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VULCAN INTERNATIONAL CORP
Form 10-K
March 30, 2004

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, 2003

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

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Indicate by a check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes [] No [X]

As of January 30, 2004, 1,006,707 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 \$45,251,480.

DOCUMENTS INCORPORATED BY REFERENCE

| Documents Incorporated by Reference ----- | Applicable Part of Form 10-K ----- |
|---|---------------------------------------|
| Annual Report to Shareholders for the Year Ended December 31, 2003 | Part I and II |
| Proxy Statement Dated April 12, 2004 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.

The following discussion contains various "forward-looking statements." All statements, other than statements of historical fact, that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements. Examples are statements that concern future revenues, future costs, future capital expenditures, business strategy, competitive strengths, competitive weaknesses, goals, plans, references to future success or difficulties and other similar information. The words "estimate," "project," "forecast," "anticipate," "expect," "intend," "believe," and similar expressions, and discussions of strategy or intentions, are intended to identify forward-looking statements.

The forward-looking statements in this document are based on the Company's expectations and are necessarily dependent upon assumptions, estimates and data the Company believes are reasonable and accurate but may be incorrect, incomplete or imprecise. Forward-looking statements are also subject to a number of business risks and uncertainties, any of which could cause actual results to differ materially from those set forth in or implied by the forward-looking statements. These risks and uncertainties include, among others, changes in the demand for rubber and foam products, the cost of raw materials, competitive

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conditions in the rubber and foam industries, the relative strength of the United States dollar as against other currencies, changes in United States and international trade regulations, and the discovery of unknown conditions (such as with respect to environmental matters and similar items). Accordingly, any forward-looking statements do not purport to be predictions of future events or circumstances and may not be realized.

The Company does not undertake publicly to update or revise the forward-looking statements even if it becomes clear that any projected results will not be realized.

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.

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, 2003, 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.

Narrative Description of Business-

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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 57% of sales of those products in 2003 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 sports flooring and automobile mats. The Rubber Division also manufactures foam products for sale to manufacturers for diverse uses.

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 Corporation, 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.

In December 2003, the Company received an offer from Brunswick Bowling & Billiards Corporation ("Brunswick") to acquire the Company's 50% interest in the joint venture. The Company, in accordance with a buy-sell provision in its partnership agreement with Brunswick, agreed to sell its interest for \$2,000,000. Subsequently, Brunswick refused to purchase the Company's

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interest in the partnership unless the Company agreed to indemnify Brunswick for any claims which might be made against Brunswick in the future and to provide Brunswick with unspecified representations and warranties. The Company filed suit against Brunswick seeking to enforce the buy-sell agreement for \$2,000,000, compensatory damages of \$10,000,000 and punitive damages of \$40,000,000. On March 19, 2004 Brunswick purchased the Company's 50% interest for \$2,000,000 and also purchased the Company's bowling pin business for approximately \$720,000. In connection with the purchase, the Company also agreed to dismiss its suit against Brunswick. The Company expects to recognize a gain on these transactions of approximately \$2,200,000 during the first quarter 2004.

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.

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PART I (Continued)

Item 1. Business. (Continued)

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 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 2003. 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

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Registrant or any of its subsidiaries. See Item 3 - Legal Proceedings.

The Company has commitments for capital expenditures of approximately \$80,000 at December 31, 2003.

The Company had 66 employees at December 31, 2003.

Financial Information About Foreign and Domestic Operations and Export Sales-

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 2003, had sales of \$390,700; net income of \$23,300; and assets of \$1,097,400.

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PART I (Continued)

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 and foam products. |
| Cincinnati, Ohio | Owned | 88,000 | Corporate offices and leasing of office space. |

The age of the buildings ranges from approximately 39 to 78 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.

On March 1, 1990 the United States of America filed a complaint against the Company and others in the United States District Court for the District of Massachusetts claiming that the Company was a potentially responsible party with respect to the Re-Solve, Inc. Superfund Site in North Dartmouth, Massachusetts seeking to recover response costs incurred and to be incurred in the future in connection with this site. Although the Company had engaged counsel to represent it in that action, the Company was first informed on March 28, 2001 that the Court had entered, pursuant to prior rulings, an unopposed "Final Judgment" against the Company on September 22, 1999. The "Final Judgment" awarded damages against the Company in favor of the United States in the amount of \$3,465,438, plus interest, for unreimbursed response costs, plus any additional past unreimbursed response costs, interest and certain future costs the United States incurs at the site.

On September 2, 2003 the claims of the United States against the Company for past and future clean-up costs and expenses with respect to the

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Re-Solve, Inc. Superfund Site in North Dartmouth, Massachusetts were resolved by the docketing of a settlement agreement in the Federal District Court of Massachusetts approved by Senior Federal Judge Roger Keeton. The settlement provided that the Company pay to the U.S. Department of Justice the amount of \$3,800,000 plus interest from November 1, 2002. The total settlement of \$3,846,831 was paid on September 2, 2003. The approved settlement agreement resolves all matters involved in this case. The Company had accrued an estimated liability of \$5,294,949, for the judgment, accrued interest for the past

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PART I (Continued)

Item 3. Legal Proceedings. (Continued)

costs and a discounted present value for estimated future costs in connection with the site. The Company recognized income related to the settlement of \$1,448,118 during 2003.

