

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

VULCAN INTERNATIONAL CORP  
Form 10-K  
April 16, 2001

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

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]  
For the fiscal year ended December 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]  
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)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common stock-no par value	American Stock Exchange

Securities registered pursuant to 12(g) of the Act:

NONE  
(Title of class)

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Section 229.405 of this chapter) is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Part III of this Form 10-K or any amendment to this Form 10-K. [ X ]

As of January 31, 2001, 1,134,724 common shares were outstanding, and the aggregate market value of the common shares (based upon the closing price of these shares on the American Stock Exchange) of Vulcan International Corporation held by nonaffiliates was approximately \$40,452,911.

DOCUMENTS INCORPORATED BY REFERENCE

Documents Incorporated by Reference -----	Applicable Part of Form 10-K -----
Annual Report to Shareholders for the Year Ended December 31, 2000	Part I and II
Proxy Statement Dated May 10, 2001 Furnished to Shareholders in Connection with Registrant's Annual Meeting of Shareholders	Part I and III
Articles of Incorporation and By-laws filed on Form 8, file number 1-10219, filed during 1992	Part IV

PART I

Item 1. Business.

(a) General Development of Business-

Vulcan International Corporation ("Vulcan", the "Company" or the "Registrant") is a Delaware holding company which is the owner of 100% of the common stock of Vulcan Corporation, a manufacturer of the products described below.

(b) Financial Information About Industry Segments-

The sales, operating profit and identifiable assets attributable to each of the Registrant's industry segments for the three years ended December 31, 2000, are set forth in Note 13 of the Notes to Consolidated Financial Statements included under Part IV, Item 14(a)1 of this Form 10-K.

(c) Narrative Description of Business-

RUBBER AND PLASTICS:

RUBBER AND FOAM PRODUCTS-

Vulcan manufactures rubber and foam products in a 272,000 sq. ft. building located in Clarksville, Tennessee. Approximately 33% of sales of those products in 2000 were for use by shoe manufacturers in the United States. The Company is concentrating on the manufacture of rubber sheet stock and custom-mix materials for those manufacturers. The majority of the non-footwear sales of products manufactured in Clarksville were for use as

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

sports flooring and automobile mats. The Rubber Division also manufactures high-density foam products for sale to manufacturers for diverse uses.

### PLASTICS-

Vulcan sold its plastics manufacturing assets in August 1999. Vulcan had produced plastic products and shoe lasts in Walnut Ridge, Arkansas. A shoe last is the form over which non-rubber shoes are manufactured and which determines the shoe style, fit and shape.

### BOWLING PINS-

In 1990, the Company entered into an agreement with Brunswick Bowling and Billiards Corporation by the terms of which Vulcan and Brunswick formed a joint venture for the manufacture of bowling pins using Vulcan's Surlyn coating process. The Joint Venture, which is equally owned by Brunswick and Vulcan Bowling Pin Company, a wholly owned subsidiary of Vulcan, is located at the site of the Company's former Antigo, Wisconsin, bowling pin manufacturing facility. This manufacturing Joint Venture is named the Vulcan-Brunswick Bowling Pin Company. The Company accounts for its investment in the Joint Venture under the equity method of accounting.

-1-

### PART I (Continued)

#### Item 1. Business. (Continued)

Vulcan Bowling Pin Company sells and services its bowling pins through its own sales force as well as manufacturers' representatives in the United States and through distributors in foreign countries under the name of Vultex II and Vultuf, as well as various private label names. In 1999, Vulcan Brunswick Bowling Pin Co. entered into an agreement with Winsome Industrial Company, Ltd. located in Taiwan, pursuant to which it purchases bowling pins manufactured by Winsome in Taiwan bearing the name Vultuf. These pins are sold solely outside of the United States.

Raw materials used in shoe products and bowling products consist of the following: hard maple, which is commercially available from countless sawmills; Surlyn is available from Dupont; high density polyethylene plastic resin is available from Phillips, Quantum, Gulf, A. Schulman, Inc. and numerous other producers; nylon is available from Allied; synthetic rubbers are available from Ameripol Synpol, Goodyear, Polysar, Goldsmith & Eggleston, Inc. and a number of other concerns; fillers for rubber products such as clay are available from W.R. Grace & Co., J.M. Huber and others; and pigments are available from Uniroyal Chemical, Akrochem Corp., Monsanto and others.

Vulcan's products are sold through its own sales force, manufacturers' agents and distributors.

### REAL ESTATE-

Vulcan has a majority interest in the upper seven floors of the ten-story Cincinnati Club Building in downtown Cincinnati, Ohio. These floors contain approximately 56,000 square feet of finished office space and approximately 32,000 square feet of unfinished and common area space. Vulcan occupies a substantial portion of the tenth floor of the building and manages the seven floors of office space. The first three floors consist of public rooms owned by a company which uses the space for public functions and a catering service. There is direct access into the building from an eight-story

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

parking garage immediately adjacent to the Cincinnati Club Building owned and operated by the City of Cincinnati. Vulcan Corporation also owns undeveloped lands in Michigan from which it sells timber.

Patents, trademarks, licenses, franchises and concessions are not material factors in the business. Vulcan Bowling Pin Company owns an American Bowling Congress permit to label its Surlyn plastic-coated bowling pins as "ABC approved".

No major expenditures for pollution controls are anticipated in 2001. Expenditures thereafter should not be in excess of 5% of normal capital expenditures in any one year. This rate of expenditure should not have a significant effect on either the earnings or the competitive position of the Registrant or any of its subsidiaries. See Item 3 - Legal Proceedings.

-2-

### PART I (Continued)

#### Item 1. Business. (Continued)

The Company has commitments for capital expenditures of approximately \$5,400 at December 31, 2000.

#### (d) Financial Information About Foreign and Domestic Operations and Export

The Registrant's entire operations are within the United States. Export sales of all products are handled by ACI International, Inc., a domestic international sales corporation (DISC) which during 2000, had sales of \$544,000; net income of \$60,000; and assets of \$1,057,000.

#### Item 2. Properties.

The following schedule summarizes certain information regarding buildings owned or leased by the Registrant:

Location	Type of Ownership	Square Footage	
Clarksville, Tennessee	Owned	272,000	Administrative offices and manufacturing of rubber soling and other rubber products.
Cincinnati, Ohio	Owned	88,000	Corporate offices and leasing of office space.

The age of the buildings ranges from approximately 37 to 76 years. The structures are of steel, brick and concrete construction and are generally in good condition. The plant is sprinklered. Excellent transportation facilities are available for the factory and it is located on a rail siding.

#### Item 3. Legal Proceedings.

The Company was advised by the U.S. Environmental Protection Agency ("EPA") several years ago that it was one of at least 122 large generator potentially

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

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 that additional funds in the range of \$1 million would be required to complete remediation of the Site. The Company's estimated share of that amount was approximately \$5,000. The Company

-3-

made payment of that amount in late 2000. If the projected cost of the remaining remediation tasks remains at approximately \$1 million, this will be the Company's final payment.

On March 1, 1990 the United States of America filed a Complaint against the Registrant and others in the United States District Court for the District of Massachusetts claiming that the Registrant was a potentially Responsible party with respect to the Re-Solve 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 Registrant had engaged counsel to represent it in that action, the Registrant was first informed on March 28, 2001 that the Court had entered, pursuant to prior rulings, an unopposed "Final Judgment" against the Registrant on September 22, 1999. The "Final Judgment" awarded damages against the Registrant in favor of the United States in the amount of \$3,465,438 for unreimbursed response costs and accrued interest, plus any additional past unreimbursed response costs, interest and certain future costs the United States incurs at the Site. The United States filed a notice of lien in certain jurisdictions on real property of the Registrant and its subsidiary Vulcan Corporation in the dollar amount of the judgment, plus interest.

In accordance with Accounting Principles Board Opinion No. 20, Accounting Changes, the Company has restated the December 31, 1999 financial statements to reflect a liability of \$3,601,414 including accrued interest of \$135,976 for past costs plus \$1,114,044 (representing a discounted present value) for estimated future costs in connection with the Site. The effect of the adjustment was to decrease income from continuing operations by \$4,715,458, decrease tax expense by \$1,734,511 and decrease net income by \$2,980,947 or \$2.66 per share. The 2000 quarterly results were also restated to recognize interest on the liability and to amortize the discount for estimated future costs. The effect was to decrease the 2000 quarterly results \$140,440, net of tax of \$72,346.

The Registrant 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.

There may be other potential clean-up liability at other sites of which the Registrant 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.

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

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.

-4-

PART I  
(Continued)

The Registrant and its subsidiaries are 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 impact on the Company's business or financial condition.

Item 4. Submission of Matters to a Vote of Security Holders.

There were no matters submitted to a vote of security holders through the solicitation of proxies or otherwise during the fourth quarter of the year ended December 31, 2000, that require disclosure under this item.

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

The common stock of Vulcan International Corporation is listed and traded on the American Stock Exchange. There were approximately 448 shareholders of record as of December 31, 2000. The high and low sales price and the dividends paid for each quarterly period within the two most recent years were as follows:

QUARTER	HIGH	2000		HIGH	1999	
		LOW	DIVIDEND		LOW	DIVIDEND
First	33.1250	30.8750	\$.20	36.3750	32.6250	\$.20
Second	33.8750	32.8125	\$.20	38.1250	32.5625	\$.20
Third	34.2500	32.8750	\$.20	37.2500	27.7500	\$.20
Fourth	34.5000	33.3750	\$.20	31.5000	26.7500	\$.20

-5-

PART I  
(Continued)

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Item 6. Selected Financial Data.

The information required by this item is set forth below:

	2000 -----	1999(1) -----	1998 -----	1997 -----	1996 -----
Net revenues - continuing operations	\$11,246,242	10,919,627	10,582,060	11,373,204	14,301,258
Income (loss) from continuing operations before taxes	1,874,729	(2,718,674)	1,664,416	1,971,419	2,227,789
Income tax (benefit)	113,165	(1,317,658)	279,537	352,970	474,499
Net income (loss) from continuing operations	1,761,564	(1,401,016)	1,384,879	1,618,449	1,753,290
Income (loss) from disposed operations, net of tax	-	(63,056)	69,637	167,356	205,062
Gain on sale of disposed operations, net of tax	-	988,845	-	-	-
Net income (loss)	----- 1,761,564	----- (475,227)	----- 1,454,516	----- 1,785,805	----- 1,958,352
Income (loss) per common share:					
Continuing operations as previously reported	1.59	1.41	1.17	1.30	1.46
Effect of restatement	-	(2.66)	-	-	-
Continuing operations as restated	1.59	(1.25)	1.17	1.30	1.46
Discontinued operations	-	(0.06)	0.06	0.14	0.17
Gain on disposal of discontinued operations	-	0.88	-	-	-
Net income (loss)	---- 1.59 ====	---- (0.43) ====	---- 1.23 ====	---- 1.44 ====	---- 1.63 ====
Dividends per common share	.80	.80	.80	.80	.80

-6-

PART I  
(Continued)

Item 6. Selected Financial Data. (Continued)

2000 -----	1999(1) -----	1998 -----	1997 -----	1996 -----
---------------	------------------	---------------	---------------	---------------

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Property, plant and equipment (net)	2,369,216	2,618,649	2,798,825	2,498,771	2,955,657
Depreciation	447,401	488,591	513,045	594,138	662,687
Current assets	55,493,494	53,278,872	53,506,019	38,900,356	28,500,783
Ratio current assets to current liabilities	2.54 to 1	2.48 to 1	2.99 to 1	3.38 to 1	3.62 to 1
Total assets	111,143,958	89,536,796	95,011,738	82,415,593	59,848,623
Long-term debt	-	-	-	-	-
Redeemable preferred stock (solely at the option of the issuer)	-	-	-	-	66,060
Accumulated other comprehensive income	60,846,586	47,852,421	52,506,224	43,211,515	27,983,826
Total share-holders' equity	72,959,140	58,137,015	65,295,924	58,494,990	43,948,759
Book value per common share	64.03	52.54	57.46	48.05	35.04

[FN]

(1) Results are reported as restated for the effect of an environmental liability. The effect was to reduce 1999 income from continuing operations before tax \$4,715,458 and net income \$2,980,947 net of tax of \$1,734,511.

The selected financial data presented above has been reclassified to reflect the Company's sale of it's Walnut Ridge Plastics division in August 1999.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The information required by this item is incorporated by reference to the 2000 Annual Report to Shareholders.

-7-

PART I  
(Continued)

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The Company's market risk primarily is represented by the risk of changes in the value of marketable equity securities caused by fluctuations in equity prices. Marketable securities, at December 31, 2000, are recorded at a fair value of approximately \$98,537,000, including net unrealized gains of \$92,192,000. Marketable securities have exposure to price risk. The Company's available for sale marketable securities, at fair value, are invested as follows; 66% in two financial institutions, 33% in ten communications companies and 1% in other industries. The estimated



## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

potential loss in fair value resulting from a hypothetical 10% decrease in prices quoted by the stock exchange is \$9,853,700.

### Item 8. Financial Statements and Supplementary Data.

The consolidated financial statements required by this item are included under Part IV, Item 14(a)1 of this Form 10-K.

