law), ordinance, regulation, reporting or licensing requirement, rule, or statute applicable to a Person or its Assets, Liabilities, or business, including those promulgated, interpreted or enforced by any Regulatory Authority.

"Liability" shall mean any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost or expense (including costs of investigation, collection and defense), claim, deficiency, guaranty or endorsement of or by any Person (other than endorsements of notes, bills, checks, and drafts presented for collection or deposit in the ordinary course of business) of any type, whether accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, or otherwise.

"Lien" shall mean any conditional sale agreement, default of title, easement, encroachment, encumbrance, hypothecation, infringement, lien, mortgage, pledge, reservation, restriction, security interest, title retention or other security arrangement, or any adverse right or interest, charge, or claim of any nature whatsoever of, on, or with respect to any property or property interest, other than (i) Liens for current property Taxes not yet due and payable, (ii) for depository institution Subsidiaries of a Party, pledges to secure deposits and other Liens incurred in the ordinary course of the banking business, and (iii) Liens which do not materially impair the use of or title to the Assets subject to such Lien.

"Litigation" shall mean any action, arbitration, cause of action, claim, complaint, criminal prosecution, governmental or other examination or investigation, hearing, administrative or other proceeding relating to or affecting a Party, its business, its Assets (including Contracts related to it), or the transactions contemplated by this Agreement, but shall not include regular, periodic examinations of depository institutions and their Affiliates by Regulatory Authorities.

"Material" for purposes of this Agreement shall be determined in light of the facts and circumstances of the matter in question; provided that any specific monetary amount stated in this Agreement shall determine materiality in that instance.

"Order" shall mean any administrative decision or award, decree, injunction, judgment, order, quasi-judicial decision or award, ruling, or writ of any federal, state, local or foreign or other court, arbitrator, mediator, tribunal, administrative agency, or Regulatory Authority.

"Participation Facility" shall mean any facility or property in which the Party in question or any of its Subsidiaries participates in the management and, where required by the context, said term means the owner or operator of such facility or property, but only with respect to such facility or property.

"Party" shall mean either EHL or Republic, and **"Parties"** shall mean both EHL and Republic.

"Permit" shall mean any federal, state, local, and foreign governmental approval, authorization, certificate, easement, filing, franchise, license, notice, permit, or right to which any Person is a party or that is or may be binding upon or inure to the benefit of any Person or its securities, Assets, or business.

"Person" shall mean a natural person or any legal, commercial or governmental entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, business association, group acting in concert, or any person acting in a representative capacity.

"Regulatory Authorities" shall mean, collectively, the SEC, the NYSE, the NASD, the Federal Trade Commission, the United States Department of Justice, the Board of the Governors of the Federal Reserve System, the Office of Thrift Supervision (including its predecessor, the Federal Home Loan Bank Board), the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, and all other federal, state, county, local or other governmental or regulatory agencies, authorities (including self-regulatory authorities), instrumentalities, commissions, boards or bodies having jurisdiction over the Parties and their respective Subsidiaries.

"Representative" shall mean any investment banker, financial advisor, attorney, accountant, consultant, or other representative engaged by a Person.

"Shareholder's Rights" shall mean all arrangements, calls, commitments, Contracts, options, rights to subscribe to, scrip, understandings, warrants, or other binding obligations of any character whatsoever relating to, or securities or rights convertible into or exchangeable for, shares of the capital stock of a Person or by which a Person is or may be bound to issue additional shares of its capital stock or other Shareholder's Rights.

"Significant Subsidiary" shall mean any present or future consolidated Subsidiary of the Party in question, the assets of which constitute ten percent (10%) or more of the consolidated assets of such Party as reflected on such Party's consolidated statement of condition prepared in accordance with GAAP.

"Subsidiaries" shall mean all those corporations, associations, or other business entities of which the entity in question either (i) owns or controls 50% or more of the outstanding equity securities either directly or through an unbroken chain of entities as to each of which 50% or more of the outstanding equity securities is owned directly or indirectly by its parent (provided, there shall not be included any such entity the equity securities of which are owned or controlled in a fiduciary capacity), (ii) in the case of partnerships, serves as a general partner, (iii) in the case of a limited liability company, serves as a managing member, or (iv) otherwise has the ability to elect a majority of the directors, trustees or managing members thereof.

"Tax Return" shall mean any report, return, information return, or other information required to be supplied to a taxing authority in connection with Taxes, including any return of an affiliated or combined or unitary group that includes a Party or its Subsidiaries.

"Tax" or "Taxes" shall mean any federal, state, county, local, or foreign taxes, charges, fees, levies, imposts, duties, or other assessments, including income, gross receipts, excise, employment, sales, use, transfer, license, payroll, franchise, severance, stamp, occupation, windfall profits, environmental, federal highway use, commercial rent, customs duties, capital stock, paid-up capital, profits, withholding, Social Security, single business and unemployment, disability, real property, personal property, registration, ad valorem, value added, alternative or add-on minimum, estimated, or other tax or governmental fee of any kind whatsoever, imposes or required to be withheld by the United States or any state, county, local or foreign government or subdivision or agency thereof, including any interest, penalties, and additions imposed thereon or with respect thereto.

(b) The terms set forth below shall have the meanings ascribed thereto in the referenced sections:

Allowance	Section 2.9
Closing	Section 1.2
Employment Agreements	Section 6.1(k)
Firststate Benefit Plans	Section 2.15
Firststate Contracts	Section 2.16
Firststate ERISA Plan	Section 2.15
Purchase Price	Section 1.1

(c) Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation."

8.2 Expenses.

(a) Except as otherwise provided in this Section 8.2, each of the Parties shall bear and pay all direct costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including filing, registration and application fees, printing fees, and fees and expenses of its own financial or other consultants, investment bankers, accountants, and counsel. Absent willful breach by a Party of the terms of this Agreement, neither Party shall have any liability to the other upon termination except as specifically provided herein.

(b) Nothing contained in this Section 8.2 shall constitute or shall be deemed to constitute liquidated damages for the willful breach by a Party of the terms of this Agreement or otherwise limit the rights of the nonbreaching Party in the event of willful breach by the other.

8.3 Brokers and Finders. Except for The Carson Medlin Company as to Firststate and except for [Acquiror financial advisors] as to Republic, each of the Parties represents and warrants that neither it nor any of its officers, directors, employees, or Affiliates has employed any broker or finder or incurred any Liability for any financial advisory fees, investment bankers' fees, brokerage fees, commissions, or finders' fees in connection with this Agreement or the transactions contemplated hereby. Each party shall pay its own expenses relating to the financial advisors named above. In the event of a claim by any broker or finder based upon his or its representing or being retained by or allegedly representing or being retained by Firststate or EHL or by Republic, each of EHL and Republic, as the case may be, agrees to indemnify and hold the other Party harmless of and from any Liability in respect of any such claim.

8.4 Entire Agreement. Except as otherwise expressly provided herein, this Agreement (including the documents and instruments referred to herein) constitutes the entire agreement between the Parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereto, written or oral (except, as to Section 5.3(b) and(d), for the Confidentiality Agreement). Nothing in this Agreement expressed or implied, is intended to confer upon any Person, other than the Parties or their respective successors, any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

8.5 Amendments. To the extent permitted by Law, this Agreement may be amended by a subsequent writing signed by each of the Parties upon the approval of each of the Parties, whether before or after shareholder approval of this Agreement has been obtained.

8.6 Waivers.

(a) Prior to or on the Closing Date, Republic, acting through its Board of Directors, chief executive officer or other authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by EHL, to waive or extend the time for the compliance or fulfillment by EHL of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of Republic under this Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of Republic.

(b) Prior to or on the Closing Date, EHL, acting through a general partner or other authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by Republic, to waive or extend the time for the compliance or fulfillment by Republic of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of EHL under this Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a general partner or other duly authorized officer of EHL.

(c) The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right of such Party at a later time to enforce the same or any other provision of this Agreement. No waiver of any condition or of the breach

8.7 Assignment. Except as expressly contemplated hereby, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Party hereto (whether by operation of Law or otherwise) without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective permitted successors and assigns.

EHL Equity Holdings Limited
2 North Riverside Plaza, Suite 1100
Chicago, Illinois 60606
Telecopy Number: (312) 454-0100

Copy to Counsel: Rosenberg & Liebentritt
2 North Riverside Plaza, Suite 1100
Chicago, Illinois 60606
Telecopy Number: (312) 454-0335

- and -
Alston & Bird
1201 West Peachtree Street, NW
Atlanta, GA 30309-3424
Telecopy Number: (404) 881-7777

Republic: Republic Bancshares, Inc.
111 Second Ave, NE
St. Petersburg, Florida 33701
Telecopy Number: (813) 823-7300

- 31 -

Copy to Counsel:

Holland & Knight
2100 Pennsylvania Ave.
Washington, D.C. 20037
Telecopy Number: (202) 955-5564

Attention: John A. Buchman

8.9 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Illinois, without regard to any applicable conflicts of Laws. The parties acknowledge that the laws of the State of Florida will govern the corporate procedures of Republic in connection with the authorization of this Agreement, and that this provision is not a choice of venue or forum in the event of a dispute hereunder.

8.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

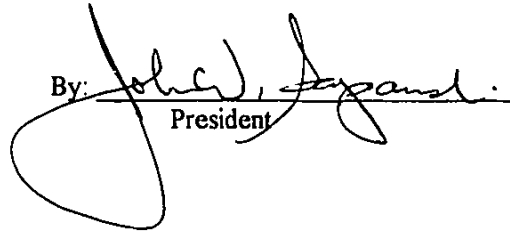
8.11 Captions; Articles and Sections. The captions contained in this Agreement are for reference purposes only and are not part of this Agreement. Unless otherwise indicated, all references to particular Articles or Sections shall mean and refer to the referenced Articles and Sections of this Agreement.

8.12 Interpretations. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any party, whether under any rule of construction or otherwise. No party to this Agreement shall be considered the draftsman. The parties acknowledge and agree that this Agreement has been reviewed, negotiated, and accepted by all parties and their attorneys and shall be construed and interpreted according to the ordinary meaning of the words used so as fairly to accomplish the purposes and intentions of all parties hereto.

8.13 Severability Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

IN WITNESS WHEREOF, each of the Republic and EHL has executed this Agreement under seal and each of the other Parties has caused this Agreement to be executed on its behalf by its duly authorized officers as of the day and year first above written.

REPUBLIC

By: 
President

EQUITY HOLDINGS LIMITED

By: _____
General Partner

IN WITNESS WHEREOF, each of the Republic and EHL has executed this Agreement under seal and each of the other Parties has caused this Agreement to be executed on its behalf by its duly authorized officers as of the day and year first above written.

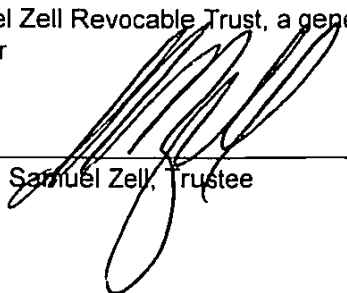
REPUBLIC BANCSHARES, INC., a Florida corporation

By: _____
Name: _____
Title: _____

EQUITY HOLDINGS LIMITED, an Illinois limited partnership

By: Samuel Zell Revocable Trust, a general partner

By: _____
Samuel Zell, Trustee

A large, stylized handwritten signature in black ink, appearing to be 'S. Zell', is written over the signature line and extends upwards and to the right.

EHL Disclosure Memorandum

Section 2.1

Summary: List any material inaccuracies in the Firststate minute books or other organizational documents.

Agreement Language: "The minute books and other organizational documents for Firststate have been made available to [Acquiror] for its review and, except as disclosed in Section 2.1 of the EHL Disclosure Memorandum, are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the Board of Directors and shareholders thereof for the past five years."

Response: None.

Section 2.2

Summary: List any instances in which a default would arise, a consent would be required or a lien would be created as a result of the purchase agreement.

Agreement Language: "Except as disclosed in Section 2.2 of the EHL Disclosure Memorandum, [this agreement will not] constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of either EHL or any Firststate entity under, any Contract or Permit of EHL, where such Lien, or any failure to obtain such Consent, is reasonably likely to have, individually or in the aggregate, an EHL Material Adverse Effect or a Firststate Material Adverse Effect

Response: None.

Section 2.4

Summary: List Firstate subsidiaries with jurisdictions of incorporation, jurisdictions of licensure and ownership. List any minority interest in a Firstate subsidiary. List any problem with the corporate organization of any Firstate subsidiary. List any material errors in the minute books or other organizational documents of Firstate.

Agreement Language: "EHL has disclosed in Section 2.4 of the EHL Disclosure Memorandum all of the significant Firstate Subsidiaries that are corporations (identifying its jurisdiction of incorporation, each jurisdiction in which it is qualified and/or licensed to transact business, and the number of shares owned and percentage ownership interest represented by such share ownership) and all of the Firstate Subsidiaries that are general or limited partnerships, limited liability companies, or other non-corporate entities (identifying the Law under which such entity is organized, each jurisdiction in which it is qualified and/or licensed to transact business, and the amount and nature of the ownership interest therein). Except as disclosed in Section 2.4 of the EHL Disclosure Memorandum, Firstate owns all of the issued and outstanding shares of capital stock (or other equity interests) of each Firstate Subsidiary.

"Except as disclosed in Section 2.4 of the EHL Disclosure Memorandum, each such Subsidiary is duly organized, validly existing, and (as to corporations) in good standing under the Laws of the jurisdiction in which it is incorporated or organized, and has the corporate power and authority necessary for it to own, lease, and operate its Assets and to carry on its business as now conducted.

"The minute book and other organizational documents for each Firstate Subsidiary have been made available to [Acquiror] for its review, and, except as disclosed in Section 2.4 of the EHL Disclosure Memorandum, are true and complete in all material respects as in effect as of the date of this Agreement and accurately reflect in all material respects all amendments thereto and all proceedings of the Board of Directors and shareholders thereof for the past five years."

Response: List of subsidiaries attached. All subsidiaries are 100% owned. No material errors.

Due Diligence Items - Carson Medlin Co.
FIRSTATE FINANCIAL, F.A.
November 15, 1996

G. Other Bank and Corporate Information

- 12) Please list and describe any subsidiaries and provide latest financial statements on each

Includes information provided to the OTS for the 6/30/96 examination related to subsidiaries and the 9/30/96 financial statements of:

- Firststate Service Corp. (Owns California assets, for example, the Hawaii loan, and participates 99% to FIRSTATE.)
- Jackson Street Management Company, Inc. which includes:
 - JACKSON I, INC. (Kay REO)
 - JACKSON II, INC. (Hester REO)
 - JACKSON III, INC. (Currently inactive)

Note: JACKSON I, II and III are REO subsidiaries wholly owned by Jackson Street Management Company, Inc. Jackson Street Management Company, Inc. and Firststate Service Corp. are wholly owned subsidiaries of FIRSTATE FINANCIAL, F.A. JACKSON I owns primarily residential/office land (the Kay REO), JACKSON II owns primarily commercial land (the Hester REO) and JACKSON III owns primarily one to four residential dwelling units.



Section 2.7

Summary: List any material adverse events or actions since 12/31/95, not otherwise disclosed.

Agreement Language: "Since December 31, 1995, except as disclosed in the Firststate Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 2.7 of the EHL Disclosure Memorandum, (i) there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, and (ii) the Firststate Entities have not taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a material breach or violation of any of the covenants and agreements of Firststate provided in Article 4."

Response: None.

Section 2.8

Summary: List any tax problems.

Agreement Language: "As of the date of this Agreement, there is no audit examination, deficiency, or refund Litigation with respect to any Taxes that is reasonably likely to result in a determination that would have, individually or in the aggregate, a Firststate Material Adverse Effect, except as reserved against in the Firststate Financial Statements delivered prior to the date of this Agreement or as disclosed in Section 2.8 of the EHL Disclosure Memorandum.

Summary: List any disallowable payments.

Response: None.

Agreement Language: "Except as disclosed in Section 2.8 of the EHL Disclosure Memorandum, none of the Firststate Entities has made any payments, is obligated to make any payments, or is a party to any Contract that could obligate it to make any payments that would be disallowed as a deduction under Section 280G or 162(m) of the Internal Revenue Code."

Response: 1995 tax memorandum from John Martin to file attached.

FIRSTSTATE FINANCIAL, F.A. MEMORANDUM

DATE: September 17, 1996 |
 TO: 1995 Tax File
 FROM: John W. Martin *JWM*
 RE: 1995 Tax Status

OVERVIEW

FIRSTSTATE is a wholly owned subsidiary of Equity Holdings, Ltd. ("EHL"), an Illinois limited partnership. FIRSTSTATE prepares and files a separate tax return. This tax return is not combined with EHL's tax return. Since EHL is a partnership, only transactions related to FIRSTSTATE's stock (i.e., dividends and/or the sale of stock) effects EHL's tax return.

Beginning in 1994 FIRSTSTATE elected to file one tax return which included FIRSTSTATE's wholly owned subsidiaries. FIRSTSTATE's wholly owned subsidiaries are FIRSTSTATE SERVICE CORP ("FSC") and JACKSON STREET MANAGEMENT COMPANY, INC. ("Jackson"). Due to California law, a thrift located outside of California cannot directly own California loans or real estate. FSC is currently used to hold California assets; the majority of these assets are usually participated to FIRSTSTATE (the thrift). Jackson is a real estate management subsidiary which was established to limit FIRSTSTATE's liability related to lawsuits arising from repossessed real estate. Jackson owns three subsidiaries which are established to hold repossessed property.

M-I BOOK/TAX DIFFERENCES

FIRSTSTATE is generally subject to the same tax rules that apply to other corporations. However, the Internal Revenue Code ("IRC") contains many provisions specific to financial institutions. Major FIRSTSTATE book/tax differences are as follows:

	(T = Temporary) (NT = Nontemporary)
Meals & Entertainment	NT
Securities Mark to Market (IRC Section 475)	T
Depreciation and Disposal Related to Office Premises & Equipment	T
Charitable Contributions	T
Tax Bad Debt Deduction (IRC Section 166)	T
Foreclosed Property (IRC Section 1038)	T
Accrued Vacation	T
Capital Gains	T
Accrued Professional Fees	T

An explanation of significant and unique items related to FIRSTSTATE's taxable income are as follows:

Securities Mark to Market (IRC Section 475): Beginning in the tax year ended 12/31/93, FIRSTSTATE¹ was required to comply with IRC Section 475 which generally requires marking its securities to market. The definition of securities differs from and is generally more expansive than the definition of securities in FAS #115. The mark to market adjustment under IRC Section 475 consists of three components:

1. **12/31/92 Loss Spread Over 5 Years:** At 12/31/92 the securities that were classified as "held for sale" for tax purposes were marked to market resulting in a \$932,579 loss. The loss is being amortized on a straight line basis to ordinary taxable income over 5 years or \$186,516 per year. After 12/31/95 there will be two years of amortization remaining (1996 and 1997).
2. **Securities Sold During the Year:** The securities that were classified as "held for sale" which were sold during the year are compared to the prior year's tax basis and the difference is included as ordinary taxable income or loss.
3. **Current Year End Mark to Market:** At the end of the taxable year the securities that were classified as "held for sale" are marked to market (the new tax basis) and compared to the previous year's tax basis. The difference is included as ordinary taxable income or loss.

Tax Bad Debt Deductions (IRC Section 166): FIRSTSTATE has elected to utilize the specific charge-off method for deducting bad debts for tax purposes. This rule, IRC Section 166, generally permits FIRSTSTATE to deduct any debt that becomes worthless, in whole or in part, during the taxable year. Because FIRSTSTATE uses this more traditional bad debt method, it does not have to meet certain definitions or tests as required under IRC Section 593 common referred to as the percent of taxable income method and the experience method. The tax bad debt deduction consists of two parts:

1. **Loans:** In prior years, FIRSTSTATE would establish specific reserves on a loan when the loan became partially worthless. Because these reserves were deducted for tax purposes, a book/tax difference was created. Recently, FIRSTSTATE changed its book method and began writing-off that portion of a loan when it became worthless, thereby eliminating any future book/tax differences. Remaining book/tax loan differences as of 12/31/95 are as follows:

	Book	Tax	Difference
Moon Lake	\$695,859	\$ 502,256	\$ 193,603 ²
Keewin	75,762	33,262	42,500

¹FIRSTSTATE meets the definition of "a dealer" under IRC Section 475 which is broadly defined as any taxpayer that regularly purchased securities from, or sells securities to, customers in the ordinary course of business.

²Moon Lake paid off in full in 7/96 which will result in \$193,603 recovery for tax purposes on the 1996 tax return.

