

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-K

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

For the Fiscal year Ended December 31, 2002

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

For the Transition Period From _____ to _____

COMMISSION FILE NUMBER 000-25939

THE KELLER MANUFACTURING COMPANY, INC.

(Exact name of registrant as specified in its charter)

INDIANA
(State or other jurisdiction of
incorporation or organization)

35-0435090
(I.R.S. Employer
identification No.)

701 N. WATER ST.
CORYDON, INDIANA
(Address of principal executive offices)

47112
(Zip Code)

Registrant's telephone number, including area code 812-738-2222

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: Common Stock – No Par Value

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** filing requirements for the past 90 days.

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K

The aggregate market value of common stock, (the only class of equity outstanding), held by non-affiliates of the Registrant based on the closing price of the common shares of \$2.20 as of February 28, 2003 was approximately \$11,664,028.
The number of shares outstanding of the registrant's common stock as of February 28, 2003 was 5,301,831.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the 2002 Annual Report to Shareholders are incorporated by reference into Parts I, II and IV. Portions of the definitive Proxy Statement dated March 25, 2003 to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held April 25, 2003 are incorporated by reference into Part III.

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PART I

Certain Items of this Annual Report or Form 10-K (the "Report") contain certain statements that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of and Section 21E of the Securities Exchange Act of 1934, as amended. Those statements appear in a number of places in this Report and may include statements regarding the intent, belief or current expectations of the Company or its officers with respect to (i) the Company's strategic plans, (ii) the policies of the Company regarding capital expenditures, financing and other matters, and (iii) industry trends affecting the Company's financial condition or results of operations. Readers of this Report are cautioned that reliance on any forward-looking statement involves risks and uncertainties. Although The Keller Manufacturing Company, Inc. (the "Company") believes that the assumptions on which the forward-looking statements contained herein are based are reasonable, any of those assumptions could prove to be inaccurate given the inherent uncertainties as to the occurrence or nonoccurrence of future events. There can be no assurance that the forward looking statements contained in this Report will prove to be accurate. The inclusion of a forward-looking statement herein should not be regarded as a representation by the Company that the Company's objectives will be achieved.

Item 1. Business

General Development of Business

The Company history dates back to 1866 when the "Keller Store" in Corydon, Indiana was established. From that time, the operation entered into various businesses, including running an electrical light plant, manufacturing spokes for farm wagons, operation in a hub-mill, farm wagon production, building barns, producing wooden porch furniture, wooden truck bodies and refrigerator boxes, as well as making end tables, magazine racks, chair parts – and by 1933, a drop leaf table. The Company was incorporated in 1906 under the laws of the State of Indiana.

Over 300,000 wagons were built from 1901-1912. In 1942, however, the invention of the farm tractor made the Keller wagon obsolete thereby causing the Company to end its wagon production. In late 1943, the Company developed household furniture, including breakfast room suites and dinettes. In the early 1960's, The Company introduced its first bedroom group. A new plant was built at Culpeper, Virginia in 1965 and a third plant was built in 1973 at New Salisbury, Indiana. In 1979, the Company leased four trucks and trailers to deliver furniture directly to their furniture dealers. In 1996, the Company formed Keller Dedicated Trucking, Inc. ("Keller Trucking"), a wholly owned subsidiary of the Company. Its primary function is to provide delivery services for the Company. Keller Trucking also transfers materials between plants, provides delivery for some purchased merchandise and provides backhaul services for other companies when available. Keller Trucking currently operates with 22 trucks delivering approximately 80% of the Company's finished products

With the continued economic downturn, which started for Keller in November 2000, it was announced on September 16, 2002 to discontinue operations at the Culpeper, Virginia facility as of November 22, 2002. This decision was part of a comprehensive plan to consolidate production into the two Indiana facilities. Future growth of the Company will come from an expansion of our New Salisbury facility.

Narrative Description of Business

The Company designs and manufactures various styles of solid wood dining room, bedroom, and occasional furniture. The Company manufactures ten different product lines: seven made of oak, two lines made of cherry, and one line made of sycamore. The dining room furniture consists of tables, chairs, chinas and servers. The bedroom products consist of beds, dressers, chests, nightstands and mirrors. The primary items manufactured for occasional are cocktail tables, end tables, sofa tables, and small entertainment units. Some units from bedroom furniture are also used as entertainment units.