The Company has an interest in a partnership, CCBA, 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 to the plaintiff. The Court of Common Pleas in Hamilton County, Ohio, in 2003, granted summary judgment in the Company's favor. On January 6, 2004, the plaintiff appealed this decision. The Company believes that the suit is without merit and has been defending itself vigorously against the issues raised.

CCBA appealed a real estate tax assessment from 1999 that had increased the annual real estate tax and was granted a revision. During 2001, the local school board appealed the revision. CCBA received a \$96,000 refund of the additional tax paid in 1999. In 2003 the Ohio Board of Tax Appeals ruled in favor of CCBA. The school board has appealed that ruling to the Ohio Supreme Court. CCBA has recorded a liability of approximately \$145,000 related to this issue based on the revised value asserted by the local school board. If CCBA is successful, this liability will be recognized as income when the final valuation is determined.

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, 2003, that require disclosure under this item.

Part II

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 284 shareholders of record as of December 31, 2003. The high and low sales price and the dividends paid for each quarterly period within the two most recent years were as follows:

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PART II
(Continued)

| QUARTER | 2003 | | | 2002 | | |
|---------|-------|-------|----------|-------|-------|----------|
| | HIGH | LOW | DIVIDEND | HIGH | LOW | DIVIDEND |
| First | 36.95 | 32.70 | \$.05 | 44.00 | 39.25 | \$.20 |
| Second | 38.00 | 32.50 | \$.05 | 42.75 | 41.00 | \$.20 |
| Third | 38.90 | 35.70 | \$.05 | 42.00 | 36.75 | \$.20 |
| Fourth | 44.00 | 38.75 | \$.05 | 35.30 | 34.30 | \$.20 |

Item 6. Selected Financial Data.

The information required by this item is set forth below:

| | 2003 | 2002 | 2001 | 2000 | 1999 (1) |
|---|--------------|------------|------------|------------|-------------|
| Net revenues - continuing operations | \$12,573,744 | 11,304,808 | 10,660,422 | 11,246,242 | 10,919,627 |
| Income (loss) from continuing operations before taxes | 2,884,498 | 2,595,781 | 3,615,612 | 1,874,729 | (2,718,674) |
| Income tax (benefit) | 412,733 | 348,554 | 719,414 | 113,165 | (1,317,658) |
| Net income (loss) from continuing operations | 2,471,765 | 2,247,227 | 2,896,198 | 1,761,564 | (1,401,016) |
| Income (loss) from disposed operations, net of tax | - | - | - | - | (63,056) |
| Gain on sale of disposed operations, net of tax | - | - | - | - | 988,845 |
| Net income (loss) | 2,471,765 | 2,247,227 | 2,896,198 | 1,761,564 | (475,227) |

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PART II
(Continued)

| | 2003 | 2002 | 2001 | 2000 | 1999 (1) |
|--|------|------|------|------|----------|
|--|------|------|------|------|----------|

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| | ---- | ---- | ----- | ---- | ----- |
|---|------------|------------|------------|-------------|------------|
| Income (loss) per common share: | | | | | |
| Continuing operations | 2.46 | 2.07 | 2.59 | 1.59 | (1.25) |
| Discontinued operations | - | - | - | - | (0.06) |
| Gain on disposal of discontinued operations | - | - | - | - | 0.88 |
| | ---- | ---- | ----- | ---- | ----- |
| Net income (loss) | 2.46 | 2.07 | 2.59 | 1.59 | (0.43) |
| | ==== | ==== | ===== | ==== | ===== |
| Property, plant and equipment (net) | 1,757,735 | 2,102,781 | 2,117,476 | 2,369,216 | 2,618,649 |
| Depreciation | 403,906 | 395,258 | 381,079 | 447,401 | 488,591 |
| Current assets | 42,029,661 | 34,104,485 | 44,333,695 | 55,493,494 | 53,278,872 |
| Ratio current assets to current liabilities | 2.59 to 1 | 2.16 to 1 | 2.60 to 1 | 2.54 to 1 | 2.48 to 1 |
| Total assets | 85,539,936 | 69,615,705 | 89,097,487 | 111,143,958 | 89,536,796 |
| Long-term debt | - | - | - | - | - |
| Accumulated other comprehensive income | 44,627,575 | 34,013,394 | 46,599,325 | 60,846,586 | 47,852,421 |
| Total share-holders' equity | 57,114,516 | 44,160,910 | 59,220,189 | 72,959,140 | 58,137,015 |
| Dividends per common share | .20 | .80 | .80 | .80 | .80 |
| Book value per common share | 56.85 | 44.04 | 53.75 | 64.03 | 52.54 |

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 2003 Annual Report to Shareholders.

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PART II
(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, 2003, are recorded at a fair value of approximately \$73,806,000, including net unrealized gains of \$67,618,000. Marketable securities have exposure to price risk. The Company's available for sale marketable securities, at fair value, are invested as follows; 80% in two financial institutions, 19% in twelve communication and utility companies and 1% in other industries. The estimated potential loss in fair value resulting from a hypothetical 10%

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decrease in prices quoted by the stock exchange is \$7,380,600.

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.