During 1995, \$1,564,485³ of loans were actually written-off, of which \$1,633,640 was deducted for tax purposes in prior years, resulting in a \$69,155 credit balance in the loan bad debt expense for 1995. A summary is as follows:

	1995 Write-Offs	Previously Deducted	Loan Bad Debt for Tax Year 1995
Kay	\$ 281,527	\$ (240,749)	\$ 40,778
Fieldstone	991,271	(702,072)	289,199
Coastal	78,811	(78,811)	—
Carlsberg	184,417	(582,500)	(398,083)
Moon Lake	58,390	(29,508)	28,882
Other (Recoveries)	(29,931)	—	(29,931)
	<u>\$ 1,566,485</u>	<u>\$ (1,633,640)</u>	<u>(69,155)</u>
Reserves Per Books			959,550
M-1 Book/Tax Difference			<u>\$ 890,395</u>

2. **Interest:** During 1995, actual interest written-off consists of the following:

Kay	\$ 833,350
Fieldstone	931,722
Willingham	36,512
Lim/Lokey	5,982
Interest Bad Debt for Tax Year 1995	<u>\$ 1,807,566</u>
Reserves Per Books	(332,763)
M-1 Book/Tax Difference	<u>\$ 1,474,803</u>

Foreclosed Property or Real Estate Owned ("REO"): Under IRC Section 1038, generally, once a property has been foreclosed and the gain or loss on foreclosure has been recognized, FIRSTSTATE is allowed no further valuation deduction or impairment write-down. Any post-foreclosure reduction in value generally is suspended until the property is ultimately disposed. Also, the costs to maintain foreclosed property such as legal fees, appraisals, insurance, real estate taxes, etc. may not be deducted for tax purposes until the property is ultimately disposed. A summary of the book/tax foreclosed property difference is as follows:

	Debit/Credit		
	Per Book	Unsold REO ⁴	Per Tax
REO Operations & Gains on REO	\$ 64,298	\$ (97,411) ⁵	\$ (33,113)
REO Legal Expense	10,304	(4,086)	6,218
Total	<u>\$ 74,602</u>	<u>\$ (101,497)</u>	<u>\$ (26,895)</u>

³This amount includes capitalized legal of \$328,905 and capitalized real estate taxes of \$46,422.

⁴Capitalized to REO causing book/tax difference.

⁵M-1 book/tax difference.

Capital Gains: In prior years, FIRSTATE bought equity securities. With the enactment of FIRREA in 1989, FIRSTATE was mandated to prudently dispose of such equity securities which took place in 1990 and 1991. Subsequent to the sale of these securities, two class action lawsuits were filed and settlements were disbursed in 1995 as follows:

02/17/95	First Executive Securities (first disbursement)	\$30,858.00
05/03/95	Thousand Trails	1,632.78
12/13/95	First Executive Securities (second disbursement)	34,157.90
	M-1 Book/Tax Difference	<u>\$66,648.68</u>

The settlements are 1) considered capital gains, 2) have been excluded from ordinary taxable income and 3) have been offset against the \$811,917 capital loss carryforward available in 1995.

TAX TRIAL BALANCE

FASB Statement No. 109, *Accounting for Income Taxes*, establishes the accounting for the effects of income taxes that result from FIRSTATE's activities during the current and preceding years. It requires an asset-and-liability approach for financial accounting and reporting for income taxes and, therefore, has a balance-sheet orientation. The objectives of accounting for income taxes in conformity with FASB Statement No. 109 are to recognize a) the amount of income taxes payable or refundable for the current year and b) deferred tax liabilities and assets for future tax consequences of events that have been recognized in an institution's financial statements or tax returns.

During KPMG Peat Marwick's audit of the 12/31/95 financial statements, it was recommended that FIRSTATE's deferred tax asset be substantiated instead of being rolled-forward from one year to the next. Using the roll forward method, KPMG Peat Marwick could not determine the breakdown and propriety of the beginning balances. As a result, a tax trial balance has been prepared, whereby prior years' balances per tax were researched and traced to prior years' tax return workpapers. The following is a summary of the actual book tax differences resulting from the tax trial balance compared to the amounts used in the 12/31/95 audited financial statements:

	1995		
	Actual	Per Audited Financial Statements ⁶	Variance
Carryforwards:			
Net operating loss	\$12,199,393	\$ 12,799,234	\$(599,841)
Capital loss	745,268	745,268	-
Charitable	2,418	9,089	(6,671)
Book/Tax Differences:			
Mortgage pool securities	(372,337)	(524,861)	152,524
Loans	323,487	792,273	(468,786)
Offices premises and equipment	159,226	178,667	(19,441)
Reposessed assets	223,668	(1,784,029)	2,007,697
Professional fees	7,841	44,502	(36,661)
Vacation	13,200	13,200	-
Total Gross Items	<u>13,302,164</u>	<u>12,273,343</u>	<u>1,028,821</u>
Tax Rate	<u>34%</u>	<u>34%</u>	<u>34%</u>
Net Deferred Asset Before Valuation Allowances	<u>\$ 4,522,736</u>	<u>\$ 4,172,937</u>	<u>\$ 349,799</u>

⁶Determined by rolling-forward M-1 items each year.

During 1995, a valuation allowance was established against the entire net deferred asset due to the uncertainties as to whether the deferred tax asset will be realized.

ACTUAL VERSUS PROVISION RECONCILIATION

A comparison of actual 1995 taxable income to the provision is as follows:

	1995 Actual Per Return	1995 Provision	Variance
Book income (loss)	\$ (155,141)	\$ (155,141)	--
Meals and entertainment	4,609	4,609	--
Securities mark to market	2,652,619	2,652,619	--
Depreciation	29,604	20,076	9,528 ⁷
Disposals	(77,239)	1,500	(78,739) ⁸
Charitable contributions	500	500	--
Tax bad debts:			
Loans	(890,396)	(1,448,478)	558,082 ⁹
Interest	(1,474,803)	(1,474,803)	--
Foreclosed property	101,496	(2,337)	103,833 ¹⁰
Capital gains	(66,649)	(66,649)	--
Accrued professional	3,460	(3,677)	7,137 ¹¹
Taxable income (loss) before NOL utilization	<u>\$ 128,060</u>	<u>\$ (471,781)</u>	<u>\$ 599,841</u>

⁷Since the actual amounts were not available, estimates were used for the provision. Actual results produced the above variances.

⁸See footnote #7.

⁹Primarily, the provision did not consider the previous deduction for tax on the Carlsberg loan of \$582,500; this is somewhat offset by \$24,547 of capitalized real estate taxes on Fieldstone which were not deducted when calculating the provision.

¹⁰The gains of \$11,716 on the Willingham properties and \$40,200 gain on the Kay Alafaya property were recorded as losses for provision purposes.

¹¹See footnote #7

	FEDERAL			STATE			CHARITABLE CONTRIBUTION CARRYFORWARD
	OPERATING LOSS TAX	CARRYFORWARD TAX	CAPITAL LOSS CARRYFORWARD TAX	AMT	FLORIDA REGULAR	OPERATING LOSS CARRYFORWARD FLORIDA REGULAR	
7/3/81	1,864,136	0	0	1,864,622	1,415,076	1,386,476	0
STUB 12/31/91	2,145,629	0	0	2,137,178	2,150,233	2,141,802	0
12/31/91 - AVAILABLE	3,789,247	8,792,768	0	3,721,800	3,665,309	3,528,280	0
ADDITIONS (UTILIZED) 1992	334,432	(40,328)	1,855,689	331,286	334,720	314,816	620
CARRIED BACK TO 7/90	0	0	(550,585)	0	(4,235)	(4,235)	0
12/31/92 - AVAILABLE	4,157,228	8,752,440	1,105,104	4,645,668	3,666,781	3,534,856	620
ADDITIONS (UTILIZED) 1993	4,413,656	2,681,845	(280,177)	4,341,073	4,123,387	4,080,604	648
NOL BAD DEBT ADJUSTMENT	860,128	0	0	860,128	(2,705)	(2,705)	0
AVAILABLE 1994	9,430,213	11,704,405	811,917	9,294,290	8,020,470	7,928,764	1,268
ADDITIONS (UTILIZED) 1994	2,919,240	(550,754)	0	2,865,170	2,801,338	2,800,370	650
AVAILABLE 1995	12,337,453	11,153,651	811,917	12,196,490	10,921,808	10,830,124	1,918
ADDITIONS (UTILIZED) 1995	(128,050)	150,532	(68,649)	(13,762)	(105,409)	(105,409)	500
EXPRES:	12,199,293	11,304,183	745,268	12,175,898	10,778,399	10,634,715	2,418
12/87	0	0	746,288	0	0	0	620
12/88	0	0	0	0	0	0	648
12/89	0	0	0	0	0	0	650
12/90	0	0	0	0	0	0	0
12/91	1,528,078	8,201,886	0	1,570,860	1,218,657	1,191,068	0
12/92	2,145,629	0	0	2,137,178	2,150,233	2,141,802	0
12/93	334,432	0	0	331,286	334,482	310,578	0
12/94	8,273,684	2,681,845	0	8,241,201	4,120,879	4,087,868	0
12/95	2,819,240	0	0	2,865,170	2,801,338	2,800,370	0
12/96	0	150,532	0	0	0	0	0
12/97	12,199,293	11,304,183	745,268	12,175,898	10,778,399	10,634,715	2,418

(1) - FIRST STATE elected to file a consolidated return in 1994. For years thereafter, FEC additions and utilizations will be included in FIRST STATE's figures.

STATE NOL'S CAN NOT BE CARRIED BACK, ONLY FORWARD 15 YEARS.

FEDERAL NOL'S CAN BE CARRIED BACK 3 YEARS AND FORWARD 15 YEARS.

FEDERAL CAPITAL LOSS CARRYOVERS AND CARRY BACKS CAN BE CARRIED BACK 3 YEARS AND FORWARD 5 YEARS.

FEDERAL CHARITABLE CONTRIBUTION CARRYOVERS CAN BE CARRIED FORWARD 8 YEARS.

Section 2.10

Summary: List liens and other defects of title.

Agreement Language: "Except as disclosed in Section 2.10 of the EHL Disclosure Memorandum or as disclosed or reserved against in the Firststate Financial Statements delivered prior to the date of this Agreement, the Firststate Entities have good and marketable title, free and clear of all Liens, to all of their respective Assets which are material to Firststate's business on a consolidated basis, except for any such Liens or other defects of title which are not reasonably likely to have a Firststate Material Adverse Effect."

Response: None

Section 2.10(e)

Summary: Schedule insurance.

Agreement Language: "The Firststate Entities currently maintain insurance as disclosed in Section 2.10(e) of the EHL Disclosure Memorandum."

Response: Summary of insurance coverages attached.

11/18/96
10:40 AM

08/11/96

11/18/96 10:40 AM

SUMMARY OF INSURANCE COVERAGES
FRUITA'S FINANCIAL, F.A.
LAST REVISED 08/11/96

TYPE OF INSURANCE	INSURANCE CARRIER/ POLICY NUMBER	TERM	LIMITS	DEDUCTIBLES	ANNUAL COSTS	BILLING CYCLE	AGENCY
FIDELITY BOND (INCLUDED SAFE DEPOSIT)	NATIONAL UNION FIRE CO (PARENT: AMER INS GRP) #483-80-44	8/16/96-8/15/97	\$1,000,000	\$100,000	PREMIUM \$32,060.00 AGENCY FEE (5%) 2,000.00 TAX & OTH FEES TOTAL \$34,060.00	ANNUALLY 8/15	THE RIVERSIDE AGENCY
MORTGAGE IMPAIRMENT/ERRORS AND OMISSIONS INSURANCE	LEXINGTON INSURANCE CO (PARENT: AMER INS GRP) TBA	8/15/96-8/15/97	\$300,000	\$10,000	PREMIUM \$4,500.00 AGENCY FEE (5%) 198.75 FLA SURP LINES TA 228.25 TAX & OTH FEES 20.00 TOTAL \$4,927.00	ANNUALLY 8/15	THE RIVERSIDE AGENCY
COMPREHENSIVE GENERAL LIABILITY (FOR ALL REO & OFFICE REAL PROPERTY)	1118-887 #CL3028125	12/31/95-12/31/96	\$5,000,000 AGGREGATE \$1,000,000 EA OCCUR	\$0	PREMIUM - TOWER \$300.00 PREMIUM - WP 594.00 AGENCY FEE 0.00 TOTAL \$1,094.00	ORTLY 7/1, 10/1, 1/1, 4/1	THE RIVERSIDE AGENCY
UMBRELLA LIABILITY (EXCESS OVER GENERAL LIABILITY)*	NATIONAL UNION FIRE CO (PARENT: AMER INS GRP) #833102564	12/31/95-12/31/96	\$15,000,000 AGGREGATE	N/A	PREMIUM - TOWER \$44.00 PREMIUM - WP 50.00 AGENCY FEE 0.00 TOTAL \$94.00	ORTLY 7/1, 10/1, 1/1, 4/1	THE RIVERSIDE AGENCY
COMMERCIAL FIRE INSURANCE/ALL RISK (FOR ALL REO & OFFICE REAL PROPERTY)	NATIONAL UNION FIRE CO (PARENT: AMER INS GRP) #P-082346	12/31/95-12/31/96	5 VARIOUS CO % (1st \$10 MIL LAYER) VARIOUS (LIMITS THEREAFTER)	\$50,000	PREMIUM - TOWER \$332.00 PREMIUM - WP 1,948.00 AGENCY FEE 0.00 TOTAL \$2,280.00	ORTLY 7/1, 10/1, 1/1, 4/1	THE RIVERSIDE AGENCY
WORKMAN'S COMPENSATION	AIG CO % #83440017697	7/1/95-6/30/96 RENEWAL IN PROCESS	\$1,000,000 STATUTORY LIMIT	N/A	PREMIUM \$0,677.00 AGENCY FEE 0.00 TAX & OTH FEES 0.00 TOTAL \$0,677.00	ANNUALLY 7/1	THE RIVERSIDE AGENCY

*. STRUCTURAL LIABILITY COVERAGE (P.D. 811) WHICH PUTS THE EXCESS OVER THE COMPREHENSIVE GENERAL, WORKMAN'S COMPENSATION (EMPLOYERS LIABILITY) AND AUTO LIABILITY COVERAGE LIMIT.

1

Section 2.12

Summary: List environmental law violations.

Agreement Language: "To the Knowledge of EHL, and except as disclosed in Section 2.12 of the EHL Disclosure Memorandum, each Firststate Entity, its Participation Facilities, and its Operating Properties are, and have been, in compliance with all Environmental Laws, except for violations which are not reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect."

Response: Description attached.

*Description to come
by fax tomorrow*

Section 2.13

Summary: List defaults under governing instruments, permits and regulatory bodies.

Agreement Language: "Except as disclosed in Section 2.13 of the EHL Disclosure Memorandum, none of the Firststate Entities:

(a) is in Default under any of the provisions of its Charter, Articles of Incorporation or Bylaws (or other governing instruments);

(b) is in Default under any Laws, Orders, or Permits applicable to its business or employees conducting its business; or

(c) since January 1, 1993, and except as disclosed in Section 2.13 of the EHL Disclosure Memorandum, has received any notification or communication from any agency or department of federal, state, or local government or any Regulatory Authority or the staff thereof (i) asserting that any Firststate Entity is not in compliance with any of the Laws or Orders which such governmental authority or Regulatory Authority enforces, where such noncompliance is reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, (ii) threatening to revoke any Permits, the revocation of which is reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, or (iii) requiring any Firststate Entity to enter into or consent to the issuance of a cease and desist order, formal agreement, directive, commitment, or memorandum of understanding, or to adopt any Board resolution or similar undertaking, which restricts materially the conduct of its business or in any manner relates to its capital adequacy, its credit or reserve policies, its management, or the payment of dividends.

Response: Cease and Desist Order dated September 1991 attached.

UNITED STATES OF AMERICA
Before The
OFFICE OF THRIFT SUPERVISION

In the Matter of
FIRSTSTATE FINANCIAL,
A SAVINGS BANK
Orlando, Florida

Re: Resolution No. AT1-91-37

Date: August 1, 1991

ORDER TO CEASE AND DESIST

WHEREAS, Firststate Financial, a Savings Bank, Orlando, Florida ("Firststate" or "Institution"), through its directors, has executed a Stipulation and Consent to the Issuance of an Order to Cease and Desist ("Stipulation"), which is incorporated herein by reference and is accepted and approved by the Office of Thrift Supervision ("OTS"), acting through its Regional Director for the Southeast Region ("Regional Director"); and

WHEREAS, Firststate, in the Stipulation, has consented and agreed to the issuance of this Order to Cease and Desist ("Order") pursuant to Section 8(b) of the Federal Deposit Insurance Act ("FDIA"), 12 U.S.C. Section 1818(b);

NOW THEREFORE, IT IS ORDERED that Firststate and its directors, officers, employees, agents and service corporations shall cease and desist from any unsafe or unsound practices in conducting the business of the Institution and further, shall cease and desist from any violation of, or the aiding and abetting of any violation of, 12 C.F.R. Section 563.160, 12 C.F.R. Section 563.161, and 12 C.F.R. Section 567.2, and from any noncompliance with, or the aiding and abetting of any noncompliance with, 12 C.F.R. Section 571.26.

IT IS FURTHER ORDERED that:

CAPITAL

1. Within 60 days of the effective date of this Order, the Board of Directors shall develop, adopt and submit to the Regional Director for his approval, a capital plan which satisfies all of the requirements set forth in paragraphs (a)(2)(i) through (a)(2)(vi) of 12 C.F.R. Section 567.10.

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Orlando, Florida
Cease and Desist Order (7/91)
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MANAGEMENT

2. Within 45 days of the effective date of this Order, the Board of Directors shall review present management and shall formulate and submit to the Regional Director a management plan which shall contain:

(i) An organizational structure which delineates lines of authority, responsibilities, and job descriptions for each "senior executive officer", as defined in OTS Thrift Bulletin 45, dated April 25, 1990; and

(ii) A review of each existing officer's performance, abilities, background and assignments to positions within the organizational structure. If the existing personnel do not meet the Institution's needs, the plan shall identify and establish those positions which require employment of personnel from outside the Institution.

3. The position of Chief Executive Officer shall be filled by a person who shall serve in a full-time capacity at the Institution and who shall be given specific written authority by the Board of Directors for implementing lending, investing, funds management and operating policies in accordance with sound practices, and who shall be the senior officer responsible for the daily management of the Institution. Within 45 days of the effective date of this Order, an application for the candidate for the position of Chief Executive Officer shall be submitted to the Regional Director pursuant to Section 32 of the FDIA, 12 U.S.C. Section 1831i.

LENDING

4. With the exception of legally binding commitments existing as of the effective date of this Order, and/or loans to refinance, extend or modify existing loans and/or loans to facilitate the sale of real estate owned, and subject to the provisions of Paragraph 9 of this Order, the Institution shall restrict its lending to:

(a) First and second mortgage permanent loans and home equity loans which are fully secured by 1-4 family, owner occupied dwellings which are underwritten to meet secondary market standards, and

(b) Fully secured consumer loans not to exceed \$35,000 to one borrower.

5. As of the effective date of this Order, no additional credit shall be made to any borrower whose indebtedness was wholly or

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partially classified as Loss or Doubtful in the OTS Report of Examination made as of October 1, 1990, or in any subsequent examination by the OTS or any other regulatory or insuring agency, or classified by the institution, without the prior written approval of the Regional Director, unless the failure to make such additional credit would be detrimental to the best interests of the Institution, and unless such additional credit is made only after obtaining additional collateral or other protection, which in the opinion of the Board of Directors, substantially improves the position of the Institution and complies with the loans to one borrower limitations of 12 C.F.R. Section 563.93. In any event, no such additional credit shall be made without the prior approval of at least 75 percent of the Board of Directors, with the reasons for the additional credit clearly documented in the minutes of the meeting at which the additional credit is approved. No additional credit shall be made to any borrower whose indebtedness was classified as Substandard in the OTS Report of Examination made as of October 1, 1990, or any subsequent examination by the OTS or any other regulatory or insuring agency without the prior approval of at least 75 percent of the Board of Directors. The following are permissible unless otherwise restricted by law, rule, or regulation, e.g. loans to one borrower: (a) loans in connection with certain workouts where the principle amount of the loan is not increased, such as: conversion of construction loans to permanent loans pursuant to legally binding commitments, (b) the assumption of troubled credits by a third party where the credit is already booked as an asset on the balance sheet of the Institution and (c) legally binding commitments in existence as of the effective date of this Order.

LOAN ADMINISTRATION

6. Within 45 days of the effective date of this Order, the Board shall develop, adopt and implement a plan for an adequately staffed loan administration department which shall be responsible for asset classifications, new lending, and the disposition of real estate owned; which shall provide input as to the recommended level of general and specific valuation allowances; and which shall monitor, collect, administer and resolve all loans that are 60 days or more contractually delinquent.

7. The loan administration department shall be headed by a qualified individual who is not a current or past officer, director or employee of Firststate and shall be a "senior executive officer" as defined in OTS Thrift Bulletin 45, dated April 25, 1990. Within 45 days of the effective date of this Order, an application for the candidate for the position of the head of the loan administration department shall be submitted to the Regional Director pursuant to Section 32 of the FDIA, 12 U.S.C. Section 1831i.

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8. Within 45 days of the effective date of this Order, the Board of Directors shall appoint a special three member committee to monitor the effectiveness of the loan administration department at least monthly.

9. Within 45 days of the effective date of this Order, the Board of Directors shall adopt and direct management to follow specific underwriting policies and procedures regarding:

(i) Loans made to facilitate the sale of real estate owned and other assets acquired in foreclosure or through a deed in lieu of foreclosure, or the sale of any assets which are not permissible investments pursuant to the Financial Institutions Reform, Recovery and Enforcement Act of 1989; and

(ii) The assignment, assumption or restructuring of any troubled debt. For the purposes of this Paragraph 9 (ii), a troubled debt is any obligation due Firststate which has been subject to adverse classification in an examination of the Institution by any regulatory or insuring agency, or any obligation due Firststate for which interest or principal is more than 60 days contractually delinquent.

10. The Institution shall not deviate from the policies and procedures required by Paragraph 9 of this Order unless it can justify and document that the deviation is in the best interests of the Institution and the deviation is approved in advance by at least 75 percent of the Board of Directors.

