FORM 10-Q

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTER ENDED MARCH 31, 2002 OR

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

Commission file number 1-12317

NATIONAL-OILWELL, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	76-0475875
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

10000 RICHMOND AVENUE
4TH FLOOR
HOUSTON, TEXAS
77042-4200
(Address of principal executive offices)

(713) 346-7500
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required 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 requirements for the past 90 days.

YES X NO

As of May 8, 2002, 80,985,089 common shares were outstanding, assuming the exchange on a one-for-one basis of all Exchangeable Shares of Dreco Energy Services Ltd. into shares of National-Oilwell, Inc. common stock.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

NATIONAL-OILWELL, INC.
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	March 31, 2002	December 31, 2001
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 28,521	$ 43,220
Receivables, less allowance of $9,855 and $9,094	382,418	382,153
Inventories	450,540	455,934
Deferred income taxes	16,825	16,825
Prepaids and other current assets	14,473	10,434
	892,777	908,566
Property, plant and equipment, net	167,225	168,951
Deferred income taxes	16,308	16,663
Goodwill	362,065	352,094
Property held for sale	9,109	12,144
Other assets	12,903	13,278
	$ 1,460,387	$ 1,471,696
LIABILITIES AND OWNERS' EQUITY		
Current liabilities:		
Current portion of		

long-term
debt 25,130
10,213
Accounts
payable
143,227
161,277
Customer
prepayments
12,140 9,843
Accrued
compensation
6,396 23,661
Other
accrued
liabilities
55,864
72,315 -----
------ -----

242,757
277,309
Long-term
debt 300,000
300,000
Deferred
income taxes
22,397
20,380 Other
liabilities
8,317 6,467

573,471
604,156
Commitments
and
contingencies
Stockholders'
equity:
Common stock
- par value
$.01;
80,967,003
shares and
80,902,882
shares
issued and
outstanding
at March 31,
2002 and
December 31,
2001 810 809
Additional
paid-in
capital
593,147
592,507
Accumulated
other
comprehensive
income
(37,323)
(34,873)
Retained
earnings
330,282
309,097 ----
------- ----

886,916
867,540 ----
------- ----
-------- $
1,460,387 $
1,471,696
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The accompanying notes are an integral part of these statements.

NATIONAL-OILWELL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(IN THOUSANDS, EXCEPT SHARE DATA)

	Three Months Ended March 31, 2002	2001
Revenues	$ 388,986	$ 360,272
Cost of revenues	295,941	269,099
Gross profit	93,045	91,173
Selling, general and administrative	55,329	54,944
Operating income	37,716	36,229
Other income (expense):		
Interest and financial costs	(6,063)	(5,327)
Interest income	237	527
Other	1,212	3,211
Income before income taxes	33,102	34,640
Provision for income taxes	11,917	13,162
Net income	$ 21,185	$ 21,478
Net income per share:		
Basic	$ 0.26	$ 0.27
Diluted	$ 0.26	$ 0.26
Weighted average shares outstanding:		
Basic	80,920	80,616
Diluted	81,585	81,977

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The accompanying notes are an integral part of these statements.

NATIONAL-OILWELL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN THOUSANDS, EXCEPT SHARE DATA)

