

HOME Front

American Homestar Comes on Strong in Record Second Quarter

Company Running on all Cylinders as Each Division Makes Important Contributions
by Buck Teeter, Chairman and Co-CEO, and Lad Dawson, President and Co-CEO

Congratulations to the entire American Homestar Team for the spectacular results posted in the second quarter of fiscal 1997.

With net income up 62% to \$3.6 million and revenues up 76% to \$89.3 million, we reported our tenth consecutive quarter of record revenues and earnings since becoming a public company. Earnings per share of 40 cents were up 38% despite an increase in average shares outstanding to 9.0 million from 7.7 million, and exceeded consensus estimates by 5 cents per share. With the completion of the Heartland and Guerdon acquisitions this quarter, we are now operating at an annual rate of \$400 million in revenues.

Beyond the financial results, we are particularly pleased with the strong performance and successful execution of our growth strategy by virtually every business unit in the Company.

New home unit retail sales jumped 36% to 1,112 homes with multi-section sales growing to 57% of unit sales. Most notably, new home sales per sales center for both the quarter and year-to-date periods exceed year ago numbers, despite a greater number of stores open less than one year.

As the markets become more crowded with retail capacity, the investments we've made in superior sales centers, sales personnel, training, and merchandising are paying off in even stronger retail performance. We have many more weapons than most of the independent dealers we compete with. Only one new sales center opened this quarter for a total of 48, but six more are under construction or under purchase contract. Many of those will open in the third quarter. Meanwhile, our new Austin SuperCenter is setting sales records averaging 20 new home sales per month.

In the Southwest region, our plan of vertical integration is working to a tee! As we continue to increase plant capacity and production rates, we have systematically expanded our retail base and increased the sale of Company products. As a result, the rate of internalization increased from 65% last quarter to 70%, topping 72% in November. We urge everyone to push toward our goal of 80% in the third quarter!

As a result, our Texas plants have been unaffected by any issues of over-capacity or dealer inventories that may affect the pure manufacturers. The Texas plants enjoyed a record quarter

Karrh Takes 2nd Quarter Contest with Incredible November

Essex Makes Strong Move, Finishes Second

Talk about a home run hitter! DeSoto's incredible **James Karrh** scored 45k in payable gross on just three new home deals in the month of November. This incredible production propelled

him to first place in the 2nd Quarter Sales Contest. The victory earns James \$2,000 in prize money.

Phil Essex, the star Sales Manager from Austin's incredible SuperCenter, took second place and \$1,500 for 15 deals for the quarter. Right behind Phil in the standings was third place winner, **Greg Pruitt** of Huntsville, who took home a clean \$1k. The incredible **Carrie Shipp** of Instant Granbury (as always!) was in the money, scoring \$750 for her impressive fourth place finish. Rounding out the money winners was Burleson's amazing **Anthony Clark**, with 16 deals and \$500 in prize money. Congratulations to all!



"Coming together is a beginning; Keeping together is progress, working together is success."

- Henry Ford

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Stars and Stats

Top 10 Dealerships Year to Date

Lanette Carpenter

2-3 X-Mas Party Highlights

4 Lancaster's 5000th Home

5 Insurance News

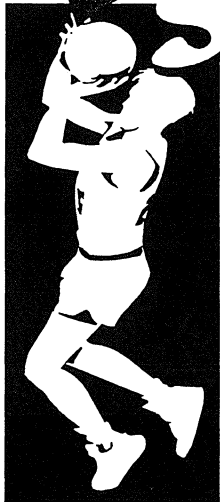
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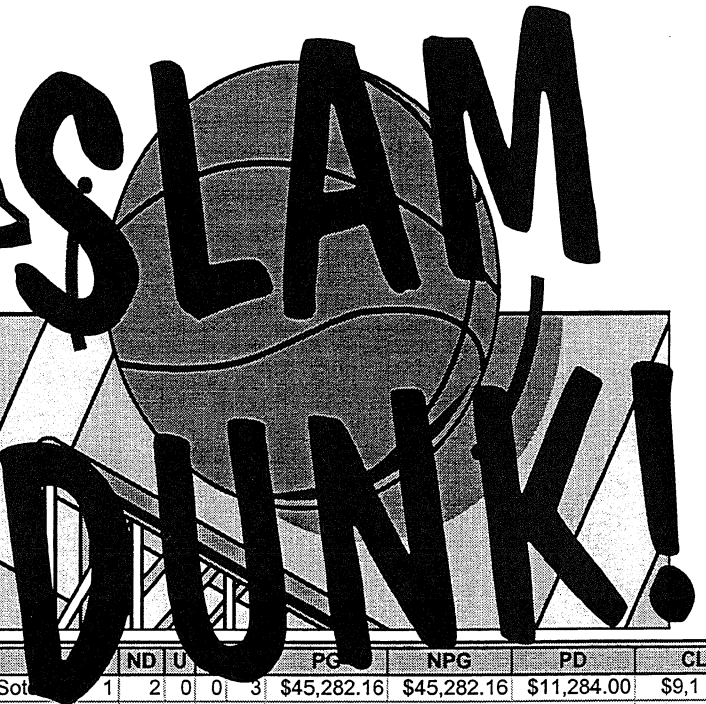
DEC., 1996

The Retail Division of American Homestar was on a **FAST BREAK** in the month of November, reaching new heights in the manufactured housing sales game. Dealerships such as Austin, Albuquerque, Mesquite, Lake Charles, Tulsa and Lancaster propelled the Company to it's best month at retail **EVER!** Here are some of the salespeople that made the month of November a...

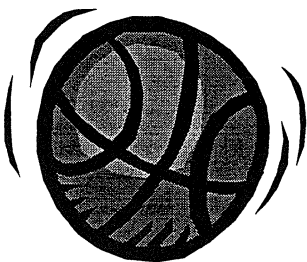


FIRST TEAM ALL-STAR!!!

At the top of the key is **James Karrh** of Mesquite with 82 points for November's game, earning him the MVP for the month. Man, this guy is hot! His astounding payable gross hovered in the 45k range with several other top league players. Keep up the good work, "Karrh- man!"



