AVIATION GENERAL INC
Form 10QSB
May 15, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2002

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 0-24795

AVIATION GENERAL, INCORPORATED
(Exact name of registrant as specified in its charter)

Delaware	73-1547645
(State of Incorporation)	(IRS Employer Identification No.)

7200 NW 63rd Street
Hangar 8, Wiley Post Airport
Bethany, Oklahoma 73008
(Address of principal executive offices) (Zip Code)

(405) 440-2255
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirement for the past 90 days. Yes [X] No [ ]

There were 6,859,330 Shares of Common Stock Outstanding as of May 7, 2002.

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PART I. FINANCIAL INFORMATION
ITEM I. FINANCIAL STATEMENTS

AVIATION GENERAL, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) March 31, 2002	December 31, 2001
ASSETS		
Current Assets		
Cash and cash equivalents	$ 5,719	$ 211,356
Accounts receivable	98,553	-
Current portion of note receivable	27,909	36,673
Inventories	6,346,984	6,139,232
Prepaid expenses and other assets	70,863	70,155
Total current assets	6,550,028	6,457,416
Property and equipment		
Office equipment and furniture	372,162	372,162
Vehicles and aircraft	95,115	95,115
Manufacturing equipment	385,179	385,179
Tooling	676,747	676,747
Leasehold improvements	315,049	315,050
	1,844,252	1,844,253
Less accumulated depreciation	(1,238,576)	(1,205,135)
	605,676	639,118
Other assets		
Notes receivable, less current maturities	42,012	65,223
Available-for-sale equity securities - related party	110,250	142,100
Note receivable from related party	-	-
	152,262	207,323
	$ 7,307,966	$ 7,303,857

The accompanying notes are an integral part of these financial statements.

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AVIATION GENERAL, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) March 31, 2002	December 31, 2001
LIABILITIES AND STOCKHOLDERS' EQUITY		

Current liabilities		
Accounts payable	$ 2,506,409	$ 2,309,450
Accrued expenses	418,505	614,116
Refundable deposits	1,379,218	745,549
Notes payable	1,851,206	2,160,079
Total current liabilities	6,155,338	5,829,194
REDEEMABLE COMMON STOCK - $.01 par value; Issued, 150,000 shares in 2001; stated at redemption value	150,000	150,000
Stockholders' Equity		
Preferred stock, $.01 par value, 5,000,000 shares Authorized; no shares outstanding	-	-
Common stock, $.50 par value, 20,000,000 shares Authorized; 7,631,519 shares issued at March 31, 2002 and December 31, 2001	3,815,759	3,815,759
Additional paid-in capital	37,000,299	37,000,299
Less: Treasury stock at cost, 772,189 shares at March 31, 2002 and December 31, 2001	(1,294,193)	(1,294,193)
Accumulated other comprehensive loss	(285,723)	(253,873)
Accumulated deficit	(38,233,514)	(37,943,329)
Total stockholders' equity	1,002,628	1,324,663
	$ 7,307,966	$ 7,303,857

The accompanying notes are an integral part of these financial statements.

AVIATION GENERAL, INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2002	2001
Net sales - aircraft	$1,378,250	$2,134,212
Net sales - service	126,571	505,548
Total net sales	1,504,821	2,639,760
Cost of sales - aircraft	1,165,886	1,813,500
Cost of sales - service	66,703	434,586
Total cost of sales	1,232,589	2,248,086

Gross margin	272,232	391,674
Other operating expenses		
Product development and engineering costs	31,955	95,307
Selling, general and administrative expenses	461,328	818,359
Total other operating expenses	493,283	913,666
Operating loss	(221,051)	(521,992)
Other income (expenses)		
Other income	1,636	44,049
Interest expense	(68,442)	(120,644)
Other expense	(2,328)	-
Total other income (expense)	(69,134)	(76,595)
Net loss	$ (290,185)	$ (598,587)
Net loss per share		
Weighted average common shares Outstanding, basic	6,859,330	6,279,330
Net loss per share, basic	($0.04)	($0.10)
Weighted average common shares Outstanding, diluted	6,859,330	6,279,330
Net loss per share, diluted	$ ($0.04)	$ (0.10)

The accompanying notes are an integral part of these financial statements.

