UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934
(Amendment No. 6)*

Citadel Holding Corporation

(Name of Issuer)

Common Stock, No Par Value

(Title of Class of Securities)

172862104

(CUSIP Number)

Randall J. Demyan,
Dillon Capital Management,
21 East State Street, Suite 1410
Columbus, Ohio 43215
(614) 222-4204

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

November 30, 1994

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box.

_____

_____

Check the following box if a fee is being paid with the statement . (A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7.)

Note: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13D

1. NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Dillon Investors, L.P.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*:

(a) __X__ (b) _____

3. SEC USE ONLY:

4. SOURCE OF FUNDS*:

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e):

_____

6. CITIZENSHIP OR PLACE OF ORGANIZATION:

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

7. SOLE VOTING POWER: 647,000
8. SHARED VOTING POWER: None
9. SOLE DISPOSITIVE POWER: 647,000
10. SHARED DISPOSITIVE POWER: None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

647,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*:

_____

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

9.70%

14. TYPE OF REPORTING PERSON*:

PN

*SEE INSTRUCTIONS BEFORE FILLING OUT!
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP NO. 172862104 Page 3 of 18 Pages

1. NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Roderick H. Dillon, Jr.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*:

(a) __X__ (b) _____

3. SEC USE ONLY:

4. SOURCE OF FUNDS*:

PF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e):

_____

6. CITIZENSHIP OR PLACE OF ORGANIZATION:

U.S.A.

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

7. SOLE VOTING POWER: 5,000
8. SHARED VOTING POWER: None
9. SOLE DISPOSITIVE POWER: 5,000
10. SHARED DISPOSITIVE POWER:None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

5,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES*:

_____

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

.075%

14. TYPE OF REPORTING PERSON*:

IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7
(INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP NO. 172862104 Page 4 of 18 Pages

1. NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Roderick H. Dillon, Jr. - IRA

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*:

(a) __X__ (b) _____

3. SEC USE ONLY:

4. SOURCE OF FUNDS*:

PF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED
PURSUANT TO ITEMS 2(d) or 2(e):

_____

6. CITIZENSHIP OR PLACE OF ORGANIZATION:

U.S.A.

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

7. SOLE VOTING POWER: 5,000
8. SHARED VOTING POWER: None
9. SOLE DISPOSITIVE POWER: 5,000
10. SHARED DISPOSITIVE POWER:None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

5,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*:

_____

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

.075%

14. TYPE OF REPORTING PERSON*:

IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP NO. 172862104 Page 5 of 18 Pages

1. NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Roderick H. Dillon, Jr. Foundation

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*:

(a) __X__ (b) _____

3. SEC USE ONLY:

4. SOURCE OF FUNDS*:

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e):

_____

6. CITIZENSHIP OR PLACE OF ORGANIZATION:

Ohio

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

7. SOLE VOTING POWER: 2,000
8. SHARED VOTING POWER: None
9. SOLE DISPOSITIVE POWER: 2,000
10. SHARED DISPOSITIVE POWER:None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

2,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*:

_____

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

.030%

14. TYPE OF REPORTING PERSON*:

OO

*SEE INSTRUCTIONS BEFORE FILLING OUT!
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

SCHEDULE 13D

CUSIP NO. 172862104 Page 6 of 18 Pages

1. NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON:

Bradley C. Shoup - IRA

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*:

(a) __X__ (b) _____

3. SEC USE ONLY:

4. SOURCE OF FUNDS*:

PF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) or 2(e):

_____

6. CITIZENSHIP OR PLACE OF ORGANIZATION:

United States of America

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

7. SOLE VOTING POWER: 2,000
8. SHARED VOTING POWER: None
9. SOLE DISPOSITIVE POWER: 2,000
10. SHARED DISPOSITIVE POWER:None

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON:

2,000

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*:

_____

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11):

.030%

14. TYPE OF REPORTING PERSON*:

IN

*SEE INSTRUCTIONS BEFORE FILLING OUT!
INCLUDE BOTH SIDES OF THE COVER PAGE, RESPONSES TO ITEMS 1-7 (INCLUDING EXHIBITS) OF THE SCHEDULE, AND THE SIGNATURE ATTESTATION.

