

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

- Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For quarterly period ending September 30, 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 Street, Corydon, Indiana
(Address of principal executive offices)

47112
(Zip Code)

812-738-2222
(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 No

As of November 8, 2002, the registrant had 5,376,611 shares of Common Stock, no par value, outstanding.

TABLE OF CONTENTS

	<u>Page Number</u>
<u>PART I</u>	
Item 1. Financial Statements:	
Condensed Consolidated Balance Sheets as of September 30, 2002 and 2001, and December 31, 2001	3
Condensed Consolidated Statements of Operations for the Three Months Ended and the Nine Months ended September 30, 2002 and 2001	4
Condensed Consolidated Statements of Cash Flows for the Nine Months ended September 30, 2002 and 2001	5
Notes to Condensed Consolidated Financial Statements	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7
Item 3. Quantitative and Qualitative Disclosures About Market Risk	8
Item 4. Controls and Procedures	9
<u>PART II</u>	
Item 1. Legal Proceedings	9
Item 2. Changes in Securities and Use of Proceeds	9
Item 3. Defaults Upon Senior Securities	9
Item 4. Submission of Matters to a Vote of Security Holders	9
Item 5. Other Information	9
Item 6. Exhibits and Reports on Form 8-K	9
Signatures	10
CEO Certification	11
CFO Certification	12
Index to Exhibits	13
Signatures	15

PART I FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

THE KELLER MANUFACTURING COMPANY, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2002 AND 2001 AND DECEMBER 31, 2001

	SEPTEMBER 30, <u>2002</u>	2001 (Unaudited)	DECEMBER 31, <u>2001</u>
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 4,279,383	\$1,988,215	\$ 2,591,312
Accounts receivable, less allowance for doubtful accounts of \$805,000 (September 30, 2002), \$256,000 (September 30, 2001) and \$886,000 (December 31, 2001)	4,614,548	7,197,675	5,477,814
Inventories	12,060,807	19,369,055	13,826,149
Current deferred tax asset	769,598	368,005	527,210
Income taxes receivable	932,952		1,576,296
Other current assets	<u>332,233</u>	<u>142,248</u>	<u>158,016</u>
Total current assets	22,989,521	29,065,198	24,156,797
PROPERTY, PLANT AND EQUIPMENT - net	9,397,671	10,201,369	10,050,750
PREPAID PENSION COSTS	<u>1,331,724</u>	<u>1,584,648</u>	<u>1,775,509</u>
TOTAL	<u>\$33,718,916</u>	<u>\$40,851,215</u>	<u>\$35,983,056</u>
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	\$ 604,395	\$ 946,124	\$ 524,919
Commissions, salaries and withholdings	577,887	955,056	513,127
Accrued vacation	734,130	527,412	643,699
Income taxes payable		463,535	
Allowances for sales returns	245,000	226,968	245,000
Other current liabilities	<u>1,087,286</u>	<u>496,383</u>	<u>994,439</u>
Total current liabilities	3,248,698	3,615,478	2,921,184
LONG-TERM LIABILITIES -			
Deferred income taxes	<u>1,279,650</u>	<u>1,314,403</u>	<u>1,267,005</u>
Total liabilities	<u>4,528,348</u>	<u>4,929,881</u>	<u>4,188,189</u>
COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
Common stock - no par value, authorized 40,000,000 shares, issued and outstanding 5,376,611 (September 30, 2002), 5,464,111 (September 30, 2001) and 5,414,111 (December 31, 2001)	1,615,396	1,755,078	1,746,646
Retained earnings	<u>27,575,172</u>	<u>34,166,256</u>	<u>30,048,221</u>
Total stockholders' equity	<u>29,190,568</u>	<u>35,921,334</u>	<u>31,794,867</u>
TOTAL	<u>\$33,718,916</u>	<u>\$40,851,215</u>	<u>\$35,983,056</u>