**These
Franchise
Players all
Scored Four
New Home
Deals or
20k in P.G.
in
November!**



Salesperson	Lot	ND	U	PG	NPG	PD	CL		
KARRH,JAMES M.	Nationwide DeSoto	1	2	0	0	\$45,282.16	\$45,282.16	\$11,284.00	\$9.1
FORD,CURTIS E.	Nationwide Tyler	2	2	2	0	\$27,194.20	\$20,672.20	\$6,562.00	\$2.7
BALLEW,VICKI	Nationwide Albuquerque	0	5	1	0	\$43,393.00	\$37,695.00	\$4,891.00	\$6.6
SMYSOR,STEPHEN A.	Nationwide Tulsa	2	4	0	0	\$43,454.00	\$43,454.00	\$22,245.00	
WHATLEY,JIMMY D.	Key Homes Athens	1	4	0	0	\$34,313.34	\$34,313.34	\$5,237.00	\$8.6
ESSEX,PHILLIP B.	Nationwide Austin	0	5	1	0	\$44,550.90	\$44,254.90	\$10,158.00	\$5.9
HILL,SAM D	N/W Corpus Christi	1	4	2	0	\$23,395.31	\$21,840.31	\$10,587.00	\$3.6
LAVERGNE,DEBRA A.	Nationwide Lake Charles	5	1	1	0	\$28,841.26	\$28,892.16	\$3,729.00	\$13.3
PRUITT,GREGORY	Nationwide Huntsville	2	2.5	0	0	\$34,401.33	\$34,401.33	\$14,402.00	\$5.6
COOKSEY,TOBY R.	Nationwide Mesquite	2	3	0	0	\$36,002.36	\$36,002.36	\$7,326.15	\$5.0
HARMS,RICHARD	Instant Living Spring	2	2	0	0	\$22,193.00	\$22,193.00	\$7,286.00	\$4.8
MURPHY,THOMAS	Nationwide Tulsa	1	4	0	0	\$30,739.00	\$30,739.00	\$7,708.00	
DALLEY,DAVID W.	AHFO Lancaster	0	3	1	0	\$26,174.00	\$26,174.00	\$11,153.00	\$9.2
SMITH,E. ALLEN	Nationwide Lake Charles	1	4	0	0	\$26,048.03	\$26,048.03	\$8,700.00	\$4.0
BROWN,GREG C.	Oak Creek Village	3	0	0	0	\$28,536.00	\$28,536.00	\$5,465.00	\$6.8
JONES,MICHAEL G.	Advantage Longview	2	2	0	0	\$23,278.48	\$23,278.48	\$7,726.00	\$2.4
BRYANT,SUSAN F.	Nationwide Huntsville	3	2	0	0	\$26,192.44	\$26,192.44	\$3,302.00	\$3.6
LANCASTER,CHRISTI D.	Nationwide Denton	1	2	0	1	\$23,754.03	\$20,187.63	\$11,695.00	\$5.5
LOFTIN,RICHARD H.	Nationwide Cleveland	2	2	1	0	\$27,027.01	\$25,528.01	\$3,870.00	\$1.7
DELAROSA,RICARDO	Nationwide Austin	0	4	0	0	\$24,992.50	\$24,992.50	\$6,018.00	\$1.6
ALLRED,D. J'NETTE	AHFO Lancaster	1	2	0	0	\$21,869.57	\$21,869.57	\$4,437.00	\$4.6
DONAHUE,MICHAEL	Nationwide Seguin	3	1	0	0	\$25,749.00	\$25,749.00	\$9,754.35	
TURNER,PERCY	Instant Living El Paso	4	0	0	0	\$21,167.93	\$21,167.93	\$4,434.00	\$4.8
BENNETT,ROBERT J.	Nationwide OK City	0	2	0	0	\$26,034.01	\$26,034.01	\$3,842.00	
REIDER,DAVID L.	Instant Living Gulf Frwy.	2	2	0	0	\$16,541.00	\$16,541.00	\$7,570.00	\$6.9
WHITEHEAD,WAYNE E.	Instant Living Gulf Frwy.	1	2	1	0	\$20,484.93	\$20,484.93	\$5,454.00	\$1.7
FLYNN,DAVID	Oak Creek Village	1	1	0	0	\$25,230.00	\$25,230.00	\$1,994.00	\$3.3
VAUGHAN,GARY L.	Nationwide OK City	1	3	1	0	\$17,098.36	\$12,692.36	\$3,785.00	
VAIZ,RAUL V	N/W Corpus Christi	2	1	1	0	\$17,657.83	\$21,212.83	\$5,827.00	
VAUGHAN,RICHARD L.	Nationwide Tulsa	3	1	3	0	\$16,329.50	\$17,027.00	\$10,130.00	
LEVIN,MICHAEL L.	Nationwide Mesquite	0	2	1	0	\$21,443.00	\$21,337.00	\$2,931.57	
DEANGELIS,VIRGINIO	Instant Living Alb.	1	2	0	0	\$21,170.41	\$21,170.41	\$0.00	

SCORE!!!



Meanwhile, **Vicki "Hoops" Ballew** of the Albuquerque team shoots and scores with a heapin' helpin' sum of 66.4 points for the game and 43k in payable gross. She's got the moves to put her in contention for MVP if "Karrh -man" doesn't watch his back! Go "Hoops" Go!!!!!!

And watch out for those freaky flyin' alley-oops from **Stephen "Long Legs" Smysor** of the Tulsa team! He's right behind "Hoops" with 65 points for the game. This man doesn't know the meaning of "air ball!" His big sales for the month earned him the not too shabby position of being numero tres with 43k in payable gross.



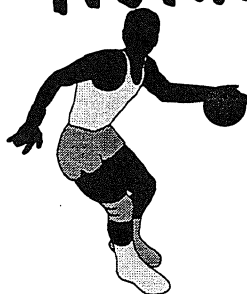
Meanwhile, back at the ranch... **Jimmy D. Whatley** dribbles his way to success, earning the number four slot for top sales. His expert ball handling and leadership skills has put the Athens team up there with the other big six! Not bad for a team from Greece, eh? But tell the coach to get some other uniforms;those togas have got to go!



And where in "Sam Hill" has **Sam Hill** come from? This invaluable player has hit the parquet running, with 57 points and a not too paltry 23k in payable gross. He's known on the court for his ability to slam dunk those sales and at the pace he's moving, he's liable to become one of the top three players for the league. "Keep on movin', don't stop" Sammy Baby!



Nothin' but Net!!!



Phillip B. Essex has established himself as a key player for Austin, scoring 65 points and an remarkable 44k the ol' payable gross department. This man really knows how to carry the ball! He has proven himself to be one of the better players in the league as he continues to climb the ladder of success. Don't stop now, Phillip B, we want more!

S	PDPTS	CLPTS	IPTS	FSPTS	EWPTS	CPPTS	21PTS	Total
3	3	4	45.29	0	3	15	9	82.29
4	4	1	27.20	2	2	15	12	67.20
5	5	3	43.40	4	0	0	6	66.40
5	6	0	43.45	2	6	0	3	65.45
5	3	3	34.30	6	2	0	12	65.30
5	5	2	44.56	0	1	0	6	63.56
5	4	2	23.40	8	0	0	15	57.40
5	6	6	28.84	2	6	0	3	56.84
0	6	4	34.40	3	4.5	0	3	54.90
5	2	1	36.00	1	3	0	6	54.00
4	4	2	22.20	5	3	0	9	49.20
5	2	0	30.74	3	4	0	3	47.74
3	4	3	26.17	0	3	0	6	45.17
5	5	1	26.04	0	5	0	3	45.04
3	3	2	28.54	0	3	0	3	42.54
4	4	2	23.28	0	3	0	6	42.28
5	3	3	26.19	0	2	0	3	42.19
3	4	3	23.76	2	3	0	3	41.76
4	3	1	27.03	3	0	0	3	41.03
4	3	1	24.99	0	1	0	6	39.99
3	2	2	21.86	0	2	0	9	39.86
4	3	0	25.75	0	3	0	3	38.75
4	3	3	21.17	0	4	0	3	38.17
0	2	0	26.03	2	2	0	6	38.03
4	4	3	16.54	2	4	0	3	36.54
3	3	1	20.49	2	3	0	3	35.49
0	2	1	25.23	0	2	0	3	33.23
4	1	0	17.10	4	1	0	6	33.10
3	2	0	17.65	4	0	0	6	32.65
4	3	0	16.32	4	2	0	3	32.32
0	2	0	21.44	0	1	0	6	30.44
3	0	0	21.17	4	1	0	0	29.17

YTD TOP 10 Salespeople

- 1. James Karrh**
DeSoto 295.0 pts
- 2. David Dalley**
AHFO Lancaster 258.1 pts
- 3. Carrie Shipp**
Instant Granbury 243.6 pts
- 4. Christi Lancaster**
Lancaster 221.6 pts
- 5. Phil Essex**
Austin SuperCenter 210.5 pts
- 6. Paul Head**
Mesquite 200.9 pts
- 7. Gregory Pruitt**
Huntsville 197.4 pts
- 8. Daryl Wilkinson**
Greenville 190.6 pts
- 9. Timothy Solano**
Denton 188.1 pts
- 10. Randy Taylor**
Tyler 185.8 pts



New Version of American Homestar Tracker on the Way, Program Promises to Be Bigger and More Useful than Most Viruses

by Marc Crane

The newest version of *A.H. Tracker* is headed your way with many new additions and improvements. For example, the software now tracks all fundings. A new step has been added to the inventory process with regard to a status. Once a home has been marked "Delivered," it stays in your inventory program as an unfunded deal until you mark it as being "Funded." To access your "Unfunded" list, simply go to the reports menu and click the "Unfunded Deals Report" button.

In response to many people's requests to be able to preview reports before printing, the boys in I.S. have now incorporated view screens for those inventory reports dealing with state and home office information. Some reports, however, are still sent directly to the printer due to their high levels of sorting complexity. Comprehensive help screens for almost every report in the system have been added to guide you through how to make the most of your location's stored information.