Other information required by this item is set forth below:

| | 2003 | | | | |
|-------------------------|---------------------------|----------------------------|---------------------------|----------------------------|----------------|
| | First Quarter ----- | Second Quarter ----- | Third Quarter ----- | Fourth Quarter ----- | Total ----- |
| Total revenues | \$2,776,090 | 3,107,557 | 3,519,528 | 3,170,569 | 12,573,744 |
| Gross profit | 47,240 | 174,619 | 188,407 | 114,061 | 524,327 |
| Net income | 603,098 | 445,254 | 1,395,642 | 27,771 | 2,471,765 |
| Net income per share | 0.60 | 0.44 | 1.39 | 0.03 | 2.46 |
| | | | | | |
| | 2002 | | | | |
| | First Quarter ----- | Second Quarter ----- | Third Quarter ----- | Fourth Quarter ----- | Total ----- |
| Total revenues | \$2,938,337 | 2,788,179 | 2,870,541 | 2,707,751 | 11,304,808 |
| Gross profit (loss) | 226,782 | 193,380 | 142,587 | (116,509) | 446,240 |
| Net income | 641,303 | 434,633 | 412,802 | 758,489 | 2,247,227 |
| Net income per share | 0.58 | 0.40 | 0.38 | 0.71 | 2.07 |

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PART II (Continued)

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

None.

Item 9A. Control and Procedures

(a) Evaluation of Disclosure Controls and Procedures.

The Company's principal executive officer and its principal financial officer, after evaluating the effectiveness of the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), have concluded that, as of December 31, 2003, the Company's disclosure controls and procedures were adequate and effective to ensure that material information relating to the Company and its consolidated

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subsidiaries would be made known to them by others within those entities.

(b) Changes in Internal Controls.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect the Company's disclosure controls and procedures subsequent to the date of their evaluation, nor were there any significant deficiencies or material weaknesses in the Company's internal controls. As a result, no corrective actions were required or undertaken.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Identification of Directors-

The information required by this item is incorporated herein by reference to the Registrant's Proxy Statement under the headings "Election of Directors", "Executive Officers" and "Section 16(a) Beneficial Ownership Reporting Compliance", dated April 12, 2004, in connection with its Annual Meeting to be held May 13, 2004.

Identification of Executive Officers-

| NAME | AGE | POSITION AND TIME IN OFFICE |
|-------------------|-----|--|
| Benjamin Gettler | 78 | President since November 1988; Chairman of The Board since June 1990; Director since 1960. |
| Vernon E. Bachman | 66 | Vice President and Treasurer since November 1991; Secretary since 1973. |

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PART III (Continued)

Item 10. Directors and Executive Officers of the Registrant. (Continued)

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.

Item 11. Executive Compensation.

The information required by this Item is incorporated herein by reference to the Registrant's proxy statement dated April 12, 2004, in connection with its annual meeting to be held May 13, 2004 under the heading "Management

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Compensation."

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.

Other information required by this item is incorporated herein by reference from the Registrant's proxy statement dated April 12, 2004, in connection with its annual meeting to be held May 13, 2004 under the heading "Stock Ownership of Principal Shareholders and Management."

Item 13. Certain Relationships and Related Transactions.

The information required by this Item is incorporated herein by reference from the Registrant's Proxy Statement dated April 12, 2004, in connection with its Annual Meeting to be held May 13, 2004, under the heading "Related Party Transactions."

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PART III
(Continued)

Item 14. Principal Accountant Fees and Services

The information required by this Item is incorporated herein by reference from the portion of the definitive Proxy Statement to be filed with the Securities and Exchange Commission April 12, 2004 in connection with its annual meeting to be held May 13, 2004 under the heading "Principal Accountant Fees and Services."

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PART IV

Item 15. 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):

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| | |
|--|-------|
| Independent Auditors' Report. | 21 |
| Consolidated Balance Sheets at December 31, 2003, and 2002. | 22-23 |
| Consolidated Statements of Income for Each of the Three Years in the Period Ended December 31, 2003. | 24 |
| Consolidated Statements of Shareholders' Equity for Each of the Three Years in the Period Ended December 31, 2003. | 25-26 |
| Consolidated Statements of Cash Flows for Each of the Three Years in the Period Ended December 31, 2003. | 27-28 |
| Notes to the Consolidated Financial Statements for the Three Years Ended December 31, 2003. | 29-51 |
| 2. Financial Statement Schedule. | |
| Independent Auditors' Report on Schedule. | 60 |
| Schedule II - Valuation and Qualifying Accounts. | 61 |

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.

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PART IV (Continued)

Item 15. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.
(Continued)

| | |
|--|-------|
| 4. Exhibits. | Page |
| 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 2003 Annual Report to Shareholders | 52-53 |
| 13. Registrant's 2003 Annual Report to Shareholders is incorporated herein by reference. | 15-51 |
| 20. Proxy Statement dated April 12, 2004, is incorporated herein by reference. | |
| 21. Subsidiaries of the Registrant. | 56 |
| 31.1 Certification of Benjamin Gettler pursuant to Rule 13a-14(a)/15d-14(a) of the Sarbanes-Oxley Act of 2002. | 57 |

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| | | |
|------|---|----|
| 31.2 | Certification of Vernon E. Bachman pursuant to Rule 13a-14(a)/15d-14(a) of the Sarbanes-Oxley Act of 2002. | 58 |
| 32 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | 59 |
| 99.1 | Independent Auditors' Report on Schedule | 60 |
| 99.2 | Valuation and Qualifying accounts | 61 |

(b) Reports on Form 8-K.

There was one report on Form 8-K filed December 16, 2003 announcing an offer from Brunswick Bowling & Billiards Corporation to purchase the Company's 50% interest in their joint venture, Vulcan Brunswick Bowling Pin Company.

