# FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1995-05-10** | Period of Report: **1995-03-31**
**SEC Accession No.** 0000905894-95-000005

(HTML Version on secdatabase.com)

## FILER

**VALCOR INC**

CIK:**905894**| IRS No.: **742678674** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **033-63044** | Film No.: **95535925**
SIC: **2452** Prefabricated wood bldgs & components

Mailing Address
*THREE LINCOLN CENTER*
*5430 LBJ FRWY SUITE 1700*
*DALLAS TX 75240*

Business Address
*THREE LINCOLN CENTRE*
*5430 LBJ FRWY STE 1700*
*DALLAS TX 75240*
*2142331700*

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 THE QUARTER ENDED MARCH 31, 1995          COMMISSION FILE NUMBER 33-63044

VALCOR, INC.
(Exact name of Registrant as specified in its charter)

| | |
|---|---|
| DELAWARE | 74-2678674 |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |

| | |
|---|---|
| 5430 LBJ FREEWAY, SUITE 1700, DALLAS, TEXAS | 75240-2697 |
| (Address of principal executive offices) | (Zip Code) |

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE:            (214) 233-1700

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 AND (2) HAS BEEN SUBJECT TO SUCH FILING REQUIREMENTS FOR THE PAST 90 DAYS.  YES  X      NO

THE REGISTRANT IS A WHOLLY-OWNED SUBSIDIARY OF VALHI, INC. (FILE NO. 1-5467) AND MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTIONS H(1)(A) AND (B) OF FORM 10-Q FOR REDUCED DISCLOSURE FORMAT.

VALCOR, INC.

INDEX

VALCOR, INC.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS)

<TABLE>
<CAPTION>

| ASSETS | December 31, 1994 | March 31, 1995 |
|---|---|---|
| <S> | <C> | <C> |
| Current assets: | | |
| Cash and cash equivalents | $ 23,256 | $ 18,594 |
| Accounts and notes receivable | 26,888 | 34,520 |
| Receivable from affiliates | 4,285 | 1,037 |
| Inventories | 31,016 | 28,418 |
| Prepaid expenses | 3,553 | 3,384 |
| Deferred income taxes | 1,595 | 2,368 |
| Total current assets | 90,593 | 88,321 |
| Other assets: | | |
| Timber and timberlands | 53,114 | 53,704 |
| Intangible assets | 19,202 | 18,741 |
| Other | 11,947 | 12,053 |
| Total other assets | 84,263 | 84,498 |
| Property and equipment: | | |
| Land | 19,186 | 20,750 |
| Buildings | 44,345 | 45,304 |
| Equipment | 177,790 | 178,358 |
| Construction in progress | 2,001 | 4,043 |
| | 243,322 | 248,455 |
| Less accumulated depreciation | 97,483 | 100,884 |
| Net property and equipment | 145,839 | 147,571 |
| | $320,695 | $320,390 |

</TABLE>

VALCOR, INC.

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(IN THOUSANDS)

<TABLE>
<CAPTION>

| LIABILITIES AND STOCKHOLDER'S EQUITY | December 31, 1994 | March 31, 1995 |
|---|---|---|
| <S> | <C> | <C> |
| Current liabilities: | | |
| Current maturities of long-term debt | $ 12,738 | $ 13,882 |
| Accounts payable | 16,207 | 17,597 |
| Accrued liabilities | 24,430 | 24,066 |
| Payable to affiliates | 69 | 39 |
| Income taxes | 1,318 | 903 |
| Total current liabilities | 54,762 | 56,487 |
| Noncurrent liabilities: | | |
| Long-term debt | 201,796 | 194,743 |
| Deferred income taxes | 25,938 | 26,009 |
| Other | 3,349 | 3,737 |
| Total noncurrent liabilities | 231,083 | 224,489 |
| Stockholder's equity: | | |
| Common stock | 1 | 1 |
| Additional paid-in capital | 520 | 520 |
| Retained earnings | 34,623 | 39,204 |
| Currency translation adjustment | (294) | (311) |
| Total stockholder's equity | 34,850 | 39,414 |
| | $320,695 | $320,390 |

</TABLE>

[FN]
Commitments and contingencies (Note 8)

VALCOR, INC.

CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31, 1994 AND 1995

(IN THOUSANDS)

<TABLE>
<CAPTION>

| | 1994 | 1995 |
|---|---|---|
| <S> | <C> | <C> |
| Revenues and other income: | | |
| Net sales | $84,746 | $105,546 |
| Other, net | 643 | 920 |
| | 85,389 | 106,466 |
| Costs and expenses: | | |
| Cost of sales | 67,601 | 82,822 |
| Selling, general and administrative | 5,960 | 7,643 |
| Interest | 4,288 | 4,973 |
| | 77,849 | 95,438 |
| Income before income taxes | 7,540 | 11,028 |
| Provision for income taxes | 3,289 | 4,275 |
| Net income | $ 4,251 | $ 6,753 |

</TABLE>

VALCOR, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

THREE MONTHS ENDED MARCH 31, 1994 AND 1995

(IN THOUSANDS)

<TABLE>
<CAPTION>

| <S> | 1994 <C> | 1995 <C> |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 4,251 | $ 6,753 |
| Depreciation, depletion and amortization | 3,993 | 4,921 |
| Deferred income taxes | 484 | (771) |
| Other, net | 187 | 372 |
| | 8,915 | 11,275 |
| Change in assets and liabilities: | | |
| Accounts and notes receivable | (2,135) | (7,657) |
| Inventories | 662 | 2,598 |
| Accounts payable and accrued liabilities | 3,130 | 3,084 |
| Accounts with affiliates | 574 | 3,218 |
| Other, net | (1,397) | (512) |
| Net cash provided by operating activities | 9,749 | 12,006 |
| Cash flows from investing activities: | | |
| Capital expenditures | (9,147) | (8,562) |
| Other, net | (47) | (8) |
| Net cash used by investing activities | (9,194) | (8,570) |
| Cash flows from financing activities: | | |
| Indebtedness: | | |
| Borrowings | 30,316 | 8,680 |
| Principal payments | (23,518) | (14,589) |
| Dividends | - | (2,172) |
| Net cash provided (used) by financing activities | 6,798 | (8,081) |
| Net increase (decrease) | 7,353 | (4,645) |
| Currency translation | (219) | (17) |
| Cash and cash equivalents at beginning of period | 10,363 | 23,256 |
| Cash and cash equivalents at end of period | $ 17,497 | $ 18,594 |
| Supplemental disclosures - cash paid for: | | |
| Interest, net of amount capitalized | $ 1,721 | $ 2,615 |
| Income taxes | 2,899 | 2,234 |

</TABLE>

VALCOR, INC.

CONSOLIDATED STATEMENT OF STOCKHOLDER'S EQUITY

THREE MONTHS ENDED MARCH 31, 1995

(IN THOUSANDS)

<TABLE>
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| <S> | COMMON STOCK <C> | ADDITIONAL PAID-IN CAPITAL <C> | RETAINED EARNINGS <C> | CURRENCY TRANSLATION ADJUSTMENT <C> | TOTAL STOCKHOLDER'S EQUITY <C> |
|---|---|---|---|---|---|
| Balance at December 31, 1994 | $1 | $520 | $34,623 | $(294) | $34,850 |

| | | | | | |
|---|---|---|---|---|---|
| Net income | - | - | 6,753 | - | 6,753 |
| Dividends | - | - | (2,172) | - | (2,172) |
| Currency translation adjustment, net | - | - | - | (17) | (17) |
| Balance at March 31, 1995 | $1 | $520 | $39,204 | $(311) | $39,414 |

</TABLE>

VALCOR, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRESENTATION:

The consolidated balance sheet at December 31, 1994 has been condensed from the Company's audited consolidated financial statements at that date. The consolidated balance sheet at March 31, 1995 and the consolidated statements of income, cash flows and stockholder's equity for the interim periods ended March 31, 1994 and 1995 have been prepared by the Company, without audit. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the consolidated financial position, results of operations and cash flows have been made. The results of operations for the interim periods are not necessarily indicative of the operating results for a full year or of future operations.

