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HILB ROGAL & HAMILTON CO /VA/
Form 10-Q
May 09, 2002

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q
QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 2002

Commission file number 0-15981

HILB, ROGAL AND HAMILTON COMPANY

(Exact name of registrant as specified in its charter)

Virginia

54-1194795

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

4951 Lake Brook Drive, Suite 500, Glen Allen, VA

23060

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code (804) 747-6500

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
----- -----

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

Outstanding at May 1, 2002

Common stock, no par value

28,552,883

HILB, ROGAL AND HAMILTON COMPANY
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PART I -- FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

STATEMENT OF CONSOLIDATED INCOME

HILB, ROGAL AND HAMILTON COMPANY AND SUBSIDIARIES

(UNAUDITED)

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	THREE MONTHS MARCH 31, 2002 -----
Revenues	
Commissions and fees	\$98,648,085
Investment income	513,848
Other	691,863

	99,853,796
Operating expenses	
Compensation and employee benefits	53,259,020
Other operating expenses	18,549,156
Amortization of intangibles	521,618
Interest expense	1,883,374

	74,213,168

INCOME BEFORE INCOME TAXES AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	25,640,628
Income taxes	10,457,391

INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	15,183,237
Cumulative effect of accounting change, net of tax	3,944,484

NET INCOME	\$19,127,721 =====
Net Income Per Share - Basic:	
Income before cumulative effect of accounting change	\$0.54
Cumulative effect of accounting change, net of tax	0.14

Net income	\$0.68 =====
Net Income Per Share - Assuming Dilution:	
Income before cumulative effect of accounting change	\$0.48
Cumulative effect of accounting change, net of tax	0.12

Net income	\$0.60 =====

See notes to consolidated financial statements.

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CONSOLIDATED BALANCE SHEET

HILB, ROGAL AND HAMILTON COMPANY AND SUBSIDIARIES

MARCH 31,
2002

(UNAUDITED)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 56,143,796
Investments	2,887,117
Receivables:	
Premiums and commissions, less allowance for doubtful accounts of \$3,460,995 and \$3,374,285, respectively	93,292,016
Other	22,174,194

	115,466,210
Prepaid expenses and other current assets	6,946,695

TOTAL CURRENT ASSETS	181,443,818

INVESTMENTS 1,343,080

PROPERTY AND EQUIPMENT, NET 18,546,207

GOODWILL 293,177,957

OTHER INTANGIBLE ASSETS 33,741,884

Less accumulated amortization 54,343,026

272,576,815

OTHER ASSETS 10,046,576

\$483,956,496

=====

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Premiums payable to insurance companies	\$142,866,676
Accounts payable	7,865,284
Accrued expenses	18,634,000
Premium deposits and credits due customers	27,020,959
Current portion of long-term debt	6,166,779

TOTAL CURRENT LIABILITIES 202,553,698

LONG-TERM DEBT 108,260,236

OTHER LONG-TERM LIABILITIES 12,156,835

SHAREHOLDERS' EQUITY

Common Stock, no par value; authorized 50,000,000
shares; outstanding 28,498,647 and 28,310,568 shares,
respectively 56,857,748

Retained earnings 105,238,634

Accumulated other comprehensive income (loss):

Unrealized loss on derivative contracts, net of
deferred tax benefit of \$750,000 and \$955,000, respectively (1,125,359)

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Other	14,704

	160,985,727

	\$483,956,496
	=====

See notes to consolidated financial statements.

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STATEMENT OF CONSOLIDATED SHAREHOLDERS' EQUITY
HILB, ROGAL AND HAMILTON COMPANY AND SUBSIDIARIES
(UNAUDITED)

	COMMON STOCK -----	RETAINED EARNINGS -----
Balance at January 1, 2002	\$55,542,485	\$ 88,604,274
Issuance of 188,079 shares of Common Stock	1,315,263	
Payment of dividends (\$.0875 per share)		(2,493,361)
Net income		19,127,721
Derivative gain arising during first quarter 2002, net of tax		
Other		
	-----	-----
Balance at March 31, 2002	\$56,857,748	\$105,238,634
	=====	=====
Balance at January 1, 2001	\$22,361,312	\$ 65,860,654
Issuance of 390,342 shares of Common Stock	5,790,806	
Payment of dividends (\$.085 per share)		(2,288,791)
Net income		7,781,026
Cumulative effect of accounting change related to derivatives, net of tax		
Derivative loss arising during first quarter 2001, net of tax		
	-----	-----
Balance at March 31, 2001	\$28,152,118	\$ 71,352,889
	=====	=====

See notes to consolidated financial statements.