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AVIATION GENERAL, INCORPORATED
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three Months Ended March 31, 2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (290,185)	$ (598,587)
Adjustments to reconcile net loss to net cash used by operating activities		
Depreciation and amortization	33,442	16,425

Non-cash interest earnings	-	(36,343)
Receipts on aircraft notes receivable	31,975	-
Changes in assets and liabilities		
(Increase) decrease in Accounts receivable	(98,553)	535,722
Notes receivable	-	6,401
Inventories	(207,752)	(1,027,109)
Prepaid expense and other assets	(708)	13,094
Increase (decrease) in		
Accounts payable	196,959	275,559
Accrued expenses	(195,611)	(88,736)
Refundable deposits	633,669	(26,648
Net cash provided (used) by operating activities	103,236	(930,222)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	-	(28,387)
Net cash (used) provided by investing activities	-	(23,387)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	340,000	1,988,013
Payments on borrowings	(648,873)	(1,055,013)
Net cash (used) provided by financing activities	(308,873)	933,000
Net decrease in cash	(205,637)	(25,609)
Cash and cash equivalents at beginning of period	211,356	135,016
Cash and cash equivalents at end of period	$ 5,719	$ 109,407
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the period for:		
Interest	$ 68,442	$ 126,060

The accompanying notes are an integral part of these financial statements.

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AVIATION GENERAL, INCORPORATED
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. The condensed financial statements included herein have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations; however, the Company believes that the disclosures are adequate to make the information presented not misleading. In the opinion of the Company, all adjustments necessary to present fairly the financial position of Aviation General, Incorporated as of March 31, 2002, and the results of operations and cash flows for the three month periods ended March 31, 2002 and 2001 have been included and are of a normal, recurring nature. The results of operations for such interim periods are not necessarily indicative of

the results for the full year. It is suggested that these condensed financial statements be read in conjunction with the Company's 2001 Annual Report on Form 10-K.

2. Basic loss per share of common stock has been computed by using the weighted average number of shares of common stock outstanding during the period. Diluted loss per share has been computed based on the assumption that all dilutive options are exercised.

	Three months ending March 31, 2002	March 31, 2001
Numerator		
Net loss	$ (290,185)	$ (598,587)
Denominator		
Weighted average shares outstanding, basic	6,859,330	6,279,330
Effect of dilutive securities stock options	0	0
Denominator for loss per share assuming dilution	6,859,330	6,279,330
Loss per share, basic	$ (0.04)	$ (0.10)
Loss per share, assuming dilution	$ (0.04)	$ (0.10)

Outstanding options of 2,655,050 and 2,345,167 for the periods ended March 31, 2002 and 2001 have been excluded from the calculations above as they would be antidilutive.

3. Total comprehensive loss for the periods presented is as follows:

	For the three months ending March 31, 2002	2001
Net loss	$(290,185)	$(598,587)
Other comprehensive loss	(31,850)	(142,432)
Comprehensive loss	$(322,035)	$(741,019)

4. Inventories consist primarily of finished goods and parts for manufacturing and servicing aircraft. Inventory costs include all direct manufacturing costs and applied overhead. These inventories, other than used aircraft, are stated at the lower of cost or market, and cost is determined by the average-cost method. Used aircraft are valued on a specific-identification basis at the lower of cost or current estimated realizable wholesale price. Inventory components at the balance sheet dates were as follows:

	March 31, 2002	December 31, 2001
Raw materials	$1,847,699	$1,983,979
Work in process	1,882,213	1,402,252
New and pre-owned aircraft	2,597,822	2,733,751
Other	19,250	19,250
Total inventories	$6,346,984	$6,139,232

5. The Company is subject to regulation by the FAA. The Company is subject to inspections by the FAA and may be subjected to fines and other penalties (including orders to cease production) for noncompliance with FAA regulations. The Company has a Production Certificate from the FAA, which delegates to the Company the inspection of each aircraft. The sale of the Company's product internationally is subject to regulation by comparable agencies in foreign countries.

The Company faces the inherent business risk of exposure to product liability claims. In 1988, the Company agreed to indemnify a former manufacturer of the Commander single engine aircraft against claims asserted against the manufacturer with respect to aircraft built from 1972 to 1979. In 1994, Congress enacted the General Aviation Revitalization Act, which established an eighteen-year statute of repose for general aviation manufacturers. This legislation prohibits product liability suits against manufacturers when the aircraft involved in an accident is more than eighteen years old. This action effectively eliminated all potential liability for the Company with respect to aircraft produced in the 1970s as of December 31, 1997. The Company's product liability insurance policy with coverage of $10 million per occurrence and $10 million annually in the aggregate with a deductible of $200,000 per occurrence and annually in the aggregate expired March 1, 1995. Subsequent to March 1, 1995, the Company is not insured for product liability claims. Management believes that the interest of shareholders is better served by vigorously defending claims through the services of highly qualified specialists and attorneys rather than retaining product liability insurance to settle exorbitant claims.