Other enhancements to *A.H. Tracker* have been made with respect to functionality. For example, the memorandum field in the call back sheets can "grow" to accommodate any length of comment about a prospect. This is especially

Continued on Page 6

TOP 10 LOCATIONS Year To Date

- #1 - Lancaster
- #2 - Tulsa
- #3 - Mesquite
- #4 - Burleson
- #5 - Instant Granbury
- #6 - DeSoto
- #7 - Austin
- #8 - Tyler
- #9 - DENTON
- #10 - OKC

Keep Working Your Way Towards...

BERMUDA!

On this Year's President's
Club Cruise...

For seven wonderful days and nights in July, the top 10 salespeople, all Gold Level General Managers and the top 4 Business Managers in the Company (and a guest of their choice) will enjoy unparalleled luxury on board the Norwegian Cruise Lines ship, *Dreamward*. The 41,000 ton vessel departs from beautiful downtown New York City towards a destination of sun and fun on the island paradise of Bermuda. There are only two stops on the cruise, first in Hamilton and then one in beautiful and historic Georgetown. Anyone who was on board the cruise to Bermuda four years ago (It was fiscal 93's big trip) knows it as one of the world's most tropical and scenic destinations. Leaving New York harbor and passing under the historic bridges and skyline and landmarks (such as the statue of liberty and Ellis Island) makes the departure one of the most awe inspiring views you'll ever experience. So, sales pros, start working your follow-up extra hard, make the most of every "up" and do everything you can to reserve your spot on what is guaranteed to be one of the best President's Club trips on record!

Remember, you must be an employee of the company in good standing at the time of the cruise and meet all contest criteria to be eligible for the trip. Management has the authority to include and/or exclude any participants at their own discretion.



Lanette Carpenter



The Critical Path to Selling Homes

In this series of articles, we have been covering the 5 Negotiations on the Critical Path to Selling Homes. The first negotiation is *Setting the Agenda*, the second is *Getting the Issues on the Table*, the third is *Presenting the Solution*, the fourth is *Closing the Sale* and the fifth negotiation is *Closing for Continuation*.

This month we will cover the Fifth Negotiation, "*Closing for Continuation*." Whether you have closed the sale or not before the Client leaves, you need to close for continuation. This means that you have simply closed the Client on continuing the relationship by setting a future appointment. This is a critical negotiation that is often neglected.

First, let's discuss the Client who is not ready to buy today. Before they leave your office, close to continue the relationship. Some sample verbiage:

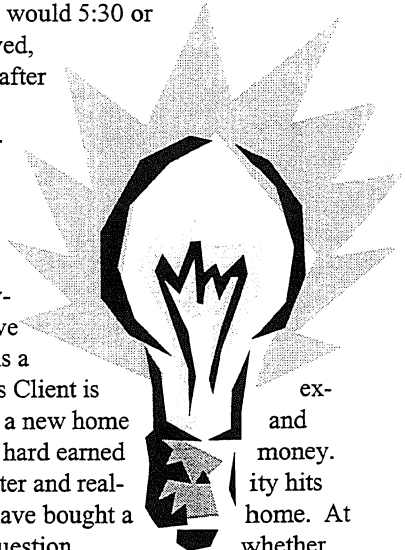
Salesperson: "I am sure you will love the new floorplan we have coming next week. It has the Great Room you wanted, and every bedroom has a spacious walk-in closet. It is scheduled to arrive Monday and it will take several days for it to be assembled so why don't we plan on an appointment for Friday, would that day work for the both of you?"

Dave: "Friday will be OK, but it will have to be after 5:00."

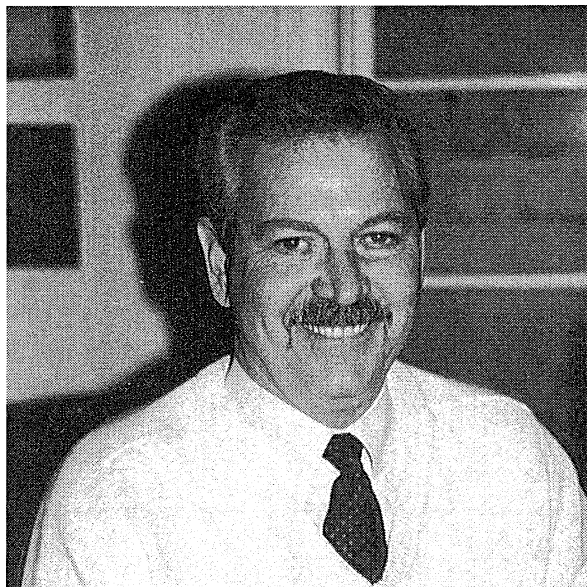
Salesperson: "Great Dave, I'll write it down here in my organizer, Friday the 19th, would 5:30 or 6:00 be best?" "OK, 6:00 and I will give you a call to let you know that the home arrived, would it be best to call you after 6:00?" "Alright then, I'll be talking to you sometime after 6:00 on Monday night to confirm that everything is on target for Friday."

Do you believe that the salesperson in that scenario stands a good shot at continuing the relationship? Why?

Bright



Moving Up!



Longtime Company Pro **Bill Williford** has been named General Manager of Tyler. Good luck!

Now let's address how to handle the Client who is buying a home and leaving you a deposit. I believe we can all agree that this is a very valuable Client. This Client is cited, they are purchasing a new home they are leaving you their hard earned money. They leave your sales center and reality hits home. At this point, they begin to question whether they made the right decision. They begin to go over every detail of the transaction and try to figure out why they feel so uncomfortable about their decision.

The Salesperson who has Closed for Continuation has already anticipated the Client's anxiety. Their strategy is to let the Client know that they will be there for them every step of the way. They do this by setting up a daily appointment for communication. A sample of verbiage you might use:

Salesperson: "Dave, now that we have completed all the necessary paperwork, I would like to go ahead and schedule a convenient time for me to call you and Connie

Ideas

Continued on Page 10

New Version, Continued

important if the individual has been contacted many times and as a result, has a multitude of comments about him or her. Managers will appreciate their new ability to look up housing preferences of prospects with the "New Housing Preference Report." As an example, the report might generate percentages for those individuals who are interested in *new, three bedroom, mid-range, doublewides*. This way, managers can track consumer demand for their products and ensure that they have an inventory which reflects their prospect's desires.

A big problem in the past has been having duplicate prospects in your database. With the new version of *A.H. Tracker*, duplicate prospects will soon be a thing of the past. After you enter the phone number of a prospect, the system will automatically search for a duplicate number which has already been entered. Furthermore, duplicate prospects which have already been stored in the database can easily be eliminated by viewing a report screen and deciding which ones to delete and which ones to keep.

And prospect reassignments are now easier than ever! With the new version of *A.H. Tracker*, sales managers will have a choice of four different methods of reassignment to choose from: (1)assign prospects individually, (2)assign all prospects to just one salesperson, (3)assign all prospects according to their status and finally... (4)have *A.H. Tracker* automatically do the work for you! Wow... what a deal!



Here's the Company's top salesperson, James Karrh. It took only three new home sales for this guy to score 45k in payable gross in November and 1st Place in the big contest! Incredible!

Record Second Quarter, Continued from Page 1

with total floors produced up 31% and pretax profits in excess of 10% of factory sales for the first time. The Burleson plant has reached production of 7 per day and is making growing contributions to profits while total Texas production levels are at an annual rate of 6,700 floors. We're counting on the increase in sales of Company products to meet new records in the third quarter.

Another plant expansion project at Lancaster will boost our Texas capacity to 7,500 floors per year, our new production target over the next four to five quarters.

21st Century is doing extremely well, with earnings up 100% over last quarter. Originations for the quarter were over \$22 million and accounted for about 42% of the Company's retail finance business. The planned ramp up of 21st Century's penetration rate was slowed in the second quarter so we could strengthen the credit staff and expand the loan program product offering. With a very competitive market and aggressive lender environment, we did not want to risk a loss of retail momentum by pushing the transition to 21st before we were prepared. New programs completed this quarter were launched in mid-December in meetings with the retail sales center management teams. As a result, we expect to see dramatic growth in 21st penetration toward our goal of 80% in the coming months. We expect to exceed originations of \$100 million in FY 97 and over \$200 million in FY 1998. The refinancing division also continues to grow with nearly \$2 million in originations expected for December.