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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

Date: March 30, 2004

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/Warren Falberg

By: Warren Falberg

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(Director)

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EXHIBIT 13

REGISTRANT'S 2003 ANNUAL
REPORT TO SHAREHOLDERS

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

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

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To Our Shareholders:

The Year 2003 was very eventful for the Company.

During the year, we resolved a major problem which had been clouding the future of the Company. That problem involved a claim by the U.S. Environmental Protection Agency with respect to the Re-Solve, Inc. Superfund site in North Dartmouth, Massachusetts which resulted in a judgment against the Company rendered on September 22, 1999 in the amount of \$3,465,038, which the Company was endeavoring to vacate. It also involved additional clean-up costs which might be incurred at the site for an indeterminate number of years in the future, together with government costs plus interest from September 22, 1999. The judgment and claims were finally settled by payment to the United States on September 2, 2003 of \$3,846,831. The Company had accrued a substantial reserve in past years based on the foregoing. As a result of the settlement and reversal of the reserve, a credit of \$1,433,152 has been included in 2003 income.

The second major event occurred on December 15, 2003 when Brunswick formally advised the Company of its decision to terminate the 50-50 Partnership Agreement which had existed between them since June, 1990 to manufacture bowling pins at Antigo, Wisconsin. The Partnership Agreement contained a provision that a party desiring to terminate the partnership would set a value on a partnership interest and the other party would then have the right to buy or sell at that value. Brunswick set the value at \$2,000,000 which gave our Company the right to buy or sell at that price. The sale of bowling pins by the Company had declined substantially in the past ten years from approximately 50,000 sets per year to less than 20,000 sets per year. That decline, together with other factors, led the Company to accept the sell side of the buy-sell arrangement. On March 19, 2004, the Company sold its interest in the manufacturing partnership to Brunswick for \$2,000,000. It also sold its bowling pin sales business to Brunswick for approximately \$720,000. Accordingly, for the first time in over 70 years, the Company is no longer in the bowling pin business.

Thirdly, we are finally seeing a substantial improvement in the sales of the Rubber Division. In 2003, sales of that Division increased 21% from \$6,522,678 in 2002 to \$7,895,291. The loss in the Division was reduced by 37%. Sales must continue to increase to make that Division profitable. Due to our successful efforts in developing new foam products and our continuing increase in the sales of custom-mix, we believe that volume will increase in 2004.

BENJAMIN GETTLER
Chairman of the Board
and President

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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

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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. Over 50% of sales of products manufactured in Clarksville in 2003 were for use by shoe manufacturers in the United States. The majority of such sales were non-cured custom-mixed materials for use in military footwear. Non-footwear products manufactured in Clarksville were primarily for use by various prime manufacturers, including sports flooring, novelty items, recreational land and water vehicles and foam and custom-mix rubber for various non-footwear manufacturers.

BOWLING PINS

Vulcan Bowling Pin Company purchases pins from Vulcan-Brunswick Bowling Pin Company that are manufactured in Antigo, Wisconsin. The pins are manufactured from hard maple and coated with Surlyn. 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

The Company's wholly owned subsidiary, Vulcan Blanchester Realty Company owns 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. 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.

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MANAGEMENT ANALYSIS OF RECENT YEARS

2003 COMPARED TO 2002

Sales of the Rubber Division increased from \$6,522,678 in 2002 to \$7,895,291 in 2003. During 2003, the Company's product mix continued to change with a greater emphasis on uncured custom mix. The sales of that product increased from 58% of total net sales in 2002 to 72% of total net sales in 2003. Sales of foam did not increase due to the loss of one major customer; however, those sales were replaced by sales to smaller customers as the Company continued to develop new foam products. The result of the foregoing is that there was a decrease in the operating loss of the Rubber Division from \$657,039 in 2002 to \$412,284 in 2003.

Sales of the Bowling Pin Division decreased from \$1,995,694 in 2002 to

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\$1,919,253 in 2003. The division had an operating loss of \$78,449 in 2003 compared to a profit of \$347,330 in 2002. As a result of accepting the sale side of a buy-sell offer from Brunswick, all of the operating income from manufacturing operations of the 50-50 partnership in the Vulcan-Brunswick Bowling Pin Company from January 1, 2003 until the closing date of March 19, 2004 belong to Brunswick. The sale of the partnership interest and of the Sales Division of the Company means that Vulcan will no longer be in the bowling pin business.

Operating profit (before taxes) in the real estate operations decreased from \$324,794 in 2002 to \$262,511 in 2003. The decrease in operating profits was due to a reduction in the timber harvesting and the weak real estate market.

Net gains on the disposal of assets were \$623,419 in 2003 compared to \$849,092 in 2002. In both years gains were mainly from the sale of marketable securities. Dividends and interest (before taxes) were \$2,320,038 in 2003 compared to \$2,298,876 in 2002.

2002 COMPARED TO 2001

Sales of the Rubber Division increased from \$6,129,434 in 2001 to \$6,522,678 in 2002. The decrease in sales in cured rubber shoe products and flooring was offset by a greater increase in the custom mix sales. The operating loss (before taxes) decreased from \$892,131 in 2001 to \$657,039 in 2002. The decrease in the operating loss was primarily a result of a change in the product mix and the increase in sales volume.

Sales of the Bowling Pin Division increased from \$1,783,318 in 2001 to \$1,995,694 in 2002. The operating profit of the division increased from \$140,009 in 2001 to \$347,330 in 2002. The increased production of the Joint Venture, which manufactures bowling pins, resulted in higher profits for the year and was largely responsible for the increase in operating profit.