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STATEMENT OF CONSOLIDATED CASH FLOWS

HILB, ROGAL AND HAMILTON COMPANY AND SUBSIDIARIES

(UNAUDITED)

	THREE MONTHS ENDED	
	MARCH 31, 2002	MARCH 31,
	-----	-----
OPERATING ACTIVITIES		
Net income	\$ 19,127,721	\$ 7,781
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of accounting change, net of tax	(3,944,484)	
Depreciation and amortization	1,710,600	1,481
Amortization of intangible assets	521,618	3,324
	-----	-----
Net income plus amortization, depreciation and cumulative effect of accounting change, net of tax	17,415,455	12,587
Provision for losses on accounts receivable	233,052	194
Provision for deferred income taxes	956,827	
Gain on sale of assets	3,446	(38
Changes in operating assets and liabilities net of effects from insurance agency acquisitions and dispositions:		
Decrease in accounts receivable	24,821,500	16,367
Decrease in prepaid expenses	1,260,841	957
Decrease in premiums payable to insurance companies	(28,450,659)	(7,062
Increase in premium deposits and credits due customers	6,069,549	4,645
Increase (decrease) in accounts payable	507,309	(710
Decrease in accrued expenses	(1,680,067)	(3,025
Other operating activities	(3,193,169)	1,369
	-----	-----
NET CASH PROVIDED BY OPERATING ACTIVITIES	17,944,084	25,284
INVESTING ACTIVITIES		
Purchase of held-to-maturity investments	(607,287)	(745
Proceeds from maturities of held-to-maturity investments	1,212,309	
Purchase of property and equipment	(964,880)	(960
Purchase of insurance agencies, net of cash acquired	(3,826,892)	(17,512
Proceeds from sale of assets	369,394	18
Other investing activities	57,141	191
	-----	-----

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NET CASH USED IN INVESTING ACTIVITIES	(3,760,215)	(19,007)
FINANCING ACTIVITIES		
Proceeds from long-term debt	-	25,000
Principal payments on long-term debt	(7,499,625)	(7,999)
Proceeds from issuance of Common Stock	372,818	1,052
Dividends	(2,493,361)	(2,288)
	-----	-----
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(9,620,168)	15,764
INCREASE IN CASH AND CASH EQUIVALENTS	4,563,701	22,040
Cash and cash equivalents at beginning of period	51,580,095	28,880
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 56,143,796	\$ 50,921
	=====	=====

See notes to consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

HILB, ROGAL AND HAMILTON COMPANY AND SUBSIDIARIES

March 31, 2002

(UNAUDITED)

NOTE A--BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Hilb, Rogal and Hamilton Company (the Company) have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 2002, are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Form 10-K for the year ended December 31, 2001.

Certain amounts for the prior period have been reclassified to conform to current year presentation.

NOTE B--CHANGES IN ACCOUNTING METHOD

Effective January 1, 2002, the Company changed its method of accounting for commissions on premiums billed and collected directly by insurance carriers on its middle-market property and casualty business. Prior to 2002, this revenue was recognized when received. Beginning January 1, 2002, this revenue is recorded on the later of the billing date or the effective date, consistent with the revenue recognition policy for agency billed business. This is the predominant practice followed in the industry. Management believes that this new methodology is preferable and that it better matches the income with the related expenses. For the three months ended March 31, 2002, the effect of this change

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was to increase net income by \$4.6 million (\$0.14 per share), which included the cumulative effect adjustment of \$3.9 million (\$0.12 per share), net of income taxes of \$2.6 million. No prior period proforma amounts have been presented to reflect the effect of retroactive application of the change as it is not practical for the Company to compute prior period proforma amounts due to the lack of prior period data.

NOTE C--INTANGIBLE ASSETS

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, "Business Combinations" (Statement 141), and No. 142, "Goodwill and Other Intangible Assets" (Statement 142). Statement 141 requires that the purchase method of accounting be used for all business combinations initiated after June 30, 2001. Statement 141 also included guidance on the initial recognition and measurement of goodwill and other intangible assets arising from business combinations completed after June 30, 2001. Under Statement 142, goodwill will no

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

HILB, ROGAL AND HAMILTON COMPANY AND SUBSIDIARIES

March 31, 2002

(UNAUDITED)

NOTE C--INTANGIBLE ASSETS-Continued

longer be amortized but will be subject to annual impairment tests. Intangible assets with finite lives will continue to be amortized over their useful lives. The Company adopted Statement 142 effective January 1, 2002.