The acquisitions of Guerdon Homes and Heartland Homes were both completed this quarter and were both slightly accretive to earnings per share for the quarter. They added much more revenues than to earnings, resulting in a slight decline in operating margins. However, the new operations are a source of great excitement within the Company as a major source of future earnings growth.

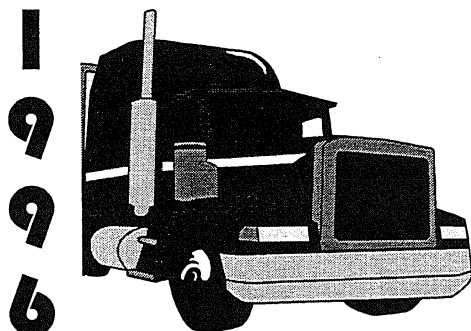
The Heartland operation is headed by a top notch management team. Our staff is already working to enhance and expand the product line and commence a major expansion of the plant. As soon as that's completed, we'll start work on planning a second plant in North Carolina. We are working hard on planning our retail entry into the market. All in all, we expect the Southeast to be a major market for company growth, using our plan of vertical integration, over the next two to three years.

We are extremely pleased with the progress of the Guerdon plants. The plant operations have been nearly completely integrated into the American Homestar system. We have excellent management teams in place in every plant. Product lines have been overhauled and are receiving very positive dealer reviews. Production and profits are up in the Western plans. We now have seventeen exclusive Guerdon Village retailers in the Rocky Mountain and Northwest markets. Major plant expansion projects are in the planning stages for the Oregon, Idaho, and Nebraska plants. Excellent progress is being made in Vicksburg and the plant is becoming a substantial supplier of homes to the Company's growing base of stores in Louisiana.

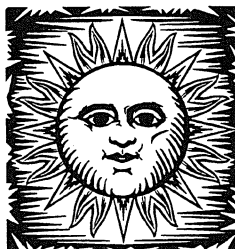
Over the next four to six quarters, we intend to implement our plan of vertical integration in these markets, ramp up the plant production, and drive these facilities to the high volume, high profit performance that we have achieved in the Texas plants.

One last thought on the market... The basic retail markets are solid and strong. But the greater number of dealers with a more competitive market means a target rich environment for our retail expansion. We intend to be highly opportunistic in this environment, and hope to be able to accelerate our retail expansion via acquisition of retail lots or companies.

ROADMASTERS



NEWS



about this newsletter...

Published in
Austin, Texas
on the 25th of
every month.

Please
Recycle!

Manufacturing Editors
Tom Jewell
Robin Cooper
Retail Editors
Dwayne Teeter
Marc Crane

Wow, what a year for the kings of the highway, ROADMASTERS. New terminals have been added this year in Chandler, Arizona, Boise, Idaho, Scottsbluff, Nebraska and Graham, North Carolina. Two regional managers have also been added to support the increased business. Their names are **Howard Hull** (North and West) and **Jack Kirwin** (East). Welcome aboard, guys! Readers, be sure to check the terminal listings in the corporate information update issued monthly for the terminal serving your area or contact our central dispatch, **Jack Barnes** at 800-675-7024.

Revenue through November is up over 20% from last year. In each of the first five months, line haul income was over \$1,000,000. Since November, our fleet has increased from 138 active trucks to 172 (how about that!). Approximately 40 more trucks will be added with our new North Carolina terminal in December. We continue to obtain intra-state authority where needed. Currently we have it in AL, AR, AZ, CA, CO, GA, ID, IL, IN, LA, MS, MN, MO, NE, NM, OR, SC, TX, UT and WI.

Twenty-five drivers and two agents made our "Diamond Club" for the last fiscal year. They and their spouses enjoyed a trip to Cancun in November. More on this next month!



The ribbon cutting ceremony was attended by Senator Jim Cox (4th from left), Chairman Buck Teeter (5th from left), G.M. Peggy Lewis (center) Chuck Carney, Jr. (behind Teeter and Cox), and Larry Wilkinson (behind Carney).

Lake Charles Celebrates Grand Opening in True Cajun Style!!!!

"Laissez lez bon Temps Rouler" ("Let the Good Times Roll!")

Lake Charles celebrated their *grand* opening in *grand* style in November. It all started Friday with the Official Ribbon Cutting that was attended by Senator **Jim Cox**, Chamber SQ President, **Jim Cironi**, Chairman **Buck Teeter**, Nationwide President **Chuck Carney, Jr.**, **Larry Wilkinson**, **Jim Fallon**, **Charlie Boyer**,



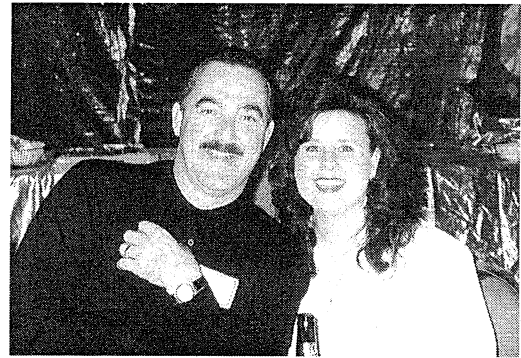
Buck Teeter, Charlie Boyer, Peggy Lewis and Chuck Carney, Jr. live large at Grand Opening.

Lew Dawson, **Sam Winn**, **Dinah McCougendale**, **Brian Shaw** and **Neil Scarbrough**. Afterwards, the hospitality of S.W. Louisiana was shown by a catered Luncheon at Senator Cox's office. The remote kickoff that evening led off with **Tim Broussard**, lead guitarist for country star Mark Chestnutt. Not even rain could stop these Cajuns when the skies opened up on the proceedings. The jam session continued in the garage where **Dinah McCougendale** of Magnolia joined in on percussion and **Chuck Carney, Jr.** took the mic as lead vocalist. When it got down to business the next day, no one was prepared for what took place. The place became overrun with interested customers, eager to lay down their money for new homes. All totaled, 17 deals went down by 8:00 pm on Saturday, ensuring a record month for **Peggy Lewis** and her cast of stars in beautiful Lake Charles. Congratulations, Peggy and Company!

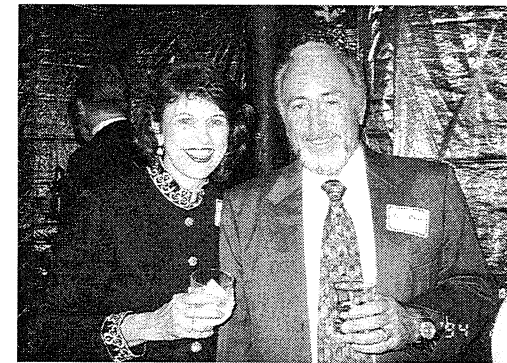
Corporate Christmas Party in Houston a Great Time for All!

by *Joyce Coniglio* On December 14, 1996, American Homestar and Nationwide Housing Systems held their annual Christmas Party at the Hyatt Regency Hotel in downtown Houston. Due to the tremendous growth of the Company and the Business Manager's Meeting (which was also being held at the Hyatt), there was an enthusiastic crowd of party-goers which contributed to one of the largest Christmas parties in years!!

Holding their own on the dance floor was our Chairman and First Lady, **Buck and Charlotte Teeter**. Also burning up the dance floor was Nationwide Housing Systems' President **Chuck Carney, Jr.** and his distinguished wife **Sandy**, to name just a few. The Company has now acknowledged the "Macarena" as our official Company song and wants to recognize all those party mongers who honored the Company by crowding the floor to show us how it's done!!



Whoa, talk about a power picture! Two of the Company's top Business Managers, Denton's Jack Smith and Lancaster's Cathy Jackson, trade success secrets.



New Iberia's Business Manager Peggy Romero and her husband Ferris prove just how photogenic people from Louisiana are.



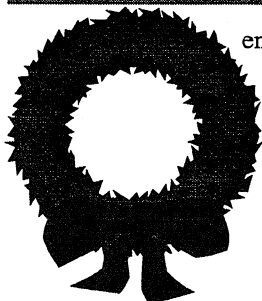
The Home Office's Roberta Mikel and Instant Gulf's Randy Wilson share a laugh at the big shin-dig.