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MANAGEMENT ANALYSIS OF RECENT YEARS (Continued)

Operating profit (before taxes) in the real estate operations decreased from \$516,824 in 2001 to \$324,794 in 2002. The profits for 2001 included a credit adjustment of real estate tax expense. The amount of real estate taxes for the years 1999, 2000 and 2001 is currently being appealed by the Cincinnati School Board which is seeing an increase in the amount of real estate taxes reflected in the financial statements of the Company.

Net gains on the disposal of assets were \$849,092 in 2002 compared to \$2,011,978 in 2001. In both years gains were mainly from the sale of marketable securities. Dividends and interest (before tax) were \$2,298,876 in 2002 compared to \$2,287,609 in 2001.

2001 COMPARED TO 2000

Sales of the Rubber Division decreased from \$6,844,877 in 2000 to \$6,129,434 in 2001. The decreased sales in low margin custom mix and flooring sales was offset by the increase in foam product sales. As a result the operating

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loss (before taxes) decreased from \$1,292,120 in 2000 to \$892,131 in 2001.

Sales of the Bowling Pin Division increased from \$1,716,428 in 2000 to \$1,783,318 in 2001. The operating profit of the division decreased from \$286,521 in 2000 to \$140,009 in 2001. The decreased production of the Joint Venture, which manufactures bowling pins, resulted in lower profit for the year and was largely responsible for the decreased operating profit.

Operating profit (before taxes) in the real estate operations increased from \$287,927 in 2000 to \$516,824 in 2001. The increase in profit reflects an adjustment of the liability recorded in 2000 and 1999 for real estate taxes based on management's judgment as to the limits of such liability based on an appraisal filed by the Cincinnati School Board which has been seeking an increase in the real estate taxes paid by the Company.

Net gains on the disposal of assets were \$2,011,978 in 2001 compared to \$607,284 in 2000. In both years the gains were mainly from the sale of marketable securities and net gains from call option contracts. Dividends and interest (before tax) were \$2,287,609 in 2001 compared to \$2,180,839 in 2000.

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FINANCIAL POSITION, LIQUIDITY AND CAPITAL COMMITMENTS

The Company's cash requirements in 2003 were funded by its cash flow and short term borrowing. The working capital increased \$7,464,530 during the current year. The increase in working capital was mainly a result of the increased value of marketable securities. Capital expenditures were \$65,186 compared to total depreciation and amortization of \$403,906.

| QUARTER | COMMON STOCK PRICES | | | | | |
|---------|---------------------|-------|----------|-------|-------|----------|
| | 2003 | | | 2002 | | |
| ----- | HIGH | LOW | DIVIDEND | HIGH | LOW | DIVIDEND |
| ----- | ---- | --- | ----- | ---- | --- | ----- |
| First | 36.95 | 32.70 | .05 | 44.00 | 39.25 | .20 |
| Second | 38.00 | 32.50 | .05 | 42.75 | 41.00 | .20 |
| Third | 38.90 | 35.70 | .05 | 42.00 | 36.75 | .20 |
| Fourth | 44.00 | 38.75 | .05 | 35.30 | 34.30 | .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 most recent two years are as shown.

FORM 10-K

A copy of the 2003 Vulcan International Corporation 10-K report filed with the Securities and Exchange Commission will be furnished without charge upon written request by a shareholder or beneficial owner as of the record date, March 5, 2004, of securities entitled to vote at the annual meeting of shareholders. Requests should be addressed to:

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

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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, 2003 and 2002, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended December 31, 2003. 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 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, 2003 and 2002, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2003, in conformity with U.S. generally accepted accounting principles.

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

Certified Public Accountants

Cincinnati, Ohio
February 27, 2004

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
At December 31, 2003 and 2002

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| -ASSETS- | 2003 | 2002 |
|---|--------------|------------|
| CURRENT ASSETS: | | |
| Cash | \$ 1,503,349 | 1,682,049 |
| Marketable securities | 37,734,263 | 30,237,923 |
| Accounts receivable (less-allowance for doubtful accounts-\$124,172 in 2003; \$127,435 in 2002) | 1,499,387 | 1,437,170 |
| Inventories | 650,910 | 702,518 |
| Prepaid expense | 51,373 | 44,825 |
| Refundable federal income tax | 590,379 | - |
| | ----- | ----- |
| TOTAL CURRENT ASSETS | 42,029,661 | 34,104,485 |
| | ----- | ----- |
| PROPERTY, PLANT AND EQUIPMENT: | | |
| Land | 84,272 | 84,272 |
| Timberlands and timber cutting rights | 700,393 | 700,393 |
| Buildings and improvements | 4,233,376 | 4,233,376 |
| Machinery and equipment | 6,677,366 | 6,661,937 |
| | ----- | ----- |
| Total | 11,695,407 | 11,679,978 |
| Less-Accumulated depreciation and depletion | 9,937,672 | 9,577,197 |
| | ----- | ----- |
| PROPERTY, PLANT AND EQUIPMENT-NET | 1,757,735 | 2,102,781 |
| | ----- | ----- |
| MODELS AND PATTERNS-at nominal value | 1 | 1 |
| | ----- | ----- |
| INVESTMENT IN JOINT VENTURE | 37,894 | 20,805 |
| | ----- | ----- |
| DEFERRED CHARGES AND OTHER ASSETS: | | |
| Marketable securities | 36,071,995 | 27,615,871 |
| Note receivable | - | 90,744 |
| Other | 5,642,650 | 5,681,018 |
| | ----- | ----- |
| TOTAL DEFERRED CHARGES AND OTHER ASSETS | 41,714,645 | 33,387,633 |
| | ----- | ----- |
| TOTAL ASSETS | \$85,539,936 | 69,615,705 |
| | ===== | ===== |