The Company is routinely involved in various legal matters arising in the normal course of business, including product liability claims. Management intends to vigorously defend against these claims and currently believes that legal matters will not result in any material adverse effect on the Company's financial position or results of operations. Accordingly, no provision for any liabilities that may result have been recorded in the financial statements.

6. SFAS No. 143 requires entities to record the fair value of a liability for an asset retirement obligation in the period in which it is incurred and a corresponding increase in the carrying amount of the related long-lived asset.

SFAS No. 143 is effective for fiscal years beginning after June 15, 2002.

SFAS No. 144 is effective for the Company for the fiscal year beginning January 1, 2002 and addresses accounting and reporting for the impairment or disposal of long-lived assets.

Adoption of SFAS No. 144 has not had and management believes that adoption of SFAS No. 143 will not have any significant effect on the Company's financial condition or results of operations.

7. The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, which contemplate continuation of the company as a going concern. However, the

Company has sustained substantial losses from operations in 2001, and such losses have continued through the unaudited quarter ended March 31, 2002.

In view of the matters described in the preceding paragraph, recoverability of a major portion of the recorded asset amounts shown in the accompanying balance sheet is dependent upon continued operations of the company, which in turn is dependent upon the Company's ability to meet its financing requirements on a continuing basis, to maintain present financing, and to succeed in its future operations. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or amounts and classification of liabilities that might be necessary should the company be unable to continue in existence.

As we go forward in 2002, management believes that economic conditions and financial markets appear to have stabilized and that the Company could benefit from increased interest in general aviation, due to the inconvenience and safety factors attendant with commercial airline travel. The Company could also benefit from low interest rates, which significantly lower the financing cost of aircraft purchases. Management also believes it is eligible and will apply for federal grants and loans, pursuant to a general aviation relief bill pending in Congress.

Furthermore, management has effected a number of initiatives, which, it believes, will increase revenue and profitability. They include:

1. Reduction of the Company's cost structure
2. Adjustment of the Company's production schedule
3. Increased prices of new aircraft, parts, and services
4. Seeking additional financing for general working capital purposes
5. Increase in marketing and advertising activities
6. Enhancement of the Company's service and refurbishment capabilities and business
7. Increase of Strategic Jet Services, Inc. capabilities and business
8. Exploring merger and acquisitions possibilities with other general aviation concerns

So far in the year 2002, the Company has experienced a significant increase in its business. Through April of this year, the company has booked orders for 6 new aircraft (versus a total of 8 for all of 2001) and 9 pre-owned aircraft (versus a total of 22 for all of 2001). The company is currently structured to achieve break-even financial results at between 10 to 15 new aircraft deliveries annually, with the precise number dependent upon the contribution from the Company's parts, service, refurbishment and brokerage business activities. The company expects improved results for the second quarter of 2002.

PART I. FINANCIAL INFORMATION

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

RESULTS FROM OPERATIONS

Revenues from the sale of aircraft for the first quarter of 2002 totaled $1,378,250 compared to $2,134,212 for the comparable period of 2001. For the first quarter of 2002, four new and pre-owned aircraft were sold, compared with eight new and pre-owned aircraft sold in the same period for 2001. The revenues for the first quarter of 2002 continue to be affected by the events of 2001 that affected the aviation industry in general. As a result, the Company has continued to make appropriate adjustments in its cost and overhead structure. The Company believes business will begin to pick up as economic and stock market conditions stabilize, the Public's confidence in air safety returns and as the effect of lower interest rates, which significantly lowers aircraft purchase finance costs, continues. With deposits for 4 new aircraft that are expected to be delivered in the second quarter, the Company expects to return to profitability.

Service revenues totaled $126,571 for the quarter ended March 31, 2002 compared to $505,548 for the comparable quarter in 2001. The decrease was due to decreased repair and refurbishment activity.

Cost of aircraft sales for the three months ended March 31, 2002 decreased to $1,165,886 compared to $1,813,500 for the three months ended March 31, 2001. The decrease in cost was due to lower new and pre-owned aircraft sales during the period.

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Cost of sales for service and parts for the quarter ended March 31, 2002 decreased to $66,703 compared to $434,586 for the quarter ended March 31, 2001. The decrease was due to the decrease in service and repair activity.

Aircraft sales margins were lower for the three months ended March 31, 2002 compared to the prior period due to the decrease in sales volume of new and pre-owned aircraft. Service margins were higher for the three months ended March 31, 2002 compared to the prior period because of price increases instituted, and sales of higher margin after-market parts.

Product development and engineering costs decreased to $31,955 for the first quarter of 2002, from $95,307 for the comparable period in 2001 reflecting the Company's cost reduction efforts.