See notes to condensed consolidated financial statements

THE KELLER MANUFACTURING COMPANY, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS THREE MONTHS ENDED AND THE NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	2002 (Unaudited)	2001 (Unaudited)	2002 (Unaudited)	2001 (Unaudited)
NET SALES	\$ 8,302,862	\$11,674,459	\$27,845,113	\$34,078,375
COST OF SALES	<u>7,679,901</u>	<u>8,516,347</u>	<u>25,448,026</u>	<u>25,577,308</u>
GROSS PROFIT	622,961	3,158,112	2,397,087	8,501,067
SELLING, GENERAL, AND ADMINISTRATIVE	<u>1,896,322</u>	<u>2,249,414</u>	<u>5,760,295</u>	<u>6,110,380</u>
OPERATING INCOME (LOSS)	<u>(1,273,361)</u>	<u>908,698</u>	<u>(3,363,208)</u>	<u>2,390,687</u>
OTHER INCOME (EXPENSE):				
Interest income	12,826	9,109	36,451	12,168
Interest expense		(11,220)	(1,515)	(520)
Other	<u>33,266</u>	<u>114,091</u>	<u>100,220</u>	<u>60,999</u>
Other income, net	<u>46,092</u>	<u>111,980</u>	<u>135,156</u>	<u>72,647</u>
INCOME (LOSS) BEFORE INCOME TAXES	(1,227,269)	1,020,678	(3,228,052)	2,463,334
INCOME TAX EXPENSE (BENEFIT)	<u>(372,024)</u>	<u>368,909</u>	<u>(1,229,811)</u>	<u>921,833</u>
NET INCOME (LOSS)	<u>\$ (855,245)</u>	<u>\$651,769</u>	<u>\$(1,998,241)</u>	<u>\$1,541,501</u>
NET INCOME (LOSS) PER SHARE OF COMMON STOCK, basic and dilutive – based on weighted average number of shares outstanding of 5,376,611 and 5,584,437 for the three months ended September 30, 2002 and 2001 respectively; and 5,397,065 and 5,610,966 for the nine months ended September 30, 2002 and 2001 respectively	<u>\$(0.16)</u>	<u>\$0.12</u>	<u>\$(0.37)</u>	<u>\$0.27</u>

See notes to condensed consolidated financial statements.

THE KELLER MANUFACTURING COMPANY, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2002 AND 2001

	NINE MONTHS ENDED SEPTEMBER 30,	
	2002	2001
	(Unaudited)	
OPERATING ACTIVITIES:		
Net Income (Loss)	\$(1,998,241)	\$1,541,501
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	996,300	1,158,600
Deferred income taxes	(229,743)	230,231
Common stock awards		3,380
Changes in assets and liabilities:		
Accounts receivable	863,266	1,198,763
Inventories	1,765,342	206,102
Income taxes receivable / payable	643,344	204,484
Other current assets	(174,217)	21,352
Prepaid pension costs	443,785	267,280
Accounts payable	79,476	(629,855)
Commissions, salaries, withholdings and accrued vacation	155,191	69,379
Allowance for sales returns		(729,935)
Other current liabilities	<u>92,847</u>	<u>(467,038)</u>
Net cash provided by operating activities	<u>2,637,350</u>	<u>3,074,244</u>
INVESTING ACTIVITIES:		
Expenditures for purchases of property, plant and equipment	(343,221)	(471,226)
Proceeds from sale of equipment	<u> </u>	<u>10,000</u>
Net cash used in investing activities	<u>(343,221)</u>	<u>(461,226)</u>
FINANCING ACTIVITIES:		
Redemption of common stock	(132,958)	(517,802)
Issuance of common stock		77,585
Dividends paid	<u>(473,100)</u>	<u>(590,772)</u>
Net cash used in financing activities	<u>(606,058)</u>	<u>(1,030,989)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,688,071	1,582,029
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>2,591,312</u>	<u>406,186</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 4,279,383</u>	<u>\$ 1,988,215</u>
CASH PAID (REFUNDED) DURING THE YEAR FOR:		
Interest	<u>\$ 1,400</u>	<u>\$ 14,000</u>
Income taxes	<u>\$(1,479,000)</u>	<u>\$ 435,000</u>

See notes to the condensed consolidated financial statements

THE KELLER MANUFACTURING COMPANY, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS SEPTEMBER 30, 2002 AND 2001 AND DECEMBER 31, 2001

Note 1. Basis of Presentation

The interim financial statements are unaudited and reflect all adjustments (consisting solely of normal recurring adjustments) that, in the opinion of management, are necessary for a fair statement of results for the interim periods presented in conformity with accounting principles generally accepted in the United States of America. This report should be read in conjunction with the audited consolidated financial statements included in the Form 10-K filed by the Company with the Securities and Exchange Commission ("SEC"). The results of operations for the nine months ended September 30, 2002 are not necessarily indicative of the results to be expected for the full year or any other interim period.