Certain information normally included in financial statements prepared in accordance with generally accepted accounting principles has been condensed or omitted. The accompanying consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 1994 (the "1994 Annual Report"). Commitments and contingencies are discussed in Note 8, Item 2 -- "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the 1994 Annual Report.

NOTE 2 - BUSINESS SEGMENT INFORMATION:

<TABLE>
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| | THREE MONTHS ENDED MARCH 31, 1994 | 1995 |
|---|---|---|
| | (IN MILLIONS) | |
| <S> | <C> | <C> |
| Net sales: | | |
| Building products - Medite Corporation | $40.0 | $ 58.6 |
| Hardware products - National Cabinet Lock, Inc. | 18.0 | 20.1 |
| Fast food - Sybra, Inc. | 26.7 | 26.8 |
| | $84.7 | $105.5 |
| Operating income: | | |
| Building products | $ 5.1 | $ 10.3 |
| Hardware products | 5.1 | 5.5 |
| Fast food | 1.6 | 1.1 |
| Total operating income | 11.8 | 16.9 |
| Interest expense | (4.3) | (5.0) |
| Corporate expenses, net | - | (.9) |
| Income before income taxes | $ 7.5 | $ 11.0 |

</TABLE>

NOTE 3 - INVENTORIES:

<TABLE>
<CAPTION>

DECEMBER 31, MARCH 31,

| | 1994 | 1995 |
|---|---|---|
| | (IN THOUSANDS) | |
| <S> | <C> | <C> |
| Raw materials: | | |
| Building products | $13,050 | $10,169 |
| Hardware products | 1,313 | 1,545 |
| Fast food | 1,426 | 1,230 |
| | 15,789 | 12,944 |
| In process products: | | |
| Building products | 1,481 | 1,584 |
| Hardware products | 4,437 | 4,331 |
| | 5,918 | 5,915 |
| Finished products: | | |
| Building products | 2,711 | 2,508 |
| Hardware products | 2,510 | 2,661 |
| | 5,221 | 5,169 |
| Supplies | 4,088 | 4,390 |
| | $31,016 | $28,418 |

</TABLE>

NOTE 4 - ACCRUED LIABILITIES:

<TABLE>
<CAPTION>

| | DECEMBER 31, 1994 | MARCH 31, 1995 |
|---|---|---|
| | (IN THOUSANDS) | |
| <S> | <C> | <C> |
| Current accrued liabilities: | | |
| Employee benefits | $ 9,978 | $ 7,686 |
| Interest | 2,221 | 4,356 |
| Insurance claims and expenses | 3,412 | 2,880 |
| Equipment purchases | 2,157 | 443 |
| Other | 6,662 | 8,701 |
| | $24,430 | $24,066 |
| Other noncurrent liabilities: | | |
| Insurance claims and expenses | $ 1,339 | $ 1,339 |
| Accrued OPEB cost | 298 | 298 |
| Other | 1,712 | 2,100 |
| | $ 3,349 | $ 3,737 |

</TABLE>

NOTE 5 - LONG-TERM DEBT:

<TABLE>
<CAPTION>

| | DECEMBER 31, 1994 | MARCH 31, 1995 |
|---|---|---|
| | (IN THOUSANDS) | |
| <S> | <C> | <C> |
| Valcor - 95/8% Senior Notes Due 2003 | $100,000 | $100,000 |
| Medite: | | |
| Bank term loans | 89,411 | 81,411 |
| Bank working capital facilities | 8,802 | 6,656 |
| Other | 4,360 | 4,311 |
| | 102,573 | 92,378 |
| Other: | | |
| Sybra bank credit agreements | 5,500 | 10,000 |
| Sybra capital lease obligations | 6,321 | 6,117 |
| National Cabinet Lock capital lease obligation | 140 | 130 |

| | | |
|---|---|---|
| | 11,961 | 16,247 |
| | 214,534 | 208,625 |
| Less current maturities | 12,738 | 13,882 |
| | $201,796 | $194,743 |

