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

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2002

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _______________ to _______________

Commission file Number: 0-14951

BUTLER INTERNATIONAL, INC.
(Exact name of registrant as specified in its charter)

Maryland	**06-1154321**
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)

110 Summit Avenue, Montvale, New Jersey 07645
(Address of principal executive offices and zip code)

(201) 573-8000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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

Class	Shares Outstanding November 1, 2002
Common stock, $0.001 par value	10,044,775

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Item 1. CONSOLIDATED FINANCIAL STATEMENTS

BUTLER INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands except share data)

	As of	
	September 30, 2002 (unaudited)	**December 31, 2001**
ASSETS		
Current assets:		
Cash	$ 2,637	$ 2,025
Accounts receivable, net	52,424	59,370
Inventories	114	147
Other current assets	10,652	12,703
Total current assets	65,827	74,245
Property and equipment, net	15,303	19,458
Other assets	4,931	4,260
Goodwill	46,330	60,072
Total assets	$ 132,391	$ 158,035
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	$ 22,237	$ 23,911
Current portion of long-term debt	4,780	4,311
Total current liabilities	27,017	28,222
Revolving credit facility	25,950	32,297
Other long-term debt	37,858	39,396
Other long-term liabilities	4,993	5,209
Commitments and contingencies		
Stockholders' equity:		
Series B 7% Cumulative Convertible Preferred Stock: par value $0.001 per share, authorized 15,000,000, issued 5,605,481 in 2002 and 5,558,503 in 2001; Liquidation preference $5,605 in 2002 and $5,559 in 2001	6	6
Common stock: par value $.001 per share, authorized 125,000,000; issued 10,060,384 in 2002 and 10,090,165 in 2001; outstanding 10,044,775 in 2002 and 9,418,442 in 2001	10	10
Additional paid-in capital	97,110	100,819
Receivables from stockholders	(5,937)	(5,021)
Accumulated deficit	(54,020)	(36,198)
Accumulated other comprehensive loss	(506)	(778)
Sub-total	36,663	58,838
Less - Treasury stock 15,609 shares in 2002 and 671,723 in 2001	(90)	(5,927)
Total stockholders' equity	36,573	52,911
Total liabilities and stockholders' equity	$ 132,391	$ 158,035

The accompanying notes are an integral part of these condensed consolidated financial statements.

BUTLER INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data)

	For the Three-Month Period Ended September 30, 2002 (unaudited)	2001 (unaudited)
Net sales	$ 64,096	$ 86,002
Cost of sales	51,557	68,773
Gross margin	12,539	17,229
Depreciation and amortization	970	1,801
Selling, general and administrative expenses	11,626	15,847
Restructuring and other charges	2,868	1,584
Operating loss	(2,925)	(2,003)
Interest expense	(1,328)	(884)
Loss before income taxes	(4,253)	(2,887)
Income tax benefit	(1,510)	(1,948)
Net loss	$ (2,743)	$ (939)
Net loss per share:		
Basic	$ (0.28)	$ (0.11)
Diluted	$ (0.28)	$ (0.11)
Average number of common shares and dilutive common share equivalents outstanding		
Basic	10,045	9,422
Diluted	10,045	9,422

The accompanying notes are an integral part of these condensed consolidated financial statements.

BUTLER INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands except per share data)

	For the Nine-Month Period Ended September 30, 2002 (unaudited)	2001 (unaudited)
Net sales	$ 203,921	$ 285,486
Cost of sales	163,699	228,875
Gross margin	40,222	56,611
Depreciation and amortization	3,203	5,474
Selling, general and administrative expenses	37,146	53,100
Restructuring and other charges	3,895	6,024
Operating loss	(4,022)	(7,987)
Interest expense	(3,987)	(4,097)
Loss before income taxes and cumulative effect of accounting change	(8,009)	(12,084)
Income tax benefit	(2,817)	(4,613)
Loss before cumulative effect of accounting change	(5,192)	(7,471)
Cumulative effect of accounting change, net of tax	(12,338)	-
Net loss	$ (17,530)	$ (7,471)
Basic loss per common share:		
Loss before cumulative effect of accounting change	$ (0.55)	$ (0.82)
Cumulative effect of accounting change	(1.24)	-
Net loss	$ (1.79)	$ (0.82)
Diluted loss per common share:		
Loss before cumulative effect of accounting change	$ (0.55)	$ (0.82)
Cumulative effect of accounting change	(1.24)	-
Net loss	$ (1.79)	$ (0.82)
Average number of common shares and dilutive common share equivalents outstanding		
Basic	9,948	9,421
Diluted	9,948	9,421

The accompanying notes are an integral part of these condensed consolidated financial statements.

BUTLER INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Nine-Month Period Ended September 30, 2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (17,530)	$ (7,471)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	3,203	5,474
(Write off of)/provision for bad debt	(584)	919
Provision for deferred taxes	1,389	1,045
Amortization of deferred financing charges	625	180
Amortization of stock awards and grants	343	-
Non-cash restructuring and other charges	1,668	1,203
Non-cash interest	-	436
Cumulative effect of accounting change, net of tax	12,338	-
Other changes that (used) provided cash:		
Accounts receivable	7,530	17,919
Inventories	33	100
Other current assets	1,063	(4,948)
Other assets	407	(1,693)
Current liabilities	(1,666)	(1,858)
Other long term liabilities	98	364
Net cash provided by operating activities	8,917	11,670
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures, net	(747)	(2,904)
Cost of business acquired	-	(7)
Net cash used in investing activities	(747)	(2,911)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net payments under credit facility	(6,347)	(16,470)
Proceeds from long term debt	7,663	15,493
Repayment of long term debt	(8,858)	(2,852)
Financing fees paid	(123)	(1,820)
Cash dividends	(147)	-
Issuance of treasury stock	184	32
Net cash used in financing activities	(7,628)	(5,617)
Change in other comprehensive income/(loss)	70	(295)
Net increase in cash	612	2,847
Cash at beginning of period	2,025	2,031
Cash at end of period	$ 2,637	$ 4,878

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. PRESENTATION:

The accompanying unaudited condensed consolidated financial statements of Butler International, Inc. and subsidiaries (the "Company") have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission for interim financial information. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America for complete financial statements. In the opinion of management, all adjustments consisting of normal recurring adjustments and accruals, as well as accounting changes (see Note 2) considered necessary for a fair presentation have been reflected in these condensed consolidated financial statements. Operating results for the quarter are not necessarily indicative of the results that may be expected for the year ending December 31, 2002 due to seasonal and other factors. Certain prior period amounts have been reclassified to conform to the current period presentation. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statement and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

2. ACCOUNTING CHANGES:

Change in Accounting for Goodwill and Certain Other Intangibles

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets". SFAS No. 142 requires that goodwill and other indefinite lived intangible assets not be amortized, but be tested for impairment at least annually at the reporting unit level. An impairment charge will be recognized only when the implied fair value of a reporting unit, including goodwill, is less than its carrying amount. Accordingly, the Company ceased amortization of all goodwill on January 1, 2002.

