

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

Current report filing

Filing Date: **1999-07-27** | Period of Report: **1999-07-27**  
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FILER

**BUTLER NATIONAL CORP**

CIK: **15847** | IRS No.: **410834293** | State of Incorporation: **DE** | Fiscal Year End: **0430**  
Type: **8-K** | Act: **34** | File No.: **000-01678** | Film No.: **99671033**  
SIC: **5141** Groceries, general line

Mailing Address  
11920 W 161ST ST  
OLATHE KS 66062

Business Address  
11920 W 161ST ST  
OLATHE KS 66062  
8167809595

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) July 27, 1999

BUTLER NATIONAL CORPORATION  
(Exact name of Registrant as specified in its charter)

Delaware (State of incorporation)	0-1678 (Commission File Number)	41-0834293 (I.R.S. Employer Identification No.)
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19920 West 161st Street, Olathe, Kansas 66062  
(Address of Principal Executive Office) (Zip Code)

Registrant's telephone number, including area code: (913) 780-9595

Former Name, former address and former fiscal year if changed since last  
report:

Not Applicable

Item 5. Other events.

Butler National Corporation reported that on July 27, 1999, the  
Company issued a press release regarding the settlement of affairs of  
discontinued food distribution subsidiary, RF, Inc. See exhibit 99.

Item 9. Sales of Equity Securities Pursuant to Regulation S.

On July 27, 1999, the Company reported the status of the \$1,000 Series B 6% Cumulative Convertible Preferred Stock since the original issues in 1996 and 1997. The Company issued a face value of \$1,250,000 of Convertible Debentures and \$1,500,000 of Convertible Preferred Stock. As of July 27, 1999, the outstanding face values are \$618,000 and \$551,000 respectively. Shares of common stock issued are 904,832 and 3,170,185 respectively (See Table 1). The shares were issued to accredited investors. The transactions were executed in reliance upon the exemption from registration afforded by Regulation S as promulgated by the Securities and Exchange Commission, under the Securities Act of 1933, as amended.

Table 1.

<TABLE>

CLASS B CONVERTIBLE PREFERRED:

	Date	Face Value	Shares of Comm Issued
<S>	<C>	<C>	<C>
Original Issue	Dec-97	\$1,500,000	
Total Class B Conv Pref Issued		\$1,500,000	
Converted to Common Stock through May 21, 1998		(715,000)	1,389,099
Balance outstanding May 21, 1998:		\$ 785,000	1,389,099
Converted after May 21, 1998: through April 30, 1999		( 92,000)	617,956
Balance at April 30, 1999		\$ 693,000	2,007,055
Converted April 30, 1999 through May 17, 1999		( 60,000)	434,782
Balance at May 17, 1999		\$ 633,000	2,441,837
Converted May 17, 1999 through July 27, 1999		(82,000)	728,348
Balance at July 27, 1999		\$ 551,000	3,170,185

CONVERTIBLE DEBENTURE

Original Issue	Jun-96	\$ 750,000
	Nov-96	500,000

Total conv. deb.	1,250,000	
Converted to Common Stock through May 21, 1998	(600,000)	737,992
Balance outstanding May 21, 1998	\$ 650,000	737,992
Converted after May 21, 1998: through April 30, 1999	-	-
Balance at April 30, 1999	\$ 650,000	737,992
Converted April 30, 1999 through May 17, 1999	( 32,000)	166,840
Balance at May 17, 1999	\$ 618,000	904,832
Converted May 17, 1999 through July 27, 1999	-	-
Balance at July 27, 1999	\$ 618,000	904,832

TOTAL CLASS B CONV. PREFERRED AND CONVERTIBLE DEBENTURE

Original Issue	Jun-96	\$ 750,000	
	Nov-96	500,000	
	Dec-97	1,500,000	
Total Issued		\$ 2,750,000	
Total Converted to Common Stock through May 21, 1998		(1,315,000)	2,127,091
Total balance outstanding May 21, 1998		\$ 1,435,000	2,127,091
Total Converted after May 21, 1998 through April 30, 1999		\$ (92,000)	617,956
Total balance at April 30, 1999		\$ 1,343,000	2,745,047
Total Converted April 30, 1999 through May 17, 1999		(92,000)	601,622
Total Balance at May 17, 1999		\$ 1,251,000	3,346,669
Total Converted May 17, 1999 through July 27, 1999		\$ 82,000	728,348
Total Balance at July 27, 1999		\$ 1,169,000	4,075,017