</TABLE>

NOTE 6 - INTANGIBLE AND OTHER NONCURRENT ASSETS:

<TABLE>
<CAPTION>

| | DECEMBER 31, 1994 (IN THOUSANDS) | MARCH 31, 1995 |
|---|---|---|
| <S> | <C> | <C> |
| Intangible assets: | | |
| Goodwill | $ 5,328 | $ 5,285 |
| Franchise fees | 6,299 | 6,109 |
| Other | 7,575 | 7,347 |
| | $19,202 | $18,741 |
| Other assets: | | |
| Deferred financing costs | $ 3,537 | $ 3,375 |
| Prepaid pension cost | 4,363 | 4,448 |
| Property held for sale | 3,979 | 3,984 |
| Other | 68 | 246 |
| | $11,947 | $12,053 |

</TABLE>

NOTE 7 - PROVISION FOR INCOME TAXES:

<TABLE>
<CAPTION>

| | Three months ended March 31, 1994 (In millions) | 1995 |
|---|---|---|
| <S> | <C> | <C> |
| Expected tax expense | $2.6 | $ 3.9 |
| Non-U.S. tax rates | (.4) | (1.4) |
| Incremental tax on non-U.S. earnings | 1.0 | 1.5 |
| State income taxes and other, net | .1 | .3 |
| | $3.3 | $ 4.3 |

</TABLE>

NOTE 8 - COMMITMENTS AND CONTINGENCIES:

At March 31, 1995, the estimated cost to complete capital projects in process approximated $6.3 million, most of which relates to new Sybra stores and productivity-enhancing equipment at Medite.

Medite has entered into interest rate swaps to mitigate the impact of changes in interest rates for $26 million of its U.S. bank term loan due in 1998-2000 that results in a weighted average interest rate of 7.6% for such borrowings. At March 31, 1995, the fair value of the interest rate swaps, based upon quotes obtained from the counter party financial institution, is a $1.7 million receivable, representing the estimated amount Medite would receive if it were to terminate the swap agreements at that date.

Medite has entered into the equivalent of approximately $9 million of forward currency contracts to mitigate certain exchange rate fluctuation risk for a portion of its future sales denominated in European Currency Units. These contracts expire throughout 1995 and the counter parties are major international financial institutions. At March 31, 1995, the aggregate fair value of these contracts, based upon quotes obtained from the counter party institutions, approximated the aggregate contract amount.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS:

OVERVIEW

Net income was $6.7 million for the first quarter of 1995, up 59% from the first quarter of 1994. Operating income increased 43% to $16.9 million on a 25% increase in sales to $105.5 million. The Company's overall operating income margin was 16% in the first quarter, up from 14% last year. These improvements were primarily driven by higher selling prices and volumes for medium density fiberboard ("MDF").

BUILDING PRODUCTS

| | THREE MONTHS ENDED MARCH 31, 1994 (IN MILLIONS) | 1995 | % CHANGE |
|---|---|---|---|
| Net sales: | | | |
| Medium density fiberboard | $31.2 | $45.5 | + 46% |
| Traditional timber products | 9.2 | 13.6 | + 48% |
| Eliminations | (.4) | (.5) | |
| | $40.0 | $58.6 | + 46% |
| Operating income: | | | |
| Medium density fiberboard | $ 5.7 | $ 9.6 | + 70% |
| Traditional timber products | (.6) | .7 | |
| | $ 5.1 | $10.3 | +101% |
| Operating income margins: | | | |
| Medium density fiberboard | 18.2% | 21.2% | |
| Traditional timber products | -5.9% | 5.1% | |
| Aggregate margin | 12.8% | 17.6% | |

MDF volume increased 13% (specialty products +23% and standard products +11%) principally due to production from Medite's expanded Irish MDF plant completed in October 1994. Average MDF selling prices (in billing currency terms) were 24% above year-ago levels due to the combined effect of higher product selling prices and product mix, however the Company has recently experienced some softening in customer orders and lower prices quoted by competitors. The expanded MDF plant in Ireland is expected to continue to result in higher year-to-year volume comparisons for both specialty and standard products.

