

SECURITY NATIONAL FINANCIAL CORPORATION

September 27, 1996

Dear Stockholder:

On behalf of the Board of Directors, it is my pleasure to invite you to attend the Annual Meeting of Stockholders of Security National Financial Corporation (the "Company") to be held on November 7, 1996 at 12:00 noon, Mountain Standard Time, at 5258 Pinemont Drive, Suite B, Salt Lake City, Utah.

The matters to be addressed at the meeting will include the election of nine directors, the approval of the proposed amendments to the Company's Articles of Incorporation, and the approval of the proposed amendments to the Company's 1993 Stock Option Plan. I will also report on the business activities of the Company and answer any stockholder questions.

Your vote is very important. We hope you will take a few minutes to review the Proxy Statement and complete, sign, and return your Proxy Card in the envelope provided, even if you plan to attend the meeting. Please note that sending us your Proxy will not prevent you from voting in person at the meeting, should you wish to do so.

Thank you for your support of Security National Financial Corporation. We look forward to seeing you at the Annual Stockholders Meeting.

Sincerely yours,

SECURITY NATIONAL
FINANCIAL CORPORATION

s/s George R. Quist
George R. Quist,
Chairman of the Board,
President and Chief
Executive Officer

SECURITY NATIONAL FINANCIAL CORPORATION

5300 South 360 West, Suite 310
Salt Lake City, Utah 84123

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Security National Financial Corporation (the "Company"), a Utah corporation, will be held on November 7, 1996, at 5258 Pinemont Drive, Suite B, Salt Lake City, Utah, at 12:00 noon, Mountain Standard Time, to consider and act upon the following:

1. To elect a Board of Directors consisting of nine directors (three directors to be elected exclusively by the Class A common stockholders voting separately as a class and the remaining six directors to be elected by the Class A and Class C common stockholders voting together) to serve until the next Annual Meeting of Stockholders or until their successors are elected and qualified;

2. To amend the Company's Articles of Incorporation as follows: (i) to provide for a two-for-one stock split involving only Class C Common Stock; (ii) to reduce the par value of Class C Common Stock from \$.40 par value to \$.20 par value; (iii) to reduce the exchange rate for converting Class C Common Stock to Class A Common Stock from five shares to ten shares of Class C Common Stock for each share of Class A Common Stock; (iv) to reduce the cash dividends received by Class C shares from 18% to 9% of the per share cash dividends received by Class A shares; (v) to reduce the distributions to Class C Shares in the event of a liquidation from 18% to 9% of the per share distributions received by Class A shares; and (vi) to provide for the issuance of shares of Class C Common Stock under a stock option plan;

3. To amend the Company's 1993 Stock Option Plan as follows:
(i) to increase the number of shares of Class A Common Stock reserved for issuance under the plan from 300,000 Class A shares to 600,000 Class A shares; and (ii) to provide that the stock subject to options, awards and purchases may include Class C Common Stock; and

4. To transact such other business as may properly come before the meeting or any adjournment thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

The Board of Directors has fixed the close of business on October 4, 1996, as the record date for the determination of stockholders entitled to notice of and to vote at the annual meeting.

STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING. A PROXY STATEMENT AND PROXY CARD ARE ENCLOSED HEREWITH. WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SIGN, DATE AND RETURN THE PROXY CARD IN THE ENCLOSED POSTAGE PAID ENVELOPE SO THAT YOUR SHARES MAY BE VOTED AT THE MEETING. THE GIVING OF A PROXY WILL NOT AFFECT YOUR RIGHT TO VOTE IN PERSON IF YOU ATTEND THE MEETING.

By Order of the Board of Directors

s/s William C. Sargent
William C. Sargent, Senior Vice President
and Secretary

Salt Lake City, Utah, September 27, 1996

SECURITY NATIONAL FINANCIAL CORPORATION

5300 South 360 West, Suite 310
Salt Lake City, Utah 84123

PROXY STATEMENT

Annual Meeting of Stockholders
To Be Held on November 7, 1996

GENERAL INFORMATION

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Security National Financial Corporation (the "Company") for use at the Annual Meeting of Stockholders to be held on November 7, 1996, at 5259 Pinemont Drive, Suite B, Salt Lake City, Utah, at 12:00 noon, Mountain Standard Time, or at any adjournment or postponements thereof (the "Annual Meeting"). The shares covered by the enclosed Proxy, if such is properly executed and received by the Board of Directors prior to the meeting, will be voted in favor of the proposals to be considered at the Annual Meeting, and in favor of the election of the nominees to the Board of Directors (three nominees to be elected by the Class A common stockholders voting separately as a class and six nominees to be elected by the Class A and Class C common stockholders voting together) as listed unless such Proxy specifies otherwise, or the authority to vote in the election of directors is withheld. A Proxy may be revoked at any time before it is exercised by giving written notice to the Secretary of the Company at its above address. Stockholders may vote their shares in person if they attend the Annual Meeting, even if they have executed and returned a Proxy. This Proxy Statement and accompanying Proxy Card were mailed to stockholders on or about September 27, 1996.

Your vote is important. Please complete and return the Proxy Card so your shares can be represented at the Annual Meeting, even if you plan to attend in person.

If a shareholder wishes to assign a proxy to someone other than the Directors' Proxy Committee, all three names appearing on the Proxy Card must be crossed out and the name(s) of another person or persons (not more than three) inserted. The signed card must be presented at the meeting by the person(s) representing the shareholder.

The cost of this solicitation will be borne by the Company. The Company may reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. Proxies may also be solicited by certain of the Company's directors, officers, and regular employees, without additional compensation.

The matters to be brought before the Annual Meeting are (1) the election of directors to serve for the ensuing year, (2) the approval of the proposed amendments to the Company's Articles of Incorporation, (3) the approval of the proposed amendments to the Company's 1993 Stock Option Plan, and (4) any other business as may properly come before the Annual Meeting.

VOTING SECURITIES

Only holders of record of Common Stock at the close of business on October 4, 1996, will be entitled to vote at the Annual Meeting. As of June 30, 1996, there were issued and outstanding 3,256,905 shares of Class A Common Stock, \$2.00 par value per share, and 2,354,791 shares of Class C Common Stock \$.40 par value per share resulting in a total of 5,611,696 shares of both Class A and Class C Common Stock outstanding. A majority of the outstanding shares (2,805,849) of Common Stock will constitute a quorum for the transaction of business at the meeting.

The holders of either class of Common Stock of the Company are entitled to one vote per share. Cumulative voting is not permitted in the election of directors.

The Company's Articles of Incorporation provide that the Class A common stockholders and Class C common stockholders have different voting rights in the election of directors. The Class A common stockholders voting separately as a class will be entitled to vote for three of the nine directors to be elected (the nominees to be voted upon by the Class A stockholders separately consist of Messrs. Scott M. Quist, Charles L. Crittenden and Sherman B. Lowe). The remaining six directors will be elected by the Class A and Class C common stockholders voting together (the nominees to be so voted upon consist of Messrs. George R. Quist, William C. Sargent, R.A.F. McCormick, H. Craig Moody, W. Lowell Steen, and Nathan H. Wagstaff). For the other business to be conducted at the Annual Meeting, the Class A and Class C common stockholders will vote together, one vote per share. Class A common stockholders will receive a different form of Proxy than the Class C common stockholders.

ELECTION OF DIRECTORS

There are three committees of the Board of Directors which meet periodically during the year: the Audit Committee, the Compensation Committee, and the Executive Committee. The Board of Directors does not have a Nominating Committee.