Pursuant to SFAS No. 142, the Company performed the transitional goodwill impairment test. The Company determined the implied fair value of each of its reporting units using a discounted cash flow analysis and compared such values to the respective reporting units' carrying amounts. This evaluation indicated that goodwill recorded in the Technology Solutions segment was impaired as of January 1, 2002. The primary factor resulting in the impairment charge was the continuing difficult economic environment in the information technology sector. Accordingly, the Company recognized a non-cash charge of approximately $12,338,000 (net of tax benefit of approximately $1,404,000), recorded as of January 1, 2002, as a cumulative effect of a change in accounting principle for the write-down of goodwill to its fair value. No impairment charge was appropriate under the previous goodwill impairment standard, which was based on undiscounted cash flows.

Other Accounting Pronouncements

Effective January 1, 2002, the Company also adopted SFAS No 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which supersedes SFAS No. 121. Though it retains the basic requirements of SFAS No. 121 regarding when and how to measure an impairment loss, SFAS No. 144 provides additional implementation guidance. SFAS No. 144 applies to long-lived assets to be held and used or to be disposed of, including assets under capital leases of lessees; assets subject to operating leases of lessors; and prepaid assets. SFAS No. 144 also expands the scope of a discontinued operation to include a component of an entity, and eliminates the current exemption to consolidation when control over a subsidiary is likely to be temporary. The adoption of SFAS 144 did not have a material impact on the Company's consolidated results of operations and financial position.

3. RESTRUCTURING AND OTHER CHARGES:

In April 2001, the Company announced a Company-wide cost reduction plan. The Company recorded restructuring and other charges totaling $9.3 million during 2001. These charges were for costs incurred to eliminate excess capacity, reduce both staff and service delivery personnel in all of the Company's business units, the closing of certain unprofitable locations and the termination of unprofitable contracts and activities. As a result of the restructuring, a total of 389 employees were terminated in 2001. During the first nine months of 2002, the Company recorded additional charge of $4,422,000 principally related to the termination of an additional 158 employees, the closing of certain unprofitable locations and the termination of an unprofitable contract. Also, the Company finalized certain previously recorded restructuring accruals resulting in a credit to income of $527,000 primarily due to favorable settlements of facility lease commitments.

The following presents a reconciliation of the original restructuring components of the 2001 and 2002 charges to the balance remaining at September 30, 2002, which is included in accounts payable and accrued liabilities ($1.3 million) and in other long-term liabilities ($0.2 million) (in thousands):

	Balance at December 31, 2001	Additional Charges	Adjustments	Payments	Balance at September 30, 2002
Severance and other employee costs	$ 713	$ 1,355	$ -	$ (1,676)	$ 392
Facility closing costs	2,350	427	(527)	(1,182)	1,068
Write-off of equipment	-	1,749	-	(1,713)	36
Other	-	891	-	(866)	25
Total restructuring	$ 3,063	$ 4,422	$ (527)	$ (5,437)	$ 1,521

4. EARNINGS PER SHARE:

The following table presents the computation of basis and diluted earnings per common share (in thousands, except per share data):

	For the Three-Month Period Ended September 30, 2002	For the Three-Month Period Ended September 30, 2001	For the Nine-Month Period Ended September 30, 2002	For the Nine-Month Period Ended September 30, 2001
Basic Earnings per Share:				
Net loss	$ (2,743)	$ (939)	$ (17,530)	$ (7,471)
Preferred dividends	(98)	(91)	(293)	(272)
Loss available to common shareholders	(2,841)	(1,030)	(17,823)	(7,743)
Weighted average common shares outstanding	10,045	9,422	9,948	9,421
Basic loss per common share	$ (0.28)	$ (0.11)	$ (1.79)	$ (0.82)
Diluted Earnings per Share:				
Net loss	$ (2,743)	$ (939)	$ (17,530)	$ (7,471)
Preferred dividends	(98)	(91)	(293)	(272)
Loss available to common shareholders assuming conversion	(2,841)	(1,030)	(17,823)	(7,743)
Weighted average common shares outstanding	10,045	9,422	9,948	9,421
Diluted loss per common share	$ (0.28)	$ (0.11)	$ (1.79)	$ (0.82)

Basic earnings/(loss) per common share is calculated by dividing net income/(loss), adjusted for preferred stock dividends, by the weighted average number of common shares outstanding during the period. Diluted earnings/(loss) per share is calculated by dividing net income/(loss) by the sum of the weighted average number of common shares that would have been outstanding if potentially dilutive securities or common stock equivalents had been issued. As a result of the net loss reported for the three and nine-month periods ended September 30, 2001, potential common shares of 11,250 have been excluded from the calculations of diluted loss per share because their effect would be anti-dilutive. In addition, for the three and nine-month periods ended September 30, 2002 and 2001, there were options and warrants totaling 1,690,083 and 1,369,500, respectively, where the exercise price was greater than the average market price of the common shares were excluded from the computation of diluted loss per share.

5. GOODWILL

As described in Note 2, the Company adopted SFAS No. 142 as of January 1, 2002 and, as a result, all of the Company's goodwill is no longer amortized. The effect of this accounting change is reflected prospectively. The following table reflects the Company's comparative net loss before the cumulative effect of accounting change and goodwill amortization under SFAS No. 142 (in thousands except for per share data):

	For the Three-Month Period Ended September 30, 2002	For the Three-Month Period Ended September 30, 2001	For the Nine-Month Period Ended September 30, 2002	For the Nine-Month Period Ended September 30, 2001
Net loss:				
Reported net loss	$ (2,743)	$ (939)	$ (17,530)	$ (7,471)
Add back goodwill amortization, net of tax	-	261	-	1,115
Adjusted net loss	(2,743)	(678)	(17,530)	(6,356)
Add back cumulative effect of accounting change, net of tax	-	-	12,338	-
Adjusted net loss before cumulative effect of accounting change	$ (2,743)	$ (678)	$ (5,192)	$ (6,356)
Basic and diluted loss per share:				
Reported net loss	$ (0.28)	$ (0.11)	$ (1.79)	$ (0.82)
Add back goodwill amortization, net of tax	-	0.03	-	0.12
Adjusted net loss	(0.28)	(0.08)	(1.79)	(0.70)
Add back cumulative effect of accounting change, net of tax	-	-	1.24	-
Adjusted net loss before cumulative effect of accounting change	$ (0.28)	$ (0.08)	$ (0.55)	$ (0.70)

The changes in the carrying amount of goodwill for the nine months ended September 30, 2002 are as follows (in thousands):

	Technical Group	Telecom Services	Technology Solutions	Total
Balance at December 31, 2000	$ 19,218	$ 7,936	$ 35,314	$ 62,468
Contingent payout	-	6	-	6
Amortization	(637)	(139)	(1,626)	(2,402)
Balance at December 31, 2001	18,581	7,803	33,688	60,072
Transitional impairment charge	-	-	(13,742)	(13,742)
Balance at September 30, 2002	$ 18,581	$ 7,803	$ 19,946	$ 46,330

6. LONG-TERM DEBT:

During the second quarter of 2002, the Company did not meet the fixed charge coverage ratio covenant on its then existing seven-year mortgage for its corporate office facility. The Company did receive a waiver from the mortgage holder, however, in exchange for the waiver, the bank accelerated the maturity date from November 1, 2004 to September 30, 2002. In accordance with that agreement, that mortgage was repaid on September 30, 2002.