Supplement to Amendment No. 6 to Schedule 13D

Issuer - Citadel Holding Corporation
Reporting Persons - Dillon Investors, L.P., Roderick H. Dillon, Jr., Roderick H. Dillon, Jr. - IRA, Roderick H. Dillon, Jr. Foundation and Bradley C. Shoup - IRA.

Item 1. Security and Issuer

This Amendment No. 6 to Schedule 13D filed by the reporting persons Dillon Investors, L.P. ("DI"), Roderick H.

Dillon, Jr. ("RHD"), Roderick H. Dillon, Jr.-IRA ("RHD-IRA") and Roderick H. Dillon, Jr. Foundation ("RHD-Foundation") (collectively, the "Dillon Entities") and Bradley C. Shoup ("Shoup") (the "Dillon Entities" and "Shoup" are collectively referred to as the "Reporting Persons") with the Securities and Exchange Commission (the "SEC") relates to the common stock, without par value ("Common Stock"), of Citadel Holding Corporation, a Delaware corporation (the "Issuer"). The principal executive offices of the Issuer are located at 700 North Central, Suite 500, Glendale, California 91203. This Amendment No. 6 amends certain information set forth in the Schedule 13D filed by the Dillon Entities on March 18, 1994, as amended by Amendment No. 1 filed on September 9, 1994 ("Amendment No. 1"), Amendment No. 2 filed on October 17, 1994 ("Amendment No. 2"), Amendment No. 3 filed on November 4, 1994 ("Amendment No. 3"), Amendment No. 4 filed on November 8, 1994 ("Amendment No. 4") and Amendment No. 5 filed on November 18, 1994 ("Amendment No. 5").

Item 4. Purpose of Transaction

As previously stated in Amendment Nos. 3, 4 and 5, the Dillon Entities determined to solicit proxies from the stockholders of the Issuer for election at the Issuer's annual meeting of stockholders scheduled to be held December 12, 1994 (the "1994 Annual Meeting") of a slate of directors (the "Dillon Nominees") in opposition to that expected to be nominated by the Board of Directors of the Issuer. On November 8, 1994, DI filed preliminary proxy materials with the SEC to solicit proxies for the election of the Dillon Nominees and to oppose a proposed amendment to the Issuer's Restated Certificate of Incorporation to double the number of authorized shares of Common Stock (the "Proxy Solicitation").

In addition, as previously stated in Amendment Nos. 4 and 5, on November 7, 1994, a Stockholder Consent in Lieu of Meeting was executed and delivered to the Issuer on behalf of RHD in which RHD consented to, and on November 16, 1994, DI filed preliminary consent solicitation materials with the SEC with respect to the solicitation of consents from the stockholders of the Issuer (the "Consent Solicitation") to, (1) the removal of the current directors of the Issuer, (2) the election of the Dillon Nominees and (3) the amendment of the Issuer's By-Laws to restrict the indemnification of (or the advancement of expenses to) the Issuer's officers, directors, employees and agents without the prior approval of the holders of a majority of the Common Stock outstanding. The record date for determining the persons entitled to deliver a consent in the Consent Solicitation is November 7, 1994. Written consents of stockholders given pursuant to the Consent Solicitation would not be effective unless valid consents from a majority of the outstanding shares of Common Stock on November 7, 1994 are delivered to the Issuer on before January 6, 1995.

As previously stated in Amendment No. 3, because the Issuer is registered with the Office of Thrift Supervision (the "OTS") as a savings and loan holding company, certain notices may have to be filed with the OTS if any action the Dillon Entities proposed to take could result in a change of control of the Issuer for purposes of the OTS' regulations governing acquisition of control of savings and loan holding companies set forth in Part 574 of Title 12 of the Code of Federal Regulations (the "OTS Control Regulations"). The Dillon Entities, therefore, filed with the OTS concurrently with the filing of Amendment No. 3 a letter dated November 3, 1994 (the "OTS Letter") requesting a determination by the OTS that the OTS would refrain from initiating or recommending enforcement action against the Dillon Entities if the Dillon Entities acquired proxies or otherwise obtained votes from stockholders of the Issuer enabling the Dillon Entities to elect the Dillon Nominees without first filing a change of control notice or rebuttal of control submission pursuant to the OTS Control Regulations.