The Compensation Committee is responsible for recommending to the Board of Directors for approval the annual compensation of each executive officer of the Company and the executive officers of the Company's subsidiaries, developing policy in the areas of compensation and fringe benefits, contributions under the Employee Stock Ownership Plan, granting of options under the stock option plans and creating other employee compensation plans. The Compensation Committee consists of Messrs. Charles L. Crittenden, Sherman B. Lowe, George R. Quist and W. Lowell Steen. During 1995 the Compensation Committee met on two occasions.

The Audit Committee directs the auditing activities of the Company's internal auditors and outside public accounting firm and approves the services of the outside public accounting firm. The Audit Committee consists of Messrs. Charles L. Crittenden, Sherman B. Lowe, and Nathan H. Wagstaff. During 1995 the Audit Committee met on one occasion.

The Executive Committee reviews Company policy, major investment activities and other pertinent transactions of the Company. The Executive Committee consists of Messrs. George R. Quist, Scott M. Quist, and William C. Sargent. During 1995 the Executive Committee met on four occasions.

During 1995 there were six meetings of the Company's Board of Directors.

The Company's By-laws provide that the Board of Directors shall consist of not less than three nor more than eleven members. The term of office of each director is for a period of one year or until the election and qualification of his successor. Directors need not be a resident of the State of Utah but must be a stockholder of the Company.

The size of the Board of Directors of the Company for the coming year is nine members. Unless authority is withheld by your Proxy, it is intended that the Common Stock represented by your Proxy will be voted for the respective nominees listed below. If any nominee should not serve for any reason, the Proxy will be voted for such person as shall be designated by the Board of Directors to replace such nominee. The Board of Directors has no reason to expect that any nominee will be unable to serve. There is no arrangement between any of the nominees and any other person or persons pursuant to which he was or is to be selected as a director. There is no family relationship between or among any of the nominees, except that Scott M. Quist is the son of George R. Quist.

The Nominees

The nominees to be elected by the holders of Class A Common Stock are as follows:

Name	Age	Director Since	Position(s) with the Company
Scott M. Quist	42	May 1986	First Vice President, General Counsel, Treasurer and Director
Charles L. Crittenden	76	October 1979	Director
Sherman B. Lowe	81	October 1979	Director

The nominees for election by the holders of Class A and Class C Common Stock, voting together, are as follows:

Name	Age	Director Since	Position(s) with the Company
George R. Quist	75	October 1979	Chairman of the Board, President and Chief Executive Officer
William C. Sargent	67	February 1980	Senior Vice President, Secretary and Director
R.A.F. McCormick	82	October 1979	Director
H. Craig Moody	42	September 1995	Director
W. Lowell Steen	81	October 1979	Director
Nathan H. Wagstaff	75	October 1979	Director

The following is a description of the business experience of each of the nominees and directors.

George R. Quist, age 75, has been Chairman of the Board of Directors, President and Chief Executive Officer of the Company since October 1979. From 1946 to 1960, he was an agent, District Manager and Associate General Agent for various insurance companies. From 1960 to 1964, he was Treasurer and Executive Vice President of Pacific Guardian Life Insurance Company. Mr. Quist also served from 1981 to 1982 as the President of The National Association of Life Companies, a trade association of 642 life insurance companies, and from 1982 to 1983 as its Chairman of the Board.

William C. Sargent, age 67, has been Senior Vice President of the Company since 1980, Secretary since October 1993, and a director since February 1980. Prior to that time, he was employed by Security National as a salesman and agency superintendent.

Scott M. Quist, age 42, has been the Company's General Counsel since 1982, a Vice President since 1983, the Treasurer since October 1993, and a director since May 1986. From 1980 to 1982, Mr. Quist was a tax specialist with Peat, Marwick, Main, & Co., in Dallas, Texas. Since 1986 he has been a director of The National Association of Life Companies, a trade association of 642 insurance companies and its Treasurer until its merger with the American Council of Life Companies. Mr. Quist is currently a member of the Board of Governors of the Forum 500 Section (representing small companies) of the American Council of Life Insurance. Mr. Quist has also been a director since November 1993 of Key Bank of Utah.

Charles L. Crittenden, age 76, has been a director of the Company since October 1979. Mr. Crittenden is sole stockholder of Crittenden Paint & Glass Company since 1958. He is a 50% stockholder of Crittenden Enterprises, a real estate development company and Chairman of the Board of Linco, Inc.

Sherman B. Lowe, age 81, has been a director of the Company since October 1979. Mr. Lowe was formerly President and Manager of Lowe's Pharmacy located in Salt Lake City, Utah, for the past 30 years. He is now retired. He is a one-third owner of Burton-Lowe Ranches, a general partnership.

R.A.F. McCormick, age 82, has been a director of the Company since October 1979. He is the past Vice President of Sales for Cloverclub Foods, a food processing company. He is now retired.

H. Craig Moody, age 42, was elected a director of the Company on September 25, 1995. Mr. Moody is owner of Moody & Associates, a company which is involved in political consulting and real estate. He is a former Speaker and Majority Leader of the House of Representatives of the State of Utah.

W. Lowell Steen, age 81, has been a director of the Company since October 1979. He has been a real estate investment broker for the last 13 years. Prior to that time, he was a large-scale rancher and food processor. Currently, he is President and sole stockholder of Lowell Steen, Inc., a real estate company.

Nathan H. Wagstaff, age 76, has been a director of the Company since October, 1979. He has served as President and Chairman of the Board of Directors of Nate Wagstaff Company, Inc., since 1975. He has also served as President and General Manager of

Western States Distribution Company, Highland Petroleum Company, Inc., and Holiday Oil Company. Mr. Wagstaff is the sole stockholder of Nate Wagstaff Company, Inc., an oil distribution company.

Executive Officers

The following table sets forth certain information with respect to the executive officers of the Company (the business biographies for the first three individuals are set forth above):

Name	Age	Title
George R. Quist ¹	75	Chairman of the Board, President and Chief Executive Officer
Scott M. Quist ¹	42	First Vice President, General Counsel and Treasurer
William C. Sargent	67	Senior Vice President and Secretary

¹George R. Quist is the father of Scott M. Quist.

The Board of Directors of the Company has a written procedure which requires disclosure to the Board of any material interest or any affiliation on the part of any of its officers, directors or employees which is in conflict or may be in conflict with the interests of the Company.

No director, officer or 5% stockholder of the Company or its subsidiaries, or any affiliate thereof has had any transactions with the Company or its subsidiaries during 1995 or 1994 other than employment arrangements or as described above.

None of the Directors are board members of any other company having a class of equity securities registered under the Securities Exchange Act of 1934, as amended, or any company registered as an investment company under the Investment Company Act of 1940, as amended, with the exception of Scott M. Quist, who is a director of Key Bank of Utah. All directors of the Company hold office until the next annual meeting of stockholders, until their successors have been elected and qualified, or until their earlier resignation or removal.

PRINCIPAL STOCKHOLDERS AND STOCK HOLDINGS OF MANAGEMENT

The following table sets forth security ownership information of the Company's Class A and Class C Common Stock as of June 30, 1996, (i) for persons who own beneficially more than 5% of the Company's outstanding Class A or Class C Common Stock, (ii) each director of the Company, and (iii) for all executive officers and directors of the Company as a group.