The Company restated the 1999 financial statements and 1999 and 2000 quarterly results for the effect of an environmental liability as discussed in Item 3, Legal Proceedings. The effect of the restatement was to decrease 1999 income from operations and net income \$2,980,947 or \$2.66 per share. The 2000 quarterly results were reduced \$140,440 or .12 per share as a result of the restatement. Other information required by this item is set forth below:

	2000				
	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----	Total -----
Total revenues	\$3,035,723	2,832,089	2,955,112	2,423,318	11,246,242
Gross profit (loss)	(7,295)	(29,818)	27,299	(214,857)	(224,671)
Income from continuing operations as previously reported	202,244	196,801	896,407	606,552	1,902,004
Effect of restatement, net of tax (2)	(32,978)	(33,306)	(33,633)	(40,523)	(140,440)
Income from continuing operations as restated	169,266	163,495	862,774	566,029	1,761,564
Net income	169,266	163,495	862,774	566,029	1,761,564

-8-

### PART I (Continued)

	2000				
	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----	Total -----
Earnings per share:					
From continuing operations as previously reported	.18	.18	.81	.54	1.71
Effect of restatement, net of tax (2)	(0.03)	(0.03)	(0.03)	(0.03)	(0.12)
From continuing operations as restated	0.15	0.15	0.78	0.51	1.59

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Net income	0.15	0.15	0.78	0.51	1.59
			1999		
	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----	Total -----
Total revenues (1)	\$2,541,003	2,543,723	3,313,022	2,521,879	10,919,627
Gross profit (loss) (1)	(1,295)	9,510	124,419	(372,348)	(239,714)
Income from continuing operations as previously reported	65,361	309,435	326,686	878,449	1,579,931
Effect of restatement, net of tax (2)	(2,889,792)	(29,234)	(29,519)	(32,402)	(2,980,947)
Income (loss) from continuing operations as restated	(2,824,431)	280,201	297,167	846,047	(1,401,016)
Net income (loss)	(2,844,348)	338,008	1,184,850	846,263	(475,227)
Earnings per share:					
From continuing operations as previously reported	0.06	0.28	0.30	0.77	1.41
Effect of restatement, net of tax (2)	(2.58)	(0.03)	(0.02)	(0.03)	(2.66)
From continuing operations as restated	(2.52)	0.25	0.28	0.74	(1.25)
Net income (loss)	(2.54)	0.30	1.06	0.75	(0.43)

-9-

PART II  
(Continued)

[FN]

- (1) Represents income from continuing operations, adjusted to give retroactive effect to the disposition of Walnut Ridge plastics operations.
- (2) Quarterly results of operations are restated for the environmental liability discovered by the Company in March, 2001 but related to 1999.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

(a) Identification of Directors-

The information required by this item is incorporated herein by reference to the Registrant's Proxy Statement dated May 10, 2001, in connection with its Annual Meeting to be held June 5, 2001.

(b) Identification of Executive Officers-

NAME	AGE	POSITION AND TIME IN OFFICE
Benjamin Gettler	75	President since November 1988; Chairman of The Board since June 1990; Director since 1960.
Vernon E. Bachman	63	Vice President and Treasurer since November 1991; Secretary since 1973.

There are no family relationships among the officers listed and there are no arrangements or understandings pursuant to which any of them were elected as officers.

The officers are elected annually and serve at the pleasure of the Board of Directors. There have been no events under any bankruptcy act, no criminal proceedings and no judgments or injunctions material to the evaluation of the ability and integrity of any director or executive officer during the past five years.

-10-

PART III  
(Continued)

Item 11. Executive Compensation.

The information required by this Item is incorporated herein by reference to the Registrant's proxy statement dated May 10, 2001, in connection with its annual meeting to be held June 5, 2001.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Any person after acquiring directly or indirectly the beneficial ownership of more than 5 percent of the Registrant's common stock is required to send to the Registrant at its principal executive office, by registered or certified mail, and to each exchange where the stock is traded and filed with the SEC, a statement containing information required by Schedule 13D or 13G, as appropriate. If any material change occurs in the facts set forth in the statement filed, the shareholder is required to file an appropriate amendment with each party with whom the original schedules were filed.

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Other information required by this item is incorporated herein by reference to the Registrant's proxy statement dated May 10, 2001, in connection with its annual meeting to be held June 5, 2001.

### Item 13. Certain Relationships and Related Transactions.

There were no significant items to report under this caption other than those reported in the Registrant's Proxy Statement dated May 10, 2001, in connection with its Annual Meeting to be held June 5, 2001, which is incorporated herein by reference.

-11-

## PART IV

### Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

#### (a) 1. Financial Statements.

The following Consolidated Financial Statements of Vulcan International Corporation and subsidiaries are included under this item (see attached shareholders report and proxy statement):

	Page
Independent Auditors' Report.	21
Consolidated Balance Sheets at December 31, 2000, and 1999.	22-23
Consolidated Statements of Income for Each of the Three Years in the Period Ended December 31, 2000.	24
Consolidated Statements of Shareholders' Equity for Each of the Three Years in the Period Ended December 31, 2000.	25-26
Consolidated Statements of Cash Flows for Each of the Three Years in the Period Ended December 31, 2000.	27-28
Notes to the Consolidated Financial Statements for the Three Years Ended December 31, 2000.	29-47
2. Financial Statement Schedule.	
Independent Auditors' Report on Schedule.	67
Schedule II - Valuation and Qualifying Accounts.	68

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

All other schedules are omitted because they are not applicable, not required, or because the required information is included in the Consolidated Financial Statements or notes thereto.

Separate financial statements of the Registrant or summarized financial information concerning subsidiaries are not required.

-12-

### PART IV (Continued)

#### Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K. (Continued)

##### 3. Financial Statements.

The following financial statements of Vulcan International Corporation's 50% owned Joint Venture, Vulcan-Brunswick Bowling Pin Company, are included under this item:

	Page
Independent Auditors' Report	70
Balance Sheets at December 31, 2000 and 1999	71
Statements of Income for the years ended December 31, 2000 and 1999	72
Statements of Partners' Capital for the years ended December 31, 2000 and 1999	73
Statements of Cash Flows for the years ended December 31, 2000 and 1999	74
Notes to the financial statements for the years ended December 31, 2000 and 1999	75-79

##### 4. Exhibits.

3.	Registrant's Articles of Incorporation and By-Laws are incorporated herein by reference.	
11.	Statement regarding computation of per share earnings is incorporated herein by reference to Registrant's 2000 Annual Report to Shareholders	51
13.	Registrant's 2000 Annual Report to Shareholders is incorporated herein by reference.	16-53
20.	Proxy Statement dated April 30, 2001, is incorporated herein by reference.	54-65
21.	Subsidiaries of the Registrant.	66
99.1	Independent Auditors' Report on Schedule	67
99.2	Valuation and Qualifying accounts	68
99.3	Vulcan-Brunswick Bowling Pin Company financial statements	70-79

##### (b) Reports on Form 8-K.

There were no reports on Form 8-K for the three months ended December 31, 2000.

-13-

EXHIBIT 13

VULCAN INTERNATIONAL CORPORATION  
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2000

J.D. CLOUD & CO. L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
CINCINNATI, OHIO

-14-

VULCAN INTERNATIONAL CORPORATION

EXECUTIVE OFFICERS

BENJAMIN GETTLER  
Chairman of the Board  
and President

VERNON E. BACHMAN  
Vice President and  
Secretary-Treasurer

SUBSIDIARY COMPANIES  
-----

VULCAN CORPORATION

Benjamin Gettler  
President

Edward Ritter  
Vice President/Operating Manager

Vernon E. Bachman  
Vice President/Controller

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Connie F. Armstrong  
Secretary

### VULCAN BOWLING PIN COMPANY

Ricardo DeFelice  
Executive Vice President

John F. Gabriel  
Vice President

### VULCAN BLANCHESTER REALTY CO.

Benjamin Gettler  
President

John F. Gabriel  
Vice President

Vernon E. Bachman  
Secretary/Treasurer

-15-

TO OUR SHAREHOLDERS:

Vulcan continued to evolve in 2000.

During the year 2000, the officers and directors of Vulcan International Corporation continued on the course of evolving Vulcan from its start as a manufacturer of shoe lasts to a company diversified in foam and rubber products and real estate.

During the year we were able to complete the development of a 2-lb. density foam and the technology to produce it with consistent quality. The 2-lb. density foam product has a greater share of the marketplace than the higher-density foam products which we had previously developed which constituted almost our entire foam sales in the Year 2000. In 2001, we are hopeful that we will increase Rubber Division sales as a result of our foam product development efforts.

Ongoing efforts to expand the Company's Real Estate Division have met with disappointing results. We continue to search for property within our area of expertise and we anticipate that success will eventually reward those efforts. We will, however, continue to reject any prospective deals which we decide are not of benefit to the Company and its shareholders.

Net income from continuing operations including net capital gains for the 12-month period ended December 31, 2000, increased to \$1,761,564 from a restated loss of \$1,401,016 in 1999. Per share earnings from continuing operations including net capital gains rose from a restated loss of \$1.25 in 1999 to net income of \$1.59 in 2000. The 1999 results were restated to recognize costs associated with an environmental remediation site. The Company had engaged legal counsel to represent it in these matters but was not informed of a judgment against it until March 28, 2001. Accordingly, the Company restated its 1999 financial statements in accordance with Accounting Principles Board Opinion No. 20, Accounting Changes.

We appreciate the support and efforts of all Vulcan employees in making the difficult transition in which we are involved.

BENJAMIN GETTLER  
Chairman of the Board  
and President

-16-

#### DESCRIPTION OF BUSINESS

Vulcan International Corporation is a Delaware holding company which is the owner of 100% of the common stock of Vulcan Corporation and 100% of the common stock of Vulcan Bowling Pin Company as well as Vulcan Blanchester Realty Co. Descriptions of each company's operations are set forth below.

#### RUBBER AND FOAM PRODUCTS

Vulcan manufactures rubber and foam products in a 272,000 sq. ft. building located in Clarksville, Tennessee. Approximately 50% of sales of those products in 2000 were for use by shoe manufacturers in the United States. The Company is concentrating on the manufacture of rubber sheet stock and custom-mix materials for those manufacturers. The majority of the non-footwear products manufactured in Clarksville were foam for use by various prime manufacturers, sports flooring, automobile mats and custom-mix rubber for non-footwear manufacturers.

#### BOWLING PINS

Vulcan Bowling Pin Company is a 50% owner of a Joint Venture with Brunswick Bowling and Billiards Corporation which manufactures bowling pins in Antigo, Wisconsin. The pins are manufactured from hard maple and coated with Surllyn. Vulcan sells pins in the United States and worldwide under the name of Vultex II and Vultuf, as well as various private label names.

#### REAL ESTATE OPERATIONS

On August 12, 1993, Vulcan Blanchester Realty Company purchased a majority interest in the upper seven floors of the ten-story Cincinnati Club Building in downtown Cincinnati, Ohio, and manages that space. These floors contain approximately 56,000 square feet of finished office space and approximately 32,000 square feet of unfinished and common area space. Vulcan occupies a substantial portion of the tenth floor of the building. The first three floors consist of public rooms owned by a company which uses the space for public functions and a catering service. There is direct access into the building from an eight-story parking garage immediately adjacent to the Cincinnati Club Building owned and operated by the City of Cincinnati. A picture of the building appears below. In addition, the Company owns approximately 14,000 acres of undeveloped land in the Upper Peninsula of Michigan. Timber is harvested from that land and sold both in domestic and foreign markets.

-17-



## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

### MANAGEMENT ANALYSIS OF RECENT YEARS

#### 2000 COMPARED TO 1999

-----

Sales in the Rubber Division decreased from \$6,880,103 in 1999 to \$6,844,877 in 2000. The increased sales in custom mix which is a low margin item and foam products was offset by the decrease in flooring sales. As a result, the operating loss (before taxes) increased from \$1,179,291 in 1999 to \$1,292,120 in 2000.

Sales of the Bowling Pin Division increased from \$1,686,027 in 1999 to \$1,716,428 in 2000. The operating profit of the division decreased from \$733,963 in 1999 to \$286,521 in 2000 due to an increase in the production cost of bowling pins. In 1999 a cash distribution in excess of basis was included in the division operating profit in the amount of \$410,123.

Operating profit (before taxes) in the real estate operations decreased from \$321,011 in 1999 to \$287,927 in 2000 due to the write-off of the unamortized portion of tenant improvements of a tenant whose lease expired on December 31, 2000.

Net gains on the disposal of equipment and investments were \$607,284 in 2000 compared to \$89,429 in 1999. In both years, the gains were mainly from the sale of marketable securities. Dividends and interest (before tax) were \$2,180,839 compared to \$1,907,509 in 1999.

#### 1999 COMPARED TO 1998

-----

In the Rubber Division, the Company increased its sales of low margin custom mix rubber and continued its research and development efforts to develop and market higher margin additional foam products. As a result, sales of rubber and foam products increased from \$6,113,730 in 1998 to \$6,880,103 in 1999 while operating loss (before taxes) increased from \$960,571 in 1998 to \$1,179,291 in 1999.

Changes in bowling pin manufacturing resulted in substantially reduced costs which were largely responsible for operating profit (before taxes) from the bowling pin segment increasing from \$215,079 in 1998 to \$733,963 in 1999.

Operating profit (before taxes) in the real estate operations segment fell from \$403,522 to \$321,011, primarily as the result of a huge increase in real estate taxes. The increase is being appealed through appropriate legal processes.

Net gains on the disposal of equipment and investments were \$89,429 in 1999 compared to \$408,866 in 1998. In 1999, the gains were mainly from the sale of marketable securities. In 1998, the gains were mainly from the sale of excess equipment from the Clarksville, Tennessee plant. Dividends and interest (before tax) were \$1,907,508 compared to \$1,828,520 in 1998.

-18-

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

In August of 1999, Vulcan International Corporation sold all of the assets of its last manufacturing plant in Walnut Ridge, Arkansas. Sales from the Last Division were \$1,621,268 in 1998 and \$758,712 in the approximately 7 1/2 months it was owned by Vulcan in 1999. The sale of the Last Division resulted in 1999 net earnings, including capital gains on the sale, of \$925,789 compared to net earnings of \$69,637 on operations in 1998.

The Company restated the 1999 financial statements to recognize a liability and expense, net of tax, of \$2,980,947 for environmental costs. The Company had engaged legal counsel for representation on this matter, but management was not made aware of a final judgment against the Company until March 28, 2001.

### 1998 COMPARED TO 1997

-----

Sales of rubber and plastic products (47% of which were sales to the shoe industry) decreased from \$9,332,565 in 1997 to \$7,734,998 in 1998. Operating losses of the Company's rubber and plastic business segment (before taxes) increased from \$322,956 in 1997 to \$873,525 in 1998. The primary cause of these losses was the almost total elimination of sales of components for military footwear in the last half of 1998 resulting from an inventory-cutting program of the U.S. Department of Defense. Such sales constituted 46% of shoe component sales of the Company's rubber and plastic business segment. Plastic products consisted primarily of shoe last.