On November 30, 1994, the OTS notified a representative of the Dillon Entities that the OTS would not be in a position to respond to the OTS Letter prior to the December 12, 1994 Annual Meeting date but would continue to consider the matters set forth therein if DI so requested. In light of the OTS response, DI has determined not to proceed with the Proxy Solicitation or Consent Solicitation at this time, although DI may determine to solicit

consents pursuant to the Consent Solicitation if a response is received from the OTS sufficiently prior to January 6, 1995 to make such solicitation viable. DI has requested the OTS to continue to consider the matters set forth in the OTS Letter and currently intends to pursue the filing of a rebuttal of control submission or a change of control notice, if necessary. DI also intends to continue to prosecute the litigation (the "Delaware Litigation") which it commenced in the Court of Chancery of the State of Delaware in and for New Castle County against the Issuer, its present directors and Craig Corporation ("Craig") to invalidate the issuance by the Issuer to Craig of 74,300 shares of Common Stock on October 21, 1994 and of the 1,329,114 shares of 3% Cumulative Voting Convertible Preferred Stock (the "New Preferred Stock") on November 10, 1994. The Delaware Litigation is further described in Amendment Nos. 4 and 5.

A rebuttal of control submission by DI would set forth the facts and circumstances which support DI's contention that no actual control relationship would exist, within the meaning of the OTS Control Regulations and applicable federal law, if DI acquired proxies or otherwise obtained votes from stockholders enabling it to elect more than one-third of the directors of the Issuer. Within 20 days of its receipt of a rebuttal submission, the OTS may accept or reject the submission or request additional information. If additional information is requested, the OTS must notify DI within 15 days of its receipt of such additional information whether the rebuttal submission is deemed to be sufficient.

In lieu of a rebuttal submission or in the event that a rebuttal submission is not deemed sufficient by the OTS, DI may file a change of control notice with the OTS. The period for determining the completeness of a change of control filing is 30 days, subject to extension if the public comment period is extended for a period of 20 days. During such period, the OTS may request additional information. If additional information is provided, the OTS must notify DI within 15 days of the receipt of such additional information as to the sufficiency of the notice. Once the notice is deemed sufficient, the OTS must accept or reject the notice within 60 days, subject to extension for up to 30 days and further extension for two additional periods of 45 days each.

If DI obtains OTS clearance with respect to the matters set forth in the OTS Letter at a time when pursuing the Consent Solicitation is no longer viable or receives OTS approval with respect to either a rebuttal of control submission or a change of control notice, it is DI's current intention to commence a new solicitation of consents from the stockholders of the Issuer to the removal of the directors of the Issuer then in office and the election of a new slate of directors. DI intends to propose the same persons as it had proposed for election pursuant to the Proxy Solicitation, although there can be no assurance that such persons (other than RHD and Shoup) will continue to serve as nominees. More detailed information with respect to such persons is set forth in Schedule I attached hereto.

As previously stated in Amendment Nos. 3, 4 and 5, if elected, it is the intention of the Dillon Nominees to propose, subject to their fiduciary duties, that the Issuer effect a pro rata distribution to the Issuer's stockholders of the common stock of Fidelity Federal Bank, a Federal Savings Bank ("Fidelity"), held by the Issuer and an orderly sale of the Issuer's real estate assets at the best available price, and thereafter promptly dissolve and liquidate the Issuer. Schedule II attached hereto sets forth DI's proposed strategy, as of November 29, 1994, as described in DI's revised preliminary proxy materials filed with the SEC. Assuming the Consent Solicitation or a new consent solicitation is successful, subject to a change in circumstances or the receipt of additional information not currently available, DI intends to continue to seek to implement such strategy in substantially the same manner as described in Schedule II.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

See Item 4 above.

Item 7. Material to Be Filed as Exhibits

Exhibit A - Joint Filing Agreement, dated November 11, 1994, among the Reporting Persons. (Incorporated herein by reference to Exhibit A of Amendment No. 5 to Schedule 13D filed on November 18, 1994 with the SEC).

Exhibit B - Schedule I providing certain information with respect to the Dillon Nominees. (Included at page 12 of this Amendment No. 6 to Schedule 13D).

Exhibit C - Schedule II providing certain information with respect to DI's proposed strategy for the Issuer as of November 29, 1994 as described in DI's revised preliminary proxy materials filed with the SEC on November 30, 1994. (Included beginning at page 14 of this Amendment No. 6 to Schedule 13D).

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: November 30, 1994 Dillon Investors, L.P.

By: /s/ Roderick H. Dillon, Jr.
Roderick H. Dillon, Jr.,
General Partner

Roderick H. Dillon, Jr.