Three Months Ended March 31, -------- ------------------ -- 2002 2001 ----- ----- ---------- Cash flow from operating activities: Net income $ 21,185 $ 21,478 Adjustments to reconcile net income to net cash used by operating activities: Depreciation and amortization 6,333 9,469 Provision for losses on receivables 1,030 635 Provision for deferred income taxes 353 55 Gain on sale of assets (600) (805) Foreign currency transaction gain (604) (826) Changes in assets and liabilities, net of acquisitions: Receivables 1,244 (25,049) Inventories 8,998 (40,869) Prepaid and other current assets (4,029) (2,784) Accounts payable (16,496) 29,631 Other assets/liabilities, net (29,617) (20,796) --------- - ---------- Net cash used by operating activities (12,203) (29,861) ---------- ------- --- Cash flow from investing activities: Purchases of property, plant and equipment (4,409) (6,881) Proceeds from sale of assets 1,718 2,021 Businesses acquired, net of cash (15,432) (26,701) --------- - ---------- Net cash used by investing activities (18,123) (31,561) ---------- ------- --- Cash flow from financing activities: Borrowings (payments) on line of credit 14,953 (68,217) Proceeds from stock options exercised 641 5,726 Net proceeds from issuance of long-term debt -- 146,631 -------------------- Net cash provided by financing activities 15,594 84,140 -------------------- Effect of exchange rate gain (loss) on cash 33 (1,009) -------------------- Increase (decrease) in cash and equivalents (14,699) 21,709 Cash and cash equivalents, beginning of period 43,220 42,459 -------------------- Cash and cash equivalents, end of period $ 28,521 $ 64,168 ========== ========== Supplemental disclosures of cash flow information: Cash payments during the period for: Interest $ 10,476 $ 6,726 Income taxes $ 14,886 $ 2,387

The accompanying notes are an integral part of these statements.

NATIONAL-OILWELL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. BASIS OF PRESENTATION

Information concerning common stock and per share data assumes the exchange of all Exchangeable Shares issued in connection with the combination with Dreco Energy Services Ltd. effective September 25, 1997. Each Exchangeable Share is intended to have substantially identical economic and legal rights as, and are expected to be exchanged during 2002 on a one-for-one basis for, a share of National Oilwell common stock. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported and contingent amounts of assets and liabilities as of the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The accompanying unaudited consolidated financial statements present information in accordance with accounting principles generally accepted in the United States for interim financial information and the instructions to Form 10-Q and applicable rules of Regulation S-X. They do not include all information or footnotes required by accounting principles generally accepted in the United States for complete financial statements and should be read in conjunction with our 2001 Annual Report on Form 10-K.

In our opinion, the consolidated financial statements include all adjustments, all of which are of a normal, recurring nature, necessary for a fair presentation of the results for the interim periods. The results of operations for the three months ended March 31, 2002 and 2001 may not be indicative of results for the full year.

2. ACQUISITIONS

On January 10, 2002, we completed the acquisition of the assets and business of HAL Oilfield Pump & Equipment Company ("Halco") for $15.4 million. This business, which designs, manufactures and distributes centrifugal pumps, pump packages and expendable parts, is complementary to our Mission pump product line. The acquisition was accounted for as a purchase with goodwill approximating $10.0 million.

We made nine acquisitions in 2001, ranging in value from $600,000 to a high of $16.5 million, for a total cash outlay of $51.5 million. All of these acquisitions were accounted for under the purchase method of accounting and generated approximately $30 million in goodwill. Two of the larger acquisitions, Integrated Power Systems and Maritime Hydraulics (Canada) Ltd., were acquired in early January 2001 and their financial results were included in our consolidated financial results for substantially the entire year. Pro-forma information related to acquisitions has not been provided as such amounts are not material individually or in the aggregate.

3. INVENTORIES

Inventories consist of (in thousands):

	March 31, 2002	December 31, 2001
Raw materials and supplies	$ 35,927	$ 39,272
Work in process	105,260	101,376
Finished goods and purchased products	309,353	315,286
Total	$	

450,540 $
455,934
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4. COMPREHENSIVE INCOME

The components of comprehensive income are as follows (in thousands):

	Quarter Ended March 31,	
	2002	2001
Net income	$ 21,185	$ 21,478
Currency translation adjustments	(2,450)	(10,192)
Unrealized losses on securities	--	(1,448)
Comprehensive income	$ 18,735	$ 9,838

5. BUSINESS SEGMENTS

Segment information (unaudited) follows (in thousands):