The Company will test goodwill for impairment using the two-step process prescribed in Statement 142. The first step is a screen for potential impairment, while the second step measures the amount of the impairment, if any. The Company expects to perform the first of the required impairment tests of goodwill as of January 1, 2002 in the first six months of 2002. Any impairment charge resulting from these transitional impairment tests will be reflected as the cumulative effect of a change in accounting principle in the first quarter of 2002. The Company does not anticipate these tests will have a material impact on the earnings or financial position of the Company.

The following table provides a reconciliation of the March 31, 2002 and 2001 reported net income to adjusted net income had Statement 142 been applied as of January 1, 2001:

	For the Three Months Ended March 31,	
	2002	2001
	----	----
Net Income - as reported	\$19,127,721	\$7,781,026
Goodwill amortization, net of tax	-	1,988,462
	-----	-----

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Adjusted net income	\$19,127,721 =====	\$9,769,488 =====
Net Income Per Share - Basic:		
Net income - as reported	\$0.68	\$0.29
Goodwill amortization, net of tax	- -----	0.08 -----
Adjusted net income	\$0.68 =====	\$0.37 =====
Net Income Per Share - Assuming Dilution:		
Net income - as reported	\$0.60	\$0.27
Goodwill amortization, net of tax	- -----	0.06 -----
Adjusted net income	\$0.60 =====	\$0.33 =====

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

HILB, ROGAL AND HAMILTON COMPANY AND SUBSIDIARIES

March 31, 2002

(UNAUDITED)

NOTE C--INTANGIBLE ASSETS--Continued

Intangible assets consist of the following:

	As of March 31, 2002 -----		As of Decem -----
	Gross Carrying Amount -----	Accumulated Amortization -----	Gross Carrying Amount -----
Amortizable intangible assets:			
Expiration rights	\$ 5,085,000	\$ 4,679,000	\$ 5,085,000
Non-compete agreements	28,157,000	6,577,000	27,932,000
Tradename	500,000	58,000	500,000
	-----	-----	-----
Total	\$33,742,000 =====	\$11,314,000 =====	\$33,517,000 =====
Indefinite-lived intangible assets:			
Goodwill, net	\$250,149,000		\$243,526,000

Aggregate amortization expense for the three months ended March 31, 2002 and 2001 was \$522,000 and \$3,325,000, respectively.

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Estimated amortization expense:

For year ended December 31, 2002	\$2,187,000
For year ended December 31, 2003	1,965,000
For year ended December 31, 2004	1,857,000
For year ended December 31, 2005	1,801,000
For year ended December 31, 2006	1,791,000
For year ended December 31, 2007	1,789,000

The changes in the net carrying amount of goodwill for the three months ended March 31, 2002, are as follows:

Balance as of December 31, 2001	\$243,526,000
Goodwill acquired during three months ended March 31, 2002	6,623,000

Balance as of March 31, 2002	\$250,149,000
	=====

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

HILB, ROGAL AND HAMILTON COMPANY AND SUBSIDIARIES

March 31, 2002

(UNAUDITED)

NOTE D--INCOME TAXES

Deferred taxes result from temporary differences between the carrying amounts of assets and liabilities for financial statement purposes and the amounts used for income tax purposes. The Company's effective rate varies from the statutory rate primarily due to state income taxes and non-deductible amortization.

NOTE E--ACQUISITIONS

During the first three months of 2002, the Company acquired certain assets and liabilities of three insurance agencies for approximately \$4,606,000 (\$4,119,000 in cash and \$487,000 in guaranteed future payments) in purchase accounting transactions. The combined purchase price may be increased based on agency profitability per the contracts. These acquisitions are not material to the consolidated financial statements individually or in aggregate.

NOTE F--SALE OF ASSETS AND OTHER GAINS

During the three months ended March 31, 2002 and 2001, the Company sold certain insurance accounts and other assets resulting in a loss of approximately \$3,000 and a gain of \$39,000, respectively. Revenues, expenses and assets related to

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these dispositions were not material to the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

HILB, ROGAL AND HAMILTON COMPANY AND SUBSIDIARIES

March 31, 2002

(UNAUDITED)

NOTE G--NET INCOME PER SHARE

The following table sets forth the computation of basic and diluted net income per share.