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| -LIABILITIES AND SHAREHOLDERS' EQUITY- | 2003 | 2002 |
|---|--------------|------------|
| CURRENT LIABILITIES: | | |
| Notes payable - bank | \$ 3,892,000 | 1,861,711 |
| Accounts payable- | | |
| Trade | 285,189 | 711,971 |
| Other | 31,583 | 30,739 |
| Accrued salaries, wages and commissions | 218,528 | 197,473 |
| Accrued other expenses | 846,086 | 5,826,407 |
| Deferred income tax | 10,948,957 | 7,133,396 |
| | ----- | ----- |
| TOTAL CURRENT LIABILITIES | 16,222,343 | 15,761,697 |
| | ----- | ----- |
| OTHER LIABILITIES: | | |

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| | | |
|---|--------------|------------|
| Deferred income tax | 12,162,461 | 9,641,263 |
| Other | 29,817 | 34,531 |
| | ----- | ----- |
| TOTAL OTHER LIABILITIES | 12,192,278 | 9,675,794 |
| | ----- | ----- |
| COMMITMENTS AND CONTINGENCIES (Notes 8) | - | - |
| MINORITY INTEREST IN PARTNERSHIP | 10,799 | 17,304 |
| | ----- | ----- |
| 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 | 8,253,925 | 8,205,825 |
| Retained earnings | 30,222,940 | 27,952,115 |
| Accumulated other comprehensive income | 44,627,575 | 34,013,394 |
| | ----- | ----- |
| | 83,354,379 | 70,421,273 |
| Less-Common stock in treasury-at cost, | | |
| 994,805 shares in 2003; | | |
| 996,805 shares in 2002 | 26,239,863 | 26,260,363 |
| | ----- | ----- |
| TOTAL SHAREHOLDERS' EQUITY | 57,114,516 | 44,160,910 |
| | ----- | ----- |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$85,539,936 | 69,615,705 |
| | ===== | ===== |

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

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Three years ended December 31, 2003

| | 2003 | 2002 | 2001 |
|--|--------------|------------|------------|
| REVENUES: | | | |
| Net sales | \$10,253,706 | 9,005,932 | 8,372,813 |
| Dividends and interest | 2,320,038 | 2,298,876 | 2,287,609 |
| | ----- | ----- | ----- |
| TOTAL REVENUES | 12,573,744 | 11,304,808 | 10,660,422 |
| | ----- | ----- | ----- |
| COST AND EXPENSES: | | | |
| Cost of sales | 9,729,379 | 8,559,692 | 7,956,079 |
| General and administrative | 2,387,180 | 1,481,493 | 1,053,077 |
| Environmental remediation costs | (1,433,152) | 141,888 | 297,374 |
| Interest expense | 61,225 | 157,846 | 255,298 |
| | ----- | ----- | ----- |
| TOTAL COST AND EXPENSES | 10,744,632 | 10,340,919 | 9,561,828 |
| | ----- | ----- | ----- |
| EQUITY IN JOINT VENTURE INCOME AND MINORITY INTEREST, NET | 16,290 | 349,743 | 94,295 |
| | ----- | ----- | ----- |
| INCOME BEFORE GAIN ON DISPOSAL OF ASSETS | 1,845,402 | 1,313,632 | 1,192,889 |

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| | | | |
|--|-----------|-----------|-----------|
| NET GAIN ON SALE OF PROPERTY, EQUIPMENT AND INVESTMENTS | 1,039,096 | 1,282,149 | 2,422,723 |
| | ----- | ----- | ----- |
| INCOME BEFORE INCOME TAXES | 2,884,498 | 2,595,781 | 3,615,612 |
| | | | |
| INCOME TAX PROVISION | 412,733 | 348,554 | 719,414 |
| | ----- | ----- | ----- |
| NET INCOME | 2,471,765 | 2,247,227 | 2,896,198 |
| | ===== | ===== | ===== |
| Net Income Per Common Share Outstanding | \$ 2.46 | 2.07 | 2.59 |
| | ===== | ===== | ===== |

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

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Three years ended December 31, 2003

| | Common Stock | Additional Paid-In Capital | Retained Earnings | Accumulated Other Comprehensive Income |
|---|-----------------|----------------------------------|----------------------|---|
| | ----- | ----- | ----- | ----- |
| Balance at January 1, 2001 | \$249,939 | 7,745,102 | 24,565,375 | 60,846,586 |
| Net income for the year | | | 2,896,198 | |
| Net unrealized gain on available-for-sale securities (net of taxes of \$6,832,881) | | | | (13,261,183) |
| Sale of treasury shares | | 445,963 | | |
| Dividends declared- \$.80 per share | | | (898,976) | |
| Reclassification adjustment for gains included in net income (net of tax of \$507,980) | | | | (986,078) |
| Purchase of treasury shares | | | | |
| Balance at December 31, 2001 | 249,939 | 8,191,065 | 26,562,597 | 46,599,325 |
| Net income for the year | | | 2,247,227 | |
| Net unrealized gain on available-for-sale securities (net of tax benefit of \$6,832,881) | | | | (12,288,874) |
| Sale of treasury shares | | 14,760 | | |
| Dividends declared- \$.80 per share | | | (857,709) | |
| Reclassification adjustment for gains included in net income (net of tax of \$153,029) | | | | (297,057) |

