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VULCAN INTERNATIONAL CORP
Form 10-Q
May 13, 2002

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 March 31, 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 1-10219

VULCAN INTERNATIONAL CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE 31-0810265
(State or other jurisdiction of (IRS Employer Identification No.)
incorporation or organization)

300 Delaware Avenue, Suite 1704, Wilmington, Delaware 19801
(Address of principal executive offices) (Zip Code)

(302) 427-5804
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year,
if changed since last report)

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 X No

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

Outstanding shares of no par value common stock at March 31, 2001:

1,102,105 shares

VULCAN INTERNATIONAL CORPORATION

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS

	MARCH 31, 2002	DECEMBER 31, 2001
	UNAUDITED	
-ASSETS-		
CURRENT ASSETS:		
Cash	\$ 2,678,726	2,493,733
Marketable securities (At fair market value)	38,361,565	39,981,369
Accounts receivable	1,621,128	1,428,693
Inventories	423,480	356,290
Prepaid expense and tax	107,736	73,610
	-----	-----
TOTAL CURRENT ASSETS	43,192,635	44,333,695
	-----	-----
PROPERTY, PLANT AND EQUIPMENT-at cost	11,812,397	11,688,951
Less-Accumulated depreciation and depletion	9,613,182	9,571,475
	-----	-----
NET PROPERTY, PLANT AND EQUIPMENT	2,199,215	2,117,476
	-----	-----

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OTHER ASSETS:		
Investment in joint venture	138,007	69,010
Marketable securities (At fair market value)	40,527,444	37,040,858
Deferred charges and other assets	5,579,268	5,536,448
	-----	-----
TOTAL OTHER ASSETS	46,244,719	42,646,316
	-----	-----
TOTAL ASSETS	\$91,636,569	89,097,487
	=====	=====
-LIABILITIES AND SHAREHOLDERS' EQUITY-		
CURRENT LIABILITIES:		
Deferred income tax	\$ 9,951,589	10,480,454
Other	6,794,251	6,552,174
	-----	-----
TOTAL CURRENT LIABILITIES	16,745,840	17,032,628
	-----	-----
OTHER LIABILITIES:		
Deferred income tax	13,945,700	12,791,949
Commitments and contingencies	-	-
Minority interest in partnership	15,746	15,251
Other liabilities	37,470	37,470
	-----	-----
TOTAL OTHER LIABILITIES	13,998,916	12,844,670
	-----	-----
SHAREHOLDERS' EQUITY:		
Capital stock	249,939	249,939
Additional paid-in capital	8,205,825	8,191,065
Retained earnings	26,983,479	26,562,597
Accumulated other comprehensive income	47,834,713	46,599,325
	-----	-----
	83,273,956	81,602,926
Less-Common stock in treasury-at cost	22,382,143	22,382,737
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	60,891,813	59,220,189
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$91,636,569	89,097,487
	=====	=====

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

PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION CONDENSED CONSOLIDATED STATEMENTS OF INCOME For the three months ended

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UNAUDITED

	MARCH 31, 2002	MARCH 31, 2001
REVENUES:		
Net sales	\$ 2,366,706	2,193,172
Dividends	571,631	532,999
	-----	-----
TOTAL REVENUES	2,938,337	2,726,171
	-----	-----
COST AND EXPENSES:		
Cost of sales	2,139,924	2,255,959
General and administrative	479,514	406,706
Interest expense	47,326	98,744
	-----	-----
TOTAL COST AND EXPENSES	2,666,764	2,761,409
	-----	-----
EQUITY IN JOINT VENTURE INCOME AND MINORITY INTEREST	68,503	65,670
	-----	-----
INCOME BEFORE GAIN ON SALE OF ASSETS	340,076	30,432
NET GAIN ON SALE OF PROPERTY AND EQUIPMENT	426,702	835,136
	-----	-----
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	766,778	865,568
INCOME TAX PROVISION	125,475	166,431
	-----	-----
NET INCOME	\$ 641,303	699,137
	=====	=====
NET INCOME PER COMMON SHARE	\$.58	.62
	=====	=====
DIVIDENDS PER COMMON SHARE	\$.20	.20
	=====	=====

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

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PART I - FINANCIAL INFORMATION
(Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the three months ended March 31,
UNAUDITED