Note 2. Inventories

The following is a summary of the major classes of inventories:

	<u>September 30, 2002</u> (Unaudited)	<u>September 30, 2001</u> (Unaudited)	<u>December 31, 2001</u>
Raw Materials	\$3,617,695	\$4,832,093	\$4,653,468
Work-in-process	5,433,259	11,150,263	6,126,523
Finished Goods	<u>3,009,853</u>	<u>3,386,699</u>	<u>3,046,158</u>
Total	<u>\$12,060,807</u>	<u>\$19,369,055</u>	<u>\$13,826,149</u>

Note 3. Recent Accounting Pronouncements

Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-lived Assets," establishes accounting and reporting standards for the impairment or disposal of long-lived assets. The Company adopted this statement effective January 1, 2002. Management has concluded that the adoption of this statement did not have a material effect on the Company's financial position, results of operations, or cash flows.

SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets", were adopted by the Company effective January 1, 2002. These statements require the use of the purchase method to account for all business combinations and broaden the criteria for recording acquired intangible assets separate from goodwill. The statements also do not allow goodwill or intangible assets with indefinite lives to be amortized and require that goodwill be tested for impairment at least annually. Management has concluded that the adoption of these statements did not have a material effect on the Company's financial position, results of operations, or cash flows.

Note 4. Facility Closure

The Company has announced that it will cease production, effective November 22, 2002, at its Culpeper, Virginia facility. The product lines currently being produced in Culpeper will be consolidated in the Company's New Salisbury, Indiana and Corydon, Indiana facilities. The Company will record any required restructuring or other charges resulting from such closure in the fourth quarter of 2002.

Note 5. Disclosure of Certain Significant Risks and Uncertainties

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The

Company's periodic filings with the Securities and Exchange Commission include, where applicable, disclosures of estimates, assumptions, uncertainties and concentrations in products, sources of supply and markets that could affect the consolidated financial statements and future operations of the Company.

Note 6. Reclassifications

Certain reclassifications have been made to 2001 amounts to conform to the 2002 classifications.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion contains statements that constitute forward looking statements within the meaning of the securities laws. Such statements may include statements regarding the intent, belief or current expectations of The Keller Manufacturing Company, Inc. (the "Company") or its officers with respect to (i) the Company's strategic plans, (ii) the policies of the Company regarding capital expenditures, financing or other matters, and (iii) industry trends affecting the Company's financial condition or results of operations. Readers of this discussion are cautioned that any such forward looking statements are not guarantees of future performance and involve risks and uncertainties and that actual results may differ materially from those in the forward looking statements as a result of various factors. This section presents an analysis of the consolidated financial condition of the Company as of September 30, 2002, September 30, 2001, and December 31, 2001 and the consolidated results of operations for the three and nine month periods ended September 30, 2002 and 2001. This discussion should be read in conjunction with the consolidated financial statements and other financial data presented elsewhere herein and with the financial statements and other financial data, as well as the Management's Discussion and Analysis of Financial Condition and Results of Operations included in the Company's December 31, 2001 Annual Report to Shareholders.

Results of Operations

The following table sets forth, for the periods indicated, consolidated statement of income data as a percentage of net sales.

	THREE MONTHS ENDED SEPTEMBER 30		NINE MONTHS ENDED SEPTEMBER 30	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of Sales	92.5%	72.9%	91.4%	75.1%
Gross Profit	7.5%	27.1%	8.6%	24.9%
Selling, General & Administrative	22.8%	19.3%	20.7%	17.9%
Operating Income (Loss)	(15.3%)	7.8%	(12.1%)	7.0%
Other Income, net	.5%	.9%	.5%	.2%
Income (Loss) Before Income Taxes	(14.8%)	8.7%	(11.6%)	7.2%
Income Tax Expense (Benefit)	(4.5%)	3.1%	(4.4%)	2.7%
Net Income (Loss)	(10.3%)	5.6%	(7.2%)	4.5%

Three Months Ended September 30, 2002, compared to three months ended September 30, 2001

Net Sales. Net sales decreased approximately \$3.4 million to approximately \$8.3 million in the third quarter 2002 compared to approximately \$11.7 million in the third quarter 2001. The approximate 29% decrease in net sales resulted from the continued weak economy for domestically manufactured solid wood dining, bedroom and occasional furniture. The backlog of unshipped orders at September 30, 2002 and 2001 was approximately \$3.0 million and \$2.2 million, respectively.