11. Within 60 days of the effective date of this Order, the Institution shall develop, adopt and implement a written plan to correct, strengthen or otherwise reduce the risk of loss for each problem asset. At a minimum, the plan shall establish specific goals for the resolution of each problem asset within specified time frames, as well as goals for the orderly reduction in the aggregate level of problem assets within specified time frames. The plan shall be updated at least quarterly to include assets which meet the criteria in this Paragraph 11 after the effective date of this Order, and the Board of Directors shall review management's progress in meeting the goals established in the plan at least monthly. For the purposes of this Paragraph 11, problem assets shall include:

(i) All loans in excess of \$250,000 for which interest or principal payments are more than 60 days contractually delinquent.

(ii) All assets criticized as Special Mention, Substandard, Doubtful, or Loss at the OTS examination made as of October 1, 1990, or any subsequent examination by any regulatory or insuring agency; and

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(iii) Real estate and other assets in excess of \$250,000 owned by Firststate and either acquired by foreclosure or by a deed in lieu of foreclosure.

12. Within 60 days of the effective date of this Order, the Institution shall develop, adopt and implement a written plan to reduce the credit risk in the loan portfolio and the exposure to borrowers with an aggregate lending relationship which as of the effective date of the Order exceeded the limits set forth in 12 C.F.R. Section 563.93. Such plan shall include specific targets and quarterly time frames for the reduction of such credit risk and exposure to large borrowers. The Board of Directors shall review management's progress in meeting the goals and targets of the plan at least monthly.

ASSET CLASSIFICATIONS AND VALUATION ALLOWANCES

13. Within 45 days of the effective date of this Order, the Institution shall develop, adopt, implement and adhere to asset classification policies and procedures which comply with 12 C.F.R. Section 563.160 and which incorporate factors and considerations set forth in Section 260 of the OTS Regulatory Handbook on Thrift Activities. The Board of Directors shall review asset classifications monthly to ensure that the policies and procedures adopted are followed.

14. The Institution shall immediately classify assets in accordance with 12 C.F.R. Section 563.160 and in accordance with the classifications outlined in the OTS Report of Examination of the Institution made as of October 1, 1990, or any subsequent examination by the OTS or any other regulatory or insuring agency. As has been the practice in prior examinations of Firststate, any classifications by examiners for the OTS shall be made in conformance with the procedures set forth in Item 10 of the Examination Procedures of Section 260 of the OTS Regulatory Handbook on Thrift Activities.

15. Within 45 days of the effective date of this Order, the Institution, with the assistance of its independent auditors or another third party acceptable to the OTS, shall review for classification purposes pursuant to 12 C.F.R. Section 563.160, any loan which is 60 days or more contractually delinquent, any loan or investment with a book value of \$250,000 or more, and all real estate owned.

16. Without the prior approval of the Regional Director, the Institution shall not declassify any asset unless the asset has been paid off in full by funds not directly or indirectly provided by the Institution, or the asset has been sold to a third party without recourse.

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17. Within 45 days of the effective date of this Order, the Institution shall develop, adopt, implement and adhere to written general valuation policies and procedures which comply with 12 C.F.R. Section 563.160 and which incorporate factors and considerations set forth in Section 261 of the OTS Regulatory Handbook on Thrift Activities. The Board of Directors shall review the level of general valuation allowances monthly to determine whether such level of general valuation allowances is adequate and whether the policies and procedures adopted are followed.

18. The Institution shall immediately establish adequate general valuation allowances in accordance with 12 C.F.R. Section 563.160. the general valuation policy adopted pursuant to Paragraph 17 of this Order, and totaling at least \$5,150,000.

19. Within 45 days of the effective date of this Order, the Institution shall review and classify the outstanding indebtedness referred to as loan number 51-36002 on pages A-12.1 and A-12.2 of the OTS Report of Examination made as of October 1, 1990. Such review shall include an analysis and documentation of the value and marketability of any collateral, and the establishment of appropriate specific and general valuation allowances. Such portions of the subject indebtedness to Firststate which are not supported by a documented, independent assessment of value indicating current marketability of such collateral, shall be either fully reserved or charged off.

DEPOSIT LIABILITIES

20. Within 45 days of the effective date of this Order, the Institution shall develop, adopt and implement a policy to ensure its compliance with Section 29 of the FDIA, 12 U.S.C. Section 1831f and 12 C.F.R. Section 337.6, and shall at all times maintain current documentation of its compliance with these laws and regulations. The policy shall specifically provide that Firststate shall not, without the prior approval of the Federal Deposit Insurance Corporation, offer or accept any deposits with rates of interest exceeding by more than 50 basis points the prevailing rate of interest offered or paid at the time for deposits of comparable or similar terms and conditions by other insured savings associations with offices located in Orange County, Florida.

DIVIDENDS

21. Without the prior written approval of the Regional Director the Institution shall not pay any dividends or make any capital distributions.

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BOARD OF DIRECTORS' CERTIFICATION

22. Within 45 days following the end of each calendar quarter, the Board of Directors shall submit to the Regional Director a certification stating that the Institution has complied with all of the provisions of this Order or shall set forth those areas where compliance has not been achieved. Further, progress reports shall be provided to the OTS 90 days after the effective date of this Order and every 60 days thereafter detailing the actions taken to comply with the provisions of this Order.

OFFICE OF THRIFT SUPERVISION

By: _____

John E. Ryan
Regional Director
Southeast Region
Office of Thrift Supervision

Section 2.15

Summary: List employee benefit plans and similar.

Agreement Language: "EHL has disclosed in Section 2.15 of the EHL Disclosure Memorandum, and has delivered or made available to [Acquiror] prior to the execution of this Agreement copies in each case of, all pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, severance pay, vacation, bonus, or other incentive plan, all other written employee programs, arrangements, or agreements, all medical, vision, dental, or other health plans, all life insurance plans, and all other employee benefit plans or fringe benefit plans, including "employee benefit plans" as that term is defined in Section 3(3) of ERISA, currently sponsored by any Firststate Entity (collectively, the "Firststate Benefit Plans").

"Except as disclosed in Section 2.15 of the EHL Disclosure Memorandum, no Firststate Entity maintains a Firststate Benefit Plan providing welfare benefits (as defined in Section 3(1) of ERISA) to Employees after retirement or after separation from service except to the extent required under Part 6 of Title I of ERISA or Code Section 4980B."

Response: Summary attached.

FIRSTSTATE FINANCIAL, F.A. POLICY AND SUMMARY OF BENEFITS JANUARY 1, 1996

PROGRAM	EMPLOYEE COST PER PAY PERIOD	EFFECTIVE DATE	BENEFIT RECOVERED	ADDITIONAL INFORMATION
Group Medical & Dental Insurance	Employee Only: \$ 24.07 Employee + One: \$ 80.46 Family: \$ 113.58	First day of the month following employment	Medical & Dental coverage	Insurance premium deducted pre-tax. Company contributes up to 60% of total premium
Life Insurance	None	Here date	Life Insurance equal to annual salary	Full-time employees: Part-time based on # of hours worked. N/A for Commission Employees Effective 91st day after disability. Minimum (May be reduced by other benefits). N/A for Commission Employees
Sick Days	None	Here date	Earn 8 days per year. Unused days accumulate year to year.	
Long Term Disability	None	First day of the month following	Up to 60% of monthly base salary	
Short Term Disability	None	6 Months after date of hire	1 week at 100% for each full year of service and each remaining week at 60% to a total of 12 weeks	Waiting period 1 week N/A for Commission Employees
Worker's Compensation	None	Immediately	66 2/3% of weekly base salary, subject to state limitations	Job related injury or illness only.
Travel Insurance	None	Immediately	Accidental death benefit of \$100,000 for annual salaries under \$50,000; \$250,000 for annual salaries \$50,000 and above.	Full-time employees - when traveling on company business.
Vacation	None	6 months	Earn 2 weeks for 1-5 full years' service; earn 3 weeks for 6-10 full years' service; earn 4 weeks for 11+ full years' service.	Full-time employees: Part-time based on # of hours worked. N/A for Commission Employees
Holidays	None	Immediately	10 days per year	Schedule follows Federal Reserve Bank. N/A for Commission Employees
Personal Day	None	6 months	1 day per year	If hired prior to June 30. N/A for Commission Employees
Funeral Leave	None	6 months	Immediate family 3 day (maximum)	Immediate family. N/A for Commission Employees
Jury Duty	None	Immediately	Normal pay minus jury duty remuneration for up to 10 working days.	Advise your supervisor immediately. N/A for Commission Employees
401(k)	Voluntary Contribution	Immediately 1 year/min. 1,000 working hours annually.	Company will match up to 4% of savings.	Can save up to 16% of annual salary or annual allowable maximum. Tax deferred.
Profit Sharing Plan & Trust	None	1 year/min. 1,000 working hours annually.	Retirement income-at company's discretion.	Contributions made for employees who work 1,000 hours/year and are active employees on December 31.
Banking Services	None, for most services.	Immediately	Various, including employee checking accounts.	See Mary McCollum for Bank Policies.
Employee Parking	37.10	You must start the 1st or the 15 of any month		

NOTE: This provides a simple outline of benefits available to employees. Full explanations on the extent of benefits, costs and limitations may be found in included booklets, plans and company policies. If you have any questions, please call Mary McCollum, Human Resources.

Section 2.16

Summary: List contracts meeting criteria below.

Agreement Language: "Except as disclosed in Section 2.16 of the EHL Disclosure Memorandum or otherwise reflected in the Firststate Financial Statements, none of the Firststate Entities, nor any of their respective Assets, businesses, or operations, is a party to, or is bound or affected by, or receives benefits under, (i) any employment, severance, termination, consulting, or retirement Contract providing for aggregate payments to any Person in any calendar year in excess of \$100,000, (ii) any Contract relating to the borrowing of money by any Firststate Entity or the guarantee by any Firststate Entity of any such obligation (other than Contracts evidencing deposit liabilities, purchases of federal funds, fully-secured repurchase agreements, and Federal Home Loan Bank advances of depository institution Subsidiaries, trade payables and Contracts relating to borrowings or guarantees made in the ordinary course of business), (iii) any Contract which prohibits or restricts any Firststate Entity from engaging in any business activities in any geographic area, line of business or otherwise in competition with any other Person, (iv) any Contract between or among Firststate Entities, (v) any Contract involving Intellectual Property (other than Contracts entered into in the ordinary course with customers and "shrink-wrap" software licenses), (vi) any Contract relating to the provision of data processing, network communication, or other technical services to or by any Firststate Entity, other than in the ordinary course of business, copies of which will be made available to [Acquiror] upon request, (vii) any Contract relating to the purchase or sale of any goods or services (other than Contracts entered into in the ordinary course of business and involving payments under any individual Contract not in excess of \$100,000 in any calendar year), (viii) any exchange-traded or over-the-counter swap, forward, future, option, cap, floor, or collar financial Contract, or any other interest rate or foreign currency protection Contract not included on its balance sheet which is a financial derivative Contract, and (ix) any other Contract or amendment thereto that would be required to be filed as an exhibit to a Form 10-K filed by Firststate with the SEC or other relevant Regulatory Authority as of the date of this Agreement (together with all Contracts referred to in Sections 2.10 and 2.15(a), the "Firststate Contracts"). With respect to each Firststate Contract and except as disclosed in Section 2.16 of the EHL Disclosure Memorandum, or except to the extent that such matter would not result in a Firststate Material Adverse Effect: (i) the Contract is in full force and effect; (ii) no Firststate Entity is in Default thereunder; (iii) no Firststate Entity has repudiated or waived any material provision of any such Contract; and (iv) no other party to any such Contract is, to the Knowledge of Firststate, in Default in any respect, or has repudiated or waived any material provision thereunder. All of the indebtedness of any Firststate Entity for money borrowed is prepayable at any time by such Firststate Entity without penalty or premium.

Response:

List attached:

- Termination benefits agreements with Martin, McCollom, Curry and Parenty.
- Agreement with Peat Marwick for audit of financials.
- Agreement with CyberNation for office systems.
- Exclusive brokerage agreement with The Bywater Company.
- Exclusive brokerage agreement with Pizzuti Realty.
- Employment letter to Ed Abbott, dated February 6, 1992.

Firststate has agreements in the ordinary course of business with various parties for the purchase and sale of mortgage loan obligations.

TERMINATION BENEFITS AGREEMENT

This Termination Benefits Agreement ("Agreement") is entered into as of the 5th day of November, 1996, by and between FIRSTSTATE FINANCIAL, F. A. ("Company") and JOHN MARTIN ("Employee").

WITNESSETH:

WHEREAS, Employee is a key employee of the Company;

WHEREAS, the Company considers that providing Employee with certain employment termination benefits will operate as an incentive for Employee to remain employed by the Company during the period that the Company is negotiating a change in control or ownership of the Company;

WHEREAS, this Agreement is intended to provide benefits only in the event of a change in control or ownership of the Company prior to December 31, 1997 (the "Expiration Date");

NOW THEREFORE, to induce Employee to remain employed by the Company through the Expiration Date, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Employee agree as follows:

1. Definitions.

- (a) "Change in Control" shall mean the sale by the Company of all or substantially all of its assets and business to a person or entity other than a Related Person, the sale of fifty-one percent (51%) or more of the voting securities and capital stock of the Company to a person or entity other than a Related Person. "Related Person" shall mean any person or entity directly or indirectly owned and/or controlled by Samuel Zell.
- (b) "Termination Date" shall mean the date of termination of Employee's employment relationship with the Company.
- (c) "Termination Payments" shall mean any payment or distribution of compensation or benefits made pursuant to Section 3 of this Agreement.

(d) "Termination With Cause" shall mean termination of Employee by the Company for any of the following reasons:

- (i) the failure of Employee to render services to the Company in substantial accordance with the terms of his/her employment, which failure amounts to gross neglect of his/her duties to the Company;
- (ii) any violation of Section 5 of this Agreement or any employment agreement which Employee may have with the Company;
- (iii) taking any role in any buy-out of the Company without the approval of the Company's majority shareholder; or
- (iv) Employee's commission of any act of fraud, theft or embezzlement against the Company.

(e) "Voluntary Termination" shall mean the voluntary resignation by Employee of his/her employment with the Company other than a voluntary resignation following either:

- (i) any reduction in compensation consisting of base salary and incentive bonus;
- (ii) a substantial diminution of his/her responsibilities; or
- (iii) a relocation by the Company of Employee's place of employment outside a fifty (50) mile radius of Employee's current place of employment.

2. Termination of Employee. In the event of Employee's termination of employment with the Company within twelve (12) months immediately following the date on which there was a Change in Control of the Company, the Company shall provide Employee with the Termination Payments outlined in Section 3, unless the termination is for any of the following reasons:

- (a) Termination With Cause;
- (b) Voluntary Termination;
- (c) The death of the Employee. Nothing in this section shall affect any entitlement of Employee's heirs to the benefits of any life insurance plan; or
- (d) Termination as a result of Employee's incapacity (i.e., if in the reasonable opinion of the Company, Employee is prevented from properly performing his/her duties by reason of any physical or mental incapacity for a period of more than one hundred twenty (120) days, in the aggregate, in any twelve

(12) month period). Nothing in this section shall affect Employee's rights under any disability plan in which he/she is a participant.

3. Termination Payments. In the event that Employee is entitled to Termination Payments pursuant to the terms of Section 2:
- (a) Compensation. The Company shall pay Employee an amount equal to eighteen (18) months base salary as of the Termination Date; payable in eighteen (18) equal monthly installments, the first such installment to be paid thirty (30) days after the Termination Date following the Change in Control.
 - (b) Employee Benefits:
 - (i) Vacation. Any accrued vacation pay due but not yet taken at the Termination Date shall be paid to Employee within thirty (30) days following the Termination Date.
 - (ii) Health Benefits. If Employee participated in any health benefit plan in effect immediately prior to the Termination Date, and if Employee elects to continue participating in such plan pursuant to the terms of said plan and the Comprehensive Omnibus Budget Reconciliation Act ("COBRA"), the Company shall continue to pay the Employers portion of the cost of such plan from the Termination Date until the earlier of: (a) the date which is eighteen (18) months following the Termination Date; or (b) the date of Employee's eligibility in any health benefit plan offered by Employee's new employer, if any. Employee shall notify the Company in writing within thirty (30) days of any new employment.
 - (iii) Retirement And Profit-Sharing Plans. Notwithstanding anything in this Agreement to the contrary, Employee's rights in any retirement, pension or profit-sharing plans offered by the Company shall be governed by the rules of such plans as well as by applicable law.
4. At-Will Employment. The Company and Employee have, and will continue to have, an at-will employment relationship. That is, either party can terminate the employment relationship for any reason at any time. Nothing contained in this Agreement shall be interpreted to amend or alter this at-will employment relationship.

5. Continuing Obligations. In order to induce the Company to enter into this Agreement, Employee hereby agrees that all documents, records, techniques, business secrets and other information which have come into his/her possession from time to time during his/her continued employment by the Company or which may come into his/her possession during his/her employment hereunder, shall be deemed to be confidential and proprietary to the Company, and Employee further agrees to retain in confidence any confidential information known to him/her concerning the Company and its subsidiaries and their respective businesses so long as such information is not publicly disclosed. Employee further agrees to cooperate fully as requested from time to time by the controlling shareholder of the Company, the Company's Board of Directors, or Company Management in connection with any transaction involving the possible sale of the Company. Employee further agrees not to speak about a possible sale of the Company with or otherwise respond to requests to or from any third parties involving the possible sale of the Company, unless specifically authorized to do so by the Company or the controlling shareholder of the Company. The obligations of Employee under this Section 5 shall be in addition to, and shall not limit, any other obligation of Employee to the Company with respect to the matters set forth herein or otherwise.
6. Assignments and Transfers. Employee agrees that he/she will not assign, sell, transfer, delegate or otherwise dispose of, whether voluntarily or involuntarily, or by operation of law; any rights or obligations under this Agreement, nor shall Employee's rights be subject to encumbrance or the claims of creditors. Any purported assignment shall be null and void. This Agreement shall inure to the benefit of and be enforceable by Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. This Agreement shall be binding upon and shall inure to the benefit of the Company and its successors and assigns, and the Company shall require any successor or assign to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place, except no assumption shall be required if this Agreement is automatically assumed by operation of law. The term "the Company" as used herein shall include such successors and assigns. The term "successors and assigns" as used herein shall include a corporation or other entity acquiring at least 51% of the outstanding shares of the Company or all or substantially all of the assets and business of the Company.

7. Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given and received when delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Company at:

Firststate Financial, F. A.
255 South Orange Avenue
Suite 1200
Orlando, Florida 32801-3411
Attn: President

With a copy to:

Sarin Cottone
2 North Riverside Plaza
Suite 1100
Chicago, Illinois 60608

and to Employee at:

John Martin
255 John F. Kennedy Pkwy.
W. Palm Beach, FL 33411

or such address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

8. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida.
9. Entire Agreement. The terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to Employee's termination benefits and may not be contradicted by evidence of any prior or contemporaneous Agreement.
10. Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Employee and by a duly authorized representative of the Company other than Employee. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power provided herein or by law or in equity.

11. Severability Enforcement. If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this Agreement and such provisions as applied to other persons, places, and circumstances shall remain in full force and effect.
12. Arbitration. The parties agree to submit any dispute arising under this Agreement to arbitration. Arbitration shall be by a single arbitrator in the Orlando, Florida area experienced in the matters at issue selected by the Company and Employee in accordance with the commercial arbitration rules of the American Arbitration Association. The decision of the arbitrator shall be final and binding as to any manner submitted to him under this Agreement. All costs and expenses incurred in connection with any such arbitration proceeding shall be borne by the party against whom the decision is rendered as provided by the arbitrator.
13. Release.
 - (a) Employee, on behalf of himself, his/her heirs, executors, legal representative, successors and assigns, hereby fully and forever releases and discharges the Company, and its respective affiliates, subsidiaries, parents, predecessors and successors, and each of its officers, directors, trustees, employees, agents and attorneys, past and present (the "Releasees"), from any and all claims, demands or causes of action, whether now known or unknown, which have existed, which do exist, or which may exist in the future, arising out of or relating in any way to Employee's employment with the Company, his/her employment compensation, his/her termination of employment or his/her employment agreement, the sale of the stock or assets of the Company and/or any other occurrence up to and including the effective date of this Agreement, except those claims statutorily precluded from waiver or release by private parties and except those alleging breach of this Agreement. Without in any way limiting the generality of the foregoing language, this release includes any claims for relief or causes of action under the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, *et seq.*, and any other federal, state or local statute, ordinance or regulation dealing in any respect with discrimination in employment, and in addition thereto, any claims under any Company (or its affiliates) severance policy, practice or procedure, and any claims, demands or actions brought on the basis of alleged wrongful or retaliatory discharge and/or alleged breach of an implied or explicit, written or oral employment or other contract or covenant under the common law of any state, including, but not limited to, Florida.

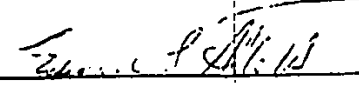
- (b) Employee further agrees not to directly or indirectly pursue or initiate any action or legal proceeding of any kind against the Releasees arising out of or related to the claims released in Section 13(a) above, or the sale of the stock or assets of the Company and also waives any right to recover any relief as a result of any such proceedings initiated on his/her behalf.

14. Termination Date. This Agreement shall be null and void in the event that a Change in Control does not occur on or before the Expiration Date.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year set forth above.

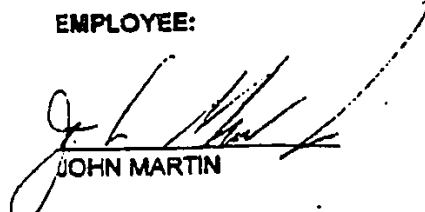
COMPANY:

FIRSTSTATE FINANCIAL, F. A.