Operating profit (before taxes) from the bowling pin segment decreased from \$512,975 in 1997 to \$215,079 in 1998. Sales increased during the first half of the year; however, in the second half of 1998, the severe recession in the Far East eliminated most sales to that area of the world, which had been a major purchaser of bowling pins.

Operating profit (before taxes) in the real estate operations segment fell from \$618,238 to \$403,522. That reduction in net profit in the Company's real estate operations segment resulted entirely from reduced sales of timber due to two factors: a) adverse weather conditions which limited timber harvesting from the Company's undeveloped real estate in the Upper Peninsula of Michigan and b) reduced sales of timber veneer to the Far East.

Net gains on the sale or disposal of equipment and investments were \$408,866 in 1998 compared to \$116,622 in 1997. In 1998 the gains mainly were from the sale of excess equipment from the Clarksville, Tennessee plant. In 1997 the gains were mainly from the sales of acreage in Wisconsin. Dividends and interest income (before tax) were \$1,828,520 compared to \$1,794,152 in 1997.

-19-

### FINANCIAL POSITION, LIQUIDITY AND CAPITAL COMMITMENTS

The Company's cash requirements in 2000 were funded by its cash flow and short term borrowing. The working capital increased \$1,893,000 during the current year. The increased working capital was mainly the result of the increased value of marketable securities and decrease in short term borrowing. Capital expenditures were \$224,878 compared to total depreciation and amortization of \$452,550.

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

QUARTER	2000			1999		
	HIGH	LOW	DIVIDEND	HIGH	LOW	DIVIDEND
1st	33.1250	30.8750	.20	36.3750	32.6250	.20
2nd	33.8750	32.8125	.20	38.1250	32.5625	.20
3rd	34.2500	32.8750	.20	37.2500	27.7500	.20
4th	34.5000	32.3750	.20	31.5000	26.7500	.20

The common stock of Vulcan International Corporation is listed on the American Stock Exchange. The high and low sale prices and the dividends paid for each quarterly period within the two most recent years were as shown.

FORM 10-K

A copy of the 2000 Vulcan International Corporation 10-K report filed with the Securities and Exchange Commission will be furnished without charge upon request by a shareholder or beneficial owner as of the record date, March 29, 2001, of securities entitled to vote at the annual meeting of shareholders. Requests should be addressed to:

Vernon E. Bachman  
 Vice President  
 Secretary/Treasurer  
 Vulcan International Corporation  
 30 Garfield Place  
 Cincinnati, OH 45202

-20-

INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
 Vulcan International Corporation  
 Wilmington, Delaware

We have audited the accompanying consolidated balance sheets of Vulcan International Corporation (a Delaware Corporation) and subsidiaries as of December 31, 2000 and 1999, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Vulcan International Corporation and subsidiaries at December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2000, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 10 to the financial statements, management was first informed on March 28, 2001 about certain environmental matters resulting in the understatement of liabilities as of December 31, 1999. Accordingly, the December 31, 1999 financial statements have been restated to recognize these environmental liabilities.

/s/ J.D. CLOUD & CO. L.L.P.

-----  
Certified Public Accountants

Cincinnati, Ohio  
February 14, 2001  
except for Note 10  
dated March 29, 2001

-21-

### VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS At December 31, 2000 and 1999

-ASSETS-	2000	1999
<b>CURRENT ASSETS:</b>		
Cash	\$ 1,008,649	1,088,626
Marketable securities	50,383,925	49,554,152
Accounts receivable (less-allowance for doubtful accounts-\$152,974 in 2000; \$158,844 in 1999)	3,072,529	1,409,773
Inventories	941,090	1,123,403
Prepaid expense	16,221	18,170
Refundable federal income tax	71,080	84,748
	-----	-----
<b>TOTAL CURRENT ASSETS</b>	<b>55,493,494</b>	<b>53,278,872</b>
	-----	-----
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
Land	88,581	88,581
Timberlands and timber cutting rights	700,393	700,393
Buildings and improvements	4,205,851	4,186,696
Machinery and equipment	6,720,810	6,663,799
	-----	-----
<b>Total</b>	<b>11,715,635</b>	<b>11,639,469</b>

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Less-Accumulated depreciation and depletion	9,346,419	9,020,820
	-----	-----
PROPERTY, PLANT AND EQUIPMENT-NET	2,369,216	2,618,649
	-----	-----
MODELS AND PATTERNS-at nominal value	1	1
	-----	-----
INVESTMENT IN JOINT VENTURE	70,528	-
	-----	-----
DEFERRED CHARGES AND OTHER ASSETS:		
Marketable securities	48,153,115	29,329,505
Note receivable	342,185	457,123
Other	4,715,419	3,852,646
	-----	-----
TOTAL DEFERRED CHARGES AND OTHER ASSETS	53,210,719	33,639,274
	-----	-----
TOTAL ASSETS	\$111,143,958	89,536,796
	=====	=====

-22-

-LIABILITIES AND SHAREHOLDERS' EQUITY-	2000	1999
CURRENT LIABILITIES:		
Notes payable - bank	\$ 1,700,000	1,810,000
Accounts payable-		
Trade	604,552	559,867
Other	26,616	26,210
Accrued salaries, wages and commissions	124,086	133,768
Accrued other expenses	5,282,172	5,108,653
Deferred income tax	14,093,872	13,857,063
	-----	-----
TOTAL CURRENT LIABILITIES	21,831,298	21,495,561
	-----	-----
OTHER LIABILITIES:		
Deferred income tax	16,309,169	9,863,414
Other	33,285	29,877
	-----	-----
TOTAL OTHER LIABILITIES	16,342,454	9,893,291
	-----	-----
COMMITMENTS AND CONTINGENCIES (Notes 9 and 10)	-	-
MINORITY INTEREST IN PARTNERSHIP	11,066	10,929
	-----	-----
SHAREHOLDERS' EQUITY:		
Common stock-no par value;		
Authorized 2,000,000 shares; issued		
1,999,512 shares	249,939	249,939
Additional paid-in capital	7,745,102	6,146,698
Retained earnings	24,565,375	23,694,388
Accumulated other comprehensive income	60,846,586	47,852,421
	-----	-----
	93,407,002	77,943,446
	-----	-----
Less-Common stock in treasury-at cost, 859,988 shares in 2000;		

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

892,907 shares in 1999	20,447,862	19,806,431
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	72,959,140	58,137,015
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$111,143,958	89,536,796
	=====	=====

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

-23-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
Three years ended December 31, 2000

	2000	1999	1998
REVENUES:			
Net sales	\$ 9,065,403	9,012,118	8,753,540
Dividends and interest	2,180,839	1,907,509	1,828,520
	-----	-----	-----
TOTAL REVENUES	11,246,242	10,919,627	10,582,060
	-----	-----	-----
COST AND EXPENSES:			
Cost of sales	9,290,074	9,251,832	8,833,209
General and administrative	1,127,114	801,897	1,183,349
Environmental remediation costs	21,196	4,579,483	-
Interest expense	362,323	289,318	41,135
	-----	-----	-----
TOTAL COST AND EXPENSES	10,800,707	14,922,530	10,057,693
	-----	-----	-----
EQUITY IN JOINT VENTURE INCOME AND MINORITY INTEREST, NET	488,391	836,756	458,026
	-----	-----	-----
INCOME (LOSS) BEFORE GAIN ON DISPOSAL OF ASSETS	923,856	(2,742,307)	982,393
NET GAIN ON SALE OF PROPERTY, EQUIPMENT AND INVESTMENTS	940,803	447,473	682,023
	-----	-----	-----
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,874,729	(2,718,674)	1,664,416
INCOME TAX PROVISION (BENEFIT)	113,165	(1,317,658)	279,537
	-----	-----	-----
INCOME (LOSS) FROM CONTINUING OPERATIONS	1,761,564	(1,401,016)	1,384,879
	-----	-----	-----
DISCONTINUED OPERATIONS:			
Gain on sale of division assets, net of income tax	-	988,845	-
Income (loss) from operations, net of income tax	-	(63,056)	69,637
	-----	-----	-----
NET INCOME (LOSS)	\$ 1,761,564	(475,227)	1,454,516
	=====	=====	=====
Income (Loss) Per Common Share:			
Continuing operations	\$ 1.59	(1.25)	1.17

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Discontinued operations	-	(0.06)	0.06
Gain on disposal of discontinued operations	-	0.88	-
	-----	-----	-----
Net Income (Loss) per Common Share Outstanding	\$ 1.59	(0.43)	1.23
	=====	=====	=====

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

-24-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY  
Three years ended December 31, 2000

	Common Stock	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income
	-----	-----	-----	-----
Balance at January 1, 1998	\$249,939	5,619,993	24,543,468	43,211,515
Add-Net income for the year			1,454,516	
Net unrealized gain on available-for-sale securities (net of taxes of \$4,788,183)				
Sale of treasury shares		6,850		9,294,709
Deduct-Dividends declared-\$ .80 per share			943,414	
Purchase of treasury shares				
	-----	-----	-----	-----
Balance at December 31, 1998	249,939	5,626,843	25,054,570	52,506,224
Add-Sale of treasury shares		519,855		
Deduct-Net loss for the year			475,227	
Dividends declared-\$ .80 per share			884,955	
Net unrealized loss on available-for-sale securities (net of tax benefit of \$2,367,157)				4,595,070
Reclassification adjustment for gains included in net income (net of tax of \$30,257)				58,733
Purchase of treasury shares				
	-----	-----	-----	-----
Balance at December 31, 1999	249,939	6,146,698	23,694,388	47,852,421
Add-Net income for the year			1,761,564	
Net unrealized gain on available-for-sale securities (net of taxes of \$6,864,059)				

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Sale of treasury shares		1,598,404		13,324,327
Deduct-Dividends declared- \$.80 per share			890,577	
Reclassification adjustment for gains included in net income (net of tax of \$170,084)				330,162
Purchase of treasury shares				
Balance at December 31, 2000	\$249,939	7,745,102	24,565,375	60,846,586

-25-

	Comprehensive Income (Loss)	Common Treasury Shares		Total Shareholders' Equity
		Shares	Amount	
Balance at January 1, 1998		782,168	15,129,925	58,494,990
Add-Net income for the year	1,454,516			1,454,516
Net unrealized gain on available-for-sale securities (net of taxes of \$4,788,183)	9,294,709			9,294,709
Sale of treasury shares		(200)	(975)	7,825
Deduct-Dividends declared- \$.80 per share				943,414
Purchase of treasury shares		81,209	3,012,702	3,012,702
Balance at December 31, 1998	10,749,225	863,177	18,141,652	65,295,924
Add-Sale of treasury shares		(22,799)	(111,393)	631,248
Deduct-Net loss for the year	475,227			475,227
Dividends declared- \$.80 per share				884,955
Net unrealized loss on available-for-sale securities (net of tax benefit of \$2,367,157)	4,595,070			4,595,070
Reclassification adjustment for gains included in net income (net of tax of \$30,257)	58,733			58,733
Purchase of treasury shares		52,529	1,776,172	1,776,172
Balance at December 31, 1999	(5,129,030)	892,907	19,806,431	58,137,015
Add-Net income for the year	1,761,564			1,761,564



Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Net unrealized gain on available-for-sale securities (net of taxes of \$6,864,059)	13,324,327			13,324,327
Sale of treasury shares		(65,000)	(418,471)	2,016,875
Deduct-Dividends declared-\$ .80 per share				890,577
Reclassification adjustment for gains included in net income (net of tax of \$170,084)	330,162			330,162
Purchase of treasury shares		32,081	1,059,902	1,059,902
Balance at December 31, 2000	14,755,729	859,988	20,447,862	72,959,140

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

-26-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Three years ended December 31, 2000

	2000	1999	1998
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 8,774,935	9,697,767	10,769,076
Cash paid to suppliers and employees	(10,545,516)	(11,713,251)	(11,657,332)
Dividends and interest received	2,180,839	1,909,882	1,831,036
Interest paid	(169,144)	(154,515)	(35,019)
Income taxes paid	(104,775)	(257,867)	(271,870)
	-----	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	136,339	(517,984)	635,891
	-----	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from sale of property and equipment	335,173	1,080,719	675,984
Proceeds from sale of marketable securities	811,106	92,716	-
Purchase of marketable securities	(69,838)	-	-
Purchase of property, plant and equipment	(224,878)	(378,530)	(807,121)
Cash distribution from joint venture	418,000	900,000	750,000
Collection on notes receivable	107,725	25,928	657,517
	-----	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES	1,377,288	1,720,833	1,276,380
	-----	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Borrowings under credit agreements	1,085,000	5,486,319	1,770,000
Principal payments under credit			

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

agreements	(1,195,000)	(4,846,319)	(600,000)
Proceeds from sale of treasury shares	466,875	631,248	7,825
Purchase of common shares	(1,059,902)	(1,776,172)	(3,012,702)
Cash dividends paid	(890,577)	(884,955)	(943,414)
	-----	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES	(1,593,604)	(1,389,879)	(2,778,291)
	-----	-----	-----
NET CHANGE IN CASH AND CASH EQUIVALENTS	(79,977)	(187,030)	(866,020)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,088,626	1,275,656	2,141,676
	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,008,649	1,088,626	1,275,656
	=====	=====	=====

-27-

RECONCILIATION OF NET INCOME (LOSS)  
TO NET CASH FLOWS FROM OPERATING  
ACTIVITIES:

Net income (loss)	\$ 1,761,564	(475,227)	1,454,516
Adjustments:			
Depreciation and amortization	452,550	493,666	523,796
Deferred income tax	(11,435)	(1,357,431)	82,751
Equity in joint venture income and minority interest	(488,391)	(836,756)	(458,026)
Gain on sale of property, equipment and investments	(940,803)	(1,683,529)	(682,024)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(105,543)	(58,689)	408,784
(Increase) decrease in inventories	182,313	(627,248)	99,739
Increase in prepaid pension asset	(863,595)	(804,774)	(538,218)
Increase (decrease) in accounts payable, accrued expenses and other assets, net	149,679	4,832,004	(255,427)
	-----	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 136,339	(517,984)	635,891
	=====	=====	=====

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

-28-

# Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three years ended December 31, 2000

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

It is the policy of the Company to employ U.S. generally accepted accounting principles in the preparation of its financial statements. A summary of the Company's significant accounting policies follows:

#### ACCOUNTING ESTIMATES-

The preparation of financial statements in conformity with U.S. 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.