The food, which was catered by the hotel, was enjoyed by all, and according to **Diane Wilganowski** and **Sheri Duay**, the smoking area was the place to be!! The fabulous live music, provided by Yvonne Washington and the Mix (whose bass guitar player is **Monica Rose** - a former Nationwide employee), rounded at an extravagant and fun evening for everyone!

Congratulations and many, many thanks to **Robin Sparling** for putting together such a fine evening for us to



Nationwide R.V.P. Larry Speck and his lovely wife Reeda enjoy a quiet moment during a very loud evening.



enjoy!



More Party Pics on the Next Page!

AMERICAN HOMESTAR CORPORATION ANNOUNCES RECORD RESULTS FOR SECOND QUARTER OF FISCAL 1997 — NET INCOME UP 62%

Houston, Texas (December 18, 1996) - American Homestar Corporation (Nasdaq/NM:HSTR) today announced record results for both the second fiscal quarter and the six months ended November 30, 1996. For the quarter, revenues increased 76% to \$89.3 million from \$50.8 million in the year-earlier period. Net income for the second quarter increased 62% to \$3.6 million, or \$0.40 per share on 9.0 million average shares outstanding compared with net income of \$2.2 million, or \$0.29 per share on 7.7 million shares outstanding in the prior-year period.

Revenues for the first half of fiscal 1997 increased 41% to \$156.0 million from revenues of \$110.5 million in the year-to-date period of last fiscal year. Net income for the first six months of fiscal 1997 increased 50% to \$6.6 million, or \$.074 per share on 9.0 million average shares outstanding compared with net income of \$4.4 million, or \$0.57 per share on 7.7 million average shares outstanding in the first half of last year.

The 17% increase in the shares outstanding for both the second quarter and six months ended November 30, 1996, reflects the offering of 1.1 million shares in March 1996. All share and per share amounts have been adjusted to reflect a five-for-four stock split in January 1996.

Craig Reynolds, the Company's chief financial officer, said, "The second quarter results reflect not only continued momentum in our core southwestern operations but also, for the first time, the positive results of our recent manufacturing acquisitions - Guerdon and Heartland. New home sales at retail increased 36% and production in our three Texas plants was up 31%. Revenues and earnings were further enhanced through the sale of nearly 1,400 floors in four new regional markets served by the Guerdon and Heartland operations. We expect continuing gains in both revenues and margins over time as we implement our vertical integration growth strategy in these new regions."

Press Release

American Homestar is one of the Nation's leading vertically integrated manufactured housing companies. The Company operates a total of eight manufacturing plants, 48 Company-owned retail centers, and serves over 300 independent retail locations in 24 states. The Company also provides retail financing through its finance affiliate, 21st Century Mortgage, and provides insurance and transportation services.



You know it's going to be a good time when Dave and Dayna Shetler are on board! Looking good!



Denton's Robby Golden, Chairman Buck Teeter and Amarillo's Larry Thomas chill to the groovy tunes of Yvonne Washington and the Mix.

More Happenin' Photo's from the Houston Shin-Dig

A New Iberia Christmas Poem

*Twas the day before Christmas here on the lot,
both gates wide open and no customers we got.
We call them, we beg them, we even send them a letter,
We give washers and dryers and skirting and such,
Maybe we try too hard and too much?
Our boss, "Big Lou", he sit at his desk,
He scratching his head and trying his best.
He has visions of houses; bright red tail lights,
As they leave on US 90 and go out of his sight.
Our office manager, she is cute as can be,
And everyone here knows Mrs. Chere.
She does lot of paperwork
And she checks it twice
To make sure we get paid,
Now ain't she nice.
Mrs. Peggy, our lady, we all know and respect.
She call all the lenders with no neglect.
She push, she beg, she plead and she try
To tell the bank just what they should buy.
Some time it work good
Some time its a chance,
But we all better off with Mrs. Peggy in finance.
We do it all here from beginning to end.
Then we have problems to solve my friend.
A leak in the window, a bad closing door,
Sometimes we even have a squeak in the floor
We don't fret, we're in luck.
We just call on Will and his little red truck.
This is the story of F & M Nationwide
We are hard working sales people,
and we have our pride.
We are gathered here today,
Together, family and friends.
It's Christmas eve now
Soon a new year begins.
Soon we will be leaving,
And drive out of sight,
So Merry Christmas to you all
And may our future be bright!*

Barry and Paulette Rogers
New Iberia, LA

The following press release was issued last week
**AMERICAN HOMESTAR CORPORATION
 DECLARES FIVE-FOR-FOUR STOCK SPLIT**

HOUSTON, Texas (January 10, 1997) - American Homestar Corporation (Nasdaq/NM:HSTR) today announced that the Board of Directors has declared a five-for-four split of its common stock in the form of a 25% stock dividend. The new shares will be distributed on February 7, 1997, to shareholders of record on January 24, 1997. Fractional shares will be rounded up to the next whole share.

After giving effect to the five-for-four split, there will be approximately 10,788,000 shares outstanding compared with approximately 8,630,000 shares currently outstanding.

American Homestar is one of the leading vertically integrated manufactured housing companies. The Company operates a total of eight manufacturing plants, 48 Company-owned retail centers, and serves over 300 independent retail locations in 24 states. The Company also provides retail financing through its finance affiliate, 21st Century Mortgage, and provides insurance and transportation to its customers.

Lanette, Continued

each day so I can keep you updated on the progress of your loan approval. Then, once we get your loan approved, I will keep you updated on the progress of your home while it is being built. How does that sound to you?

Dave: "Yeah, I would like that."

Salesperson: "Would evenings between 6:00 and 6:30 work for you or would another time be better?"

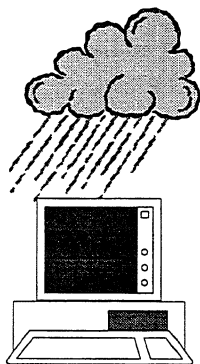
Dave: "Between 7:00 and 7:30 would be better for me."

Salesperson: "That will be fine with me Dave. Except for Sundays and Thursday, which is my day off, I'll give you a call everyday between 7:00 and 7:30. I just want to assure you both that I will be there for you every step of the way."

Before you dismiss the daily phone call as "too much", think about this, **more deals fall apart because of neglect than any other reason.**

You work too hard to Win the first four Negotiations to let the deal unwind on the back end because you failed to carry through on the fifth Negotiation.

Next month, we discuss Telemarketing.



Thanks, Mother Nature!

Tracker Training Rescheduled

Due to the winter storm that hit Texas on January 12th, the Tracker Office Manager training class has been rescheduled for February 6th and 7th. The G.M. Tracker class will still go on as scheduled on January 16th and 17th. If you were originally signed up for the Office Manager class, please call Dwayne Teeter at (512)320-9035 and confirm that you will be able to attend the rescheduled seminar.



Nice Job, Debbie and Fran!

Dear Mr. Maxey.

Dear Sir:

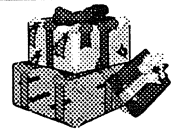
I would like to let you know about the help I have received from two special people in your company.

First is Debbie Maxey. Without her help, my family and I would have had to stay in a motel until our mobile home was inhabitable. She stepped in during the ninth hour and resolved issues with the lender, sped up the disbursement of my allowances, and resolved scheduling conflicts with the factory. I'm very grateful for her assistance.

Second is Fran Davis with Central Service. I have reported several major maintenance problems to her and they were all handled professionally, in a timely manner and to my complete satisfaction.

Both of these individuals have been a joy to work with in this time of increased stress for my family and I. Please pat them on the back for me and ask them to keep up the good work.

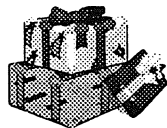
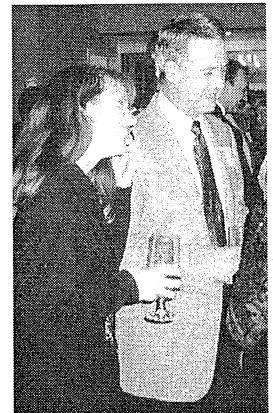
Sincerely,
 Larry Avery



1996

Oak Creek Housing Corp.