By: 

Edward L. Abbott
Its President

EMPLOYEE:


JOHN MARTIN

TERMINATION BENEFITS AGREEMENT

This Termination Benefits Agreement ("Agreement") is entered into as of the 5th day of November, 1996, by and between FIRSTSTATE FINANCIAL, F. A. ("Company") and MARY McCOLLOM ("Employee").

WITNESSETH:

WHEREAS, Employee is a key employee of the Company;

WHEREAS, the Company considers that providing Employee with certain employment termination benefits will operate as an incentive for Employee to remain employed by the Company during the period that the Company is negotiating a change in control or ownership of the Company;

WHEREAS, this Agreement is intended to provide benefits only in the event of a change in control or ownership of the Company prior to December 31, 1997 (the "Expiration Date");

NOW THEREFORE, to induce Employee to remain employed by the Company through the Expiration Date, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Employee agree as follows:

1. Definitions.

- (a) "Change in Control" shall mean the sale by the Company of all or substantially all of its assets and business to a person or entity other than a Related Person, the sale of fifty-one percent (51%) or more of the voting securities and capital stock of the Company to a person or entity other than a Related Person. "Related Person" shall mean any person or entity directly or indirectly owned and/or controlled by Samuel Zell.
- (b) "Termination Date" shall mean the date of termination of Employee's employment relationship with the Company.
- (c) "Termination Payments" shall mean any payment or distribution of compensation or benefits made pursuant to Section 3 of this Agreement.

(d) "Termination With Cause" shall mean termination of Employee by the Company for any of the following reasons:

- (i) the failure of Employee to render services to the Company in substantial accordance with the terms of his/her employment, which failure amounts to gross neglect of his/her duties to the Company;
- (ii) any violation of Section 5 of this Agreement or any employment agreement which Employee may have with the Company;
- (iii) taking any role in any buy-out of the Company without the approval of the Company's majority shareholder; or
- (iv) Employee's commission of any act of fraud, theft or embezzlement against the Company.

(e) "Voluntary Termination" shall mean the voluntary resignation by Employee of his/her employment with the Company other than a voluntary resignation following either:

- (i) any reduction in compensation consisting of base salary and incentive bonus;
- (ii) a substantial diminution of his/her responsibilities; or
- (iii) a relocation by the Company of Employee's place of employment outside a fifty (50) mile radius of Employee's current place of employment.

2. Termination of Employee. In the event of Employee's termination of employment with the Company within twelve (12) months immediately following the date on which there was a Change in Control of the Company, the Company shall provide Employee with the Termination Payments outlined in Section 3, unless the termination is for any of the following reasons:

- (a) Termination With Cause;
- (b) Voluntary Termination;
- (c) The death of the Employee. Nothing in this section shall affect any entitlement of Employee's heirs to the benefits of any life insurance plan; or
- (d) Termination as a result of Employee's incapacity (i.e., if in the reasonable opinion of the Company, Employee is prevented from properly performing his/her duties by reason of any physical or mental incapacity for a period of more than one hundred twenty (120) days, in the aggregate, in any twelve

(12) month period). Nothing in this section shall affect Employee's rights under any disability plan in which he/she is a participant.

3. Termination Payments. In the event that Employee is entitled to Termination Payments pursuant to the terms of Section 2:
- (a) Compensation. The Company shall pay Employee an amount equal to eighteen (18) months base salary as of the Termination Date; payable in eighteen (18) equal monthly installments, the first such installment to be paid thirty (30) days after the Termination Date following the Change in Control.
 - (b) Employee Benefits:
 - (i) Vacation. Any accrued vacation pay due but not yet taken at the Termination Date shall be paid to Employee within thirty (30) days following the Termination Date.
 - (ii) Health Benefits. If Employee participated in any health benefit plan in effect immediately prior to the Termination Date, and if Employee elects to continue participating in such plan pursuant to the terms of said plan and the Comprehensive Omnibus Budget Reconciliation Act ("COBRA"), the Company shall continue to pay the Employers portion of the cost of such plan from the Termination Date until the earlier of: (a) the date which is eighteen (18) months following the Termination Date; or (b) the date of Employee's eligibility in any health benefit plan offered by Employee's new employer, if any. Employee shall notify the Company in writing within thirty (30) days of any new employment.
 - (iii) Retirement And Profit-Sharing Plans. Notwithstanding anything in this Agreement to the contrary, Employee's rights in any retirement, pension or profit-sharing plans offered by the Company shall be governed by the rules of such plans as well as by applicable law.
4. At-Will Employment. The Company and Employee have, and will continue to have, an at-will employment relationship. That is, either party can terminate the employment relationship for any reason at any time. Nothing contained in this Agreement shall be interpreted to amend or alter this at-will employment relationship.

5. Continuing Obligations. In order to induce the Company to enter into this Agreement, Employee hereby agrees that all documents, records, techniques, business secrets and other information which have come into his/her possession from time to time during his/her continued employment by the Company or which may come into his/her possession during his/her employment hereunder, shall be deemed to be confidential and proprietary to the Company, and Employee further agrees to retain in confidence any confidential information known to him/her concerning the Company and its subsidiaries and their respective businesses so long as such information is not publicly disclosed. Employee further agrees to cooperate fully as requested from time to time by the controlling shareholder of the Company, the Company's Board of Directors, or Company Management in connection with any transaction involving the possible sale of the Company. Employee further agrees not to speak about a possible sale of the Company with or otherwise respond to requests to or from any third parties involving the possible sale of the Company, unless specifically authorized to do so by the Company or the controlling shareholder of the Company. The obligations of Employee under this Section 5 shall be in addition to, and shall not limit, any other obligation of Employee to the Company with respect to the matters set forth herein or otherwise.
6. Assignments and Transfers. Employee agrees that he/she will not assign, sell, transfer, delegate or otherwise dispose of, whether voluntarily or involuntarily, or by operation of law, any rights or obligations under this Agreement, nor shall Employee's rights be subject to encumbrance or the claims of creditors. Any purported assignment shall be null and void. This Agreement shall inure to the benefit of and be enforceable by Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. This Agreement shall be binding upon and shall inure to the benefit of the Company and its successors and assigns, and the Company shall require any successor or assign to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place, except no assumption shall be required if this Agreement is automatically assumed by operation of law. The term "the Company" as used herein shall include such successors and assigns. The term "successors and assigns" as used herein shall include a corporation or other entity acquiring at least 51% of the outstanding shares of the Company or all or substantially all of the assets and business of the Company.

7. **Notices.** For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given and received when delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Company at:

Firststate Financial, F. A.
255 South Orange Avenue
Suite 1200
Orlando, Florida 32801-3411
Attn: President

With a copy to:

Sam Cottone
2 North Riverside Plaza
Suite 1100
Chicago, Illinois 60606

and to Employee at:

Mary McCollom
3037 Harbour Landing Way
Orlando, FL 32807

or such address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

8. **Governing Law.** The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida.
9. **Entire Agreement.** The terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to Employee's termination benefits and may not be contradicted by evidence of any prior or contemporaneous Agreement.
10. **Amendments: Waivers.** This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Employee and by a duly authorized representative of the Company other than Employee. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power provided herein or by law or in equity.

11. Severability; Enforcement. If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this Agreement and such provisions as applied to other persons, places, and circumstances shall remain in full force and effect.
12. Arbitration. The parties agree to submit any dispute arising under this Agreement to arbitration. Arbitration shall be by a single arbitrator in the Orlando, Florida area experienced in the matters at issue selected by the Company and Employee in accordance with the commercial arbitration rules of the American Arbitration Association. The decision of the arbitrator shall be final and binding as to any manner submitted to him under this Agreement. All costs and expenses incurred in connection with any such arbitration proceeding shall be borne by the party against whom the decision is rendered as provided by the arbitrator.
13. Release.
 - (a) Employee, on behalf of himself, his/her heirs, executors, legal representative, successors and assigns, hereby fully and forever releases and discharges the Company, and its respective affiliates, subsidiaries, parents, predecessors and successors, and each of its officers, directors, trustees, employees, agents and attorneys, past and present (the "Releasees"), from any and all claims, demands or causes of action, whether now known or unknown, which have existed, which do exist, or which may exist in the future, arising out of or relating in any way to Employee's employment with the Company, his/her employment compensation, his/her termination of employment or his/her employment agreement, the sale of the stock or assets of the Company and/or any other occurrence up to and including the effective date of this Agreement, except those claims statutorily precluded from waiver or release by private parties and except those alleging breach of this Agreement. Without in any way limiting the generality of the foregoing language, this release includes any claims for relief or causes of action under the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq., and any other federal, state or local statute, ordinance or regulation dealing in any respect with discrimination in employment, and in addition thereto, any claims under any Company (or its affiliates) severance policy, practice or procedure, and any claims, demands or actions brought on the basis of alleged wrongful or retaliatory discharge and/or alleged breach of an implied or explicit, written or oral employment or other contract or covenant under the common law of any state, including, but not limited to, Florida.

- (b) Employee further agrees not to directly or indirectly pursue or initiate any action or legal proceeding of any kind against the Releasees arising out of or related to the claims released in Section 13(a) above, or the sale of the stock or assets of the Company and also waives any right to recover any relief as a result of any such proceedings initiated on his/her behalf.

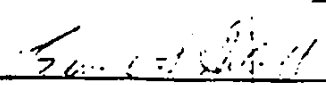
14. Termination Date. This Agreement shall be null and void in the event that a Change in Control does not occur on or before the Expiration Date.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year set forth above.

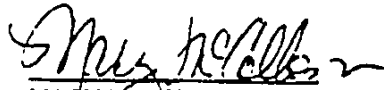
COMPANY:

EMPLOYEE:

FIRSTSTATE FINANCIAL, F. A.

By: 

Edward L. Abbott
Its President


MARY MCCOLLOM

TERMINATION BENEFITS AGREEMENT

This Termination Benefits Agreement ("Agreement") is entered into as of the 5th day of November, 1996, by and between FIRSTSTATE FINANCIAL, F. A. ("Company") and ~~LOU~~ JANE CURRY ("Employee").

WITNESSETH:

WHEREAS, Employee is a key employee of the Company;

WHEREAS, the Company considers that providing Employee with certain employment termination benefits will operate as an incentive for Employee to remain employed by the Company during the period that the Company is negotiating a change in control or ownership of the Company;

WHEREAS, this Agreement is intended to provide benefits only in the event of a change in control or ownership of the Company prior to December 31, 1997 (the "Expiration Date");

NOW THEREFORE, to induce Employee to remain employed by the Company through the Expiration Date, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Employee agree as follows:

1. **Definitions.**

- (a) "Change in Control" shall mean the sale by the Company of all or substantially all of its assets and business to a person or entity other than a Related Person, the sale of fifty-one percent (51%) or more of the voting securities and capital stock of the Company to a person or entity other than a Related Person. "Related Person" shall mean any person or entity directly or indirectly owned and/or controlled by Samuel Zell.
- (b) "Termination Date" shall mean the date of termination of Employee's employment relationship with the Company.
- (c) "Termination Payments" shall mean any payment or distribution of compensation or benefits made pursuant to Section 3 of this Agreement.

(d) "Termination With Cause" shall mean termination of Employee by the Company for any of the following reasons:

- (i) the failure of Employee to render services to the Company in substantial accordance with the terms of his/her employment, which failure amounts to gross neglect of his/her duties to the Company;
- (ii) any violation of Section 5 of this Agreement or any employment agreement which Employee may have with the Company;
- (iii) taking any role in any buy-out of the Company without the approval of the Company's majority shareholder; or
- (iv) Employee's commission of any act of fraud, theft or embezzlement against the Company.

(e) "Voluntary Termination" shall mean the voluntary resignation by Employee of his/her employment with the Company other than a voluntary resignation following either:

- (i) any reduction in compensation consisting of base salary and incentive bonus;
- (ii) a substantial diminution of his/her responsibilities; or
- (iii) a relocation by the Company of Employee's place of employment outside a fifty (50) mile radius of Employee's current place of employment.

2. Termination of Employee. In the event of Employee's termination of employment with the Company within twelve (12) months immediately following the date on which there was a Change in Control of the Company, the Company shall provide Employee with the Termination Payments outlined in Section 3, unless the termination is for any of the following reasons:

- (a) Termination With Cause;
- (b) Voluntary Termination;
- (c) The death of the Employee. Nothing in this section shall affect any entitlement of Employee's heirs to the benefits of any life insurance plan; or
- (d) Termination as a result of Employee's incapacity (i.e., if in the reasonable opinion of the Company, Employee is prevented from properly performing his/her duties by reason of any physical or mental incapacity for a period of more than one hundred twenty (120) days, in the aggregate, in any twelve

(12) month period). Nothing in this section shall affect Employee's rights under any disability plan in which he/she is a participant.

3. Termination Payments. In the event that Employee is entitled to Termination Payments pursuant to the terms of Section 2:

(a) Compensation. The Company shall pay Employee an amount equal to eighteen (18) months base salary as of the Termination Date; payable in eighteen (18) equal monthly installments, the first such installment to be paid thirty (30) days after the Termination Date following the Change in Control.

(b) Employee Benefits:

(i) Vacation. Any accrued vacation pay due but not yet taken at the Termination Date shall be paid to Employee within thirty (30) days following the Termination Date.

(ii) Health Benefits. If Employee participated in any health benefit plan in effect immediately prior to the Termination Date, and if Employee elects to continue participating in such plan pursuant to the terms of said plan and the Comprehensive Omnibus Budget Reconciliation Act ("COBRA"), the Company shall continue to pay the Employers portion of the cost of such plan from the Termination Date until the earlier of: (a) the date which is eighteen (18) months following the Termination Date; or (b) the date of Employee's eligibility in any health benefit plan offered by Employee's new employer, if any. Employee shall notify the Company in writing within thirty (30) days of any new employment.

(iii) Retirement And Profit-Sharing Plans. Notwithstanding anything in this Agreement to the contrary, Employee's rights in any retirement, pension or profit-sharing plans offered by the Company shall be governed by the rules of such plans as well as by applicable law.

4. At-Will Employment. The Company and Employee have, and will continue to have, an at-will employment relationship. That is, either party can terminate the employment relationship for any reason at any time. Nothing contained in this Agreement shall be interpreted to amend or alter this at-will employment relationship.

5. Continuing Obligations. In order to induce the Company to enter into this Agreement, Employee hereby agrees that all documents, records, techniques, business secrets and other information which have come into his/her possession from time to time during his/her continued employment by the Company or which may come into his/her possession during his/her employment hereunder, shall be deemed to be confidential and proprietary to the Company, and Employee further agrees to retain in confidence any confidential information known to him/her concerning the Company and its subsidiaries and their respective businesses so long as such information is not publicly disclosed. Employee further agrees to cooperate fully as requested from time to time by the controlling shareholder of the Company, the Company's Board of Directors, or Company Management in connection with any transaction involving the possible sale of the Company. Employee further agrees not to speak about a possible sale of the Company with or otherwise respond to requests to or from any third parties involving the possible sale of the Company, unless specifically authorized to do so by the Company or the controlling shareholder of the Company. The obligations of Employee under this Section 5 shall be in addition to, and shall not limit, any other obligation of Employee to the Company with respect to the matters set forth herein or otherwise.
6. Assignments and Transfers. Employee agrees that he/she will not assign, sell, transfer, delegate or otherwise dispose of, whether voluntarily or involuntarily, or by operation of law, any rights or obligations under this Agreement, nor shall Employee's rights be subject to encumbrance or the claims of creditors. Any purported assignment shall be null and void. This Agreement shall inure to the benefit of and be enforceable by Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. This Agreement shall be binding upon and shall inure to the benefit of the Company and its successors and assigns, and the Company shall require any successor or assign to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place, except no assumption shall be required if this Agreement is automatically assumed by operation of law. The term "the Company" as used herein shall include such successors and assigns. The term "successors and assigns" as used herein shall include a corporation or other entity acquiring at least 51% of the outstanding shares of the Company or all or substantially all of the assets and business of the Company.

7. Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given and received when delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Company at:

Firststate Financial, F. A.
255 South Orange Avenue
Suite 1200
Orlando, Florida 32801-3411
Attn: President

With a copy to:

Sam Cottone
2 North Riverside Plaza
Suite 1100
Chicago, Illinois 60606

and to Employee at:

✱ Lou
Lou Jane Curry

[Signature]

181 Wimbledon Circle
Heathrow, FL 32746

or such address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt. ;

8. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida.
9. Entire Agreement. The terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to Employee's termination benefits and may not be contradicted by evidence of any prior or contemporaneous Agreement.
10. Amendments; Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Employee and by a duly authorized representative of the Company other than Employee. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power provided herein or by law or in equity

11. Severability, Enforcement. If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this Agreement and such provisions as applied to other persons, places, and circumstances shall remain in full force and effect.
12. Arbitration. The parties agree to submit any dispute arising under this Agreement to arbitration. Arbitration shall be by a single arbitrator in the Orlando, Florida area experienced in the matters at issue selected by the Company and Employee in accordance with the commercial arbitration rules of the American Arbitration Association. The decision of the arbitrator shall be final and binding as to any manner submitted to him under this Agreement. All costs and expenses incurred in connection with any such arbitration proceeding shall be borne by the party against whom the decision is rendered as provided by the arbitrator.
13. Release.
 - (a) Employee, on behalf of himself, his/her heirs, executors, legal representative, successors and assigns, hereby fully and forever releases and discharges the Company, and its respective affiliates, subsidiaries, parents, predecessors and successors, and each of its officers, directors, trustees, employees, agents and attorneys, past and present (the "Releasees"), from any and all claims, demands or causes of action, whether now known or unknown, which have existed, which do exist, or which may exist in the future, arising out of or relating in any way to Employee's employment with the Company, his/her employment compensation, his/her termination of employment or his/her employment agreement, the sale of the stock or assets of the Company and/or any other occurrence up to and including the effective date of this Agreement, except those claims statutorily precluded from waiver or release by private parties and except those alleging breach of this Agreement. Without in any way limiting the generality of the foregoing language, this release includes any claims for relief or causes of action under the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq., and any other federal, state or local statute, ordinance or regulation dealing in any respect with discrimination in employment, and in addition thereto, any claims under any Company (or its affiliates) severance policy, practice or procedure, and any claims, demands or actions brought on the basis of alleged wrongful or retaliatory discharge and/or alleged breach of an implied or explicit, written or oral employment or other contract or covenant under the common law of any state, including, but not limited to, Florida.

- (b) Employee further agrees not to directly or indirectly pursue or initiate any action or legal proceeding of any kind against the Releasees arising out of or related to the claims released in Section 13(a) above, or the sale of the stock or assets of the Company and also waives any right to recover any relief as a result of any such proceedings initiated on his/her behalf.

14. Termination Date. This Agreement shall be null and void in the event that a Change in Control does not occur on or before the Expiration Date.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year set forth above.

COMPANY:

FIRSTSTATE FINANCIAL, F. A.

By: Edward L. Abbott

Edward L. Abbott
Its President

EMPLOYEE:

Lou Jane Curry
LOU JANE CURRY
* Lu for

TERMINATION BENEFITS AGREEMENT

This Termination Benefits Agreement ("Agreement") is entered into as of the 5th day of November, 1996, by and between FIRSTSTATE FINANCIAL, F. A. ("Company") and PAUL PARENTY ("Employee").

WITNESSETH:

WHEREAS, Employee is a key employee of the Company;

WHEREAS, the Company considers that providing Employee with certain employment termination benefits will operate as an incentive for Employee to remain employed by the Company during the period that the Company is negotiating a change in control or ownership of the Company;

WHEREAS, this Agreement is intended to provide benefits only in the event of a change in control or ownership of the Company prior to December 31, 1997 (the "Expiration Date");

NOW THEREFORE, to induce Employee to remain employed by the Company through the Expiration Date, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Company and Employee agree as follows:

1. **Definitions.**

- (a) "Change in Control" shall mean the sale by the Company of all or substantially all of its assets and business to a person or entity other than a Related Person, the sale of fifty-one percent (51%) or more of the voting securities and capital stock of the Company to a person or entity other than a Related Person. "Related Person" shall mean any person or entity directly or indirectly owned and/or controlled by Samuel Zell.
- (b) "Termination Date" shall mean the date of termination of Employee's employment relationship with the Company.
- (c) "Termination Payments" shall mean any payment or distribution of compensation or benefits made pursuant to Section 3 of this Agreement.

(d) "Termination With Cause" shall mean termination of Employee by the Company for any of the following reasons:

- (i) the failure of Employee to render services to the Company in substantial accordance with the terms of his/her employment, which failure amounts to gross neglect of his/her duties to the Company;
- (ii) any violation of Section 5 of this Agreement or any employment agreement which Employee may have with the Company;
- (iii) taking any role in any buy-out of the Company without the approval of the Company's majority shareholder; or
- (iv) Employee's commission of any act of fraud, theft or embezzlement against the Company.

(e) "Voluntary Termination" shall mean the voluntary resignation by Employee of his/her employment with the Company other than a voluntary resignation following either:

- (i) any reduction in compensation consisting of base salary and incentive bonus;
- (ii) a substantial diminution of his/her responsibilities; or
- (iii) a relocation by the Company of Employee's place of employment outside a fifty (50) mile radius of Employee's current place of employment.

2. Termination of Employee. In the event of Employee's termination of employment with the Company within twelve (12) months immediately following the date on which there was a Change in Control of the Company, the Company shall provide Employee with the Termination Payments outlined in Section 3, unless the termination is for any of the following reasons:

- (a) Termination With Cause;
- (b) Voluntary Termination;
- (c) The death of the Employee. Nothing in this section shall affect any entitlement of Employee's heirs to the benefits of any life insurance plan; or
- (d) Termination as a result of Employee's incapacity (i.e., if in the reasonable opinion of the Company, Employee is prevented from properly performing his/her duties by reason of any physical or mental incapacity for a period of more than one hundred twenty (120) days, in the aggregate, in any twelve

(12) month period). Nothing in this section shall affect Employee's rights under any disability plan in which he/she is a participant.