#### BASIS OF CONSOLIDATION-

The consolidated financial statements include the accounts of Vulcan International Corporation, its wholly-owned subsidiary companies and its majority-owned partnership. Intercompany accounts and transactions have been eliminated in consolidation.

#### MINORITY INTEREST-

Cincinnati Club Building Associates (CCBA) was formed in 1993 for the purchase of certain commercial property in Cincinnati, Ohio. The Company's offices are located in a portion of the property with the remainder available for leasing. The Company's consolidated financial statements include 100% of the assets, liabilities and income, or loss, of CCBA. The minority owner's 2.5% interest in CCBA is reflected as a minority interest in partnership and a minority interest in (income) of partnership in the respective consolidated balance sheets and consolidated statements of income.

#### INVESTMENT IN JOINT VENTURE-

In June 1990, the Company formed a Joint Venture (the Vulcan Brunswick Bowling Pin Company) with Brunswick Bowling and Billiards Corporation to manufacture bowling pins. The Company, through a wholly-owned subsidiary, has an undivided 50% interest in the Joint Venture which is accounted for under the equity method of accounting. Under this method, the Company records the investment at its original cost adjusted for 50% of the Joint Venture's income or loss since formation less any distributions received from the Joint Venture.

#### MARKETABLE SECURITIES-

Marketable securities are classified as securities available-for-sale and, accordingly, are recorded at fair market value. Marketable securities available for current operations are classified as current assets while securities held for non-current uses are classified as long-term assets. Dividends and interest are recorded in income when earned. Unrealized holding gains and losses, net of deferred tax, are included as a component of shareholders' equity until realized. In computing realized gain or loss on the sale of marketable securities, the cost of securities sold is determined by the specific identification method.

-29-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Three years ended December 31, 2000

(Continued)

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### INVENTORIES-

Substantially all inventories are stated at cost under the last-in, first-out (LIFO) method, which is not in excess of market.

#### PROPERTY, PLANT AND EQUIPMENT-

Property, plant and equipment are stated at cost. The Company provides for depreciation over the estimated useful lives of the respective assets using both straight line and accelerated methods. Buildings and improvements are depreciated over 10 to 45 years, machinery and equipment over 3 to 11 years, and leasehold improvements are amortized over the lives of the leases. Timber depletion charges are based on the cost of timber cut.

#### DERIVATIVE INSTRUMENTS-

Short-term option contracts are used by the Company on certain marketable securities not paying dividends as a way of generating current income and to hedge against fluctuations in the value of these securities. Proceeds received by the Company are recorded as a current liability until the contract to sell the underlying securities is either called or expires. The Company then recognizes any gain or loss on the contract. Gains and losses on the contracts are recorded in net gain on sale of property, equipment and investments in the statements of income.

#### INCOME TAXES-

Income tax provision (benefit) includes the tax effects of all revenue and expense transactions included in the determination of pretax accounting income. Deferred income tax results from temporary differences in the financial statement basis and tax basis of assets and liabilities. These temporary differences apply principally to depreciation expense, allowance for doubtful accounts, compensated absences and prepaid pension expense. Tax credits are recognized by a reduction of income tax expense in the periods the credits arise for tax purposes.

#### COMPREHENSIVE INCOME-

Other comprehensive income is reported in the statement of shareholders' equity. The Company includes unrealized gains, or losses, on its available-for-sale securities in comprehensive income and accumulated other comprehensive income.

#### RETIREMENT PLANS-

The Company maintains a noncontributory defined benefit pension plan for certain eligible salaried and hourly employees. Pension benefits are determined annually by consulting actuaries and are based on average compensation and years of service. Past service cost is amortized over periods not exceeding 30 years.

-30-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Three years ended December 31, 2000  
(Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### RETIREMENT PLANS- (Continued)

The Company also maintains a noncontributory defined contribution pension plan for certain eligible union employees. Contributions to the plan are based upon a participant's hours of service.

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

The qualified plans are funded annually to meet the minimum funding requirements of the Internal Revenue Code and the Employee Retirement Income Security Act of 1974.

ADVERTISING COSTS-

Advertising costs are generally expensed as incurred.

CASH EQUIVALENTS-

For purposes of the statement of cash flows, the Company considers all time deposits, certificates of deposit and other highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

NET INCOME PER SHARE-

Net income per share of common stock outstanding is computed on the basis of the weighted average number of common shares outstanding during each year after giving effect to dividends on preferred shares.

EFFECT OF RECENT ACCOUNTING STANDARDS-

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities. SFAS No. 133 establishes standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133 established the effective date for the new standard as fiscal years beginning after June 15, 2000. The adoption of this standard in 2001 is not expected to have a significant effect.

-31-

Vulcan INTERNATIONAL CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 Three years ended December 31, 2000  
 (Continued)

NOTE 2 - MARKETABLE SECURITIES

The Company's investments in marketable securities have been classified as available-for-sale securities and reported at their fair value as determined by quoted market prices as follows:

	Cost	Unrealized Gains	Fair Value
	-----	-----	-----
2000			
Current	\$ 3,721,960	46,661,965	50,383,925
Long-term	2,623,283	45,529,832	48,153,115
	-----	-----	-----
Total	\$ 6,345,243	92,191,797	98,537,040
	=====	=====	=====
1999			
Current	\$ 3,756,740	45,797,412	49,554,152

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Long-term	2,623,283	26,706,222	29,329,505
	-----	-----	-----
Total	\$ 6,380,023	72,503,634	78,883,657
	=====	=====	=====

The unrealized holding gains are included, net of deferred income tax of \$31,345,211 and \$24,651,236 at December 31, 2000 and 1999, respectively, as a component of shareholders' equity.

Realized gains on available-for-sale securities during 2000 and 1999 were \$500,246 and \$88,990, respectively and gross proceeds on the sale of the securities were \$535,026 and 92,716, respectively. Net realized gains from call option contracts for the year ended December 31, 2000 were \$127,969 and gross proceeds were \$197,807.

The Company's available-for-sale marketable securities, at fair market value, are invested as follows: 66% in two financial institutions, 33% in ten communication companies and 1% in other industries. The Company is subject to the risk that the value of these securities may decline from the recorded fair market values.

As of February 15, 2001, the fair value of marketable securities was approximately \$97,172,000 and the net unrealized holding gain was approximately \$30,887,000 net of deferred taxes of approximately \$59,957,000.

-32-

Vulcan INTERNATIONAL CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 Three years ended December 31, 2000  
 (Continued)

NOTE 3 - INVENTORIES

Inventories at December 31, 2000 and 1999, were classified as follows:

	2000	1999
Finished goods	\$657,693	484,888
Work in process	72,992	145,623
Raw materials	210,405	492,892
	-----	-----
Total	\$941,090	1,123,403
	=====	=====

As indicated in Note 1, substantially all inventories are stated at cost determined under the last-in, first-out (LIFO) method. If valued at current replacement cost, inventories would have been approximately \$1,239,000 and \$1,189,000 greater than reported at December 31, 2000 and 1999, respectively.

In the years ended December 31, 2000 and 1998, inventory quantities were reduced. These reductions resulted in liquidations of LIFO inventory quantities carried at lower costs prevailing in prior years as compared with the cost of current purchases. The inventory reductions increased 2000 and 1998 net income by approximately \$49,000 and \$41,000, respectively, or \$.04

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

and \$.03 per weighted average common share outstanding, respectively.

### NOTE 4 - JOINT VENTURE

The Company, through a wholly-owned subsidiary, owns 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.

Summarized financial information for VBBPC consists of the following:

	2000	1999
<b>Assets:</b>		
Current assets	\$1,343,660	1,068,739
Property, plant and equipment	3,036,156	3,276,440
Other	2,944,464	3,036,362
	-----	-----
Total	\$7,324,280	7,381,541
	=====	=====
<b>Liabilities and Partners' Capital:</b>		
Current liabilities	\$ 279,883	322,516
Partners' capital	7,044,397	7,059,025
	-----	-----
Total	\$7,324,280	7,381,541
	=====	=====

-33-

Vulcan INTERNATIONAL CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 Three years ended December 31, 2000  
 (Continued)

### NOTE 4 - JOINT VENTURE (Continued)

	2000	1999	1998
<b>Statements of Operations:</b>			
Net sales	\$9,261,854	9,191,563	10,975,183
Costs and expenses	8,464,507	8,487,964	10,111,724
Other income (net)	24,025	16,469	34,600
	-----	-----	-----
Net income	\$ 821,372	720,068	898,059
	=====	=====	=====
<b>Company's equity in net</b>			
income of VBBPC	\$ 410,686	360,034	449,029
Distribution in excess			
of basis	-	410,123	-
Adjustments	77,842	66,754	13,365
	-----	-----	-----
Company's equity in net	\$ 488,528	836,911	462,394
income	=====	=====	=====

The Company, under the equity method of accounting, increases its investment in VBBPC for its share of VBBPC's income and decreases its investment for

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

any distributions received. Distributions in excess of the Company's recorded investment are included in current income.

The Company's 50% interest in the net assets of VBBPC amounted to \$3,522,198 at December 31, 2000. There were no undistributed earnings from the Joint Venture included in the Company's retained earnings at December 31, 2000. The Company is also jointly and severally liable under VBBPC's revolving loan agreement. There were no borrowings under the loan agreement at December 31, 2000 or 1999. The Company adjusts its investment in VBBPC through its equity in VBBPC's net income which is further adjusted to reflect inventories on the last-in, first-out method of accounting.

Transactions between VBBPC and the Company consist of the following at December 31:

	2000	1999	1998
Sales to VBBPC	\$ -	140,000	250,000
Purchases from VBBPC	1,743,000	1,751,000	2,005,000
Administrative fees received from VBBPC	30,000	30,000	30,000
Net amount due to VBBPC	266,000	243,000	82,000
Cash distributions from VBBPC	418,000	900,000	750,000

-34-

Vulcan INTERNATIONAL CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Three years ended December 31, 2000  
(Continued)

#### NOTE 5 - NOTES PAYABLE

The Company maintains a revolving credit agreement with its bank that provides for borrowings of up to \$6,000,000 through July 31, 2001. Interest is payable monthly at the lesser of the federal funds rate plus 1.75% or a rate based on the Euro-Rate as determined by the bank in accordance with its usual procedures. The resulting rate paid by the Company at December 31, 2000 was 7.83%. Borrowings under the agreement were \$1,700,000 and \$1,810,000 at December 31, 2000 and 1999, respectively, and are secured by certain marketable equity securities.

The weighted average interest rate was 7.78% and 6.66% for the respective years ended December 31, 2000 and 1999. Marketable securities pledged as collateral under the agreement had a market value of approximately \$14,870,000 at December 31, 2000.

The Company also maintains a revolving credit agreement with its bank that provides for additional short-term borrowings of up to \$5,000,000 at the prime rate secured by certain real and personal property of the Company.

#### NOTE 6 - DISCONTINUED OPERATIONS

In August 1999, the Company completed the sale of its Walnut Ridge, Arkansas plastics operations. The prior period's financial statements have been reclassified to present the results of operations from Walnut Ridge as discontinued operations. For business segment reporting purposes, the financial results from Walnut Ridge were previously reported in the segment "Rubber and Plastics." In connection with the sale, the Company received a note for \$600,000. Total proceeds from the disposal of the plastics



Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

operations were \$1,322,319.

Net sales and income from discontinued operations are as follows:

	1999	1998
Net sales	\$758,712	1,621,208
	=====	=====
Income (loss) before income taxes	(78,820)	87,046
Income tax expense (benefit)	(15,764)	17,409
	-----	-----
Net income (loss) from operations	\$(63,056)	69,637
	=====	=====

The gain on the sale of division assets was \$988,845, net of income taxes of \$247,211.

-35-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 Three years ended December 31, 2000  
 (Continued)

NOTE 7 - LEASES

The Company leases office space to various tenants under operating leases expiring from 2000 to 2007. The Company's basis in the property held for lease at December 31, 2000 and 1999 is as follows:

	2000	1999
Land	\$ 37,803	37,803
Building and improvements	751,802	750,240
	-----	-----
	789,605	788,043
Less accumulated depreciation	266,199	231,056
	-----	-----
	\$523,406	556,987
	=====	=====

Minimum future rental income under noncancelable leases as of December 31, 2000, is as follows:

Year ending December 31,	
2001	\$300,932
2002	318,827
2003	323,383
2004	191,725
2005	132,021

The Company incurred rental expense under operating leases of approximately \$10,000 and \$12,000 for the years ended December 31, 1999 and 1998, respectively.

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Company maintains a noncontributory defined benefit pension plan for certain eligible salaried and hourly employees. The funded status and net pension credit recognized in the accompanying consolidated financial statements consisted of:

-36-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 Three years ended December 31, 2000  
 (Continued)

NOTE 8 - EMPLOYEE BENEFITS PLANS (Continued)

	2000	1999	
Change in benefit obligations:			
Benefit obligation - January 1,	\$ 8,411,541	8,378,668	
Service cost	45,634	45,254	
Interest cost	524,598	531,093	
Actuarial (gain) loss	(71,233)	36,941	
Benefits paid	(630,407)	(580,415)	
	-----	-----	
Benefit obligation - December 31,	8,280,133	8,411,541	
	-----	-----	
Change in plan assets:			
Fair value of plan assets - January 1,	15,641,737	14,813,318	
Actual return on plan assets	(1,068,086)	1,408,834	
Benefits paid	(630,407)	(580,415)	
	-----	-----	
Fair value of plan assets - December 31,	13,943,244	15,641,737	
	-----	-----	
Funded status	5,663,111	7,230,196	
Unrecognized prior service cost	86,960	315,591	
Unrecognized net gain from actual experience different from that assumed	(939,673)	(3,467,983)	
Unrecognized net transition asset	(130,998)	(261,999)	
	-----	-----	
Prepaid pension expense - December 31,	\$ 4,679,400	3,815,805	
	=====	=====	
	2000	1999	1998
Components of net periodic benefit costs:			
Service cost	\$ 48,600	48,196	56,329
Interest cost	520,756	526,014	527,039
Return on plan assets:			
Actual	1,068,086	(1,408,834)	(2,433,671)
Deferred	(2,460,752)	70,136	1,352,369
Amortization of prior			

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

service cost	90,716	90,715	90,717
Amortization of net transition asset	(131,001)	(131,001)	(131,001)
Periodic pension benefit	\$ (863,595)	(804,774)	(538,218)

-37-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 Three years ended December 31, 2000  
 (Continued)

NOTE 8 - EMPLOYEE BENEFIT PLANS (Continued)

Significant actuarial assumptions used in the above computations include the following:

	2000	1999
Assumed discount rate	6.5%	6.5%
Expected long-term rate of return on plan assets	8.0%	8.0%
Rate of increase in future compensation levels	5.0%	5.0%
Average remaining service period	15 years	15 years

Pension plan assets are invested primarily in U.S. Government guaranteed debt securities and publicly-traded stocks and bonds. The vested actuarial present value of benefit obligations is based upon the participant's expected date of separation or retirement.