	THREE MONTHS ENDED	
	MARCH 31, 2002	MARCH
	-----	-----
Numerator for basic net income		
per share - net income	\$19,127,721	\$7
Effect of dilutive securities:		
5.25% convertible debenture	272,393	--
	-----	-----
Numerator for dilutive net income per share - net		
income available after assumed conversions	\$19,400,114	\$8
	=====	=====
Denominator		
Weighted average shares	28,148,503	26
Effect of guaranteed future shares to be issued in		
connection with agency acquisitions	39,220	--
	-----	-----
Denominator for basic net income per share	28,187,723	26
Effect of dilutive securities:		
Employee stock options	1,029,703	
Employee non-vested stock	150,910	
Contingent stock - acquisitions	21,628	
5.25% convertible debenture	2,813,187	2
	-----	-----
Dilutive potential common shares	4,015,428	3
	-----	-----
Denominator for diluted net income per share -		
adjusted weighted average shares and		
assumed conversions	32,203,151	30
	=====	=====
Net Income Per Share:		
Basic	\$0.68	
	=====	
Assuming Dilution	\$0.60	
	=====	

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

Results of Operations:

Three Months Ended March 31, 2002

Net income for the three months ended March 31, 2002 was \$19.1 million, or \$0.60 per share, compared with \$7.8 million, or \$0.27 per share for the comparable period last year. Excluding net non-recurring gains and the cumulative effect of an accounting change in 2002 relating to revenue recognition, and adjusting amortization to a proforma basis in 2001 as if the new accounting standards related to goodwill had been adopted as of January 1, 2001, net income was \$15.2 million, a 55.8% increase from \$9.7 million last year. Net income per share on the same basis was \$0.48, compared with \$0.33 last year. See "Note C - Intangible Assets" of Notes to Consolidated Financial Statements.

Commissions and fees were \$98.6 million, an increase of 28.1% from commissions and fees of \$77.0 million during the comparable period of the prior year. Approximately \$15.4 million of commissions were derived from purchase acquisitions of new insurance agencies. This increase was offset by decreases of approximately \$1.0 million from the sale of certain offices and accounts in 2002 and 2001. Excluding the effect of acquisitions and dispositions, commissions and fees from operations owned during both periods increased 9.3%. This increase principally reflects new business production, firming of premium levels and higher non-standard commissions.

Expenses for the quarter increased \$10.0 million or 15.5%. Compensation and benefits and other operating expenses increased \$10.5 million and \$2.7 million, respectively, primarily due to purchase acquisitions of new insurance agencies and increased revenue production. Amortization of intangibles decreased approximately \$2.8 million due primarily to the adoption of Statement 142. Interest expense decreased \$0.4 million due to decreased borrowings and lower rates.

The Company's overall tax rate for the three months ended March 31, 2002 was 40.8% compared to 43.0% for the same period of the prior year. The decrease is primarily related to the non-amortization of goodwill resulting from the adoption of Statement 142.

The timing of contingent commissions, policy renewals and acquisitions may cause revenues, expenses and net income to vary significantly from quarter to quarter. As a result of the factors described above, operating results for the three months ended March 31, 2002 should not be considered indicative of the results that may be expected for the entire year ending December 31, 2002.

Liquidity and Capital Resources:

Net cash provided by operations totaled \$17.9 million and \$25.3 million for the three months ended March 31, 2002 and 2001, respectively, and is primarily dependent upon the timing of the collection of insurance premiums from clients and payment of those premiums to the appropriate insurance underwriters.

The Company has historically generated sufficient funds internally to finance capital expenditures for property and equipment. Cash expenditures for the acquisition of property and equipment were \$1.0 million and \$1.0 million for the three months ended March 31, 2002 and 2001, respectively. The timing and extent of the purchase and sale of investments is dependent upon cash needs and yields on alternate investments and cash equivalents. The purchase of insurance agencies accounted for under the purchase method of accounting utilized cash of \$3.8 million and \$17.5 million in the three months ended March 31, 2002 and 2001, respectively. Cash expenditures for such insurance agency acquisitions have been primarily funded through operations and long-term borrowings. In addition, a portion of the purchase price in such acquisitions may be paid through Common Stock and deferred cash payments. The Company did not have any material capital expenditure commitments as of March 31, 2002.

Financing activities utilized cash of \$9.6 million and provided cash of \$15.8 million in the three months ended March 31, 2002 and 2001, respectively. The Company has consistently made debt payments and annually increased its dividend rate. The Company did not repurchase any shares during the three months ended March 31, 2002 and 2001, respectively. The Company is currently authorized to purchase an additional 748,200 shares. The Company anticipates the continuance of its dividend policy. As of March 31, 2002, the Company has a bank credit facility of \$144.1 million under which loans are due in various amounts through 2004 and \$32.0 million face value of 5.25% Convertible Subordinated Debentures due 2014. At March 31, 2002, there were loans of \$74.1 million outstanding under the bank agreement, with \$70.0 million available under the revolving portion of the facility for future borrowings.