As part of its restructuring plan, the Company closed on a new mortgage for its corporate office facility on September 30, 2002. The new 10 year, $7.0 million, mortgage replaced an existing $5.2 million obligation. The new agreement's interest rate is fixed at 6.85% compared to an effective 8.1% rate on the prior mortgage. In conjunction with the repayment its existing mortgage, the Company terminated its interest rate swap agreement at a cost of $457,000. The interest rate swap agreement was designed as a cash flow hedge and the termination cost was included in the restructuring reserve.

7. COMPREHENSIVE INCOME:

The following table sets forth the components of comprehensive loss, net of tax (in thousands):

	For the Three-Month Period Ended September 30, 2002	2001	For the Nine-Month Period Ended September 30, 2002	2001
Net loss	$ (2,743)	$ (939)	$ (17,530)	$ (7,471)
Other comprehensive income/(loss), net of tax:				
Cash flow hedges:				
Current year derivatives income/(loss)	213	(120)	202	(198)
Cumulative transition adjustment	-	12	-	(63)
Foreign currency translation adjustments	23	50	70	(33)
Other comprehensive income/(loss)	236	(58)	272	(294)
Comprehensive loss	$ (2,507)	$ (997)	$ (17,258)	$ (7,765)

8. SEGMENTS:

The Company's services are provided through four business segments: Telecom Services, the Technical Group, Technology Solutions, and Fleet Services. Sales and operating profits by segment were (in thousands):

	For the Three-Month Period Ended September 30, 2002	2001	For the Nine-Month Period Ended September 30, 2002	2001
Sales:				
Technical Group	$ 35,260	$ 36,670	$ 106,308	$ 113,562
Telecom Services	12,543	26,840	43,101	95,792
Technology Solutions	7,497	12,046	25,181	41,915
Fleet Services	8,416	9,897	27,712	32,426
Unallocated amount	380	549	1,619	1,791
Consolidated Total	$ 64,096	$ 86,002	$ 203,921	$ 285,486
Operating Loss:				
Technical Group	$ 3,035	$ 2,586	$ 9,039	$ 8,164
Telecom Services	879	2,582	2,549	6,933
Technology Solutions	798	414	2,465	395
Fleet Services	520	407	1,791	1,326
Unallocated amounts	(5,289)	(6,408)	(15,971)	(18,781)
Restructuring and other charges	(2,868)	(1,584)	(3,895)	(6,024)
Consolidated Total	$ (2,925)	$ (2,003)	$ (4,022)	$ (7,987)

The Company primarily operates in the United States. The Technical Group operations include the results of its United Kingdom ("UK") and India subsidiaries. Sales from the UK and India operations were approximately $5.0 million and $.3.3 million for the three-month period ended September 30, 2002 and 2001, respectively and $12.4.million and $9.6 million for the nine-month period ended September 30, 2002 and 2001, respectively. Operating profits/(losses) from the UK subsidiary were approximately $172,000 and ($42,000) for the three-month periods ended September 30, 2002 and 2001, respectively, and approximately $389,000 and $57,000 for the nine-month periods ended September 30, 2002 and 2001, respectively. The India subsidiary began operations in April 2001. It generated operating profits of approximately $164,000 and $295,000 for the three-month and nine-month periods ended September 30, 2002, respectively, compared to losses of $14,000 and $108,000 for the same periods in 2001.

Management reviews the Company's assets on a consolidated basis, as it is not meaningful to allocate assets to the various segments. Unallocated amounts of operating profits consist of corporate expenses and certain general and administrative expenses from field operations.

9. COMMON STOCK

During the first quarter of 2002, certain individuals, including directors, executed non-interest bearing, non-recourse notes payable to the Company in the aggregate amount of $915,410 in order to exercise options and warrants granted under various approved stockholder option plans and other stock purchase agreements to purchase a total of 361,000 shares of the Company's common stock.

In March 2002, the Company granted a total of 258,667 shares of its common stock to three of its officers under the 1992 Stock Bonus Plan.

In June 2002, the Company reissued and retired from treasury 656,114 common shares. As a result of this re-issuance and retirement, treasury stock and additional paid-in capital were both reduced by approximately $5.8 million.

10. CONTINGENCIES:

The Company and its subsidiaries are parties to various legal proceedings and claims incidental to its normal business operations for which no material liability is expected beyond which is recorded. While the ultimate resolution is not known, management does not expect that the resolution of such matters will have a material adverse effect on the Company's financial statements and results of operations.

On August 28, 2002, Knott Partners, L.P., of which David M. Knott is a general partner, and Old Oak Partners, LLC filed a lawsuit against the Company and certain of its directors alleging, among other things, breach of fiduciary duty. The Company considers the lawsuit baseless.

11. OTHER MATTERS:

On September 26, 2002, the Company received notice from the Nasdaq National Market ("Nasdaq NM"), on which the Company is listed, that our Common Stock had not met the $1.00 continuing listing standard for a period of 30 consecutive trading days. Nasdaq NM permits a 90-day cure period for a company to regain compliance with the bid price standard.

Prior to the expiration of the 90-day cure period which will occur on December 26, 2002, the Company intends to submit a transfer application to Nasdaq in order to be transferred from a the Nasdaq NM to Nasdaq SmallCap. Nasdaq SmallCap permits a 180-day cure period for a company to regain compliance with the bid price standard, and the Company determined that it was preferable to be quoted on the Nasdaq SmallCap than to be delisted from the Nasdaq NM after the expiration of the 90-day cure period. Nasdaq SmallCap's 180-day cure period for the Company to regain compliance with the bid standard will expire on March 25, 2003 (the failure to comply is measured from the original date of the transfer from Nasdaq NM to Nasdaq SmallCap). The Company's Common Stock must have a closing bid price of $1.00 for ten consecutive trading days in order to regain compliance with the Nasdaq SmallCap listing standard.

If the Company cannot demonstrate compliance with the Nasdaq SmallCap $1.00 minimum bid price requirement prior to March 25, 2003, the end of the 180-day grace period, the Company may be eligible for an additional 180-day grace period if it can demonstrate compliance with each initial listing requirement for Nasdaq SmallCap except for the minimum bid price. The Company is currently eligible for this 180-day grace period. If the Company does not achieve compliance with the minimum bid price requirement prior to the additional 180-day grace period, Nasdaq may de-list the Company's Common Stock from the Nasdaq SmallCap.

