SECURITIES AND EXCHANGE COMMISSION

FORM SC 13D/A

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities [amend]

Filing Date: **2001-03-20**
SEC Accession No. 0000950144-01-003669

(HTML Version on secdatabase.com)

SUBJECT COMPANY

AER ENERGY RESOURCES INC /GA

CIK:**863872**| IRS No.: **341621925** | State of Incorp.:**GA** | Fiscal Year End: **1231**
Type: **SC 13D/A** | Act: **34** | File No.: **005-45827** | Film No.: **1572096**
SIC: **3690** Miscellaneous electrical machinery, equipment & supplies

Mailing Address
4600 HIGHLANDS PKWY
SUITE G
SMYRNA GA 30082

Business Address
4600 HIGHLANDS PKWY STE G
SMYRNA GA 30082
4044332127

FILED BY

LINDSETH JON A

CIK:**928110**
Type: **SC 13D/A**

Mailing Address
C/O KINDT COLLINS CO
12651 ELMWOOD AVENUE
CLEVLAND OH 44111

Business Address
12651 ELMWOOD AVE
CLEVELAND OH 44111
2162524122

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

SCHEDULE 13D
(AMENDMENT NO. 7)*
Under the Securities Exchange Act of 1934

AER Energy Resources, Inc.

(Name of Issuer)

Common Stock, no par value
Series A Convertible Preferred Stock, no par value
Series B Convertible Preferred Stock, no par value

(Title of Class of Securities)

Common Stock: 000944 10 8
Series A Convertible Preferred Stock: None
Series B Convertible Preferred Stock: None

(CUSIP Number)

Mark D. Kaufman, Esq.
Sutherland Asbill & Brennan LLP
999 Peachtree Street, N.E.
Atlanta, Georgia 30309-3996
(404) 853-8107

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

February 27, 2001

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box [ ].

NOTE: Schedules filed in paper format shall include a signed original and five copies of the Schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's

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initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes). The Exhibit Index is located immediately following page 35 of this filing.

SCHEDULE 13D

CUSIP No. 000944 10 8	Page __2__of __35___ Pages

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)
JON A. LINDSETH

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (A) [ ] (B) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*
AF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION
UNITED STATES

NUMBER OF SHARES	7 SOLE VOTING POWER
	COMMON STOCK: 12,487,397

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BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		SERIES A CONVERTIBLE PREFERRED STOCK: 202,250 SERIES B CONVERTIBLE PREFERRED STOCK: 102,250
	8	SHARED VOTING POWER
	9	SOLE DISPOSITIVE POWER COMMON STOCK: 12,487,397 SERIES A CONVERTIBLE PREFERRED STOCK: 202,250 SERIES B CONVERTIBLE PREFERRED STOCK: 102,250
	10	SHARED DISPOSITIVE POWER

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON COMMON STOCK: 12,487,397 SERIES A CONVERTIBLE PREFERRED STOCK: 202,250 SERIES B CONVERTIBLE PREFERRED STOCK: 102,250
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* [ ]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) COMMON STOCK: 40.6% SERIES A CONVERTIBLE PREFERRED STOCK: 50.0% SERIES B CONVERTIBLE PREFERRED STOCK: 100.0%
14	TYPE OF REPORTING PERSON* IN

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1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) THE KINDT-COLLINS COMPANY		
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(A) [ ] (B) [X]	
3	SEC USE ONLY		
4	SOURCE OF FUNDS* N/A		
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E)	[ ]	
6	CITIZENSHIP OR PLACE OF ORGANIZATION DELAWARE		
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER COMMON STOCK: 212,994	
	8	SHARED VOTING POWER	
	9	SOLE DISPOSITIVE POWER COMMON STOCK: 212,994	
	10	SHARED DISPOSITIVE POWER	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON COMMON STOCK: 212,994		
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	[ ]	

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13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
COMMON STOCK: 0.9%

14 TYPE OF REPORTING PERSON*
CO

SCHEDULE 13D

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)
AER PARTNERS

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (A) [ ]
(B) [X]

3 SEC USE ONLY

4 SOURCE OF FUNDS*
N/A

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E) [ ]

6 CITIZENSHIP OR PLACE OF ORGANIZATION
OHIO

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER COMMON STOCK: 3,189,915
	8	SHARED VOTING POWER

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	9	SOLE DISPOSITIVE POWER COMMON STOCK: 3,189,915
	10	SHARED DISPOSITIVE POWER

11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON COMMON STOCK: 3,189,915
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES* [ ]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) COMMON STOCK: 12.8%
14	TYPE OF REPORTING PERSON* PN

SCHEDULE 13D

1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) ELMWOOD PARTNERS II	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(A) [ ] (B) [X]
3	SEC USE ONLY	

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4	SOURCE OF FUNDS* BK	
5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E)	[ ]
6	CITIZENSHIP OR PLACE OF ORGANIZATION OHIO	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER COMMON STOCK: 8,933,258 SERIES A CONVERTIBLE PREFERRED STOCK: 202,250 SERIES B CONVERTIBLE PREFERRED STOCK: 102,250	
	8 SHARED VOTING POWER	
	9 SOLE DISPOSITIVE POWER COMMON STOCK: 8,933,258 SERIES A CONVERTIBLE PREFERRED STOCK: 202,250 SERIES B CONVERTIBLE PREFERRED STOCK: 102,250	
	10 SHARED DISPOSITIVE POWER	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON COMMON STOCK: 8,933,258 SERIES A CONVERTIBLE PREFERRED STOCK: 202,250 SERIES B CONVERTIBLE PREFERRED STOCK: 102,250	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	[ ]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) COMMON STOCK: 29.2% SERIES A CONVERTIBLE PREFERRED STOCK: 50.0% SERIES B CONVERTIBLE PREFERRED STOCK: 100.0%	

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14 TYPE OF REPORTING PERSON*
PN

6

SCHEDULE 13D

CUSIP No. 000944 10 8 Page __6__ of __35__ Pages

---

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)
BATTERY PARTNERS

---

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (A) [ ]
(B) [X]

---

3 SEC USE ONLY

---

4 SOURCE OF FUNDS*
N/A

---

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E) [ ]

---

6 CITIZENSHIP OR PLACE OF ORGANIZATION
DELAWARE

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7	SOLE VOTING POWER COMMON STOCK: 121,230
	8	SHARED VOTING POWER

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	9	SOLE DISPOSITIVE POWER COMMON STOCK: 121,230
	10	SHARED DISPOSITIVE POWER
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON COMMON STOCK: 121,230	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	[ ]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) 0.5%	
14	TYPE OF REPORTING PERSON* PN	

SCHEDULE 13D

1	NAME OF REPORTING PERSON S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY) JON A. LINDSETH, TRUSTEE UNDER JON A. LINDSETH TRUST AGREEMENT DATED APRIL 25, 1986, AS MODIFIED	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*	(A) [ ] (B) [X]
3	SEC USE ONLY	
4	SOURCE OF FUNDS* N/A	

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5	CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(D) OR 2(E)	[ ]
6	CITIZENSHIP OR PLACE OF ORGANIZATION UNITED STATES	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	7 SOLE VOTING POWER COMMON STOCK: 12,244,403 SERIES A CONVERTIBLE PREFERRED STOCK: 202,250 SERIES B CONVERTIBLE PREFERRED STOCK: 102,250	
	8 SHARED VOTING POWER	
	9 SOLE DISPOSITIVE POWER COMMON STOCK: 12,244,403 SERIES A CONVERTIBLE PREFERRED STOCK: 202,250 SERIES B CONVERTIBLE PREFERRED STOCK: 102,250	
	10 SHARED DISPOSITIVE POWER	
11	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON COMMON STOCK: 12,244,403 SERIES A CONVERTIBLE PREFERRED STOCK: 202,250 SERIES B CONVERTIBLE PREFERRED STOCK: 102,250	
12	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*	[ ]
13	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11) COMMON STOCK: 40.0% SERIES A CONVERTIBLE PREFERRED STOCK: 50.0% SERIES B CONVERTIBLE PREFERRED STOCK: 100.0%	
14	TYPE OF REPORTING PERSON* OO	

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Item 1. SECURITY AND ISSUER.

The equity securities to which this Amendment No. 7 ("Amendment No. 7") to Schedule 13D relates are shares of common stock, no par value (the "Common Stock"), shares of Series A Convertible Preferred Stock, no par value (the "Preferred Stock") and shares of Series B Convertible Preferred Stock, no par value (the "Series B Preferred Stock"), of AER Energy Resources, Inc., a Georgia corporation ("AER Energy"). The address of AER Energy's principal executive office is 4600 Highlands Parkway, Suite G, Smyrna, Georgia 30082.

Item 2. IDENTITY AND BACKGROUND.

(a)-(c) The persons filing this Amendment No. 7 are Jon A. Lindseth ("Mr. Lindseth"), Jon A. Lindseth, Trustee, under the Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified (the "Trustee", with the Ohio trust created under such agreement referred to as the "Trust"), The Kindt-Collins Company, a Delaware corporation ("Kindt-Collins"), and Elmwood Partners II ("Elmwood"), Battery Partners ("Battery Partners") and AER Partners ("AER Partners"), all Ohio partnerships. Mr. Lindseth is the Trustee of the Trust, the Chairman of the Board of Directors of Kindt-Collins and the Managing Partner of each of AER Partners, Battery Partners and Elmwood.

Amendment No. 7 is being filed pursuant to Exchange Act Rules 13d-1(k)(1) and 13d-2 to report the purchase by Elmwood of 102,250 shares of Series B Preferred Stock and a warrant (the "Warrant") to purchase 776,699 shares of Common Stock on February 27, 2001.

THE TRUST:

The Trust is a revocable trust created to manage and invest certain assets for the benefit of Mr. Lindseth (and to transfer such assets upon his death to specified beneficiaries). The principal business address of the Trustee is Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified, c/o The Kindt-Collins Company, 12651 Elmwood Avenue, Cleveland, Ohio 44111.

Each of Elmwood, Battery Partners and AER Partners are investment partnerships which are composed of substantially the same partners. The principal place of business and principal office of Elmwood, Battery Partners and AER Partners is 12651 Elmwood Avenue, Cleveland, Ohio 44111.

KINDT-COLLINS:

Kindt-Collins is engaged in the business of manufacturing and

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distributing products for use in the metal casting industry, including industrial grade wax, aluminum casting patterns, and related abrasives, plastics and lumber. The principal place of business and principal office of Kindt-Collins is located at 12651 Elmwood Avenue, Cleveland, Ohio 44111.

The following tables set forth certain information as to the executive officers and directors of Kindt-Collins and the general partners of AER Partners and Elmwood, including their business addresses and principal occupations.

<TABLE>
<CAPTION>

Name and Business Address	Position with Kindt-Collins and Principal Occupation
<S>	<C>
Jon A. Lindseth The Kindt-Collins Company 12651 Elmwood Avenue Cleveland, OH 44111	Chairman of the Board and Treasurer
Leo L. Kovachic The Kindt-Collins Company 12651 Elmwood Avenue Cleveland, OH 44111	Director and President
Joseph D. Sullivan Calfee, Halter & Griswold 1800 Society Building Cleveland, OH 44114	Director and Secretary; Partner, Calfee, Halter, & Griswold

</TABLE>

AER PARTNERS:

Although AER Partners is organized as a general partnership, the partnership agreement delegates the authority to vote and decide the disposition of any securities owned by the partnership to either of Mr. Lindseth (individually or as the Trustee) and his son, Mr. Steven W. Lindseth (as trustee), as co-Managing Partners. As a practical matter, Mr. Lindseth acts as the Managing Partner of AER Partners. Certain information regarding the general partners of AER Partners is set forth below.

<TABLE>
<CAPTION>

Name and Business Address	Position with Partnership and Principal Occupation

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<S>	<C>
Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified c/o Jon A. Lindseth The Kindt-Collins Company 12651 Elmwood Avenue Cleveland, Ohio 44111	Managing Partner; Mr. Lindseth is Chairman of the Board and Treasurer, Kindt-Collins
Virginia M. Lindseth (spouse of Jon A. Lindseth), Trustee under Virginia M. Lindseth Trust Agreement dated April 25, 1986, as modified 46155 Fairmount Boulevard Hunting Valley, OH 44022	Partner
Andrew M. Lindseth ImageScan, Inc. Suite 109 103 Carnegie Center Princeton, NJ 08540	Partner; Chairman of the Board, ImageScan, Inc.
Steven W. Lindseth, Trustee under Steven W. Lindseth Trust Agreement dated March 1, 1989, as modified Compliant, LLC 4543 Taylor Lane Warrensville Heights, OH 44128	Partner; Steven W. Lindseth is President, Compliant, LLC and Director, Nextec Applications, Inc.
Karen L. Parker, Trustee under Karen L. Parker Declaration of Trust dated March 3, 1990, as modified 240 Old Green Bay Road Glencoe, IL 60022 </TABLE>	Partner

<TABLE>

<S>	<C>

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Peter L. Lindseth, Trustee under Peter L. Lindseth Declaration of Trust dated May 12, 1994 University of Connecticut School of Law 65 Elizabeth Street Hartford, CT 06105-2290	Partner; Peter L. Lindseth is an associate professor at University of Connecticut School of Law.
Sullivan Family Limited Partnership c/o Joseph D. Sullivan Calfee, Halter & Griswold 1800 Society Building Cleveland, OH 44114	Partner; Mr. Sullivan and his spouse, Sandra H. Sullivan, are the general partners of the Sullivan Family Limited Partnership.
Joseph D. Sullivan Trustee UAW Mary M. Sullivan dtd December 24, 1975 c/o Joseph D. Sullivan Calfee, Halter & Griswold 1800 Society Building Cleveland, OH 44114	Partner; Mr. Sullivan is a partner of Calfee, Halter & Griswold.
Louise A. Phillips, Successor Trustee under Fletcher Family Revocable Living Trust Agreement dated February 20, 1992 16932 Clifton Blvd. Lakewood, OH 44107	Partner
Mary E. Gail Trust c/o Louise A. Phillips, Trustee 1501 Raven Drive Wasilla, AK 99654	Partner
Ann M. Rich Trust c/o Louise A. Phillips, Trustee 16932 Clifton Blvd. Lakewood, OH 44107	Partner
Susan K. Salo Trust c/o Louise A. Phillips, Trustee 16932 Clifton Blvd.	Partner

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Lakewood, OH 44107
</TABLE>

12

<TABLE>
<S> <C>
Louise I. Palmer Trust Partner
c/o Louise A. Phillips, Trustee
16932 Clifton Blvd.
Lakewood, OH 44107

Edvins Auzenbergs, Trustee Partner; Mr. Auzenbergs is
Under Edvins Auzenbergs retired.
Declaration of Trust
dated August 11, 1995
23301 Wingfoot Drive
Westlake, OH 44145-4380

Leo L. Kovachic Partner; President,
The Kindt-Collins Company Kindt-Collins
12651 Elmwood Avenue
Cleveland, OH 44111

Leonard A. Principe Partner; Sales Manager,
The Kindt-Collins Company Kindt-Collins
12651 Elmwood Avenue
Cleveland, OH 44111
</TABLE>

BATTERY PARTNERS:

Although Battery Partners is organized as a general partnership, the partnership agreement delegates the authority to vote and decide the disposition of any securities owned by the partnership to either of Mr. Lindseth (individually or as the Trustee) and his son, Mr. Steven W. Lindseth (as trustee), as co-Managing Partners. As a practical matter, Mr. Lindseth acts as the Managing Partner of Battery Partners. Certain information regarding the general partners of Battery Partners is set forth below.

<TABLE>
<CAPTION>

Name and Business Address	Position with Partnership and Principal Occupation
<S>	<C>
Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25,	Managing Partner; Mr. Lindseth is Chairman of the Board and Treasurer, Kindt-

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1986, as modified c/o Jon A. Lindseth The Kindt-Collins Company 12651 Elmwood Avenue Cleveland, Ohio 44111	Collins

</TABLE>

13

<TABLE>

<S>	<C>
Virginia M. Lindseth (spouse of Jon A. Lindseth), Trustee under Virginia M. Lindseth Trust Agreement dated April 25, 1986, as modified 46155 Fairmount Boulevard Hunting Valley, OH 44022	Partner
Andrew M. Lindseth ImageScan, Inc. Suite 109 103 Carnegie Center Princeton, NJ 08540	Partner; Chairman of the Board, ImageScan, Inc.
Steven W. Lindseth, Trustee under Steven W. Lindseth Trust Agreement dated March 1, 1989, as modified Complient, LLC 4543 Taylor Lane Warrensville Heights, OH 44128	Partner; Steven W. Lindseth is President, Complient, LLC and Director, Nextec Applications, Inc.
Sharon H. Lindseth (spouse of Steven W. Lindseth) 1820 County Line Road Gates Mills, OH 44040	Partner
Karen L. Parker, Trustee under Karen L. Parker Declaration of Trust dated March 3, 1990, as modified 240 Old Green Bay Road Glencoe, IL 60022	Partner
Stephen C. Parker (spouse of Karen L. Parker) 240 Old Green Bay Road Glencoe, IL 60022	Partner

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Peter L. Lindseth, Trustee under Peter L. Lindseth Declaration of Trust, dated May 12, 1994 University of Connecticut School of Law 65 Elizabeth Street Hartford, CT 06105-2290	Partner; Peter L. Lindseth is an associate professor at the University of Connecticut School of Law.

</TABLE>

14

<TABLE>

<S>	<C>
Joseph D. Sullivan, Trustee UAW Mary M. Sullivan dtd December 24, 1975 Calfee, Halter & Griswold 1800 Society Building Cleveland, OH 44114	Partner; Mr. Sullivan is a partner of Calfee, Halter & Griswold.
Joseph D. Sullivan, Trustee for Stephanie D. Sullivan Calfee, Halter & Griswold 1800 Society Building Cleveland, OH 44114	Partner; Mr. Sullivan is a partner of Calfee, Halter & Griswold.
Joseph D. Sullivan, Trustee for Laura W. Sullivan Calfee, Halter & Griswold 1800 Society Building Cleveland, OH 44114	Partner; Mr. Sullivan is a partner of Calfee, Halter & Griswold.
Joseph D. Sullivan, Trustee for M. Hannah Sullivan Calfee, Halter & Griswold 1800 Society Building Cleveland, OH 44114	Partner; Mr. Sullivan is a partner of Calfee, Halter & Griswold.
Joseph D. Sullivan, Trustee for J. D. Sullivan, Jr. Calfee, Halter & Griswold 1800 Society Building Cleveland, OH 44114	Partner; Mr. Sullivan is a partner of Calfee, Halter & Griswold.
Louise A. Phillips, Successor Trustee under Fletcher Family Revocable Living Trust	Partner

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Agreement dated February 20, 1992
7753 East Bowie Road
Scottsdale, AZ 85258

Mary E. Gail Trust
c/o Louise A. Phillips, Trustee
1501 Raven Drive
Wasilla, AK 99654 — Partner

Ann M. Rich
15 Warwick Lane
Rocky River, OH 44116 — Partner
</TABLE>

<TABLE>
<S> <C>

Susan K. Salo
1 Windsor Court
Rocky River, OH 44116 — Partner

Louise I. Palmer
Main Street
Beckett, MA 01223 — Partner

Edvins Auzenbergs, Trustee under Edvins Auzenbergs Declaration of Trust dated August 11, 1995
23301 Wingfoot Drive
Westlake, OH 44145-4380 — Partner; Mr. Auzenbergs is retired.