MDF margins improved from 18% to 21% as average selling price increases outpaced increases in per-unit costs. Wood costs continue to be influenced by recent increases in demand from paper and pulp producers while resin costs rose throughout 1994 due to shortages of methanol, a primary element in resin manufacture. Recent declines in methanol prices are beginning to result in some reductions in resin prices. Fluctuations in the value of the U.S. dollar relative to other currencies increased MDF sales by approximately $2 million in the first quarter of 1995 compared to the same period in 1994, and similarly contributed to the increase in average per-unit MDF costs.

Traditional timber products results improved due primarily to the net effect of higher veneer sales volume, higher log and veneer selling prices and lower selling prices for stud lumber. Operating results in 1994 were also adversely impacted by startup costs associated with Medite's Rogue River veneer and chipping plant.

HARDWARE PRODUCTS

<TABLE>
<CAPTION>

| | THREE MONTHS ENDED MARCH 31, 1994 | 1995 | % CHANGE |
|---|---|---|---|
| | (IN MILLIONS) | | |
| <S> | <C> | <C> | <C> |
| Net sales | $18.0 | $20.1 | +12% |
| Operating income | 5.1 | 5.5 | + 8% |
| Operating income margin | 28.3% | 27.3% | |

</TABLE>

Volumes increased in each of the Company's three major hardware products lines (locks, computer keyboard/workstation supports and drawer slides). Operating margins were impacted slightly by higher raw material costs (zinc, copper and steel). In response to the higher material costs, certain selling prices were increased in April 1995. Fluctuations in the value of the U.S. dollar relative to the Canadian dollar have continued to favorably impact operating results. National Cabinet Lock continues to add new products to its STOCK LOCKS product line as well as to its Waterloo Furniture Components support arm and drawer slide lines.

FAST FOOD
<TABLE>
<CAPTION>

| | THREE MONTHS ENDED MARCH 31, 1994 | 1995 | % CHANGE |
|---|---|---|---|
| | (IN MILLIONS) | | |
| <S> | <C> | <C> | <C> |
| Net sales | $26.7 | $26.8 | + 0% |
| Operating income | 1.6 | 1.1 | -34% |
| Operating income margin | 6.0% | 3.9% | |

</TABLE>

The fast food industry continues to be very competitive. Same store sales declined 2.5% in 1995 as declines in Sybra's Michigan and Florida regions more than offset increases in other regions. Despite stable to lower food costs, higher marketing and labor costs hampered operating margins. Sybra's competitive responses have been to increase promotions and discounts, and demand for labor has been strong in all of the Company's markets.

During the first quarter of 1995, Sybra opened one new store and closed five stores and at March 31, 1995 operated a total of 158 Arby's restaurants. Sybra expects to open four new Arby's restaurants in the second quarter and three to five more during the last half of 1995. In addition, it may close one or two more stores later in the year.

OTHER

Interest expense increased due to higher average borrowing levels associated primarily with facilities expansion and higher average variable borrowing rates. Approximately $159 million of the Company's indebtedness bears interest at fixed rates averaging 9.1%. The average interest rate on the $50 million of floating rate borrowings outstanding at March 31, 1995 was 7.9% (7.8% at December 31, 1994 and 5.4% at December 31, 1993).

Income tax rates vary by jurisdiction (country and/or state) and relative changes in the geographic source of the Company's pre-tax earnings, and in the related availability and usage of foreign tax credits, can result in fluctuations in the effective income tax rate. See Note 7 to the Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES:

Cash flows from operating activities. Cash flow from operating activities before changes in assets and liabilities increased 26% to $11.3 million, reflecting the Company's improved operating results. Changes in assets and liabilities result primarily from the timing of production, sales and purchases and generally tend to even out over time.