12. RECENTLY ISSUED FINANCIAL ACCOUNTING STANDARDS:

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". This Statement establishes accounting standards for the recognition and measurement of an asset retirement obligation and associated asset retirement cost. It also provides accounting guidance for legal obligations associated with the retirement of tangible long-lived assets. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002 with early adoption permitted. The Company plans to adopt SFAS No. 143 effective January 1, 2003 and expects that it will not have a material impact on its consolidated results of operations and financial position.

In April 2002, the FASB issued SFAS No. 145, *Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections.* Statement 145 rescinds SFAS No. 4, which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. As a result, the criteria in Opinion 30 will now be used to classify those gains and losses. SFAS No. 64 amended SFAS No. 4, and is no longer necessary because SFAS No. 4 has been rescinded. SFAS No. 44 was issued to establish accounting requirements for the effects of transition to the provisions of the Motor Carrier Act of 1980. Because the transition has been completed, SFAS No. 44 is no longer necessary. SFAS No. 145 amends SFAS No. 13 to require that certain lease modifications that have economic effects similar to sale-leaseback transactions should be accounted for in the same manner as sale-leaseback transactions. The provisions of this Statement related to the rescission of SFAS No. 4 are effective for fiscal years beginning after May 15, 2002, and all other provisions of this Statement are effective for financial statements issued on or after May 15, 2002, with early application encouraged. The Company plans to adopt SFAS No. 145 effective January 1, 2003.

In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. This Statement addresses financial accounting and reporting for cost associated with exit or disposal activities and nullifies Emerging Issue Task Force ("EITF") Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Cost to Exit an Activity (including Certain Costs Incurred in a Restructuring).* This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under Issue 94-3, a liability for an exit cost as defined in Issue 94-3 was recognized at the date of an entity's commitment to an exit plan. A fundamental conclusion reached by the Board in this Statement is that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. Therefore, this Statement eliminates the definition and requirements for recognition of exit costs in Issue 94-3. This Statement also establishes that fair value is the objective for initial measurement of the liability. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002, with early adoption permitted. The Company plans to adopt SFAS No. 146 effective January 1, 2003 and expects that it will not have a material impact on its consolidated results of operations and financial position.

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

RESULTS OF OPERATIONS

Butler International, Inc. (the "Company") is a leading provider of TechOutsourcing services, helping customers worldwide increase performance and savings. Focused on quality, technology and learning initiatives, Butler delivers leading edge services to its clients, enabling them to adapt and grow in a cost effective way within our ever-changing world.

Sales for the current year quarter were $64.1 million, down by 25% from last year's $86.0 million, the majority of the decline coming from the Company's Telecom industry clients. The net loss for the quarter was $2.7 million, or $0.28 per share compared with a loss of $0.9 million, or $0.11 per share in the prior year quarter.

It should be noted that in accordance with current accounting regulations, the 2002 period excluded any charges related to goodwill amortization. That expense in the third quarter of 2001 was $0.3 million, net of tax. Therefore, on a pro forma basis, the current quarter net loss of $2.7 million, or $0.28 per share, would compare with a net loss of $0.7 million or $.08 per share for the same period in 2001.

On August 29, 2002, the Company announced a $5 million cost reduction plan, the purpose of which was to advance the Company's return to profitability. As a result of that action, the Company recorded a restructuring charge of $2.9 million in the current year quarter. The prior year quarter also included a charge in the amount of $1.6 million.

Exclusive of all charges in both periods, the net loss for the 2002 quarter was $0.9 million or $0.10 per share, compared with $0.4 million or $0.05 per share reported in the prior year.

All lines of business reported increased operating profits over that of the 2001 quarter, with the lone exception of Telecommunications Services. These favorable results reflect the impact and success of management's cost reduction initiatives, which resulted in a 27% decrease in selling, general and administrative expenses. Of particular note, the profitability of project oriented work in the Technical Group increased by 55% over last year's quarter to $1.7 million. The Telecommunications Services operation remained profitable in the quarter, however its profits declined by 66% to $.9 million from last year's $2.6 million, more than offsetting the other segments' gains. In response to the slowdown in the technology sector, the Company has begun to reallocate resources to other areas of its business including aerospace, defense and manufacturing.

The Company's Telecommunication industry customers were the principal drivers of the revenue decline. While ordering activity in that sector did show signs of recovery during the third quarter with a number of opportunities awarded to Butler, they were subsequently placed on hold or otherwise delayed. The Technical Group's project oriented work increased by 23% to $12.8 million in the current year quarter.

On a year-to-date basis, sales for the 2002 period were $203.9 million, down by 29% from last year's $285.5 million, also principally due to the Telecommunications sector. The current year net loss, $17.5 million, or $1.79 per share, compared with a loss of $7.5 million or $.82 per share in 2001. The 2002 loss includes a non-cash impairment charge of $12.3 million, net of tax, related to the carrying value of goodwill in the Company's Technology Solutions business segment. On a pro forma basis, excluding goodwill amortization, the 2001 year-to-date loss was $6.4 million or $0.70 per share. On a year-to-date basis, the Company has recorded restructuring charges of $3.9 million, compared with $6.0 million in the 2001 period.

Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets". SFAS No. 142 requires that goodwill and other indefinite lived intangible assets not be amortized, but be tested for impairment at least annually at the reporting unit level. An impairment charge will be recognized only when the implied fair value of a reporting unit, including goodwill, is less than its carrying amount. Accordingly, the Company ceased amortization of all goodwill on January 1, 2002. The application of the non-amortization provisions of SFAS No. 142 is expected to result in additional net income for the year of approximately $1,553,000 or approximately $0.16 per common share.

Pursuant to SFAS No. 142, the Company performed the transition goodwill impairment test. The Company determined the implied fair value of each of its reporting units using a discounted cash flow analysis and compared such values to the respective reporting units' carrying amounts. This evaluation indicated that goodwill recorded in the Technology Solutions segment was impaired as of January 1, 2002. The primary factor resulting in the impairment charge was the continuing difficult economic environment in the information technology sector. Accordingly, the Company recognized a non-cash charge of approximately $12,338,000 (net of tax benefit of approximately $1,404,000), recorded as of January 1, 2002, as a cumulative effect of a change in accounting principle for the write-down of goodwill to its fair value. No impairment charge was appropriate under the previous goodwill impairment standard, which was based on undiscounted cash flows.

Effective January 1, 2002, the Company also adopted SFAS No 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", which supersedes SFAS No. 121. Though it retains the basic requirements of SFAS No. 121 regarding when and how to measure an impairment loss, SFAS No. 144 provides additional implementation guidance. SFAS No. 144 applies to long-lived assets to be held and used or to be disposed of, including assets under capital leases of lessees; assets subject to operating leases of lessors; and prepaid assets. SFAS No. 144 also expands the scope of a discontinued operation to include a component of an entity, and eliminates the current exemption to consolidation when control over a subsidiary is likely to be temporary. The adoption of SFAS 144 did not have a material impact on the Company's consolidated results of operations and financial position.

