

**STATE OF ARKANSAS
SECURITIES DEPARTMENT**

IN THE MATTER OF
AIRWAYS FREIGHT CORPORATION

ORDER PROVIDING A
TRANSACTIONAL EXEMPTION
FROM REGISTRATION
NO. 02-022-S

FINDINGS OF FACT

1. On June 7 and June 24, 2002, letters were received by the Arkansas Securities Commissioner requesting that the proposed offering and sale of 40,000 non-voting shares and 49.5 voting shares of common stock (the "Securities") of Airways Freight Corporation (the "Company"), to various purchasers (the "Transaction"), be determined to be an exempt transaction pursuant to Ark. Code Ann. § 23-42-504(a)(12).
2. The Company is a corporation organized under the laws of the State of Arkansas. It is a transportation company located in Fayetteville, Arkansas. The Securities involved in the sale consist of 40,000 non-voting shares and 49.5 voting shares of common stock of the Company owned by Edd Caudle (the "Seller").
3. The Seller will sell the Securities to his son, Dale Caudle, who is a current shareholder and the Chief Executive Officer of the Company (the "CEO"). The CEO will subsequently sell a portion of the Securities to the purchasers who are all long-time employees and senior managers of the Company, and all reside in the state of Arkansas (the "Purchasers").

4. The CEO and Purchasers are familiar with and have access to financial and other information concerning the Company as necessary to make an informed investment decision.
5. With the exception of those shares of the Securities purchased by the CEO which will be subsequently offered to the employees, the CEO and the Purchasers will each execute a Stock Sales Agreement in which he represents and warrants, among other things, that he is making his purchase with investment intent and not with a view towards further distribution.
6. Based upon the foregoing, an exemption from registration has been requested pursuant to the Commissioner's discretionary authority under Arkansas Code Annotated §23-42-504(a)(12), as the Transaction is not the type the Arkansas Securities Act (the "Act") was designed to protect by requiring registration.

CONCLUSIONS OF LAW

1. Under Section 23-42-504(a)(12) of the Act, the Commissioner may by order exempt certain transactions from Sections 23-42-501 and 23-42-502 of the Act as not being necessary or appropriate in the public interest for the protection of investors.
2. It is not necessary or appropriate in the public interest for the protection of investors for the Seller, CEO or the Purchasers to be required to register the Transaction under the Act for the purposes of the contemplated offering.
3. It is not necessary or appropriate in the public interest for the protection of investors for the Seller, CEO or the Purchasers to be required to engage the services of a registered agent for the purpose of making sales of the Securities.

OPINION

In recognition of the representations made by the Seller and CEO, it appears registration of this Transaction is unnecessary in this instance.

This order does not exempt the Seller, CEO or the Purchasers from the antifraud provisions of the Act.

ORDER

IT IS THEREFORE ORDERED that securities offered or sold in Arkansas for the proposed Transaction, if offered and sold in compliance with the representations made in the letters, dated June 7 and June 24, 2002, and the attached exhibits, and in accordance with the Findings of Fact stated herein, shall be exempted from Sections 23-42-501 and 23-42-502 of the Act.

WITNESS MY HAND AND SEAL this 26th day of June 2002.

A handwritten signature in black ink, appearing to read "M. Johnson". The signature is fluid and cursive, with a large initial "M" and a long, sweeping tail.

MICHAEL B. JOHNSON
SECURITIES COMMISSIONER