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 2,166,271	2,291,062
Cash paid to suppliers and employees	(2,641,010)	(2,641,490)

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Dividends received	571,631	532,999
Interest paid	(15,298)	(34,451)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	81,594	148,120
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, equipment and securities	432,865	799,353
Purchase of property and equipment	(164,052)	(1,329)
Collections on notes receivable and other	39,653	27,899
Cash distribution from joint venture	-	100,000
	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES	308,466	925,923
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under credit agreement	-	(350,000)
Sale of treasury shares	19,885	-
Purchase of common shares	(4,531)	(166,811)
Cash dividends paid	(220,421)	(226,945)
	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES	(205,067)	(743,756)
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	184,993	330,287
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,493,733	1,008,649
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$2,678,726	1,338,936
	=====	=====
RECONCILIATION OF NET INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 641,303	699,137
Adjustments-		
Depreciation and amortization	81,482	96,672
Deferred income taxes	(11,527)	24,759
Equity in joint venture income and minority interest	(68,503)	(65,670)
Net gain on sale of property and marketable securities	(426,702)	(806,233)
(Increase) decrease in accounts receivable	(200,435)	97,890
(Increase) decrease in inventories	(67,190)	132,589
Increase (decrease) in accounts payable, accrued expenses and other assets	133,166	(31,024)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 81,594	148,120
	=====	=====

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

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(Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
 SCHEDULE SUPPORTING NET INCOME PER COMMON SHARE AND
 DIVIDENDS PER COMMON SHARE
 UNAUDITED

Exhibit "1"

	Three months ended March 31,	
	2002	2001
a) Net income	\$ 641,303 =====	699,137 =====
b) Cash dividends on common shares	\$ 220,421 =====	226,945 =====
Weighted Average Shares:		
c) Common shares issued	1,999,512	1,999,512
d) Common treasury shares	897,425 -----	864,491 -----
e) Common shares outstanding	1,102,087 =====	1,135,021 =====
f) Income per common share (a/e):	\$.58	.62
g) Dividends per common share	\$.20	.20

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

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PART I - FINANCIAL INFORMATION
 (Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 For the three months ended March 31, 2002 and 2001

On March 1, 1990 the United States of America filed a complaint against the Company and others in the United States District Court for the District of Massachusetts claiming that the Company was a potentially responsible party with respect to the Re-Solve, Inc. Superfund Site in North Dartmouth, Massachusetts seeking to recover response costs incurred and to be incurred in the future in connection with this site.

Although the Company had engaged counsel to represent it in that action, the Company was first informed on March 28, 2001 that the Court had entered, pursuant to prior rulings, an unopposed "Final Judgment" against the Company

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on September 22, 1999. The "Final Judgment" awarded damages against the Company in favor of the United States in the amount of \$3,465,438, plus interest, for unreimbursed response costs, plus any additional past unreimbursed response costs, interest and certain future costs the United States incurs at the site.

The Company recorded an estimated liability of \$2,981,000, net of \$1,734,000 tax, for the judgment, accrued interest for past costs and a discounted present value for estimated future costs in connection with the site. This estimated liability was calculated based on the "Final Judgment" and using other information provided by the U.S. EPA. The Company expensed \$151,000, after tax, for the year ended December 31, 2001 and \$31,000, after tax, for the three months ended March 31, 2002, for accrued interest and amortization of estimated future costs related to this matter.

The liability for future costs is a significant estimate of the future costs and it is subject to change as actual costs are incurred and reported by the Environmental Protection Agency.

The Company is presently continuing an investigation into this matter and intends to vigorously pursue all available legal remedies to set aside all orders and liens relating to the asserted liability and to defend itself against the underlying allegations. Counsel for the Company is also vigorously pursuing settlement negotiations with counsel for the United States. To the extent that the Company is able to settle this liability, or to obtain judicial relief, for an amount less than it has accrued, the difference will be recorded as income in the year the obligation is settled.