Cash flows from investing and financing activities. Lower capital spending resulting from completion of the Irish MDF plant expansion was offset in part by higher spending by Sybra for new stores. Net repayments of indebtedness in 1995 and net borrowings during the 1994 period relate to changes in outstanding revolving borrowings and cash balances.

Revolving credit facilities. Effective March 31, 1995, Sybra obtained an $8 million increase in its revolving credit facilities for its expansion and remodeling programs. Including this increase, unused credit available under existing facilities approximated $44 million.

Other. In addition to the recent completion of the second MDF production line in Ireland, Medite intends to add other new MDF production capacity during the next two to three years. Although there are no plans or arrangements in place with respect to such MDF capacity additions, Medite is actively exploring expansion opportunities through acquisitions, strategic joint ventures and new construction. The Company also continues to explore additional expansion and/or acquisition opportunities for its high-margin hardware products business.

Sybra's Consolidated Development Agreement with Arby's, Inc. requires Sybra to open another 20 new stores through 1997 in its existing markets. Sybra currently anticipates that its planned expansion program will meet or exceed the CDA requirements.

Valcor's operations are conducted through its subsidiaries (Medite, National Cabinet Lock and Sybra). Accordingly, Valcor's long-term ability to meet its parent company level obligations (principally debt service on the Senior Notes) is largely dependent on the receipt of dividends or other distributions from its subsidiaries, the realization of its investments through the sale of interests in such entities and investment income. Various credit agreements to which Valcor's subsidiaries are parties contain customary limitations on the payment of dividends, typically a percentage of net income or cash flow. Valcor has not guaranteed any indebtedness of its subsidiaries. The Company believes that future distributions from its subsidiaries will be sufficient to enable Valcor to meet its obligations.

Valcor dividends to Valhi are generally limited to 50% of consolidated net income, as defined in the Senior Note indenture. In May 1995 Valcor declared a $4.1 million dividend to Valhi, which amount approximated dividend availability at March 31, 1995.

The Company routinely compares its liquidity requirements and alternative uses of capital against the estimated future cash flows to be received from its subsidiaries and the estimated sales value of those units. As a result of this process, the Company may in the future seek to raise additional capital, refinance or restructure indebtedness, modify its dividend policy, consider the sale of interests in subsidiaries, business units or other assets, or take a combination of such steps or other steps, to increase liquidity, reduce indebtedness and fund future activities. The Company may also evaluate acquisitions of interests in, or combinations with, companies related to its current businesses. The Company and its subsidiaries intend to consider such acquisition activities in the future and, in connection with this activity, may consider issuing additional equity securities and increasing the indebtedness of the Company and its subsidiaries. In this regard, the Valcor Senior Note Indenture contains limitations on the ability of the Company and its subsidiaries to incur additional indebtedness. In April 1995, due to unfavorable market conditions, Valhi withdrew its proposed public offering of Medite common stock.

## PART II. OTHER INFORMATION

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits

27.1 - Financial Data Schedule for the three-month period ended March 31, 1995.

(b) Reports on Form 8-K

Reports on Form 8-K for the quarter ended March 31, 1995 and the month of April 1995:

January 30, 1995 - Reported Items 5 and 7.
April 25, 1995 - Reported Items 5 and 7.

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.

VALCOR, INC.
(Registrant)

Date May 9, 1995

By /s/ William C. Timm
William C. Timm
Vice President - Finance and
Treasurer
(Principal Financial Officer)

Date May 9, 1995

By /s/ J. Thomas Montgomery, Jr.
J. Thomas Montgomery, Jr.
Vice President and Controller
(Principal Accounting Officer)

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.

VALCOR, INC.
(Registrant)

Date May 9, 1995

By
William C. Timm

Vice President - Finance and
Treasurer
(Principal Financial Officer)

Date May 9, 1995

By

J. Thomas Montgomery, Jr.
Vice President and Controller
(Principal Accounting Officer)

```
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<ARTICLE> 5
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THE SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VALCOR,
INC.'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31,
1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH CONSOLIDATED
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