Name and Address of Beneficial Owner	Class A Common Stock		Class C Common Stock		Class A and Class C Common Stock	
	Amount Beneficially Owned	Percent of Class	Amount Beneficially Owned	Percent of Class	Amount Beneficially Owned	Percent of Class
George R. Quist (1)(2) 4491 Wander Lane Salt Lake City, Utah 84117	233,758	7.2	1,168,682	49.6	1,402,440	25.0
William C. Sargent (1)(2) 4974 Holladay Blvd. Salt Lake City, Utah 84117	63,903	2.0	139,252	5.9	203,155	3.6

Employee Stock
Ownership Plan(3)
5300 South 360 West
Suite 310
Salt Lake City,
Utah 84123

623,358	19.1	496,300	21.1	1,119,658	20.0
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Charles L. Crittenden
248 - 24th Street
Ogden, Utah 84404 -0-

-0-	-0-	77,232	3.3	77,232	1.4
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Sherman B. Lowe
2197 South 2100 East
Salt Lake City,
Utah 84109

18,361	*	84,404	3.6	102,765	1.8
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R.A.F. McCormick (1)
400 East
Crestwood Road
Kaysville,
Utah 84037

8,806	*	44,035	1.9	52,841	*
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Name and Address of Beneficial Owner	Class A Common Stock		Class C Common Stock		Class A and Class C Common Stock	
	Amount Beneficially Owned	Percent of Class	Amount Beneficially Owned	Percent of Class	Amount Beneficially Owned	Percent of Class
H. Craig Moody 1782 East Faunsdale Dr. Sandy, Utah 84092	106	*	-0-	-0-	106	*
Scott M. Quist 7 Wanderwood Way Sandy, Utah 84094	68,127	2.1	23,348	1.0	91,475	1.6
W. Lowell Steen 12705 SE River Rd. Apt. 402S Portland, Oregon 97222	210	*	767	*	977	*
Nathan H. Wagstaff 2131 King Street Salt Lake City, Utah 84109	21,993	*	82,809	3.5	104,802	1.9
Associated Investors(4) 5300 So. 360 W. Suite 310 Salt Lake City, Utah 84123	65,347	2.0	211,306	9.0	276,653	4.9
All directors and executive officers (9 persons)	415,264	12.8	1,620,529	68.8	2,035,793	36.3

* Less than one percent

- (1) Does not include 623,358 shares of Class A Common Stock and 496,300 shares of Class C Common Stock owned by the Company's Employee Stock Ownership Plan (ESOP), of which George R. Quist, William C. Sargent and R.A.F. McCormick are the trustees and accordingly, exercise shared voting and investment powers with respect to such shares.
- (2) The number of shares shown in the table for George R. Quist and William C. Sargent does not include 65,347 shares of Class A Common Stock and 211,306 shares of Class C Common Stock owned by Associated Investors, a Utah general partnership, of which these individuals are the managing partners and, accordingly, exercise shared voting and investment powers with respect to such shares.
- (3) The trustees of the Employee Stock Ownership Plan (ESOP) are George R. Quist, William C. Sargent and R.A.F. McCormick, who exercise shared voting and investment powers.
- (4) The managing partners of Associated Investors are George R. Quist and William C. Sargent, who exercise shared voting and investment powers.

The Company's officers and directors, as a group, own beneficially approximately 36.2% of the outstanding shares of the Company's Class A and Class C Common Stock.

The following table discloses compensation received by the Company's Chief Executive Officer and the three other most highly compensated executive officers who were serving as executive officers at December 31, 1995.

Summary Compensation Table

Annual Compensation

Name and Principal Position	Year	Salary	Bonus	Other Annual Compensation(2)
George R. Quist(1) Chairman of the Board, President and Chief Executive Officer	1995	\$104,469	\$15,303	\$2,400
	1994	102,245	15,303	2,400
	1993	101,223	15,303	2,400
William C. Sargent Senior Vice President, Secretary and Director	1995	77,538	11,725	4,500
	1994	82,777	10,725	4,500
	1993	79,842	7,725	4,500
Scott M. Quist(1) First Vice President, General Counsel, Treasurer and Director	1995	84,871	13,000	7,200
	1994	82,502	12,000	7,200
	1993	73,518	9,246	7,200

Name and Principal Position	Year	Long-Term Compensation		
		Awards Stock Options (Shares)	Payouts Incentive Payouts	All Other Compensation(3)
George R. Quist(1) Chairman of the Board, President and Chief Executive Officer	1995	2,625	0	5,937
	1994	2,500	0	8,263
	1993	50,000	0	14,600
William C. Sargent Senior Vice President, Secretary and Director	1995	2,100	0	2,100
	1994	2,000	0	4,020
	1993	40,000	0	8,608
Scott M. Quist(1) First Vice President, General Counsel, Treasurer and Director	1995	3,149	0	2,206
	1994	3,000	0	3,924
	1993	2,856	0	7,422

(1) George R. Quist is the father of Scott M. Quist.

(2) The amounts indicated under "Other Annual Compensation" for 1995 consist of payments related to the operation of automobiles by the named executive officers. However such payments do not include the furnishing of an automobile by the Company to George R. Quist, William C. Sargent and Scott M. Quist nor the payment of insurance and property taxes with respect to the automobiles operated by the named executive officers.

(3) The amounts indicated under "All Other Compensation" for 1995 consist of (a) amounts contributed by the Company

into a trust for the benefit of the named executive officers under the Employee Stock Ownership Plan (George R. Quist, \$1,200; William C. Sargent, \$893; and Scott M. Quist, \$991); (b) insurance premiums paid by the Company with respect to a group life insurance plan for the benefit of the named executive officers (\$2,522 for all named executive officers as a group, or \$92 for George R. Quist, \$1,215 for William C. Sargent and Scott M. Quist, and \$1,215 for each individual officer); and (c) life insurance premiums paid by the Company for the benefit of the family of Mr. George R. Quist (\$4,645).

The Company's Board of Directors has a written procedure which requires disclosure to the Board of any material interest or any affiliation on the part of any of its officers, directors or employees which is in conflict or may be in conflict with the interests of the Company.

No director, officer or 5% stockholder of the Company or its subsidiaries, or any affiliate thereof, has engaged in any business transactions with the Company or its subsidiaries during 1994 or 1995 other than as described herein.

Retirement Plans

George R. Quist, who has been Chairman, President and Chief Executive Officer of the Company since 1979, has a Deferred Compensation Agreement, dated December 8, 1988, with the Company (the "Compensation Agreement"). This Compensation Agreement provides upon Mr. Quist's retirement the Company shall pay him \$50,000 per year as an annual retirement benefit for a period of 10 years from the date of retirement; and upon his death, the remainder of such annual payments shall be payable to his wife, if she survives him.

The Compensation Agreement further provides that the Board of Directors may elect to pay the entire amount of deferred compensation in the form of a single lump-sum payment or other installment payments, so long as the term of such payments do not exceed 10 years. However, in the event Mr. Quist's employment with the Company is terminated for any reason other than retirement, death or disability, the entire deferred compensation shall be forfeited by him.

Director's Fees

Directors of the Company (but not including directors who are employees) are paid a director's fee of \$7,200 per year by the Company and are reimbursed for any travel expenses incurred in attending Board meetings. No additional amounts are paid by the Company for committee participation or special assignments.

Employee Stock Ownership Plan

Effective January 1, 1980, the Company adopted an employee stock ownership plan (the "Ownership Plan") for the benefit of career employees of the Company and its subsidiaries. The following is a description of the Ownership Plan, and is qualified in its entirety by the Ownership Plan, a copy of which is available for inspection at the Company's offices.