	Quarter Ended March 31,	
	2002	2001
Revenues from unaffiliated customers		
Products and Technology	$ 222,019	$ 196,558
Distribution Services	166,967	163,714
	388,986	360,272
Intersegment revenues		
Products and Technology	19,253	24,684
Distribution Services	562	395
	19,815	25,079

Operating income (loss)		
Products and Technology	35,450	32,109
Distribution Services	4,568	6,399
Total profit for reportable segments	40,018	38,508
Unallocated corporate costs	(2,302)	(2,279)
Operating income	37,716	36,229
Net interest expense	(5,826)	(4,800)
Other income (expense)	1,212	3,211
Income before income taxes	$ 33,102	$ 34,640
Total assets		
Products and Technology	$1,210,795	$1,142,388
Distribution Services	251,045	241,903

6. LONG-TERM DEBT

Long-term debt consists of (in thousands):

	March 31, 2002	December 31, 2001
Revolving credit facilities	$ 25,130	$ 10,213
6-7/8% senior notes	150,000	150,000
6-1/2% senior notes	150,000	150,000
	325,130	310,213
Less current portion	25,130	10,213
	$ 300,000	$ 300,000

In 1997, we entered into a five-year unsecured $125 million revolving credit facility that expires in September 2002. The credit facility is available for acquisitions and general corporate purposes and provides up to $50 million for letters of credit, of which $20.9 million and $20.7 million were outstanding at March 31, 2002 and December 31, 2001, respectively. The credit facility provides for interest at prime or LIBOR plus 0.5% (4.75% and 2.50% at March 31, 2002) subject to adjustment based on National Oilwell's Capitalization Ratio, as defined. Current portion of long-term debt increased $14.9 million during the quarter ending March 31, 2002 primarily due to the acquisition of Halco. We have entered negotiations to secure a revolving credit facility of a similar size prior to the expiration of the current facility.

The senior notes contain reporting covenants and the credit facility contains financial covenants and ratios regarding minimum tangible net worth, maximum debt to capital and minimum interest coverage. At March 31, 2002 and December 31, 2001, the Company was in compliance with all covenants governing these facilities.

We also have additional credit facilities totaling $50.4 million used primarily for letters of credit, of which $3.1 million were outstanding at March 31, 2002.

7. RECENTLY ISSUED ACCOUNTING STANDARDS

On January 1, 2002, we adopted Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets ("SFAS No. 142"). Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with SFAS No. 142. Other intangible assets will continue to be amortized over their useful lives. During the second quarter of 2002, we will complete the first of the required impairment tests of goodwill and indefinite lived assets as of December 31, 2001. We do not believe the adoption of this provision of the new rules will have a material impact on the consolidated financial statements. The following information provides net income for the three-month period ended March 31, 2001 adjusted to exclude amortization expense recognized in this period related to goodwill (in thousands):

Reported net income	$ 21,478
Add back: Goodwill amortization, net of tax	2,691
Adjusted net income	$ 24,169
Adjusted net income per share:	
Basic	$ 0.30
Diluted	$ 0.29
Weighted average shares outstanding:	
Basic	80,616
Diluted	81,977

In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This statement supercedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of , and the accounting and reporting provisions of Accounting Principles Board Opinion ("APB") No. 30, Reporting the Results of Extraordinary, Unusual, and Infrequently Occurring Events and Transactions. This statement retains the fundamental provisions of SFAS No. 121 and the basic requirements of APB No. 30; however, it establishes a single accounting model to be used for long-lived assets to be disposed of by sale and it expands the presentation of discontinued operations to include more disposal transactions. The provisions of this statement are effective for financial statements issued for fiscal years beginning after December 15, 2001. Adoption of this statement did not have a material impact on our financial position or results of operations.