By: /s/ Roderick H. Dillon, Jr.
Roderick H. Dillon, Jr.

Roderick H. Dillon, Jr. - IRA

By: /s/ Roderick H. Dillon, Jr.
Roderick H. Dillon, Jr.

Roderick H. Dillon, Jr. - Foundation

By: /s/ Roderick H. Dillon, Jr.
Roderick H. Dillon, Jr.,
Trustee

Bradley C. Shoup - IRA

By: /s/ Bradley C. Shoup
Bradley C. Shoup

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: November 30, 1994 Dillon Investors, L.P.

By:
Roderick H. Dillon, Jr.,
General Partner

Roderick H. Dillon, Jr.

By:

Roderick H. Dillon, Jr.

Roderick H. Dillon, Jr. - IRA

By:
Roderick H. Dillon, Jr.

Roderick H. Dillon, Jr. - Foundation

By:
Roderick H. Dillon, Jr.,
Trustee

Bradley C. Shoup - IRA

By:
Bradley C. Shoup

EXHIBIT B

SCHEDULE I

Roderick H. Dillon, Jr., 38, has served as Chief Investment Officer of Dillon Capital Management Limited Partnership, an investment advisory and management firm which manages over $50 million in assets, since July 1993. In such capacity, Mr. Dillon actively manages investments in over 50 public companies, including over five companies in the thrift industry. From June 1986 through June 1993, Mr. Dillon was Vice President of Loomis, Sayles & Co., Inc., an investment advisory firm. In such capacity, Mr. Dillon managed approximately $300 million in separate equity portfolios and co-managed the Loomis Sayles Small Cap Fund. Investments managed by Mr. Dillon included those in numerous financial institutions such as Coast Savings, Westcorp and First Republic. Mr. Dillon's business address is Suite 1410, 21 East State Street, Columbus, Ohio 43215-4228.

Bradley C. Shoup, 36, is a Partner in Batchelder & Partners, Inc., a financial advisory firm, and has held such position since 1988. In such capacity, Mr. Shoup has served as a financial advisor to various public companies. From 1987 until 1988, Mr. Shoup was an independent corporate finance consultant engaged in the venture capital and energy industries. Mr. Shoup was a Financial Analyst with Mesa Petroleum Co. from 1984 until 1986, responsible for identifying and evaluating investment opportunities. Mr. Shoup's business address is 4180 La Jolla Village Drive, Suite 560, La Jolla, California 92037.

Timothy M. Kelley, 36, is Secretary, Treasurer and General Counsel of Donald W. Kelley & Associates, Inc., a real estate consulting and development firm, and has held such position since 1984. In such capacity, Mr. Kelley is actively engaged in real estate development, investment, acquisition and financing activities, as the firm and affiliated entities own more than 4,300 apartment units. Mr. Kelley also serves as Vice President, Secretary and a director of an affiliated company, Oakwood Management Company, which manages over 80 apartment projects consisting of more than 8,800 apartment units. Mr. Kelley's business address is 250 E. Broad Street, 11th Floor, Columbus, Ohio 43215.

Ralph V. Whitworth, 39, has served as President of Whitworth & Associates, a corporate consulting firm, since 1988. From 1986 until 1993, Mr. Whitworth was President of United Shareholders Association, a prominent shareholder rights group. In such capacity, Mr. Whitworth served as chief strategist, spokesman and negotiator for, among other things, negotiations which resulted in agreements with 46 public companies to improve corporate governance and shareholder rights. From 1989 until 1992, Mr. Whitworth served as President of Development at United Thermal Corporation which owns the district heating systems for the cities of Baltimore, Philadelphia, Boston and St. Louis. Mr. Whitworth also served on United Thermal's Board of Directors until December 1993 when the company was merged with Trigen Energy Corporation. Mr. Whitworth currently serves on the Boards of Directors of Catalyst Vidalia Corporation, the developer and manager of a 200 megawatt hydroelectric facility on the Mississippi River, and CD Radio, Inc., a satellite radio company. Mr. Whitworth's business address is 801 Pennsylvania Avenue, N.W., Suite 747, Washington, D.C. 20004.