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". This Statement establishes accounting standards for the recognition and measurement of an asset retirement obligation and associated asset retirement cost. It also provides accounting guidance for legal obligations associated with the retirement of tangible long-lived assets. SFAS No. 143 is effective for financial statements issued for fiscal years beginning after June 15, 2002 with early adoption permitted. The Company plans to adopt SFAS No. 143 effective January 1, 2003 and expects that it will not have a material impact on its consolidated results of operations and financial position.

In April 2002, the FASB issued SFAS No. 145, *Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections.* Statement 145 rescinds SFAS No. 4, which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of related income tax effect. As a result, the criteria in Opinion 30 will now be used to classify those gains and losses. SFAS No. 64 amended SFAS No. 4, and is no longer necessary because SFAS No. 4 has been rescinded. SFAS No. 44 was issued to establish accounting requirements for the effects of transition to the provisions of the Motor Carrier Act of 1980. Because the transition has been completed, SFAS No. 44 is no longer necessary. SFAS No. 145 amends SFAS No. 13 to require that certain lease modifications that have economic effects similar to sale-leaseback transactions should be accounted for in the same manner as sale-leaseback transactions. The provisions of this Statement related to the rescission of SFAS No. 4 are effective for fiscal years beginning after May 15, 2002, and all other provisions of this Statement are effective for financial statements issued on or after May 15, 2002, with early application encouraged. The Company plans to adopt SFAS No. 145 effective January 1, 2003.

In June 2002, the FASB issued SFAS No. 146, *Accounting for Costs Associated with Exit or Disposal Activities*. This Statement addresses financial accounting and reporting for cost associated with exit or disposal activities and nullifies Emerging Issue Task Force ("EITF") Issue No. 94-3, *Liability Recognition for Certain Employee Termination Benefits and Other Cost to Exit an Activity (including Certain Costs Incurred in a Restructuring).* This Statement requires that a liability for a cost associated with an exit or disposal activity be recognized when the liability is incurred. Under Issue 94-3, a liability for an exit cost as defined in Issue 94-3 was recognized at the date of an entity's commitment to an exit plan. A fundamental conclusion reached by the Board in this Statement is that an entity's commitment to a plan, by itself, does not create a present obligation to others that meets the definition of a liability. Therefore, this Statement eliminates the definition and requirements for recognition of exit costs in Issue 94-3. This Statement also establishes that fair value is the objective for initial measurement of the liability. SFAS No. 146 is effective for exit or disposal activities that are initiated after December 31, 2002, with early adoption permitted. The Company plans to adopt SFAS No. 146 effective January 1, 2003 and expects that it will not have a material impact on its consolidated results of operations and financial position.

On July 21, 2002, a significant customer of the Company, Worldcom, Inc. ("WorldCom"), filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. At the time of the bankruptcy filing, the Company had outstanding receivables due from WorldCom of approximately $700,000. Although it is impossible to predict the outcome of the WorldCom reorganization, management believes that adequate provisions have been made for probable losses with respect thereto and that the outcome, after such provisions, will not have a material adverse effect on the consolidated results of operations or financial position. Should WorldCom cease operations in the near future, the Company does not expect that the loss of WorldCom related business would have a material impact on the Company's operations.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of funds are generated from operations and borrowings under its credit facility with General Electric Capital Corporation ("GECC"). Cash provided by operating activities was $8.3 million for the nine-month period ended September 30, 2002, decrease of $3.4 million over the same period in 2001.

On September 28, 2001, the Company closed on the Second Amended and Restated Credit Agreement with General Electric Capital Corporation ("GECC"). This three year, $85 million credit facility provides the Company with increased borrowing capacity, which will be used for accommodating future growth. The agreement provides a revolving credit facility for loans up to $47 million, including $9.0 million for letters of credit, Term Loan A for $20 million, and Term Loan B for $18 million. The sum of the aggregate amount of loans outstanding under the revolving credit facility plus the aggregate amount available for letters of credit may not exceed the lesser of (i) $47 million or (ii) an amount equal to 85% of eligible receivables plus 75% of eligible pending receivables. The current interest rate with respect to revolving credit advances is the 30-day Commercial Paper Rate plus three hundred basis points. The current interest rate for Term Loan A is the 30-day Commercial Paper Rate plus three hundred fifty basis points. With respect to Term Loan B, the current interest rate in effect as of September 30, 2002 was the Prime Rate plus four hundred fifteen basis points. Term Loan B interest rate will be increased by 15 basis points per month for each month that any balance is outstanding up to 14%, thereafter increasing 15 basis points quarterly. Interest rate reductions are available for the revolving credit facility and Term Loan A based upon the Company achieving certain financial results, after repayment of Term Loan B. In connection with the refinancing, the Company will grant warrants to GECC, the aggregate value of which cannot exceed $400,000. The Company is in compliance with required affirmative and financial covenants, as amended.

As of September 30, 2002, $61.0 million was outstanding under the GECC credit facility, with an additional $2.1 million used to collateralize letters of credit compared to $70.3 million outstanding under the GECC credit facility with additional $3 million for letters of credit as December 31, 2001. Proceeds from the credit facility are used to finance internal business growth, working capital and capital expenditures. The credit facility excludes the U.K. operation, which has its own £1.5 million facility. As of September 30, 2002, £425,645 was outstanding under the U.K. facility.

During the second quarter of 2002, the Company did not meet the fixed charge coverage ratio covenant on its then existing seven-year mortgage for its corporate office facility. The Company did receive a waiver from the mortgage holder, however, in exchange for the waiver, the bank accelerated the maturity date from November 1, 2004 to September 30, 2002. In accordance with that agreement, that mortgage was repaid on September 30, 2002.

As part of its restructuring plan, the Company closed on a new mortgage for its corporate office facility on September 30, 2002. The new 10 year, $7.0 million, mortgage replaced an existing $5.2 million obligation. The new agreement's interest rate is fixed at 6.85% compared to an effective 8.1% rate on the prior mortgage. In conjunction with the repayment its existing mortgage, the Company terminated its interest rate swap agreement at a cost of $457,000. The interest rate swap agreement was designed as a cash flow hedge and the termination cost was included in the restructuring reserve.

The Company believes that its operating cash flow will provide sufficient liquidity for at least the next twelve months. However, should operating losses continue, additional financing would be required. To provide such resources, the Company is considering raising funds through a private placement offering of certain of its securities to increase its working capital.

Information contained in this Quarterly Report on Form 10-Q, other than historical information, may be considered forward-looking in nature. As such, it is based upon certain assumptions and is subject to various risks and uncertainties, which may not be controllable by the Company. To the extent that these assumptions prove to be incorrect, or should any of these risks or uncertainties materialize, the actual results may vary materially from results expressed in, or implied by, this forward-looking statement.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

The Company is exposed to market risk primarily from changes in interest rates, and to a lesser extent, changes in foreign currency rates.