3. Termination Payments. In the event that Employee is entitled to Termination Payments pursuant to the terms of Section 2:

(a) Compensation. The Company shall pay Employee an amount equal to eighteen (18) months base salary as of the Termination Date; payable in eighteen (18) equal monthly installments, the first such installment to be paid thirty (30) days after the Termination Date following the Change in Control.

(b) Employee Benefits:

(i) Vacation. Any accrued vacation pay due but not yet taken at the Termination Date shall be paid to Employee within thirty (30) days following the Termination Date.

(ii) Health Benefits. If Employee participated in any health benefit plan in effect immediately prior to the Termination Date, and if Employee elects to continue participating in such plan pursuant to the terms of said plan and the Comprehensive Omnibus Budget Reconciliation Act ("COBRA"), the Company shall continue to pay the Employers portion of the cost of such plan from the Termination Date until the earlier of: (a) the date which is eighteen (18) months following the Termination Date; or (b) the date of Employee's eligibility in any health benefit plan offered by Employee's new employer, if any. Employee shall notify the Company in writing within thirty (30) days of any new employment.

(iii) Retirement And Profit-Sharing Plans. Notwithstanding anything in this Agreement to the contrary, Employee's rights in any retirement, pension or profit-sharing plans offered by the Company shall be governed by the rules of such plans as well as by applicable law.

4. At-Will Employment. The Company and Employee have, and will continue to have, an at-will employment relationship. That is, either party can terminate the employment relationship for any reason at any time. Nothing contained in this Agreement shall be interpreted to amend or alter this at-will employment relationship.

5. Continuing Obligations. In order to induce the Company to enter into this Agreement, Employee hereby agrees that all documents, records, techniques, business secrets and other information which have come into his/her possession from time to time during his/her continued employment by the Company or which may come into his/her possession during his/her employment hereunder, shall be deemed to be confidential and proprietary to the Company, and Employee further agrees to retain in confidence any confidential information known to him/her concerning the Company and its subsidiaries and their respective businesses so long as such information is not publicly disclosed. Employee further agrees to cooperate fully as requested from time to time by the controlling shareholder of the Company, the Company's Board of Directors, or Company Management in connection with any transaction involving the possible sale of the Company. Employee further agrees not to speak about a possible sale of the Company with or otherwise respond to requests to or from any third parties involving the possible sale of the Company, unless specifically authorized to do so by the Company or the controlling shareholder of the Company. The obligations of Employee under this Section 5 shall be in addition to, and shall not limit, any other obligation of Employee to the Company with respect to the matters set forth herein or otherwise.
6. Assignments and Transfers. Employee agrees that he/she will not assign, sell, transfer, delegate or otherwise dispose of, whether voluntarily or involuntarily, or by operation of law, any rights or obligations under this Agreement, nor shall Employee's rights be subject to encumbrance or the claims of creditors. Any purported assignment shall be null and void. This Agreement shall inure to the benefit of and be enforceable by Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. This Agreement shall be binding upon and shall inure to the benefit of the Company and its successors and assigns, and the Company shall require any successor or assign to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession or assignment had taken place, except no assumption shall be required if this Agreement is automatically assumed by operation of law. The term "the Company" as used herein shall include such successors and assigns. The term "successors and assigns" as used herein shall include a corporation or other entity acquiring at least 51% of the outstanding shares of the Company or all or substantially all of the assets and business of the Company.

7. Notices. For purposes of this Agreement, notices and all other communications provided for herein shall be in writing and shall be deemed to have been duly given and received when delivered or mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed to the Company at:

Firststate Financial, F. A.
255 South Orange Avenue
Suite 1200
Orlando, Florida 32801-3411
Attn: President

With a copy to:

Sam Cottone
2 North Riverside Plaza
Suite 1100
Chicago, Illinois 60608

and to Employee at:

Paul Parenty
3005 Ringwood Circle
Winter Springs, Florida 32708

or such address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

8. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Florida.
9. Entire Agreement. The terms of this Agreement are intended by the parties to be the final expression of their agreement with respect to Employee's termination benefits and may not be contradicted by evidence of any prior or contemporaneous Agreement.
10. Amendments: Waivers. This Agreement may not be modified, amended, or terminated except by an instrument in writing, signed by Employee and by a duly authorized representative of the Company other than Employee. No failure to exercise and no delay in exercising any right, remedy, or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, or power hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, or power provided herein or by law or in equity.

11. Severability; Enforcement. If any provision of this Agreement, or the application thereof to any person, place or circumstance, shall be held by a court of competent jurisdiction to be invalid, unenforceable, or void, the remainder of this Agreement and such provisions as applied to other persons, places, and circumstances shall remain in full force and effect.
12. Arbitration. The parties agree to submit any dispute arising under this Agreement to arbitration. Arbitration shall be by a single arbitrator in the Orlando, Florida area experienced in the matters at issue selected by the Company and Employee in accordance with the commercial arbitration rules of the American Arbitration Association. The decision of the arbitrator shall be final and binding as to any manner submitted to him under this Agreement. All costs and expenses incurred in connection with any such arbitration proceeding shall be borne by the party against whom the decision is rendered as provided by the arbitrator.
13. Release.
 - (a) Employee, on behalf of himself, his/her heirs, executors, legal representative, successors and assigns, hereby fully and forever releases and discharges the Company, and its respective affiliates, subsidiaries, parents, predecessors and successors, and each of its officers, directors, trustees, employees, agents and attorneys, past and present (the "Releasees"), from any and all claims, demands or causes of action, whether now known or unknown, which have existed, which do exist, or which may exist in the future, arising out of or relating in any way to Employee's employment with the Company, his/her employment compensation, his/her termination of employment or his/her employment agreement, the sale of the stock or assets of the Company and/or any other occurrence up to and including the effective date of this Agreement, except those claims statutorily precluded from waiver or release by private parties and except those alleging breach of this Agreement. Without in any way limiting the generality of the foregoing language, this release includes any claims for relief or causes of action under the Age Discrimination in Employment Act, as amended, 29 U.S.C. Section 621, et seq., and any other federal, state or local statute, ordinance or regulation dealing in any respect with discrimination in employment, and in addition thereto, any claims under any Company (or its affiliates) severance policy, practice or procedure, and any claims, demands or actions brought on the basis of alleged wrongful or retaliatory discharge and/or alleged breach of an implied or explicit, written or oral employment or other contract or covenant under the common law of any state, including, but not limited to, Florida.

- (b) Employee further agrees not to directly or indirectly pursue or initiate any action or legal proceeding of any kind against the Releasees arising out of or related to the claims released in Section 13(a) above, or the sale of the stock or assets of the Company and also waives any right to recover any relief as a result of any such proceedings initiated on his/her behalf.

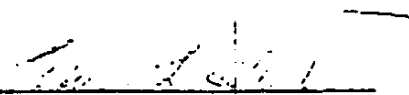
14. Termination Date. This Agreement shall be null and void in the event that a Change in Control does not occur on or before the Expiration Date.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed and delivered as of the day and year set forth above.

COMPANY:

EMPLOYEE:

FIRSTSTATE FINANCIAL F. A.

By: 

Edward L. Abbott
Its President


PAUL PARENTY



111 North Orange Avenue, Suite 1600 Telephone 407 423 3426
P.O. Box 3031
Orlando, FL 32802

Telefax 407 848 8557

September 4, 1996

Private and Confidential

Mr. Arthur A. Greenberg, Chairman
FIRSTSTATE FINANCIAL, F.A.
255 S. Orange Avenue, 12th Floor
Orlando, FL 32801

Dear Mr. Greenberg:

It is a pleasure to provide you this letter to discuss our approach to the audit of FIRSTSTATE FINANCIAL, F.A. (FIRSTSTATE) and subsidiaries' consolidated financial statements as of and for the year ended December 31, 1996. This letter will confirm our understanding of the arrangements for the engagement.

KPMG Peat Marwick LLP ("KPMG") will conduct the audit in accordance with generally accepted auditing standards with the objective of expressing an opinion as to whether the presentation of the consolidated financial statements, taken as a whole, conforms with generally accepted accounting principles. In conducting the audit, we will perform tests of the accounting records and such other procedures as we consider necessary in the circumstances to provide a reasonable basis for our opinion on the consolidated financial statements. We will examine, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. We will also assess the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. FIRSTSTATE agrees that all records, documentation, and information we request in connection with our audit will be made available to us, that all material information will be disclosed to us, and that we will have the full cooperation of the FIRSTSTATE's personnel.

It should be understood that management of the FIRSTSTATE has responsibility for the consolidated financial statements and all representations contained therein. Management of FIRSTSTATE is also responsible for the adoption of sound accounting policies and the implementation of recordkeeping and an internal control structure to maintain the reliability of the consolidated financial statements and to provide reasonable assurance against the possibility of errors and irregularities that are material to the financial statements.

KPMG Peat Marwick LLP

Page 2

Mr. Arthur A. Greenberg, Chairman
FIRSTSTATE FINANCIAL, F.A.
September 4, 1996

An audit is designed to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. Even a material misstatement may remain undetected, however, by an audit performed in accordance with generally accepted auditing standards.

While we are not being engaged to report on the FIRSTSTATE's internal control structure, we will furnish to you any recommendations about the internal control structure that we note during the audit which appear to be of significant under the circumstances.

Based upon our discussions with and representations of management about the planned level of client audit assistance, we estimate that audit fees will be \$60,000, including expenses. These estimates reflect our anticipation of the necessary partner, manager, and staff hours, along with related expenses. Circumstances encountered during the conduct of the audit that warrant additional time or expense could cause us to be unable to complete the audit within the above estimates. We will endeavor to notify you of any such circumstances as they are assessed.

Our fees for special or nonrecurring services during the year will be billed based upon our billing rates for the professional involved. In the event KPMG is requested pursuant to subpoena or other legal process to produce its documents relating to engagements for FIRSTSTATE in judicial or administrative proceedings to which KPMG is not a party, FIRSTSTATE shall reimburse KPMG at standard billing rates for its professional time and expenses, including reasonable attorney's fees, incurred in responding to such requests.

KPMG will invoice you as follows:

October 31, 1996	\$ 14,000
December 31, 1996	\$ 14,000
January 31, 1997	\$ 14,000
February 28, 1997	\$ 14,000
Upon Delivery of Reports	\$ 4,000

All invoices shall be paid within 30 days after the date thereof. Any invoice not paid within the 30 days shall bear interest from its due date at the rate of 1.5 percent per month or the maximum rate permitted by applicable usury law, whichever is less.

The working papers for this engagement are the property of KPMG and constitute confidential information. However, we may be requested to make certain working papers available to the Office of Thrift Supervision ("the regulators") pursuant to authority given to it by law or

 Peat Marwick

Page 3

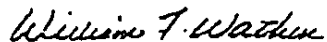
Mr. Arthur A. Greenberg, Chairman
FIRSTSTATE FINANCIAL, F.A.
September 4, 1996

regulation. If requested, access to such working papers will be provided under the supervision of KPMG personnel. Furthermore, upon request, we may provide photocopies of selected working papers to the regulators. The regulators may intend, or decide to distribute the photocopies or information contained therein to others, including other governmental agencies..

We look forward to working with you. For your convenience in confirming these arrangements, we enclose a copy of this letter. Please sign and return it to me in the envelope provided.

Very truly yours,

KPMG Peat Marwick LLP

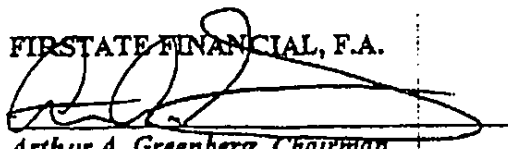


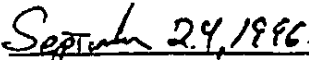
William F. Wathen
Partner

WFW:TAQ/afs/cw
Enclosure

ACCEPTED:

FIRSTSTATE FINANCIAL, F.A.


Arthur A. Greenberg, Chairman


September 24, 1996
Date

The Office Efficiency™ Plan

This Agreement is dated JUNE 1, 1996, by and between CyberNation, Inc. ("CyberNation™"), whose address is 6000 S. Rio Grande Avenue, Orlando, Florida 32809 and FIRSTSTATE FINANCIAL F.A. ("Client"), whose address is 255 S. CRANEE AVENUE, 112TH FLOOR ORLANDO FL 32801-3411.

CyberNation™ is in the business of providing technology management services which it is marketing under the name of "The Office Efficiency™ Plan" (the "OEP"). Client wishes to retain CyberNation™ to provide the services offered under the OEP at the rate and on the terms and conditions set forth below. NOW THEREFORE, the parties hereto agree as follows:

1. Allocated Service Time: CyberNation™ will provide Client with THIRTY (30) hours of "Allocated Service Time" per month which Client may budget and administer into a technology management solution for its business. For each hour of Allocated Service Time, Client may book and use any combination of CyberNation's™ technicians, trainers, programmers and staff for any of CyberNation's™ "Available Services." As of the date of this Agreement, a partial listing of CyberNation's™ Available Services include: (i) the design of PC based computer systems including recommendations of technology needs; (ii) installation and upgrading of software and hardware; (iii) optimization, debugging and configuration of software; (iv) local, wide-area and Internet computer networking; (v) PC based database solutions including document imaging, desktop publishing and accounting; (vi) software training; (vii) data entry, bookkeeping and other clerical services [available at the rate of for 2 hours per 1 hour of Allocated Service Time]; and (viii) the design and coding of custom software, reports, templates and web pages specifically tailored to Client's needs. CyberNation™ reserves the right to add to or subtract from its list of Available Services at any time in its sole discretion. Each quarter CyberNation's™ representative will meet with Client (by phone or in person) to help Client develop a month-to-month strategy to manage Allocated Service Time in the most efficient and effective way possible. Allocated Service Time not used during any monthly period will be accumulated and added to Client's TimeBank™. CyberNation™ will provide Client with a TimeBank™ statement no less often than on a quarterly basis. TimeBank™ hours may be used ONLY for CyberNation's™ custom software services or for CyberNation's™ classroom training services and not for any other purpose. Unless otherwise provided, Allocated Service Time is available Monday through Friday, 9:00AM to 5:00PM. Allocated Service Time is booked on a first-come, first served basis, however, CyberNation™ will make every effort (but NO guarantee) to provide qualified emergency service within four (4) hours of a request by Client.

2. Hardware Protection: This Agreement does X does not include hardware protection. If included, a complete listing of the protected computer parts ("Protected Hardware") is attached as "Exhibit A". Only the Protected Hardware specifically listed on Exhibit A is covered under the OEP. Any computer part(s) not specifically listed on Exhibit A (such as special equipment and external peripherals [printers, scanners, etc.]) is excluded and not covered under this Agreement. As long as this Agreement is in effect, should any of the Included Hardware cease to function during normal wear and use, CyberNation™ will repair or replace such Protected Hardware at no cost to Client. CyberNation™ reserves the right to choose the brand/name of any replacement part as long as the replacement part has similar features or functions. Should CyberNation™ replace any Protected Hardware during the course of this Agreement, the new replacement part shall automatically be added to the Protected Hardware list and covered under this Agreement. Damage to Included Hardware through accident, neglect, misuse, theft, fire, vandalism, act of God, electric current fluctuations (such as those caused by lightning), and damage normally covered by insurance is NOT covered under the OEP. The Protected Hardware may be subject to a preliminary "inspection" prior to coverage of such equipment as deemed necessary by CyberNation™. Regardless of such inspection, Client hereby warrants and represents that the Protected Hardware are in good operating condition as of the date of this Agreement. CyberNation™ may place a seal on each computer that includes Protected Hardware to prevent unauthorized access. If the seal is broken by anyone other than a CyberNation™ authorized representative, Hardware Protection for such computer and all Protected Hardware therein will be void and not covered under the OEP.

3. Payment: During the term of this Agreement, Client shall pay a fee of ONE THOUSAND ONE HUNDRED TWENTY FIVE Dollars (\$1,125.00) per month ("Monthly Fee"). This Monthly Fee is payable monthly, in advance, and is due and payable each month regardless of whether or not Client requests any or all of its Allocated Service Time for such month. Any hours booked in excess of Client Allocated Service Time will be billed and payable at the rate of THIRTY-FIVE Dollars (\$35.00) per hour. If Hardware Protection is included as part of this Agreement (as set forth in Paragraph 2), a Hardware Protection fee will be billed at the rate of INCLUDED Dollars (\$.00) per month. CyberNation™ will provide Client with a statement of each month's fees as well as any additional charges that were incurred during the previous period. Client agrees to pay CyberNation's™ statement by the due date of each statement. Upon Client's request CyberNation™ will bill Client on a quarterly basis, or will work with Client to set up an electronic transfer of funds (from checkbook or credit card). Delinquent accounts shall be subject to a ten (\$10.00) Dollar late fee and a 1.5% per month interest charge.

4. Change To Allocated Service Time or Monthly Fee: Client may increase or decrease their Allocated Service Time with sixty (60) days written notice to CyberNation. Notwithstanding the previous sentence, Client understands that a minimum of two (2) hours of Allocated Service Time is required for each of the first five (5) computers that are owned by Client and at least one (1) hour for each additional Client owned computer. CyberNation may increase or decrease its fees as set forth above with sixty (60) days written notice to Client.

5. Term and Termination: The effective date of this Agreement shall be the date written above. The term of this Agreement shall continue indefinitely, provided however, that either party may terminate this Agreement by providing the other party at least sixty (60) days written notice of such termination. CyberNation's™ agreement to provide Hardware Protection and Allocated Service Time is subject to Client's full and timely payment of CyberNation's™ fees, costs and additional charges. If Client fails to pay Client monthly statement by the due date within the time period as set forth above, CyberNation™ shall have the right to withhold Hardware Protection or Allocated Service Time without further notice, or shall have the right to immediately terminate this Agreement. *AM 1/2*

6. Office Efficiency™ Software: For each Client owned computer for which CyberNation™ is providing services under the OEP that is also using Windows 95™ or Windows NT™ as its primary operating system, CyberNation™ will provide for such computer a copy of Office Efficiency™ software at no additional charge to Client. During the term of this Agreement, upgrades to Office Efficiency™, as and when they become available, will also be provided at no additional charge to Client. The use of such software on such computer by Client is non-transferable and subject to Office Efficiency's™ standard license agreement, a copy of which will be included when such software is delivered. CyberNation™ makes no representations or warranties with regard to such software, its use, fitness or purpose.

7. Custom Software: All custom software developed by CyberNation™ under the terms of this Agreement, including any specifications or instructions provided by Client, all machine readable and printed material, software programs, source code, object code, system design and specifications, all documentation, abstracts and summaries thereof (hereinafter collectively referred to as an "Efficiency Wizard™"), shall be the sole and exclusive property of CyberNation™. CyberNation™ shall own all right, title, and interest including but not limited to ownership of all patent, copyright and trade secret rights therein. Notwithstanding the previous sentence, CyberNation™ hereby grants to Client a perpetual, non-exclusive, royalty-free license to use such Efficiency Wizard™ developed under this Agreement, including its reports and templates on as many computers as Client wishes without additional charge to Client. Client may install such custom Efficiency Wizard(s)™ on any computer in Client's office, or optionally, any additional computers outside of Client's office (in the event that Client wishes to sell, transfer, assign, sublicense or give away such custom Efficiency Wizard(s)™ to any other entity). However, each Efficiency Wizard™ will require a properly licensed copy of Office Efficiency™ to function. CyberNation™ specifically denies permission to Client (including Client's employees and agents) to copy, or otherwise make available for use via network server, Internet, or by any other means, the Office Efficiency™ software programs and documents thereof without first obtaining a specific per computer license through CyberNation™.

* Notice shall be reduced to 30 days during the first 90 days.

8. Independent Contractor and Non-Solicitation: CyberNation™ is an independent contractor and neither CyberNation™ nor CyberNation's™ staff is, or shall be deemed to be employed by Client. It is acknowledged that CyberNation™ has other customers, offers its services to the general public, and books its services on a first-come, first-served basis. CyberNation™ reserves the right to determine the method, manner, means and timing by which its services will be performed. If the services provided by CyberNation™ are performed at Client's premises, then CyberNation's™ time spent at Client premises is at the discretion of Client and subject to Client normal business hours and security requirements. Neither party will, except with the other party's prior written approval, solicit or offer employment to the other party's employees or staff engaged in any efforts under this Agreement and for a period of six (6) months following the termination of this Agreement.

9. Liability: CyberNation™ warrants that the material, analysis, software and services to be delivered or rendered hereunder will be of the kind designated by Client, and will be performed by trained personnel. CyberNation™ makes no other warranties, whether written, oral or implied, including without limitation any warranty of fitness for purpose. In no event shall CyberNation™ be liable for special or consequential damages, either in contract or tort, whether or not the possibility of such damages has been disclosed to CyberNation™ in advance or could have been reasonably foreseen by CyberNation™. In the event this limitation of damages is held unenforceable then the parties agree that by reason of the difficulty in foreseeing possible damages all liability to CyberNation™ shall be limited to One Hundred Dollars (\$100.00) as liquidated damages and not as a penalty.