Leo L. Kovachic
The Kindt-Collins Company
12651 Elmwood Avenue
Cleveland, OH 44111 — Partner; President, Kindt-Collins

Leonard A. Principe
The Kindt-Collins Company
12651 Elmwood Avenue
Cleveland, OH 44111 — Partner; Sales Manager, Kindt-Collins

John M. Trenary
7320 Tamarisk Drive
Fort Collins, CO 80525-9195 — Partner

Patricia R. Westbrook — Partner

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1082 Baliff Court
Atlanta, GA 30319

Lisa A. Martina Trust — Partner
276 Riverside Drive #10D
New York, NY 10025

Janice M. Trenary — Partner
5746 Crestwood Drive
Fort Collins, CO 80525
</TABLE>

ELMWOOD:

Although Elmwood is organized as a general partnership, the partnership agreement delegates the authority to vote and decide

the disposition of any securities owned by the partnership to either of Mr. Lindseth (individually or as the Trustee) and his son, Mr. Steven W. Lindseth (as trustee), as co-Managing Partners. As a practical matter, Mr. Lindseth acts as the Managing Partner of Elmwood. Certain information regarding the general partners of Elmwood is set forth below.

<TABLE>
<CAPTION>

Name and Business Address	Position with Partnership and Principal Occupation
<S>	<C>
Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified c/o Jon A. Lindseth The Kindt-Collins Company 12651 Elmwood Avenue Cleveland, Ohio 44111	Managing Partner; Mr. Lindseth is Chairman of the Board and Treasurer, Kindt-Collins.
Virginia M. Lindseth (spouse of Jon A. Lindseth), Trustee under Virginia M. Lindseth Trust Agreement dated April 25, 1986, as modified 46155 Fairmount Boulevard Hunting Valley, OH 44022	Partner
Andrew M. Lindseth	Partner; Chairman of the

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ImageScan, Inc. Suite 109 103 Carnegie Center Princeton, NJ 08540	Board, ImageScan, Inc.
Steven W. Lindseth, Trustee under Steven W. Lindseth Trust Agreement dated March 1, 1989, as modified Complient, LLC 4543 Taylor Lane Warrensville Heights, OH 44128	Partner; Steven W. Lindseth is President, Complient, LLC and Director, Nextec Applications, Inc.
Karen L. Parker, Trustee under Karen L. Parker Declaration of Trust dated March 3, 1990, as modified 240 Old Green Bay Glencoe, IL 60022	Partner

</TABLE>

17

<TABLE>

<S>	<C>
Peter L. Lindseth, Trustee under Peter L. Lindseth Declaration of Trust, dated May 12, 1994 University of Connecticut School of Law 65 Elizabeth Street Hartford, CT 06105-2290	Partner; Peter L. Lindseth is an associate professor at the University of Connecticut School of Law.
Joseph D. Sullivan, Trustee under Joseph D. Sullivan Declaration of Trust dated April 7, 1984, as modified Calfee, Halter & Griswold 1800 Society Building Cleveland, OH 44114	Partner; Mr. Sullivan is a partner of Calfee, Halter & Griswold.
Sandra H. Sullivan (spouse of Joseph D. Sullivan), Trustee under Sandra H. Sullivan Declaration of Trust dated April 7, 1984, as modified 9040 Little Mountain Road Kirtland Hills, Ohio 44060	Partner

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Louise A. Phillips, Successor Trustee under Fletcher Family Revocable Living Trust Agreement dated February 20, 1992 7753 East Bowie Road Scottsdale, AZ 85258	Partner
Edvins Auzenbergs, Trustee under Edvins Auzenbergs Declaration of Trust dated August 11, 1995 23301 Wingfoot Drive Westlake, OH 44145-4380	Partner; Mr. Auzenbergs is retired.
Leo L. Kovachic The Kindt-Collins Company 12651 Elmwood Avenue Cleveland, OH 44111	Partner; President, Kindt-Collins

Leonard A. Principe The Kindt-Collins Company 12651 Elmwood Avenue Cleveland, OH 44111	Partner; Sales Manager, Kindt-Collins

In addition to serving as Chairman of the Board and Treasurer of Kindt-Collins and Managing Partner of each of AER Partners, Battery Partners and Elmwood, Mr. Lindseth serves as the Chairman of the Board of AER Energy, as well as the Chairman of the Boards of each of Hines Flask Company and Shanafelt Manufacturing Company, both of which serve the metal casting industry, Complient, LLC, a limited liability company developing and marketing consumer products, and as a director of Nextec Applications, Inc., a company formed to develop products utilizing fabric coating technology. The principal business addresses of each of these organizations (other than AER Energy) are as follows:

Hines Flask Company
3431 West 140th Street
Cleveland, OH 44111

Shanafelt Manufacturing Company
2600 Winfield Way, N.E.
Canton, OH 44705

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Complient, LLC
4543 Taylor Lane
Warrensville Heights, OH 44128

Nextec Applications, Inc.
2611 Commerce Way
Vista, CA 92083

(d) Neither Kindt-Collins, Elmwood, Battery Partners, AER Partners, the Trustee, the Trust nor any of the persons listed in the above tables, including Mr. Lindseth, has been convicted during the last five years in any criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) Neither Kindt-Collins, Elmwood, Battery Partners, AER Partners, the Trustee, the Trust nor any of the persons listed in the above tables, including Mr. Lindseth, has been a party during the last five years to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or

mandating activities subject to, federal or state securities laws, or finding any violation with respect to such laws.

(f) All of the individuals named in the above tables are citizens of the United States of America.

Item 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Item 3 is hereby amended and supplemented to include the following additional information:

Elmwood purchased a total of 102,250 shares of Series B Preferred Stock and the Warrant on February 27, 2001 for an aggregate purchase price of $1,000,000 in cash. On February 20, 2001, Elmwood borrowed the funds to purchase the Series B Preferred Stock from The Huntington National Bank. This loan is not secured by any of the assets of Elmwood and bears interest at LIBOR plus 1.85% per year (LIBOR initially being 5.58% per year), which may fluctuate daily. This loan shall mature on April 5, 2004. This loan was unconditionally and fully guaranteed by Kindt-Collins.

Item 4. PURPOSE OF TRANSACTION.

Item 4 is hereby amended to include the following additional information:

Mr. Lindseth, as a co-Managing Partner of Elmwood, directed the

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separate purchase by Elmwood of 102,250 shares of Series B Preferred Stock and the Warrant for investment purposes.

Kindt-Collins, Mr. Lindseth, the Trust, Elmwood, Battery Partners and AER Partners own their respective AER Energy securities for investment purposes.

Mr. Lindseth, on behalf of himself, as the Trustee or as Managing Partner of AER Partners, Elmwood or Battery Partners, may seek for investment purposes to purchase additional shares of Common Stock or other series of preferred stock of AER Energy in the open market or in privately negotiated transactions.

Additionally, the number of shares of AER Common Stock deemed to be beneficially owned by Mr. Lindseth, the Trustee and Elmwood due to the conversion features of the shares of Series A Preferred Stock and Series B Preferred Stock may automatically change from time to time without any action on the part of such persons due to (i) fluctuations in the amount of accrued and unpaid dividends with respect to the Series A Preferred Stock

and the Series B Preferred Stock, which dividends may be converted into Common Stock at the same conversion rate as the shares of stock upon which such dividends accrued and (ii) the effect of certain anti-dilution and other terms of such securities upon the conversion rate set forth therein. In addition, the warrants purchased with such securities also contain exercise price adjustment and anti-dilution provisions, which may cause the aggregate number of shares of AER Common Stock that may be received upon the exercise in full of such warrants to be adjusted.

Joseph D. Sullivan, on behalf of himself or certain Sullivan family partnerships and trusts, may seek for investment purposes to purchase additional shares of Common Stock in the open market or in privately negotiated transactions.

Item 5. INTEREST IN SECURITIES OF THE ISSUER.

Item 5 is hereby amended in its entirety to read as follows:

The percentages set forth below are based on 24,850,263 shares of Common Stock outstanding as of the close of business on November 9, 2000 (as reported in AER Energy's most recent Form 10-Q), plus, pursuant to Rule 13d-3(d)(1)(i), such additional number of shares that each person may acquire within 60 days pursuant to the exercise of any option, warrant or right, the conversion of any security or the power to revoke a trust or similar arrangement.

(a) Kindt-Collins beneficially owns directly 212,994 shares of the Common Stock, or 0.9% of the outstanding Common Stock, of which 112,994 shares

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may be acquired pursuant to the exercise in full of a warrant that is immediately exercisable.

AER Partners beneficially owns directly 3,189,915 shares of Common Stock, or 12.8% of the outstanding Common Stock.

Elmwood beneficially owns directly 8,933,258 shares of Common Stock, or 29.2% of the outstanding Common Stock, of which (i) 1,246,734 shares may be acquired (as of February 27, 2001) pursuant to the exercise in full of immediately exercisable warrants (including the Warrant), (ii) 2,542,587 shares may be acquired pursuant to the conversion in full of 202,250 shares of Series A Preferred Stock, all of which are immediately convertible, and (iii) 1,985,437 shares may be acquired (as of February 27, 2001) pursuant to the conversion in full of 102,250 shares of Series B Preferred Stock, all of which are immediately

convertible. Elmwood beneficially owns 202,250 shares of Series A Preferred Stock, or 50.0% of the outstanding Series A Preferred Stock. Elmwood also beneficially owns 102,250 shares of Series B Preferred Stock, or 100.0% of the outstanding Series B Preferred Stock.

Battery Partners beneficially owns directly 121,230 shares of Common Stock, or 0.4% of the outstanding Common Stock.

The Trust beneficially owns indirectly, through its interests in AER Partners, Elmwood and Battery Partners, 12,244,403 shares of Common Stock, or 40.0% of the outstanding Common Stock. As discussed above, Mr. Lindseth claims beneficial ownership of all such shares indirectly owned by the Trust.

The partnership agreements among the partners of AER Partners, Elmwood and Battery Partners delegate to Mr. Lindseth (individually or as the Trustee), as a co-Managing Partner of each partnership, the authority to vote and decide the disposition of shares of the Common Stock owned by AER Partners and Elmwood; otherwise, Mr. Lindseth (individually and as Trustee) disclaims beneficial ownership of (i) that percentage interest in the Common Stock attributed to the partners of each of AER Energy and Elmwood as set forth in the foregoing tables, other than the Trustee and Virginia M. Lindseth (Mr. Lindseth's spouse) as Trustee under the Virginia M. Lindseth Trust Agreement dated April 25, 1986, as modified (the "VML Trustee") and (ii) that percentage interest in the Common Stock owned indirectly by the partners of Battery Partners (other than the Trustee and the VML Trustee) through their respective ownership interests in Battery Partners.

Steven W. Lindseth, Mr. Lindseth's son, is also a co-Managing Partner of AER Partners, Elmwood Partners and Battery Partners. However, as a practical matter Mr. Lindseth acts as Managing Partner and Steven W. Lindseth disclaims beneficial ownership of (i) that percentage interest in the Common Stock attributable to the partners of each of AER Partners and Elmwood Partners other

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than himself as set forth in the foregoing tables and (ii) that percentage interest in the Common Stock owned indirectly by the partners (other than himself) of Battery Partners through their respective ownership interests in Battery Partners.

The following table sets forth the allocation of shares of Common Stock beneficially owned by AER Partners among all of its

partners. However, except as otherwise provided, nothing contained herein shall be an admission that any of such partners beneficially own such shares of Common Stock.

<TABLE>
<CAPTION>

Percentage Partner	Number of Shares of Common Stock	Percentage Interest(1)
<S>	<C>	<C>
Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified	1,490,120.9	6.0%
Virginia M. Lindseth, Trustee under Virginia M. Lindseth Trust Agreement dated April 25, 1986, as modified	85,272.8	0.3
Andrew M. Lindseth	120,888.2	0.5
Steven W. Lindseth, Trustee under Steven W. Lindseth Trust Agreement dated March 1, 1989, as modified	120,888.2	0.5
Karen L. Parker, Trustee under Karen L. Parker Declaration of Trust dated March 3, 1990, as modified	120,888.2	0.5
Peter L. Lindseth, Trustee under Peter L. Lindseth Declaration of Trust, dated May 12, 1994, as modified	120,888.2	0.5
Sullivan Family Limited Partnership	299,852.0	1.2

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Joseph D. Sullivan Trustee UAW Mary M. Sullivan dtd December 24, 1975	229,179.0	0.9
Louise A. Phillips, Successor Trustee under Fletcher Family Revocable Living Trust Agreement dated February 20, 1992	227,932.2	0.9
Mary E. Gail Trust	28,709.2	0.1

Ann M. Rich Trust	28,709.2	0.1
Susan K. Salo Trust	28,709.2	0.1
Louise I. Palmer Trust	28,709.2	0.1
Edvins Auzenbergs, Trustee under Edvins Auzenbergs Declaration of Trust dated August 11, 1995	205,660.2	0.8
Leo L. Kovachic	33,439.9	0.1
Leonard A. Principe	20,067.8	0.1

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(1) The percentages set forth below are based on 24,850,263 shares of Common Stock outstanding as of the close of business on November 9, 2000 (as reported in AER Energy's most recent Form 10-Q), plus, pursuant to Rule 13d-3(d)(1)(i), such additional number of shares that each person may acquire within 60 days pursuant to the exercise of any option, warrant or right, the conversion of any security or the power to revoke a trust or similar arrangement.

The following table sets forth the allocation of shares of Common Stock held by Elmwood among all of its partners. However, except as otherwise provided, nothing contained herein shall be an admission that any of such partners beneficially own such shares of Common Stock.

Partner	Number of Shares of Common Stock	Percentage Interest(2)

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<S>	<C>	<C>
Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified	4,173,037.5	15.15%
Virginia M. Lindseth, Trustee under Virginia M. Lindseth Trust Agreement dated April 25, 1986, as modified	238,803.9	0.96
Steven W. Lindseth, Trustee under Steven W. Lindseth Trust Agreement dated March 1, 1989, as modified	338,543.7	1.35

</TABLE>

<TABLE>

<S>	<C>	<C>
Andrew M. Lindseth	338,543.7	1.35
Karen L. Parker, Trustee under Karen L. Parker Declaration of Trust dated March 3, 1990, as modified	338,543.7	1.35
Peter L. Lindseth, Trustee under Peter L. Lindseth Declaration of Trust, dated May 12, 1994, as modified	338,543.7	1.35
Joseph D. Sullivan, Trustee under Joseph D. Sullivan Declaration of Trust dated April 7, 1984, as modified	917,767.2	3.61
Sandra H. Sullivan, Trustee under Sandra H. Sullivan Declaration of Trust dated April 7, 1984, as modified	563,769.0	2.24
Edvins Auzenbergs, Trustee under Edvins Auzenbergs Declaration of Trust dated August 11, 1995	575,945.0	2.28
Louise A. Phillips, Successor	959,914.3	3.77

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Trustee under Fletcher Family Revocable Living Trust Agreement dated February 20, 1992		
Leonard A. Principe	56,199.1	0.23
Leo L. Kovachic	93,647.3	0.38

</TABLE>

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(2) The percentages set forth below are based on 24,850,263 shares of Common Stock outstanding as of the close of business on November 9, 2000 (as reported in AER Energy's most recent Form 10-Q), plus, pursuant to Rule 13d-3(d)(1)(i), such additional number of shares that each person may acquire within 60 days pursuant to the exercise of any option, warrant or right, the conversion of any security or the power to revoke a trust or similar arrangement.

25

The following table sets forth the allocation of shares of Series A Preferred Stock held by Elmwood among all of its partners. However, except as otherwise provided, nothing contained herein shall be an admission that any of such partners beneficially own such shares of Series A Preferred Stock.

<TABLE>
<CAPTION>

Partner	Number of Shares of Common Stock	Percentage Interest(3)
<S>	<C>	<C>
Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified	94,478.1	23.4%
Virginia M. Lindseth, Trustee under Virginia M. Lindseth Trust Agreement dated April 25, 1986, as modified	5,406.5	1.3
Steven W. Lindseth, Trustee under Steven W. Lindseth Trust Agreement dated March 1, 1989, as modified	7,664.7	1.9
Andrew M. Lindseth	7,664.7	1.9
Karen L. Parker, Trustee	7,664.7	1.9

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under Karen L. Parker Declaration of Trust dated March 3, 1990, as modified		
Peter L. Lindseth, Trustee under Peter L. Lindseth Declaration of Trust, dated May 12, 1994, as modified	7,664.7	1.9
Joseph D. Sullivan, Trustee under Joseph D. Sullivan Declaration of Trust dated April 7, 1984, as modified	20,778.4	5.1
Sandra H. Sullivan, Trustee under Sandra H. Sullivan Declaration of Trust dated April 7, 1984, as modified	12,763.8	3.2

<S>	<C>	<C>
Edvins Auzenbergs, Trustee under Edvins Auzenbergs Declaration of Trust dated August 11, 1995	13,039.5	3.2
Louise A. Phillips, Successor Trustee under Fletcher Family Revocable Living Trust Agreement dated February 20, 1992	21,732.6	5.4
Leonard A. Principe	1,272.4	0.3
Leo L. Kovachic	2,120.2	0.5

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(3) The percentages set forth below are based on 404,500 shares of Series A Preferred Stock outstanding as of February 27, 2001.

The following table sets forth the allocation of shares of Series B Preferred Stock held by Elmwood among all of its partners. However, except as otherwise provided, nothing contained herein shall be an admission that any of such partners beneficially own such shares of Series B Preferred Stock.