The Company was advised by the U.S. Environmental Protection Agency several years ago that it was one of at least 122 large generator potentially responsible parties ("PRPs") with regard to remediation of the Union Chemical Company, Inc. Site, South Hope, Maine, where the potential joint and several liability was in the range of \$15 million. The Company, along with many other PRPs, entered into a consent agreement with U.S. EPA to remediate the Site, and the Company is now a party to a Remedial Design/Remedial Action Trust Agreement for the purpose of undertaking clean-up responsibilities at the Site. Most of the remedial work has now been completed. In 2000, PRPs estimated the additional funds in the range of \$1 million would be required

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PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the three months ended March 31, 2002 and 2001 (Continued)

to complete remediation of the Site. The Company's estimated share of that amount was approximately \$5,000 and was paid in 2000. If the projected cost of the remaining remediation tasks remains at approximately \$1 million, the Company will not have additional payments. There may be other potential clean-up liabilities at other sites of which the Company has no specific knowledge.

The Company has an interest in a partnership which owns certain real estate. On August 13, 1999 a Complaint for money damages, in excess of \$25,000, based

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upon breach of fiduciary duty was filed by the other partner in the Court of Common Pleas in Hamilton County, Ohio. Essentially, the plaintiff is seeking an adjustment of the capital account balances which would result in a higher distribution of cash flow. On March 27, 2001, the plaintiff threatened to file an Amended Complaint that alleges damages of \$1,062,000 and costs, plus punitive damages of \$2,000,000 on various grounds. The Company believes that the suit is without merit and has been defending itself vigorously against the issues raised.

CCBA appealed a real estate tax assessment from 1999 that had increased the annual real estate tax by approximately \$96,000. The local school board has appealed the revision and reduced its initial appraised value of the property. During 2001, the partnership received a \$96,000 refund of the additional tax paid in 1999. CCBA has recorded a liability of approximately \$119,000 related to this issue based on the revised value asserted by the local school board. If CCBA is successful, this liability will be recognized as income.

The Company is involved in other litigation matters and claims which are normal in the course of operations. Management believes that the resolution of these matters will not have a material effect on the Company's business or financial condition.

The accompanying condensed consolidated financial statements reflect all adjustments that are, in the opinion of management, necessary to reflect a fair presentation of financial position, results of operations and cash flows for the interim periods. All such adjustments are of a normal recurring nature.

There were no securities of the Registrant sold by the Registrant during the three months ended March 31, 2002, that were not registered under the Securities Act of 1933, in reliance upon an exemption from registration provided by Section 4(2) of the Act.

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PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the three months ended March 31, 2002 and 2001 (Continued)

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INVENTORIES

MARCH 31,	DECEMBER 31,
2002	2001

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UNAUDITED

Inventories consisted of:		
Finished goods	\$ 109,882	142,846
Work in process	99,182	64,853
Raw materials	214,416	148,591
	-----	-----
Total inventories	\$ 423,480	356,290
	=====	=====

COMPREHENSIVE INCOME

During the three months ended March 31, 2002 and 2001 total other comprehensive income (loss) was as follows:

	2002	2001
Net income	\$ 641,303	699,137
Other comprehensive income, net of tax:		
Unrealized gain (loss) on marketable securities	1,290,388	(4,942,435)
Less: reclassification adjustment for gains included in net income	(55,000)	(274,572)
	-----	-----
Total comprehensive income (loss)	\$ 1,876,691	(4,517,870)
	=====	=====

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PART I - FINANCIAL INFORMATION
(Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended March 31, 2002 and 2001
(Continued)

Accumulated comprehensive income consists of unrealized holding gains on securities available for sale of \$47,834,713 at March 31, 2002 and \$46,599,325 at December 31, 2001.

BUSINESS SEGMENT INFORMATION

Reportable segments for the three months ended March 31 are as follows:

	2002	2001
NET SALES FROM CONTINUING OPERATIONS:		
Rubber and Foam Products	\$1,736,152	1,533,393
Bowling Pins	532,117	610,082
Real Estate Operations	254,041	306,440
Intersegment net sales	(27,352)	(58,304)
	-----	-----
	2,494,958	2,391,611

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Timber sales reported in gain on sale of property and equipment	(128,252)	(198,439)
	-----	-----
TOTAL SALES FROM CONTINUING OPERATIONS	\$2,366,706	2,193,172
	=====	=====
OPERATING PROFIT (LOSS) FROM CONTINUING OPERATIONS:		
Rubber and Foam Products	\$ (43,394)	(338,718)
Bowling Pins	43,128	51,535
Real Estate Operations	117,814	160,228
	-----	-----
TOTAL OPERATING (LOSS) FROM CONTINUING OPERATIONS	117,548	(126,955)
Interest expense - net	(47,326)	(98,744)
Other unallocated corporate income - net	696,556	1,091,267
Income tax provision	(125,475)	(166,431)
	-----	-----
NET INCOME	\$ 641,303	699,137
	=====	=====