The Company has a credit agreement with GECC which, provides a revolving credit facility for loans up to $47 million, including $9.0 million for letters of credit, Term Loan A for $20 million and Term Loan B for $18 million. The interest rates in effect at September 30, 2002 were 4.71%, 5.21% and 8.90% on the revolver, Term Loan A and Term Loan B, respectively. During the first nine months of 2002, the average interest rate on the revolving credit facility was 4.75% and the average interest rates on the other GECC loans was 6.78%. Interest reductions are available based upon the Company achieving certain financial results after the repayment of Term Loan B.

From time-to-time the Company has used derivative instruments to limit its exposure to fluctuating interest rates. It is not the Company's policy to use these transactions for speculation purposes. The Company has taken advantage of cash flow hedging activities through the use of interest rate swaps.

In 1997, the Company entered into interest rate swap arrangement with its mortgage holder. On September 30, 2002, the Company terminated this agreement in conjunction with the repayment of its existing mortgage.

The Company's international operations are directed from offices in the United Kingdom and Hyderabad, India. International operations accounted for approximately 5.8% of the Company's sales for the nine months ended September 30, 2002, principally from the United Kingdom. In the nine months of 2002, changes in foreign currency rates had an immaterial impact on sales and earnings per share.

Item 4. CONTROLS AND PROCEDURES

The Company's management, including the Chief Executive Officer and Chief Financial Officer, have conducted an evaluation of the effectiveness of disclosure controls and procedures within 90 days prior to the filing date of this quarterly report. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective in ensuring that all material information required to be filed in this quarterly report is recorded, processed, summarized and reported by management of the Company on a timely basis in order to comply with the Company's disclosure requirements under the Security Exchange Acct of 1934. There have been no significant changes in internal controls, or in factors that could significantly affect internal controls, subsequent to the date the Chief Executive Officer and Chief Financial Officer completed their evaluation.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

On January 29, 2002, Dorset Management Corporation, on behalf of itself, Knott Partners, L.P. and David M. Knott (the "Knott Group") proposed a nominee to the Board of Directors and announced its intention to conduct a proxy contest in connection with the election of directors. On March 18, 2002 the Company's special Maryland counsel notified the Knott Group, that its nominee would not be placed on the proxy ballot due to, among other things, the Knott Group's failure to comply with certain disclosure requirements in connection with such nomination. On August 28, 2002, Knott Partners, L.P., of which David M. Knott is a general partner, and Old Oak Partners, LLC filed a lawsuit against the Company and certain of its directors alleging, among other things, breach of fiduciary duty. The Company considers the lawsuit baseless.

The Company intends to initiate litigation against David M. Knott and certain other unnamed individuals and entities for, among other things, wrongfully acting in concert in connection with the purchase of securities and in making certain misrepresentations and omitting certain material facts in certain regulatory and non-regulatory filings in connection with the purchase of securities.

Item 2. CHANGES IN SECURITIES

None

Item 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibit Index is included after certifications. New exhibits, listed as follows, are attached:

Exhibits:

10.58	Mortgage and Security Agreement dated September 30, 2002 between Butler of New Jersey Realty Corp. and GMAC Commercial Mortgage.
10.58(a)	Promissory Note dated September 30, 2002 between Butler of New Jersey Realty Corp. and GMAC Commercial Mortgage
99	Certifications Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith as Exhibit 99.

(b) Reports on Form 8-K.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 14, 2002

BUTLER INTERNATIONAL, INC.
(Registrant)

By: /s/ Edward M. Kopko
Edward M. Kopko
Chairman of the Board of Directors
and Chief Executive Officer

By: /s/ Michael C. Hellriegel
Michael C. Hellriegel
Senior Vice President
and Chief Financial Officer

BUTLER INTERNATIONAL, INC.

CERTIFICATIONS PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Edward M. Kopko, certify that:

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

Date: November 14, 2002

/s/ Edward M. Kopko
Edward M. Kopko
Chairman of the Board of Directors
and Chief Executive Officer

CERTIFICATION

I, Michael C. Hellriegel , certify that:

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

Date: November 14, 2002

/s/ Michael C. Hellriegel
Michael C. Hellriegel
Senior Vice President
and Chief Financial Officer

BUTLER INTERNATIONAL, INC.
EXHIBIT INDEX

Exhibit No.	Description
3.1	Articles of Incorporation of the Registrant, as amended, filed as Exhibit No. 3(a) to the Registrant's Registration Statement on Form S-4, Registration No. 33-10881 (the "S-4"), and hereby incorporated by reference.
3.2	By-laws of the Registrant, as amended, filed as Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 2001 (the "2001 10-K"), and hereby incorporated by reference.
3.3	Articles Supplementary to the Articles of Incorporation (Series B 7% Cumulative Convertible Preferred Shares), as filed with the Department of Assessments and Taxation of the State of Maryland on September 29, 1992, filed as Exhibit No. 4.2 to the Registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 27, 1992, and hereby incorporated by reference.
3.4	Amendment to Articles Supplementary to the Articles of Incorporation (Series B 7% Cumulative Convertible Preferred Shares) as filed with the Department of Assessments and Taxation of the State of Maryland on July 12, 1993, filed as Exhibit No. 3.4 to the Registrant's Quarterly Report on Form 10-Q for the period ended September 30, 2001, and hereby incorporated by reference.
4.1	Specimen Stock Certificate for the Registrant's common stock, par value $.001 per share, filed as Exhibit No. 4.1 to the Registrant's Registration Statement on Form S-1, Registration No. 33-2479 (the "S-1"), and hereby incorporated by reference.
4.2	Specimen Stock Certificate representing the Registrant's Series B 7% Cumulative Convertible Preferred Stock, par value $.001 per share, filed as Exhibit No. 4.5 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1992 (the "1992 10-K"), and hereby incorporated by reference.
10.1*	Incentive Stock Option Plan of the Registrant, as amended, filed as Exhibit No. 10.1 to the 1990 10-K, and hereby incorporated by reference.
10.2*	Stock Option Plan of the Registrant, as amended, filed as Exhibit No. 10.2 to the 1990 10-K, and hereby incorporated by reference.
10.3*	1989 Directors Stock Option Plan of the Registrant, dated November 1, 1988, as amended, filed as Exhibit 10.18 to the 1990 10-K, and hereby incorporated by reference.
10.4*	Stock Purchase Agreement, dated September 19, 1990, between North American Ventures, Inc. and Edward M. Kopko, filed as Exhibit 10.31 to the 1990 10-K, and hereby incorporated by reference.
10.5*	Plan Pledge Agreement, dated September 19, 1990, between North American Ventures, Inc. and Edward M. Kopko, filed as Exhibit No. 10.32 to the 1990 10-K, and hereby incorporated by reference.
10.6*	Plan Promissory Note, dated January 16, 1991, executed by Edward M. Kopko, and made payable to the order of North American Ventures, Inc. in the amount of $445,000, filed as Exhibit No. 10.33 to the 1990 10-K, and hereby incorporated by reference.
10.7*	Pledge Agreement, dated January 16, 1991, between North American Ventures, Inc. and Edward M. Kopko, filed as Exhibit No. 10.34 to the 1990 10-K, and hereby incorporated by reference.