<CAPTION>

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Partner	Number of Shares of Common Stock	Percentage Interest(4)
<S>	<C>	<C>
Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified	47,764.6	46.7%
Virginia M. Lindseth, Trustee under Virginia M. Lindseth Trust Agreement dated April 25, 1986, as modified	2,733.3	2.7
Steven W. Lindseth, Trustee under Steven W. Lindseth Trust Agreement dated March 1, 1989, as modified	3,875.0	3.8
Andrew M. Lindseth	3,875.0	3.8
Karen L. Parker, Trustee under Karen L. Parker Declaration of Trust dated March 3, 1990, as modified	3,875.0	3.8
Peter L. Lindseth, Trustee under Peter L. Lindseth Declaration of Trust, dated May 12, 1994, as modified	3,875.0	3.8
Joseph D. Sullivan, Trustee under Joseph D. Sullivan Declaration of Trust dated April 7, 1984, as modified	10,504.8	10.3
Sandra H. Sullivan, Trustee under Sandra H. Sullivan Declaration of Trust dated April 7, 1984, as modified	6,452.9	6.3
Edvins Auzenbergs, Trustee under Edvins Auzenbergs Declaration of Trust dated	6,592.3	6.4

</TABLE>

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August 11, 1995

Louise A. Phillips, Successor Trustee under Fletcher Family Revocable Living Trust Agreement dated February 20, 1992	10,987.2	10.7
Leonard A. Principe	643.3	0.6
Leo L. Kovachic	1,071.9	1.0

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(4) The percentages set forth below are based on 102,250 shares of Series B Preferred Stock outstanding as of February 27, 2001.

The following table sets forth the allocation of shares of Common Stock held by Battery Partners among all of its partners. However, except as otherwise provided, nothing contained herein shall be an admission that any of such partners beneficially own such shares of Common Stock.

Partner	Number of Shares of Common Stock	Percentage Interest(5)
Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified	33,753.7	0.14%

Virginia M. Lindseth, Trustee under Virginia M. Lindseth Trust Agreement dated April 25, 1986, as modified	2,859.6	0.01
Andrew M. Lindseth	4,053.7	0.02
Katherine S. Lindseth	4,053.7	0.02
Steven W. Lindseth, Trustee under Steven W. Lindseth Trust Agreement dated March 1, 1989, as modified	4,053.7	0.02

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Sharon H. Lindseth	4,053.7	0.02
Karen L. Parker, Trustee under Karen L. Parker Declaration of Trust dated March 3, 1990, as modified	4,053.7	0.02
Stephen C. Parker	4,053.7	0.02
Peter L. Lindseth, Trustee under Peter L. Lindseth Declaration of Trust, dated May 12, 1994, as modified	4,053.7	0.02
Joseph D. Sullivan Trustee UAW Mary M. Sullivan dtd December 24, 1975	13,089.9	0.05
J. D. Sullivan, Trustee for Stephanie D. Sullivan	1,162.6	0.01
J. D. Sullivan, Trustee for J. D. Sullivan, Jr	1,162.6	0.01
J. D. Sullivan, Trustee for Laura W. Sullivan	1,162.6	0.01
J. D. Sullivan, Trustee for M. Hannah Sullivan	1,162.6	0.01
Louise A. Phillips, Successor Trustee under Fletcher Family Revocable Living Trust Agreement dated February 20, 1992	6,843.8	0.03

</TABLE>

<TABLE>

<S>	<C>	<C>
Mary E. Gail Trust	1,162.6	0.01
Ann M. Rich	1,162.6	0.01
Susan K. Salo	1,162.6	0.01
Louise I. Palmer	1,162.6	0.01

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Edvins Auzenbergs, Trustee under Edvins Auzenbergs Declaration of Trust dated August 11, 1995	6,896.4	0.03
Leo L. Kovachic	6,290.4	0.03
Leonard A. Principe	673.6	0.003
John M. Trenary	3,030.8	0.01
Patricia R. Westbrook	3,030.8	0.01
Lise A. Martina Trust	4,053.7	0.02
Janice M. Trenary	3,030.9	0.01

</TABLE>

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(5) The percentages set forth below are based on 24,850,263 shares of Common Stock outstanding as of the close of business on November 9, 2000 (as reported in AER Energy's most recent Form 10-Q), plus, pursuant to Rule 13d-3(d)(1)(i), such additional number of shares that each person may acquire within 60 days pursuant to the exercise of any option, warrant or right, the conversion of any security or the power to revoke a trust or similar arrangement.

Mr. Lindseth (individually and as the Trustee), as a co-Managing Partner of each of AER Partners, Elmwood and Battery Partners, and as Chairman of the Board of Kindt-Collins, may be deemed to have beneficial ownership of (i) all the shares of Common Stock owned by each of AER Partners, Elmwood and Kindt-Collins, (ii) all of the shares of Series A Preferred Stock and Series B Preferred Stock owned by Elmwood, (iii) in the case of Mr. Lindseth individually, 30,000 shares of Common Stock owned directly by him and (iv) in the case of Mr. Lindseth both individually and as the Trustee, 121,230 shares of Common Stock owned by Battery Partners, for an aggregate of [A] 12,487,397 shares of Common Stock in the case of Mr. Lindseth and [B]

12,244,403 shares of Common Stock in the case of the Trustee. Generally, Mr. Lindseth and the Trustee each disclaim beneficial ownership of that percentage interest in the Common Stock, the Series A Preferred Stock and the Series B Preferred Stock attributable to the partners (other than the Trustee and the VML Trustee) of each of AER Partners, Elmwood and Battery Partners as further described above.

Similarly, Steven W. Lindseth, Mr. Lindseth's son, as a co-Managing Partner of each of AER Partners and Elmwood, may be deemed to have beneficial ownership of all the shares of Common Stock, Series A Preferred Stock and Series B Preferred Stock owned by each of AER Partners and Elmwood, as well as 121,230

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shares of Common Stock owned by Battery Partners and 15,300 shares of common stock that he owns directly, for an aggregate of 12,259,703 shares of Common Stock (or 40.0% of the total shares outstanding). However, as a practical matter, Mr. Lindseth, his father, acts as Managing Partner of such partnerships and Steven W. Lindseth disclaims beneficial ownership of that percentage interest in the Common Stock and Preferred Stock attributable to the partners (other than himself) of AER Partners, Elmwood and Battery Partners as further described above.

As a result of the transactions reported in this Amendment No. 7, Mr. Lindseth's total beneficial ownership in AER Energy's Common Stock is now 40.6% of the total shares outstanding and the Trustee's total beneficial ownership in AER Energy's Common Stock is now 40.0% of the total shares outstanding (in each case if all the shares Mr. Lindseth and the Trustee may be deemed to beneficially own are included).

Mr. Joseph D. Sullivan owns 299,575 shares of Common Stock directly. Mrs. Sandra H. Sullivan owns 120,000 shares of Common Stock directly. Mr. Joseph D. Sullivan and Mrs. Sandra H. Sullivan each also (i) have an indirect interest through the Waho Fund, a family general partnership, in a percentage of the 52,500 shares of Common Stock owned by such partnership corresponding to their respective ownership interests in such partnership and (ii) have an indirect interest through the Pine Fund Corporation, a corporation wholly owned by Mr. and Mrs. Sullivan, in a percentage interest of the 20,000 shares of Common Stock owned by such corporation corresponding to their respective ownership interests in such corporation.

Mr. Leo L. Kovachic owns 1,000 shares of Common Stock directly.

(b) Kindt-Collins has the sole power to vote and direct the disposition of the 212,994 shares of Common Stock it beneficially owns, and Mr. Lindseth has sole voting and dispositive power with respect to these shares with the other directors of Kindt-Collins listed in Item 2 above.

AER Partners, Elmwood and Battery Partners are all managed by Mr. Lindseth (individually and as the Trustee). His son, Mr. Steven A. Lindseth, also has, pursuant to the relevant partnership agreements, the power to vote and direct the disposition of the Common Stock owned by such partnerships (for a total of 12,244,403 shares of the Common Stock), but as a practical matter Mr. Lindseth exercises this power.

Mr. Lindseth has sole voting and dispositive power with respect to the 30,000 shares owned by him.

Mr. Steven W. Lindseth has sole voting and dispositive control over the 15,300 shares of Common Stock he owns directly.

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Mr. Joseph D. Sullivan has sole voting and dispositive control over: (i) 299,575 shares of Common Stock he owns directly, (ii) 8,700 shares of Common Stock he holds as Trustee for the Laura S. McKenna Trust dated April 1, 1984, (iii) 10,000 shares he holds as Trustee for the Stephanie D. Sullivan Trust dates May 28, 1986, (v) 52,500 shares of Common Stock owned by the Waho Fund, of which Mr. Sullivan is a general partner (vi) 20,000 shares of Common Stock owned by the Pine Fund Corporation, of which Mr. Sullivan is the President and (vii) 50,000 shares of Common Stock owned by the Sullivan Family Fund, a charitable corporation; for a total of 440,775 shares of Common Stock.

Mrs. Sandra H. Sullivan has sole voting and dispositive control over the 120,000 shares of Common Stock she owns directly.

Mr. Leo L. Kovachic has sole voting and dispositive power over the 1,000 shares he owns directly.

(c) None.

(d) Kindt-Collins is a subchapter S corporation and as such, each of its shareholders has the right to receive dividends from, or the proceeds form the sale of, its stock. AER Partners, Elmwood and Battery Partners are each partnerships and as such, each of their respective partners (including the Trustee) has the right to receive distributions from, or

proceeds from the sale of, any Common Stock owned by such partnership. Such interests of the Trustee relate to more than 5% of the Common Stock.

(e) Kindt-Collins ceased to be a beneficial owner of 5% or more of the Common Stock on February 6, 1996, when it sold all but 212,994 of its shares of Common Stock beneficially owned to Elmwood.

Item 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Except as described herein or filed previously with respect to the Schedule 13D, there are no new contracts, arrangements, understandings or relationships with respect to the Common Stock.

Item 7. MATERIAL TO BE FILED AS EXHIBITS.

EXHIBIT A Securities Purchase Agreement, dated February 27, 2001

EXHIBIT B Articles of Amendment to Articles of Incorporation of AER Energy Resources, Inc., dated February 27, 2001

EXHIBIT C Warrant, dated February 27, 2001, to purchase 776,699 shares of AER Common Stock

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EXHIBIT D	Promissory Note, dated February 20, 2001, issued by Elmwood Partners II, as maker, to The Huntington National Bank, as payee
EXHIBIT E	Commercial Guaranty, between Kindt-Collins and The Huntington National Bank
EXHIBIT F	Securities Purchase Agreement, dated September 27, 2000(1)
EXHIBIT G	Articles of Amendment to Articles of Incorporation of AER Energy Resources, Inc., dated September 27, 2000(1)
EXHIBIT H	Warrant, dated September 27, 2000, to purchase 470,035 shares of AER Common Stock(1)

EXHIBIT I	Promissory Note, dated September 15, 2000, by Elmwood Partners II, as maker, to The Kindt-Collins Company, as payee(2)
EXHIBIT J	Agreement with respect to joint filing of Amendment No. 7 to Schedule 13D pursuant to Rule 13d-1(k)(1)(iii), dated March 12, 2001, by and among Jon A. Lindseth, Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement, dated April 25, 1986, as modified, The Kindt-Collins Company, Elmwood Partners II, Battery Partners and AER Partners

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(1) Incorporated by reference from AER Energy Resources, Inc.'s Form 10-Q for the quarter ended September 30, 2000 (File No. 0-21926), as filed with the Securities and Exchange Commission on November 13, 2000.

(2) Incorporated by reference from Amendment No. 6 to Schedule 13D for Jon A. Lindseth et al., as filed with the Securities and Exchange Commission on December 8, 2000.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

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THE KINDT-COLLINS COMPANY

March 19, 2001 By: /s/ Jon A. Lindseth

Jon A. Lindseth, Chairman

BATTERY PARTNERS

March 19, 2001 By: /s/ Jon A. Lindseth

Jon A. Lindseth, under Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified, Managing Partner

AER PARTNERS

March 19, 2001 By: /s/ Jon A. Lindseth

Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified, Managing Partner

ELMWOOD PARTNERS II

March 19, 2001 By: /s/ Jon A. Lindseth

Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25, 1986, as modified, Managing Partner

JON A. LINDSETH, TRUSTEE UNDER JON A. LINDSETH TRUST AGREEMENT DATED APRIL 25, 1986, AS MODIFIED

March 19, 2001 By: /s/ Jon A. Lindseth

Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement dated April 25,

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1986, as modified

March 19, 2001 /s/ Jon A. Lindseth

Jon A. Lindseth

INDEX TO EXHIBITS

Exhibit	Description of Exhibit
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EXHIBIT G	Articles of Amendment to Articles of Incorporation of AER Energy Resources, Inc., dated September 27, 2000(1)
EXHIBIT H	Warrant, dated September 27, 2000, to purchase 470,035 shares of AER Common Stock(1)
EXHIBIT I	Promissory Note, dated September 15, 2000, by Elmwood Partners II, as maker, to The Kindt-Collins Company, as payee(2)
EXHIBIT J	Agreement with respect to joint filing of Amendment No. 7 to Schedule 13D pursuant to Rule 13d-1(k)(1)(iii), dated March 12, 2001, by and among Jon A. Lindseth, Jon A. Lindseth, Trustee under Jon A. Lindseth Trust Agreement, dated April 25, 1986, as modified, The Kindt-Collins Company, Elmwood Partners II, Battery Partners and AER Partners

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(1) Incorporated by reference from AER Energy Resources, Inc.'s Form 10-Q for the quarter ended September 30, 2000 (File No. 0-21926), as filed with the Securities and Exchange Commission on November 13, 2000.

(2) Incorporated by reference from Amendment No. 6 to Schedule 13D for Jon A. Lindseth et al., as filed with the Securities and Exchange Commission on December 8, 2000.

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EXHIBIT A

SECURITIES PURCHASE AGREEMENT

THIS IS A SECURITIES PURCHASE AGREEMENT (this "Agreement") by and between the undersigned ("Purchaser"), and AER Energy Resources, Inc., a Georgia corporation ("AER"), dated as of February 27, 2001, and by which Purchaser and AER, in consideration of the agreements set forth below (the mutuality, adequacy and sufficiency of which are hereby acknowledged), hereby agree as follows:

1. Agreement to Purchase and Sell. Upon the terms set forth in this Agreement, Purchaser hereby agrees to purchase from AER and AER agrees to sell to Purchaser (i) (A) 100,000 shares of AER's no par value Series B Convertible Preferred Stock (the "Preferred Stock") and (B) 2,250 shares of Preferred Stock (representing 50% of the transaction fee to be paid by AER to Purchaser) (collectively, the shares to be issued by AER pursuant to clauses (A) and (B) above shall be referred to as the "Shares") and (ii) a warrant to purchase 776,699 shares of AER's no par value Common Stock (the "Warrant") in the form attached hereto as Exhibit A. The aggregate purchase price for the Shares and the Warrant shall be $1,000,000. Purchaser acknowledges and agrees that, within 30 days from the date hereof, AER may (without any obligation to do so) sell up to an additional $1,000,000 in identical securities to David G. Brown or his affiliate on substantially the same terms and conditions as the sale of the Shares and Warrant hereunder.

2. The Closing. The closing shall occur at 10:00 a.m. on February 27, 2001 (the "Closing") at the offices of Sutherland Asbill & Brennan LLP, 999 Peachtree Street, N.E., Atlanta, Georgia 30309-3996, or as the parties shall otherwise agree. At the Closing, the following shall occur:

(a) AER shall deliver to Purchaser (i) a duly completed and executed share certificate in the name of Purchaser representing the Shares, and (ii) a duly completed and executed Warrant.

(b) Purchaser shall deliver to AER by wire transfer in immediately available federal funds the aggregate purchase price of the Shares and the Warrant (less $11,250 representing 50% of the transaction fee to be paid by AER to Purchaser).

3. Representations and Warranties.

(a) By AER. AER hereby represents and warrants to Purchaser that:

(i) AER is a duly incorporated and organized Georgia corporation validly existing and in good standing under Georgia law;

(ii) AER has the power and authority to issue the

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Shares and the Warrant to Purchaser pursuant to this Agreement and to execute, deliver and otherwise perform this Agreement, and without limiting the foregoing, the Board of Directors of AER has authorized and approved the execution, delivery and performance of this Agreement;

(iii) the Shares, the AER Common Stock ("Common Stock") issuable upon exercise of the Warrant (the "Warrant Shares") and the Common Stock issuable upon conversion of the Shares (the "Conversion Shares") when issued will be validly issued, fully paid and non-assessable shares of capital stock of AER free and clear of any liens, encumbrances, adverse rights or claims of any kind whatsoever, and AER will at all times maintain a number of authorized but unissued shares of Common Stock for issuance of the Warrant Shares and the Conversion Shares;

(iv) this Agreement and the Warrant each has been duly executed and delivered by AER, and constitutes the legal, valid and binding obligation of AER, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency and other laws and equitable principles affecting creditors' rights generally and the discretion of the courts in granting equitable remedies;

(v) the execution, delivery and performance of this Agreement and the Warrant each is in compliance with, and is not and will not be, after the giving of notice or the passage of time or both, in violation of (A) the articles of incorporation or bylaws of AER as amended or restated, (B) any applicable law, regulation or order to which AER or its assets is subject or bound, or (C) any agreement to which AER or its assets is subject or bound;

(vi) all of the documents (the "SEC Documents") filed by AER within the last thirty-six months prior to the date of this Agreement with the Securities and Exchange Commission (the "Commission") in accordance with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the Securities Exchange Act of 1934, as amended (collectively the "Securities Acts"), conformed in all material respects to the requirements of the Securities Acts and the rules and regulations of the Commission thereunder, and none of such documents contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(vii) the authorized capital stock of AER consists of 100,000,000 shares of common stock, no par value ("Common Stock") and 10,000,000 shares of preferred stock, no par value. As of February 26, 2001, AER had 24,850,263 shares of Common Stock outstanding, and 404,500 shares of preferred stock outstanding. Other than warrants previously issued to Purchaser and FW AER II, L.P. (or their affiliates), stock options granted to employees, restricted stock issued to directors and AER's outstanding Series A Convertible Preferred Stock, all as described in the SEC Documents, AER has no outstanding

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securities convertible into (or exercisable or exchangeable for) or evidencing the right to purchase or subscribe for, shares of its capital stock or authorized subscriptions, options, warrants, calls, rights, commitments or any other agreements or arrangements, obligating it to issue any shares of its capital stock or securities convertible into capital stock;

(viii) the financial statements (including any related notes) included in the SEC Documents (the "Financial Statements"), have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved (except as may be noted therein) and fairly present the financial condition, results of operations and cash flows of AER as of the dates thereof and for the periods ended on such dates (in each case

subject, as to interim statements, to changes resulting from year-end adjustments (none of which were or could be expected to be material in amount or effect)); and

(ix) except as set forth in the Financial Statements, since September 30, 2000, AER has conducted its business only in the ordinary course in substantially the same manner as theretofore conducted, and AER has not undergone or suffered any material adverse change in its condition, financial or otherwise, business, operations, affairs, properties, assets or prospects.