10. Miscellaneous: This Agreement contains the entire agreement of the parties with respect to the subject matter herein and there are no promises or representations other than as set forth above. This Agreement may not be modified without the prior written consent of the parties hereto and signed by the appropriate executive officer of the parties. The prevailing party shall be entitled to reasonable attorneys' fees and costs if any litigation arises out of this Agreement. Paragraph formatting including underlining, bolding or capitalization shall have no bearing on the meaning of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

In witness whereof, the parties hereto have executed this Agreement as of the date written above.

CyberNation™:
CyberNation, Inc.

Matthew Hayden
Authorized Signature

By: MATHEW HAYDEN

Title: F. VICE - PRESIDENT

Client:
FIRSTATE FINANCIAL, F.A.

John W. Martin
Authorized Signature

1.11. By: John W. Martin

By: Title: John W. Martin

CyberNation™ and TimeBank™ are trademarks of CyberNation, Inc. Office Efficiency™ and Efficiency Wizards™ are trademarks of Mathew Hayden, used by permission. Windows 95™ and Windows NT™ are trademarks of the Microsoft Corporation.

June 25, 1996

Mr. John W. Martin
Firststate Financial, F.A.
255 S. Orange Avenue • 12th Floor
Orlando, Florida 32801-3411

RE: Addendum to the Office Efficiency™ Plan

Dear John:

This letter will be an addendum to the Office Efficiency™ Plan (the "Plan") agreement dated June 1, 1996 between CyberNation™ and Firststate Financial, F.A.:

1. The "Allocated Service Time" as set forth in paragraph 1. of the Plan will be increased as follows:
 - i) Beginning July 1, 1996 the "Allocated Service Time" will be increased to thirty-seven hours.
2. The "Monthly Fee" as set forth in paragraph 3. of the Plan will be increased as follows:
 - i) Beginning July 1, 1996 the "Monthly Fee" for July and thereafter will be One Thousand Four hundred and Nineteen (\$1419.00) dollars.
3. The "Hardware Protection" as set forth in paragraph 2. will cover the thirty-five computers per exhibit A.

Summary:

Per our conversation we are adding seven (7) computers to the plan by increasing your monthly hours from thirty (30) to thirty-seven (37) and increasing the hardware protection from twenty-eight (28) computers to thirty-five (35) computers.

-Original
PC's 28
-Savings Manual 1
-New Accounts 1
-WP Network 2
-Time, Network 2
-Back Up File
Server 1

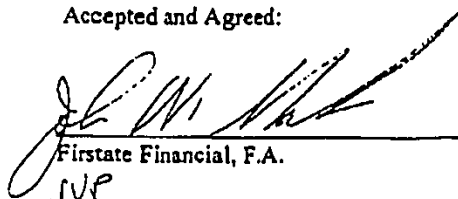
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Sincerely,



Michael A. Peoples,
CyberNation, Inc.

Accepted and Agreed:



Firststate Financial, F.A.
JWP

June 25, 1995

Mr. John W. Martin.
Firststate Financial, F.A.
255 S. Orange Avenue • 12th Floor
Orlando, Florida 32801- 3411

RE: Addendum to the Office Efficiency™ Plan

Dear John:

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Summary:

Per our conversation we are adding seven (7) computers to the plan by increasing your monthly hours from thirty (30) to thirty-seven (37) and increasing the hardware protection from twenty-eight (28) computers to thirty-five (35) computers.

-Original { 23
PCs
-Service Manual
-New Residential
-WP Network
-New, Network
-Backup File
Server

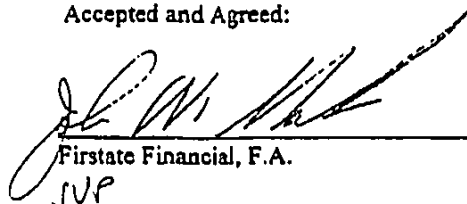
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Sincerely,



Michael A. Peeples,
CyberNation, Inc.

Accepted and Agreed:



Firststate Financial, F.A.
JVP

The Office Efficiency™ Plan

This Agreement is dated JUNE 1, 1996, by and between CyberNation, Inc. (CyberNation™), whose address is 8000 S. Rio Grande Avenue, Orlando, Florida 32809 and FIRSTSTATE FINANCIAL, F.A. (Client), whose address is 255 S. GRANGE AVENUE, 12TH FLOOR, ORLANDO, FL 32801-3411.

CyberNation™ is in the business of providing technology management services which it is marketing under the name of 'The Office Efficiency™ Plan' (the 'OEP'). Client wishes to retain CyberNation™ to provide the services offered under the OEP at the rate and on the terms and conditions set forth below. NOW THEREFORE, the parties hereto agree as follows:

1. **Allocated Service Time:** CyberNation™ will provide Client with THIRTY (30) hours of "Allocated Service Time" per month which Client may budget and administer into a technology management solution for its business. For each hour of Allocated Service Time, Client may book and use any combination of CyberNation's technicians, trainers, programmers and staff for any of CyberNation's™ "Available Services." As of the date of this Agreement, a partial listing of CyberNation's™ Available Services include: (i) the design of PC based computer systems including recommendations of technology needs; (ii) installation and upgrading of software and hardware; (iii) optimization, debugging and configuration of software; (iv) local, wide-area and Internet computer networking; (v) PC based database solutions including document imaging, desktop publishing and accounting; (vi) software training; (vii) data entry, bookkeeping and other clerical services [available at the rate of for 2 hours per 1 hour of Allocated Service Time]; and (viii) the design and coding of custom software, reports, templates and web pages specifically tailored to Client's needs. CyberNation™ reserves the right to add to or subtract from its list of Available Services at any time in its sole discretion. Each quarter CyberNation's™ representative will meet with Client (by phone or in person) to help Client develop a month-to-month strategy to manage Allocated Service Time in the most efficient and effective way possible. Allocated Service Time not used during any monthly period will be accumulated and added to Client's TimeBank™. CyberNation™ will provide Client with a TimeBank™ statement no less often than on a quarterly basis. TimeBank™ hours may be used ONLY for CyberNation's™ custom software services or for CyberNation's™ classroom training services and not for any other purpose. Unless otherwise provided, Allocated Service Time is available Monday through Friday, 9:00AM to 5:00PM. Allocated Service Time is booked on a first-come, first served basis, however, CyberNation™ will make every effort (but NO guarantee) to provide qualified emergency service within four (4) hours of a request by Client.

2. **Hardware Protection:** This Agreement does X does not include hardware protection. If included, a complete listing of the protected computer parts ("Protected Hardware") is attached as "Exhibit A". Only the Protected Hardware specifically listed on Exhibit A is covered under the OEP. Any computer part(s) not specifically listed on Exhibit A (such as special equipment and external peripherals [printers, scanners, etc.]) is excluded and not covered under this Agreement. As long as this Agreement is in effect, should any of the Included Hardware cease to function during normal wear and use, CyberNation™ will repair or replace such Protected Hardware at no cost to Client. CyberNation™ reserves the right to choose the brand name of any replacement part as long as the replacement part has similar features or functions. Should CyberNation™ replace any Protected Hardware during the course of this Agreement, the new replacement part shall automatically be added to the Protected Hardware list and covered under this Agreement. Damage to Included Hardware through accident, neglect, misuse, theft, fire, vandalism, act of God, electric current fluctuations (such as those caused by lightning), and damage normally covered by insurance is NOT covered under the OEP. The Protected Hardware may be subject to a preliminary "inspection" prior to coverage of such equipment as deemed necessary by CyberNation™. Regardless of such inspection, Client hereby warrants and represents that the Protected Hardware are in good operating condition as of the date of this Agreement. CyberNation™ may place a seal on each computer that includes Protected Hardware to prevent unauthorized access. If the seal is broken by anyone other than a CyberNation™ authorized representative, Hardware Protection for such computer and all Protected Hardware therein will be void and not covered under the OEP.

3. Payment: During the term of this Agreement, Client shall pay a fee of ONE THOUSAND ONE HUNDRED TWENTY FIVE Dollars (\$1125.00) per month ("Monthly Fee"). This Monthly Fee is payable monthly, in advance, and is due and payable each month regardless of whether or not Client requests any or all of its Allocated Service Time for such month. Any hours booked in excess of Client Allocated Service Time will be billed and payable at the rate of THIRTY-FIVE Dollars (\$35.00) per hour. If Hardware Protection is included as part of this Agreement (as set forth in Paragraph 2), a Hardware Protection fee will be billed at the rate of INCLUDED Dollars (\$0.00) per month. CyberNation™ will provide Client with a statement of each month's fees as well as any additional charges that were incurred during the previous period. Client agrees to pay CyberNation's™ statement by the due date of each statement. Upon Client's request CyberNation™ will bill Client on a quarterly basis, or will work with Client to set up an electronic transfer of funds (from checkbook or credit card). Delinquent accounts shall be subject to a ten (\$10.00) Dollar late fee and a 1.5% per month interest charge.

4. Change To Allocated Service Time or Monthly Fee: Client may increase or decrease their Allocated Service Time with sixty (60) days written notice to CyberNation. Notwithstanding the previous sentence, Client understands that a minimum of two (2) hours of Allocated Service Time is required for each of the first five (5) computers that are owned by Client and at least one (1) hour for each additional Client owned computer. CyberNation may increase or decrease its fees as set forth above with sixty (60) days written notice to Client.

5. Term and Termination: The effective date of this Agreement shall be the date written above. The term of this Agreement shall continue indefinitely, provided however, that either party may terminate this Agreement by providing the other party at least sixty (60) days written notice of such termination. CyberNation's™ agreement to provide Hardware Protection and Allocated Service Time is subject to Client's full and timely payment of CyberNation's™ fees, costs and additional charges. If Client fails to pay Client monthly statement by the due date within the time period as set forth above, CyberNation™ shall have the right to withhold Hardware Protection or Allocated Service Time without further notice, or shall have the right to immediately terminate this Agreement.

6. Office Efficiency™ Software: For each Client owned computer for which CyberNation™ is providing services under the OEP that is also using Windows 95™ or Windows NT™ as its primary operating system, CyberNation™ will provide for such computer a copy of Office Efficiency™ software at no additional charge to Client. During the term of this Agreement, upgrades to Office Efficiency™, as and when they become available, will also be provided at no additional charge to Client. The use of such software on such computer by Client is non-transferable and subject to Office Efficiency's™ standard license agreement, a copy of which will be included when such software is delivered. CyberNation™ makes no representations or warranties with regard to such software, its use, fitness or purpose.

7. Custom Software: All custom software developed by CyberNation™ under the terms of this Agreement, including any specifications or instructions provided by Client, all machine readable and printed material, software programs, source code, object code, system design and specifications, all documentation, abstracts and summaries thereof (hereinafter collectively referred to as an "Efficiency Wizard™"), shall be the sole and exclusive property of CyberNation™. CyberNation™ shall own all right, title, and interest including but not limited to ownership of all patent, copyright and trade secret rights therein. Notwithstanding the previous sentence, CyberNation™ hereby grants to Client a perpetual, non-exclusive, royalty-free license to use such Efficiency Wizard™ developed under this Agreement, including its reports and templates on as many computers as Client wishes without additional charge to Client. Client may install such custom Efficiency Wizard(s)™ on any computer in Client's office, or optionally, any additional computers outside of Client's office [in the event that Client wishes to sell, transfer, assign, sublicense or give away such custom Efficiency Wizard(s)™ to any other entity]. However, each Efficiency Wizard™ will require a properly licensed copy of Office Efficiency™ to function. CyberNation™ specifically denies permission to Client (including Client's employees and agents) to copy, or otherwise make available for use via network server, Internet, or by any other means, the Office Efficiency™ software programs and documents thereof without first obtaining a specific per computer license through CyberNation™.

* Notice shall be reduced to 30 days during the first 90 days.

8. Independent Contractor and Non-Solicitation: CyberNation™ is an independent contractor and neither CyberNation™ nor CyberNation's™ staff is, or shall be deemed to be employed by Client. It is acknowledged that CyberNation™ has other customers, offers its services to the general public, and books its services on a first-come, first-served basis. CyberNation™ reserves the right to determine the method, manner, means and timing by which its services will be performed. If the services provided by CyberNation™ are performed at Client's premises, then CyberNation's™ time spent at Client premises is at the discretion of Client and subject to Client normal business hours and security requirements. Neither party will, except with the other party's prior written approval, solicit or offer employment to the other party's employees or staff engaged in any efforts under this Agreement and for a period of six (6) months following the termination of this Agreement.

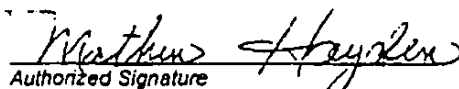
9. Liability: CyberNation™ warrants that the material, analysis, software and services to be delivered or rendered hereunder will be of the kind designated by Client, and will be performed by trained personnel. CyberNation™ makes no other warranties, whether written, oral or implied, including without limitation any warranty of fitness for purpose. In no event shall CyberNation™ be liable for special or consequential damages, either in contract or tort, whether or not the possibility of such damages has been disclosed to CyberNation™ in advance or could have been reasonably foreseen by CyberNation™. In the event this limitation of damages is held unenforceable then the parties agree that by reason of the difficulty in foreseeing possible damages all liability to CyberNation™ shall be limited to One Hundred Dollars (\$100.00) as liquidated damages and not as a penalty.

10. Miscellaneous: This Agreement contains the entire agreement of the parties with respect to the subject matter herein and there are no promises or representations other than as set forth above. This Agreement may not be modified without the prior written consent of the parties hereto and signed by the appropriate executive officer of the parties. The prevailing party shall be entitled to reasonable attorneys' fees and costs if any litigation arises out of this Agreement. Paragraph formatting including underlining, bolding or capitalization shall have no bearing on the meaning of this Agreement. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

In witness whereof, the parties hereto have executed this Agreement as of the date written above.

CyberNation™:
CyberNation, Inc.

Client:
FIRSTATE FINANCIAL, F.A.


Authorized Signature

By: MATHEW HAYDEN

Title: E. VICE-PRESIDENT


Authorized Signature

By: John W. Martin

Title: John W. Martin

CyberNation™ and TimeBank™ are trademarks of CyberNation, Inc. Office Efficiency™ and Efficiency Wizards™ are trademarks of Matthew Hayden, used by permission. Windows 95™ and Windows NT™ are trademarks of the Microsoft Corporation.

EXCLUSIVE RIGHT OF SALE CONTRACT

THIS AGREEMENT is made and entered into this 2nd day of April, 1996, by and between Firststate Financial (hereinafter referred to as "Owner(s)") and The Bywater Company (hereinafter referred to as "BROKER").

WITNESSETH:

1. In consideration of the Agreement of BROKER to list and use his efforts to find a purchaser for the property situated in Orange County, Florida, described as follows:

2403 Dixie Belle Drive, Orlando, FL 32812, State Road 436 Commerce Center 15/62 Lot 2 or B&P 4900/4355, on 06-01-95, Inst Ct...

and the further Agreement of BROKER to advertise the property, Owner(s) hereby give(s) BROKER for a period of approximately twelve (12) months terminating April 2, 1997 or any renewals hereof, the exclusive right and authority to sell the property at the following price and terms, or any lower price accepted by Owner(s).

Price: \$775,000

Terms: Acceptable to Owner

Interest on encumbrances, taxes, insurance and rents shall be adjusted pro rata at the date of closing. Improvement liens are to be paid by Owner(s), including any paving, sewer or water liens, unless otherwise noted herein. INFORMATION CONTAINED IN THE ABOVE DESCRIPTION OF THE PROPERTY IS HEREBY WARRANTED BY OWNER(S) TO BE CORRECT, AND OWNER(S) AGREE(S) TO INDEMNIFY BROKER AND THOSE RELYING THEREON FOR ANY ERRORS THEREIN.

2. In case BROKER finds a purchaser for the property, the usual and customary practice for the examination, providing merchantable title, and for closing the transaction shall apply. Owner(s) agree(s) to deliver to the purchaser a good and sufficient warranty deed, free and clear of all liens and encumbrances, except encumbrances of record and those which the purchaser assumes as part of the purchase price and which are especially detailed above.

3. In consideration of this Exclusive Right and Power of Sale, BROKER agrees:

- (a) To carefully inspect the above property and secure complete information regarding it and direct the concentrated efforts of this office in bringing about a sale.
- (b) To advertise the above property as he deems advisable.
- (c) To furnish information requested by any BROKER or real estate broker, and to assist cooperating brokers in closing a transaction on the above property when requested.
- (d) To take all reasonable precautions to prevent damage in making the property available for showing, but to accept no responsibility for damages or loss.
- (e) To develop a marketing brochure for marketing the property at the BROKER'S expense.
- (f) To give Owner monthly updates on marketing efforts.

4. In further consideration of the Exclusive Right and Power of Sale, Owner(s) agree to immediately refer to BROKER all inquiries relative to the purchase of said property. Further, Owner(s) agree not to lease any portion of the property covered by this Exclusive Right of Sale Contract, nor to mortgage or otherwise encumber the property without providing the BROKER full details of such action in writing.

5. In further consideration of this Exclusive Right of Sale, Owner(s), jointly and severally, agree to pay to the BROKER a commission of ten percent (10%) of the sale price for said property, upon the occurrence of any of the following circumstances:

- (a) In the event of a sale or exchange of the above property during the term of this Exclusive Right of Sale Contract, whether said sale be effected by BROKER, or any other person, even Owner(s) themselves.

(b) In the event a Purchaser who is ready, willing and able to purchase, upon the terms and price stated above, or any lower price accepted by Owner(s) is found by BROKER, or any other person, including Owner(s), during the terms of this Contract.

(c) In the event the property is transferred to a controlled entity of Firststate, a commission will not be due.

(d) In the event the Owner(s) agree to sell the property to a purchaser on the reservation list (as described below) within 120 days following the termination of this Exclusive Right of Sales Contract, the Owner agrees to pay Broker a commission as stated in section 5 of this contract. At the termination of this Agreement a reservation list will be provided to the Owner, of the people and/or entities with whom the BROKER has met and who have expressed a bona fide interest in purchasing the property. Written documentation will be provided to the Owner upon request to substantiate any name, and the nature of their expressed interest, appearing on the reservation list.

6. Owner(s) shall designate the authorized escrow agent to accept, receipt for and hold all monies paid or deposited as a binder thereon in accordance with the laws of the State of Florida, and if such deposit shall be forfeited by the prospective purchaser, BROKER and Owner will split the forfeited deposit after deduction of the bank's legal fees arising out of said binder deposit.

7. Owner(s) understand that this Agreement does not guarantee the sale of the above property, but that it does guarantee that BROKER will make an earnest and continued effort to sell same until this Agreement is terminated. This property is offered for sale without regard to race, creed, color or place of national origin.

8. BROKER may utilize may not utilize the name of the Owner(s) in connection with marketing or advertising of the property either before or after the sale.

9. Owner(s) hereby authorize(s) listing **BROKER** to obtain information on all mortgages regarding this property.

10. Owner and Broker agree that with thirty (30) days advance written notice, either party may cancel this agreement if they are unhappy with the other parties actions.

IN WITNESS WHEREOF, the parties have hereto set their hands and seals on the day and year first above written.

Gloria Gallardo
WITNESS

WITNESS

Chukchi

WITNESS



WITNESS

WITNESS

Firstate Financial, F-A
OWNER(S) Vince B...

OWNER(S) Vicki G. ...

OWNER(S)

BROKER:
The Bywater Company

By: J B Bywater
President

PIZZUTI

Commercial Real Estate

255 South Orange Avenue
Orlando, Florida 32801
Phone: 407/841-0000
Fax: 407/841-0900

July 30, 1996

Mr. Paul Parenty
President
Jackson II, Inc.
255 South Orange Ave.
Suite 1200
Orlando, FL 32801

RE: 137,000 Square Foot Site on Magnolia Avenue and Park Lake Drive, Orlando, Florida

Dear Paul:

This confirms our agreement to extend the expiration on our exclusive right of sale agreement on the above referenced property, signed in August of 1994, extended for one year from August of 1995, for an additional one year term. The expiration will, therefore, be August 15, 1997. All other terms of the agreement will remain the same.

If the above is in accordance with your understanding of our agreement, please acknowledge below. We thank you for your continued confidence and look forward to a successful sale of this property.

Sincerely,

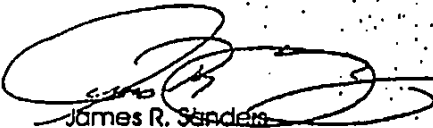
PIZZUTI REALTY INC.

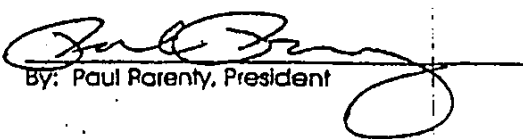

M. Carson Good

MCG/jlp:Parenty.doc

ACKNOWLEDGED:

Jackson II, Inc.


James R. Sanders


By: Paul Parenty, President

8-20-96
Date

EXCLUSIVE RIGHT OF SALE LISTING AGREEMENT

| August 15, 1994

This Exclusive Right of Sale Listing Agreement ("Agreement") is entered into as of the date first set forth above by Jackson II, Inc. ("Owner") and Pizzuti Realty Inc. ("Broker").

Owner and Broker agree as follows: |

§1. Identification of Property. The real property which is the subject of this Agreement ("Property") is located in the City of Orlando, County of Orange and State of Florida, and is further described as follows:

Approximately 137,000 square feet of vacant land located on Magnolia Avenue and Park Lake Street. The property is further described in Exhibit "A"

For the purposes of this Agreement, the term "Property" will be deemed to refer to all or any part of the above-described real estate. |

§2. Appointment of Broker. Owner hereby appoints Broker as its exclusive agent to procure buyer(s) to purchase the Property. Broker agrees that it will use its best efforts throughout the term of this Agreement to procure buyer(s) for the Property upon the terms and conditions specified in §4, below.