Under the Ownership Plan, the Company has discretionary power to make contributions on behalf of all eligible employees into a trust created under the Ownership Plan. Employees become eligible to participate in the Ownership Plan when they have attained the age of 19 and have completed one year of service (a twelve-month period in which the Employee completes at least 1,040 hours of service). The Company's contributions under the Ownership Plan are allocated to eligible employees on the same ratio that each eligible employee's compensation bears to total compensation for all eligible employees during each year. To date, the Ownership Plan has approximately 95 participants and had contributions payable to the Plan in 1995 of \$21,914. Benefits under the Ownership Plan vest as follows: 20% after the

third year of eligible service by an employee, an additional 20% in the fourth, fifth, sixth and seventh years of eligible service by an employee. Benefits under the Ownership Plan will be paid out in one lump sum or in installments in the event the employee becomes disabled, reaches the age of 65, or is terminated by the Company and demonstrates financial hardship. The Ownership Plan Committee, however, retains discretion to determine the final method of payment. Finally, the Company reserves the right to amend or terminate the Ownership Plan at any time. The trustees of the trust fund under the Ownership Plan are Messrs. R.A.F. McCormick, George R. Quist, and William C. Sargent, all directors of the Company.

1987 Incentive Stock Option Plan

In 1987, the Company adopted the 1987 Incentive Stock Option Plan (the 1987 Plan). The 1987 Plan provides that shares of the Class A Common Stock of the Company may be optioned to certain officers and key employees of the Company. The Plan establishes a Stock Option Plan Committee which selects the employees to whom the options will be granted and determines the price of the stock. The Plan establishes the minimum purchase price of the stock at an amount which is not less than 100% of the fair market value of the stock (110% for employees owning more than 10% of the total combined voting power of all classes of stock). The Plan provides that if additional shares of Class A Common Stock are issued pursuant to a stock split or a stock dividend, the number of shares of Class A Common Stock then covered by each outstanding option granted hereunder shall be increased proportionately with no increase in the total purchase price of the shares then so covered, and the number of shares of Class A Common Stock reserved for the purpose of the Plan shall be increased by the same proportion. In the event that the shares of Class A Common Stock of the Company from time to time issued and outstanding are reduced by a combination of shares, the number of shares of Class A Common Stock then covered by each outstanding option granted hereunder shall be reduced proportionately with no reduction in the total price of the shares then so covered, and the number of shares of Class A Common Stock reserved for the purposes of the Plan shall be reduced by the same proportion. The Plan terminates ten years from its effective date and options granted are non-transferable. The Plan also includes a Stock Appreciation Right which permits the holder of the option to elect to receive cash, amounting to the difference between the option price and the fair market value of the stock at the time of the exercise, or a lesser amount of stock without payment, upon exercise of the option.

YEAR-END VALUES OF STOCK OPTIONS

Name	Number of Securities Underlying Unexercised Options at Fiscal Year-End		Value of Unexercised In-The-Money Options at Fiscal Year-End(1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
Scott M. Quist	66,134	0	\$191,449	0
All executive officers and key employee option recipients as a group (4 persons)	119,603	0	\$354,657	0

(1) The value of options equals the market value of Security National Financial Corporation common stock at December 31, 1995 (\$5.38 per share), minus the exercise price of options, and includes only those options the exercise price of which was less than market value at year-end.

1993 Stock Option Plan

On June 21, 1993, the Company adopted the Security National Financial Corporation 1993 Stock Incentive Plan (the "1993 Plan"), which reserves shares of Class A Common Stock for issuance thereunder. The 1993 Plan was approved at the annual meeting of the stockholders held on June 21, 1993. The 1993 Plan allows the Company to grant options and issue shares as a means of providing equity incentives to key personnel, giving them a proprietary interest in the Company and its success and progress.

The 1993 Plan provides for the grant of options and the award or sale of stock to officers, directors, and employees of the Company. Both "incentive stock options," as defined under Section 422A of the Internal Revenue Code of 1986 (the "Code"), and "non-qualified options" may be granted pursuant to the 1993 Plan. The exercise prices for the options granted are equal to or greater than the fair market value of the stock subject to such options as of the date of grant, as determined by the Company's Board of Directors.

The options granted on April 29, 1993, were to reward certain officers and key employees who have been employed by the Company for a number of years and to help the Company retain these officers by providing them with an additional incentive to contribute to the success of the Company.

The 1993 Plan is to be administered by the Board of Directors or by a committee designated by the Board. The terms of options granted or stock awards or sales effected under the 1993 Plan are to be determined by the Board of Directors or its committee. The Plan provides that if the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, the number of shares of Common Stock deliverable upon the exercise of Options shall be increased or decreased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or stock dividend. No options may be exercised for a term of more than ten years from the date of grant. Options intended as incentive stock options may be issued only to employees, and must meet certain conditions imposed by the code, including a requirement that the option exercise price be no less than the fair market value of the option shares on the date of grant. The 1993 Plan provides that the exercise price for non-qualified options will be not less than at least 50% of the fair market value of the stock subject to such option as of the date of grant of such options, as determined by the Company's Board of Directors.

The 1993 Plan has a term of ten years. The Board of Directors may amend or terminate the 1993 Plan at any time.

YEAR-END VALUES OF STOCK OPTIONS

Name	Number of Securities Underlying Unexercised Options at Fiscal Year-End		Value of Unexercised In-The-Money Options at Fiscal Year-End(1)	
	Exercisable	Unexercisable	Exercisable	Unexercisable
George R. Quist	139,125	0	\$224,492	0
William C. Sargent	68,985	0	\$151,139	0

(1) The value of options equals the market value of Security National Financial Corporation common stock at December 31, 1995 (\$5.38 per share), minus the exercise price of options, and includes only those options with an exercise price less than market value at year-end.

The proposed amendments would revise the Articles of Incorporation to provide for a two-for-one forward stock split involving only Class C Common Stock. This amendment would increase the number of outstanding shares of Class C Common Stock from 2,354,791 shares to 4,709,582 shares. There are currently outstanding 3,256,905 shares of Class A Common Stock. In 1987, prior to the Company's public offering of Class A Common Stock, there were outstanding 1,297,763 shares of Class A Common Stock and 1,793,357 shares of Class C Common Stock. This ratio of Class A shares to Class C shares has been significantly altered since 1987 primarily due to the issuance of additional Class A shares by the Company in connection with the Company's public offering in 1987 and a number of acquisitions the Company has completed since 1987 in which Class A shares were issued as part of the consideration for such acquisitions.

On account of the proposed amendment providing for a two-for-one stock split of Class C Common Stock, amendments to the Articles of Incorporation have also been proposed to reduce the par value of Class C Common Stock from a \$.40 par value to a \$.20 par value and to reduce the exchange rate for converting Class C Common Stock to Class A Common Stock from five shares to ten shares of Class C Common Stock for each share of Class A Common Stock. Further, the two-for-one stock split requires the Articles of Incorporation to be amended to reduce the cash dividends received by Class C shares in the event the Company pays a cash dividend from 18% to 9% of the per share cash dividends received by Class A shares, and to reduce the distributions to Class C shares in the event of a liquidation from 15% to 9% of the per share distributions received by Class A shares.

Finally, the proposed amendments to the Articles of Incorporation provide for the issuance of shares of Class C Common Stock under a stock option plan. Currently, only shares of Class A Common Stock can be issued under a stock option plan.

The Board of Directors recommends a vote "for" the amendments to the Articles of Incorporation as follows: (i) to provide for a two-for-one stock split involving only Class C Common Stock; (ii) to reduce the par value of Class C Common Stock from \$.40 par value to \$.20 par value; (iii) to reduce the exchange rate for converting Class C Common Stock to Class A Common Stock from five shares to ten shares of Class C Common Stock for each share of Class A Common Stock; (iv) to reduce the cash dividends received by Class C shares from 18% to 9% of the per share cash

dividends received by Class A shares; (v) to reduce the distributions to Class C Shares in the event of a liquidation from 18% to 9% of the per share distributions received by Class A shares; and (vi) to provide for the issuance of shares of Class C Common Stock under a stock option plan.