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

INTRODUCTION

National Oilwell is a worldwide leader in the design, manufacture and sale of drilling systems, drilling equipment and downhole products as well as the distribution to the oil and gas industry of maintenance, repair and operating products. Our revenues are directly related to the level of worldwide oil and gas drilling and production activities and the profitability and cash flow of oil and gas companies and drilling contractors, which in turn are affected by current and anticipated prices of oil and gas. Oil and gas prices have been volatile over the last ten years, ranging from $10 - $40 per barrel. Oil prices were low in 1998, generally ranging from $11 to $16 per barrel. In 1999, oil prices recovered to more normal historical levels, and were generally in the $25-$30 per barrel range during 2000. Prices once again declined in the second half of 2001, generally ranging between $18 and $22. During 2002, oil prices have increased and are generally around $25 per barrel. Spot gas prices have also been volatile over the last ten years, ranging from less than $1.00 per mmbtu to above $10.00. Gas prices were moderate in 1998 and 1999, generally ranging from $1.80 to $2.50 per mmbtu. Gas prices strengthened throughout 2000, generally ranging from $4-$8 per mmbtu. In the second half of 2001, gas prices were under pressure again, and generally ranged from $2.20 to $3.00 per mmbtu. Gas prices have increased in 2002 and are generally around $3.50 per mmbtu. We expect our revenues to increase if our customers gain confidence in sustained commodity prices at current levels and as their cash flows from operations improve.

We conduct our operations through the following segments:

Products and Technology

The Products and Technology segment designs and manufactures a large line of proprietary products, including drawworks, mud pumps, top drives, automated pipe handling, electrical control systems, as well as complete land drilling and well servicing rigs, and structural components such as cranes, masts, derricks and substructures for offshore rigs. A substantial installed base of these products results in a recurring replacement parts and maintenance business. Sales of new capital equipment can result in large fluctuations in volume between periods depending on the size and timing of the shipment of orders. In addition, the segment provides drilling motors and downhole tools, as well as drilling pump expendable products for maintenance of National Oilwell's and other manufacturers' equipment.

Distribution Services

Distribution Services revenues result primarily from the sale of maintenance, repair and operating supplies ("MRO") from our network of approximately 150 distribution service centers worldwide. These products are purchased from numerous manufacturers and vendors, including our Products and Technology segment.

RESULTS OF OPERATIONS

Operating results by segment are as follows (in thousands):

	Quarter Ended March 31,	
	2002	2001
Revenues		
Products and Technology	$ 241,272	$ 221,242
Distribution Services	167,529	164,109
Eliminations	(19,815)	(25,079)
Total	$ 388,986	$ 360,272
Operating Income		
Products and Technology	$ 35,450	$ 32,109
Distribution Services	4,568	6,399
Corporate	(2,302)	(2,279)
Total	$ 37,716	$ 36,229

Products and Technology

Revenues for the Products and Technology segment increased by $20 million (9%) in the first quarter of 2002 as compared to the same quarter in 2001 due to increased capital equipment sales of approximately $40 million. Sales of drilling spare parts were flat compared to the same quarter in the prior year while sales of purchased rig components and expendable pumps and related parts decreased $9 million. Lower drilling activity in the Western Hemisphere markets impacted the downhole motors and tools business as revenues declined approximately $13 million in the first quarter of 2002 as compared to the same quarter in 2001. Operating income increased by $3 million in the first quarter of 2002 compared to the same quarter in 2001 due primarily to the exclusion of goodwill amortization ($2.6 million in the first quarter of 2001), as required by the new accounting standard (SFAS No. 142). Incremental margin resulting from the revenue increase was offset by increases in selling expenses, agent commissions and certain fixed costs.

Backlog of the Products and Technology capital products was $300 million at March 31, 2002 compared to $385 million at December 31, 2001 and $382 million at March 31, 2001. Approximately 2/3 of the product in current backlog will be delivered during 2002.