Company contributions to its defined contribution plan were \$20,000 in 2000 \$18,000 in 1999 and \$16,000 in 1998.

The Company maintains a stock option plan that provides for the granting of options to certain key employees to purchase shares of treasury stock at such price as may be determined by the Board of Directors. If the employee voluntarily leaves the Company within two years of exercising a stock option, for reasons other than death or disability, the Company may, at its option, reacquire the employee's stock at the original exercise price within three months of the employee's termination.

In January 2000, the Company's Board of Directors ratified a December 1999 resolution of its executive committee making treasury shares available for purchase by Directors at the lowest price for which a sale is made on the date of exercise up to a maximum of 25,000 shares per year. Shares purchased under this policy may not be transferred for a period of six months to anyone other than the Company, another director, or in the event of the death of the director, to the director's estate. The resolution provided for said policy to continue until rescinded by the Board of Directors. One director purchased 15,000 shares during the year under this resolution.

-38-

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Three years ended December 31, 2000 (Continued)

#### NOTE 8 - EMPLOYEE BENEFIT PLANS (Continued)

In 1999, the Company's Stock Option Committee granted options, expiring in 2002, to purchase not more than 50,000 shares of treasury stock at \$31 per share to the President of the Company. During 2000, all 50,000 options were exercised. A note receivable, included in accounts receivable, of \$1,550,000 at December 31, 2000 is due by April 25, 2001 in connection with the exercised options.

#### NOTE 9 - COMMITMENTS AND CONTINGENCIES

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 to complete remediation of the Site. The Company's estimated share of that amount was approximately \$5,000. The Company made payment of that amount in late 2000. If the projected cost of the remaining remediation tasks remains at approximately \$1 million, this will be the Company's final payment. 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.

The Company is involved in litigation matters and other 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.

At December 31, 2000 approximately 77% of the Company's labor force was subject to collective bargaining agreements which expire in October 2002.

-39-

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

### NOTE 10 - SUBSEQUENT EVENT

On March 1, 1990 the United States of America filed a Complaint against the Registrant and others in the United States District Court for the District of Massachusetts claiming that the Registrant 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 Registrant had engaged counsel to represent it in that action, the Registrant was first informed on March 28, 2001 that the Court had entered, pursuant to prior rulings, an unopposed "Final Judgment" against the Registrant on September 22, 1999. The "Final Judgment" awarded damages against the Registrant in favor of the United States in the amount of \$3,465,438 for unreimbursed response costs and accrued interest, plus any additional past unreimbursed response costs, interest and certain future costs the United States incurs at the site. The United States filed a notice of lien in certain jurisdictions on real property of the Registrant and its subsidiary Vulcan Corporation in the dollar amount of the judgment, plus interest.

In accordance with Accounting Principles Board Opinion No. 20, Accounting Changes, the Company has restated the December 31, 1999 financial statements to reflect a liability of \$3,601,414 including accrued interest of \$135,976 for past costs plus \$1,114,044, (representing a discounted present value) for estimated future costs in connection with the Site. The effect of the adjustment was to decrease income from continuing operations by \$4,715,458, decrease tax expense by \$1,734,511 and decrease net income by \$2,980,947 or \$2.66 per share. The 2000 quarterly results were also restated to recognize interest on the liability and to amortize the discount for estimated future costs. The effect of the restatement was to decrease the 2000 quarterly results \$140,440, net of tax of \$72,346.

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 Registrant 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.

-40-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Three years ended December 31, 2000  
(Continued)

### NOTE 11 - INCOME TAXES

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Alternative minimum tax credits may be carried forward indefinitely. In accordance with

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

SFAS No. 109, a deferred tax liability of \$158,000 is not recognized for undistributed earnings of a subsidiary arising before 1993. These earnings will be subject to tax when distributed. The Company's net operating loss carryovers of \$399,223 expire in 2020.

Significant components of the Company's deferred tax liabilities and assets as of December 31 are as follows:

	2000	1999
Deferred tax liabilities:		
Excess tax depreciation	\$ 76,289	76,419
Prepaid pension expense	1,620,905	1,326,945
Undistributed earnings of domestic subsidiary	182,789	169,571
Unrealized holding gains	31,345,211	24,651,212
	-----	-----
Total deferred tax liabilities	33,225,194	26,224,147
	-----	-----
Deferred tax assets:		
Vacation accruals	41,870	42,318
Allowance for doubtful accounts	52,011	54,007
Investment in joint venture	15,961	-
Accrued other expenses	1,711	14,498
Net operating loss carryforward	135,736	-
Environmental remediation liability	1,675,604	1,603,256
Alternative minimum tax credit and general business credit carryforward	899,260	789,591
	-----	-----
Total deferred tax assets	2,822,153	2,503,670
	-----	-----
Net deferred tax liabilities	\$30,403,041	23,720,477
	=====	=====

-41-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Three years ended December 31, 2000  
(Continued)

NOTE 11 - INCOME TAXES (Continued)

Significant components of the income tax provision are as follows:

	2000	1999	1998
Current	\$124,600	39,773	196,786
Deferred	(11,435)	(1,357,431)	82,751
	-----	-----	-----
Income tax (benefit) from continuing operations	113,165	(1,317,658)	279,537
Tax on discontinued and disposed operations	-	231,447	17,409

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

	-----	-----	-----
Total income tax			
(benefit)	\$113,165	(1,086,211)	296,946
	=====	=====	=====

A reconciliation of income tax at the federal statutory rate of 34% to the income tax provision follows:

	2000	1999	1998
Income taxes from continuing operations at federal statutory rate	\$ 637,408	(924,349)	565,902
Increase (reduction) in taxes resulting from:			
Domestic corporation dividend received deduction	(495,751)	(442,271)	(320,641)
Amortization	16,386	16,386	16,386
Stock options	(42,500)	-	-
Other-net	(2,378)	32,576	17,890
	-----	-----	-----
Income tax provision - current operations	113,165	(1,317,658)	279,537
Income taxes on discontinued and disposed operations	-	231,447	17,409
	-----	-----	-----
Total income tax (benefit)	\$ 113,165	(1,086,211)	296,946
	=====	=====	=====

-42-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Three years ended December 31, 2000  
(Continued)

NOTE 12 - FINANCIAL INSTRUMENTS

The carrying amounts of cash, accounts receivable, notes receivable and current liabilities approximate fair value. The fair value of marketable securities was determined based on quoted market prices. The carrying amount of unexpired call option contracts is based on proceeds received on the sale of the call options, while the fair value of these contracts is based on broker quotations. The carrying amount and fair value of unexpired call option contracts at December 31, 2000 is \$78,273 and \$49,370, respectively.

Financial instruments which potentially subject the Company to concentrations of credit risk are cash investments which may, at times, exceed federally insured limits, notes receivable and marketable securities. The Company places its cash investments with high-credit-quality financial institutions. The borrower's credit worthiness has been evaluated in connection with the note receivable. The Company does not believe significant concentration of credit risk exists with respect to these financial instruments. Concentrations in marketable securities are as disclosed in Note 2.

NOTE 13 - BUSINESS SEGMENTS

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

The Company's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. The Company has three reportable segments: rubber and foam, bowling pins, and real estate operations. The rubber and foam segment produces foam products, uncured rubber and other rubber products. Operations in the bowling pin segment involve the sale of bowling pins and production of bowling pins through its 50% owned joint venture. The real estate operations segment consists of rental real estate and undeveloped real estate from which income is currently derived from the sale of timber. Total revenue by segment includes both sales to unaffiliated customers, as reported in the Company's consolidated income statement, and intersegment sales which are accounted for generally at current market prices.

The Company sells its products principally within the United States. Sales in various foreign countries totaled \$544,365 in 2000, \$386,000 in 1999 and \$537,000 in 1998. The Company does not have assets located outside the United States.

Operating profit is total revenue less operating expenses. In computing operating profit, the following items have not been added or deducted: general corporate expenses, interest expense, federal and state income taxes, dividend and interest income and nonrecurring gains or losses realized on the sale of property, equipment and marketable securities. Revenue from timber sales is reported in the consolidated statement of income under gains on sale of property, equipment and investments.

-43-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 Three years ended December 31, 2000  
 (Continued)

NOTE 13 - BUSINESS SEGMENTS (Continued)

Identifiable assets are reported for the Company's operations in each segment. Corporate assets consist principally of cash, marketable securities, notes receivable and prepaid pension expense. To reconcile industry information with consolidated amounts, intersegment sales of \$523,734 in 2000, \$403,586 in 1999 and \$534,937 in 1998 have been eliminated.

More than ten percent of aggregate revenues were derived from certain customers. The rubber and foam segment had sales to a single customer amounting to \$904,000 in 1998.

Information relative to the major segments of the Company's operations follows:

	2000	1999	1998
SALES TO UNAFFILIATED CUSTOMERS:			
Rubber and Foam	\$ 6,844,877	6,880,103	6,113,730
Bowling Pins	1,716,428	1,686,027	2,221,122
Real Estate Operations	837,617	804,032	691,846
	-----	-----	-----
	\$ 9,398,922	9,370,162	9,026,698
	=====	=====	=====
INTERSEGMENT SALES:			



Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Rubber and Foam	\$ 108,826	24,591	35,041
Discontinued Operations	-	3,931	68,978
Bowling Pins	414,908	375,064	430,918
	-----	-----	-----
	\$ 523,734	403,586	534,937
	=====	=====	=====
INTEREST INCOME:			
Bowling Pins	\$ 38,267	28,506	31,920
Bowling Pins - Intercompany	4,959	4,959	4,881
Real Estate Operations	11,096	8,784	50,571
Corporate	48,550	11,938	25,660
	-----	-----	-----
	\$ 102,872	54,187	113,032
	=====	=====	=====
OPERATING PROFIT (LOSS):			
Rubber and Foam	\$ (1,292,120)	(1,179,291)	(960,571)
Bowling Pins	286,521	733,963	215,079
Real Estate Operations	287,927	321,011	403,522
	-----	-----	-----
SUBTOTAL	(717,672)	(124,317)	(341,970)

-44-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 Three years ended December 31, 2000  
 (Continued)

NOTE 13 - BUSINESS SEGMENTS (Continued)

	2000	1999	1998
GENERAL CORPORATE INCOME (LOSS)	2,959,683	(2,300,080)	2,052,402
INTEREST EXPENSE - INTERCOMPANY	(4,959)	(4,959)	(4,881)
INTEREST EXPENSE - OTHER	(362,323)	(289,318)	(41,135)
	-----	-----	-----
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	1,874,729	(2,718,674)	1,664,416
INCOME TAX PROVISION (BENEFIT)	113,165	(1,317,658)	279,537
	-----	-----	-----
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	1,761,564	(1,401,016)	1,384,879
DISCONTINUED OPERATIONS:			
Gain on disposal of division assets, net of income tax	-	988,845	-
Income (loss) from operations, net of income tax	-	(63,056)	69,637
	-----	-----	-----
NET INCOME (LOSS)	\$ 1,761,564	(475,227)	1,454,516
	=====	=====	=====
DEPRECIATION AND AMORTIZATION:			
Rubber and Foam	\$ 304,683	346,438	393,561
Bowling Pins	594	832	490
Real Estate Operations	96,804	69,099	53,715
Corporate and Other	50,469	60,696	38,114
Discontinued Operations	-	16,601	37,916
	-----	-----	-----
	\$ 452,550	493,666	523,796
	=====	=====	=====

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

IDENTIFIABLE ASSETS:			
Rubber and Foam	\$ 4,371,872	3,237,810	2,910,662
Bowling Pins	1,929,508	1,762,718	1,558,381
Real Estate Operations	1,015,855	1,002,829	823,484
Corporate and Other	103,826,723	83,533,439	89,438,698
Discontinued Operations	-	-	280,513
	-----	-----	-----
	\$111,143,958	89,536,796	95,011,738
	=====	=====	=====
CAPITAL EXPENDITURES:			
Rubber and Foam	\$ 126,936	119,254	594,018
Bowling Pins	-	-	3,396
Real Estate Operations	92,922	212,147	54,503
Discontinued Operations	-	10,745	5,486
	-----	-----	-----
	\$ 219,858	342,146	657,403
	=====	=====	=====
EQUITY IN JOINT VENTURE INCOME INCLUDED IN BOWLING PIN OPERATING INCOME			
	\$ 488,528	836,911	462,394
	=====	=====	=====

-45-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Three years ended December 31, 2000  
(Continued)

NOTE 13 - BUSINESS SEGMENTS (Continued)

	2000	1999	1998
INVESTMENT IN JOINT VENTURE INCLUDED IN BOWLING PIN SEGMENT ASSETS			
	\$ 70,528	-	63,089
	=====	=====	=====
REVENUES:			
Total revenues for reportable segments	\$ 9,398,922	9,370,162	9,026,698
Timber sales included in gain on disposal of assets on consolidated income statement	(333,519)	(358,044)	(273,158)
	-----	-----	-----
TOTAL CONSOLIDATED REVENUES	\$ 9,065,403	9,012,118	8,753,540
	=====	=====	=====

-46-

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
Three years ended December 31, 2000  
(Continued)

NOTE 14 - COMPUTATION OF NET INCOME AND CASH DIVIDENDS PER  
COMMON SHARE OUTSTANDING:

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

	2000	1999	1998
a) Income (loss) from operations	\$1,761,564	(1,401,016)	1,384,879
b) Income (loss) from discontinued operations, net of tax	-	(63,056)	69,637
c) Gain on sale of division assets, net of tax	-	988,845	-
	-----	-----	-----
d) Net income (loss)	\$1,761,564	(475,227)	1,454,516
	=====	=====	=====
e) Dividends on common shares	\$ 890,577	884,955	943,414
	=====	=====	=====
Weighted average shares:			
f) Common shares issued	1,999,512	1,999,512	1,999,512
g) Common treasury shares	888,213	879,149	815,780
	-----	-----	-----
h) Common shares outstanding	1,111,299	1,120,363	1,183,732
	=====	=====	=====
i) Income (loss) per common share outstanding:			
Continuing operations (a/h)	\$ 1.59	(1.25)	1.17
Discontinued operations (b/h)	-	(.06)	.06
Gain on sale of division assets (c/h)	-	.88	-
	-----	-----	-----
Net income (loss) per common share outstanding	\$ 1.59	(.43)	1.23
	=====	=====	=====
j) Dividends paid per common share	\$ .80	.80	.80
	=====	=====	=====

-47-

VULCAN INTERNATIONAL CORPORATION  
Five-Year Record  
Selected Financial Data

	2000	1999(1)	1998	1997	1996
	-----	-----	-----	-----	-----
Net revenues - continuing operations	\$11,246,242	10,919,627	10,582,060	11,373,204	14,301,258
Income (loss) from continuing operations before taxes	1,874,729	(2,718,674)	1,664,416	1,971,419	2,227,789
Income taxes (benefit)	(113,165)	(1,317,658)	279,537	352,970	474,499
Net income (loss) from continuing operations	1,761,564	(1,401,016)	1,384,879	1,618,449	1,753,290
Income (loss) from					

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

disposed operations, net of tax	-	(63,056)	69,637	167,356	205,062
Gain on sale of disposed operations, net of tax	-	988,845	-	-	-
Net income (loss)	1,761,564	(475,227)	1,454,516	1,785,805	1,958,352
Income (loss) per common share:					
Continuing operations as previously reported	1.59	1.41	1.17	1.30	1.46
Effect of restatement	-	(2.66)	-	-	-
Continuing operations as restated	1.59	(1.25)	1.17	1.30	1.46
Discontinued operations	-	(0.06)	0.06	0.14	0.17
Gain on disposal of discontinued operations	-	0.88	-	-	-
Net income (loss)	1.59	(0.43)	1.23	1.44	1.63
Dividends per common share	.80	.80	.80	.80	.80
Property, plant and equipment (net)	2,369,216	2,618,649	2,798,825	2,498,771	2,955,657
Depreciation	447,401	488,591	513,045	594,138	662,687
Current assets	55,493,494	53,278,872	53,506,019	38,900,356	28,500,783
Ratio current assets to current liabilities	2.54 to 1	2.48 to 1	2.99 to 1	3.38 to 1	3.62 to 1

-48-

VULCAN INTERNATIONAL CORPORATION  
Five-Year Record  
Selected Financial Data  
(Continued)

	2000	1999(1)	1998	1997	1996
Total assets	111,143,958	89,536,796	95,011,738	82,415,593	59,848,623
Long-term debt	-	-	-	-	-
Redeemable preferred stock (solely at the option of the issuer)	-	-	-	-	66,060
Accumulated other comprehensive income	60,846,586	47,852,421	52,506,224	43,211,515	27,983,826
Total share-					

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

holders' equity	72,959,140	58,137,015	65,295,924	58,494,990	43,948,759
Book value per common share	64.03	52.54	57.46	48.05	35.04

[FN]

(1) Results are reported as restated for the effect of an environmental liability. The effect was to reduce 1999 income from continuing operations before tax by \$4,715,458 and net income by \$2,980,947 net of tax of \$1,734,511.

-49-

Selected Quarterly Financial Data

	2000				
	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----	Total -----
Total revenue	\$3,035,723	2,832,089	2,955,112	2,423,318	11,246,242
Gross profit (loss)	(7,295)	(29,818)	27,299	(214,857)	(224,671)
Income from continuing operations as previously reported	202,244	196,801	896,407	606,552	1,902,004
Effect of restatement, net of tax (2)	(32,978)	(33,306)	(33,633)	(40,523)	(140,440)
Income from continuing operations as restated	169,266	163,495	862,774	566,029	1,761,564
Net income	169,266	163,495	862,774	566,029	1,761,564
Earnings per share:					
From continuing operations as previously reported,	0.18	0.18	0.81	0.54	1.71
Effect of restatement, net of tax (2)	(0.03)	(0.03)	(0.03)	(0.03)	(0.12)
From continuing operations as restated	0.15	0.15	0.78	0.51	1.59
Net income	0.15	0.15	0.78	0.51	1.59

-50-

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Selected Quarterly Financial Data

	1999				
	First Quarter -----	Second Quarter -----	Third Quarter -----	Fourth Quarter -----	Total -----
Total revenue(1)	\$2,541,003	2,543,723	3,313,022	2,521,879	10,919,627
Gross profit (loss) (1)	(1,295)	9,510	124,419	(372,348)	(239,714)
Income from continuing operations as previously reported	65,361	309,435	326,686	878,449	1,579,931
Effect of restatement, net of tax (2)	(2,889,792)	(29,234)	(29,519)	(32,402)	(2,980,947)
Income (loss) from continuing operations as restated	(2,824,431)	280,201	297,167	846,047	(1,401,016)
Net income (loss)	(2,844,348)	338,008	1,184,850	846,263	(475,227)
Earnings per share:					
From operations as previously reported	0.06	0.28	0.30	0.77	1.41
Effect of restatement, net of tax (2)	(2.58)	(0.03)	(0.02)	(0.03)	(2.66)
From continuing operations as restated	(2.52)	0.25	0.28	0.74	(1.25)
Net income (loss)	(2.54)	0.30	1.06	0.75	(0.43)

[FN]

- (1) Represents income from continuing operations, adjusted to give retroactive effect to the disposition of Walnut Ridge plastics operations.
- (2) Quarterly results of operations are restated for the environmental liability discovered by the Company in March, 2001 but related to 1999.

-51-

IN MEMORY

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Mr. William T. Crutchfield

Mr. William T. Crutchfield, a longtime member of the Board of Directors of Vulcan International Corporation, died on May 13, 2000 at the age of 76. Mr. Crutchfield had served continuously on the Board of Directors since 1963 and on the Executive Committee of the Board since 1974. Mr. Crutchfield had been a successful securities and investment professional for many years and was a valued, respected, contributing Director for his entire 37 years of service to the Company. He will be missed by all of his friends at Vulcan.

-52-

VULCAN INTERNATIONAL CORPORATION  
Corporate Office  
300 Delaware Avenue, Suite 1704  
Wilmington, Delaware 19801

VULCAN CORPORATION  
Sales and Manufacturing  
1151 College Street  
Clarksville, Tennessee  
(800) 251-3415

Directors:  
Leonard Aconsky  
Deliaan A. Gettler  
Edward Ritter

VULCAN BOWLING PIN COMPANY  
Antigo, Wisconsin  
(800) 447-1146

Directors  
Ricardo DeFelice  
John Gabriel  
Benjamin Gettler  
Stanley I. Rafalo, O.D.

VULCAN BLANCHESTER REALTY CO.  
Cincinnati, Ohio  
(513) 621-2850

Directors  
Leonard Aconsky  
Vernon E. Bachman  
John Gabriel  
Benjamin Gettler

ACCOUNTING OFFICES  
30 Garfield Place, Suite 1040  
Cincinnati, Ohio 45202  
(513) 621-2850  
(800) 447-1146

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

STOCK TRANSFER AND REGISTRAR  
Fifth Third Bank  
Shareholder Services

AUDITORS  
J.D. Cloud & Co. L.L.P.  
Cincinnati, Ohio

-53-

EXHIBIT 20

VULCAN INTERNATIONAL CORPORATION  
300 Delaware Avenue  
Wilmington, Delaware 19801

Notice of Annual Meeting of Shareholders  
To Be Held June 5, 2001

The Annual Meeting of Shareholders of Vulcan International Corporation will be held at 1151 E. College St., Clarksville, Tennessee on Tuesday June 5, 2001 at 11 A.M. for the following purposes:

1. To elect Directors.
2. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has established the close of business on May 5, 2001 as the record date for determining those shareholders who will be entitled to vote at the meeting.

Wilmington, Delaware

BY ORDER OF THE BOARD OF DIRECTORS

May 10, 2001

VERNON E. BACHMAN, SECRETARY

PLEASE READ THE PROXY STATEMENT AND THEN PROMPTLY COMPLETE, EXECUTE AND RETURN THE ENCLOSED PROXY CARD IN THE ACCOMPANYING POSTAGE-PAID ENVELOPE. YOU CAN SPARE YOUR COMPANY THE EXPENSE OF FURTHER PROXY SOLICITATION BY RETURNING YOUR PROXY CARD PROMPTLY.

-54-

PROXY STATEMENT

The enclosed proxy is solicited by the Board of Directors of and at the cost of Vulcan International Corporation (the "Company"). Under the Delaware statutes, any shareholder may revoke a proxy by voting in person at the meeting or by delivering a later dated proxy or other writing revoking the proxy before it is voted at the meeting.



## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

The Board of Directors has established as the record date for determining shareholders entitled to notice and to vote at the meeting, the close of business May 5, 2001.

### VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

The Company, as of February 1, 2001 had outstanding 1,134,724 shares of common capital stock, each of which is entitled to one vote. There are no other voting or equity securities outstanding. There is set forth below information with respect to the stock ownership of any person who is known to be the beneficial owner of more than 5% of the Company's common stock and the stock ownership of management as of February 1, 2001.

#### HOLDERS OF 5% OR MORE

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Dimensional Fund Advisors, Inc. 1299 Ocean Avenue Santa Monica, CA 90401	Directly Owned: 59,499 Indirectly Owned: Total Owned: 59,499	5.2%
(1) Deliaan A. Gettler 1 Filson Place Cincinnati, OH 45202	Directly Owned: 3,100 Indirectly Owned: 292,729 Total Owned: 295,829	26.1%
(2) Benjamin Gettler 1 Filson Place Cincinnati, OH 45202	Directly Owned: 128,915 Indirectly Owned: 298,514 Total Owned: 427,429	37.7%
Lloyd I. Miller III 4550 Gordon Dr. Naples, FL 33940	Directly Owned: 91,215 Indirectly Owned: 7,000 Total Owned: 98,215	8.7%
(3) The PNC Financial Services Group, Inc. One PNC Plaza 249 Fifth Avenue Pittsburgh, PA 15222	Directly Owned: 65,084 Indirectly Owned: Total Owned: 65,084	5.7%

-55-

[FN]

- (1) Deliaan A. Gettler is the wife of Benjamin Gettler, Chairman of the Board and President of the Company. The indirect shares listed for Mrs. Gettler include 288,000 shares owned by the Gettler Family Special 1997 Trust of which she is Trustee; and 4,729 shares which she owns as custodian for Benjamin R. Gettler, son of Mr. and Mrs. Gettler. It does not include 128,915 shares directly owned by Mr. Gettler; 2,685 shares indirectly owned by Mr. Gettler as custodian for his daughter; or 9,043 shares held by Stanley I. Rafalo as Trustee for an adult daughter of Benjamin Gettler. If all of those shares were included, the total shares directly and indirectly owned would be 436,472 which is 38.5% of the common shares.
- (2) The shares listed as indirectly owned by Mr. Gettler include 288,000 shares which Mrs. Gettler owns as Trustee of the Gettler Family Special

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

1997 Trust; 4,729 shares which Mrs. Gettler owns as custodian for Benjamin R. Gettler; 3,100 shares which Mrs. Gettler owns directly; and 2,685 shares which Mr. Gettler owns indirectly as custodian for his daughter. The total owned does not include 9,043 shares held by Stanley I. Rafalo as Trustee for an adult daughter of Benjamin Gettler. If those shares were included, the total shares directly and indirectly owned would be 436,472 which is 38.5% of the common shares.

- (3) The PNC Financial Services Group, Inc. and two wholly owned subsidiaries hold these shares in fiduciary capacity under numerous trust relationships, none of which relates to more than 5% of the shares, and have sole or shared voting power, and sole or shared investment power over these shares.

### SECURITY OWNERSHIP OF MANAGEMENT

The total number of equity securities of the Company owned by all directors and officers of the Company as a group (6) as of February 1, 2001 is set forth below:

Amount and Nature of Beneficial Ownership	Percent of Class
Directly Owned:	14.6%
Indirectly Owned:	27.1%
Total Owned:	41.7%

The share ownership of each of the directors and nominees is set forth below under the heading Election of Directors.

-56-

### ELECTION OF DIRECTORS

The shares represented by the proxies will be voted for the election of the five (5) nominees listed below, each of whom is presently a Director. If any such nominee shall be unable to serve (which is not now contemplated) discretionary authority may be exercised to vote for a substitute. The terms of all of the present Directors expire upon the election of their successors in 2001. The following information is given with respect to the five (5) nominees based upon the records of the Company and information furnished by each nominee as of February 1, 2001.