The Company had a current ratio (current assets to current liabilities) of 0.90 to 1.00 as of March 31, 2002. Shareholders' equity of \$161.0 million at March 31, 2002, is improved from \$142.8 million at December 31, 2001. The debt to equity ratio of .67 to 1.00 is decreased from the ratio at December 31, 2001 of 0.80 to 1.00 due to increased net income and decreased borrowings.

The Company believes that cash generated from operations, together with proceeds from borrowings, will provide sufficient funds to meet the Company's short and long-term funding needs.

Market Risk

The Company has certain investments and utilizes (on a limited basis) derivative financial instruments which are subject to market risk; however, the Company believes that exposure to market risk associated with these instruments is not material.

New Accounting Standard

The Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" (Statement 142), effective January 1, 2002, which, among other things, ends the practice of amortizing goodwill. Net income for the three months ended March 31, 2001 would have increased by \$0.06 per share on a proforma basis, assuming adoption of Statement 142 as of January 1, 2001. The Company does not anticipate that the impairment tests required by Statement 142 will have a material impact on the earnings or financial position of the Company.

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Change in Accounting Principle

Effective January 1, 2002, the Company changed its method of accounting for commissions on premiums billed and collected directly by insurance carriers on its middle-market property and casualty business. Prior to 2002, this revenue was recognized when received. Beginning January 1, 2002, this revenue is recorded on the later of the billing date or the effective date, consistent with the revenue recognition policy for agency billed business. This is the predominant practice followed in the industry. Management believes that this new methodology is preferable and that it better matches the income with the related expenses. For the three months ended March 31, 2002, the effect of this change was to increase net income by \$4.6 million (\$0.14 per share), which included the cumulative effect adjustment of \$3.9 million (\$0.12 per share), net of income taxes of \$2.6 million. No prior period proforma amounts have been presented to reflect the effect of retroactive application of the change as it is not practical for the Company to compute prior period proforma amounts due to the lack of prior period data.

Forward-Looking Statements

The Company cautions readers that the foregoing discussion and analysis includes "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and are subject to the safe harbor created by that Act. These forward-looking statements are believed by the Company to be reasonable based upon management's current knowledge and assumptions about future events, but are subject to the uncertainties generally inherent in any such forward-looking statement, including factors discussed above as well as other factors that may generally affect the Company's business, financial condition or operating results. Reference is made to the discussion of "Forward-Looking Statements" contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 regarding important risk factors and uncertainties that could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied in any forward-looking statement made by or on behalf of the Company.

Item 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this item is set forth under the caption "Market Risk" in Item 2 -- Management's Discussion and Analysis of Financial Condition and Results of Operations.

PART II - OTHER INFORMATION

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

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- a) The Annual Meeting of Shareholders (the "Meeting") of the Company was held on Tuesday, May 7, 2002.
- c) The Shareholders voted for the election of four (4) directors to serve for terms of three (3) years expiring on the date of the Annual Meeting in 2005 and until their successors are elected and one (1) director to serve for a term of one (1) year expiring on the date of the Annual Meeting in 2003 and until his successor is elected. The results of the voting in these elections are set forth below.
- d)

	Votes For	Votes Withheld	Non-Votes
Theodore L. Chandler, Jr.	20,903,802	311,470	7,278,3
Norwood H. Davis, Jr.	20,857,357	357,915	7,278,3
Timothy J. Korman	20,857,541	357,731	7,278,3
Thomas H. O'Brien	20,903,877	311,395	7,278,3
Julious P. Smith, Jr.	20,856,835	358,437	7,278,3

No other matters were voted upon at the Meeting or during the quarter for which this report is filed.

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

- a) Exhibits

Exhibit No.	Document
-----	-----
18.1	Letter from Independent Auditors regarding preferability of accounting principle change

- b) Reports on Form 8-K
- None.

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.

Hilb, Rogal and Hamilton Company

 (Registrant)

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Date May 9, 2002 By: /s/ Andrew L. Rogal

Chairman and Chief Executive
Officer
(Principal Executive Officer)

Date May 9, 2002 By: /s/ Carolyn Jones

Senior Vice President and Chief
Financial Officer
(Principal Financial Officer)

Date May 9, 2002 By: /s/ Robert W. Blanton, Jr.

Vice President and Controller
(Chief Accounting Officer)

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EXHIBIT INDEX

No. ---	Description -----
18.1	Letter from Independent Auditors regarding preferability of accounting principle change