Distribution Services

Distribution Services revenues increased $3 million, or 2%, during the first quarter of 2002 over the comparable 2001 period. International activity was the key contributor to this increase as the United States and Canada revenues were impacted by the 30% reduction in North American activity levels, falling 13% and 10% respectively from the same quarter in 2001. Revenues from the sale of parts manufactured by the Products & Technology segment were up 26% while the maintenance, repair and operating supplies revenues reflected a 1% decline from the first quarter of 2001. Operating income in the first quarter of 2002 of $4.6 million was $1.8 million lower than the first quarter of 2001, as margin from the higher revenue volume was offset by significant infrastructure growth and ongoing e-commerce initiatives previously managed at the corporate level. This infrastructure allows us to maintain our geographic coverage, retain key employees and provide customer service in anticipation of an increase in market opportunities later this year. Excluding goodwill amortization, as required under the new accounting standard (SFAS No. 142), operating income in the first quarter of 2001 would have increased $0.2 million to $6.6 million.

Corporate

Corporate charges represent the unallocated portion of centralized and executive management costs. These costs remained virtually flat during the quarter ending March 31, 2002 when compared to the same quarter in the prior year.

Interest Expense

Interest expense increased during the three months ended March 31, 2002 as compared to the prior year due to higher levels of debt, as the March 15, 2001 issuance of the $150 million in senior notes were outstanding for the entire period. Funding for recent acquisitions and working capital requirements are the primary drivers of this increase in debt.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2002 we had working capital of $650 million, an increase of $19 million from December 31, 2001 primarily due to income from operations. Accounts receivable and inventory remained fairly level and the current portion of long-term debt increase virtually offset 2001 income tax payments that are reflected in the reduction of other accrued liabilities. Cash and equivalents decreased $15 million primarily due to the payment of the 2001 company-wide incentive plan and the acquisition of Halco, with a reduction in accounts payable accounting for the remainder of the change in working capital.

Total capital expenditures were $4 million during the first three months of 2002 compared to $7 million in the first three months of the prior year. Additions to the downhole rental tool fleet and enhancements to information management systems represent the majority of these capital expenditures. We believe we have sufficient existing manufacturing capacity to meet currently anticipated demand through 2002 for our products and services.

In 1997, we entered into a five-year unsecured $125 million revolving credit facility that expires in September 2002. The credit facility is available for acquisitions and general corporate purposes and provides up to $50 million for letters of credit, of which $20.9 million and $20.7 million were outstanding at March 31, 2002 and December 31, 2001, respectively. The credit facility provides for interest at prime or LIBOR plus 0.5% (4.75% and 2.50% at March 31, 2002) subject to adjustment based on National Oilwell's Capitalization Ratio, as defined. Current portion of long-term debt increased $14.9 million during the quarter ending March 31, 2002 due to the classification of all of our revolving credit facility as a current liability. We have entered negotiations to secure a revolving credit facility of a similar size prior to the expiration of the current facility.

The senior notes contain reporting covenants and the credit facility contains financial covenants and ratios regarding minimum tangible net worth, maximum debt to capital and minimum interest coverage. At March 31, 2002 and December 31, 2001, the Company was in compliance with all covenants governing these facilities.

We also have additional credit facilities totaling $50.4 million used primarily for letters of credit, of which $3.1 million were outstanding at March 31, 2002.

We believe cash generated from operations and amounts available under the credit facility and from other sources of debt will be sufficient to fund operations, working capital needs, capital expenditure requirements and financing obligations. We also believe any significant increase in capital expenditures caused by any need to increase manufacturing capacity can be funded from operations or through debt financing.

We have not entered into any transactions, arrangements, or relationships with unconsolidated entities or other persons which would materially affect liquidity, or the availability of or requirements for capital resources.

We intend to pursue additional acquisition candidates, but the timing, size or success of any acquisition effort and the related potential capital commitments cannot be predicted. We expect to fund future cash acquisitions primarily with cash flow from operations and borrowings, including the unborrowed portion of the credit facility or new debt issuances, but may also issue additional equity either directly or in connection with acquisitions. There can be no assurance that additional financing for acquisitions will be available at terms acceptable to us.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of our financial statements requires us to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Our estimation process generally relates to potential bad debts, obsolete and slow moving inventory, value of intangible assets, and deferred income tax accounting. Our estimates are based on historical experience and on our future expectations that we believe to be reasonable under the circumstances. The combination of these factors result in the amounts shown as carrying values of assets and liabilities in the financial statements and accompanying notes. Actual results could differ from our current estimates and those differences may be material.