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| Purchase of treasury shares | | | | |
|--|-----------|-----------|------------|------------|
| | ----- | ----- | ----- | ----- |
| Balance at December 31, 2002 | 249,939 | 8,205,825 | 27,952,115 | 34,013,394 |
| Net income for the year | | | 2,471,765 | |
| Net unrealized gain on available-for-sale securities (net of tax benefit of \$5,614,815) | | | | 10,899,346 |
| Sale of treasury shares | | 48,100 | | |
| Dividends declared- \$.20 per share | | | (200,940) | |
| Reclassification adjustment for gains included in net income (net of tax of \$146,903) | | | | (285,165) |
| Balance at December 31, 2003 | \$249,939 | 8,253,925 | 30,222,940 | 44,627,575 |
| | ===== | ===== | ===== | ===== |

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| | Comprehensive | Common Treasury Shares | | Total |
|--|---------------|------------------------|------------|----------------------|
| | Income (Loss) | Shares | Amount | Shareholders' Equity |
| | ----- | ----- | ----- | ----- |
| Balance at January 1, 2001 | | 859,988 | 20,447,862 | 72,959,140 |
| Net income for the year | 2,896,198 | | | 2,896,198 |
| Net unrealized gain on available-for-sale securities (net of taxes of \$6,832,881) | (13,261,183) | | | (13,261,183) |
| Sale of treasury shares | | (16,500) | (169,006) | 614,969 |
| Dividends declared- \$.80 per share | | | | (898,976) |
| Reclassification adjustment for gains included in net income (net of tax of \$507,980) | (986,078) | | | (986,078) |
| Purchase of treasury shares | | 54,305 | 2,103,881 | (2,103,881) |
| Balance at December 31, 2001 | (11,351,063) | 897,793 | 22,382,737 | 59,220,189 |
| | ===== | ----- | ----- | ----- |
| Net income for the year | 2,247,227 | | | 2,247,227 |
| Net unrealized gain on available-for-sale securities (net of tax benefit of \$6,832,881) | (12,288,874) | | | (12,288,874) |
| Sale of treasury shares | | (500) | (5,125) | 19,885 |
| Dividends declared- | | | | |

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| | | | | |
|---|--------------|---------|------------|-------------|
| \$.80 per share | | | | (857,709) |
| Reclassification adjustment for gains included in net income (net of tax of \$153,029) | (297,057) | | | (297,057) |
| Purchase of treasury shares | | 99,512 | 3,882,751 | (3,882,751) |
| | ----- | ----- | ----- | ----- |
| Balance at December 31, 2002 | (10,338,704) | 996,805 | 26,260,363 | 44,160,910 |
| | ===== | | | |
| Net income for the year | 2,471,765 | | | 2,471,765 |
| Net unrealized gain on available-for-sale securities (net of tax benefit of \$5,614,815) | 10,899,346 | | | 10,899,346 |
| Sale of treasury shares | | (2,000) | (20,500) | 68,600 |
| Dividends declared- \$.20 per share | | | | (200,940) |
| Reclassification adjustment for gains included in net income (net of tax of \$146,903) | (285,165) | | | (285,165) |
| | ----- | ----- | ----- | ----- |
| Balance at December 31, 2003 | 13,085,946 | 994,805 | 26,239,863 | 57,114,516 |
| | ===== | ===== | ===== | ===== |

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

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Three years ended December 31, 2003

| | 2003 | 2002 | 2001 |
|---|---------------|--------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Cash received from customers | \$ 10,140,801 | 8,947,139 | 8,450,305 |
| Cash paid to suppliers and employees | (11,460,317) | (10,352,525) | (8,621,019) |
| Cash paid in settlement of EPA liability | (3,846,831) | - | - |
| Dividends and interest received | 2,320,038 | 2,298,876 | 2,287,609 |
| Interest paid | (112,272) | (15,298) | (55,184) |
| Income taxes paid | (189,408) | (264,161) | (486,083) |
| | ----- | ----- | ----- |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | (3,147,989) | 614,031 | 1,575,628 |
| | ----- | ----- | ----- |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | |
| Proceeds from sale of property and equipment | 420,677 | 538,383 | 513,245 |
| Proceeds from sale of marketable securities | 698,618 | 767,548 | 1,896,981 |
| Purchase of marketable securities | (36,368) | - | (152) |

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| | | | |
|--|--------------|-------------|-------------|
| Purchase of property, plant and equipment | (65,186) | (404,602) | (139,259) |
| Cash distribution from joint venture | - | 400,000 | 100,000 |
| Collection on notes receivable | 122,199 | 131,820 | 114,279 |
| | ----- | ----- | ----- |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | 1,139,940 | 1,433,149 | 2,485,094 |
| | ----- | ----- | ----- |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | |
| Borrowings under credit agreements | 3,846,831 | 1,861,711 | 565,000 |
| Principal payments under credit agreements | (1,816,542) | - | (2,265,000) |
| Proceeds from sale of treasury shares | - | 19,885 | 2,127,220 |
| Purchase of common shares | - | (3,882,751) | (2,103,882) |
| Cash dividends paid | (200,940) | (857,709) | (898,976) |
| | ----- | ----- | ----- |
| NET CASH FLOWS FROM FINANCING ACTIVITIES | 1,829,349 | (2,858,864) | (2,575,638) |
| | ----- | ----- | ----- |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (178,700) | (811,684) | 1,485,084 |
| | | | |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,682,049 | 2,493,733 | 1,008,649 |
| | ----- | ----- | ----- |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 1,503,349 | 1,682,049 | 2,493,733 |
| | ===== | ===== | ===== |

