at least 53 percent of which will go to unsecured creditors, who will get a total of 90 to 97 cents on the dollar. AM's outstanding stock will be called in, and shareholders of record will get at least 28.5 percent of the new shares.

While AM's immediate problems seem close to resolution, Mr. Banta still has the long-term challenge of finding new markets that will expand faster than the 3 to 5 percent annual growth rate projected for AM's core businesses. He is now reviewing the divisions' five-year plans and within the next year will decide whether the company should grow through internal development - an approach Mr. Ash rejected - or external acquisitions of products or businesses.

Mr. Banta says it would be premature to discuss his plans, since he has not yet decided on a course of action. Indeed, most of his time has been spent reassuring employees that the company is viable.

Although he vows to move slowly in making new acquisitions, Mr. Banta, has told employees he is thinking about buying some equipment manufacturing companies. He promised not to neglect the company's core businesses, though, noting that the research and development budget has been increased to $15 million from $10 million to encourage product development.

"He has told us that he wants to do all the right things," said one creditor. "But the acid test will come over the next year when he's the guy in control."

MR. Banta may be moving slowly now, but he showed no such caution at the Leisure Group, where he and his partner, Stephen Hinchliffe, acquired almost 20 companies between 1964 and 1970. The two had quit their jobs at McKinsey & Company, the management consulting firm, in the early 1960's, to form a new conglomerate modeled after General Foods, which packages a variety of foods under strong brand names and sells them through supermarket chains. Instead of foods, though, the Leisure Group put together a line of consumer leisure products to sell through mass distributors.

Their first acquisition was a small manufacturer of lawn sprinklers, and they later added products ranging from Flexible Flyer sleds to Ben Pearson archery equipment. But in 1970, the partners purchased Yard Man Inc., a lawn mower manfacturer that strained their finances. In 1971, the recession cut deeply into the Leisure Group's sales, and plans to issue new shares to pay off debt were scrapped when the stock market slumped. In September 1971, Mr. Banta and Mr. Hinchliffe closed 16 plants and fired 3,500 people to stop the outflow of cash - and then began the painful process of splitting off companies. Today, the Leisure Group owns only four companies.

Mr. Banta, who resigned as president of the Leisure Group when he became chairman of AM, said recently he believed he and his partner had a fundamentally sound concept, but that they moved too fast too soon.

"We were impetuous youth," said Mr. Banta. "We believed our own press releases that we were infallible. We also thought the young button- down M.B.A.'s that we hired were as infallible as we were."