(b) By Purchaser. Purchaser hereby represents and warrants to AER:

(i) this Agreement has been duly executed and delivered by Purchaser, and constitutes the legal, valid and binding obligation of Purchaser, enforceable in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency and other laws and equitable principles affecting creditors' rights generally and the discretion of the courts in granting equitable remedies;

(ii) Purchaser will acquire the Shares, the Conversion Shares, the Warrant and the Warrant Shares (collectively the "Securities") for its own account, to hold for investment, and with no present intention of dividing its participation with others or reselling or otherwise participating, directly or indirectly, in a distribution of the Securities, and it will not make any sale, transfer, or other disposition of the Securities in violation of the Securities Act or any applicable state securities laws (the "State Acts"). There will be placed on the Warrant and any certificates for the Shares, the Conversion Shares and the Warrant Shares, a legend stating in substance:

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THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS IN RELIANCE ON ONE OR MORE EXEMPTIONS THEREUNDER AND MAY NOT BE SOLD OR TRANSFERRED EXCEPT IN TRANSACTIONS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT THEREUNDER. THE SECURITIES EVIDENCED HEREBY ARE SUBJECT TO RESTRICTIONS ON TRANSFER CONTAINED IN A SECURITIES PURCHASE AGREEMENT TO WHICH THE CORPORATION IS A PARTY. ANY TRANSFER OF THE SECURITIES REPRESENTED HEREBY IN VIOLATION OF SAID AGREEMENT SHALL BE VOID. THE CORPORATION WILL MAIL TO THE HOLDER OF THESE SECURITIES A COPY OF SUCH RESTRICTIONS WITHOUT CHARGE WITHIN FIVE

(5) DAYS AFTER RECEIPT OF WRITTEN REQUEST THEREFOR ADDRESSED TO THE CORPORATION.

(iii) Purchaser, in offering to subscribe for the Securities hereunder, has been given access to all material and relevant information concerning AER, thereby enabling Purchaser to make an informed investment decision concerning the Securities. Purchaser has relied solely upon an independent investigation made by it and its representatives, if any, and has, prior to the date hereof, been given access to and the opportunity to examine data and information relating to AER. In making its investment decision to purchase the Securities, Purchaser is not relying on any oral or written representations or assurances from AER or any other person or any representation of AER or any other person other than as set forth in this Agreement. Without limiting the foregoing, Purchaser has reviewed AER's Annual Report on Form 10-K for the year ended December 31, 1999 and AER's Quarterly Report on Form 10-Q for the quarter ended September 30, 2000. Purchaser is an "accredited investor" as defined in Rule 501 of Regulation D under the Securities Act.

(iv) Purchaser understands and acknowledges that an investment in the Securities involves a high degree of risk. Purchaser represents that Purchaser is able to bear the economic risk of an investment in the Securities, which Purchaser acknowledges are currently illiquid and may remain illiquid indefinitely, including a possible total loss of its investment. In making this statement Purchaser hereby represents and warrants to AER that Purchaser has adequate means of providing for Purchaser's current needs and

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contingencies; Purchaser is able to afford to hold the Securities for an indefinite period and Purchaser further represents that Purchaser has such knowledge and experience in financial and business matters that Purchaser is capable of evaluating the merits and risks of the investment in the Securities. Further, Purchaser represents that Purchaser has no present need for liquidity in the Securities and Purchaser is willing to accept such investment risks.

(v) Purchaser understands that no United States federal or state agency, or similar agency of any other country, has reviewed, approved, passed upon or made any recommendation or endorsement of AER or the Securities.

(vi) This Agreement is made by AER with Purchaser in reliance upon Purchaser's representations and covenants made in this Section 3(b), which reliance by its execution of this Agreement Purchaser hereby confirms.

(vii) Purchaser understands that the Securities have not been registered under the Securities Act or any State Acts and are being offered and sold pursuant to exemptions therefrom based in part upon the representations of Purchaser contained herein.

(viii) Purchaser knows of no public solicitation or advertisement of an offer in connection with the proposed issuance and sale of the Securities.

(ix) Purchaser has reviewed with its tax advisors the U.S. federal, state, local and foreign tax consequences of an investment in the Securities and the transactions contemplated by this Agreement. Purchaser is relying solely on such advisors and not on any

statements or representations of AER or any of its agents and understands that Purchaser (and not AER) shall be responsible for Purchaser's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement.

(x) Purchaser's acquisition of the Securities is not a transaction (or any element of a series of transactions) that is a part of a plan or scheme to evade the registration provisions of the Securities Act.

4. Registration of Shares.

(a) Demand Registration. If at any time prior to eight (8) years from the date of the Closing, AER shall receive a written request from Purchaser who is then holding Shares, Conversion Shares, the Warrant and Warrant Shares representing at least 25% of the Common Stock issuable upon conversion of

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the Shares or exercise of the Warrant that AER file a registration statement under the Securities Act, covering the registration of at least $500,000 of shares of Common Stock owned by Purchaser or "affiliates" or "associates" thereof, as such terms are defined in the Securities Act (collectively the "Third Party Shareholders") to the extent such shares of Common Stock are not then freely tradable under the Securities Act. Purchaser and any Third Party Shareholder shall have ten (10) days in which to notify AER of its intention to join in the request to register its shares. Not later than ninety (90) days after receipt by AER of a written request for a demand registration pursuant to this Section 4(a), AER shall file a registration statement with the Commission relating to the shares as to which such request for a demand registration relates (the "Requested Shares") and AER shall use its best efforts to cause the registration statement (which may cover, without limitation, an offering on a delayed or continuous basis open for up to one hundred eighty (180) days pursuant to Commission Rule 415) for the Requested Shares to become effective under the Securities Act. AER shall be obligated to effect only three (3) registrations pursuant to this Section 4(a) for Purchaser and the Third Party Shareholders together, and only if the proposed aggregate selling price in any such offering is at least $500,000.

(b) Delay of Registration. Notwithstanding anything to the contrary in Section 4(a), AER shall have the right (i) to defer the initial filing or request for acceleration of effectiveness of any registration pursuant to Section 4(a) or (ii) after effectiveness, to suspend effectiveness of any such registration statement or to require holders to suspend further sales pending amendment (collectively a "Delay"), if, in the good faith judgment of the Board of Directors of AER and upon the advice of counsel to AER, such delay in filing or requesting acceleration of effectiveness or such suspension of effectiveness or suspension of sales is necessary in light of the existence of material non-public information (financial or otherwise) concerning AER disclosure of which at the time is not, in the opinion of the Board of Directors of AER and upon the advice of counsel, (A) otherwise required and (B) in the best interests of AER; provided, however that AER will not invoke a Delay for more than three (3) months, unless the reason for the Delay is that AER is then engaged in an acquisition, in which case it will use its best efforts to end the Delay as soon as possible and provided, further that AER will not invoke Delays for more than an aggregate of six (6) months in any calendar year. The one hundred eighty (180) day period referred to herein during which the registration statement may be kept current after its effective date shall be extended for an additional number of business

days equal to the number of business days during which the right to sell shares was suspended pursuant to the preceding sentence, and, if and to the extent necessary to effect such extension, the eight (8)-year period referred to above shall also be extended. In addition, the eight (8)-year period will also be

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extended if any registration has been delayed pursuant to the foregoing and cannot be completed within such period.

(c) "Piggyback" Registration. If at any time prior to eight (8) years from the date of the Closing, AER shall determine to proceed with the preparation and filing of a registration statement under the Securities Act in connection with the proposed offer and sale for money of any of its equity securities by it or any of its security holders (other than on Form S-4 or Form S-8 promulgated under the Securities Act or any successor or similar form), AER will give written notice of its determination to Purchaser. Upon the written request of Purchaser or any Third Party Shareholder given to AER within ten (10) days after Purchaser's receipt of any such notice by AER, AER will cause all the Conversion Shares and Warrant Shares and other shares of Common Stock which Purchaser and any of the Third Party Shareholders have requested to have registered (the "Piggyback Shares") to be included in such registration statement; provided, however, that if the managing underwriter, in the case of an underwritten public offering, determines and advises in writing that the inclusion in the registration statement of all the Piggyback Shares proposed to be included by Purchaser or the Third Party Shareholders would interfere with the successful marketing of the securities proposed to be registered by AER, then the number of such Piggyback Shares to be included in the registration statement shall be reduced in accordance with the recommendations of the managing underwriter, except that if the managing underwriter determines and advises that the inclusion in such registration statement of any Piggyback Shares would so interfere, then no Piggyback Shares shall be included in such registration statement; provided that any such reduction shall be made pro rata with respect to Purchaser and the Third Party Shareholders requesting such registration.

(d) Expenses. With respect to each inclusion of shares in a registration statement pursuant to Section 4(a) or 4(b), AER shall bear the following fees, costs and expenses: all registration, filing and NASD fees, printing expenses, fees and disbursements of counsel and accountants for AER and all legal fees and disbursements and other expenses of complying with state securities or blue sky laws of any jurisdictions in which the securities to be offered are to be registered or qualified. Fees and disbursements not expressly included above shall be borne pro rata by Purchaser and the Third Party Shareholders whose shares are included in such registration statement.

(e) Indemnification, Etc. In the event that shares are registered pursuant to Section 4(a) or 4(b), AER, Purchaser and the Third Party Shareholders shall execute reasonable and customary underwriting, indemnification and lock-up agreements relating to such registration and shall undertake reasonable and customary registration procedures.

(f) Termination of Rights. Notwithstanding anything to the contrary in this Section 4, all registration rights set forth in this Section 4 shall terminate with respect to Purchaser and each Third Party Shareholder at such time as it or he is able to sell all of its or his

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Common Stock subject to such registration rights pursuant to Rule 144 under the Securities Act within a single three (3)-month period.

5. Survival; Indemnification. The representations, warranties and agreements made in this Agreement shall survive the Closing. Each party, acknowledging that the other is entitled to rely on its representations, warranties and agreements in this Agreement in order to preserve the benefit of the bargain otherwise represented by this Agreement, agrees that neither the survival of such representations, warranties and agreements, nor their enforceability nor any remedies for breaches of them shall be affected by any knowledge of a party regardless of when or how such party acquired such knowledge.

6. Miscellaneous.

(a) Good Faith Efforts; Further Assurances; Cooperation. The parties shall in good faith undertake to perform their obligations in this Agreement, to satisfy all conditions and to cause the transactions contemplated in this Agreement to be carried out promptly in accordance with the terms of this Agreement. Upon the execution of this Agreement and thereafter, each party shall do such things as may be reasonably requested by the other in order more effectively to consummate or document the transactions contemplated by this Agreement. The parties shall cooperate with each other and their respective counsel, accountants or representatives in connection with any actions required to be taken as part of their respective rights and obligations under this Agreement.

(b) Notices. Each notice, communication and delivery under this Agreement (i) shall be made in writing signed by the party making the same, (ii) shall specify the section of this Agreement pursuant to which it is given, (iii) shall be given either in person or by a nationally recognized next business day delivery service or by telecopier, and (iv) if not given in person, shall be given to a party at the address set forth below such party's signature (or at such other address as a party may furnish to the other party to this Agreement pursuant to this Section 6(b)). If notice is given pursuant to this Section 6(b) of a permitted successor or assign of a party, then notice shall also thereafter be given as set forth above to such successor or assign of such party.

(c) Assignment. No assignment or transfer by Purchaser or any Third Party Shareholder of their respective rights and obligations under this Agreement shall be made by merger or other operation of law or otherwise except with the prior written consent of AER. This Agreement is binding upon the parties and their successors and assigns and inures to the benefit of the parties and their permitted successors and assigns and, when appropriate to effect the binding nature of this Agreement for the benefit of the other

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parties, of any other successor or assign.

(d) Severability. Any determination by any court of competent jurisdiction of the invalidity of any provision of this Agreement that is not essential for accomplishing its purposes shall not affect the validity of any other provision of this Agreement, which shall remain in full force and effect and which shall be construed as to be valid under applicable law.

(e) Controlling Law; Integration; Amendment; Waiver. This Agreement is governed by, and shall be construed and enforced in accordance with, the laws of the State of Georgia (except the laws of that state that would render such choice of laws ineffective). This Agreement supersedes all prior negotiations, agreements and understandings between the parties as to its subject matter, constitutes the entire agreement between the parties as to its subject matter and may not be altered or amended except in writing signed by the parties. The failure of any party at any time or times to require performance of any provision of this Agreement shall in no manner affect the right to enforce the same; and no waiver by any party of any provision or of a breach of any provision of this Agreement, whether by conduct or otherwise, in any one of more instances shall be deemed or construed either as a further or continuing waiver of any such provision or breach or as a waiver of any other provision or of a breach of any other provision of this Agreement.

(f) Copies. This Agreement may be executed in two or more copies, each of which shall be deemed an original, and it shall not be necessary in making proof of this Agreement or its terms to produce or account for more than one of such copies.

[signatures commence on the following page]

DULY EXECUTED and delivered by Purchaser and AER, on February 27, 2001.

PURCHASER:

ELMWOOD PARTNERS II

By: /s/ Jon A. Lindseth

Jon A. Lindseth, Trustee under Jon A.

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Lindseth Trust Agreement dated April 25, 1986, as modified, Managing Partner

Address:
12651 Elmwood Avenue
Cleveland, Ohio 44111
Phone: (216) 252-4122
Fax Number: (216) 252-5639

AER:

AER ENERGY RESOURCES, INC.

By: /s/ J.T. Moore

J.T. Moore
Vice President and Chief Financial Officer

Address:
4600 Highlands Parkway, Suite G
Smyrna, Georgia 30082
Phone: (770) 433-2127
Fax Number: (770) 433-2286

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EXHIBIT B

ARTICLES OF AMENDMENT TO
ARTICLES OF INCORPORATION OF
AER ENERGY RESOURCES, INC.

In accordance with Sections 14-2-602 and 14-2-1006 of the Georgia Business Corporation Code (the "Code"), AER Energy Resources, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the Code, DOES HEREBY CERTIFY:

1. The name of the Corporation is AER Energy Resources, Inc.

2. The following resolution setting forth an amendment to the Corporation's Articles of Incorporation has been duly adopted by the Corporation's Board of Directors:

RESOLVED, THAT ARTICLE II OF THE CORPORATION'S ARTICLES OF INCORPORATION IS HEREBY AMENDED BY ADDING THE FOLLOWING PROVISIONS TO THE END OF SECTION 2.4: "THE CORPORATION IS AUTHORIZED TO ISSUE 250,000 SHARES OF SERIES B CONVERTIBLE PREFERRED STOCK, NO PAR VALUE (THE "SERIES B PREFERRED STOCK"). THE SERIES B PREFERRED STOCK SHALL HAVE THE TERMS, PREFERENCES, LIMITATIONS AND RELATIVE RIGHTS SET FORTH ON EXHIBIT A HERETO."

3. The "Exhibit A" referenced in the foregoing resolution is included in these Articles of Amendment and is the same "Exhibit A" as is attached hereto.

4. The foregoing resolution containing the amendment was duly adopted on February 26, 2001, by the Corporation's Board of Directors in accordance with the provisions of Sections 14-2-602 and 14-2-1002 of the Code. This amendment was adopted by the Corporation's Board of Directors without shareholder action and such shareholder action was not required.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be signed by the undersigned duly authorized officer, this 27th day of February, 2001.

AER ENERGY RESOURCES, INC.

By: /s/ J.T. Moore

J.T. Moore

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EXHIBIT A

TERMS, PREFERENCES, LIMITATIONS AND RELATIVE RIGHTS OF
SERIES B CONVERTIBLE PREFERRED STOCK OF
AER ENERGY RESOURCES, INC.

The following terms shall have the meanings specified:

"Articles of Incorporation" shall mean the Articles of Incorporation of the Corporation, as amended.

"Base Price" shall mean $0.448.

"Board of Directors" shall mean the board of directors of the Corporation.

"Bylaws" shall mean the bylaws of the Corporation, as amended.

"Common Stock" shall mean the common stock, no par value per share, of the Corporation.

"Conversion Notice" shall have the meaning provided in Section (d)(5) hereof.

"Conversion Price" shall equal $0.515; provided, however, that if 115% of the average closing bid price of the Common Stock as reported on the OTC-BB for the 20 consecutive trading days ending on the first anniversary of the Original Issue Date (such 20-day average price being referred to in this definition as the "Adjusted Price") is less than the Conversion Price, then the Conversion Price shall equal the greater of (1) 115% of the Adjusted Price and (2) $0.336; provided, further, that the Conversion Price shall also be subject to the adjustments provided in Section (d)(6) hereof.

"Conversion Rate" shall equal such number of shares of Common Stock equal to (1) the then applicable Liquidation Value, divided by (2) the then applicable Conversion Price.

"Conversion Rights" shall have the meaning provided in Section (d) hereof.

"Conversion Shares" shall mean the shares of Common Stock into which each share of Series B Preferred Stock is convertible pursuant to Section (d) hereof.

"Corporation" shall mean AER Energy Resources, Inc., a Georgia corporation.

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"Extraordinary Transaction" shall mean any of the following events:

(1) the consummation of a merger, share exchange, acquisition of stock or other similar transaction, as a result of which the Corporation shall not continue to exist

or shall continue to exist only as a subsidiary of another entity (other than a parent or subsidiary of the Corporation);

(2) the consummation of a sale of all or substantially all the assets of the Corporation to a person or entity (other than a parent or subsidiary of the Corporation); or

(3) the public announcement of a tender offer (other than by a parent or subsidiary of the Corporation) for all of the outstanding shares of Common Stock.

"Georgia Code" shall mean the Georgia Business Corporation Code, O.C.G.A.ss.14-2-101 et seq., as amended.

"Liquidation" shall have the meaning provided in Section (b) hereof.

"Liquidation Value," with respect to a share of Series B Preferred Stock, shall equal the Stated Value of such share plus all accrued but unpaid dividends with respect to such share.

"Original Issue Date" shall mean February 27, 2001.

"OTC-BB" shall mean the Over-the-Counter Bulletin Board automated quotation system operated by The Nasdaq Stock Market, Inc., or any successor quotation system.

"Redemption Notice" shall have the meaning provided in Section (e)(1) hereof.

"Redemption Price" shall have the meaning provided in Section (e)(1) hereof.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Series A Preferred Stock" shall mean the 425,000 shares of Series A Convertible Preferred Stock, no par value, established by the Corporation on September 27, 2000.

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"Series B Preferred Stock" shall mean the 250,000 shares of Series B Convertible Stock, no par value, hereby established.

"Stated Value" per share of the Series B Preferred Stock shall mean the per share issue price for any share of Series B Preferred Stock, as adjusted pursuant to Section (d)(6) hereof after the Original Issue Date. The initial Stated Value per share of Series B Preferred Stock is $10.00.

The terms, preferences, limitations and relative rights of the Series B Preferred Stock are as follows:

(a) Dividend Rights. The following dividend rights shall apply to the Series B Preferred Stock:

(1) The holders of outstanding shares of Series B Preferred Stock shall be entitled to receive cash dividends when, as and if declared by the Board of Directors out of any funds legally available therefor at the rate of 6.75% of the Liquidation Value per annum, or $0.675 per share of Series B Preferred Stock based upon the initial Stated Value per share.