PROPOSED AMENDMENTS TO THE 1993 STOCK OPTION PLAN

The proposed amendments would revise the 1993 Stock Option Plan (the "Option Plan") to provide that the stock subject to options, awards and purchases thereunder would include Class C Common Stock. The Option Plan currently only allows the issuance of Class A Common Stock in connection with options, awards and purchases. The proposed amendments would also increase the number of shares of Class A Common Stock reserved for issuance under the Option Plan from 300,000 Class A shares to 600,000 Class A shares. Of the 300,000 shares of Class A Common Stock currently reserved for issuance under the Option Plan, the Board of Directors has granted options to certain officers of the Company to purchase 208,110 Class A shares.

The Board of Directors recommends a vote "for" the amendments to the 1993 Stock Option Plan to provide that the stock subject to options, awards and purchases thereunder shall include Class C Common Stock and to increase the number of shares of Class A Common Stock reserved for issuance thereunder by 300,000 Class A shares. The Board of Directors believes that these amendments will further assist the Company in attracting and retaining the best available persons for positions of substantial responsibility by providing its officers and key employees with additional incentives to contribute to the Company's success.

OTHER MATTERS

The Company knows of no other matters to be brought before the Annual Meeting; but if other matters properly come before the meeting, it is the intention of the persons named in the enclosed form of Proxy to vote the shares they represent in accordance with their judgment.

ANNUAL REPORT AND FINANCIAL STATEMENTS

You are referred to the Company's annual report, including financial statements, for the fiscal year ended December 31, 1995. The annual report is incorporated in this Proxy Statement and is not to be considered part of the soliciting material. The Company will provide, without charge to each stockholder upon written request, a copy of the Company's Annual Report Form 10-K as filed with the Securities and Exchange Commission for the fiscal year ended December 31, 1995. Such requests should be directed to Mr. William C. Sargent, Senior Vice President and Secretary, at P.O. Box 57250, Salt Lake City, Utah 84157-0250.

DEADLINE FOR RECEIPT OF STOCKHOLDER'S PROPOSALS FOR ANNUAL MEETING TO BE HELD IN JULY, 1997

Any proposal by a stockholder to be presented at the Company's next Annual Meeting expected to be held in July, 1997, must be received at the offices of the Company, P.O. Box 57250, Salt Lake City, Utah 84157-0250, no later than December 31, 1996.

PROXY - SECURITY NATIONAL FINANCIAL CORPORATION - PROXY
THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS
CLASS C COMMON STOCK

The undersigned Class C common stockholder of Security National Financial Corporation acknowledges receipt of the Notice of Annual Meeting of the Stockholders to be held on November 7, 1996, at 5258 Pinemont Drive, Suite B, Salt Lake City, Utah, at 12:00 noon Mountain Standard Time, and hereby appoints Messrs. George R. Quist, William C. Sargent and Scott M. Quist, or any of them, each with full power of substitution, as Attorneys and Proxies to vote all the shares of the undersigned at said Annual Meeting of stockholders and at all adjournments or postponements thereof, hereby ratify and confirm all that said Attorneys and Proxies may do or cause to be done by virtue hereof. The above-named Attorneys and Proxies are instructed to vote all of the undersigned's shares as follows:

1. Election of six of the nine directors to be voted upon by Class A and Class C common stockholders together:

FOR all nominees listed below (except as marked to the contrary below)

WITHHOLD AUTHORITY to vote for all nominees listed below.

(INSTRUCTION: to withhold authority to vote for any individual nominee, strike a line through that nominee's name in the list below.)

George R. Quist, William C. Sargent, R.A.F. McCormick,
H.Craig Moody, W. Lowell Steen, Nathan H. Wagstaff,

2. To amend the Articles of Incorporation as follows: (i) to provide for a two-for-one stock split involving only Class C Common Stock; (ii) to reduce the par value of Class C Common Stock from \$.40 par value to \$.20 par value; (iii) to reduce the exchange rate for converting Class C Common Stock to Class A Common Stock from five shares to ten shares of Class C Common Stock for each share of Class A Common Stock; (iv) to reduce the cash dividends received by Class C shares from 18% to 9% of the per share cash dividends received by Class A shares; (v) to reduce the distributions to Class C Shares in the event of a liquidation from 18% to 9% of the per share distributions received by Class A shares; and (vi) to provide for the issuance of shares of Class C Common Stock under a stock option plan;

3. To amend the 1993 Stock Option Plan as follows: (i) to increase the number of shares of Class A Common Stock reserved for issuance under the plan from 300,000 Class A shares to 600,000 Class A shares; and (ii) to provide that the stock subject to options, awards and purchases shall include Class C Common Stock; and

4. To transact such other business as may properly come before the meeting or any adjournment thereof.

(Continued on Other Side)

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED
HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE,
THIS PROXY WILL BE VOTED FOR THE NOMINEES LISTED IN PROPOSAL 1
ABOVE AND FOR PROPOSAL 2.

Dated this day of , 1996

Signature

Signature

Please sign your name exactly as it appears on your share
certificate. If shares are held jointly, each holder should
sign. Executors, trustees, and other fiduciaries should so
indicate when signing. Please sign, date, and return this Proxy
Card immediately.

NOTE: Securities Dealers or other representatives please state
the number of shares voted by this Proxy.

PROXY - SECURITY NATIONAL FINANCIAL CORPORATION - PROXY
THIS PROXY IS SOLICITED BY THE BOARD OF DIRECTORS
CLASS A COMMON STOCK

The undersigned Class A common stockholder of Security National Financial Corporation acknowledges receipt of the Notice of Annual Meeting of the Stockholders to be held on November 7, 1996, at 5258 Pinemont Drive, Suite B, Salt Lake City, Utah, at 12:00 noon, Mountain Standard Time, and hereby appoints Messrs. George R. Quist, William C. Sargent and Scott M. Quist, or any of them, each with full power of substitution, as Attorneys and Proxies to vote all the shares of the undersigned at said Annual Meeting of stockholders and at all adjournments or postponements thereof, hereby ratify and confirming all that said Attorneys and Proxies may do or cause to be done by virtue hereof. The above-named Attorneys and Proxies are instructed to vote all of the undersigned's shares as follows:

1. Election of three directors by Class A common stockholders voting separately as a class:

FOR all nominees listed below (except as marked to the contrary below)

WITHHOLD AUTHORITY to vote for all nominees listed below

(INSTRUCTION: to withhold authority to vote for any individual nominee, strike a line through that nominee's name in the list below.)

Scott M. Quist, Charles L. Crittenden, Sherman B. Lowe

2. Election of the remaining six directors to be voted upon by Class A and Class C common stockholders together:

FOR all nominees listed below (except as marked to the contrary below)

WITHHOLD AUTHORITY to vote for all nominees listed below

(INSTRUCTION: to withhold authority to vote for any individual nominee, strike a line through that nominee's name in the list below.)