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PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the three months ended March 31, 2002 and 2001 (Continued)

REVIEW BY INDEPENDENT ACCOUNTANTS

The condensed consolidated financial statements at March 31, 2002, and for the three-month period then ended have been reviewed, prior to filing, by the Registrant's independent accountants, J.D. Cloud & Co. L.L.P., whose report covering their review of the financial statements is included in this report.

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INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Vulcan International Corporation
Wilmington, Delaware

We have reviewed the accompanying condensed consolidated balance sheet of Vulcan International Corporation and subsidiaries as of March 31, 2002, and

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the related condensed consolidated statements of income and cash flows for the three-month periods ended March 31, 2002 and 2001. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed consolidated financial statements for them to be in conformity with generally accepted accounting principles.

We have audited, in accordance with U.S. generally accepted auditing standards, the consolidated balance sheet of Vulcan International Corporation and subsidiaries as of December 31, 2001, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 14, 2002, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2001, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

J.D. CLOUD & CO. L.L.P.
Certified Public Accountants

Cincinnati, Ohio
May 2, 2002

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PART I - FINANCIAL INFORMATION (Continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Net sales revenue from continuing operations for the three months ended March 31, 2002, increased \$173,534 or 7.9% over the corresponding period in 2001. Cost of sales decreased \$116,035 or 5.1% during the three months ended March 31, 2002 compared to the corresponding period in 2001. These changes are primarily due to increased sales and decreased costs in the Company's Rubber and Foam segment.

General and administrative expenses increased \$72,808 or 17.9% in the three months ended March 31, 2002, as compared to the corresponding period in 2001. This increase is primarily due to increased professional fees relating to environmental matters.

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Interest expense decreased \$51,418 for the three months ended March 31, 2002. This decrease is due to decreased borrowings under the Company's line of credit agreement. Interest of \$32,028 was incurred for the accrued EPA liabilities.

Gains on the sale of property, equipment and securities were \$426,702 for the three months ended March 31, 2002, as compared to \$835,136 for the corresponding period in 2001. Gains in 2002 and 2001 were the result of sales of marketable securities, timber and equipment.

The Company has a 50% interest in a joint venture, Vulcan Brunswick Bowling Pin Company (VBBPC) which manufactures bowling pins in Antigo, Wisconsin for Brunswick and the Company. The Company's investment in VBBPC is included in other assets at March 31, 2002.

Summarized income statement information for VBBPC consists of the following:

	Three Months ended March 31,	
	2002	2001
Net sales	\$1,517,939	1,315,901
Costs and expenses	1,379,945	1,185,085
	-----	-----
Net income	\$ 137,994	130,816
	=====	=====
Company's 50% equity in net income	\$ 68,997	65,408
	=====	=====

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PART I - FINANCIAL INFORMATION (Continued)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash requirements during the first quarter of 2002 were funded in part through earnings and noncash charges such as depreciation and amortization and from the sale of timber and equipment. The cash from these transactions was primarily used in operations. The Company expects to continue, when necessary, to use short-term borrowings to meet cash requirements not fully provided by earnings, depreciation and amortization. During the three months ended March 31, 2002, 114 shares of treasury stock were acquired for \$4,532 and 500 shares of treasury stock were sold to a director for \$19,885 pursuant to the right of any director to purchase up to 25,000 shares at market price in any 12 month period. There were approximately \$14,500 of commitments for capital expenditures as of March 31, 2002.

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Item 3. Quantitative and Qualitative Disclosures about Market Risks.

There have been no significant changes in the Company's market risk, primarily associated with marketable securities, since December 31, 2001.

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

On March 1, 1990 the United States of America filed a complaint against the Company and others in the United States District Court for the District of Massachusetts claiming that the Company was a potentially responsible party with respect to the Re-Solve, Inc. Superfund Site in North Dartmouth, Massachusetts seeking to recover response costs incurred and to be incurred in the future in connection with this site.