#### NOMINEES

Name and Principal Occupation	Age	First Became Director In	Number of Shares Owned Directly or Indirectly (1)	Percent Owned
Leonard Aconsky Consultant to and director of Acotech Services, a consulting firm on building life safety systems; retired	70	1993	5,800	(2)

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

in 1993 as Vice-President and World-Wide Technical Coordinator WITCO, a manufacturer of specialty chemical products; Director, Vulcan Corporation, operating subsidiary of Company

Edward B. Kerin 1998-2001 - Director of Chemprene Inc., a manufacturer of chemical rubber products, Consultant 1994-98 Chief Executive Officer, President and Chairman of the Board of Chemprene, Inc., a manufacturer of chemical rubber products (sold to Ammeraal, Inc. 1998); 1981-1994 corporate Vice President, Witco Chemical Corporation	62	-	-	(2)
---	----	---	---	-----

Benjamin Gettler (3) (4) Chairman of the Board and President Vulcan International Corporation and its operating subsidiary company, Vulcan Corporation	75	1960	427,429	37.7%
---	----	------	---------	-------

-57-

Thomas D. Gettler, Esq. Attorney	42	1992	12,106	1.1%
-------------------------------------	----	------	--------	------

Stanley I. Rafalo, O.D. (4) Doctor of Optometry	76	1975	28,043	2.5%
--	----	------	--------	------

EXECUTIVE COMPENSATION

The following table shows the compensation and stock option awards for the last three fiscal years, and other annual compensation and all other compensation for 2000, to the Chief Executive Officer who was the only executive officer whose compensation exceeded \$100,000.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Annual Compensation			Long Term Compensation	
		Salary	Bonus	Other Annual Compensation (\$)	Options/SARs (#)	All other Compensation (1)
-----						
Benjamin Gettler Chairman of the						

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Board and President	2000	\$275,000	\$25,000	0	0 (2)	\$13,000
	1999	275,000	25,000	0	50,000 (3)	13,000
	1998	275,000	25,000	0	0	13,000

-58-

STOCK OPTION PLAN

The Vulcan International Corporation Stock Option Plan (the "Plan") was adopted by the Board of Directors of the Company in 1991. The purpose of the Plan is to provide additional incentives in order that the Company may retain key personnel. The Plan provides for the granting of options to purchase totaling not more than 300,000 shares of common stock from the Company's treasury shares of which 127,000 have not previously been granted. The Plan is administered by a Stock Option Committee consisting of not less than three (3) Directors of the Corporation who are not eligible to receive options under the Plan. During the year 2000, the Committee consisted of Directors Rafalo, Aconsky and William T. Crutchfield until his death on May 13, 2000. The current Committee consists of Directors Thomas Gettler, Stanley Rafalo and Leonard Aconsky. No options have been granted by the current Committee. The Committee determines the key employees to whom the options are granted, the term of the option and the number of shares of each grant subject to the option. The option price is such price as may be determined by the Board of Directors. Each option continues for the period determined by the Committee, which shall be not less than one (1) year or more than three (3) years from the date of its grant. The Plan provides that each key employee to whom an option is granted shall as a condition of his right to exercise such option, agree to remain in the continuous employment of the Company for a period of at least two years from the date of exercise of the option, unless he is prevented from doing so by death or disability. Under the Plan, the Company has the option to repurchase shares from an optionee who terminates employment prior to the expiration of the two-year period.

OPTION GRANTS IN LAST FISCAL YEAR

None

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR

Options	Shares Acquired or Exercised (#)	Value Realized (\$)	Number Unexercised Options At Year End	Value of Unexercised In-The-Money Options At Year End
----- Benjamin Gettler Chairman of the Board and President	50,000	\$125,000	0	0

-59-

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

PENSIONS

Under the terms of the Company's retirement Plan for salaried employees, salaried personnel are entitled to retire at age 65 with benefits computed on the basis of salary and length of service. The maximum length of service which can be taken into account is 30 years. The method of computing benefits under the retirement plan is: the number of years of employment multiplied by the sum of 1.0% of average monthly salary and .65% of such salary in excess of Social Security covered compensation (all based on the highest 60 consecutive monthly salaries). The aggregate contribution made for the 1999-2000 Plan year was \$-0-. For purposes of the Plan, annual compensation means a participant's W-2 earnings for federal income tax purposes, excluding commissions and taxable fringe benefits. Mr. Gettler has reached normal retirement age and has more than 30 years of service. Mr. Gettler currently receives \$148,586 per year from the Plan based upon his selection of a joint and 100% survivor benefit.

PERFORMANCE GRAPH

5-YEAR CUMULATIVE TOTAL RETURN  
COMPARISON OF VULCAN INTERNATIONAL CORPORATION WITH  
AMEX MARKET INDEX AND PEER GROUP INDEX

(Graph submitted to SEC on Form SE on paper)

	FISCAL YEAR ENDING					
	1995	1996	1997	1998	1999	2000
VULCAN INTERNATIONAL CORPORATION	100.00	146.75	191.48	172.01	160.78	180.36
CUSTOMER SELECTED STOCK LIST	100.00	115.61	144.78	116.08	68.24	64.27
AMEX MARKET INDEX	100.00	105.52	126.97	125.25	156.15	154.23

ASSUMES \$100 INVESTED ON JANUARY 1, 1996  
ASSUMES DIVIDEND REINVESTED  
FISCAL YEAR ENDING DECEMBER 31, 2000

-60-

COMPANIES COMPRISING THE PEER GROUP

The peer group used in constructing the graph in the Proxy Statement showing the yearly percentage change in cumulative total return has always included the complete list of suppliers to the shoe industry provided by the Footwear Industries of America, the industry association. Since the Company

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

has reduced its reliance on the shoe industry and is now manufacturing foam products, the Company has since 1998 included in its peer group the Rogers Corp., which is a corporation listed on the American Stock Exchange and which is in the business of processing and selling foam products. Accordingly, the peer group for 2000 is:

Bontex (formerly Georgia Bonded Fibres)  
Goodyear Tire & Rubber Co.  
Jaclyn Inc.  
Katy Ind.  
Lydall Inc.  
Rogers Corp.  
Vista Resources Inc.

### DIRECTORS' MEETINGS, COMMITTEE INFORMATION, FEES AND OTHER DIRECTOR TRANSACTIONS

There were six (6) meetings of the Board of Directors in 2000. All Directors attended at least 75% of the total number of Directors' meetings held during their tenure and all Directors attended at least 75% of Committee meetings held by committees on which they served during their tenure.

The Board of Directors has currently one standing committee, namely, an Audit and Compensation Committee. The Audit and Compensation Committee currently consists of Messrs. Leonard Aconsky, Dr. Stanley I. Rafalo, and Thomas D. Gettler. The Audit and Compensation Committee is responsible for overseeing the Company's accounting functions and controls. The Committee has adopted a Charter to set forth all of its specific responsibilities. As required by the Charter:

The Committee has reviewed and discussed the audited financial statements with management;

The Committee has discussed with the independent auditors the matters required to be discussed by Independent Standards Board Standard No. 1;

The Committee has received the written disclosures and the letter from the independent accountants required by Independence Standards Board Standard No. 1 and has discussed with the independent accountant the independent accountant's independence; and

-61-

Based on the review and discussions with management and the representative of its independent auditors, the committee recommends to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the last fiscal year for filing with the Commission.

The Committee also reviews and recommends the salary and bonus of the Company's chief executive officer. The Audit and Compensation Committee had two meetings in 2000.

The Company pays each of its Directors \$8,000 per year as a director fee. The members of the Audit and Compensation Committee are paid \$300 per

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

meeting attended.

There is in effect a Resolution of the Board of Directors pursuant to which any Director may purchase up to 25,000 treasury shares of company stock at the closing bid on the American Stock Exchange on the date of the exercise of such election to purchase. In the calendar year 2000, there were a total of 15,000 shares purchased from the Company pursuant to this Resolution.

### PRINCIPAL ACCOUNTING FIRM FEES

The following table sets forth the aggregate fees billed to the Company for the fiscal year ended December 31, 2000 by the Company's principal accounting firm, J.D. Cloud & Co. L.L.P.

Audit Fees	\$104,911
Financial Information Systems Design and Implementation Fees	\$ 0
All Other Fees	\$ 23,189 (a) (b)
Total	\$128,100

[FN]

- (a) Includes fees for tax consulting and other non-audit services.
- (b) The Audit Committee has considered whether the provision of these services is compatible with maintaining the principal accountant's independence.

### COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

#### Committee's Compensation Policy

It is the policy of the Compensation Committee that the Company's Executive Officers should be compensated in accordance with the responsibilities of their position, and their performance in office. Included among the factors considered by the Compensation Committee in carrying out such compensation policies are the historical compensation paid

-62-

officers of this Company and the compensation paid to executives in similar positions in other companies as well as performance in the fiscal year in question compared to prior fiscal years. The Compensation Committee reviews all relevant factors relating to such performance, including the general economic climate and the climate of the particular industries in which this Company is involved.

In carrying out the foregoing policies, the Compensation Committee also used the factors and criteria set forth hereinafter in determining the annual compensation of the Chief Executive Officer and President of the Company for 2000 and his salary for 2001. The position of Chief Executive Officer and President is held by a single individual, Mr. Benjamin Gettler.

The Company currently has only one officer who is paid over \$100,000 per year compared to three such officers prior to Mr. Gettler assuming the position of Chief Executive Officer and President following the death of then

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

C.E.O. Lloyd Miller in April, 1990. Those offices were combined and Mr. Gettler has carried out the duties of all three offices.

In the first ten months of 2000 (the latest financial information available to the Committee as of the date of this report), the Company had an unaudited consolidated net profit after tax on continuing operations of \$1,731,456 compared to \$911,372 in the first ten months of 1999.

During the past three years, Mr. Gettler's annual compensation has been as follows:

Year	Salary	Bonus	Total
----	-----	-----	-----
1999	\$275,000	\$25,000	\$300,000
1998	275,000	25,000	300,000
1997	275,000	25,500	300,000

Mr. Gettler has requested that there be no increase in his salary or bonus. Accordingly, the Committee has determined to keep Mr. Gettler's base salary at the same level in 2001 as in 2000, namely, \$275,000. In addition, the Committee has determined that a bonus for this year of \$25,000 is appropriate.

Audit and Compensation Committee, December 1, 2000

Leonard Aconsky    Thomas D. Gettler    Stanley I. Rafalo, Committee Members

-63-

### INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

The principal accountant of the Company is J. D. Cloud & Co. L.L.P., certified public accountants. That firm has acted as the principal accountant of the Company since 1956. At the meeting of the Board of Directors following the May, 2000 meeting, the Board again selected that firm to continue to serve as the Company's principal independent public accountants. The practice of the Board of Directors in making a selection at such meeting has been followed by the Company since 1956. The same practice will be followed after the June, 2001 Annual Meeting of Shareholders. Management is not aware of any intended change of principal independent public accountants. Representatives of J. D. Cloud & Co. L.L.P. are not expected to attend the Annual Meeting.

### PROPOSALS OF SECURITY HOLDERS

No shareholder proposals will be considered at this year's annual meeting.

In the event that any security holder intends to present a proposal at the 2002 annual meeting of the Company and such security holder desires that the proposal be included in the Company's proxy statement and form of proxy



Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

relating to that meeting, such proposal must be received by the Company by no later than 4:30 P.M. December 1, 2001.

GENERAL

The Company, as of February 1, 2001 had outstanding 1,134,724 shares of capital stock, each of which is entitled to one vote. The record date for determining shareholders entitled to notice and to vote at the meeting is close of business May 5, 2001.

The management knows of no other business to be brought before the meeting for action by the shareholders. If any other matters properly come before the meeting, the proxies in the enclosed form, unless otherwise specified, will be voted on such matters in accordance with the judgment of the Proxy Committee.

/s/BENJAMIN GETTLER

-----  
Chairman of the Board  
and President

-64-

VULCAN INTERNATIONAL CORPORATION

PROXY

The undersigned hereby appoints Leonard Aconsky, Thomas D. Gettler, and Dr. Stanley I. Rafalo, or any of them with full power of substitution, as the proxies of the undersigned to vote at the Annual Meeting of Shareholders of Vulcan International Corporation to be held at 1151 E. College St., Clarksville, Tennessee, on Tuesday, June 5, 2001 at 11 A.M. and at any adjournment thereof, all the shares of stock of the Company the undersigned would be entitled to vote if personally present, hereby granting to each of them full power and authority to act for and in the name of the undersigned at said meeting and adjournments upon the following:

(Continued on reverse side)

Please mark  
your votes as  
indicated in  
this example           X  
-----

(1) The election of Directors and all nominees listed in the Proxy Statement except as marked to the contrary below.

(INSTRUCTION: To withhold authority to vote for any individual nominee or nominees, draw a line through that nominee's name.)

GRANTS    WITHHOLDS

Leonard Aconsky, Benjamin Gettler, Thomas D. Gettler,  
Edward B. Kerin, Stanley I. Rafalo, O.D.

-----        -----

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

(2) In their discretion, the proxies are authorized to vote upon other business as may properly come before the meeting.

THIS PROXY, SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED AS INSTRUCTED, UNLESS OTHERWISE INDICATED. THIS PROXY WILL BE PRESUMED TO BE GRANTS ON ITEM (1).  
-----

Dated \_\_\_\_\_, 2001

-----

Signature

-----

Signature

(When signing in any other capacity than as an individual, please so indicate.)

-65-

Exhibit 21

VULCAN INTERNATIONAL CORPORATION

SUBSIDIARIES OF THE REGISTRANT

At December 31, 2000

NAME OF CORPORATION -----	STATE OF INCORPORATION -----	PERCENTAGE OF OWNERSHIP -----
Vulcan International Corporation	Delaware	Parent
Vulcan Corporation	Tennessee	100%
Vulcan Blanchester Realty Co.	Ohio	100%
Southern Heel Company	Tennessee	100%
ACI International, Inc.	Delaware	100%
Vulcan Bowling Pin Company	Tennessee	100%
Cincinnati Club Building Associates (Partnership)	Ohio	97.51%

-66-

EXHIBIT 99.1

INDEPENDENT AUDITORS' REPORT ON SCHEDULE

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

To the Board of Directors  
Vulcan International Corporation  
Wilmington, Delaware

We have audited the Consolidated Financial Statements of Vulcan International Corporation and subsidiaries as of December 31, 2000 and 1999, and for each of the three years in the period ended December 31, 2000, and have issued our report thereon dated February 14, 2001, except for Note 10 dated March 29, 2001; such Consolidated Financial Statements and report are included in Part IV, Item 14(a)1 of this Form 10-K and the 2000 Annual Report to Shareholders and are incorporated herein by reference. Our audit also included the financial statement schedule of Vulcan International Corporation and subsidiaries listed in Part IV, Item 14(a)2. The financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information therein set forth.