</TABLE>

## 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 authorized.

Butler National Corporation  
(Registrant)

July 27, 1999  
(Date)

/S/Clark D. Stewart  
Clark D. Stewart, President  
and Chief Executive Officer

July 27, 1999  
(Date)

/S/Robert E. Leisure  
Robert E. Leisure  
Chief Financial Officer

FOR IMMEDIATE RELEASE

July 27, 1999

Butler National Corporation (OTCBB: BUKS) Completes Settlement of Affairs of Discontinued Food Distribution Subsidiary, RF, Inc.

(OLATHE, KS) July 27, 1999 - Butler National Corporation (OTCBB: BUKS) reported that on July 20, 1999, the Company completed all the terms of a settlement agreement with the Trustee and the United States Bankruptcy Court regarding the involuntary bankruptcy of its discontinued and former Food Distribution Subsidiary, RF, Inc.

Highlights of the report include:

As discussed at the last Annual Meeting of the Shareholders and as reported from time-to-time in its Annual Report on Form 10-K, Form 8-K, and related news articles, the Company discontinued its Food Distribution business segment including RF, Inc. ("RFI") and Valu Foods, Inc. ("VFI") because of an involuntary bankruptcy filing against RF, Inc. and other considerations. Settlement with the Trustee and the Court completes the affairs of this business segment.

As of April 30, 1998, the operations of RFI were deconsolidated due to the Chapter 7 involuntary bankruptcy liquidation of the wholly owned subsidiary. The entire investment in RFI and VFI was written-off as a loss on discontinued operations.

Since fiscal 1998, approximately nine months of management's time has been focused on the resolution of the RFI bankruptcy matter and the protection of Butler National's assets. This effort was very expensive to the Company in terms of management time, professional fees and the diversion of management's attention away from the daily operation of the core businesses as well as the analysis of business opportunities related to the core businesses.

In the fall of 1998, the RFI bankruptcy trustee filed an action alleging a number of claims against the Company and its officers including a claim for repayment of preferential payments to the bankruptcy estate.

The bankruptcy judge determined that RFI was not solvent at April 30, 1997, and therefore, the Company was liable to the RFI estate for \$430,000 in preferential payments made to the Company in fiscal 1998. Although management of the Company strongly disagreed with the judge's ruling, the Company had already expended professional fees of approximately \$380,000 and considerable corporate payroll and other expenses directly related to the RFI matter.

Therefore, continued appeals of this matter were not in the best interest of the shareholders of the Company. As a result, the Company settled with the Trustee by paying \$250,000 to the Court.

Because the Company guaranteed the RFI debt to the bank, the Company assumed an additional liability of \$908,209. The Company does not expect to recover a material amount from the disposal of the assets and has expensed approximately \$2,000,000 as a loss from discontinued operations.

#### Management Comments:

"This settlement is the final action related to the discontinued Food Distribution segment. This segment has required a considerable and disproportional amount of management time and attention over the past three years to protect the assets of the shareholders. We can now focus our efforts on the daily opportunities for more profitable operations of the Company as well as the separation between Butler's core business and the spin off of the gaming operations. We believe that by taking the strategic step to operate each segment as a business unit, allowing each company to focus on its own businesses and markets therefore enhancing their ability to achieve their full potential we can unlock greater value for each of these businesses and the shareholders of Butler National," commented Clark D. Stewart, President of the Company.

#### Our Business:

Butler National Corporation operates in the aerospace and services business segments. The Services segment includes electronic monitoring of water pumping stations, temporary employee services, Indian gaming management services and administrative management services. Aerospace includes the manufacture of airborne electronic switching equipment for Boeing (McDonnell Douglas) and structural modification of business aircraft.

#### Forward Looking Information:

The information set forth above may include "forward-looking" information as outlined in the recently enacted Private Securities Litigation Reform Act of 1995. The Cautionary Statements filed by the Company as Exhibit 99 of its FORM 10-Q filing are incorporated herein by reference and investors are specifically referred to such Cautionary Statements for a discussion of factors which could affect the Company's operations and forward-looking statements contained herein.

FOR MORE INFORMATION, OR FOR A COMPLETE COPY OF BUTLER NATIONAL'S LATEST 10-Q, CONTACT:

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780-9595

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