

OFFICE OF THRIFT SUPERVISION

APPROVAL OF APPLICATION FOR HOLDING COMPANY
ACQUISITION OF A SAVINGS BANK

Order No. 2000 - 104

Date: December 1, 2000

Re: Docket Nos. H-2820, H-2821,
H-2420, and 6998

Third Federal Savings & Loan Association of Cleveland, MHC (the MHC), TFS Financial Corporation, and Penfed Acquico, Inc., Cleveland, Ohio (together, the Applicants) seek the approval of the Office of Thrift Supervision (OTS), pursuant to 12 U.S.C. §§1467a(e) and 1467a(o), and 12 C.F.R. §§ 574.3 and 575.10, to acquire Pendleton Federal Savings Bank, Falmouth, Kentucky (the Savings Bank).

The OTS has considered the application under the factors set forth in 12 U.S.C. §1467a(e) and §1467a(o) and 12 C.F.R. § 574.7 and § 575.10(a), and under the Community Reinvestment Act, 12 U.S.C. § 2901 et seq., and the OTS regulations thereunder at 12 C.F.R. Part 563e. In addition, the OTS has considered a digest prepared by the OTS Central Regional Office (Regional Office), an analysis prepared by the Office of Examination and Supervision, and a legal opinion issued by the Business Transactions Division (collectively, the Staff Memoranda). For the reasons set forth in the Staff Memoranda, the OTS has determined that the proposed transaction complies with all of the applicable standards and criteria, provided the conditions set forth below are satisfied. Accordingly, pursuant to delegated authority, the application is hereby approved, provided that the following conditions are complied with in a manner satisfactory to the Central Regional Director, or his designee (Regional Director):

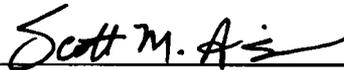
1. The proposed acquisition must be consummated within 120 calendar days after the date of this approval, unless an extension of time is granted for good cause by the Regional Director;
2. On the business day prior to the date of consummation of the proposed transaction, the chief financial officers of the Applicants and the Savings Bank must certify in writing to the Regional Director that no material adverse events or material adverse changes have occurred with respect to the financial condition or operation of the Applicants and the Savings Bank as disclosed in the application. If additional information having an adverse bearing on any feature of the application is brought to the attention of the Applicants, the Savings Bank, or the OTS since the date of the application, the transaction must not be consummated unless the information is presented to the Regional Director, and the Regional Director provides written non-objection to consummation of the transaction;
3. The Applicants must advise the Regional Office in writing within five calendar days after the effective date of the proposed transaction: (a) of the effective date of the proposed transaction, (b) the exact number of shares of stock of the Holding Company acquired by the

Applicants, and (c) that the transaction was consummated in accordance with all applicable laws and regulations, the application and this Order;

4. Prior to accepting any deposit or similar account, the Savings Bank must provide the prospective depositor with full, fair, and prominent disclosure (in a form acceptable to the Regional Director, or his designee) that account holders of the Savings Bank have no right to priority subscription rights in connection with any conversion of the Applicants, or any successor entity, from mutual to the stock form of organization, and that account holders of the Savings Bank have no right to any distributions in connection with any voluntary dissolution of the Applicants, or any successor entity;
5. Written approval of the OTS must be obtained before any issuance of stock by the Savings Bank, and before any disposition of stock of the Savings Bank by the Applicants; and
6. All dividend payments by the Savings Bank, and all distributions in connection with a voluntary dissolution by the Savings Bank, must receive prior written OTS approval.

By order of the Director of the Office of Thrift Supervision, or her designee, effective

December 1, 2000.



Scott M. Albinson
Managing Director
Supervision