/s/ J.D. CLOUD & CO. L.L.P.  
-----  
Certified Public Accountants

Cincinnati, Ohio  
February 14, 2001

-67-

EXHIBIT 99.2

Schedule II

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

2000                      1999                      1998

The following reserve is deducted in the balance sheet from the asset to which it applies

Reserve for Doubtful Accounts  
Receivable:

Balance at Beginning of Period	\$158,844	256,211	260,417
--------------------------------	-----------	---------	---------

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Additions:			
(1) Charged to costs and expenses	188,829	12,000	12,000
(2) Charged to Other Accounts	-	-	-
Deductions:			
Write off of bad debts	194,699	109,367	16,206
	-----	-----	-----
Balance at End of Period	\$152,974	158,844	256,211
	=====	=====	=====

-68-

EXHIBIT 99.3

VULCAN-BRUNSWICK BOWLING PIN COMPANY

FINANCIAL STATEMENTS

For the year ended December 31, 2000

J.D. CLOUD & CO. L.L.P.  
CERTIFIED PUBLIC ACCOUNTANTS  
CINCINNATI, OHIO

-69-

INDEPENDENT AUDITORS' REPORT

To the Partners

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Vulcan-Brunswick Bowling Pin Company  
Antigo, Wisconsin

We have audited the accompanying balance sheets of Vulcan-Brunswick Bowling Pin Company as of December 31, 2000 and 1999, and the related statements of income, partners' capital, and cash flows for the years then ended. These financial statements are the responsibility of the Joint Venture's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vulcan-Brunswick Bowling Pin Company at December 31, 2000 and 1999, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

/s/ J.D. CLOUD & CO. L.L.P.  
-----  
Certified Public Accountants

Cincinnati, Ohio  
February 1, 2001

-70-

VULCAN-BRUNSWICK BOWLING PIN COMPANY  
BALANCE SHEETS  
At December 31, 2000 and 1999

- ASSETS -	2000	1999
CURRENT ASSETS:		
Cash	\$ 116,119	113,191
Accounts receivable	535,571	464,842
Inventories	685,669	484,363
Prepaid expense	6,301	6,343
	-----	-----
TOTAL CURRENT ASSETS	1,343,660	1,068,739
	-----	-----
PROPERTY, PLANT AND EQUIPMENT:		
Land	72,251	72,251
Buildings and improvements	4,026,487	3,997,934
Machinery and equipment	4,975,927	4,939,710
	-----	-----
Total	9,074,665	9,009,895

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Less - Accumulated depreciation	6,038,509	5,733,455
	-----	-----
NET PROPERTY, PLANT AND EQUIPMENT	3,036,156	3,276,440
	-----	-----
OTHER ASSETS:		
Product development costs and other intangibles - at cost (less accumulated amortization; 2000 - \$981,844; 1999 - \$887,956)	2,768,528	2,862,416
Other	175,936	173,946
	-----	-----
TOTAL OTHER ASSETS	2,944,464	3,036,362
	-----	-----
TOTAL ASSETS	\$7,324,280	7,381,541
	=====	=====
- LIABILITIES AND PARTNERS' CAPITAL -		
CURRENT LIABILITIES:		
Accounts payable	\$ 94,060	150,964
Accrued expenses -		
Salaries and wages	89,907	72,894
Taxes and other	95,916	98,658
	-----	-----
TOTAL CURRENT LIABILITIES	279,883	322,516
	-----	-----
PARTNERS' CAPITAL	7,044,397	7,059,025
	-----	-----
TOTAL LIABILITIES AND PARTNERS' CAPITAL	\$7,324,280	7,381,541
	=====	=====

The accompanying notes to financial statements are an integral part of this statement.

-71-

VULCAN-BRUNSWICK BOWLING PIN COMPANY  
STATEMENTS OF INCOME  
For the years ended December 31, 2000 and 1999

	2000	1999
NET SALES	\$9,261,854	9,191,563
	-----	-----
COST AND EXPENSES:		
Cost of sales	8,434,507	8,457,964
Administrative	30,000	30,000
	-----	-----
TOTAL COST AND EXPENSES	8,464,507	8,487,964
	-----	-----
INCOME FROM OPERATIONS	797,347	703,599
OTHER INCOME - NET	24,025	16,469
	-----	-----
NET INCOME	\$ 821,372	720,068
	=====	=====

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

The accompanying notes to financial statements are an integral part of this statement.

-72-

VULCAN-BRUNSWICK BOWLING PIN COMPANY  
 STATEMENTS OF PARTNERS' CAPITAL  
 For the years ended December 31, 2000 and 1999

	VULCAN BOWLING PIN COMPANY	BRUNSWICK BOWLING PIN CORPORATION	TOTAL PARTNERS' CAPITAL
BALANCE - JANUARY 1, 1999	\$4,069,478	4,069,479	8,138,957
Add - Net income	360,034	360,034	720,068
Less - Distributions	(900,000)	(900,000)	(1,800,000)
	-----	-----	-----
BALANCE - DECEMBER 31, 1999	3,529,512	3,529,513	7,059,025
Add - Net income	410,686	410,686	821,372
Less - Distributions	(418,000)	(418,000)	(836,000)
	-----	-----	-----
BALANCE - DECEMBER 31, 2000	\$3,522,198 =====	3,522,199 =====	7,044,397 =====

The accompanying notes to financial statements are an integral part of this statement.

-73-

VULCAN-BRUNSWICK BOWLING PIN COMPANY  
 STATEMENTS OF CASH FLOWS  
 For the years ended December 31, 2000 and 1999

	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 9,191,250	9,393,078
Cash paid to suppliers and employees	(8,277,981)	(7,741,810)
Interest received	23,900	16,469

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

NET CASH FLOWS FROM OPERATING ACTIVITIES	937,169	1,667,737
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(98,241)	(105,383)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Cash distributions to partners	(836,000)	(1,800,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,928	(237,646)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	113,191	350,837
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 116,119	113,191
RECONCILIATION OF NET INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 821,372	720,068
Depreciation	338,525	401,084
Amortization	93,888	93,888
(Increase) decrease in accounts receivable	(70,729)	201,515
(Increase) decrease in inventories	(201,306)	166,553
Increase in prepaid expenses and other	(1,948)	(2,310)
Increase (decrease) in accounts payable and accrued expenses	(42,633)	86,939
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 937,169	1,667,737

The accompanying notes to financial statements are an integral part of this statement.

-74-

VULCAN-BRUNSWICK BOWLING PIN COMPANY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Joint Venture is a Delaware general partnership formed for the purpose of manufacturing bowling pins for its partners.

It is the policy of the Joint Venture to employ U.S. generally accepted accounting principles in the preparation of its financial statements. A summary of the Joint Venture's significant accounting policies follows:

ACCOUNTING ESTIMATES-

The preparation of financial statements in conformity with U.S. 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.



## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

### JOINT VENTURE-

Vulcan Bowling Pin Company (Vulcan) and Brunswick Bowling and Billiards Corporation (Brunswick) have an agreement to manufacture all the bowling pins sold by each of the partners. Under the agreement, Vulcan contributed bowling pin manufacturing assets and Brunswick contributed cash and certain of its bowling pin manufacturing assets to the Joint Venture. Each partner received an undivided 50% interest in the Joint Venture's assets, liabilities, revenues and expenses in exchange for their capital contribution.

### INVENTORIES-

Inventories are stated at the lower of cost (first-in, first-out) or market.

### PROPERTY, PLANT AND EQUIPMENT-

Property, plant and equipment are stated at cost. Depreciation is provided in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives using straight-line and accelerated methods over 15 to 39 years for buildings and improvements and 3 to 7 years for machinery and equipment.

### INTANGIBLES-

Product development costs and other intangible assets consist principally of manufacturing technology and represent the fair market value assigned to such assets on the date the Joint Venture was formed. Intangible assets are amortized over 40 years on a straight-line basis.

-75-

VULCAN-BRUNSWICK BOWLING PIN COMPANY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2000  
(Continued)

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### INCOME TAXES-

No provision for federal or state income tax is provided in the accompanying financial statements since the partners are required to report their proportionate share of the Joint Venture's income or loss on their respective tax returns in accordance with the Internal Revenue Code and applicable state law.

#### RETIREMENT PLAN-

The Joint Venture maintains a defined benefit pension plan covering substantially all union employees. Pension benefits are determined annually by consulting actuaries and are generally based on a fixed amount for each year of service. The qualified plan is funded in accordance with the collective bargaining agreement and to meet the funding requirements of the Internal Revenue Code and the Employee Retirement Income Security Act of 1974.

#### CASH EQUIVALENTS-

For purposes of the statement of cash flows, the Joint Venture considers all time deposits, certificates of deposit and other highly liquid investments purchased with original maturities of three months or less to be cash equivalents.

### NOTE 2 - INVENTORIES

## Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Inventories at December 31, 2000 and 1999 consisted of:

	2000	1999
Finished goods	\$ 150,000	-
Raw materials	196,185	155,795
Work in process	314,873	310,595
Supplies	24,611	17,973
	-----	-----
Total	\$ 685,669	484,363
	=====	=====

### NOTE 3 - NOTE PAYABLE

The Joint Venture maintains a revolving credit agreement with its bank that provides for borrowings of up to \$500,000 at the prime rate. Borrowings under the credit agreement are guaranteed by the Joint Venture's partners and are secured by a pledge of the general assets of the Joint Venture. There were no borrowings at December 31, 2000 and 1999.

-76-

VULCAN-BRUNSWICK BOWLING PIN COMPANY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2000  
 (Continued)

### NOTE 4 - RETIREMENT PLAN

The Joint Venture maintains a defined benefit pension plan covering substantially all union employees. The funded status and net periodic benefit cost recognized in the accompanying financial statements consisted of:

	2000	1999
Change in benefit obligations:		
Benefit obligation - January 1,	\$362,559	382,683
Service cost	18,509	22,470
Interest cost	26,453	22,758
Actuarial (gain) loss	(21,131)	(25,715)
Benefits paid	(5,952)	(39,637)
	-----	-----
Benefit obligation December 31,	380,438	362,559
	-----	-----
Change in plan assets:		
Fair value of plan assets - January 1,	419,294	416,844
Actual return on plan assets	22,949	20,598
Employer contributions	22,093	21,489
Benefits paid	(5,952)	(39,637)
	-----	-----
Fair value of plan assets - December 31,	458,384	419,294
	-----	-----
Funded status	77,946	56,735
Unrecognized net loss	66,791	83,079
Unrecognized prior service cost	27,325	29,790

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Unrecognized net transition obligation	3,874	4,342
	-----	-----
Prepaid pension expense -		
December 31,	\$175,936	173,946
	=====	=====
Components of net periodic benefit costs:		
Service cost	\$ 18,509	22,470
Interest cost	26,453	22,758
Return on plan assets:		
Actual	(22,949)	(20,598)
Deferred	(10,090)	(11,004)
Amortization of unrecognized net		
transition obligation	468	468
Amortization of prior service cost	2,465	2,465
Amortization of unrecognized net loss	5,247	2,338
	-----	-----
Periodic benefit cost	\$ 20,103	18,897
	=====	=====

-77-

VULCAN-BRUNSWICK BOWLING PIN COMPANY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2000  
(Continued)

NOTE 4 - RETIREMENT PLAN (Continued)

Pension plan assets are invested primarily in group annuity contracts valued at contract value. Significant actuarial assumptions used in the above computations include the following:

	2000	1999
Assumed discount rate	7.75%	6.75%
Expected long-term rate of return on plan assets	7.75%	7.75%
Average remaining service period	18 years	18 years

NOTE 5 - RELATED PARTY TRANSACTIONS

The Joint Venture had 2000 and 1999 sales to Vulcan of approximately \$1,743,000 and \$1,751,000, respectively, and 2000 and 1999 sales to Brunswick of approximately \$7,519,000 and \$7,440,000, respectively.

The Joint Venture purchased raw materials from Vulcan for approximately \$141,000 in 1999. The Joint Venture also paid accounting and administrative fees of \$30,000 to Vulcan in 2000 and 1999.

Accounts receivable from Brunswick amounted to \$266,000 and \$192,000 at December 31, 2000 and 1999, respectively. Accounts receivable from Vulcan amounted to \$266,000 and \$243,000 at December 31, 2000 and 1999, respectively.

NOTE 6 - RISKS AND UNCERTAINTIES

The Joint Venture is involved in various claims and legal proceedings

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

involving matters incidental to its business. Management believes that the resolution of these matters will not have a material effect on the Joint Venture's business or financial condition.

The Joint Venture currently purchases all its bowling pin bases from one manufacturer. Any disruption in the supply of the bowling pin bases could cause a delay in manufacturing which could negatively affect operating results.

-78-

VULCAN-BRUNSWICK BOWLING PIN COMPANY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2000  
(Continued)

NOTE 6 - RISKS AND UNCERTAINTIES (Continued)

At December 31, 2000 approximately 90% of the Joint Venture's workforce was subject to a collective bargaining agreement that expires October 18, 2001.

Financial instruments which potentially subject the Joint Venture to concentrations of credit risk are cash investments which may, at times, exceed federally-insured limits. Management places the Joint Venture's cash investments with high-quality financial institutions. Management believes no significant concentration of credit risk exists with respect to these cash investments.

-79-

SIGNATURES

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

VULCAN INTERNATIONAL CORPORATION

/s/ Benjamin Gettler  
-----

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

/s/ Vernon E. Bachman  
-----

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

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-K

Date: April 16, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

/s/ Benjamin Gettler  
-----  
By: Benjamin Gettler  
    (Director)

/s/ Leonard Aconsky  
-----  
By: Leonard Aconsky  
    (Director)

/s/ Stanley I. Rafalo  
-----  
By: Stanley I. Rafalo  
    (Director)

-80-

April 16, 2001

Securities and Exchange Commission  
Washington, D.C. 20549

Re: Vulcan International Corporation  
    Annual Report on Form 10-K

Dear Sir or Madam:

On behalf of Vulcan International Corporation, we are transmitting herewith the attached Form 10-K for the twelve months ended December 31, 2000.

The common shares of Vulcan International Corporation are traded on the AMEX.

If you have any questions regarding this filing, please call us at (513) 621-1188.

Sincerely,

/s/ J.D. CLOUD & CO. L.L.P.  
-----  
J.D. CLOUD & CO. L.L.P.