Certain production facilities manufacture specific product lines in response to customer orders. Lumber is kiln dried at each facility.

In October 2001, The Company introduced its American Restoration collection at the High Point Market. Arts and Crafts style inspired the collection. The elements present in the group include exposed dovetail joints, walnut plug joinery, trellis grill work, exclusively designed hardware and straw glass which give it an authentic look but today's modern consumer appeal. American Restoration Dining began shipping in November 2001, and the balance of the collection began shipping during the first quarter 2002.

Another collection, Transitions, introduced in October 2000 began shipping in March 2001. The collection generated approximately \$6.9 million in orders in 2001. The PGA Tour Home Collection was discontinued.

Two new groups were introduced during 2002. Synergy, a solid sycamore collection blending the classic with "what's new", was introduced at the April High Point Market. The market's orders totaled approximately \$1.0 million and we began shipping in August 2002. NT/ New Traditions, a solid cherry group which was introduced at the October High Point Market, offers the traditional yet modern look with unique elements that include marble and wrought iron. The collection generated approximately \$0.9 million in orders. Shipping will begin in the Spring of 2003.

The Company's products are sold primarily in the middle to upper price range. The 2002 breakdown of sales per category represents a planned shift of emphasis to the Company becoming a complete resource for retailers in Dining, Bedroom, and Occasional. Net sales of Bedroom accounted for approximately 49.6% of total volume in 2002, compared to approximately 49.6% in 2001. Dining sales were approximately 45.6% of total volume in 2002, compared to approximately 44.4% in 2001, and Occasional approximately 4.8% of total volume in 2002, compared to approximately 6.0% in 2001. The retail price range of Keller products in Bedroom are \$1,999 - \$4,999, Dining \$1,499 - \$4,999, and Occasional \$899 - \$1,999.

The Company sells its products nationwide through a sales force, with approximately 85% of the sales force being company employees and approximately 15% independent representatives. The Company sells to approximately 1,500 national, regional and local furniture chains, independent furniture retailers and warehouse showrooms. The Company shows and promotes its product at the International Home Furnishings Center in High Point, North Carolina where it leases a 7,000 sq. ft. showroom. The Company uses a pre-established fund to advertise and promote the Company's products, such as TV commercials and CD ROMs made available to retailers.

Raw Materials

The Company purchases lumber from approximately 50 suppliers with no single supplier representing over 10% of purchases. There has been no difficulty experienced in obtaining lumber. There are three primary grades of hardwood: #1, #2 and #3. #1 is the highest quality with the least defects while #3 has the greatest number of defects. The Company purchases #2 grade lumber, cuts out any defects and uses this refined #2 in its manufacturing process. This practice allows the Company to manufacture furniture of comparable quality to furniture made from #1 grade lumber but on a more cost efficient basis. The cost of lumber declined during 2002 from an average cost of \$424 per 1,000 feet in 2001 to \$414 per 1,000 feet in 2002. The purchase of lumber during the year depends on the Company's orders received from our customers.

Patents, Trademarks, Licenses or Franchises

The Company currently holds no patents or franchises. The Company Logo was changed in 2000 to "KELLER FURNITURE", replacing the old Company Logo after approximately forty years. The new Logo is not considered to provide any financial benefit to the Company. The Logo was changed for trade and consumer purposes only.

Seasonal Effects

In previous years the Company has experienced some seasonal effects on sales. The slowest period for sales has traditionally been the second quarter. However, in 2000 and 1999 the slowest period for sales was the fourth quarter. And while the third quarter has traditionally been the strongest quarter for sales, in 2000 and 1999 the first quarter was the strongest. This was due in part to the orders taken on new introductions in 3rd and 4th quarters and shipped in the first quarter of 2000 and 1999. The economy and consumer confidence had a large effect on 2001 and 2002. Orders for 2002 were down all four quarters with an overall decline of approximately 18.8% compared to orders written in 2001.