(2) Dividends shall accrue on each share of Series B Preferred Stock from the Original Issue Date, and shall accrue from day to day, whether or not earned or declared and whether or not there shall be funds legally available for the payment of such dividends. Such dividends shall be cumulative so that, if such dividends in respect of any previous or current quarterly dividend period, at the rate specified above, shall not have been paid or declared and a sum sufficient for the payment thereof set apart, the deficiency shall first be fully paid before any dividend or other distribution shall be paid on or declared and set apart for the Common Stock or any other stock ranking junior to the Series B Preferred Stock. Any accumulation of dividends on the Series B Preferred Stock shall not bear interest.

(3) No cash dividend shall be paid or declared on Common Stock or any other stock ranking junior to the Series B Preferred Stock as to dividend preference unless (A) full accrued and unpaid dividends on the Series B Preferred Stock for all past dividend periods and the then current dividend period shall have been paid or declared and a sum sufficient for the payment above set apart and (B) the Corporation shall also pay each holder of the Series B Preferred Stock the amount of such cash dividend per share of Common Stock, multiplied by the number of shares of Common Stock that such holder would have received if, immediately prior to the declaration date of such dividend, all shares of Series B Preferred Stock owned by such holder were converted

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into Common Stock pursuant to Section (d) hereof.

(4) Each dividend shall be paid to the holders of record of the Series B Preferred Stock as they shall appear on the stock register of the Corporation on such record date, not exceeding 45 days nor less than 10 days preceding a dividend payment date, as shall be fixed by the Board of Directors or a duly authorized committee thereof.

(5) The Series B Preferred Stock shall rank as to payment of dividends on a parity with the Series A Preferred Stock.

(b) Liquidation Rights.

(1) Subject to the rights of any class of stock of the Corporation with liquidation preferences senior to the Series B Preferred Stock, in the event of the liquidation, dissolution or winding up for any reason, including, without limitation, bankruptcy, of the Corporation or any of the Corporation's subsidiaries, the assets of which constitute all or substantially all the assets of the business of the Corporation and its subsidiaries taken as a whole (each such event

being referred to as a "Liquidation"), the holders of the outstanding shares of Series B Preferred Stock shall be entitled to receive in exchange for and in redemption of each share of their Series B Preferred Stock, and on a parity with the holders of any capital stock ranking pari passu to the Series B Preferred Stock, from any funds, proceeds or assets legally available for distribution to shareholders, an amount equal to the greater of (1) the Liquidation Value as of the date that the Liquidation is approved by the shareholders of the Corporation, or, if no such approval is required, the Board of Directors, or (2) the aggregate amount of such funds, proceeds or assets, multiplied by a fraction:

(x) the numerator of which is the number of Conversion Shares to which the holder of such share of Series B Preferred Stock would be entitled to receive by virtue of converting such share; and

(y) the denominator of which is the aggregate of the number of Conversion Shares, shares of Common Stock outstanding, and all other shares of outstanding capital stock of any series the holders of which are entitled to participate in the proceeds of a Liquidation.

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(2) All the preferential amounts to be paid to the holders of Series B Preferred Stock under this Section (b) shall be paid or set apart for payment before the payment or setting apart for payment of any amount for, or the distribution of any funds, proceeds or assets of the Corporation to, the holders of shares of Common Stock or any class or series of stock of the Corporation ranking junior to the Series B Preferred Stock in connection with a Liquidation as to which this Section (b) applies. If the funds, proceeds and assets to be distributed to the holders of Series B Preferred Stock are insufficient to permit the payment to such holders of the full amounts payable to such holders, the funds, proceeds and assets legally available for distribution shall be distributed ratably among the holders of Series B Preferred Stock in proportion to the full amount each such holder is otherwise entitled to receive.

(3) The Series B Preferred Stock shall rank as to payments upon Liquidation on a parity with the Series A Preferred Stock.

(c) Voting Rights. Except as provided herein or by the Code, the Series B Preferred Stock shall not have any voting rights.

(d) Conversion. The holders of Series B Preferred Stock shall have conversion rights as follows (the "Conversion Rights"):

(1) Conversion Rate.

(A) For purposes of this Section (d), each share of Series B Preferred Stock shall be convertible, at the times and under the conditions described in this Section (d), at the rate of one share of Series B Preferred Stock to the number of shares of Common Stock that equals the

Conversion Rate. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the shares of Series B Preferred Stock to be converted in accordance with the procedures described in Section (d)(5) hereof.

(B) No fractional shares of Common Stock shall be issued upon conversion of Series B Preferred Stock, and any shares of Series B Preferred Stock surrendered for conversion that would otherwise result in a fractional share of Common

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Stock shall be redeemed in cash at the then effective Conversion Price per share, payable as promptly as possible when funds are legally available therefor.

(2) Conversion at Option of Holders. Subject to Section (d)(5) hereof, each share of Series B Preferred Stock shall be convertible, at the option of the holder thereof, at any time after issuance, in whole or in part, at the office of the Corporation or any transfer agent for the Series B Preferred Stock, into Common Stock at the then effective Conversion Rate

(3) Conversion at Option of Company.

(A) Beginning on the date that is three years after the Original Issue Date, and if all the conditions of Section (d)(3)(B) are satisfied, the Corporation may require that each holder of Series B Preferred Stock convert such holder's shares of Series B Preferred Stock into Common Stock in accordance with Section (d) hereof.

(B) All of the following conditions must be met in order for the Corporation to exercise the conversion rights set forth in Section (d)(3)(A) hereof:

(i) the average closing bid price of a share of the Common Stock (as reported on the OTC-BB) for any 20 trading days out of the 30 trading days immediately preceding such exercise shall be greater than or equal to 250% of the Conversion Price as of the date of such exercise;

(ii) a registration statement filed under the Securities Act covering the resale of shares of Common Stock that may be received upon the conversion of all shares of the Series B Preferred Stock (the "Resale Registration Statement") is effective and has been continuously effective for at least three months;

(iii) from the effective date of the Resale Registration Statement until the date of such exercise, the Common Stock has been continuously listed or quoted on a national securities exchange, on any tier of The Nasdaq Stock Market, Inc. or on an automated inter-dealer quotation system (including the OTC-BB),

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and the Corporation has not received any written notice stating that such exchange, market or system has delisted or is seeking to delist the Common Stock from such exchange, market or system; and

(iv) for a three-month period ending on the Conversion Date with respect to such exercise, there has not been a public announcement of an Extraordinary Transaction that is pending on or has been consummated before the Conversion Date.

(4) Conversion Upon Extraordinary Transaction. At any time after the date that an Extraordinary Transaction has been announced and is then pending, any holder of Series B Preferred Stock may convert all of its shares of Series B Preferred Stock into a number of shares of Common Stock calculated by dividing (A) the greater of (i) the then applicable Liquidation Value and (ii) the Stated Value, plus the dividends that would have accrued on the Series B Preferred Stock in the event that no dividends were declared and paid by the Corporation for a period of three years from the Original Issue Date, by (B) the then applicable Conversion Price.

(5) Mechanics of Conversion. Before any holder of Series B Preferred Stock shall be entitled to receive certificates representing the shares of Common Stock into which shares of Series B Preferred Stock are converted in accordance with Sections (d)(2), (d)(3), (d)(4) or (e)(2) hereof, such holder shall surrender the certificate or certificates for such shares of Series B Preferred Stock, duly endorsed, with signatures guaranteed, at the office of the Corporation or of any transfer agent for the Series B Preferred Stock, and shall give written notice to the Corporation at such office of the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued, if different from the name shown on the books and records of the Corporation (the "Conversion Notice"). The Conversion Notice shall also contain such representations as may reasonably be required by the Corporation to the effect that the shares to be received upon conversion are not being acquired and will not be transferred in any way that might violate the then applicable securities laws. The Corporation shall, as soon as practicable thereafter and in no event later than 10 days after the delivery of said certificates and Conversion Notice, issue and deliver at such office to such holder of Series B Preferred Stock, or to the nominee or nominees of such holder as provided in the Conversion Notice, a certificate or certificates for the number of shares of Common Stock to which such holder shall be entitled as aforesaid. The conversion shall be effective at the time the Corporation accepts the

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Conversion Notice as being proper in form and substance. The person or persons entitled to receive the shares of Common Stock issuable upon a conversion pursuant to Sections (d)(2), (d)(3), (d)(4) or (e)(2) hereof shall be treated for all purposes as the record holder or holders of such shares of Common Stock as of the effective date of conversion pursuant to this Section (d). All certificates issued upon the exercise or occurrence of the conversion shall contain a legend governing restrictions upon such shares

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imposed by law (if any) or agreement of the holder or his or its predecessors, successors or permitted assigns.

(6) Conversion Price Adjustments. The Stated Value (and therefore, the Liquidation Value, the Conversion Price, the corresponding Conversion Rate and the $0.515 and $0.336 figures set forth in the definition of Conversion Price) shall be subject to adjustment from time to time as follows:

(A) Common Stock Issued at Less Than the Current Conversion Price. If the Corporation shall issue any Common Stock other than Excluded Securities (as hereinafter defined) without consideration or for a consideration per share less than the then current Conversion Price, the Conversion Price in effect immediately prior to each such issuance shall immediately (except as provided below) be reduced by multiplying the Conversion Price by a fraction of which the numerator shall be an amount equal to the sum of (x) the number of shares of Common Stock outstanding immediately prior to such issuance multiplied by the current Conversion Price plus (y) the consideration, if any, received by the Corporation upon such issuance and the denominator shall be the total number of shares of Common Stock outstanding immediately after such issuance multiplied by the current Conversion Price.

For the purposes of any adjustment of the Conversion Price pursuant to Section (d)(6)(A) hereof, the following provisions shall be applicable:

(i) Cash. In the case of the issuance of Common Stock for cash, the amount of the consideration received by the Corporation shall be deemed to be the amount of the cash proceeds received by the Corporation for such Common Stock before deducting therefrom any discounts, commissions, taxes

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or other expenses allowed, paid or incurred by the Corporation for any underwriting or otherwise in connection with the issuance and sale thereof.

(ii) Consideration Other Than Cash. In the case of the issuance of Common Stock (otherwise than upon the conversion of shares of capital stock or other securities of the Corporation) for a consideration in whole or in part other than cash, including securities acquired in exchange therefor (other than securities by their terms so exchangeable), the consideration other than cash shall be deemed to be the fair value thereof as determined by the Board of Directors, irrespective of any accounting treatment, whose determination shall be conclusive.

(iii) Options and Convertible Securities. Except with respect to any securities that are Excluded Securities, in the case of

the issuance of (1) options, warrants or other rights to purchase or acquire Common Stock (whether or not at the time exercisable), (2) securities by their terms convertible into or exchangeable for Common Stock (whether or not at the time so convertible or exchangeable) or (3) options, warrants or rights to purchase such convertible or exchangeable securities (whether or not at the time exercisable):

(a) the aggregate maximum number of shares of Common Stock deliverable upon exercise of such options, warrants or other rights to purchase or acquire Common Stock shall be deemed to have been issued at the time such options, warrants or rights were issued and for a consideration equal to the consideration (determined in the manner provided in Sections (d)(6)(A)(i) and (ii) hereof, if any, received by the Corporation upon the issuance of such options, warrants or rights plus the minimum purchase price provided in such options, warrants or rights for the Common Stock covered thereby;

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(b) the aggregate maximum number of shares of Common Stock deliverable upon conversion of or in exchange for any such convertible or exchangeable securities, or upon the exercise of options, warrants or other rights to purchase or acquire such convertible or exchangeable securities and the subsequent conversion or exchange thereof, shall be deemed to have been issued at the time such securities were issued or such options, warrants or rights were issued and for a consideration equal to the consideration, if any, received by the Corporation for any such securities and related options, warrants or rights (excluding any cash received on account of accrued interest or accrued dividends), plus the additional consideration (determined in the manner provided in Sections (d)(6)(A)(i) and (ii) hereof), if any, to be received by the Corporation upon the conversion or exchange of such securities, or upon the exercise of any related options, warrants or rights to purchase or acquire such convertible or exchangeable securities and the subsequent conversion or exchange thereof;

(c) on any change in the number of shares of Common Stock deliverable upon exercise of any such options, warrants or rights or conversion or exchange of such convertible or exchangeable securities or any change in the consideration to be received by the Corporation upon

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such exercise, conversion or exchange, including, but not limited to, a change resulting from the anti-dilution provisions thereof, the Conversion Price as then in effect shall forthwith be readjusted to such Conversion Price as would have been obtained had an adjustment been made upon the issuance of such options, warrants or rights not exercised prior to such change, or of such convertible or exchangeable securities

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not converted or exchanged prior to such change, upon the basis of such change;

(d) on the expiration or cancellation of any such options, warrants or rights, or the termination of the right to convert or exchange such convertible or exchangeable securities, if the Conversion Price shall have been adjusted upon the issuance thereof, the Conversion Price shall forthwith be readjusted to such Conversion Price as would have been obtained had an adjustment been made upon the issuance of such options, warrants, rights or such convertible or exchangeable securities on the basis of the issuance of only the number of shares of Common Stock actually issued upon the exercise of such options, warrants or rights, or upon the conversion or exchange of such convertible or exchangeable securities; and

(e) if the Conversion Price shall have been adjusted upon the issuance of any such options, warrants, rights or convertible or exchangeable securities, no further adjustment of the Conversion Price shall be made for the actual issuance of Common Stock upon the exercise, conversion or exchange thereof.

(B) Excluded Securities. Notwithstanding the foregoing, no adjustment shall be made pursuant to this Section (d) as a result of the issuance or deemed issuance of any of the foregoing (collectively, the "Excluded Securities"):

(i) any shares of Common Stock upon the conversion of shares of Series A Preferred Stock or Series B Preferred Stock;

(ii) securities of the Corporation offered to the public pursuant to an effective registration statement under the Securities Act;

(iii) any securities of the Corporation (including any shares of Common Stock that may be issuable pursuant to the conversion or exercise of any options, warrants or rights of the

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Corporation) pursuant to any commercial agreement if the issuance of such securities is approved by the Board of Directors;

(iv) any shares of Common Stock as a result of the adjustments to the Conversion Price and the Conversion Rate under this Section (d) or the similar provisions of the Series A Preferred Stock;

(v) any options, warrants or rights of the Corporation, and any shares of Common Stock issued at any time following the Original Issue Date (including any shares of Common Stock that may be issuable pursuant to the conversion or exercise of any options, warrants or rights of the Corporation), in each case granted under any employee stock option or incentive plan in which employees or directors of the Corporation may participate;

(vi) any shares of Common Stock issued in a transaction to which Section (d)(6)(C) or (D) applies; or

(vii) any shares of Common Stock issued pursuant to the exchange, conversion or exercise of options, warrants or other rights of the Corporation that have previously been incorporated into computations hereunder on the date when such options, warrants or other rights of the Corporation were issued.

(C) Stock Dividends, Subdivisions, Reclassifications or Combinations. If the Corporation shall (i) declare a dividend or make a distribution on its Common Stock in shares of its Common Stock, (ii) subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares, or (iii) combine or reclassify the outstanding Common Stock into a smaller number of shares, the Conversion Price in effect at the time of the record date for such dividend or distribution or the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that the holder of any shares of Series B Preferred Stock surrendered for conversion after such date shall be entitled to receive the number of shares of Common Stock which he would have owned or been entitled to receive had such Series B Preferred Stock been converted

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immediately prior to such date. Successive adjustments in the Conversion Price shall be made whenever any event specified above shall occur.

(D) Other Distributions. In case the Corporation shall fix a record date for making of a distribution to all holders of shares of its Common Stock of (i) shares of any class other than its Common Stock, (ii) evidences of indebtedness of the Corporation, (iii) assets (excluding cash dividends or distributions, or dividends or distributions referred to in Section (d)(6)(C) hereof), or (iv) rights or warrants (excluding those

referred to in Section (d)(6)(A) hereof), in each such case the Conversion Price in effect immediately prior thereto shall be reduced immediately thereafter to the price determined by dividing (1) an amount equal to the difference resulting from (x) the number of shares of Common Stock outstanding on such record date multiplied by the Conversion Price per share on such record date, less (y) the fair market value (as determined by the Board of Directors, whose determination shall be conclusive) of said shares or evidences of indebtedness or assets or rights or warrants to be so distributed, by (2) the number of shares of Common Stock outstanding on such record date. Such adjustment shall be made successively whenever such a record date is fixed. In the event that such distribution is not so made, the Conversion Price then in effect shall be readjusted, effective as of the date when the Board of Directors determines not to distribute such shares, evidences of indebtedness, assets, rights or warrants, as the case may be, to the Conversion Price which would then be in effect if such record date had not been fixed.

(7) De Minimis Adjustments. No adjustment to the Conversion Price (and, therefore, the Conversion Rate) shall be made if such adjustment would result in a change in the Conversion Price of less than $0.01, but any lesser adjustment shall be carried forward and shall be made at the time of and together with the next subsequent adjustment which, together with any adjustments so carried forward, shall amount to $0.01 or more.

(8) Reservation of Stock Issuable Upon Conversion. The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock solely for the purpose of effecting the conversion of the shares of the Series B Preferred

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Stock such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series B Preferred Stock; and if at any time the number of authorized but unissued shares of Common Stock shall be insufficient to effect the conversion of all then outstanding shares of the Series B Preferred Stock, the Corporation shall take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(9) Notices of Record Date. In the event of any taking by the Corporation of a record of the holders of any series or class of securities other than Series B Preferred Stock (A) for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution or (B) with respect to an Extraordinary Transaction (other than a tender offer) or any other action described in Section (d)(6)(C) or (D) hereof, the Corporation shall mail to each holder of Series B Preferred Stock, at least 10 days prior to the date specified therein, a notice specifying the date on which any such record is to be taken for the purpose of such dividend, distribution or action, and the amount and character of such dividend, distribution or action; provided, however, that the failure to give

such notice shall not impair the validity of such dividend, .com distribution, Extraordinary Transaction or other action.

(e) Redemption.

(1) Optional Redemption. The Series B Preferred Stock is redeemable by the Corporation, in whole or in part, at any time or from time to time after issuance of the Series B Preferred Stock at the option of the Corporation, on at least 20 but not more than 90 days' written notice (the "Redemption Notice"). With respect to any such redemption, each share of Series B Preferred Stock will be redeemable at a price equal to the greater of (A) the then applicable Liquidation Value and (B) the Stated Value, plus the dividends that would have accrued on the Series B Preferred Stock in the event that no dividends were declared and paid by the Corporation for a period of three years from the Original Issue Date (the "Redemption Price"). The Redemption Price is payable in cash. Any holder of Series B Preferred Stock may, in lieu of receiving cash pursuant to this Section (e), exercise such holder's conversion rights pursuant to Section (d)(2) hereof by giving the Corporation a Conversion Notice no later than 10 days after the Corporation delivers the Redemption Notice.

(2) Mandatory Redemption. On the fifth anniversary of the

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Original Issue Date, the Company must, at its option (A) redeem each share of Preferred Stock for a cash payment equal to the then applicable Liquidation Value or (B) convert each share of Series B Preferred Stock into a number of shares of Common Stock equal to the then Conversion Rate in accordance with the applicable provisions of Section (d).