Cost of Sales. Cost of sales as a percentage of net sales increased to 92.5% for the third quarter 2002 from 72.9% for the third quarter 2001. The increase in cost of sales as a percentage of net sales resulted from lower sales volume. During the fourth quarter 2001, the Company recorded an adjustment related to the write-down of inventory as a result of a physical inventory count conducted during the fourth quarter. Management was unable to determine the impact, if any, of such adjustment to previous quarters (including the third quarter of 2001) and accordingly, recorded the adjustment in the fourth quarter of 2001. Actual cost of sales decreased from approximately \$8.5 million for the third quarter 2001 to approximately \$7.7 million for the third quarter 2002.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased by approximately \$0.3 million from approximately \$2.2 million for the third quarter 2001 to approximately \$1.9 million for the third quarter 2002. As a percent of net sales, selling, general and administrative expenses increased from 19.3% for the third quarter 2001 to 22.8% for the third quarter 2002. Such increase was primarily due to lower volume of sales for the quarter ended September 30, 2002 as compared to the quarter ended September 30, 2001.

Income Taxes. The effective tax rate decreased to 29% in the third quarter 2002 compared to 39% in the third quarter 2001 due to permanent differences. In 2002, the effective tax rate was adjusted to more accurately reflect the year end effective tax rate.

Net Income. As a result of the above factors, there was a net loss for the third quarter 2002 of approximately \$0.9 million as compared to approximately \$0.7 net income for the third quarter 2001.

Nine Months Ended September 30, 2002 Compared to Nine Months Ended September 30, 2001

Net Sales. Net sales decreased to approximately \$27.8 million for the first nine months of 2002 compared to approximately \$34.1 million in the first nine months of 2001. The approximate 18.3% decrease in net sales primarily resulted from a decrease in net orders of approximately 15.9% due to continued reduced dealer response in a continued weak economy.

Cost of Sales. Cost of sales decreased approximately \$0.2 million from approximately \$25.6 million for the first nine months of 2001 to approximately \$25.4 million for the first nine months of 2002. The increase in cost of sales as a percentage of net sales resulted from lower sales volume. As a percentage of net sales, cost of sales increased from 75.1% in the first nine months of 2001 to 91.4% in the first nine months of 2002. During the fourth quarter 2001, the Company recorded an adjustment related to the write-down of inventory as a result of a physical inventory count conducted during the fourth quarter. Management was unable to determine the impact, if any, of such adjustment to the previous quarters of 2001 and accordingly, recorded the adjustment in the fourth quarter of 2001.

Selling, General and Administrative Expenses. Selling, general and administrative expenses decreased approximately \$0.3 million from approximately \$6.1 million for the first nine months of 2001 to approximately \$5.8 million for the first nine months of 2002. However, as a percent of net sales, selling, general and administrative expenses increased from approximately 17.9% for the first nine months of 2001 to approximately 20.7% for the first nine months of 2002. Such increase was primarily the result of the lower sales volume for the first nine months of 2002 as compared to the first nine months of 2001.

Net Income. As a result of the above factors, the net loss for the first nine months of 2002 was approximately \$2.0 million. This is approximately \$3.5 million less than 2001's first nine months net income of approximately \$1.5 million.

Liquidity and Capital Resources. Net working capital decreased from approximately \$25.4 million at September 30, 2001 to approximately \$19.7 million at September 30, 2002. The current ratio decreased slightly from 8.0 at September 30, 2001 to 7.1 at September 30, 2002. Inventory decreased approximately \$7.3 million at September 30, 2002 as compared to September 30, 2001. Such decrease in inventory primarily resulted from lower production volumes due to lower sales volume and management's decision to operate at a reduced inventory level. Accounts receivable decreased approximately \$2.6 million at September 30, 2002 as compared to September 30, 2001. Such decrease in accounts receivable primarily resulted from lower sales volume. The Company anticipates being able to fund its financing and investing activities from cash generated from operations.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

Item 4. 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 II OTHER INFORMATION

Item 1. Legal Proceedings

Not Applicable

Item 2. Changes in Securities and Use of Proceeds

Not Applicable

Item 3. Defaults Upon Senior Securities

Not Applicable

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

Not Applicable

Item 5. Other Information

The Company's chief executive officer and chief financial officer have furnished to the SEC the certification with respect to this Form 10-Q that is required by Section 906 of the Sarbanes-Oxley Act of 2002.