* Denotes compensatory plan, compensation arrangement, or management contract.

BUTLER INTERNATIONAL, INC.
EXHIBIT INDEX (Continued)

Exhibit No.	Description
10.8*	Promissory Note, dated January 16, 1991, executed by Edward M. Kopko and made payable to the order of North American Ventures, Inc. in the amount of $154,999.40, filed as Exhibit No. 10.35 to the 1990 10-K, and hereby incorporated by reference.
10.9*	Form of Plan Pledge Agreement, dated September 19, 1990, between North American Ventures, Inc. and each of John F. Hegarty, Hugh G. McBreen, and Frederick H. Kopko, Jr. ("Outside Directors"), filed as Exhibit No. 10.36 to the 1990 10-K, and hereby incorporated by reference.
10.10*	Form of Plan Promissory Note, dated September 19, 1990, each executed by an Outside Director and each made payable to the order of North American Ventures, Inc. in the amount of $185,000, filed as Exhibit No. 10.37 to the 1990 10-K, and hereby incorporated by reference.
10.11*	Form of Stock Purchase Agreement, dated November 4, 1988, between North American Ventures, Inc. and each of the Outside Directors, filed as Exhibit No. 10.38 to the 1990 10-K, and hereby incorporated by reference.
10.12*	Form of Pledge Agreement, dated January 16, 1991, between North American Ventures, Inc. and each of the Outside Directors, filed as Exhibit No. 10.39 to the 1990 10-K, and hereby incorporated by reference.
10.13*	Form of Promissory Note, dated January 16, 1991, executed by each of the Outside Directors and each payable to the order of North American Ventures, Inc., in the amount of $63,000, filed as Exhibit 10.40 to the 1990 10-K, and hereby incorporated by reference.
10.14*	Form of Pledge Agreement, dated January 16, 1991, between North American Ventures, Inc. and each of the Outside Directors, filed as Exhibit No. 10.41 to the 1990 10-K, and hereby incorporated by reference.
10.15*	Form of Promissory Note, dated January 16, 1991, executed by each of the Outside Directors and each made payable to the order of North American Ventures, Inc. in the amount of $54,000, filed as Exhibit No. 10.42 to the 1990 10-K, and hereby incorporated by reference.
10.16*	Form of Promissory Note, dated January 16, 1991, executed by each of the Outside Directors and each payable to the order of North American Ventures, Inc., in the amount of $225,450, filed as Exhibit No. 10.43 to the 1990 10-K, and hereby incorporated by reference.
10.17*	Form of Pledge Agreement, dated January 16, 1991, between North American Ventures, Inc. and each of the Outside Directors, filed as Exhibit No. 10.44 to the 1990 10-K, and hereby incorporated by reference.
10.18*	Form of Security Agreement, dated January 16, 1991, between North American Ventures, Inc. and each of the Outside Directors, filed as Exhibit No. 10.45 to the 1990 10-K, and hereby incorporated by reference.
10.19*	1990 Employee Stock Purchase Plan of the Registrant, as amended, filed as Exhibit No. 10.46 to the 1990 10-K, and hereby incorporated by reference.

* Denotes compensatory plan, compensation arrangement, or management contract.

BUTLER INTERNATIONAL, INC.
EXHIBIT INDEX (Continued)

Exhibit No.	Description
10.20*	Employment Agreement, dated December 7, 1991, among North American Ventures, Inc., Butler Service Group, Inc. and Edward M. Kopko, filed as Exhibit 10.33 to the Registrant's Annual Report on Form 10-K for the year ended December 29, 1991 (the "1991 10-K"), and hereby incorporated by reference.
10.21*	Stock Purchase Agreement, dated December 17, 1991, between North American Ventures, Inc. and Edward M. Kopko, filed as Exhibit No. 10.34 to the 1991 10-K, and hereby incorporated by reference.
10.22*	Plan Pledge Agreement, dated December 17, 1991, between North American Ventures, Inc. and Edward M. Kopko, filed as Exhibit No. 10.35 to the 1991 10-K and hereby incorporated by reference.
10.23*	Plan Promissory Note, dated December 17, 1991, executed by Edward M. Kopko, and made payable to the order of North American Ventures, Inc. in the amount of $84,000, filed as Exhibit No. 10.36 to the 1991 10-K, and hereby incorporated by reference.
10.24*	Form of Stock Purchase Agreement, dated December 17, 1991, between North American Ventures, Inc. and each of the Outside Directors, filed as Exhibit 10.37 to the 1991 10-K, and hereby incorporated by reference.
10.25*	Form of Plan Pledge Agreement, dated December 17, 1991, between North American Ventures, Inc. and each of the Outside Directors, filed as Exhibit 10.38 to the 1991 10-K, and hereby incorporated by reference.
10.26*	Form of Plan Promissory Note, dated December 17, 1991, each executed by an Outside Director, and each made payable to the order of North American Ventures, Inc., in the amount of $42,000, filed as Exhibit No. 10.39 to the 1991 10-K, and hereby incorporated by reference.
10.27*	1992 Stock Option Plan, filed as Exhibit 10.40 to the 1992 10-K, and hereby incorporated by reference.
10.28*	1992 Incentive Stock Option Plan, filed as Exhibit 10.41 to the 1992 10-K, and hereby incorporated by reference.
10.29*	1992 Stock Bonus Plan, filed as Exhibit No. 10.42 to the 1992 10-K, and hereby incorporated by reference.
10.30*	1992 Stock Option Plan for Non-Employee Directors, filed as Exhibit 10.43 to the 1992 10-K, and hereby incorporated by reference.
10.31*	Butler Service Group, Inc. Employee Stock Ownership Plan and Trust Agreement, filed as Exhibit No. 19.2 to the Registrant's Annual Report on Form 10-K for the year ended December 31, 1987 (the "1987 10-K"), and hereby incorporated by reference.
10.32*	Employment Agreement dated May 15, 1994 between Butler Fleet Services, a division of Butler Services, Inc., and James VonBampus, filed as Exhibit 10.44 to the 1994 10-K, and hereby incorporated by reference.
10.33*	Employment Agreement dated April 18, 1995 between Butler International, Inc., and Harley R. Ferguson, filed as Exhibit 10.42 to the 1995 10-K, and hereby incorporated by reference.

* Denotes compensatory plan, compensation arrangement, or management contract.