(f) Protective Provisions. In addition to any other rights provided by law, so long as any shares of Series B Preferred Stock are then outstanding, except where the vote or written consent of the holders of a greater number of shares is required by law or by another provision of the Articles of Incorporation, without first obtaining the affirmative vote or written consent of the holders of 66 2/3% of the total number of shares of Series B Preferred Stock outstanding, voting together as a single class, the Corporation shall not:

(1) amend or repeal any provision of, or add any provision to, the Articles of Incorporation or the Bylaws, if such action would materially and adversely alter the preferences, rights, privileges or powers of, or restrictions provided for the benefit of, holders of Series B Preferred Stock; or

(2) issue any shares of capital stock with preferences, limitations and relative rights that would be superior to or pari passu with the Series B Preferred Stock.

(g) Notices. Any notice required by the provisions hereof to be given to the holders of shares of Series B Preferred Stock shall be deemed given (i) on the date of delivery, if such notice is hand-delivered to such holder or (ii) on the third business day

following (and not including) the date on which such notice is either sent via express courier or deposited in the United States Mail, first-class, postage prepaid, and addressed to each holder of record at his address appearing on the books of the Corporation. Notice by any other means shall not be deemed effective until actually received.

(h) Determination of Market Price. In each case where these Articles of Amendment refer to the OTC-BB to calculate the market price of the Common Stock and at such time the Common Stock is not quoted on the OTC-BB, the following provisions shall apply:

(1) If the Common Stock is listed on a national securities exchange, the average closing bid price shall be calculated according to the closing price of the Common Stock as reported by such

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exchange.

(2) If the Common Stock is not listed on a national securities exchange but is quoted on any tier of The Nasdaq Stock Market, Inc. ("Nasdaq"), or any successor thereto, the average closing bid price shall be calculated according to the closing bid price of the Common Stock as reported by such tier of Nasdaq.

(3) If the Common Stock is not listed on a national securities exchange or quoted on a tier of Nasdaq, the average closing bid price shall be calculated according to the closing price of the Common Stock as reported by the "Pink Sheets" published by The National Quotation Bureau, Inc., or any successor thereto, or as reported by any other electronic or non-electronic quotation system that publishes or reports daily quotations of the Common Stock.

(4) If none of the foregoing apply, the average closing bid price shall be as determined in good faith by a resolution of the Board of Directors.

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EXHIBIT C

THIS WARRANT AND THE SECURITIES PURCHASED ON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNTIL EITHER (i) A REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD THERETO, OR (ii) THE CORPORATION SHALL HAVE RECEIVED AN OPINION OF COUNSEL ACCEPTABLE TO THE CORPORATION AND ITS COUNSEL THAT AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION THEREWITH.

Warrant to Purchase
776,699 Shares

Warrant No. 2001-1

WARRANT TO PURCHASE COMMON STOCK
OF
AER ENERGY RESOURCES, INC.

THIS CERTIFIES that ELMWOOD PARTNERS II, a Delaware limited partnership ("Holder") or any subsequent holder hereof, has the right to purchase from AER Energy Resources, Inc., a Georgia corporation (the "Company"), up to 776,699 fully paid and nonassessable shares of the Company"s Common Stock, no par value ("Common Stock"), at the Exercise Price (as defined herein), subject to adjustment as provided below, at any time on or before 5:00 p.m., Atlanta, Georgia time, on February 27, 2006.

This Warrant is issued and all rights hereunder shall be held subject to all of the conditions, limitations and provisions set forth herein.

1. Exercise.

This Warrant may be exercised as to all or any lesser number of full shares of Common Stock covered hereby upon surrender of this Warrant, with the Subscription Form attached hereto duly executed, together with the full Exercise Price in cash, or by certified or official bank check payable in New York Clearing House Funds or wire transfer payable in immediately available federal funds for each share of Common Stock as to which this Warrant is exercised, at the office of the Company, AER Energy Resources, Inc., 4600 Highlands Parkway, Suite G, Smyrna, GA 30082, or at such other office or agency as the Company may designate in writing (such surrender and payment hereinafter called the "Exercise of this Warrant"). The "Date of Exercise" of the Warrant shall be defined as the date that the original Warrant and Subscription Form are received by the Company. This Warrant shall be canceled upon its Exercise, and, as soon as practicable thereafter, the Holder hereof shall be entitled to receive a certificate or certificates for the number of shares of Common Stock

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purchased upon such Exercise and a new Warrant or Warrants (containing terms identical to this Warrant) representing any unexercised portion of this Warrant. Each person in whose name any certificate for shares of Common Stock is issued shall, for all purposes, be deemed to have become the Holder of record of such shares on the Date of Exercise of this Warrant,

irrespective of the date of delivery of such certificate. Nothing in this Warrant shall be construed as conferring upon the Holder hereof any rights as a shareholder of the Company.

2. Payment of Warrant Exercise Price.

Payment of the Exercise Price may be made by any of the following, or a combination thereof, at the election of Holder:

(i) cash, certified check or cashier's check or wire transfer payable in immediately available federal funds; or

(ii) surrender of this Warrant at the principal office of the Company together with notice of election, in which event the Company shall issue Holder a number of shares of Common Stock computed using the following formula:

$$X = Y\ (A-B)/A$$

where: X = the number of shares of Common Stock to be issued to Holder (not to exceed the number of shares set forth on the cover page of this Warrant, as adjusted pursuant to the provisions of Section 5 of this Warrant).

Y = the number of shares of Common Stock for which this Warrant is being exercised.

A = the Market Price of one share of Common Stock (for purposes of this Section 2(ii), the "Market Price" shall be defined as the average closing bid price of the Common Stock for the five trading days prior to the Date of Exercise of this Warrant (the "Five-Day Average Closing Bid Price"), as reported on the Nasdaq National Market, or if the Common Stock is not traded on the Nasdaq National Market, the Five-Day Average Closing Bid Price in the over-the-counter market; provided, however, that if the Common Stock is listed on a stock exchange, the Market Price shall be the Five-Day Average Closing Bid Price on such exchange).

B = the Exercise Price.

It is intended that the Common stock issuable upon exercise of this Warrant in a

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cashless exercise transaction shall be deemed to have been acquired at the time this Warrant was issued, for purposes of Rule 144(d)(3)(ii).

3. Exercise Price.

The Exercise Price shall initially be $0.5376 per share. However, if 120% of the average closing bid price of a share of Common Stock (as reported on any tier of The Nasdaq Stock Market, Inc., including the Over-the-Counter Bulletin Board automated quotation system or on a national securities exchange) for 20 consecutive trading days ending on February 27, 2002 (the "20-Day Average Closing Bid Price"), is less than the Exercise Price, then the Exercise Price shall be

adjusted to equal the greater of (i) 120% of the 20-Day Average Closing Bid Price or (ii) $0.336 Notwithstanding the foregoing, in the event that the Exercise Price is adjusted pursuant to this Section 3, no such adjustment shall be made to the number of Shares of Common Stock that may be received upon the Exercise of this Warrant.

4. Transfer and Registration.

Subject to the provisions of Section 8 of this Warrant, this Warrant may be transferred on the books of the Company, wholly or in part, in person or by attorney, upon surrender of this Warrant properly endorsed, with signature guaranteed. This Warrant shall be canceled upon such surrender and, as soon as practicable thereafter, the person to whom such transfer is made shall be entitled to receive a new Warrant or Warrants as to the portion of this Warrant transferred, and the Holder of this Warrant shall be entitled to receive a new Warrant or Warrants as to the portion hereof retained.

5. Anti-Dilution Adjustments.

(a) If the Company shall at any time declare a dividend payable in shares of Common Stock, then the Holder hereof, upon Exercise of this Warrant after the record date for the determination of Holders of Common Stock entitled to receive such dividend, shall be entitled to receive upon Exercise of this Warrant, in addition to the number of shares of Common Stock as to which this Warrant is Exercised, such additional shares of Common stock as such Holder would have received had this Warrant been Exercised immediately prior to such record date.

(b) If the Company shall at any time effect a recapitalization or reclassification of such character that the shares of Common stock shall be changed into or become exchangeable for a larger or smaller number of shares,

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then upon the effective date thereof, the number of shares of Common Stock which the Holder hereof shall be entitled to purchase upon Exercise of this Warrant shall be increased or decreased, as the case may be, in direct proportion to the increase or decrease in the number of shares of Common Stock by reason of such recapitalization or reclassification, and the Exercise Price shall be, in the case of an increase in the number of shares, proportionately decreased and, in the case of a decrease in the number of shares, proportionally increased.

(c) If the Company shall at any time distribute to Holders of Common Stock cash, evidences of indebtedness or other securities or assets (other than cash dividends or distributions payable out of earned surplus or net profits for the current or preceding year) then, in any such case, the Holder of this Warrant shall be entitled to receive, upon Exercise of this Warrant, with respect to each share of Common Stock issuable upon such Exercise, the amount of cash or evidences of indebtedness or other securities or assets which such Holder would have been entitled to receive with respect to each such share of Common stock as a result of the happening of such event had this Warrant been Exercised immediately prior to the record date or other date fixing shareholders to be affected by such event (the "Determination Date") or, in lieu thereof, if the Board of Directors of the Company should so determine at the time of such distribution, a reduced Exercise Price determined by multiplying the Exercise Price on the Determination Date by a fraction, the numerator of which is the result of such Exercise Price reduced by the value of such distribution applicable to one share of Common stock (such value to be determined by the Board in its discretion) and the denominator of which is such Exercise Price.

(d) If the Company shall at any time consolidate or merge with any other corporation or transfer all or substantially all of its assets or dissolve, then the Company shall deliver written notice to the Holder of such merger, consolidation or sale of assets or dissolution at least thirty (30) days prior to the closing of such merger, consolidation or sale of assets or dissolution, and this Warrant shall terminate and expire immediately prior to the closing of such merger, consolidation or sale of assets or dissolution.

(e) As used in this Warrant, the term "Exercise Price" shall mean the purchase price per share specified in Section 3 of this Warrant until the occurrence of an event stated in Section 5(b) or 5(c) and thereafter shall mean said price as adjusted from time to time in accordance with the provisions of said sections. No such adjustment pursuant to Section 5(b) or 5(c) shall be made unless such adjustment would change the Exercise Price at the time by $.01 or more; provided, however, that all adjustments not so made shall be deferred and made when the aggregate thereof would change the Exercise Price at the time by $.01 or more. No adjustment made pursuant to any provision of this Section 5 shall have the effect of increasing the total consideration payable upon Exercise of this Warrant in respect of all the Common Stock as to which this

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Warrant may be exercised.

(f) In the event that at any time, as a result of an adjustment made pursuant to this Section 5, the Holder of this Warrant shall, upon Exercise of this Warrant, become entitled to receive shares and/or other securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this Section 5.

6. Fractional Interests.

No fractional shares or scrip representing fractional shares shall be issuable upon the Exercise of this Warrant, but on Exercise of this Warrant, the Holder hereof may purchase only a whole number of shares of Common Stock. The Company shall make a payment in cash in respect of any fractional shares which might otherwise be issuable upon Exercise of this Warrant, calculated by multiplying the fractional share amount by the market price of the Company"s Common Stock on the Date of Exercise as reported on the Nasdaq National Market or such other exchange or system on which the Company"s Common Stock is traded.

7. Reservation of Shares.

The Company shall at all times reserve for issuance such number of authorized and unissued shares of Common Stock (or other securities substituted therefor as herein above provided) as shall be sufficient for Exercise of this Warrant. The Company covenants and agrees that upon Exercise of this Warrant, all shares of Common Stock issuable upon such Exercise shall be duly and validly issued, fully paid, nonassessable and not subject to preemptive rights of any shareholders.

8. Restrictions on Transfer.

This Warrant and the Common Stock issuable on Exercise hereof have been or will be acquired by the Holder hereof for investment for its own account and not with a view to the distribution thereof, have not been registered under the Securities Act of 1933, as amended (the "Act"), or under any state securities laws (the "State Acts") and may not be sold, transferred, pledged, hypothecated or otherwise disposed of in the absence of registration or the availability of an exemption from registration under the Act and any applicable State Acts and, in the event a Holder believes an exemption from the registration requirements of the Act and any applicable State Acts is available,

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the Holder must deliver a legal opinion satisfactory in form and substance to the Company and its counsel, stating that such exemption is available. All shares of Common Stock issued upon Exercise of this Warrant shall bear an appropriate legend to such effect. Holder has represented to the Company that it and any transferee of all or any portion of this Warrant is and will remain at all times while this Warrant is outstanding an "accredited investor" as defined in Regulation D promulgated under the Act.

9. Benefits of this Warrant.

Nothing in this Warrant shall be construed to confer upon any person other than the Company and the Holder of this Warrant any legal or equitable right, remedy or claim under this Warrant and this Warrant shall be for the sole and exclusive benefit of the Company and the Holder of this Warrant.

10. Applicable Law.

This Warrant is issued under and shall for all purposes be governed by and construed in accordance with the laws of the State of Georgia. Jurisdiction for any dispute regarding this Warrant lies in Georgia.

11. Loss of Warrant.

Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity or security reasonably satisfactory to the Company, and upon surrender and cancellation of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date.

12. Purchase Agreement.

This Warrant is issued and sold pursuant to that certain Securities Purchase Agreement dated as of February 27, 2001 (the "Purchase Agreement"). The Holder shall be entitled to all of the rights and benefits and subject to all of the obligations of a Purchaser under the Purchase Agreement, including without limitation, rights with respect to registration under the Act. The terms of the Purchase Agreement are hereby incorporated herein for all purposes and shall be considered a part of this Warrant as if they had been fully set forth herein.

13. Notice to Company and Holder.

Notices or demands pursuant to this Warrant to be given or

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made by the Holder of this Warrant to or on the Company shall be sufficiently given or made if sent by certified or registered mail, return receipt requested, postage prepaid, and addressed, until another address is designated in writing by the Company, AER Energy Resources, Inc., 4600 Highlands Parkway, Suite G, Smyrna, GA 30082, Attention: Chief Executive Officer. Notices or demands pursuant to this Warrant to be given or made by the Company to or on the Holder of this Warrant shall be sufficiently given or made if sent by certified or registered mail, return receipt requested, postage prepaid, and addressed to the Holder as follows: Elmwood Partners II, 12651 Elmwood Avenue, Cleveland, Ohio 44111, Attn: Jon A. Lindseth.

(signature follows on next page)

IN WITNESS WHEREOF, this Warrant is hereby executed effective as of the date set forth below.

Dated as of February 27, 2001.

AER ENERGY RESOURCES, INC.

By: /s/ J.T. Moore

J.T. Moore
Vice President and Chief Financial Officer

SUBSCRIPTION FORM

TO: AER ENERGY RESOURCES, INC.

The undersigned hereby irrevocably exercises the right to purchase _____ shares of Common Stock of AER Energy Resources, Inc., a Georgia corporation, evidenced by the attached Warrant, and herewith makes payment of the Exercise Price with respect to such shares in full, all in accordance with the conditions and provisions of said Warrant.

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The undersigned represents that it is an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended, agrees not to offer, sell, transfer or otherwise dispose of any of such Common Stock, except in accordance with the provisions of Section 8 of the Warrant, and consents that the following legend may be affixed to the certificates for the Common Stock hereby subscribed for, if such legend is applicable:

"The securities represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Securities Act"), or any state securities law, and may not be sold, transferred, pledged, hypothecated or otherwise disposed of until either (i) a registration statement under the Securities Act and applicable state securities laws shall have become effective with regard thereto, or (ii) the corporation shall have received an opinion of counsel acceptable to the corporation and its counsel that an exemption from registration under the Securities Act or applicable state securities laws is available in connection therewith."

The undersigned requests that certificates for such shares be issued, and a warrant representing any unexercised portion thereof be issued, pursuant to the Warrant in the name of the Registered Holder and delivered to the undersigned at the address set forth below:

[ ] The undersigned hereby elects to make payment of the Exercise Price through a cashless exercise pursuant to Section 2(ii) of the Warrant.

(Check Box if applicable)

Dated: ------------------------------

Signature of Registered Holder

Name of Registered Holder (Print)

Address

The attached Warrant and the securities issuable on exercise thereof have not been registered under the Securities Act of 1933, as amended, or any state securities law and may not be sold, transferred, pledged, hypothecated or

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otherwise disposed of in the absence of registration or the availability of an exemption from registration under said Act or any state securities law.

ASSIGNMENT

(To be executed by the registered Holder
desiring to transfer the Warrant)

FOR VALUE RECEIVED, the undersigned Holder of the attached Warrant hereby sells, assigns and transfers unto the person or persons below named the right to purchase _____ shares of the Common Stock of AER ENERGY RESOURCES, INC. evidenced by the attached Warrant and does hereby irrevocably constitute and appoint _____ attorney to transfer the said Warrant on the books of the Company, with full power of substitution in the premises.

Dated:

Signature

Fill in for new Registration of Warrant:

Signature Guarantee:

Name

Name of Guarantor

By:

Name:

Address

Title:

Please print name and address of assignee
(including zip code)

NOTICE

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The signature to the foregoing Subscription Form or Assignment must correspond to the name as written upon the face of the attached Warrant in every particular, without alteration or enlargement or any change whatsoever.

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EXHIBIT D

PROMISSORY NOTE

<TABLE>
<CAPTION>

PRINCIPAL	LOAN DATE	MATURITY	LOAN NO	CALL/COLL	ACCOUNT	OFFICER	INITIALS
82,000,000.00	02-20-2001	04-05-2004					
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>

References in the shaded area are for Lender's use only and do not limit the applicability of this document to any particular loan or item.
Any item above containing "***" has been omitted due to text length limitations.

</TABLE>

<TABLE>
<S> <C>

BORROWER: ELMWOOD PARTNERS II
12651 ELMWOOD AVENUE
CLEVELAND, OH 44111-5911

LENDER: THE HUNTINGTON NATIONAL BANK
MIDDLEBURG HEIGHTS COMMERCIAL LENDING
P.O. BOX 1558 - HZ0325
COLUMBUS, OH 43272-4195

</TABLE>

Principal Amount: $2,000,000.00 Initial Rate: 7.430% Date of Note:_____

PROMISE TO PAY. ELMWOOD PARTNERS II ("Borrower") promises to pay to THE HUNTINGTON NATIONAL BANK ("Lender"), or order, in lawful money of the United States of America, the principal amount of Two Million & 00/100 Dollars ($2,000,000.00) or so much as may be outstanding, together with interest on the unpaid outstanding principal balance of each advance. Interest shall be calculated from the date of each advance until repayment of each advance.