§3. Term of Agreement. The term of this Agreement will begin on August 1, 1994 and will end on July 31, 1995. |

§4. Acceptable Sales Terms. It is Owner's desire that Broker attempt to sell the Property on the general terms described below or upon such other terms and conditions as are acceptable to Owner:

Purchase Price: \$3,028,120 (\$22/square foot)
Payment Terms: _____
Other Desired Terms: _____

§5. Broker's Compensation. Broker's right to receive any sales commissions will be governed by the provisions of this §5. The amount of any sales commissions payable to Broker will be calculated in the manner set forth in §6 of this Agreement.

(a) Occurrences During Term of Agreement. Broker will be entitled to receive a sales commission at closing contingent upon the occurrence during the term of this Agreement of any of the following events, regardless whether the procuring cause with respect to such event is the Broker, Owner, any Cooperating Broker or any other party:

- (i) The sale of the Property to any buyer;
- (ii) The procurement of a buyer who is ready, willing and able to purchase the Property upon the terms and conditions specified in §4 of this Agreement or upon such other terms and conditions as are acceptable to Owner;
- (iii) The entering into of any contract or option to sell the Property by Owner and any buyer, regardless whether the actual sale of the Property occurs during or after the expiration of the term of this Agreement.

- (b) Occurrences after Expiration of Term. Broker will also be entitled to receive a sales commission upon the occurrence within 180 days after the expiration of the term of this Agreement of any of the following events:
- (i) The sale of the Property to any party identified as a "Prospect" in the list furnished to Owner by Broker pursuant to §15 of this Agreement;
 - (ii) The entering into of any contract or option to sell the Property by Owner and any such Prospect, regardless whether the actual sale of the Property occurs during or after the expiration of the aforementioned 180-day period.

For the purposes of this Agreement, a "sale" of the Property will include an outright sale, exchange, joint venture, co-tenancy, stock purchase, merger or any other vehicle or method pursuant to which any party except on an affiliate or associate or any other entity controlled by Sam Zell, acquires a direct or indirect ownership interest in the Property. A "sale" of the Property will be deemed to have occurred upon the closing of the sale, which, in all events, will be deemed to have occurred no later than the date on which an appropriate legal document transferring an ownership interest in the Property is executed and delivered by Owner to the acquiring party.

§6. Commission Schedule. Any sales commission payable hereunder will be equal to .7% of the gross sales price paid with respect to a sale (or if no sales price is stipulated as in the case of an exchange, joint venture, etc., then the same percentage of the fair market value of the Property as determined by an MAI approved by Owner). The "gross sales price" will include any and all consideration, in whatever form, received or receivable by Owner in connection with the subject transaction, including, without limitation, the assumption or release of existing liabilities.

§7. Purchase Option. For the purposes of this Agreement, the granting of an option to purchase the Property will be treated as a "sale" for all purposes of this Agreement. In the event such an option is granted, Owner will pay Broker a sales commission of 60% of the consideration paid for the option and for any extensions thereof. Such commission will be paid upon receipt by Owner of any such option payments. In the event the option is exercised, whether during the term of this Agreement or at any time thereafter, Owner will also pay Broker a sales commission in accordance with the provisions of §6 of this Agreement; provided, however, that to the extent all or a part of the price paid by for the option or any extension thereof is applied to the sales price of the Property, then any commissions previously paid by Owner to Broker on account of such option payments will be credited against the commission payable to Broker on account of the exercise of the option. Similarly, if any option to purchase is contained in a lease for which a commission is payable to Broker hereunder, then when such option to purchase is exercised (thereby entitling Broker to a commission hereunder), there will be credited against any sales commission payable to Broker hereunder the amount of any lease commission previously paid to Broker which relate to that portion of the purchaser's lease term which is canceled by reason of such purchase.

§8. Forfeiture of Deposits. If the buyer under any contract for the sale of the Property defaults thereunder or otherwise fails to consummate its purchase of the Property for any reason other than a breach of such contract by Owner, then Owner will not be obligated to pay any commission to Broker hereunder.

§9. Lease of Property. The focus of Broker's efforts under this Agreement is the procurement of buyer(s) to purchase the Property. However, Owner and Broker hereby acknowledge that circumstances could arise whereby Owner decides to lease (rather than sell) the Property. Broker will be entitled to receive a commission hereunder with respect to any such lease only under either of the following circumstances:

- (a) The Property is leased to any tenant during the term of this Agreement; or

- (b) Within 180 days after the expiration of the term of this Agreement, the Property is leased to, or Owner enters into a contract to lease the Property with, or negotiations continue, resume or commence and thereafter continue leading to the lease of the Property to, any party identified as a "Prospect" in the list furnished to Owner by Broker pursuant to §15 of this Agreement.

Any leasing commission payable to Broker hereunder will be equal to the sum of 7% of the rent payable during the first ten years of the lease term.

For the purposes of this Agreement, the term "rent" includes all payments which are to be made by Tenant under the lease and which are either fixed in amount or readily susceptible of being calculated with reasonable certainty on the date of the commencement of the lease term. Also, for the purposes of this Agreement, the term "lease" includes not only the execution of an initial lease by Owner and any tenant, but also all of the following events ("Related Lease Event(s)"): (1) the renewal or extension of the term of any lease which contains a renewal or extension option, regardless whether the same is effected in strict accordance with such renewal or extension option or otherwise; and (2) the leasing of additional space in the Property under any lease which contains an extension option or right of first refusal, regardless whether the same is effected in strict accordance with such expansion option or right of first refusal or otherwise.

§10. Payment of Commissions. Any commission payable to Broker hereunder in connection with any sale of the Property will be paid in full upon the closing of such sale (as that term is more particularly defined in §5 of this Agreement). Any commissions payable to Broker hereunder in connection with any lease will be paid upon the execution of the lease by Owner and tenant or, in the case of a Related Lease Event, at the time the extended or renewed lease term commences or the additional space is occupied, whichever is applicable. All commissions payable to Broker hereunder will be fully paid in cash at the times specified above. If Owner fails to make any payment to Broker when due hereunder, then, from the date when due until paid, the delinquent amount will bear interest at the maximum rate permitted by law in the state in which the office of Broker is located. If Broker is required to institute any legal action against Owner to collect any amounts owed to it hereunder, then Broker will be entitled to receive from Owner all reasonable attorney's fees and other costs incurred by Broker in connection with its efforts to collect any delinquent amount.

§11. Cooperating Brokers. Broker is hereby authorized to cooperate with and share its commission with other licensed real estate brokers, regardless whether said brokers represent prospective buyers or tenants or act as Broker's subagents. If a sale or lease of the Property is procured by a licensed real estate broker other than Broker, then Broker will pay a commission to such Cooperating Broker (in such amount as is negotiated by Broker) out of the commission payable to Broker pursuant to this Agreement. Any procuring real estate broker must register its prospective buyer or tenant and sign a written commission agreement with Broker in order to be entitled to the receipt of any commission.

§12. Duties of Owner. Owner will cooperate with and assist Broker in effecting a sale of the Property. Owner will immediately refer to Broker all inquiries of any party interested in purchasing or leasing any portion of the Property; it being the express intent of the parties hereto that all negotiations with prospective buyers or tenants will be conducted through and under the direction of Broker.

§13. Owner's Disclosure Obligations. Owner hereby agrees that within ten days after both parties' execution of this Agreement, it will disclose to Broker all relevant information which Owner has in its possession regarding zoning, environmental and all other matters affecting the Property, including, without limitation, structural, mechanical and soils conditions and the presence and location of asbestos, PCB transformers, other toxic, hazardous or contaminated substances, underground storage tanks or

wetlands on the Property. Also within such ten-day period, Owner will provide Broker with copies of all relevant surveys, appraisals, title policies and other written materials in its possession concerning the Property. Owner further agrees that if it learns of any additional information concerning any such matters after the date of the parties' execution of this Agreement, it will promptly disclose all such information to Broker. Broker is hereby specifically authorized to disclose all such information to prospective buyers or tenants of the Property. Owner hereby further represents that: (a) it is the sole owner of the Property and has the legal right and authority to enter into this Agreement and sell or lease the Property; and (b) unless otherwise disclosed to Broker, no person or entity who has an ownership interest in the Property is a "foreign person", as that term is defined in the Foreign Investment in Real Property Tax Act.

§14. Advertising and Signage. Broker will have the exclusive right at all times during the term of this Agreement: (a) to advertise the Property for sale in such media as is determined to be appropriate by Broker; and (b) to place signs on the Property, if in Broker's judgment the signs will facilitate the sale of the Property.

§15. Prospects List. Within 30 days after the expiration of the term of this Agreement, Broker will deliver to Owner a list of all those persons with whom Broker (or any Cooperating Broker) has presented the Property during the term of this Agreement ("Prospects"). Such list will set forth the name, address, phone number, name of contact person and status of each such Prospect. ~~Broker is hereby authorized on behalf~~ of Owner to continue negotiations with respect to the Property with all such Prospects after the expiration of the term of this Agreement not to exceed 180 days following expiration. For the purposes of this Agreement, the term "Prospect(s)" includes any successors, assignees or affiliates of any party named in the list provided by Broker to Owner pursuant to this §15.

§16. Non-Discrimination. It is acknowledged by both parties hereto that it is illegal for either Owner or Broker to refuse to sell or lease the Property to any person because of race, color, religion, national origin, sex, marital status, sexual orientation or physical disability.

§17. Deposits. Broker is hereby authorized to accept deposits from any prospective buyer or tenant of the Property and to handle the same in accordance with the instructions of the parties, unless such instructions are contrary to applicable law.

§18. Indemnification. Owner hereby indemnifies and holds Broker harmless from any and all claims, losses, costs, expenses or other liabilities incurred by or asserted against Broker as a result of Owner furnishing Broker with any false or materially misleading information (including, without limitation, any information required to be furnished to Broker pursuant to §13, above) or Owner withholding from Broker any material fact known by Owner concerning the Property.

§19. Amendment. This Agreement may not be amended except by a written instrument executed and delivered by both Broker and Owner.

§20. Applicable Law. This Agreement will be governed and construed in accordance with the laws of the State of Florida.

§21. Successors and Assigns. This Agreement will be binding upon, inure to the benefit of and be enforceable by and against the successors and assigns of Owner and Broker. Notwithstanding the foregoing, it is expressly acknowledged and agreed by the parties hereto that because this Agreement involves the performance of personal services, Broker may not assign its obligations hereunder to any third party without the prior written consent of Owner.

§22. Legal Documents. Owner and its counsel will be solely responsible for determining the legal sufficiency of any purchase agreement, lease or other document related to any transaction contemplated by this Agreement. Owner hereby agrees to include in any such purchase agreement, lease or other document a recital concerning Broker's representation of Owner and a provision committing Owner to pay all commissions owed to Broker hereunder.

§23. Closing Instructions. This Agreement will serve as a binding instruction to the title company or any other person who is responsible for closing any sale of the Property that such party is not permitted to close such sale, unless and until all commissions payable to Broker hereunder have been paid in full.

§24. Arbitration. If any dispute arises hereunder between Owner and Broker, then such dispute will be resolved by means of binding arbitration conducted in accordance with the commercial arbitration rules of the American Arbitration Association. A judgment based upon any award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction. The arbitrator(s) will be limited to awarding compensatory damages and will have no authority to award punitive, exemplary or similar type damages. The prevailing party in the arbitration proceeding will be entitled to recover its expenses from the non-prevailing party, including, without limitation, all the costs of the arbitration proceeding and its reasonable attorneys fees. Depositions may be taken and other discovery obtained during such arbitration proceeding to the same extent as authorized in civil judicial proceedings in the state in which Broker's office is located.

§25. Other Provisions. Broker will erect appropriate signage on site at Broker's cost. Broker will comply with marketing plan as stated on page 2 and 3 of its letter of June 23, 1994 (attached). Monthly reports must be given to owner.

Owner and Broker have executed this Agreement as of the date first set forth above.

OWNER:

JACKSON II, INC.

By: [Signature] (Name) (Title) President Date 8-15-94
Address 255 S. Orange Ave
Orlando FL
841-3333 843-2564
Tel. Fax

BROKER:

PIZZUTI REALTY INC.
255 South Orange Avenue, Suite 1350
Orlando, Florida 32801
Tel.: 407/841-0000

By: [Signature] 8-15-94
William R. Jones, President Date
By: [Signature] 8/15/94
M. Carson Good, Date
Associate Broker

By: _____
James R. Sanders, Associate Date

Downtown St. Pete Drive-In
201 Second Avenue South
St. Petersburg, Florida 33701

Ellenton Office
3510 U. S. Highway 301
Ellenton, Florida 34222

Pavillion Office
1301 6th Avenue West
Bradenton, Florida 34205

Ironwood Office
4302 Cortez Road West
Bradenton, Florida 34210

53rd Avenue Office
415 53rd Avenue
Bradenton, Florida 34207

Venice Office
400 Venice By-Pass North
Venice, Florida 34292

Tower Office
255 S. Orange Avenue
Orlando, Florida 32801

Pinellas Point Office
3000 54th Avenue S.
St. Petersburg, Florida 33712

Westside Office
5905 Manatee Avenue West
Bradenton, Florida 34209

Mt. Vernon Office
9819 Cortez Road West
Bradenton, Florida 34210

Bayshore Office
6204 14th Street West
Bradenton, Florida 34207

Sarasota Office
1100 S. Tamiami Trail
Sarasota, Florida 34236

Spring Hill Office
5335 Spring Hill Drive
Spring Hill, Florida 34606

Winter Park Office
1980 Howell Branch Road
Winter Park, Florida 32792

EXHIBIT "E"
DIRECTORS

Mr. John W. Sapanski, Chairman
440 Coffee Pot Riviera N.E.
St. Petersburg, Florida 33704

Mr. Fred Hemmer
11970 7th Street E.
Treasure Island, Florida 33706

Mr. Alfred T. May
6600 Sunset Way, B-304
St. Pete Beach, Florida 33706

Mr. William R. Hough
1 Beach Drive S.E.
Bayfront Towers, #1002
St. Petersburg, Florida 33701

Mr. William J. Morrison
1660 Gulf Blvd., #404
Clearwater, Florida 34630

Ms. Marla M. Hough
1826 Meadowood Street
Sarasota, Florida 34231

EXHIBIT "F"
EXECUTIVE OFFICERS

Mr. John W. Sapanski, Chairman
Chairman, President
and Chief Executive Officer
440 Coffee Pot Riviera N.E.
St. Petersburg, Florida 33704

Mr. William R. Falzone
Executive Vice President
and Chief Financial Officer
8961 Baywood Park
Seminole, Florida 34647

Mr. John W. Fischer, Jr.
Executive Vice President
Chief, Consumer Banking
11712 Camphor Way
Seminole, Florida 34642

Mr. Fred Hemmer
Senior Executive Vice President
and Chief Lending Officer
11970 7th Street E.
Treasure Island, Florida 33706

Mr. Richard Gleitsman
Executive Vice President
and Chief Administrative Officer
8818 12th Avenue North
Bradenton, Florida 34209

Ms. Kathleen A. Reinagel
Executive Vice President
Credit and Loan Administration
6100 29th Avenue North
St. Petersburg, Florida 33710

EXHIBIT "G"
REPUBLIC BANK

FILED

94 JAN 27 PM 12:45

AMENDED AND RESTATED
ARTICLES OF INCORPORATION

TALLAHASSEE
FLORIDA

Republic Bank, a corporation organized and existing under the laws of the State of Florida, in accordance with §607.1007, Florida Statutes, 1993, hereby adopts the following amended and restated Articles of Incorporation:

Article I

The name of the corporation shall be Republic Bank and its principal place of business shall be at 28059 U.S. Highway 19 North, in the City of Clearwater, County of Pinellas, State of Florida.

Article II

The general nature of the business to be transacted by this corporation shall be: That of a general banking and trust business with all rights, powers and privileges granted and conferred by the banking laws of the State of Florida, regulating the organization, powers and management of banking corporations.

Article III

The authorized capital stock of the corporation shall consist of 10,000,000 shares (when fully issued) of \$2 par value common stock and 100,000 (when fully issued) shares of \$20 par value Series A preferred stock to be issued at a price of not less than \$88.00 per share. The Series A preferred stock shall pay a noncumulative annual dividend of \$3.52 payable in quarterly increments from legally available funds prior to payment of any dividend on common shares for the dividend period. No dividend shall be payable on common shares in any quarter unless the Series A preferred shall have received its dividend for that quarter.

Each share of Series A preferred shall have a vote on all matters to be voted on by the holders of the common stock and shall vote with the common stock as a single class except as may be otherwise required by this Article and the Florida General Corporation Act. Each share of Series A preferred shall have a number of votes equal to the number of shares of common stock into which such share could be converted on the record date for determining stockholders entitled to vote. Initially each share of Series A preferred stock will be entitled to ten votes.

The Series A preferred shall be convertible one year after issuance into ten shares of common stock for each share of Series A preferred and shall be redeemable by the corporation, subject to any required bank regulatory approval, by the corporation at any time three years after date of original issue at a price of \$96.80. The holders of Series A preferred shares shall be entitled to thirty days written notice of the corporation's intent to redeem prior to the effective date of redemption. Holders of Series A preferred shares may exercise conversion rights at any time prior to the effective date of redemption.

In the event of any liquidation, dissolution or winding up of the Bank, voluntary or involuntary, the holders of Series A preferred stock will be entitled to receive out of the assets of the Bank available for distribution to stockholders, before any distribution of assets is made to the holders of the common stock or any other shares of stock of the Bank ranking junior to the Series A preferred stock as to such distribution, liquidating distributions in the amount of \$88.00 per share plus dividends declared but unpaid for the then current dividend period (without accumulation of unpaid dividends for prior dividend periods) to the date fixed for such liquidation, dissolution or winding up. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Series A preferred stock will not be entitled to any further participation in any distribution of assets of the Bank. All distributions made with respect to the Series A preferred stock in connection with such liquidation, dissolution or winding up of the Bank shall be made pro rata to the holders entitled thereto.

The Series A preferred stock shall be protected against dilution by way of common stock splits, dividends or options (excluding options granted on or before November 16, 1993). If a stock dividend or split is declared with respect to the common stock, the number of shares of common stock into which a share of Series A preferred stock may be converted shall be adjusted proportionately.

The shares of Series A preferred stock may not be sold, transferred or otherwise disposed of during the first year after their issuance. Thereafter such shares of Series A preferred stock will not be subject to any restriction on transfer other than as may be imposed by federal or state securities laws.

So long as any shares of Series A preferred stock are outstanding, the corporation shall not, without first obtaining the approval by vote or written consent, in the manner provided by law, of the holders of at least a majority of the total number of shares of Series A preferred stock outstanding, voting separately as a class, (1) alter or change any of the powers, preferences, privileges, or rights of the Series A preferred stock; or (2) amend the provisions of this paragraph (g); or (3) create any new class

or series of shares having preferences prior to or being on a parity with the Series A preferred stock as to dividends or assets; or (4) sell, lease, convey, exchange, transfer or otherwise dispose of all or substantially all of its assets (other than for the purposes of securing payment of any contract or obligation); or (5) merge or consolidate with or into any other corporation except into or with a wholly owned subsidiary.

Article IV

The term for which this corporation shall exist shall be perpetual.

Article V

The business and affairs of this corporation shall be managed and conducted by a Board of not less than five nor more than twenty-five Directors who shall be elected annually by the stockholders at their annual meeting to be held at its place of business in the City of Clearwater, in the County of Pinellas, and State of Florida, during the month of April each year; provided, however, that if ~~ne~~ authorized by a majority of the stockholders by appropriate action of the stockholders at the next preceding annual meeting, a majority of the full board of directors may, at any time during the year following the annual meeting of stockholders in which such action has been authorized, increase the number of directors within the limits specified above, and appoint persons to fill the resulting vacancies, provided further, that in any one year not more than two such additional directors shall be authorized pursuant to this provision; and by a President, who shall be a Director, and one or more Vice Presidents and a Cashier and such other officers as may be designated in the by-laws of the corporation, who shall be elected by the Board of Directors, at the same place, on the same day and immediately after said Board of Directors shall be elected by the stockholders; provided, that the offices of Vice President and Cashier may be combined in one and the same person.

Article VI

The incorporators of this Corporation who subscribed for stock in excess of the minimum requirements of Section 608.03(2), Florida Statutes 1973, were:

Doyle L. Carlton
4759 Melody Lane
Merritt Island, FL

John W. Irwin
2341 Glenmoor Road North
Clearwater, FL

Morris A. Rowe
1605 Newfound Harbor Drive
Merritt Island, FL

Herbert C. Sigvartsen
259 Albert Street
Dunedin, FL

Howard M. Smith
1671 Bayshore Boulevard
Dunedin, FL

Article VII

Holders of common stock shall have no preemptive rights. Holders of Series A Preferred Stock shall have such protection against dilution as is provided in Article III hereinabove.

Article VIII

The registered office of the corporation shall be at 28059 U.S. Highway 19 North, Clearwater, Florida 34618 and the registered agent thereat shall be John W. Sapanski.

The foregoing Amended and Restated Articles of Incorporation contain amendments to the Articles requiring shareholder approval. They were recommended to the shareholders by resolution adopted by unanimous consent of the directors December 14TH, 1993, and by written consent of the common shareholders of the Corporation, which shareholders are the only shareholders entitled to vote on the amendment and restatement, and the number of votes cast for the Amended and Restated Articles by the common shareholders, through action of shareholders taken without a meeting pursuant to Section 607.0704 Florida Statutes, was sufficient for approval of the Amended and Restated Articles.