Sales, general and administrative expense decreased for the three months ended March 31, 2002, to $461,328 from $818,359 for the comparable period ended March 31, 2001, as a result of reduced legal expenses and continuing efforts to reduce expenses.

Interest expense decreased to $68,442 for the first quarter of 2002 from $120,644 for the comparable period in 2001 due to a reduction of bank lines of credit

LIQUIDITY AND CAPITAL RESOURCES

Cash balances decreased to $5,719 at March 31, 2002 from $211,356 at December 31, 2001. Accounts receivable increased to $98,553 at March 31, 2002 due to sales activity.

Notes receivable decreased to $59,921 at March 31, 2002 from $101,896 at December 31, 2001 due to regular quarterly payments from the debtor.

The Company's investment in equity securities is classified as available for sale with unrealized gains or losses excluded from income and reported as other comprehensive income or loss. Declines in the fair value of securities that are other than temporary would result in write-downs which would be included in earnings. This investment is in the common stock of a related party.

Inventories increased slightly to $6,346,984 at March 31, 2002 from $6,139,232 at December 31, 2001. Raw materials and finished inventory decreased by $272,209 and work in process increased by $479,971 as the Company continues production of new aircraft.

Accounts payable increased slightly to $2,506,409 at March 31, 2002 from $2,309,450 at December 31, 2001. Accrued expenses decreased to $418,505 at March 31, 2002 from $614,116 at December 31, 2001. The decrease in accrued expenses is attributable to reclassification of accrued payroll taxes to accounts payable and payment of accrued payrolls.

Refundable deposits increased to $1,379,218 at March 31, 2002 from $745,549 at December 31, 2001 due to the deposits for new aircraft mentioned above. Short term notes payable decreased to $1,851,206 at March 31, 2002 from $2,160,079 at December 31, 2001 due to net activity which reduced the amount owed by $303,873.

In 1999, the Company formed Strategic Jet Services, Inc. (SJS), a wholly owned subsidiary, to provide brokerage, sales, consulting and refurbishment work for jet aircraft.

The Company continues to certify new state-of-the-art avionics systems that offer the customer the latest technology in navigational and communication equipment. The Company introduced a new de-icing option and received certification from the Federal Aviation Administration, allowing equipped aircraft to operate in known icing conditions similar to larger, more expensive aircraft. Sales of this equipment not only provide additional revenues and earnings, but also increase the value of the aircraft relative to its competition.

During 2000, the Company introduced the 115 series of high performance, single engine aircraft. The Commander 115 represents the culmination of a

multitude of improvements to the Commander line, and features numerous airframe, engine and systems refinements, as well as significantly increased range capability and an upgraded standard avionics package which includes dual Garmin 430 global navigation, communication and moving map displays. The Commander 115 series is the latest of a thoroughbred line of aircraft that offer the ultimate combination of performance, comfort, safety, and utility, and has become recognized as the Mercedes of the single engine fleet.

Aviation General Incorporated has two wholly owned subsidiaries, Commander Aircraft Company and Strategic Jet Services, Incorporated. Commander Aircraft Company manufactures, markets, and provides support services for its line of single engine, high performance Commander aircraft, and consulting, sales, brokerage, acquisition, and refurbishment services for all types of piston powered aircraft. Strategic Jet Services, Inc., provides consulting, sales, brokerage, acquisition, and refurbishment services for jet aircraft.

The Company's business strategy is to capture a significant share of the existing domestic and international market for the single engine, high performance aircraft. Commander aircraft have an airframe design decades newer than the competition and are certified to more stringent standards. In addition, Commander aircraft have a significantly better safety record and higher resale value than all other aircraft in their class. The Company believes the domestic and international market for its aircraft includes individuals and corporations that will purchase the Company's aircraft for business and personal travel, and governments, commercial and military organizations that will use the aircraft for training and other purposes.

The Company believes the market for its products will improve as a result of attrition of the existing fleet of aging single engine high performance aircraft, development of new international markets for general aviation aircraft, increased use of single engine aircraft as a corporate tool for small and medium-sized businesses, and demand for advanced single engine trainers. Recognizing that the size of the pre-owned aircraft market is significantly larger than the market for new aircraft sales, the Company has also established capabilities to provide consulting, sales, brokerage, acquisition and refurbishment services for pre-owned piston and jet aircraft.

The Company markets its aircraft through a factory direct sales and marketing organization comprised of regional sales personnel who are managed and supported from the Company's headquarters in Oklahoma. The marketing organization is augmented by a worldwide network of Commander Authorized Service Centers (ASCs). The Company's marketing program utilizes a highly focused domestic and international advertising and public relations program that includes product advertising in leading business and aviation publications, ongoing direct mail programs to owners and pilots, and internet marketing communications.