PAYMENT. Borrower will pay this loan in one payment of all outstanding principal plus all accrued unpaid interest on April 5, 2004. In addition, Borrower will pay regular quarterly payments of all accrued unpaid interest due as of each payment date, beginning April 5, 2001, with all subsequent interest payments to be due on the same day of each quarter after that. Unless otherwise agreed or required by applicable law, payments will be applied first to accrued unpaid interest, then to principal, and any remaining amount to any unpaid collection costs and late charges. The annual interest rate for this Note is computed on a 365/360 basis; that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding. Borrower will pay Lender at Lender's address shown above or at such other place as Lender may designate in writing.

VARIABLE INTEREST RATE. The interest rate on this Note is subject to change from time to time based on changes in an independent index which is the Daily Fluctuating LIBO Rate. As used herein, Daily Fluctuating LIBO Rate shall mean the rate obtained by dividing: (1) the actual or estimated per annum rate, or the arithmetic mean of the per annum rates, of interest for deposits in U.S. dollars for one (1) month periods, as offered and determined by Lender in its sole discretion based upon information which appears on page LIBORO1, captioned British Bankers Assoc. Interest Rate Settlement Rates, of the Reuters America Network, a service of Reuters America Inc. (or such other page that may replace that page on that service for the purpose of displaying LIBO rates; or, if such service ceases to be available or ceases to be used by Lender, such other reasonably comparable money rate service as Lender may select) or upon information obtained from any other reasonable procedure, on each date the Daily Fluctuating LIBO Rate is determined; by (2) an amount equal to one minus the

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stated maximum rate (expressed as a decimal), if any, of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves) that is specified on each date the Daily Fluctuating LIBO Rate is determined by the Board of Governors of the Federal Reserve System (or any successor agency thereto) for determining the maximum reserve requirement with respect to eurocurrency funding (currently referred to as"Eurocurrency liabilities" in Regulation D of such Board) maintained by a member bank of such System, or any other regulations of any governmental authority having jurisdiction with respect thereto, all as conclusively determined by Lender, absent manifest error, such result to be rounded up, if necessary, to the nearest whole multiple of one-sixteenth of one percent (1/16 of 1.0%) per annum. Subject to any maximum or minimum interest rate limitation specified herein or by applicable law, the interest rate shall change automatically without notice to Borrower immediately on each day with each change in the Daily Fluctuating LIBO Rate or the reserve requirement, as applicable, with any change thereto effective as of the opening of business on the day of the change (the "Index"). The Index is not necessarily the lowest rate charged by Lender on its loans. If the Index becomes unavailable during the term of this loan, Lender may designate a substitute Index after notice to Borrower. Lender will tell Borrower the current Index rate upon Borrower's request. The interest rate change will not occur more often than each day. Borrower understands that Lender may make loans based on other rates as well. The Index currently is 5.580% per annum. The interest rate to be applied to the unpaid principal balance of this Note will be at a rate of 1.850 percentage points over the Index, resulting in an initial rate of 7.430% per annum. NOTICE: Under no circumstances will the interest rate on this Note be more than the maximum rate allowed by applicable law.

PREPAYMENT. Borrower may pay without penalty all or a portion of the amount owed earlier than it is due. Early payments will not, unless agreed to by Lender in writing, relieve Borrower of Borrower's obligation to continue to make payments of accrued unpaid interest. Rather, early payments will reduce the principal balance due. Borrower agrees not to send Lender payment marked "paid in full", "without recourse", or similar language. If Borrower sends such a payment, Lender may accept it without losing any of Lender's rights under this Note, and Borrower will remain obligated to pay any further amount owed to Lender. All written communications concerning disputed amounts, including any check or other payment instrument that indicates that the payment constitutes "payment in full" of the amount owed or that is tendered with other conditions or limitations or as full satisfaction of a disputed amount must be mailed or delivered to: The Huntington National Bank, Commercial Customer Support, 7450 Huntington Park Drive - HZ0326 Columbus, OH 43235.

LATE CHARGE. If a payment is 11 days or more late, Borrower will be charged 5.000% of the regularly scheduled payment.

INTEREST AFTER DEFAULT. Upon default, including failure to pay upon final maturity, Lender, at its option, may, if permitted under applicable law, increase the variable interest rate on this Note to 4.850 percentage points over the Index. The interest rate will not exceed the maximum rate permitted by applicable law.

DEFAULT. Each of the following shall constitute an event of default ("Event of Default") under this Note:

PAYMENT DEFAULT. Borrower fails to make any payment when due under this Note.

OTHER DEFAULTS. Borrower fails to comply with or to perform any other term, obligation, covenant or condition contained in this Note or in any of the related documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Borrower.

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FALSE STATEMENTS. Any warranty, representation or statement made or furnished to Lender by Borrower or on Borrower's behalf under this Note or the related documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

DEATH OR INSOLVENCY. The dissolution or termination of Borrower's existence as a going business or the death of any partner, the insolvency of Borrower, the appointment of a receiver for any part of Borrower's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower.

CREDITOR OR FORFEITURE PROCEEDINGS. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor or Borrower or by any governmental agency against any collateral securing the loan. This includes a garnishment of any of Borrower's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Borrower as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Borrower gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

EVENTS AFFECTING GUARANTOR. Any of the preceding events occurs with respect to any Guarantor of any of the indebtedness or any Guarantor dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any guaranty of the indebtedness evidenced by this Note.

EVENTS AFFECTING GENERAL PARTNER OF BORROWER. Any of the preceding events occurs with respect to any general partner of Borrower or any general partner dies or becomes incompetent.

CHANGE IN OWNERSHIP. The resignation or expulsion of any general partner with an ownership interest of twenty-five percent (25%) or more in Borrower.

ADVERSE CHANGE. A material adverse change occurs in borrower's financial condition, or Lender believes the prospect of payment or performance of this note is impaired.

INSECURITY. Lender in good faith believes itself insecure.

LENDER'S RIGHTS. Upon default, Lender may declare the entire unpaid principal balance on this Note and all accrued unpaid interest immediately due, and then Borrower will pay that amount.

ATTORNEYS' FEES; EXPENSES. Lender may hire or pay someone else to help collect this Note if Borrower does not pay. Borrower will pay Lender that amount. This includes, subject to any limits under applicable law, Lender's attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including attorneys' fees, expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), and appeals. If not prohibited by applicable law, Borrower also will pay any court costs, in addition to all other sums provided by law.

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JURY WAIVER. Lender and Borrower hereby waive the right to any jury trial in any action, proceeding, or counterclaim brought by either Lender or Borrower against the other.

GOVERNING LAW. This Note will be governed by, construed and enforced in accordance with federal law and the laws of the State of Ohio. This Note has been accepted by Lender in the State of Ohio.

CONFESSION OF JUDGMENT. Borrower hereby irrevocably authorizes and empowers any attorney-at-law, including an attorney hired by Lender, to appear in any court of record and to confess judgment against Borrower for the unpaid amount of this Note as evidenced by an affidavit signed by an officer of Lender setting forth the amount then due, attorneys' fees plus costs of suit, and to release all errors, and waive all rights of appeal. If a copy of this Note, verified by an affidavit, shall have been filed in the proceeding, it will not be necessary to file the original as a warrant of attorney. Borrower waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. No single exercise of the foregoing warrant and power to confess judgment will be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void; but the power will continue undiminished and may be exercised from time to time as Lender may elect until all amounts owing on this Note have been paid in full. Borrower waives any conflict of interest that an attorney hired by Lender may have in acting on behalf of Borrower in confessing judgment against Borrower while such attorney is retained by Lender. Borrower expressly consents to such attorney acting for Borrower in confessing judgment.

DISHONORED ITEM FEE. Borrower will pay a fee to Lender of $15.00 if Borrower makes a payment on Borrower's loan and the check or preauthorized charge with which Borrower pays is later dishonored.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Borrower's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Borrower holds jointly with someone else and all accounts Borrower may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Borrower authorizes Lender, to the extent permitted by applicable law, to charge or setoff all sums owing on the debt against any and all such accounts.

LINE OF CREDIT. This Note evidences a straight line of credit. Once the total amount of principal has been advanced, Borrower is not entitled to further loan advances. Advances under this Note, as well as directions for payment from Borrower's accounts, may be requested orally or in writing by Borrower or by an authorized person. Lender may, but need not, require that all oral requests be confirmed in writing. Borrower agrees to be liable for all sums either: (A) advanced in accordance with the instructions of an authorized person or (B) credited to any of Borrower's accounts with Lender. The unpaid principal balance owing on this Note at any time may be evidenced by endorsements on this Note or by Lender's internal records, including daily computer print-outs. Lender will have no obligation to advance funds under this Note if: (A) Borrower or any guarantor is in default under the terms of this Note or any agreement that Borrower or any guarantor has with Lender, including any agreement made in connection with the signing of this Note; (B) Borrower or any guarantor ceases doing business or is insolvent; (C) any guarantor seeks, claims or otherwise attempts to limit, modify or revoke such guarantor's guarantee of this Note or any other loan with Lender; (D) Borrower has applied

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funds provided pursuant to this Note for purposes other than those authorized by Lender; or (E) Lender in good faith believes itself insecure.

SPECIAL LIBO RATE PROVISION. In the event that Lender reasonably determines that by reason of (a) any change arising after the date of this Note affecting the interbank eurocurrency market or affecting the position of Lender with respect to such market, adequate and fair means do not exist for ascertaining the applicable interest rates by reference to which the Daily Fluctuating LIBO Rate then being determined is to be fixed, (b) any change arising after the date of this Note in any applicable law or governmental rule, regulation or order (or any interpretation thereof, including the introduction of any new law or governmental rule, regulation or order), or (c) any other circumstance affecting Lender or the interbank eurocurrency market (such as, but not limited to, official reserve requirements required by Regulation D of the Board of Governors of the Federal Reserve System), the Daily Fluctuating LIBO Rate plus the applicable spread shall not represent the effective pricing to Lender of accruing interest based upon the Daily Fluctuating LIBO Rate, then, and in any such event, the accrual of interest hereunder based upon the Daily Fluctuating LIBO Rate shall be suspended until Lender shall notify Borrower that the circumstances causing such suspension no longer exist and beginning on the date of such suspension interest shall accrue hereunder at a variable rate of interest per annum, which shall change in the manner set forth below, equal to _____ percentage points (which shall be 0.00 percentage points, unless completed) in excess of the Prime Commercial Rate (as hereinafter defined).

In the event that on any date Lender shall have reasonably determined that accruing interest hereunder based upon the Daily Fluctuating LIBO Rate has become unlawful by compliance by Lender in good faith with any law, governmental rule, regulation or order, then, and in any such event, Lender shall promptly give notice thereof to Borrower. In such case, when required by law, interest shall accrue hereunder at a variable rate of interest per annum, which shall change in the manner set forth below, equal to _____ percentage points (which shall be 0.00 percentage points, unless completed) in excess of the Prime Commercial Rate.

As used herein, Prime Commercial Rate shall mean the rate established by Lender from time to time based on its consideration of economic, money market, business and competitive factors, and it is not necessarily Lender's most favored rate. Subject to any maximum or minimum interest rate limitation specified herein or by applicable law, any variable rate of interest on the obligation evidenced hereby based upon the Prime Commercial Rate shall change automatically without notice to Borrower immediately with each change in the Prime Commercial Rate with any change thereto effective as of the opening of business on the day of the change. If during any period of time while interest is accruing hereunder based upon the Prime Commercial Rate the obligation evidenced by this Note is not paid at maturity, whether maturity occurs by lapse of time, demand, acceleration or otherwise, the unpaid principal balance and any unpaid interest thereon shall, thereafter until paid, bear interest at a rate equal to _____ percentage points (which shall be 0.00 percentage points, unless completed) in excess of the rate indicated in the immediately preceding two paragraphs.

If, due to (a) the introduction of or any change in or in the interpretation of any law or regulation, (b) the compliance with any guideline or request from any central bank or other public authority (whether or not having the force of law), or (c) the failure of Borrower to pay any amount when required by the terms of this Note, there shall be any loss or increase in the cost to Lender of accruing interest hereunder based upon the Daily Fluctuating LIBO Rate, then Borrower agrees that Borrower shall, from time to time, upon demand by Lender, pay to Lender additional amounts sufficient to compensate Lender for such loss or increased cost. A certificate as to the amount of such loss or increase cost, submitted to Borrower by Lender, shall be conclusive evidence, absent manifest error, of _____ the correctness of such amount.

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FINANCIAL STATEMENTS. Borrower agrees to furnish from time to time on the request of the Lender true and complete financial statements and such other information as the Lender may reasonably require.

PROCESSING FEE. Borrower shall pay to Lender on the date of this Note a processing fee in the amount of $0.00. Lender and Borrower agree that the fee shall be fully earned by Lender on the date of this Note.

DRAW PERIOD. The proceeds of the loan evidenced hereby may be advanced in partial amounts during the term hereof and prior to maturity, and no partial advance shall be made after August 5, 2001.

SUCCESSOR INTERESTS. The terms of this Note shall be binding upon Borrower, and upon Borrower's heirs, personal representatives, successors and assigns, and shall inure to the benefit of Lender and its successors and assigns.

GENERAL PROVISIONS. If any part of this Note cannot be enforced, this fact will not affect the rest of the Note. Borrower does not agree or intend to pay, and Lender does not agree or intend to contract for, charge, collect, take, reserve or receive (collectively referred to herein as "charge or collect"), any amount in the nature of interest or in the nature of a fee for this loan, which would in any way or event (including demand, prepayment, or acceleration) cause Lender to charge or collect more for this loan than the maximum Lender would be permitted to charge or collect by federal law or the law of the State of Ohio (as applicable). Any such excess interest or unauthorized fee shall, instead of anything stated to the contrary, be applied first to reduce the principal balance of this loan, and when the principal has been paid in full, be refunded to Borrower. Lender may delay or forgo enforcing any of its rights or remedies under this Note without losing them. Borrower and any other person who signs, guarantees or endorses this Note, to the extent allowed by law, waive presentment, demand for payment, and notice of dishonor. Upon any change in the terms of this Note, and unless otherwise expressly stated in writing, no party who signs this Note, whether as maker, guarantor, accommodation maker or endorser, shall be released from liability. All such parties agree that Lender may renew or extend (repeatedly and for any length or time) this loan or release any party, partner, or guarantor or collateral; or impair, fail to realize upon or perfect Lender's security interest in the collateral; and take any other action deemed necessary by Lender without the consent of or notice to anyone. All such parties also agree that Lender may modify this loan without the consent of or notice to anyone other than the party with whom the modification is made. The obligations under this Note are joint and several.

PRIOR TO SIGNING THIS NOTE, BORROWER READ AND UNDERSTOOD ALL THE PROVISIONS OF THIS NOTE, INCLUDING THE VARIABLE INTEREST RATE PROVISIONS. BORROWER AGREES TO THE TERMS OF THE NOTE.

BORROWER ACKNOWLEDGES RECEIPT OF A COMPLETED COPY OF THIS PROMISSORY NOTE.

NOTICE: FOR THIS NOTICE "YOU" MEANS THE BORROWER AND "CREDITOR" AND "HIS" MEANS LENDER.

WARNING - BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT

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FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

BORROWER:

ELMWOOD PARTNERS II

By: /s/ Jon Lindseth

JON LINDSETH, PARTNER OF ELMWOOD PARTNERS II

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EXHIBIT E

COMMERCIAL GUARANTY

<TABLE>
<CAPTION>

PRINCIPAL	LOAN DATE	MATURITY	LOAN NO	CALL/COLL	ACCOUNT	OFFICER	INITIALS
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BORROWER: ELMWOOD PARTNERS II
12651 ELMWOOD AVENUE
CLEVELAND, OH 44111-5911

LENDER: THE HUNTINGTON NATIONAL BANK
MIDDLEBURG HEIGHTS COMMERCIAL LENDING
P.O. BOX 1558 - HZ0325
COLUMBUS, OH 43272-4195

GUARANTOR: THE KINDT COLLINS COMPANY
12651 ELMWOOD AVENUE
CLEVELAND, OH 44111-5911
</TABLE>

AMOUNT OF GUARANTY. The Amount of This Guaranty is Unlimited.

CONTINUING UNLIMITED GUARANTY. For good and valuable consideration, THE KINDT COLLINS COMPANY ("Guarantor") absolutely and unconditionally guarantees and promises to pay THE HUNTINGTON NATIONAL BANK ("Lender") or its order, in legal tender of the United States of America, the Indebtedness (as that term is defined below) of ELMWOOD PARTNERS II ("Borrower") to Lender on the terms and conditions set forth in this Guaranty. Under this Guaranty, the liability of Guarantor is unlimited and the obligations of Guarantor are continuing.

INDEBTEDNESS GUARANTEED. The Indebtedness guaranteed by this Guaranty includes any and all of Borrower's Indebtedness to Lender and is used in the most comprehensive sense and means and includes any and all of Borrower's liabilities, obligations and debts to Lender, now existing or hereinafter incurred or created, including, without limitation, all loans, advances, interest, costs, debts, overdraft indebtedness, credit card indebtedness, lease obligations, other obligations, and liabilities of Borrower, or any of them, and any present or future judgments against Borrower, or any of them; and whether any such Indebtedness is voluntarily or involuntarily incurred, due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined; whether Borrower may be liable individually or jointly with others, or primarily or secondarily, or as guarantor or surety; whether recovery on the Indebtedness may be or may become barred or unenforceable against Borrower for any reason whatsoever; and whether the Indebtedness arises from transactions which may be voidable on account of infancy, insanity, ultra vires, or otherwise.

DURATION OF GUARANTY. This Guaranty will take effect when received by Lender without the necessity of any acceptance by Lender, or any notice to Guarantor or to Borrower, and will continue in full force until all indebtedness incurred or contracted before receipt by Lender of any notice of revocation shall have been fully and finally paid and satisfied and all of Guarantor's other obligations under this Guaranty shall have been performed in full. If Guarantor elects to revoke this Guaranty, Guarantor may only do so in writing. Guarantor's written notice of revocation must be mailed to Lender, by certified mail, at Lender's address listed above or such other place as Lender may designate in writing. Written revocation of this Guaranty will apply only to advances or new indebtedness created after actual receipt by Lender of Guarantor's written revocation. For this purpose and without limitation, the term "new indebtedness" does not include indebtedness which at the time of notice of revocation is contingent, unliquidated, undetermined or not due and which later becomes absolute, liquidated, determined or due. This Guaranty will continue to bind Guarantor for all indebtedness incurred by Borrower or committed by Lender prior to receipt of Guarantor's written notice of revocation, including any extensions, renewals, substitutions or modifications of the Indebtedness. All renewals, extensions, substitutions, and modifications of the Indebtedness granted after Guarantor's revocation, are contemplated under this Guaranty and, specifically will not be considered to be new Indebtedness. This Guaranty shall bind Guarantor's estate as to Indebtedness created both before and after Guarantor's death or incapacity, regardless of Lender's actual notice of

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Guarantor's death. Subject to the foregoing, Guarantor's executor or administrator or other legal representative may terminate this Guaranty in the same manner in which Guarantor might have terminated it and with the same effect. Release of any other guarantor or termination of any other guaranty of the Indebtedness shall not affect the liability of Guarantor under this Guaranty. A revocation Lender receives from any one or more Guarantors shall not affect the liability of any remaining Guarantors under this Guaranty. IT IS ANTICIPATED THAT FLUCTUATIONS MAY OCCUR IN THE AGGREGATE AMOUNT OF INDEBTEDNESS COVERED BY THIS GUARANTY, AND GUARANTOR SPECIFICALLY ACKNOWLEDGES AND AGREES THAT REDUCTIONS IN THE AMOUNT OF INDEBTEDNESS, EVEN TO ZERO DOLLARS ($0.00), PRIOR TO GUARANTOR'S WRITTEN REVOCATION OF THIS GUARANTY SHALL NOT CONSTITUTE A TERMINATION OF THIS GUARANTY. THIS GUARANTY IS BINDING UPON GUARANTOR AND GUARANTOR'S HEIRS, SUCCESSORS AND ASSIGNS SO LONG AS ANY OF THE GUARANTEED INDEBTEDNESS REMAINS UNPAID AND EVEN THOUGH THE INDEBTEDNESS GUARANTEED MAY FROM TIME TO TIME BE ZERO DOLLARS ($0.00).