Working Capital

The furniture manufacturing industry has no standard guideline for carrying working capital and the Company does not require its retailers to maintain minimum working capital. The Company meets dealer demand by scheduling cut packages based on current and estimated sales mixes with high volume dealers receiving priority on quick shipment of merchandise.

The Company offers extended payment terms to customers for damaged items that are repairable. Each retailer is provided a list of items that are deemed replaceable and will be given an allowance for shop time to repair. Usually, any defect to merchandise that would require larger than a 25% discount will be returned to the Company. Since the Company has its own trucking subsidiary, it is better equipped than the industry in general to receive returned merchandise on a cost-effective basis. Due to the high shipping costs by outside sources, most of the industry offers discounts for dealers to keep defective merchandise.

Customers

The Company's twenty largest customers accounted for approximately 46.2% of its net sales in 2002. The Company's largest customer, Haverty's, accounted for approximately 10.0% of the Company's net sales in 2002. The loss of Haverty's Furniture or another large customer could have a material adverse effect on the Company.

Backlog

Backlog orders believed to be firm as of December 31, 2002 were approximately \$3.3 million. Currently, all orders placed with the Company will be filled and shipped as ordered within four weeks. The Company does, however, allow modification or cancellations of orders up to the time the product is loaded for shipment. A cancellation at such a late stage is subject to a monetary penalty and occurs only infrequently.

Competition

As the Company continues to expand its product line, it becomes more difficult to identify a specific competitive market. The Company currently manufactures and competes in lines of bedroom, dining room and occasional furniture, and sells to retailers nationwide. The Company's products fall in the middle to upper-middle price line. The Company's direct competitors include Kincaid Furniture Co. ("Kincaid"), Cochrane Furniture ("Cochrane"), Sumter Cabinet co. ("Sumter"), Mobel, Inc. ("Mobel"), Durham Furniture, Inc. ("Durham"), Richardson Brothers Co. ("Richardson Brothers") and Kimball Furniture ("Kimball"). Kincaid is considered the Company's most direct competitor, and its dining, bedroom and occasional groups are the strongest competing products against the Company's product lines. Cochrane and Sumter are the next most competitive companies. They both compete in the dining and bedroom categories. Cochrane is strongest in dining room lines and Sumter is strongest in the bedroom lines. Both Mobel and Durham compete directly with the Company in bedroom lines. Richardson Brothers and Kimball both offer lines in dining room and bedroom categories but don't offer the number of products within these groups as the aforementioned direct competitors. The competition in the furniture industry is now a global arena. Imports from China, Taiwan, Vietnam, as well as other countries make up 40% of the sales of wood furniture in the United States. Keller now must consider several of these import companies direct competitors even though they are not "solid wood". Some of these

companies that are now in competition with Keller for floor space are A-America, Aico, Legacy, and Rivers Edge.

Keller is focused on differentiating our products from our competitors by educating the retail floor sales people and the end consumer on the advantages of: (1) Solid Wood; (2) Made In America; (3) Quality Construction/Protective Finish; (4) Reliable Delivery, and; (5) Keller History and Longevity.

The Company has several attributes, which it believes, when combined, afford it a competitive advantage. The Company specializes in dining room and bedroom furniture made of solid wood. Solid wood furniture is considered higher quality than furniture made from composite materials. This is a valuable marketing tool in selling to consumers. Moreover, the Company applies a protective finish to its products, which is more durable than that of most of its competitors. The Company's products are priced competitively for high quality furniture and the range of retail prices available for various product lines makes its products available to a wide range of customers.

The Company also believes it is positioned to effectively compete based on customer service. The Company's product line may currently be made available for delivery to a customer in four weeks. Products are cut based on demand, which also improves the average delivery time. Moreover, the Company manufactures most of its own parts and dries all of its own lumber. All bending for chairs, headrests and bows are also processed internally. Finally, Keller Trucking delivers 80% of the Company's merchandise which is shipped. This allows the furniture to be delivered faster and at a lower cost than using outside resources. These factors allow the Company to produce quality furniture at competitive prices.