George R. Quist, William C. Sargent, R.A.F. McCormick,
H. Craig Moody, W. Lowell Steen, Nathan H. Wagstaff

3. To amend the Articles of Incorporation as follows: (i) to provide for a two-for-one stock split involving only Class C Common Stock; (ii) to reduce the par value of Class C Common Stock from \$.40 par value to \$.20 par value; (iii) to reduce the exchange rate for converting Class C Common Stock to Class A Common Stock from five shares to ten shares of Class C Common Stock for each share of Class A Common Stock; (iv) to reduce the cash dividends received by Class C shares from 18% to 9% of the per share cash dividends received by Class A shares; (v) to reduce the distributions to Class C Shares in the event of a liquidation from 18% to 9% of the per share distributions received by Class A shares; and (vi) to provide for the issuance of shares of Class C Common Stock under a stock option plan;

4. To amend the 1993 Stock Option Plan as follows: (i) to increase the number of shares of Class A Common Stock reserved for issuance under the plan from 300,000 Class A shares to 500,000 Class A shares; and (ii) to provide that the stock subject to options, awards and purchases shall include Class C Common Stock; and

5. To transact such other business as may properly come before the meeting or any adjournment thereof.

(Continued on Other Side)

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED
HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE,
THIS PROXY WILL BE VOTED FOR THE NOMINEES LISTED IN PROPOSAL 1
and 2 ABOVE AND FOR PROPOSAL 3.

Dated this day of , 1996

Signature

Signature

Please sign your name exactly as it appears on your share
certificate. If shares are held jointly, each holder should
sign. Executors, trustees, and other fiduciaries should so
indicate when signing. Please sign, date, and return this Proxy
Card immediately.

NOTE: Securities Dealers or other representatives please state
the number of shares voted by this Proxy.

EXHIBIT 1

TEXT OF ARTICLES IV AND V
AFTER APPROVAL OF PROPOSED AMENDMENTS
TO
ARTICLES OF INCORPORATION

ARTICLE IV

Capital Stock

The authorized capital stock of the Corporation shall consist of 27,500,000 shares divided into 10,000,000 shares of \$2.00 par value Common Stock, 5,000,000 shares of \$1.00 par value Common Stock, 7,500,000 shares of \$0.20 par value Common Stock, and 5,000,000 shares of \$1.00 par value Preferred Stock. The Common Stock which the Corporation is authorized to issue is divided as follows:

Ten Million (10,000,000) shares of \$2.00 par value Class A Common Stock;

Five Million (5,000,000) shares of \$1.00 par value Class B Common Stock;

Seven Million Five Hundred Thousand (7,500,000) shares of \$0.20 par value Class C Common Stock; and

Five Million (5,000,000) shares of \$1.00 par value Preferred Stock. The Preferred Stock may be issued:

(a) Subject to the right of the Corporation to redeem any of such shares at a price not less than the par value thereof;

(b) Entitling the holders thereof to cumulative, non-cumulative or partially cumulative dividends;

(c) Having preference over any other class or series of shares as to payment of dividends;

(d) Having preference in the assets of the Corporation over any other class or classes of shares upon the voluntary or involuntary liquidation of the Corporation;

(e) Being convertible into shares of any other class or into shares of any series of the same or any other class, except a class having prior or superior rights and preferences as to dividends or distribution of assets upon liquidation.

The Board of Directors shall have authority to divide and issue the Preferred Stock in series and to establish variations in relative rights and preferences between such series as provided by the Utah Business Corporation Act. All shares of Preferred Stock shall be identical except as to any variations established by the Board of Directors pursuant to the preceding sentence. Except as may be provided for by law, the Preferred Stock shall be non-voting stock and the holders of such stock shall not be entitled to any voice in the management of the Corporation, nor to any voting powers at any stockholders' meeting, by virtue thereof.

ARTICLE V

Preferences, Limitations and Relative Rights Of Common Stock

No share of the Common Stock authorized in Article IV shall have any preference over or limitation in respect to any other share of such Common Stock except as set forth in this Article V. Except as set forth in this Article V, all shares of the Common Stock authorized in Article IV shall have equal rights and privileges, including the following:

1. All outstanding shares of Common Stock shall share equally in dividends, except that in the event of cash dividends, the Class C common shares shall in no event receive per share cash dividends in excess of 9% of the per share cash dividends received by the Class A and/or Class B common shares; and further provided that with respect to liquidating dividends and distributions on the Common Stock, the Class C common shares shall in no event receive per share distribution in excess of 9% of the per share distributions received by the Class A and/or Class B common shares; and further provided that with respect to all other distributions on the Common Stock, not including cash dividends and liquidating dividends and distributions, the Class C common shares shall in no event receive per share distributions in excess of 9% of the per share distributions received by the Class A and/or Class B common shares. Neither the purchase or redemption by the Corporation of stock of any class, in any manner permitted by law, nor the merger, consolidation, or other business combinations of the Corporation or any of its subsidiaries with or into any other corporation or corporations, nor the sale or transfer by the Corporation of all or any part of its properties or assets shall be deemed to be liquidating dividends and distributions for purposes of this Article V. No holder of Class C Common Stock shall be entitled to receive any amounts with respect thereto upon liquidation, dissolution, or winding up of the Corporation other than the amounts provided for in this Article V.

The classes of Common Stock shall share equally in stock dividends declared which shall be payable in Common Stock of each common stockholder's particular class (for example, if a 10% stock dividend is declared for the Class A Common Stock, there shall also be declared a 10% stock dividend for the Class B and C Common Stock, and a Class A common stockholder would receive 10% additional shares of Class A Common Stock, a Class B common stockholder and a Class C common stockholder would receive 10% additional shares of Class B or C Common Stock respectively). Except for a two-for-one forward stock split effective as of November 7, 1996 involving only Class C Common Stock, stock splits shall be administered among the classes of Common Stock similarly to stock dividends. Dividends with respect to all common shares shall be payable at the discretion of the Board of Directors of the Corporation at such times and in such amounts as it deems advisable subject to the provisions of any applicable law. However, any dividends may be declared by the Board of Directors of the Corporation as may be permitted by the Utah Business Corporation Act. In addition, the Board of Directors of the Corporation, from time to time, may distribute to stockholders in partial liquidation, out of stated capital or capital surplus of the Corporation, a portion of the assets, in cash or property, subject to the following provisions:

(a) No such distribution shall be made at a time when the Corporation is insolvent or when such distribution would render the Corporation insolvent.

(b) Each such distribution when made, shall be identified as a distribution in partial liquidation and the amount per share disclosed to the stockholders receiving the same concurrently with the distribution thereof.

(c) No distribution shall be made to the holders of any class of shares unless all cumulative dividends accrued on all preferred shares entitled to preferential dividends shall have been fully paid.

(d) No such distribution shall be made to the holders of any class of shares which would reduce the remaining net assets of the Corporation below the aggregate preferential amount, if any, payable in the event of voluntary liquidation to the holders of shares having preferential rights to the assets of the Corporation in the event of liquidation.

2. The Class B Common Stock shall be non-voting stock, and the holders of such stock shall not be entitled to any voice in the management of the Corporation, nor to any voting powers at any stockholders' meeting by virtue thereof, except as set forth herein. Holders of Class B Common Stock shall have the right to vote as a class upon any proposed amendment to the Articles of Incorporation of this Corporation which would:

(a) Increase or decrease the aggregate number of authorized shares of the Class B Common Stock;

(b) Increase or decrease the par value of the shares of the Class B Common Stock;

(c) Effect any exchange, reclassification or cancellation of all or part of the shares of the Class B Common Stock;

(d) Effect an exchange, or create a right of exchange, of all or any part of the shares of another class into the shares of the Class B Common Stock;

(e) Change the designations, preferences, limitations or relative rights of the shares of the Class B Common Stock;

(f) Change the shares of Class B Common Stock into the same or a different number of shares, either with or without par value, of the same class or another class or classes;

(g) Create a new class of shares having rights and preferences prior and superior to the shares of the Class B Common Stock, or increase the right and preferences of any class having rights and preferences prior or superior to the shares of the Class B Common Stock; or

(h) Cancel or otherwise affect dividends on the shares of Class B Common Stock which have accrued but have not been declared.