Christmas Party



Thank you, Lad!

Building OUR **BUSINESS**

AMERICAN HOMESTAR CORPORATION Welcomes Aboard

B.J. Williams
as
Divisional Vice President
Southeast Region

Jim Emberton
as
Corporate Production Manager
Southeast Region

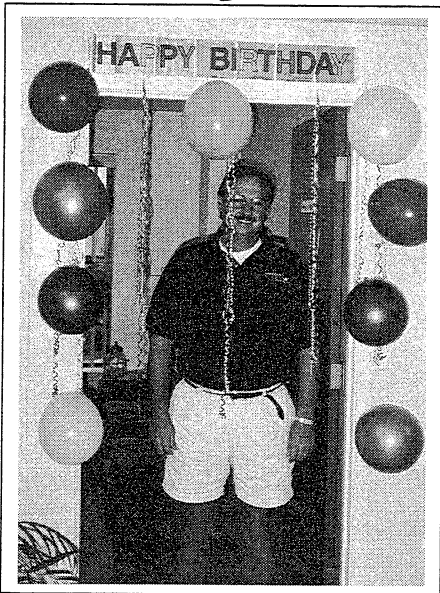
Ronnie Sanford
as
Corporate Sales Manager
Southeast Region

We're very pleased to have these three very distinguished gentlemen as part of our management team. Personal exposes divulging their innermost secrets, and of course, their industry experience, to follow in next month's newsletter.

LANCASTER NEWS

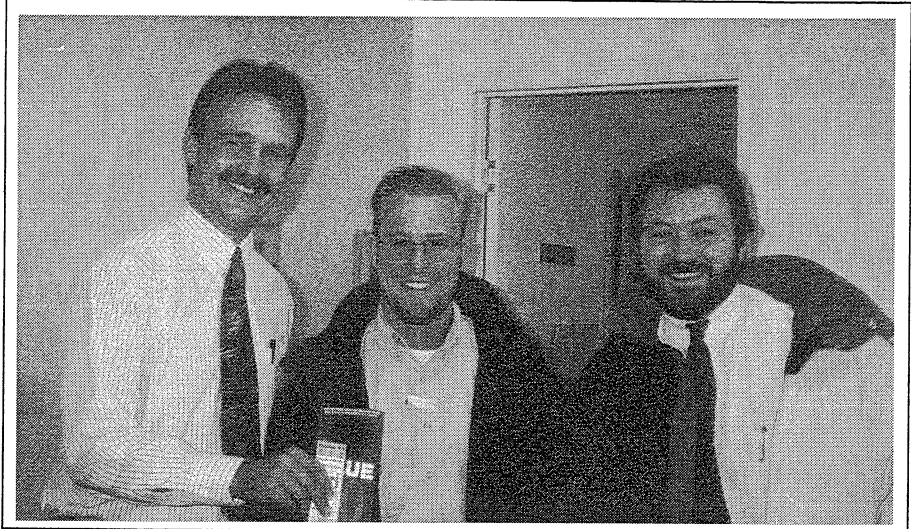
By Jeff Mouat

Birthday...BOY?



Look who turned 45.....
.....Neil Scarbrough!

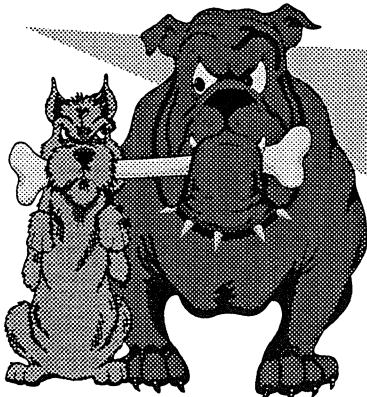
AND THE WINNER IS....JOHN RAINE!



John at Nationwide of DeSoto won the Cowboy tickets that were given away over Thanksgiving. He ordered 9 floors during that week and easily smoked the entire field. Congratulations, John!!!

(Left to right: John Raine, Brian Shaw and Mike Johnson.)

AMERICAN HOMESTAR BIG DOGS OF OCTOBER ARE:



- | | |
|----------------------------|-----------|
| 1. Nationwide/Austin | 20 Floors |
| 2. Nationwide/DeSoto | 13 Floors |
| 3. Nationwide/Sequin | 12 Floors |
| 4. Nationwide/El Paso | 11 Floors |
| 4. A.H.F.O./Lancaster | 11 Floors |
| 4. Instant Living/Granbury | 11 Floors |

LANCASTER

(Cont.)
By Jeff Mouat

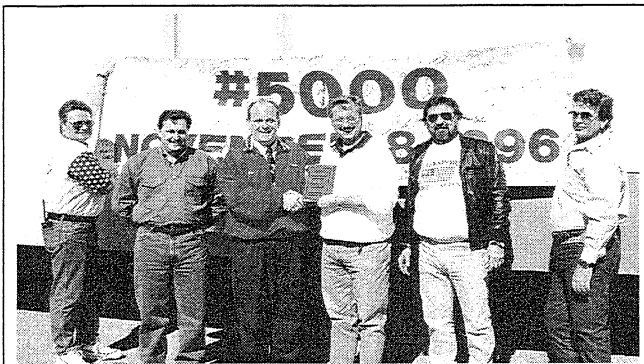
The Arrival

It has arrived: The new 28x48 from Lancaster is now available!!! This floorplan features a deluxe Island Kitchen, Large Pantry, and Optional Luxury Bath. Also available for a limited time is the 548 "Holiday Package" which includes the Luxury Bath, Deluxe Roof Dormer, Upgrade Overheads, Glass Doors in Kitchen, Ceramic Tile Backsplash, Ceramic Tile Behind the Range, Plumbing & Wire for Dishwasher, and Upgrade Carpet. This home is priced to sell, so order your 548 TODAY!!!

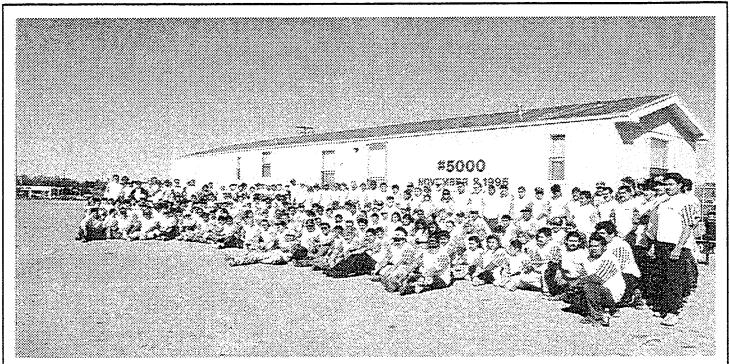


Model HS548
28'x48' (1205 Sq. Ft.)
3 Bedrooms, 2 Baths

Lancaster Celebrates its' 5000th Home!



(Left to right: Ted Bajorek, Brian Owens, Don Simonson, Neil Scarbrough, John Verde and Gary Brian.)

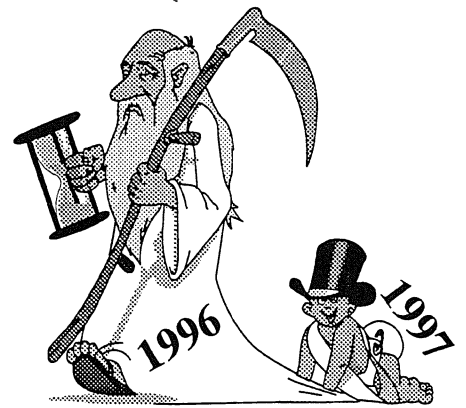


The plant team in front of their 5000th home.

UNDER THE OAKS

By Charley Boyer

Thank You For a Great 1996 From All Of Us At Oak Creek!!!