Environmental Matters

Pursuant to an Agreed Order with the Indiana Department of Environmental Management, the Company has procedural and record keeping improvements have been put in place to prevent air quality violations. Conditions of the Agreed Order consisted of completion of a Supplemental Environmental Project (SEP). The SEP consists of installing filters on all existing spray booths at the Corydon Plant to more efficiently capture over spray from the spray finishing operation. The SEP was completed by May 23, 2002. Environment projects completed in 2001 include construction of a finish material storage structure at the Culpeper plant, which was closed November 22, 2002, and installation of improved monitoring equipment on the New Salisbury sewage treatment plant.

As of 2002, Keller Manufacturing Company is in complete compliance with all environmental regulations at both the Indiana and Virginia plants. There are no outstanding issues in air, waste, storm water, or waste water compliance at any of the plants. There were no issues related to the shutdown or closure of the Culpeper plant.

Employees

The Company employed 395 individuals as of December 31, 2002, in comparison to 530 last December 31. The reduced employment level was due to the plant closing in Culpeper, Virginia as of November 22, 2002. Of the 395 employees, 307 are hourly employees, 60 salaried employees, 21 salesmen and 7 executive officers.

Item 2. Properties

The following table sets forth certain information concerning the Company's manufacturing facilities: All manufacturing facilities and properties listed below are owned by the Company.

<u>Location</u>	<u>Description</u>	<u>Approximate Size</u>	
		<u>In Sq. Ft.</u>	<u>Acres</u>
Corydon, Indiana	Corporate Office and Manufacturing	236,681	63.07
New Salisbury, Indiana	Manufacturing	203,004	91.39
Culpeper, Virginia	Manufacturing	185,660	60.18

The Corydon, Indiana plant is the original facility that the Company has operated since its incorporation in 1906. In 1966, the Culpeper, Virginia plant was built, and its twin plant in New Salisbury, Indiana was built in 1974. In 2000, the Company increased the shipping capacity by 18,000 Sq. Ft. at our New Salisbury plant. On November 22, 2002, the Culpeper plant was closed.

Item 3. Legal Proceedings

The Company is involved in routine litigation incidental to the conduct of its business. The Company believes that the outcome of these routine matters will not have a material adverse effect on its business, operations or financial condition.

Item 4. Submission of Matters to a vote of Security Holders

No matters were submitted to a vote of security holders of the Company during the fourth quarter of 2002.

Part II

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

The information set forth on page 9 of the 2002 Annual Report to Shareholders is incorporated herein by reference as filed herewith as Exhibit 13.01.

Item 6. Selected Financial Data

The information set forth on Page 1 of the 2002 Annual Report to Shareholders is incorporated herein by reference and is filed herewith as Exhibit 13.01.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information set forth on pages 2-9 of the 2002 Annual Report to Shareholders is incorporated herein by reference as filed herewith as Exhibit 13.01.

Item 8. Financial Statements and Supplementary Data

The following financial statements for the Company and independent auditors report set forth on pages 10-25 of the 2002 Annual Report to Shareholders is incorporated herein by reference and is filed herewith as Exhibit 13.01.

- ?? Independent Auditor's Report
- ?? Consolidated Balance Sheets as of December 31, 2002 and 2001
- ?? Consolidated Statements of Operations for the three years ended December 31, 2002
- ?? Consolidated Statements of changes in Stockholders' Equity for the three years ended December 31, 2002
- ?? Consolidated Statements of Cash Flows for the three years ended December 31, 2002
- ?? Notes to Consolidated Financial Statements

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no disagreements with the Company's independent auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure or any reportable events.

PART III

Item 10. Election of Directors, Directors Not Up for Re-Election, and Other Executive Officers

Information with respect to Directors may be found under the caption “Election of Directors” on pages 3-5 of the Company’s Proxy Statement dated March 25, 2003, for the Annual Meeting of Shareholders to be held on April 25, 2003 (the “Proxy Statement”). Such information is incorporated herein by reference.

Item 11. Executive Compensation

The information in the Proxy Statement set forth under the caption “Executive Compensation” on page 5 is incorporated herein by reference.