Jordan M. Spiegel, 32, is Executive Vice President of A. B. Laffer, V. A. Canto & Associates, an economic consulting firm, and has held such position since 1987. In such capacity, Mr. Spiegel manages the firm's corporate finance advisory business through its wholly owned subsidiary Laffer Advisors Incorporated, and currently serves as a financial advisor to over 20 different companies. Prior to 1987, Mr. Spiegel was an equity securities analyst with Crowell, Weedon & Co., the largest private regional brokerage house in Southern California, specializing in, among other things, real estate investment trusts. Mr. Spiegel's business address is Regents Square One, 4275 Executive Square, Suite 330, La Jolla, California 92037.

EXHIBIT C

SCHEDULE II

The following is material contained in DI's preliminary proxy materials filed with the SEC on November 30, 1994 with respect to DI's strategy for the Issuer as of November 29, 1994.

The Distribution

In connection with the restructuring and recapitalization of the Issuer (the "Restructuring and Recapitalization"), the Issuer's equity interest in Fidelity was reclassified into 4,202,243 shares of Fidelity's non-voting Class B Common Stock (the "Fidelity Class B Stock"), representing approximately 16.18% of the outstanding shares of Fidelity.

DI believes that, to maximize value for all stockholders and establish the stockholders' direct investment in Fidelity, the Board should effect a pro rata distribution of the shares of Fidelity currently held by the Issuer to the stockholders of the Issuer (the "Distribution") as soon as practicable after March 31, 1995. DI believes that the value of such shares of Fidelity are being discounted by the market due to the operation of the Issuer as a real estate company, wherein such shares are mixed with the Issuer's real estate assets. While there is not an active market for Fidelity shares, which are currently unregistered, DI has been informed by J.P. Morgan Securities Inc., the principal market maker for the Fidelity voting Class A Common Stock (the "Fidelity Class A Stock") (into which the Fidelity Class B Stock is automatically convertible upon transfer by the Issuer to an unaffiliated party) that since the offering of Fidelity common stock at $5.25 per share pursuant to the Restructuring and Recapitalization, the Fidelity Class A Stock has traded between $4.88 and $5.75 per share. These prices would be equal to approximately $3.07 to $3.62 per share of Common Stock (on a primary basis, not including as outstanding shares of Common Stock issuable upon conversion of the New Preferred Stock issued to Craig). DI therefore believes that the shares of Fidelity would be more valuable to the stockholders of the Issuer if held by them directly, as opposed to being held by the Issuer.

If elected, the Dillon Nominees intend to fix a record date for the Distribution as soon as practicable after March 31, 1995 and distribute to each holder of shares of Common Stock on such record date, on a pro rata basis, shares of Fidelity. As a result of the Distribution, stockholders of the Issuer would hold shares in both the Issuer and Fidelity.

All stockholders of the Issuer would likely receive shares of Fidelity Class A Stock as a result of the Distribution. Currently, the Issuer holds shares of Fidelity Class B Stock. However, the terms of the Fidelity Class B Stock provide that such shares will automatically be converted into shares of Fidelity Class A Stock when they are received by any person who is not a holder of at least 5% or more of Fidelity's outstanding common stock or a member of a "group" under Section 13(d) of the Securities Exchange Act of 1934, as amended, which holds at least 5% or more of Fidelity's outstanding common stock (collectively, a "Fidelity 5% Holder"). In addition, the terms of the Fidelity Class B Stock provide that all shares of Fidelity Class B Stock will automatically be converted into shares of Fidelity Class A Stock at such time as all shares of Fidelity Class B Stock represent less than 10% of the outstanding common stock of Fidelity on a fully diluted basis. Since the Fidelity Class B Stock currently represents approximately 16.18% of the outstanding fully diluted common stock of Fidelity and since, according to the Issuer's preliminary proxy materials and Fidelity's offering materials in the Restructuring and Recapitalization, less than 25% of the Issuer's stockholders could be considered Fidelity 5% Holders, the Distribution would likely cause all stockholders of the Issuer to receive Fidelity Class A Stock. The preferences and privileges of the Fidelity Class A Stock and the Fidelity Class B Stock are the same except with respect to voting rights and conversion rights.