The Company has one of the most comprehensive worldwide service and support networks in its class. The Company grants domestic Commander ASCs the non-exclusive right to refer prospects for new Commander aircraft. Commander ASCs receive a referral fee for identifying purchasers, and provide a full complement of service and support services, including financing, insurance, service and support, hangar/storage, flight instruction, and professional pilot service. The Company selects ASCs from among experienced independent aviation sales and service organizations that it believes to have excellent facilities, service capabilities, reputation and financial strength. Through its ASCs, Commander Aircraft Company offers a turn-key aircraft ownership program designed to stimulate ownership of Commander aircraft by companies that have not previously owned or operated aircraft. This flexible program can be tailored to meet each customer's specific requirements.

The Company anticipates that its primary cash requirement will relate to working capital associated with ongoing operations and an increase in sales activity. The Company anticipates funding these requirements by cash generated from operations, borrowings under the Company's existing lines of credit and new funding sources.

CRITICAL ACCOUNTING POLICIES

Aircraft Sale and Marketing

The Company recognizes the sale of new aircraft when a purchase agreement is funded and title is transferred to the buyer, which occurs after the Company receives an airworthiness certificate from the Federal Aviation Administration. Sales of pre-owned aircraft are recognized upon execution and the funding of a purchase agreement. Service revenues are recognized when services are performed.

Inventories

Our inventories, other than pre-owned aircraft, are stated at lower of cost or market, and cost is determined by the average-cost method. The inventory costs include all direct manufacturing costs and overhead. The inventories consist of parts for manufacturing and servicing of aircraft, parts for resale and work in process, as well as new and pre-owned aircraft. Pre-owned aircraft are valued on a specific-identification basis at the lower of cost or current estimated realizable wholesale price.

Overhead and indirect costs are capitalized as incurred and allocated to aircraft produced based on the number of direct labor hours required to complete the aircraft.

CONTRACTUAL OBLIGATIONS

We finance our inventory of new and pre-owned aircraft to provide working capital for the Company. These loans require monthly interest payments during the term of the loan and partial principal repayments or renewal fees if the notes are renewed. The table below summarizes the Company's obligations.

		2002 Obligation	
	Total	Interest	Principal
Revolving credit facilities	$1,775,969	$113,218	$233,620
Note payable to an individual, payable in monthly installments of $8,699, including interest at 8%	75,237	2,547	75,237

The Company plans to seek additional capital through the private placement of an ownership interest and/or merger with a strategic partner, as well as explore merger and acquisition opportunities that could broaden the Company's business base and create synergies. During 2001 the Company made significant reductions in its cost and overhead structure, and will continue to evaluate such changes if and when they are needed.

Forward Looking Statements

This Form 10-QSB includes certain statements that may be deemed to be "forward-looking statements" within the meaning of Section 27A of the Securities Act. All statements, other than statements of historical fact, included in this Form 10-QSB that addresses activities, events or developments that the Company expects, projects, believes, or anticipates will or may occur in the future, including matters having to do with expected and future aircraft sales and services revenues, the Company's ability to fund its operations and repay debt, business strategies, expansion and growth of operations and other such matters, are forward-looking statements. These statements are based on certain assumptions and analyses made by our management in light of its experience and its perception of historical trends, current conditions, expected future developments, and other factors it believes are appropriate in the circumstances. These statements are subject to a number of assumptions, risks and uncertainties, including general economic and business conditions, the business opportunities (or lack thereof) that may be presented to and pursued by the Company, the Company's performance on its current contracts and its success in obtaining new contracts, the Company's ability to attract and retain qualified employees, and other factors, many of which are beyond the Company's control. You are cautioned that these forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected in such statements.

PART I. FINANCIAL INFORMATION
ITEM 3. QUANITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company's market risk is impacted by changes in interest rates, foreign currency exchange rates and certain equity security prices. The note receivable held by the Company includes a quarterly adjustment clause, which permits the Company to increase or decrease, the amount of interest charged based on bank prime rates. All transactions with international customers are made in U.S. dollars, thereby minimizing the risk associated with foreign currency exchange rates. The Company's investment in equity securities is classified as available-for-sale with unrealized gains or losses excluded from income and reported as other comprehensive income. The Company has no significant risk associated with commodity prices.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Reports on Form 8-K - None.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AVIATION GENERAL INCORPORATED

(Registrant)

By: /s/ Wirt D. Walker

Wirt D. Walker
Chairman of the Board of Directors
(Chief Executive Officer and
Authorized Signatory)

Date: May 15, 2002