Although the Company had engaged counsel to represent it in that action, the Company was first informed on March 28, 2001 that the Court had entered, pursuant to prior rulings, an unopposed "Final Judgment" against the Company on September 22, 1999. The "Final Judgment" awarded damages against the Company in favor of the United States in the amount of \$3,465,438, plus interest, for unreimbursed response costs, plus any additional past unreimbursed response costs, interest and certain future costs the United States incurs at the site.

The Company recorded an estimated liability of \$2,981,000, net of \$1,734,000 tax, for the judgment, accrued interest for past costs and a discounted present value for estimated future costs in connection with the site. This estimated liability was calculated based on the "Final Judgment" and using other information provided by the U.S. EPA. The Company expensed \$151,000, after tax, for the year ended December 31, 2001 and \$31,000, after tax, for the three months ended March 31, 2002, for accrued interest and amortization of estimated future costs related to this matter.

The liability for future costs is a significant estimate of the future costs and it is subject to change as actual costs are incurred and reported by the Environmental Protection Agency.

The Company is presently continuing an investigation into this matter and intends to vigorously pursue all available legal remedies to set aside all orders and liens relating to the asserted liability and to defend itself against the underlying allegations. Counsel for the Company is also vigorously pursuing settlement negotiations with counsel for the United States. To the extent that the Company is able to settle this liability, or to obtain judicial relief, for an amount less than it has accrued, the difference will be recorded as income in the year the obligation is settled.

The Company was advised by the U.S. Environmental Protection Agency several years ago that it was one of at least 122 large generator potentially responsible parties ("PRPs") with regard to remediation of the Union Chemical Company, Inc. Site, South Hope, Maine, where the potential joint and several

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liability was in the range of \$15 million. The Company, along with many other PRPs, entered into a consent agreement with U.S. EPA to remediate the Site, and the Company is now a party to a Remedial Design/Remedial Action Trust Agreement for the purpose of undertaking clean-up responsibilities at the Site. Most of the remedial work has now been completed. In 2000, PRPs estimated the additional funds in the range of \$1 million would be required

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PART II - OTHER INFORMATION

Item 1. Legal Proceedings. (Continued)

to complete remediation of the Site. The Company's estimated share of that amount was approximately \$5,000 and was paid in 2000. If the projected cost of the remaining remediation tasks remains at approximately \$1 million, the Company will not have additional payments. There may be other potential clean-up liabilities at other sites of which the Company has no specific knowledge.

The Company has an interest in a partnership which owns certain real estate. On August 13, 1999 a Complaint for money damages, in excess of \$25,000, based upon breach of fiduciary duty was filed by the other partner in the Court of Common Pleas in Hamilton County, Ohio. Essentially, the plaintiff is seeking an adjustment of the capital account balances which would result in a higher distribution of cash flow. On March 27, 2001, the plaintiff threatened to file an Amended Complaint that alleges damages of \$1,062,000 and costs, plus punitive damages of \$2,000,000 on various grounds. The Company believes that the suit is without merit and has been defending itself vigorously against the issues raised.

CCBA appealed a real estate tax assessment from 1999 that had increased the annual real estate tax by approximately \$96,000. The local school board has appealed the revision and reduced its initial appraised value of the property. During 2001, the partnership received a \$96,000 refund of the additional tax paid in 1999. CCBA has recorded a liability of approximately \$119,000 related to this issue based on the revised value asserted by the local school board. If CCBA is successful, this liability will be recognized as income.

The Company and its subsidiaries are party to other matters and claims which are normal in the course of operations. While the results of litigation and claims cannot be predicted with certainty, based on advice of counsel, the Company believes that the final outcome of such matters will not have a materially adverse effect on its consolidated financial condition.

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PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

a. Exhibits

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None

- b. The Company was not required to file Form 8-K for the quarter ended March 31, 2002.

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PART II - OTHER INFORMATION
(Continued)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VULCAN INTERNATIONAL CORPORATION

By: /s/ Benjamin Gettler

Date May 13, 2002

Benjamin Gettler
Chairman of the Board, President
and Chief Executive Officer

By: /s/ Vernon E. Bachman

Date May 13, 2002

Vernon E. Bachman
Vice President, Secretary-Treasurer
and Principal Accounting Officer

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