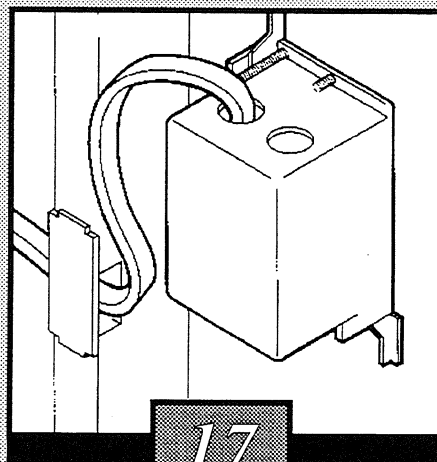
As we close out 1996 and get ready for the 1997 selling season, everyone at Oak Creek would like to tell each of you how much we appreciate you and the success you have brought to us. Without a strong sales force we realize how hard it is to be successful. Your efforts during 1996 has allowed us to establish a new high in homes produced at 1,500 homes, and all new highs in profits! When you win, we win, and that's the way it should be!! Without each of you, we couldn't afford to build the best home value in the Southwest Market. Keep selling Oak Creeks and we pledge to build your customers the best home they can afford.

"A perfect Christmas is one that's spent around the Christmas tree in an Oak Creek Home!"

The Whispering Oak

29 Reasons You Live Better in an Oak Creek Home

Each month, we will feature one of our copyrighted "29 Reasons" to assist in your education of "Why You Live Better in an Oak Creek Home". This information is also listed in detail on our famous "29 Reasons" brochure. Each sales center has this brochure to use as a sales training tool and point-of-purchase sales brochure.



17

**Safe and Convenient
Residential Electrical
System**

Oak Creek installs the same electrical system, parts, and components as high quality site-built homes unlike the "clamp on" system used in many mobile homes. We use copper wiring, no aluminum. Steel plates and pro-sleeves protect all wires through wall studs from accidental damage or nail screw penetration. An eight wire thermostat cord from the furnace accommodates various air conditioning units, heat pumps, and/or special feature thermostats. Oak Creek installs extra receptacles where you need them. Light fixtures are all glass, not plastic, and lights turn on quietly with premium "Rocker Switches." A circuit breaker panel box is conveniently located. There's no need to hassle with fuses. Top quality - 100% inspected and factory tested.

UNDER THE OAKSBy *Charley Boyer*

(cont.)

Oak Creek University Sessions #1 and #2 are a "Complete Success"!!

On December 11th and 12th, your Oak Creek Sales Team reintroduced the ever famous Oak Creek University "Associates of Sales" Degree Program. We graduated over 100 students during these sessions. A full one-day session of Oak Creek background and product feature benefiting was enjoyed by everyone in attendance! Look for information on the next class to be held on January 23rd!!! Don't miss this great day of fun and learning! Here are a few responses faxed in from students who were in attendance:

"Outstanding! The most informative information I've received since I've been associated with the Company!!!!"

Tommy Mixon
NW Odessa, TX

"I learned alot!! Had a blast!! Sign me up for the next session!!"

Gary Robson
NW Burleson

"I had a great time and great learning environment! People who attend OCU will sell more homes than those who did not attend!!"

Rick Harms
Inst. Living Spring, TX"

"I really had a good time and received a lot of information that will help my feature benefit presentations!!"

Ricky Glover
NW Odessa, TX

"The Oak Creek School was the most professional and educational seminar on Manufactured Housing I have attended. There's no question why Oak Creek is setting the high standards in quality for manufactured housing in today's market! Everyone who attended should get the added fuel they need to increase their sales production, and those people who didn't get that boost, had to be asleep at the wheel! The losers are those people who did not attend!!!!!!"

Gary Akins
Advantage Cleburne, TX

"Everyone learned a great deal!!! Your presentation was wonderful!!"

Sheila Mott
Inst. Living Granbury, TX

"This was really a fun day!! We learned alot, and how did you Oak Creek Guy's get so crazy!!"

Aaron Pruitt
NW Huntsville, TX

"During our return drive back to Oklahoma City, each of us had ample time to discuss all of the information given to us during the day! After all of the time we've spent working with Oak Creek Homes, it was surprising what we didn't know about them or at least had forgot about them!!"

"All of us here at Nationwide/Oklahoma City would also like to tell the management that the approach and delivery of the information by the sales staff was very enjoyable and captured our attention. Any housing consultant would surely benefit from attending a session packed with all that information. Thank you for your courtesy, assistance and attention to detail."

Rick Ladiski
Gary Vaughn
Bob Bennett
NW Oklahoma City, OK

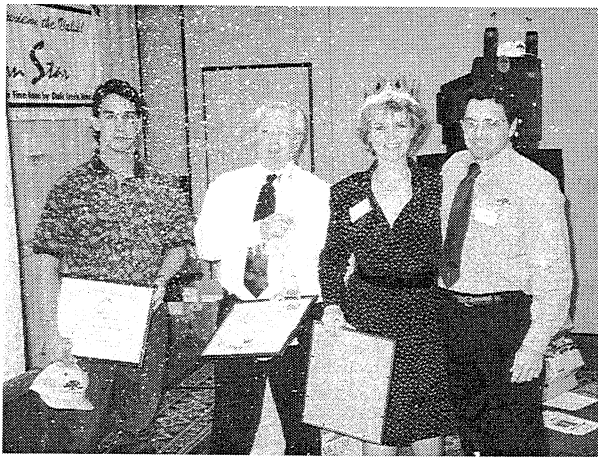
"We all agree that the University was extremely beneficial to us as a sales staff! Anytime you can get a break and learn more about your product, you accomplish twice as much. This class was not only informative to the new staff members, but a great reinforcement to us veterans! In a time when our company is growing by leaps and bounds, it is refreshing to see that it hasn't forgot what got us here ... going back to the basics. Thanks for your investment in our future!!"

Rick Vaughn
Tom Marshall
Stephen Smyson
NW Tulsa, OK

Thom Murphy
India Marshall
Pete Smith

Good Luck and Good Selling!!!

Oak Creek

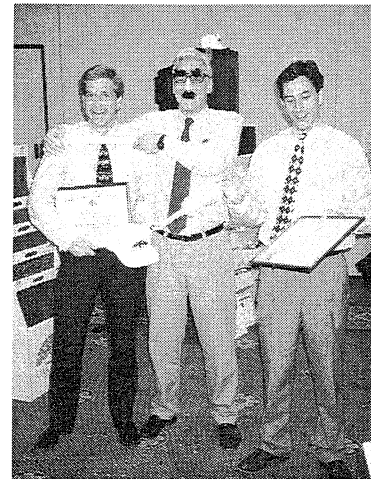


"Everyone learned a great deal!
Your presentation was wonderful!"
Sheila Mott

"Outstanding! The most informative information
I've received since I've been associated with
the Company!"
Tommy Mixon



Oak Creek University December 11, 1996



"I had a great time and a great learning environment!
People who attend OCU will sell more homes than
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Rick Harms



"I really had a
that will help i

University

"I learned a lot! Had a blast! Sign me up for the next session!"

Gary Robson



Oak Creek University December 12, 1996



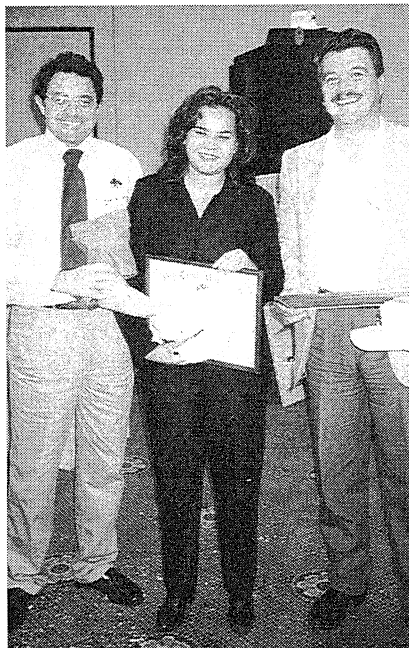
"...most professional and educational seminar on Manufactured Housing I have attended....Oak Creek is setting high standards in quality...losers are those people who didn't attend!"

Gary Atkins



time and received a lot of information
uture benefit presentations!"

Ricky Glover



STAYTON

By Jon Moon

Scoop

CHRISTMAS PARTY



Fa La La La....