Item 12. Security Ownership of Common Shares

The information set forth in the Proxy Statement under the caption “Security Ownership of Certain Beneficial Owners and Management” on pages 1 and 2 are incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The Company had approximately \$90,000 payable to a board member for consulting services.

Item 14. Controls And Procedures

(a) Disclosure controls and procedures. Within 90 days before filing this report, we evaluated the effectiveness of the design and operation of our disclosure controls. Our disclosure controls and procedures are the controls and other procedures that we designed to ensure that we record, process, summarize and report in a timely manner the information we must disclose in reports that we file with or submit to the SEC. Steven W. Robertson, our Chief Executive Officer, and Danny Utz, our Treasurer and Chief Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Mr. Robertson and Mr. Utz concluded that, as of the date of their evaluation, our disclosure controls were effective.

(b) Internal controls. Since the date of the evaluation described above, there have not been any significant changes in our internal accounting controls or in other factors that could significantly affect those controls.

PART IV

Item 15. Exhibits, Financial Statement Schedules and Reports on Form 8-K

- (a) The following documents are filed as a part of this report.
- (1) The financial statements set forth under Item 8 of this report on Form 10-K are incorporated herein by reference.

Location in 10-K

Independent Auditor's Report	Item 8
Consolidated Balance Sheets as of December 31, 2002 and 2001	Item 8
Consolidated Statements of Operations for the three years ended December 31, 2002	Item 8
Consolidated Statements of Changes In Stockholders' Equity for the three years ended December 31, 2002	Item 8
Consolidated Statements of Cash Flows for the three years ended December 31, 2002	Item 8
Notes to Consolidated Financial Statements	Item 8

- (2) Financial Statement Schedule

Schedules for the years ended December 31, 2002, 2001, and 2000 are included herein.

II. VALUATION AND QUALIFYING ACCOUNTS

All other schedules are omitted, as the required information is inapplicable or the information is presented in the consolidated financial statements or the related notes.

- (3) Exhibits

See the Index to Exhibits on page 12 of this Form 10-K.

- (b) Reports on Form 8-K

No reports on Form 8-K were filed during fourth quarter of the Company's fiscal year.

Pursuant to the requirements of Section 13 or 15(d) 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.

THE KELLER MANUFACTURING COMPANY, INC.

By _____
Steven W. Robertson
President and Chief Executive Officer
March 28, 2003

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Steven W. Robertson
President, Chief Executive Officer and Director
March 28, 2003

Robert W. Byrd
Chairman and Director
March 28, 2003

Danny L. Utz
Vice President-Finance
(Principal Financial and Accounting Officer) and Director
March 28, 2003

Scott A. Armstrong
Director
March 28, 2003

Ronald W. Humin
Director
March 28, 2003

Philip L. Jacobs
Director
March 28, 2003

John C. Schenkenfelder
Director
March 28, 2003

Bradford T. Ray
Director
March 28, 2003

Larry M. Roy
Director
March 28, 2003

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
3.01	Restated Articles of Incorporation of the Company (Incorporated by reference to Exhibit 3.01 to the Company's Amendment No. 2 to its Registration Statement on Form 10 filed July 23, 1999, File No. 000-25939).
3.02	Articles of Amendment of the Restated Articles of Incorporation of the Company (Incorporated by reference to Exhibit 3.02 to the Company's Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).
3.03	Articles of Amendment of the Restated Articles of Incorporation of the Company (Incorporated by reference to Exhibit 3.03 to the Company's Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).
3.04	Bylaws of the Company (Incorporated by reference to Exhibit 3.04 to the Company's Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).
4.01	Form of Shareholders Rights Agreement, dated as of December 18, 1998, by and between the Company and J.J.B. Hilliard, W.L. Lyons, Inc. as Rights Agent (Incorporated by reference to Exhibit 4.01 to the Company's Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).
4.02	See Article IV of the Restated Articles of Incorporation of the Company found in Exhibit 3.01 (Incorporated by reference to Exhibit 4.02 to the Company's Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).
4.03	See Article II of the Bylaws of the Company found in Exhibit 3.04 (Incorporated by reference to Exhibit 4.03 to the Company's Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).
10.01	Form of "Lease of Space in International Home Furnishings Center" dated as of May 1, 1999, by and between the Company and International Home Furnishings Center, Inc. (Incorporated by reference to Exhibit 10.01 to the Company's Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).