These Amended and Restated Articles of Incorporation shall become effective upon filing with the Florida Secretary of State.

IN WITNESS WHEREOF, the undersigned have executed these Amended and Restated Articles of Incorporation on behalf of the Corporation, this 14th day of December, 1993.

REPUBLIC BANK

By.

John W. Sapanski
John W. Sapanski, President

ATTEST:

Wayne B. Bard
Wayne B. Bard, Secretary

Tallahassee, Florida

Approved by the Department of Banking and Finance this 26th day of

January, 1994.

Gerald Lewis
GERALD LEWIS

Comptroller of Florida and Head of
the Department of Banking and Finance

(FILED
93 OCT 13 PM 1:31

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ARTICLES OF AMENDMENT
OF
REPUBLIC BANK

REPUBLIC BANK
TALLAHASSEE, FLORIDA

The undersigned corporation (the "Corporation"), in accordance with the Florida General Corporation Act and its Articles of Incorporation, hereby adopts the following Articles of Amendment:

1. Corporation Name: The name of the Corporation is: Republic Bank.
2. Amendment: Article III of this Corporation's Articles of Incorporation is hereby amended in its entirety so as to read, after amendment, as follows:

Article III

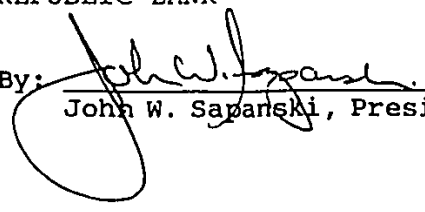
The authorized capital stock of the corporation shall consist of 10,000,000 shares (when fully issued) of \$2 par value common stock.

3. Adoption: This Amendment was recommended to the shareholders by resolution of the board of directors adopted September 21, 1993, and by written consent of the common shareholders of the Corporation, which shareholders are the only shareholders entitled to a vote on the Amendment, and the number of votes cast for the Amendment by the common shareholders, through action of shareholders taken without a meeting pursuant to §607.0704 Florida Statutes, was sufficient for approval of the Amendment.

4. Effective Date. This Amendment shall become effective upon filing with the Florida Secretary of State.

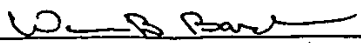
IN WITNESS WHEREOF, the undersigned have executed and signed these Articles of Amendment on behalf of the Corporation this 30TH day of SEPTEMBER, 1993.

REPUBLIC BANK

By: 

John W. Sapanski, President

ATTEST:


Wayne B. Bard, Cashier

ARTICLES OF AMENDMENT
OF
REPUBLIC BANK

The undersigned corporation (the "Corporation"), in accordance with the Florida General Corporation Act and its Articles of Incorporation, hereby adopts the following Articles of Amendment:

1. Corporation Name: The name of the Corporation is: Republic Bank.
2. Amendments:
 - A. The text of Article I is deleted in its entirety and the following language substituted therefor:

The name of the corporation shall be Republic Bank and its principal office, to be known as the initial principal office, shall be located at 111 Second Avenue N.E., in the City of St. Petersburg, County of Pinellas, State of Florida.
 - B. The text of Article V shall be deleted in its entirety and following substituted thereof:

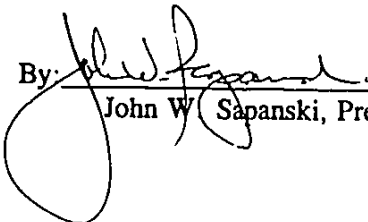
The business and affairs of this corporation shall be managed and conducted by a Board of not less than five nor more than twenty-five Directors who shall be elected annually by the stockholders at their meeting to be held at such time and place as may be fixed in accordance with the bylaws; provided, however, that if authorized by a majority of the stockholders by appropriate action of the stockholders at the next preceding annual meeting, a majority of the full Board of Directors may, at any time during the year following the annual meeting of the stockholders in which such action has been authorized, increase the number of directors within the limits specified above, and appoint persons to fill the resulting vacancies, provided further, that in any one year not more than two such additional directors shall be authorized pursuant to this provision.
 - C. The text of Article VIII shall be deleted in its entirety and the following substituted therefor:

The registered office of the corporation shall be at 111 Second Avenue N.E., St. Petersburg, Florida 33701 and the registered agent thereat is John W. Sapanski.

3. Adoption: This Amendment was recommended to the stockholders by resolution of the board of directors adopted February 21, 1995, and was presented at its annual meeting of stockholders held on April 18, 1995, notice thereof having been given pursuant to section 607.07056 of the Florida Statutes. The resolution was adopted by a majority of the votes entitled to be cast, a quorum being present.
4. Effective Date. This Amendment shall become effective upon filing with the Florida Secretary of State.

IN WITNESS WHEREOF, the undersigned have executed and signed these Articles of Amendment on behalf of the Corporation this 24th day of April, 1995.

REPUBLIC BANK

By: 

John W. Sapanski, President

ATTEST:


Wayne B. Bard, Secretary



February 6, 1992

Mr. Edward L. Abbott
1345 Olympia Park Circle
Ocoee, Florida 34761

Dear Ed:

We are pleased to extend you an offer of employment as President and Chief Executive Officer of Firststate Financial. In addition to your duties as CEO, you will also be appointed to Firststate's Board of Directors. Compensation and benefits for the position are outlined below.

Salary:	\$120,000 annually, paid biweekly.
Annual Bonus:	At the discretion of Firststate's Board of Directors.
Paid Vacation:	Three weeks.
Other Compensation:	\$250,000 cash bonus payable when Firststate is sold to a non-affiliated entity, provided that a) the sales price equals or exceeds Firststate's GAAP capital (excluding goodwill) as stated in the institution's most recent Thrift Financial Report and b) the Net Worth Maintenance Agreement dated August 17, 1990, between the Office of Thrift Supervision, Samuel Zell, and affiliates of Samuel Zell, is irrevocably terminated.
Other Benefits:	Citrus Club Membership
Insurance/ Pension:	See the attached Summary of Benefits.

285 South Orange Avenue
Orlando, Florida 32801-3411
Post Office Box 2511
Orlando, Florida 32802-2511
(407) 841-1111

Director's
Indemnity:

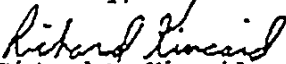
You will be provided with an Indemnity Agreement from Samuel Zell and/or an affiliated company that will serve as a substitute for traditional Directors' and Officers' Liability Insurance.

Please be aware that this letter does not constitute an employment contract representing the specific longevity of your tenure; however, we are confident that your acceptance of this offer will be the start of a long and mutually beneficial relationship with Firststate.

As we have previously discussed, this employment offer is subject to the approval of the Office of Thrift Supervision and the Florida Department of Banking and Finance. Should you accept this offer, both of the above mentioned regulatory agencies will require that you complete certain application forms as part of their approval process. These forms will be forwarded to you shortly.

Please feel free to call me or Bill White should you have any questions regarding the above. We look forward to working with you as the new President and Chief Executive Officer of Firststate Financial.

Sincerely,


Richard D. Kincaid

cc: Patricia L. Megahan
Arthur A. Greenberg
William T. White III

Section 2.17

Summary: List material litigation.

Agreement Language: "There is no Litigation instituted or pending, or, to the Knowledge of EHL, threatened (or unasserted but considered probable of assertion and which if asserted would have at least a reasonable probability of an unfavorable outcome) against any Firststate Entity, or against any director, employee or employee benefit plan of any Firststate Entity, or against any Asset, interest, or right of any of them, that is reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, nor are there any Orders of any Regulatory Authorities, other governmental authorities, or arbitrators outstanding against any Firststate Entity, that are reasonably likely to have, individually or in the aggregate, a Firststate Material Adverse Effect, except as disclosed in Section 2.17 of the EHL Disclosure Memorandum. "

Response: None.

Section 4.2(b)

Summary: List liens.

Agreement Language: "Liens in effect as of the date hereof that are disclosed in the EHL Disclosure Memorandum."

Response: None.

Section 4.2(g)

Summary: List past compensation practices.

Agreement Language: "[Will not] grant any increase in compensation or benefits to the employees or officers of any Firststate Entity, except in accordance with past practice disclosed in Section 4.2(g) of the EHL Disclosure Memorandum or as required by Law; pay any severance or termination pay or any bonus other than pursuant to written policies or written Contracts in effect on the date of this Agreement and disclosed in Section 4.2(g) of the EHL Disclosure Memorandum; enter into or amend any severance agreements with officers of any Firststate Entity; grant any material increase in fees or other increases in compensation or other benefits to directors of any Firststate Entity except in accordance with past practice or as disclosed in Section 4.2(g) of the EHL Disclosure Memorandum

Response: List of salaries attached.

FIRSTSTATE FINANCIAL

Distribution: EIA, MMc

01/01/97

Employee Listing

(mbm)123R23FILES.DBASE

DEC-18-1996 16:35 FROM CARSON MEDLIN CD

TO

14048817777-823 P.79

EMPLOYEE NAME	DEPT	TITLE	ADDRESS	CITY	ZIP	PHONE	(DATE 1) HIRE DATE	REVIEW DATE	(DATE 2) B'DAY
ABBOTT, Edward L.	AD	President/CEO	3240 Yanika Place	Longwood	32779	333-3501	02/18/92	12/96(1)	12/18/90
BAILEY, B. Scott	LS	Assistant Servicing Supervisor	9401 White Road	Ocoee	34761	294-0388	01/02/91	01/02/97	12/10/68
BENTZ, Margaret	RL	Office Manager/Loan Processor	5449 Hansel Ave. M-16	Orlando	32809	826-8963	12/07/94	12/07/97	12/28/34
BLASCO, Cathy Jo	AD	Admin Asst/Accts Payable	1300 Swann Avenue	Orlando	32809	851-1319	06/12/84	06/12/97	04/26/58
BOATHMAN, Mary Jane	ACCT	Accountant-Flex Time	P.O. Box 36	Oakland	34760	656-3033	03/11/86	03/31/97	09/16/53
BRANNIGAN, Brian J.	RL	Mortgage Services Rep.	1826 Cassingham Circle	Ocoee	34761	293-1890	01/28/97(2)	01/28/97(2)	05/13/68
BUTLER, Carol B.	HQ	Servings Supervisor	5942 Iona St.	Orlando	32835	295-8171	02/06/95	02/06/97	09/13/63
CAINES, Kandice P.	RL	Administrative Assistant	1730 Sweetwater W. Circle	Apopka	32712	290-8081	07/30/96	07/30/97	11/22/69
CALHOUN, Elizabeth H.	%	Accountant-Cash Mgr	611 Park Valley Circle	Clermont	34711	394-4170	12/02/91	12/02/97	02/16/60
CILIENTO JR, Frank	RL	Mortgage Services Rep.	1213 Wolverine Trail	Winter Springs	32708	699-1733	01/13/95	01/13/97	12/22/46
COLLIER, Thomas W.	%	Special Services-P/T	1619 Rutledge Road	Longwood	32779	862-3532	07/01/82	07/01/97	05/14/25
CURRY, L. Jane A.	LS	VP-Loan Servicing	181 Wimbledon Circle	Heathrow	32746	333-8835	11/19/84	12/96(1)	12/29/59
DREW, Kristy	WP	Teller/Customer Service Rep.	236 Bridle Path	Casselberry	32707	696-2822	04/09/96	04/09/97	07/27/70
FEARON, Patricia H.	AD	PBA Operator	P.O. Box 333632	Orlando	32853	339-0174	07/28/86	07/28/97	09/21/22
GIFORD, Maria	HQ	Savings Officer	1082 Narrow Gauge Court	Winter Garden	34787	877-0618	06/03/85	06/03/97	03/11/63
IMMING, Richard J.	RL	SVP-Residential Lending	1614 Wood Duck Dr.	Winter Springs	32708	365-4444	10/31/94	12/96(1)	05/09/46
KOCH, Eric	HQ	Teller/Customer Service Rep.	430 Park Tree Terrace Apt 251	Orlando	32825	277-4358	08/08/96	08/08/97	08/04/76
KIRHELY, A. John	ACCT	VP/Controller/Compliance	665 Sagamore Drive	Deltona	32738	789-2074	06/17/85	12/96(1)	05/26/57
LINDLE, Zehra R.	RL	Loan Processor	5314 Tangerine Ave.	Winter Park	32792	657-5197	09/21/95	09/21/97	01/29/43
MC-COULDM, Mary B.	%	SVP-Savings/RR/S O.	3037 Harbour Landing	Casselberry	32707	699-9294	02/02/87	12/96(1)	01/15/54
MAURY, Judy D.	RL	Underwriter	6008 Wabash Road	Orlando	32807	273-3874	11/05/92	11/05/97	10/03/40
MARTIN, John W.	AD	CFO/SVP/Treas/Soc	1233 Sharon Place	Winter Park	32789	645-5915	03/30/84	12/96(1)	09/12/52
MOORE, Patricia M.	RL	Loan Closer	7701 Danu Dr.	Orlando	32822	282-6552	06/03/96	06/03/97	08/21/48
OLIVER, Marian D.	RL	Loan Closer	2655 Exuma Way	Winter Park	32792	677-0617	03/14/96	03/14/97	08/31/38
PARENTY, Paul	AM	VP-Asset Management	305 Ringwood Circle	Winter Springs	32708	695-6863	12/02/91	12/96(1)	03/11/55
PEARSON, KRISTI J.	HQ	Teller/Cust. Service Rep.	1951 Skidmore Ave.	Orlando	32826	823-9949	11/18/96	02/18/97(2)	01/10/74
QUAILS, Michael	ACCT	Accountant	1431 Lake Highland Dr.	Orlando	32803	896-4387	04/01/96	04/01/97	07/02/71
RIVERA, Myrna	LS	Loan Servings Clerk	4518 Commander Dr. #1914	Orlando	32822	382-9990	10/23/96	01/21/97(2)	01/03/69
ROGERS, Tracy	WP	Teller/Cust. Service Rep.	1616 Wildfox Drive	Casselberry	32707	696-5265	02/08/93	02/08/97	03/03/66
SIKORSKI, Shannon L.	WP	Savings Supervisor	9815 Davey Jones Ct.	Orlando	32817	888-2411	07/24/95	07/24/97	12/08/69
SMITH, Scott	RL	Correspondent Account Rep.	700 Fox Valley Dr.	Longwood	32779	788-2344	04/05/96	04/05/97	12/30/50
STARK-DELAIS, Lynne	AD	Administrative Assistant	1040 Alpeng Ave.	Oviedo	34765	359-0438	12/07/94	12/07/97	03/10/57
SZABLINSKI, Gloria M.	AM	Administrative Assistant - AM	200 Mailand Ave. #43	Altamonte Springs	32701	260-1288	01/07/91	01/07/97	07/20/55

NUMBER OF EMPLOYEES: 33

REVIEW
(1) AVF Up
(2) 90 Day

DEC-18-1996 16:36 FROM CARSON MEDLIN CO

TO 14048817777-823 P.80

Employee Listing

FIRSTSTATE FINANCIAL
Distribution: ELA, MMC

EMPLOYEE NAME	COMP.	DED % OR DATE ELIG.	INS DED	PARK DED	UNITED WAY DED
ABBOTT, Edward L.	168,000	4%	80.49	—	—
BAILEY, B. Scott	23,000	2%	113.58	—	—
BENTZ, Margaret	27,800	4%	80.49	37.10	—
BLASCO, Cathy Jo	28,000	4%	—	37.10	—
BOATMAN, Mary Jane	14,456	4%	—	37.10	3.00
BRANNIGAN, Brian J.	commission	10/28/97	24.07	—	—
BUTLER, Carol B.	14,500	4%	24.07	—	—
CAINES, Kandice P.	20,000	07/30/97	24.07	—	—
CALHOUN, Elizabeth H.	30,000	2%	113.58	—	—
CLEMENTO JR., Frank	commission	6%	113.58	37.10	—
COLLIER, Thomas W.	13,520	16%	80.49	—	3.00
CURRY, LeJanae A.	56,175	4%	—	37.10	5.00
DREW, Kristy	13,000	04/03/97	24.07	—	—
FEARON, Patricia H.	18,800	4%	24.07	37.10	—
GIFFORD, Maria	25,000	4%	24.07	—	—
IMMING, Richard J.	75,000	2%	113.58	—	—
KOCH, Eric	13,000	08/08/97	24.07	—	—
KREHIELY, A. John	54,862	3%	113.58	37.10	—
LINDLE, Zelma R.	27,000	0%	24.07	37.10	—
McCOLLUM, Mary B.	60,900	4%	113.58	—	—
MABRY, Judy D.	33,000	4%	80.49	37.10	—
MARTIN, John W.	92,400	10%	113.58	—	—
MOORE, Patricia M.	25,000	06/03/97	80.49	—	—
OLIVER, Marian D.	29,000	03/14/97	24.07	—	—
PARENTY, Paul	59,850	3%	113.58	37.10	2.00
PEARSON, Khrd J.	13,000	11/18/97	24.07	—	—
QUAILS, Michael	22,000	04/01/97	24.07	—	—
RIVERA, Myrna	16,000	10/23/97	24.07	—	—
ROGERS, Tracy	7,592	4%	24.07	—	—
SIKORSKI, Shannon L.	14,000	0%	—	—	—
SMITH, Scott E.	18,000	04/03/97	24.07	—	—
STARK-DEBAIS, Lynne	29,500	4%	24.07	37.10	—
SZABLINSKI, Gloria M.	21,000	6%	24.07	—	—

13

1,696.21 408.1

INS	PARKING
S - 24.07	37.10 per pay
+1 - 80.49	
F - 111.58	

Compensation for officers is approved annually by the Board of Directors to be effective January 1. Range of increases approximates 5%, and discretionary bonuses may be granted. Other employees are reviewed for salary adjustments on their anniversary date with increases approximating 5% overall.

Section 4.2(h)

Summary. List non-terminable employment contracts.

Agreement Language: "[Will not] enter into or amend any employment Contract between any Firststate Entity and any Person (unless such amendment is required by Law) that the Firststate Entity does not have the unconditional right to terminate without Liability (other than Liability for services already rendered), at any time on or after the Closing Date except as disclosed in Section 4.2(h) of the EHL Disclosure Memorandum, or except as may not be material in amount."

Response: None.

EXHIBIT "B"

Northwood Office
3024 Enterprise Road
Clearwater, Florida 34619

Highland Avenue Office
1831 Highland Avenue N.
Clearwater, Florida 34615

Missouri Avenue Office
1235 S. Missouri Avenue
Clearwater, Florida 34616

Belleair Bluffs Office
401 N. Indian Rocks Road
Belleair Bluffs, Florida 34640

Caladesi Office
2678 Bayshore Blvd.
Dunedin, Florida 34698

East Lake Woodlands
3412 East Lake Road
Palm Harbor, Florida 34685

Countryside Office
28050 U.S. Highway 19 N.
Clearwater, Florida 34621

Oldsmar Office
3711 Tampa Road, Suite 101
Oldsmar, Florida 34677

Dunedin Office
1478 Main Street
Dunedin, Florida 34698

Northeast Office
250 37th Avenue N.
St. Petersburg, Florida 33704

St. Petersburg Office
100 34th Street N.
St. Petersburg, Florida 33713

Gulfview Square Office
9501 U.S. 19 N.
Port Richey, Florida 34668

New Port Richey Office
6500 Massachusetts Avenue
New Port Richey, Florida 34653

Holiday Office
4649 Sunray Drive
Holiday, Florida 34690

Palm Harbor Office
33920 U.S. Highway 19 N.
Palm Harbor, Florida 34684

Walsingham Office
14141 Walsingham Road
Largo, Florida 34644

Largo Mall Office
10500 Ulmerton Road East
Largo, Florida 34641

ICOT Office
5801 Ulmerton Road
Clearwater, Florida 34620

Seminole Office
800 113th St. N.
Seminole, Florida 33772

Pinellas Park Office
7600 66th Street N.
Pinellas Park, Florida 34666

Tyrone Office
6900 22nd Avenue N.
St. Petersburg, Florida 33710

Main Office
111 Second Avenue, N.E., Ste. 211
St. Petersburg, Florida 33701

Downtown St. Pete Drive-In
201 Second Avenue South
St. Petersburg, Florida 33701

Ellenton Office
3510 U. S. Highway 301
Ellenton, Florida 34222

Pavillion Office
1301 6th Avenue West
Bradenton, Florida 34205

Ironwood Office
4302 Cortez Road West
Bradenton, Florida 34210

53rd Avenue Office
415 53rd Avenue
Bradenton, Florida 34207

Venice Office
400 Venice By-Pass North
Venice, Florida 34292

Pinellas Point Office
3000 54th Avenue S.
St. Petersburg, Florida 33712

Westside Office
5905 Manatee Avenue West
Bradenton, Florida 34209

Mt. Vernon Office
9819 Cortez Road West
Bradenton, Florida 34210

Bayshore Office
6204 14th Street West
Bradenton, Florida 34207

Sarasota Office
1100 S. Tamiami Trail
Sarasota, Florida 34236

Spring Hill Office
5335 Spring Hill Drive
Spring Hill, Florida 34606

EXHIBIT "C"

Tower Office
255 S. Orange Avenue
Orlando, Florida 32801

Winter Park Office
1980 Howell Branch Road
Winter Park, Florida 32792

EXHIBIT "D"

Northwood Office
3024 Enterprise Road
Clearwater, Florida 34619

Highland Avenue Office
1831 Highland Avenue N.
Clearwater, Florida 34615

Missouri Avenue Office
1235 S. Missouri Avenue
Clearwater, Florida 34616

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401 N. Indian Rocks Road
Belleair Bluffs, Florida 34640

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Dunedin, Florida 34698

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