In addition, holders of Class B Common Stock shall be entitled to such further voting rights, as a class, as are set forth in the Utah Business Corporation Act.

3. Each outstanding share of Class A Common Stock shall be entitled to one vote at stockholders' meetings, either in person or by proxy. Class C Common Stock shall have one vote per share at stockholders' meetings, provided, however, that at every meeting of the stockholders called for the election of directors, the holders of Class A Common Stock, voting separately as a class, shall be entitled to elect one-third (1/3) of the number of directors to be elected at such meeting and if one-third (1/3) of such number of directors is not a whole number, then the holders of Class A Common Stock, voting separately as a class, shall be entitled to elect the next higher whole number of directors to be elected at such meeting. In the election of the remaining directors to be elected and for all other proper corporate matters, each outstanding share of Class A Common Stock shall have one vote, either in person or proxy.

4. (a) No person holding shares of Class C Common Stock (hereinafter called a "Class C Holder") may transfer, and the Corporation shall not register the transfer of, such shares of Class C Common Stock, whether by sale, assignment, gift, bequest, appointment or otherwise, except to a "Permitted Transferee" of such Class C Holder, which term shall have the following meanings:

(i) In the case of a Class C Holder who is a natural person holding record and beneficial ownership of the shares of Class C Common Stock in question, "Permitted Transferee" means:

(A) the spouse of such Class C Holder;

(B) a lineal descendant of a grandparent of such Class C Holder;

(C) the trustee of a trust (including a voting trust) for the benefit of:

(1) one or more of such Class C Holders;

(2) other lineal descendants of a grandparent of such Class C Holder;

(3) the spouse of such Class C Holder; or

(4) any organization contributions to which are deductible for federal income, estate or gift tax purposes (hereinafter called a "Charitable Organization"), and for the benefit of no other person;

provided that such trust may grant a general or special power of appointment to the spouse of a Class C Holder and may permit trust assets to be used to pay taxes, legacies and other obligations of the trust or the estate of such Class C Holder payable by reason of the death of such Class C Holder, and

provided, that such trust must prohibit transfer of shares of Class C Common Stock to persons other than Permitted Transferee as defined in this clause (i);

(D) a Charitable Organization established by such Class C Holder, such Class C Holder's spouse, or a lineal descendant of a grandparent of such Class C Holder;

(E) a corporation, all of the outstanding capital stock of which is owned by, or partnership or joint venture all of the partners or venturers of which are, one or more of such Class C Holders, other lineal descendants of a grandparent of such Class C Holder, and the spouse of such Class C Holder; provided, that if any share of capital stock of such a corporation (or of any survivor of a merger or consolidation of such a corporation), or any partnership interest in such a partnership, is acquired by any person who is not within such class of persons, all shares of Class C Common Stock then held by such corporation or partnership, as the case may be, shall be deemed without further act on anyone's part to be converted into shares of Class A Common Stock on the basis of five (5) shares of Class C Common Stock for one (1) share of Class A Common Stock and shall thereupon and thereafter be deemed to represent the appropriate number of shares of Class A Common Stock.

(ii) In the case of a Class C Holder holding shares of Class C Common Stock as trustee pursuant to a trust which was irrevocable on the record date for determining the persons to whom the Class C Common Stock is first distributed by the Corporation (hereinafter in this paragraph (4) called the "Record Date"), "Permitted Transferee" means any person to whom or for whose benefit principal may be distributed either during or at the end of the term of such trust whether by power of appointment or otherwise.

(iii) In the case of a Class C Holder holding shares of Class C Common Stock as trustee pursuant to a trust other than a trust described in clause (ii) above, "Permitted Transferee" means the persons who established such trust, and Permitted Transferee determined pursuant to clause (i) above.

(iv) In the case of a Class C Holder holding record (but not beneficial) ownership of the shares of Class C Common Stock in question as nominee for the person who was the beneficial owner thereof on the Record Date, "Permitted Transferee" means such beneficial owner thereof on the Record Date, such beneficial owner determined pursuant to clauses (i), (iii), or (v) hereof, as the case may be.

(v) In the case of a Class C Holder which is a corporation (other than a charitable organization described in subclause (C) of clause (i) above) holding record and beneficial ownership of the shares of Class C Common Stock in question, "Permitted Transferee" means any stockholder of such corporation receiving shares of Class C Common Stock through a dividend or through a distribution made upon liquidation of such corporations, and the surviving corporation of a merger or consolidation of such corporation.

(vi) In the case of a Class C Holder which is the estate of a deceased Class C Holder or which is the estate of a bankrupt or insolvent Class C Holder, and provided such deceased, bankrupt or insolvent Class C Holder, as the case may be, held record and beneficial ownership of the Shares of Class C Common Stock in question, "Permitted Transferee" means a Permitted Transferee of such deceased, bankrupt or insolvent Class C Holder as determined pursuant to this Paragraph 4.

(vii) In the case of a Class C Holder which is a partnership or joint venture holding shares of Class C Common Stock, "Permitted Transferee" means any one of the partners of venturers; provided that if any partnership or joint venture interest is acquired by any persons not a partner or venturer of such partnership or joint venture or of a "Permitted Transferee" of such partner or venturer, all shares of Class C Common Stock then held by such partnership or joint venture shall be deemed, without further act on anyone's part, to be converted into shares of Class A Common Stock and shall thereupon be deemed to represent the like number of shares of Class A Common Stock.

(viii) In the case of a Class C Holder which is a corporation in bankruptcy holding shares of Class C Common Stock, "Permitted Transferee" means any other Class C Holder or "Permitted Transferee" of any Class C Holder.

(b) Notwithstanding the provisions of this Paragraph 4, a holder of record of a share of Class A Common Stock, which share meets all of the following criteria, shall be entitled to exchange said Class A Common Stock for Class C Common Stock on the basis of ten (10) shares of Class C Common Stock for each share of the Class A Common Stock so owned by such holder of record; provided, however, such stockholder converts his Class A Common Stock into Class C Common Stock within the 45 day period following the conclusion of a holding period of the Class A Common Stock of 48 continuous months. Shares not converted within such 45 day period shall thereafter be Class A common shares with no further conversion rights into Class C common shares.

(i) The Class A common shares were obtained by a transfer of Class C common shares to a Non-Permitted Transferee which converted the Class C common shares to Class A common shares pursuant to the provisions of this paragraph 4.

(ii) Such shares of Class A Common Stock have had the same record and beneficial owner for a continuous period of 48 months.

(iii) For purposes of this subparagraph (b), any shares of Class A or Class C Common Stock acquired by the beneficial owner as a direct result of a stock split, stock dividend or other type of distribution of shares with respect to existing shares ("dividend shares") will be deemed to have been acquired and held continuously from the date on which the shares with regard to which the dividend shares were issued were acquired.

(iv) For purposes of this subparagraph (b), any share of the Class A Common Stock held in "street" or "nominee" name shall be presumed to have been acquired by the beneficial owner subsequent to February 4, 1986 and to have had the same beneficial owner for a continuous period of less than 48 months prior thereto. This presumption shall be rebuttable by presentation to the Corporation by such beneficial owner of satisfactory evidence to the contrary. Any disputes arising in respect of this subclause shall be definitely resolved by a determination of the Board of Directors made in good faith.

(c) Notwithstanding anything to the contrary herein, any Class C Holder may pledge such Holder's shares of Class C Common Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to or registered in the name of the pledgee and shall remain subject to the provisions of this paragraph 4.