- 10.03 Form of “Effective Management Systems, Inc. Software License, Professional Services and Support Purchase Agreement” dated as of July 6, 1998, by and between the Company and Effective Management Systems, Inc. (Incorporated by reference to Exhibit 10.03 to the Company’s Amendment No. 2 to its Registration Statement on Form 10, Filed July 23, 1999, File No. 000-25939).
- 10.05 Form of “Lease Agreement” by and between the Company and Trailer Leasing Company. (Incorporated by reference to Exhibit 10.05 to the Company’s Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).
- 10.06 Form of “Ryder Truck Rental, Inc. Truck Lease and Service Agreement” by and between the Company and Ryder Truck Rental, Inc. with accompanying schedules (Incorporated by reference to Exhibit 10.06 to the Company’s Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939)
- 10.07 Schedules to Exhibits 10.04 and 10.05. (Incorporated by reference to Exhibit 10.07 to the Company’s Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).
- 10.08 The Keller Manufacturing Company, Inc. Craftsman Stock Option Plan (Incorporated by reference to Exhibit 10.08 to the Company’s Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).
- 10.09 The Keller Manufacturing Company, Inc. Board of Directors’ Stock Bonus Awards Plan (Incorporated by reference to Exhibit 10.09 to the Company’s Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).
- 10.10 The Keller Manufacturing Company, Inc. Incentive Program for Executive Personnel (Incorporated by reference to Exhibit 10.10 to the Company’s Amendment No. 2 to its Registration Statement on Form 10, filed July 23, 1999, File No. 000-25939).
- 13.01 2002 Annual Report.
- 21.01 Subsidiaries of Company
- 22.01 Independent Auditors' Report
- 23.01 Consent of Deloitte & Touche LLP Independent Auditors

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS THE KELLER MAN
COMPANY, INC.

<u>DESCRIPTION</u>	Col. A <u>BALANCE AT BEGINNING OF PERIOD</u>	Col. B <u>CHARGED TO COSTS & EXPENSES</u>	Col. C <u>COLLECTION ON WRITTEN OFF ACCTS.</u>	Col. D <u>DEDUCTED (BAD WRIT</u>
YEAR ENDED DECEMBER 31, 2002				
Deducted from asset accts..... Allowance for doubtful accounts	\$287,625	\$291,727	\$ 3,605	\$16
YEAR ENDED DECEMBER 31, 2001				
Deducted from asset accts..... Allowance for doubtful accounts	\$221,128	\$110,000	\$ --	\$ 45
YEAR ENDED DECEMBER 31, 2000				
Deducted from asset accts..... Allowance for doubtful accounts	\$257,118	\$199,516	\$ --	\$23

EXHIBIT 21.01

**THE KELLER MANUFACTURING COMPANY, INC.
SUBSIDIARIES OF THE REGISTRANT**

<u>Name</u>	<u>State of Incorporation</u>	<u>Name Under Which Subsidiary Does Business</u>
Keller Dedicated Transportation Co.	Indiana	Keller Dedicated Transportation Co.

Exhibit 22.01

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of
The Keller Manufacturing Company, Inc.
Corydon, Indiana

We have audited the consolidated financial statements of The Keller Manufacturing Company, Inc. (the "Company") as of December 31, 2002 and 2001, and for each of the three years in the period ended December 31, 2002, and have issued our report thereon dated February 19, 2003; such financial statements and report are included in your 2002 Annual Report to Shareholders and are incorporated herein by reference. Our audits also included the financial statement schedule listed in Item 15 of this Registration Statement. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP
Louisville, Kentucky
March 28, 2003

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement #333-85767 of The Keller Manufacturing Company, Inc. on Form S-8 of our reports dated February 19, 2003, appearing in and incorporated by reference in the Annual Report on Form 10-K of The Keller Manufacturing Company, Inc. for the year ended December 31, 2002.

Louisville, Kentucky
March 28, 2003