GUARANTOR'S AUTHORIZATION TO LENDER. Guarantor authorizes Lender, either before or after any revocation hereof, WITHOUT NOTICE OR DEMAND AND WITHOUT LESSENING GUARANTOR'S LIABILITY UNDER THIS GUARANTY, FROM TIME TO TIME: (A) prior to revocation as set forth above, to make one or more additional secured or unsecured loans to Borrower, to lease equipment or other goods to Borrower, or otherwise to extend additional credit to Borrower; (B) to alter, compromise, renew, extend, accelerate, or otherwise change one or more times the time for payment or other terms of the indebtedness or any part of the indebtedness, including increases and decreases of the rate of interest on the indebtedness; extensions may be repeated and may be for longer than the original loan term; (C) to take and hold security for the payment of this Guaranty or the indebtedness, and exchange, enforce, waive, subordinate, fail or decide not to perfect, and release any such security, with or without the substitution of new collateral; (D) to release, substitute, agree not to sue, or deal with any one or more of Borrower's sureties, endorsers, or other guarantors on any terms or in any manner Lender may choose; (E) to determine how, when and what application of payments and credits shall be made on the indebtedness (F) to apply such security and direct the order or manner of sale thereof, including without limitation, any nonjudicial sale permitted by the terms of the controlling security agreement or deed of trust, as Lender in its discretion may determine; (G) to sell, transfer, assign or grant participants in all or any part of the indebtedness; and (H) to assign or transfer this Guaranty in whole or in part.

GUARANTOR'S REPRESENTATIONS AND WARRANTIES. Guarantor represents and warrants to Lender that (A) no representations or agreements of any kind have been made to Guarantor which would limit or qualify in any way the terms of this Guaranty; (B) this Guaranty is executed at Borrower's request and not at the request of Lender; (C) Guarantor has full power, right and authority to enter into this Guaranty; (D) the provisions of this Guaranty do not conflict with or result in a default under any agreement or other instrument binding upon Guarantor and do not result in a violation of any law, regulation, court decree or order applicable to Guarantor; (E) Guarantor has not and will not, without the prior written consent of Lender, sell, lease, assign, encumber, hypothecate, transfer, or otherwise dispose of all or substantially all of Guarantor's assets, or any interest therein; (F) upon Lender's request, Guarantor will provide to Lender financial and credit information in form acceptable to Lender, and all such financial information which currently has been, and all future financial information which will be provided to Lender is and will be true and correct in all material respects and fairly present Guarantor's financial condition as of the dates the financial information is provided; (G) no material adverse change has occurred in Guarantor's financial condition since the date of the most recent financial statements provided to Lender and no event has occurred which may materially adversely affect Guarantor's financial condition; (H) no litigation, claim, investigation, administrative proceeding or similar action (including those for unpaid taxes) against Guarantor is pending or threatened; (I) Lender has made no representation to Guarantor as to the creditworthiness of Borrower; and (J) Guarantor has established adequate means of obtaining from Borrower on a continuing basis information regarding Borrower's financial condition. Guarantor agrees to keep adequately informed from such means of any facts, events, or circumstances which might in any way affect Guarantor's risks under this Guaranty, and Guarantor further agrees that, absent a request for information, Lender shall have no obligation to disclose to Guarantor any information or documents acquired by Lender in the course of its relationship with Borrower.

GUARANTOR'S WAIVERS. Except as prohibited by applicable law, Guarantor waives any right to require Lender (A) to continue lending money or to extend other credit to Borrower; (B) to make any presentment, protest, demand, or notice of any kind, including notice of any nonpayment of the indebtedness or of any nonpayment related to any collateral, or notice of any action or nonaction on the part of Borrower, Lender, any surety, endorser, or other guarantor in connection with the indebtedness or in connection with the creation of new or additional loans or obligations; (C) to resort for payment or to proceed directly or at once against any person, including Borrower or any other

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guarantor; (D) to proceed directly against or exhaust any collateral held by Lender from Borrower, any other guarantor, or any other person; (E) to give notice of the terms, time, and place of any public or private sale of personal property security held by Lender from Borrower or to comply with any other applicable provisions of the Uniform Commercial Code; (F) to pursue any other remedy within Lender's power; or (G) to commit any act of omission of any kind, or at any time, with respect to any matter whatsoever.

In addition to the waivers set forth above, if now or hereafter Borrower is or shall become insolvent and the indebtedness shall not at all times until paid be fully secured by collateral pledged by Borrower, Guarantor hereby forever waives and gives up in favor of Lender and Borrower, and Lender's and Borrower's receptive successors, any claim or right to payment Guarantor may now have or hereafter have or acquire against Borrower, by subrogation or otherwise, so that at no time shall Guarantor be or become a "creditor" of Borrower within the meaning of 11 U.S.C. section 547 (b), or any successor provision of the Federal bankruptcy laws.

Guarantor also waives any and all rights or defenses arising by reason of (A) any "one action" or "anti-deficiency" law or any other law which may prevent Lender from bringing any action, including a claim for deficiency, against Guarantor, before or after Lender's commencement or completion of any foreclosure action, either judicially or by exercise of a power of sale; (B) any election of remedies by Lender which destroys or otherwise adversely affects Guarantor's subrogation rights or Guarantor's rights to proceed against Borrower for reimbursement, including without limitation, any loss of rights Guarantor may suffer by reason of any law limiting, qualifying, or discharging the indebtedness; (C) any

disability or other defense of Borrower, of any other guarantor, or of any other person, or by reason of the cessation of Borrower's liability from any cause whatsoever, other than payment in full in legal tender, of the Indebtedness; (D) any right to claim discharge of the Indebtedness on the basis of unjustified impairment of any collateral for the Indebtedness; (E) any statute of limitations, if at any time any action or suit brought by Lender against Guarantor is commenced, there is outstanding Indebtedness of Borrower to Lender which is not barred by any applicable statute of limitations; or (F) any defenses given to guarantors at law or in equity other than actual payment and performance of the Indebtedness. If payment is made by Borrower, whether voluntarily or otherwise, or by any third party, on the Indebtedness and thereafter Lender is forced to remit the amount of that payment to Borrower's trustee in bankruptcy or to any similar person under any federal or state bankruptcy law or law for the relief of debtors, the Indebtedness shall be considered unpaid for the purpose of the enforcement of this Guaranty.

Guarantor further waives and agrees not to assert or claim at any time any deductions to the amount guaranteed under this Guaranty for any claim of setoff, counterclaim, counter demand, recoupment or similar right, whether such claim, demand or right may be asserted by the Borrower, the Guarantor, or both.

GUARANTOR'S UNDERSTANDING WITH RESPECT TO WAIVERS. Guarantor warrants and agrees that each of the waivers set forth above is made with Guarantor's full knowledge of its significance and consequences and that, under the circumstances, the waivers are reasonable and not contrary to public policy or law. If any such waiver is determined to be contrary to any applicable law or public policy, such waiver shall be effective only to the extent permitted by law or public policy.

RIGHT OF SETOFF. To the extent permitted by applicable law, Lender reserves a right of setoff in all Guarantor's accounts with Lender (whether checking, savings, or some other account). This includes all accounts Guarantor holds jointly with someone else and all accounts Guarantor may open in the future. However, this does not include any IRA or Keogh accounts, or any trust accounts for which setoff would be prohibited by law. Guarantor authorizes Lender, to the extent permitted by applicable law, to hold these funds if there is a default, and Lender may apply the funds in these accounts to pay what Guarantor owes under the terms of this Guaranty.

SUBORDINATION OF BORROWER'S DEBTS TO GUARANTOR. Guarantor agrees that the Indebtedness of Borrower to Lender, whether now existing or hereafter created, shall be superior to any claim that Guarantor may now have or hereafter acquire against Borrower, whether or not Borrower becomes insolvent. Guarantor hereby expressly subordinates any claim Guarantor may have against Borrower, upon any account whatsoever, to any claim that Lender may now or hereafter have against

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Borrower. In the event of insolvency and consequent liquidation of the assets of Borrower, through bankruptcy, by an assignment for the benefit of creditors, by voluntary liquidation, or otherwise, the assets of Borrower applicable to the payment of the claims of both Lender and Guarantor shall be paid to Lender and shall be first applied by Lender to the Indebtedness of Borrower to Lender. Guarantor does hereby assign to Lender all claims which it may have or acquire against Borrower or against any assignee or trustee in bankruptcy of Borrower; provided however, that such assignment shall be effective only for the purpose of assuring to Lender full payment in legal tender of the Indebtedness. If Lender so requests, any notes or credit agreements now or hereafter evidencing any debts or obligations of Borrower to Guarantor shall be marked with a legend that the same are subject to this Guaranty and shall be delivered to Lender. Guarantor agrees, and Lender is hereby authorized, in the name of Guarantor, from time to time to execute and file financing statements and continuation statements and to execute such other documents and to take such other actions as Lender deems necessary or appropriate to perfect, preserve and enforce its rights under this Guaranty.

CONFESSION OF JUDGEMENT. Guarantor hereby irrevocably authorizes and empowers any attorney-at-law, including an attorney hired by Lender, to appear in any court of record and to confess judgment against Guarantor for the unpaid amount of this Guaranty as evidenced by an affidavit signed by an officer of Lender setting forth the amount then due, attorneys' fees plus costs of suit, and to release all errors, and waive all rights of appeal. If a copy of this Guaranty, verified by an affidavit, shall have been filed in the proceeding, it will not be necessary to file the original as a warrant of attorney. Guarantor waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. No single exercise of the foregoing warrant and power to confess judgment will be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void; but the power will continue undiminished and may be exercised from time to time as Lender may elect until all amounts owing on this Guaranty have been paid in full. Guarantor waives any conflict of interest that an attorney hired by Lender may have in acting on behalf of Guarantor in confessing judgment against Guarantor while such attorney is retained by Lender. Guarantor expressly consents to such attorney acting for Guarantor in confessing judgment.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Guaranty:

AMENDMENTS. This Guaranty, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Guaranty. No alteration of or amendment to this Guaranty shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

ATTORNEYS' FEES; EXPENSES. Guarantor agrees to pay upon demand all of Lender's costs and expenses, including Lender's attorneys' fees and Lender's legal expenses, incurred in connection with the enforcement of this Guaranty. Lender may hire or pay someone else to help enforce this Guaranty, and Guarantor shall pay the costs and expenses of such enforcement. Costs and expenses include Lender's attorneys' fees and legal expenses whether or not there is a lawsuit, including attorneys' fees and legal expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services. Guarantor also shall pay all court costs and such additional fees as may be directed by the court.

CAPTION HEADINGS. Caption headings in this Guaranty are for convenience purposes only and are not to be used to interpret or define the provisions of this Guaranty.

GOVERNING LAW. THIS GUARANTY WILL BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH FEDERAL LAW AND THE LAWS OF THE STATE OF OHIO. THIS GUARANTY HAS BEEN ACCEPTED BY LENDER IN THE STATE OF OHIO.

INTEGRATION. Guarantor further agrees that Guarantor has read and fully understands the terms of this Guaranty; Guarantor has had the opportunity to be advised by Guarantor's attorney with respect to this Guaranty; the Guaranty fully reflects Guarantor's intentions and parol evidence is not required to interpret the terms of this Guaranty. Guarantor hereby indemnifies and holds Lender harmless from all losses, claims, damages, and costs (including Lender's attorneys' fees) suffered or incurred by Lender as a result of any breach by Guarantor of the warranties, representations and agreements of this paragraph.

INTERPRETATION. In all cases where there is more than one Borrower or Guarantor, then all words used in this Guaranty in the singular shall

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be deemed to have been used in the plural where the context and construction so require; and where there is more than one Borrower named in this Guaranty or when this Guaranty is executed by more than one Guarantor, the words "Borrower" and "Guarantor" respectively shall mean all and any one or more of them. The words "Guarantor," "Borrower," and "Lender" include the heirs, successors, assigns, and transferees of each of them. If a court finds that any provision of this Guaranty is not valid or should not be enforced, that fact by itself will not mean that the rest of this Guaranty will not be valid or enforced. Therefore, a court will enforce the rest of the provisions of this Guaranty even if a provision of this Guaranty may be found to be invalid or unenforceable. If any one or more of Borrower or Guarantor are corporations, partnerships, limited liability companies, or similar entities, it is not necessary for Lender to inquire into the powers of Borrower or Guarantor or of the officers, directors, partners, managers, or other agents acting or purporting to act on their behalf, and any Loan Indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed under this Guaranty.

NOTICES. Any notice required to be given under this Guaranty shall be given in writing, and, except for revocation notices by Guarantor, shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Guaranty. All revocation notices by Guarantor shall be in writing and shall be effective upon delivery to Lender as provided in the section of this Guaranty entitled "DURATION OF GUARANTY." Any party may change its address for notices under this Guaranty by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Guarantor agrees to keep Lender informed at all times of Guarantor's current address. Unless otherwise provided or required by law, if there is more than one Guarantor, any notice given by Lender to any Guarantor is deemed to be notice given to all Guarantors.

NO WAIVER BY LENDER. Lender shall not be deemed to have waived any rights under this Guaranty unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Guaranty shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Guaranty. No prior waiver by Lender, nor any course of dealing between Lender and Guarantor, shall constitute a waiver of any of Lender's rights or of any of Guarantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Guaranty, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

SUCCESSORS AND ASSIGNS. Subject to any limitations stated in this Guaranty on transfer of Guarantor's interest, this Guaranty shall be binding upon and inure to the benefit of the parties, their successors and assigns.

WAIVE JURY. LENDER AND GUARANTOR HEREBY WAIVE THE RIGHT TO ANY JURY TRIAL IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER LENDER OR BORROWER AGAINST THE OTHER.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Guaranty. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Guaranty shall have the meanings attributed to such terms in the Uniform Commercial Code:

BORROWER. The word "Borrower" means ELMWOOD PARTNERS II, and all other persons and entities signing the Note in whatever capacity.

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GUARANTOR. The word "Guarantor" means each and every person or entity signing this Guaranty, including without limitation THE KINDT COLLINS COMPANY.

GUARANTY. The word "Guaranty" means the guaranty from Guarantor to Lender, including without limitation a guaranty of all or part of the Note.

INDEBTEDNESS. The word "Indebtedness" means Borrower's indebtedness to Lender as more particularly described in this Guaranty.

LENDER. The word "Lender" means THE HUNTINGTON NATIONAL BANK, its successors and assigns.

RELATED DOCUMENTS. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the Indebtedness.

CONFESSION OF JUDGMENT. Guarantor hereby irrevocably authorizes and empowers any attorney-at-law, including an attorney hired by Lender, to appear in any court of record and to confess judgment against Guarantor for the unpaid amount of this Guaranty as evidenced by an affidavit signed by an officer of Lender setting forth the amount then due, attorneys' fees plus costs of suit, and to release all errors, and waive all rights of appeal. If a copy of this Guaranty, verified by an affidavit, shall have been filed in the proceeding, it will not be necessary to file the original as a warrant of attorney. Guarantor waives the right to any stay of execution and the benefit of all exemption laws now or hereafter in effect. No single exercise of the foregoing warrant and power to confess judgment will be deemed to exhaust the power, whether or not any such exercise shall be held by any court to be invalid, voidable, or void; but the power will continue undiminished and may be exercised from time to time as Lender may elect until all amounts owing on this Guaranty have been paid in full. Guarantor waives any conflict of interest that an attorney hired by Lender may have in acting on behalf of Guarantor in confessing judgment against Guarantor while such attorney is retained by Lender. Guarantor expressly consents to such attorney acting for Guarantor in confessing judgment.

GUARANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS COMMERCIAL GUARANTY AND GUARANTOR AGREES TO ITS TERMS. THIS COMMERCIAL GUARANTY IS DATED FEBRUARY 22, 2001.

NOTICE: FOR THIS NOTICE "YOU" MEANS THE GUARANTOR AND "CREDITOR" AND "HIS" MEANS LENDER.

WARNING - BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

GUARANTOR:

THE KINDT COLLINS COMPANY

BY: /s/ N. Kovachic

PRESIDENT OF THE
KINDT COLLINS COMPANY

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EXHIBIT J

AGREEMENT

Pursuant to Securities Exchange Act
Rule 13d-1(k)(1)(iii)

The undersigned hereby agree that Amendment No. 7 to the Schedule 13D, filed pursuant to the Securities Exchange Act of 1934 and executed by each of the undersigned of even date herewith, is filed on behalf of each of the undersigned.

DULY EXECUTED this 19th day of March, 2001.

AER PARTNERS

By: /s/ Jon A. Lindseth

Jon A. Lindseth, Trustee
under Jon A. Lindseth
Trust Agreement dated
April 25, 1986, as
modified, Managing Partner

JON A. LINDSETH, TRUSTEE UNDER
JON A. LINDSETH TRUST AGREEMENT
DATED APRIL 25, 1986, AS MODIFIED

By: /s/ Jon A. Lindseth

Jon A. Lindseth, Trustee
under Jon A. Lindseth Trust
Agreement dated April 25,
1986, as modified

ELMWOOD PARTNERS II

By: /s/ Jon A. Lindseth

Jon A. Lindseth, Trustee
under Jon A. Lindseth Trust
Agreement dated April 25, 1986,

THE KINDT-COLLINS COMPANY

By: /s/ Jon A. Lindseth

Jon A. Lindseth, Chairman

BATTERY PARTNERS

By: /s/ Jon A. Lindseth

Jon A. Lindseth,
under Jon A. Lindseth
Trust Agreement dated
April 25, 1986, as
modified, Managing Partner

/s/ Jon A. Lindseth

Jon A. Lindseth

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as modified, Managing Partner

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