In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class C Common Stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of Class A Common Stock, as the pledgee may elect.

(d) For purposes of this paragraph 4:

(i) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.

(ii) Each joint owner of shares of Class C common stock shall be considered a "Class C Holder" of such shares.

(iii) A minor for whom shares of Class C Common Stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Class C Holder of such shares.

(iv) Unless otherwise specified, the term "person" means both natural persons and legal entities.

(e) Any purported transfer of shares of Class C Common Stock not permitted hereunder shall have the effect of converting the shares so transferred into Class A common shares on the basis of ten (10) shares of Class C Common Stock for one (1) share of Class A Common Stock. The Corporation may, as a condition to the transfer or the registration of transfer of shares of Class C Common Stock to a purported Permitted Transferee, require the furnishing of such affidavits or other proof as it deems necessary to establish that such transferee is a Permitted Transferee. The Corporation must note on the certificates for shares of Class C Common Stock the restrictions on transfer and registration of transfer imposed by this paragraph 4. The Corporation must also note on the certificates for shares of Class A Common Stock obtained by a transfer of Class C common shares to a Non-Permitted Transferee that such shares may be converted to Class C Common Stock on the basis of ten (10) shares of Class C Common Stock for one (1) share of

Class A Common Stock, if the conditions of Article V, paragraph 4, subparagraph (b) are complied with, including a continuous holding period of 48 months with a following 45 day conversion period, or such conversion right will be forfeited.

5. (a) Each ten (10) shares of Class C Common Stock may at any time be converted into one (1) fully paid and non-assessable share of Class A Common Stock, except following a stockholder vote approving a plan of complete liquidation or dissolution of the Corporation when the conversion ratio shall be at the reduced rate of eleven and .1112 shares of Class C Common Stock to one share of Class A Common Stock, provided that upon abandonment of a plan of liquidation or dissolution the conversion rate will revert to ten (10) shares of Class C stock for one share of Class A stock. Such right shall be exercised by the surrender of the certificate representing such shares of Class C Common Stock to be converted to the Corporation at any time during normal business hours at the principal executive offices of the Corporation, or if an agent for the registration or transfer of shares of Class C Common Stock is then duly appointed and acting (said agent being hereinafter called the "Transfer Agent") then at the office of the Transfer Agent, accompanied by a written notice of the election by the holder thereof to convert and (if so required by the Corporation or the Transfer Agent) by instruments of transfer, in form satisfactory to the Corporation and to the Transfer Agent, duly executed by such holder or his duly authorized attorney, and transfer tax stamps or funds therefore, if required pursuant to subparagraph (e).

(b) As promptly as practicable after the surrender for conversion of a certificate representing shares of Class C Common Stock in the manner provided in subparagraph (a) above and the payment in cash of any amount required by the provisions of subparagraphs (a) and (e), the Corporation will deliver or cause to be delivered at the office of the Transfer Agent to or upon the written order of the holder of such certificate, a certificate or certificates representing the number of full shares of Class A Common Stock issuable upon such conversion, issued in such name or names as such holder may direct. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the certificate representing shares of Class C Common Stock, and all rights of the holder of such shares as such holder shall cease at such time and the person or person in whose name or names the certificate or certificates representing the shares of Class A Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock at such time; provided, however, that any such surrender and payment on any date when the stock transfer books of the Corporation shall be closed shall constitute the person or persons in whose name or names the certificate or certificates representing shares of Class A Common Stock are to be issued as the record holder or holders thereof for all purposes immediately prior to the close of business in the next succeeding day on which such stock transfer books are open.

(c) No adjustments in respect of dividends shall be made upon the conversion of any share of Class C Common Stock into Class A Common Stock; provided, however, that if a share be converted subsequent to the record date for the payment of a

dividend or other distribution on shares of Class C Common Stock but prior to such payment, the registered holder of such share at the close of business on such record date shall be entitled to receive the dividend or other distribution payable on such share on such date notwithstanding the conversion thereof or the Corporation's default in payment of the dividend on such date.

(d) The Corporation shall at all times reserve and keep available, solely for the purpose of issue upon conversion of the outstanding shares of Class C Common Stock, such number of shares of Class A Common Stock as shall be issuable upon the conversion of all such outstanding shares, and the Corporation shall also at all times reserve and keep available for the purpose of issue upon conversion of the Class A Common Stock such number of shares of Class C Common Stock as may be issuable upon possible conversion of appropriate shares, provided that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of the outstanding shares of Class A or Class C Common Stock by delivery of purchased shares of Class A or Class C Common Stock which are held in the treasury of the Corporation. If any shares of Class A or Class C Common stock, required to be reserved for purposes of conversion hereunder, require registration with or approval of any governmental authority under any federal or state law before such share of Class A or Class C Common Stock may be issued upon conversion, the Corporation will cause such shares to be duly registered or approved, as the case may be. All shares of Class A or Class C Common Stock which shall be issued upon conversion of the shares of Class A or Class C Common Stock, will, upon issuance, be fully paid and nonassessable.

(e) The issuance of certificates of shares of Class A Common Stock upon conversion of shares of Class C Common Stock shall be made without charge for any stamp or other similar tax in respect of such issuance. However, if any such certificate is to be issued in a name other than that of the holder of the share or shares of Class C Common Stock converted, the person or persons requesting the issuance thereof shall pay to the Corporation the amount of any tax which may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid.

6. Except as otherwise provided in paragraphs 1 and 5 above or pursuant to shares of Class C Common Stock issued under a stock option plan, and except to the extent stockholders of the 1982 Series 1 Preferred Stock elect or have a right to convert their shares into Class C Common Stock, the Corporation shall not issue additional shares of Class C Common Stock after the date shares of Class C Common Stock surrendered for conversion shall be retired, unless otherwise approved by the affirmative vote of the holders of a majority of the outstanding shares of stock of the Corporation entitled to vote thereon. Holders of the 1982 Series 1 Preferred Stock electing to receive Class C shares shall receive ten (10) shares of Class C Common Stock for every one (1) share of Class A Common Stock received.

7. No stockholder of the Corporation shall be entitled as of right to subscribe for, purchase or receive any part of any new or additional issue of stock of any class, whether now or hereafter authorized, or of bonds, debentures or

other securities convertible into or exchangeable for stock, but all such additional shares of stock of any class, or bonds, debentures or other securities convertible into or exchangeable for stock, may be issued and disposed of by the Board of Directors on such terms and for such consideration, so far as may be permitted by law, and to such persons, as the Board of Directors in its absolute discretion may deem advisable.

8. Cumulative voting shall not be allowed in elections of directors or for any other purpose.

9. All shares of Common Stock when issued, shall be fully paid and nonassessable. No fractional shares of Common Stock shall be issued.

10. The Board of Directors may restrict the transfer of any of the Corporation's shares of Class A, Class B or Class C Common Stock issued by giving the Corporation or any stockholder "first right of refusal to purchase" the stock, making the stock redeemable, or by restricting the transfer of the stock under such terms and in such manner as the directors may deem necessary and as are not inconsistent with the laws of the State of Utah. Any stock so restricted must carry a conspicuous legend noting the restriction and the place where such restriction may be found in the records of the Corporation.

11. The judgment of the Board of Directors as to the adequacy of any consideration received or to be received for any shares of Class A, Class B, or Class C Common Stock, options in respect thereof, or any other securities which the Corporation at any time may be authorized to issue or sell or otherwise dispose of shall be conclusive in the absence of fraud, subject to the provisions of these Articles of Incorporation and any applicable law.