We believe the following accounting policies are the most critical in the preparation of our consolidated financial statements:

We maintain an allowance for doubtful accounts for accounts receivables by providing for specifically identified accounts where collectibility is doubtful and a general allowance based on the aging of the receivables compared to past experience and current trends. A majority of our revenues come from drilling contractors, independent oil companies, international oil companies and government-owned or government-controlled oil companies, and we have receivables, some denominated in local currency, in many foreign countries. If, due to changes in worldwide oil and gas drilling activity or changes in economic conditions in certain foreign countries, our customers were unable to repay these receivables, additional allowances would be required.

Reserves for inventory obsolescence are determined based on our historical usage of inventory on-hand as well as our future expectations related to our substantial installed base and the development of new products. The amount reserved is the recorded cost of the inventory minus its estimated realizable value. Changes in worldwide oil and gas drilling activity and the development of new technologies associated with the drilling industry could require additional allowances to reduce the value of inventory to the lower of its cost or net realizable value.

Business acquisitions are accounted for using the purchase method of accounting. The cost of the acquired company is allocated to identifiable tangible and intangible assets based on estimated fair value, with the excess allocated to goodwill. The determination of impairment on long-lived assets, including goodwill, is conducted as indicators of impairment are present. If such indicators were present, the determination of the amount of impairment would be based on our judgments as to the future operating cash flows to be generated from these assets throughout their estimated useful lives. Our industry is highly cyclical and our estimates of the period over which future cash flows will be generated, as well as the predictability of these cash flows, can have a significant impact on the carrying value of these assets. In periods of prolonged down cycles, impairment charges may result.

Our net deferred tax assets and liabilities are recorded at the amount that is more likely than not to be realized or paid. Should we determine that we would not be able to realize all or part of the net deferred tax asset in the future, an adjustment to the deferred tax assets would be charged to income in the period of such determination.

RECENTLY ISSUED ACCOUNTING STANDARDS

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Weighted average shares outstanding:	
Basic	80,616
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In August 2001, the FASB issued SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets. This statement supercedes SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of , and the accounting and reporting provisions of Accounting Principles Board Opinion ("APB") No. 30, Reporting the Results of Extraordinary, Unusual, and Infrequently Occurring Events and Transactions. This statement retains the fundamental provisions of SFAS No. 121 and the basic requirements of APB No. 30; however, it establishes a single accounting model to be used for long-lived assets to be disposed of by sale and it expands the presentation of discontinued operations to include more disposal transactions. The provisions of this statement are effective for financial statements issued for fiscal years beginning after December 15, 2001. Adoption of this statement did not have a material impact on our financial position or results of operations.

FORWARD-LOOKING STATEMENTS

This document, other than historical financial information, contains forward-looking statements that involve risks and uncertainties. Such statements relate to our revenues, sales of capital equipment, backlog, capacity, liquidity and capital resources and plans for acquisitions and any related financings. Readers are referred to documents filed by us with the Securities and Exchange Commission which identify significant risk factors which could cause actual results to differ from those contained in the forward-looking statements, including "Risk Factors" at Item 1 of the Annual Report on Form 10-K. Given these uncertainties, current or prospective investors are cautioned not to place undue reliance on any such forward-looking statements. We disclaim any obligation or intent to update any such factors or forward-looking statements to reflect future events or developments.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

The Company has not filed any report on Form 8-K during the quarter for which this report is filed.

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.

Date: May 10, 2002

/ s / Steven W. Krablin
Steven W. Krablin
Principal Financial and Accounting Officer
and Duly Authorized Signatory