Dividend Action

The Board of Directors' approved a dividend of \$0.0175 per share of Common Stock for the third quarter 2002 at their October 25, 2002 meeting, for shares owned as of the record date of November 8, 2002, payable on November 18, 2002.

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibits. See Index to Exhibits.
- (b) Reports on Form 8-K. No report on Form 8-K was filed during the quarter for which this report is filed.

SIGNATURES

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.

THE KELLER MANUFACTURING COMPANY, INC.

Date

BY:

Steven W. Robertson
President and Chief Executive Officer

Date

Danny L. Utz
Vice President, Finance
Principle Financial Officer

Certification

Steven W. Robertson, Chief Executive Officer of The Keller Manufacturing Company, Inc. (Keller) certify that:

1. I have reviewed this quarterly report on Form 10-Q of Keller;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of Keller as of, and for, the periods presented in this quarterly report;
4. Keller's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-4 for Keller and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to Keller is made known to us, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of Keller's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report; and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation;
5. Keller's other certifying officer and I have disclosed, based on our most recent evaluation, to Keller's auditors and the Audit Committee of Keller's Board of Directors:
 - a) all significant deficiencies in the design of operation of internal controls which could adversely affect Keller's ability to record, process, summarize and report financial data, and have identified for Keller's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in Keller's internal controls; and
6. Keller's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Signature of CEO

Printed Name of CEO

Date

Certification

Danny L. Utz, CFO of The Keller Manufacturing Company, Inc. (Keller) certify that:

1. I have reviewed this quarterly report on Form 10-Q of Keller;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of Keller as of, and for, the periods presented in this quarterly report;
4. Keller's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-4 for Keller and we have:
 - a) designed such disclosure controls and procedures to ensure that material information relating to Keller is made known to us, particularly during the period in which this quarterly report is being prepared;
 - b) evaluated the effectiveness of Keller's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report; and
 - c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation;
5. Keller's other certifying officer and I have disclosed, based on our most recent evaluation, to Keller's auditors and the Audit Committee of Keller's Board of Directors:
 - a) all significant deficiencies in the design of operation of internal controls which could adversely affect Keller's ability to record, process, summarize and report financial data, and have identified for Keller's auditors any material weaknesses in internal controls; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in Keller's internal controls; and
6. Keller's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Signature of CFO

Printed Name of CFO

Date

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).
10.02	Form of Lease Agreement by and between 1355 Market Street Associates, L.P. d/b/a San Francisco Mart and the Company. (Incorporated by reference to Exhibit 10.02 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).

- 10.04 Form of "Extended Hour Support Agreement" by and between the Company and Effective Management Systems, Inc., 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).
- 10.12 Sponsorship Agreement by and between the Company and PGA TOUR, Inc. (Incorporated by reference to Exhibit 10.12 to the Company's Amendment No. 2 to its registration statement on Form 10, filed July 23, 1999, File No. 000-25939).
- 99.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

THE KELLER MANUFACTURING COMPANY, INC.
Form 10-Q

Exhibit 99.1
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven W. Robertson, the CEO of The Keller Manufacturing Company, Inc., certify that (i) the 10Q for the period ending September 30, 2002 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the 10Q for the period ending September 30, 2002 fairly presents, in all material respects, the financial condition and results of operations of The Keller Manufacturing Company, Inc..

Signature of CEO

Printed Name of CEO

(Date)

I, Danny Utz, the CFO of The Keller Manufacturing Company, Inc., certify that (i) the 10Q for the period ending September 30, 2002 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and (ii) the information contained in the 10Q for the period ending September 30, 2002 fairly presents, in all material respects, the financial condition and results of operations of The Keller Manufacturing Company, Inc..

Signature of CFO

Printed Name of CFO

(Date)