The exact timing and details of the Distribution will depend on a variety of factors and legal requirements, including

determination by the Dillon Nominees that the Fidelity shares received in the Distribution by the Issuer's stockholders (other than affiliates, if any, of Fidelity) will be freely transferable. This may require registration of the Fidelity shares pursuant to existing registration rights for such shares, which rights are not exercisable by the Issuer until March 31, 1995 (the date on which Fidelity's Report on Form 10-K for the fiscal year ended December 31, 1994 is due). If for any reason Fidelity were not to honor such registration rights in accordance with their terms, the Distribution could be delayed until such registration is effected. In addition, the Issuer has indicated that Fidelity shares currently are required to trade in minimum blocks of 100,000 shares. Such restriction will expire upon the filing of Fidelity's Annual Report on Form 10-K for the year ended December 31, 1994, which is due no later than March 31, 1995.

Notwithstanding their present belief that the Distribution would maximize stockholder value, in the event that the Dillon Nominees, following their election and after careful review of then available information, were to determine, pursuant to the exercise of their fiduciary duties, that stockholder values would be maximized by other alternatives, such as a block or other sale of the Fidelity shares and distribution of the net proceeds to the Issuer's stockholders, the Dillon Nominees would pursue such alternatives.

Real Estate Sales

As set forth above, DI's investment of over $3.8 million in the Issuer was not made for the purpose of investing in a real estate company. DI also believes that most of the Issuer's other stockholders did not intend to invest in a real estate company. Based upon statements made by the Issuer in its Quarterly Report on Form 10-Q for the period ended June 30, 1994 (the "Form 10-Q"), DI believes that the Issuer's real estate assets (including assets on which the Issuer holds purchase options) have a market value in excess of their purchase price or option exercise price(Footnote 1). Therefore, DI believes that, to maximize stockholder value, the Board should effect an orderly sale of the real estate assets of the Issuer at the best available price (the "Real Estate Sales"). The timing of the Real Estate Sales will be determined after consideration of all relevant factors, including detailed information then available regarding the status of the properties and the condition of the relevant property markets at that time, in order to maximize proceeds to the Issuer and its stockholders.

_____

(Footnote 1)
The Form 10-Q states that with "active management and certan capital expenditures, the [Issuer's] owned properties "if sold on an individual basis, could be worth more than [the Issuer] purchased them for in [connection with the Restructuring and Recapitalization], but there can be no assurance on this point." In addition, the Form 10-Q states that the value of the options could be "up to $3 million above the exercise price of [the options], before costs the [Issuer] would incur in connection with the exercise, which may be significant." The terms of the options indicate that they are transferable prior to exercise.

_____

The Dissolution

Following the consummation of the Distribution and the Real Estate Sales, the Dillon Nominees intend to dissolve and liquidate the Issuer as promptly as practicable (the "Dissolution"). DI's recommendation to effect the Dissolution is based on its determination that no reasonable business alternatives will exist for the Issuer following the Distribution and the Real Estate Sales. Therefore, DI believes that, at such time, the Dissolution is the most appropriate course of action.

In the Dissolution, the Issuer will take all necessary steps to dissolve pursuant to the provisions of the DGCL, including the filing of a Certificate of Dissolution with the Delaware Secretary of State. Upon such a filing, the Issuer will cease business operations. The Issuer's corporate existence will continue thereafter, but solely for the purpose of liquidating any remaining assets, winding up its business affairs, paying its liabilities and distributing any cash remaining to stockholders.

The exact timing and details of the Distribution, the Real Estate Sales and the Dissolution will depend on a variety of factors and legal requirements. DI and the Dillon Nominees can give no assurance that the Distribution, the Real Estate Sales and the Dissolution will each be consummated or as to the timing of such events if they are consummated. Although the Dillon Nominees currently intend to propose the Distribution, the Real Estate Sales and the Dissolution generally on the terms described above, it is possible that, as a result of substantial delays in the ability of the Dillon Nominees to effect such transactions, information hereafter obtained by the Dillon Nominees, changes in general economic or market conditions or in the business of the Issuer or other presently unforeseen factors, the Distribution, the Real Estate Sales and the Dissolution may not be so proposed, or may be delayed or abandoned (whether before or after stockholder authorization or consent). Although it has no current intention to do so, the Dillon Nominees expressly reserve the right to propose the Distribution, the Real Estate Sales and the Dissolution on terms other than described above, if they, in the exercise of their fiduciary duties, believe such action to be appropriate.

Valuation

While RHD has from time to time publicly expressed his views as to potential ranges of values for the shares of Common Stock, neither DI nor any of the Dillon Entities has conducted any formal valuation or liquidation analyses with respect to the Issuer or its properties, and neither DI nor any of the Dillon Entities is able to accurately determine or predict the value of the amounts which would be received by the Issuer's stockholders pursuant to the Distribution, the Real Estate Sales and the Dissolution.