BUTLER INTERNATIONAL, INC.
EXHIBIT INDEX (Continued)

Exhibit No.	Description
10.34*	Form of Promissory Note dated May 3, 1995 in the original principal amount of $142,500 executed by Frederick H. Kopko, Jr. and Hugh G. McBreen, and made payable to the order of Butler International, Inc., filed as Exhibit 10.43 to the 1995 10-K, and hereby incorporated by reference.
10.35*	Form Pledge Agreement dated May 3, 1995 between Butler International, Inc. and each of Frederick H. Kopko, Jr. and Hugh G. McBreen, filed as Exhibit 10.44 to the 1995 10-K, and hereby incorporated by reference.
10.36	Second Amended and Restated Credit Agreement dated September 28, 2001, between Butler Service Group, Inc. and General Electric Capital Corporation, filed as Exhibit 10.37 to the 2001 10-K, and hereby incorporated by reference.
10.36(a)	First Amendment Agreement, dated as of February 27, 2002, between Butler Service Group, Inc. and General Electric Corporation, filed as Exhibit 10.37(a) to the 2001 10-K, and hereby incorporated by reference.
10.37*	Form of Promissory Note dated January 28, 1998 in the original amount of $168,278.74 executed by Hugh G. McBreen and made payable to the order of Butler International, Inc., filed as Exhibit 10.40 to the 1999 10-K, and hereby incorporated by reference.
10.38*	Form Pledge Agreement dated January 28, 1998 between Butler International, Inc. and Hugh G. McBreen, filed as Exhibit 10.41 to the 1999 10-K, and hereby incorporated by reference.
10.39*	Form of Promissory Note dated October 13, 1998 in the original amount of $181,000 executed by Frederick H. Kopko, Jr. and made payable to Butler International, Inc. filed as Exhibit 10.48 to the 1999 10-K, and hereby incorporated by reference.
10.40*	Form Pledge Agreement dated October 13, 1998 between Butler International, Inc. and Frederick H. Kopko, Jr., filed as Exhibit 10.49 to the 1998 10-K, and hereby incorporated by reference.
10.41*	Form of Promissory Note dated March 2, 1999 in the original amount of $890,625 executed by Edward M. Kopko and made payable to Butler International, Inc. filed as Exhibit 10.50 to the 1999 10-K, and hereby incorporated by reference.
10.42*	Form Pledge Agreement dated March 2, 1999 between Butler International, Inc. and Edward M. Kopko, filed as Exhibit 10.51 to the 1999 10-K, and hereby incorporated by reference.
10.43*	Form of Promissory Note dated March 2, 1999 in the original amount of $822,441 executed by Edward M. Kopko and made payable to Butler International, Inc. filed as Exhibit 10.52 to the 1999 10-K, and hereby incorporated by reference.
10.44*	Form of Promissory Note dated September 12, 2000 in the original amount of $367,000 executed by Edward M. Kopko and made payable to Butler International, Inc. filed as Exhibit 10.48 to the 2000 Form 10-K, and hereby incorporated by reference.
10.45*	Form Pledge Agreement dated September 12, 2000 between Butler International, Inc. and Edward M. Kopko, filed as Exhibit 10.49 to the 2000 Form 10-K, and hereby incorporated by reference.

* Denotes compensatory plan, compensation arrangement, or management contract.

BUTLER INTERNATIONAL, INC.
EXHIBIT INDEX (Continued)

Exhibit No.	Description
10.46*	Form of Promissory Note dated September 12, 2000 in the original amount of $36,700 executed by R. Scott Silver-Hill and made payable to Butler International, Inc. filed as Exhibit 10.50 to the 2000 Form 10-K, and hereby incorporated by reference.
10.47*	Form Pledge Agreement dated September 12, 2000 between Butler International, Inc. and R. Scott Silver-Hill, filed as Exhibit 10.51 to the 2000 Form 10-K, and hereby incorporated by reference.
10.48*	Form of Promissory Note dated January 2, 2002 in the original amount of $37,200 executed by Jeffrey R. Wescott and made payable to Butler International, Inc. filed as Exhibit 10.49 to the March 31, 2002 Form 10-Q, and hereby incorporated by reference.
10.49*	Form of Promissory Note dated January 2, 2002 in the original amount of $110,000 executed by Jeffrey R. Wescott and made payable to Butler International, Inc. filed as Exhibit 10.50 to the March 31, 2002 Form 10-Q, and hereby incorporated by reference.
10.50*	Form Pledge Agreement dated January 2, 2002 between Butler International, Inc. and Jeffrey R. Wescott filed as Exhibit 10.51 to the March 31, 2002 Form 10-Q, and hereby incorporated by reference.
10.51*	Form Pledge Agreement dated January 2, 2002 between Butler International, Inc. and Jeffrey R. Wescott filed as Exhibit 10.52 to the March 31, 2002 Form 10-Q, and hereby incorporated by reference.
10.52	Form of Promissory Note dated January 2, 2002 in the original amount of $362,250 executed by Bridge Financing Partners LLC and made payable to Butler International, Inc. filed as Exhibit 10.53 to the March 31, 2002 Form 10-Q, and hereby incorporated by reference.
10.53	Form Pledge Agreement dated January 2, 2002 between Butler International, Inc. and Bridge Financing Partners LLC filed as Exhibit 10.54 to the March 31, 2002 Form 10-Q, and hereby incorporated by reference.
10.54*	Form of Promissory Note dated March 12, 2002 in the original amount of $219,750 executed by Frederick H. Kopko, Jr. and made payable to Butler International, Inc. filed as Exhibit 10.55 to the March 31, 2002 Form 10-Q, and hereby incorporated by reference.
10.55*	Form Pledge Agreement dated March 12, 2002 between Butler International, Inc. and Frederick H. Kopko, Jr. filed as Exhibit 10.56 to the March 31, 2002 Form 10-Q, and hereby incorporated by reference.
10.56*	Form of Promissory Note dated March 12, 2002 in the original amount of $186,180 executed by Hugh G. McBreen and made payable to Butler International, Inc. filed as Exhibit 10.57 to the March 31, 2002 Form 10-Q, and hereby incorporated by reference.
10.57*	Form Pledge Agreement dated March 12, 2002 between Butler International, Inc. and Hugh G. McBreen filed as Exhibit 10.58 to the March 31, 2002 Form 10-Q, and hereby incorporated by reference.
10.58	Mortgage and Security Agreement dated September 30, 2002, between Butler of New Jersey Realty Corp. and GMAC Commercial Mortgage Corp., filed herewith as Exhibit 10.58.

* Denotes compensatory plan, compensation arrangement, or management contract.

BUTLER INTERNATIONAL, INC.
EXHIBIT INDEX (Continued)

Exhibit No.	Description
10.58 (a)	Promissory Note dated September 30, 2002, between Butler of New Jersey Realty Corp. and GMAC Commercial Mortgage Corp., filed herewith as Exhibit 10.58(a).
99	Certifications Pursuant to Section 1350, Chapter 63 of Title 18, United States Code , as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith as Exhibit 99.

* Denotes compensatory plan, compensation arrangement, or management contract.