It really looked a lot like Christmas at the Guerdon Homes Christmas Party Saturday, December 7th. Over 100 people attended the grand event which

included a traditional Christmas meal of turkey & roast beef. Also attending was Jolly Ol' St. Nick who stopped by between his visits to the various department stores to spread some Christmas cheer. Santa brought with him his bag containing over \$1,500 in goodies, so every Stayton employee left with a gift from Kris Kringle himself. THANK YOU to Erin Summers, Patty Isaak, Larry Nelson, and of course SANTA, for their hard work in making our Christmas celebration a success.

On the First Day of Christmas, My G.M. Gave to Me...

You know what's happening during the 12 (production) days of

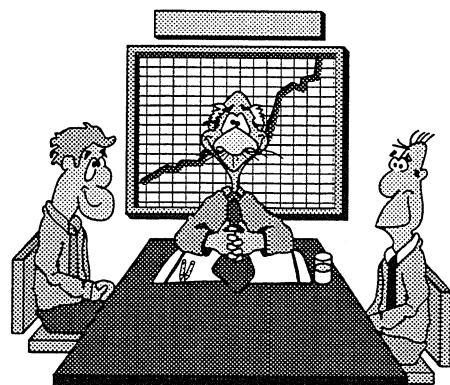
Christmas? Well, in appreciation of our production staff's hard work and to help kick off the holiday season, General Manager Buck Wooton created the "12 Days of Christmas . . . Guerdon Style". Each day, an employee's name is drawn and announced - that employee wins a visit to the office for a chance at a Christmas prize! The prizes range from gift certificates of \$50 to \$200 cash!! The excitement is spreading and the Christmas spirit is growing. Thank you, Buck (Santa's right hand man)!!

Wonderful Wishes

The Stayton Division of Guerdon Homes would like to wish everyone a very merry Christmas and a happy New Year!!

Boise BULLETIN

by ET AL



Sales Update

Guerdon Boise is preparing to show our 1997 product line!! Exciting decors and

the best floorplans in the West will be shown at the Boise Plant starting around January 7th. Over 60 retailers and 20 prospective retailers will attend during the months of January and February. Our mission is to provide a detailed look at our new product line. A two-day telemarketing seminar is planned for Guerdon Village owners and managers as well as a Guerdon University program for their sales people on the features and benefits of the new products. More to follow!!!

Decking the Halls

Guerdon Boise celebrated Christmas on December 6th at the Elk's Lodge. Some of the more notable attendees were The Village People of Y-M-C-A fame . . . that is, our version of the group. Boise

Macho Men, Ken "Cowboy" Hollibaugh, D.R. "Indian" Glaser, Matt "Construction Worker" Stramel, and Justin "Policeman" Bloomfield, wowed the crowd! Not even John Travolta could touch Cowboy Ken's drop half split. The dance contest was won by Debbie Herold. She swept so lightly and elegantly over the dance floor with her partner "Mr. Broom" that she will forever be known as "The 1996 Belle of The Ball".

New Additions

Joey Sandoval and his wife Tabitha are the proud parents of a brand new baby boy . . . their first. He was born December 3rd and tipped the scale at 8lbs., 6oz. and measured in at 22" long. Would everyone please welcome Ryder to our world.

EMPLOYEE OF THE MONTH

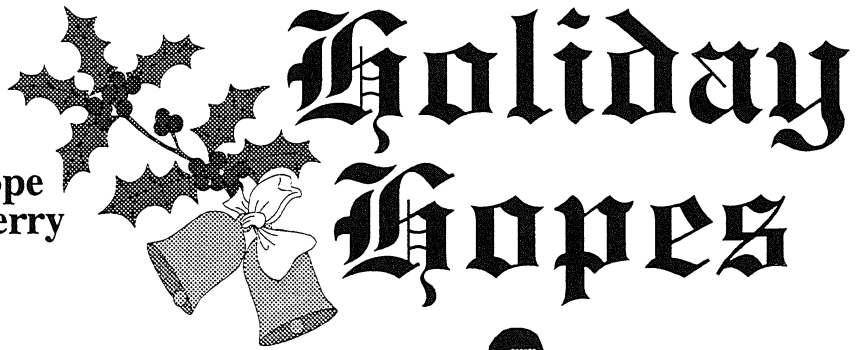
John Mc Mahon

Accolades go to John Mc Mahon of the Floor Department. I can't believe this!!! Three out of the last five employees Of The Month winners have been from the Floor Department!!! Somebody must know somebody!!! Your supervisor says, "If you want something done, contact John", and I add to that, "or anybody else in the Floor Department." Nice job, John!!

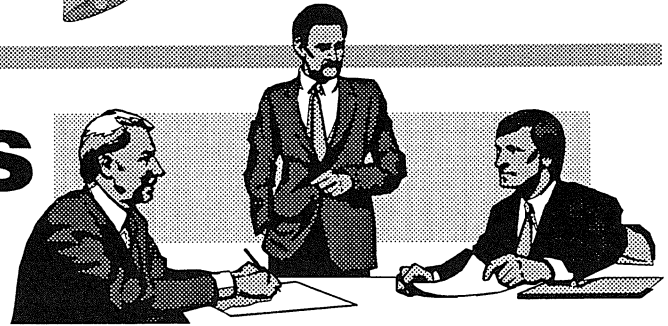
Vicksburg BLURB

By Melanie Hood

We at Magnolia Vicksburg hope that everyone has a merry, merry Christmas and a happy and prosperous New Year!



New Dealers On Line



We warmly welcome the following two new dealers to our distinguished list of hard working retailers:

Ed's Mobile Homes, Inc. (2 Locations in Leesville and Alexandria, LA)
AAA Mobile Homes, Inc. (Cabot, AR)

We look forward to working with both of you!

Seasoned Veterans



This month we recognize four employees for their length of service with Guerdon Vicksburg:

Irving Washington:	20 Years (2 Astronomical Decades!)
James (Clay) Hunter:	15 Years (A Whopping Coon's Age)
Douglas Anderson:	7 Years (A Substantial Month of Sundays)
Michael Davis:	7 Years (A Right Smart Spell)

Awards were given to each of these "old timers" for their fantastic achievements during their long tenure.
Thanks again, guys, for a job well done!!



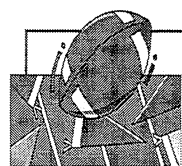
Physical Damage Hits All Time High

Welcome to the best Fall insurance selling season I have witnessed in my long (feels like a lifetime) five year career here. Knock on wood. November rounded out our 2nd quarter very well with physical damage volume of \$732K+, over \$200k above that of last year. In addition, this month's credit life volume slightly edged out October's record, with over \$368K in premiums. When the dust settled, even our penetration numbers were up 2% over last quarter, which means our Business Managers are getting better at what they do. November's stars include: **Ron Burnett** of NW-Lake Charles who continued to break the credit life barrier in Louisiana by closing over 25K in premiums in addition to maintaining high penetration on both PD & ES policies; **Randy Wilson (the Comeback Kid)** of IL-Gulf (Houston) who catapulted himself back into the "PC" race with huge insurance \$\$ on all three products; newcomer **Trudi DeRouen** of NW-Abilene who closed all her deals with the full "Protection Package"; **David Foy** of NW-Huntsville who discovered BIG back-end profit dollars and the meaning of life, all while searching for a record contract; **Cathy Jackson** of Desoto & Lancaster fame who sold over 100K in insurance premiums-enough said; and **Mike Barnett** of NW-Tulsa for being the "PD King" w/ 43K in premiums (can we focus that talent on credit life, too?). The "shame on you" award goes out to NW-Azle for not having sold any credit life this year. Everyone needs to read the credit life testimonials that were included in the Business Management Meeting manual or come sit at my desk and take the calls from people who need the coverage but don't have it. Do not make the decision for the customer. Offer the coverage every time.

TRAINING: For those of you that need training, in any area of your job, please speak up. Let your GM or your Sr VP know you need help so they can arrange for more training or for you to spend time with another Business Manager. We want you to be the best you can be.



NEWS
by Laurie Lowery



**LOOK WHO'S
WINNING AT
HALFTIME....**

**BUSINESS MANAGER
PC CLUB POINTS
TOP 5**

Jack Smith #78 567.5
Cathy Jackson #51 529
Bruce Reynolds #24 427
Randy Wilson #17 327.5
Mitch Brown #59 325.5

Physical Damage Premium Volume Fiscal 96 vs 97