Potential Adverse Consequences

DI is not aware of any adverse consequences to the Issuer with respect to its proposed strategy other than with respect to triggering change of control provisions installed by Craig in a line of credit agreement between the Issuer and Craig (the "Craig Line of Credit") and the New Preferred Stock(Footnote 2). DI does not believe the other adverse consequences discussed in the Issuer's preliminary proxy materials are applicable or would foreclose such strategy. Specifically, DI has stated that any distribution of Fidelity shares to stockholders would only be of freely transferable shares and would occur after March 1995 when registration rights would be available and the current restriction on market trading in 100,000 share blocks would have terminated. DI also has indicated that the Dillon Nominees intend to exercise their fiduciary duties in maximizing stockholder values and would consider alternatives to the Distribution such as a block sale of the Fidelity shares and a distribution of the proceeds if this were to be in the best interest of all stockholders. The Dillon Nominees further intend to conduct an orderly sale of the Issuer's real estate properties in order to maximize the sales proceeds to the Issuer. DI believes the Issuer can realize the value of the real estate options held by the Issuer through the sale of such options, which are all transferable prior to exercise. Finally, in formulating its proposed strategy, DI considered the Issuer's disclosed liabilities, including its liability of up to $3.9 million to Fidelity, and any plan of dissolution recommended by the Dillon Nominees would, as required by Delaware law, take into account all liabilities of the Issuer.

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(Footnote 2)
The election of the Dillon Nominees would, depending upon whether the issuance of the New Preferred Stock is invalidated, pursuant to the Delaware Litigation or otherwise, either permit Craig to accelerate its original $6.2 million loan to the Issuer or to accelerate the remaining $950,000 loan and require the Issuer to repurchase the New Preferred Stock at a premium, for a total cost to the Issuer of $6.2 million plus accrued dividends of 3% per annum plus a premium of approximately $39,000 per month, pro rated, from the date of issuance to the date of redemption of the New Preferred Stock. Although DI has not approached any financing sources with respect to the Issuer's obtaining funds to enable it to meet such obligations, DI believes that financing, secured by such assets, would be available, based upon the fact that Craig was willing to supply the Craig Line of Credit and the Issuer's statement with respect to its real estate assets in the Form

10-Q, although there can be no assurance on this point. To DI's knowledge, the Issuer has only one employment agreement outstanding, a two-year contract with its President, Steve Wesson, for $225,000 per year expiring in August 1996, and such contract does not terminate upon a change of control of the Issuer. DI is not aware of any other costs which would be occasioned by a change of control of the Issuer.

Stockholder Vote

Pursuant to Section 271 and Section 275 of the Delaware General Corporation Law (the "DGCL"), respectively, the approval of stockholders owning a majority of the outstanding stock of the corporation entitled to vote thereon is required to effect a sale of substantially all of the assets, or a dissolution, of such corporation. The Dissolution will require a vote pursuant to Section 275 of the DGCL. Whether the Distribution and/or the Real Estate Sales will require stockholder approval may depend upon the order and timing of such transactions which, as stated above, will be determined by the Dillon Nominees, if elected, consistent with their fiduciary duties. The Dillon Nominees intend to seek any such approvals necessary in order to carry out such transactions, but will not submit any such transactions to a stockholder vote unless then required under Delaware law. If any vote is taken, DI and its affiliates intend to vote any shares of Common Stock owned by them in favor of such actions.

Federal Income Tax Consequences

DI does not have sufficient financial information to determine the exact federal income tax consequences of its planned strategy upon the Issuer and its stockholders. In general, DI believes that the Distribution and the Real Estate Sales will be taxable events to the Issuer causing the Issuer to recognize gains or losses on its holdings of Fidelity shares and real estate assets upon their distribution or sale, respectively. DI believes that the Issuer has net operating losses available which may be carried forward to offset gains in this respect. In addition, DI believes that the distribution to a stockholder of Fidelity shares at any time and the distribution to a stockholder of cash upon complete liquidation of the Issuer will each be treated as a return of such stockholder's basis in the shares of Common Stock to the extent of such stockholder's basis, and a capital gain to the extent that such distribution exceeds the stockholder's basis, in the shares of Common Stock.