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| | 2003 | 2002 | 2001 |
|---|----------------|-------------|-------------|
| RECONCILIATION OF NET INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES: | | | |
| Net income | \$ 2,471,765 | 2,247,227 | 2,896,198 |
| Adjustments: | | | |
| Depreciation and amortization | 403,906 | 398,576 | 383,260 |
| Deferred income tax | 868,847 | (14,082) | 208,860 |
| Equity in joint venture income and minority interest | (16,290) | (349,743) | (94,296) |
| Gain on sale of property, equipment and investments | (1,039,096) | (1,282,149) | (2,422,723) |
| Stock compensation programs | 81,000 | 68,600 | 37,750 |
| (Increase) decrease in accounts receivable | (100,977) | (10,793) | 101,494 |
| (Increase) decrease in inventories | 51,608 | (346,228) | 584,800 |
| (Increase) in refundable federal income tax | (590,379) | - | - |
| (Increase) decrease in prepaid pension asset | 38,368 | (368,137) | (602,961) |
| Increase (decrease in accrued EPA liability | (5,294,949) | 137,577 | 229,127 |
| Increase (decrease) in accounts payable, accrued expenses and other assets, net | (21,792) | 133,183 | 254,119 |
| | ----- | ----- | ----- |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | \$ (3,147,989) | 614,031 | 1,575,628 |
| | ===== | ===== | ===== |

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

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS Three years ended December 31, 2003

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 corporate 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.

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

RECEIVABLES AND CREDIT POLICIES-

Accounts receivable are uncollateralized customer obligations due under normal trade terms requiring payment within 30 to 90 days from the invoice date depending on the product purchased and the customer's creditworthiness. Certain customers purchasing bowling pins are granted, at the Company's discretion, fall dating terms. Fall dating is a standard industry practice in bowling pin sales whereby customers can purchase pins in the beginning of a calendar year and payment is required in three equal installments in October, November and December of that year.

Accounts receivable are stated at the amount billed to the customer plus any accrued and unpaid interest. Customer account balances with invoices dated over 90 days old are considered delinquent. The Company has the option of charging interest monthly on past due unpaid accounts receivable. Payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied as credits to the customer's accounts.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed 90 days from the invoice due date and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Additionally, management reviews the remaining accounts receivable and judgmentally estimates a general allowance covering those amounts, based on past experience and expected future economic conditions that might give rise to results that differ from past experience.

INVENTORIES-

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

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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-

The Company has sold short-term option contracts on certain non-dividend paying securities owned by the Company in order to reduce the amount of investment in these securities. Option contracts are reported at their fair value as determined by quoted market prices. 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. 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. 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. 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.

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NON-QUALIFIED STOCK OPTIONS-

Stock options are accounted for under Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees" and its related interpretations. Options are granted at a price equal to market value of a common share on the day of grant, resulting in no compensation expense when the option is issued. If options are modified after issuance, the Company will recognize compensation expense under the intrinsic value method of APB

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No. 25. Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation" prescribes the recognition of compensation expense based on the fair value of options determined on the grant date. The pro forma disclosures required by SFAS No. 123 are presented in Note 8.

SHIPPING AND HANDLING COSTS-

Shipping and handling costs are included in cost of sales.

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.

INTANGIBLE ASSETS-

The Company adopted SFAS No. 142, Goodwill and Other Intangible Assets effective January 1, 2002. Accordingly, the Company discontinued the amortization of goodwill and evaluates goodwill for potential impairment annually.

RECENT ACCOUNTING PRONOUNCEMENTS-

The Financial Accounting Standards Board has issued Statement No. 149, Amendment of Statement 133 on Derivative Instruments and Hedging Activities, effective after June 30, 2003; Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity, effective after May 31, 2003; revised Statement No. 132, Employer's Disclosures about Pensions and Other Postretirement Benefits - an amendment of FASB Statement No's. 87, 88 and 106, effective after December 15, 2003 - requires additional disclosures of defined benefit pension plans; and FASB Interpretation No. 46, Consolidation of Variable Purpose Equities, generally effective for periods ended after December 15, 2003. These standards did not have a significant impact on the Company's financial condition or results of operations.

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(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 | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|-------|------------------------------|-------------------------------|---------------|
| ----- | ----- | ----- | ----- |

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| 2003 | | | | |
|-----------|-------------|------------|--------|------------|
| ---- | | | | |
| Current | \$3,565,437 | 34,183,094 | 14,268 | 37,734,263 |
| Long-term | 2,623,283 | 33,448,712 | - | 36,071,995 |
| | ----- | ----- | ----- | ----- |
| | \$6,188,720 | 67,631,806 | 14,268 | 73,806,258 |
| | ===== | ===== | ===== | ===== |
| 2002 | | | | |
| ---- | | | | |
| Current | \$3,695,066 | 26,549,151 | 6,294 | 30,237,923 |
| Long-term | 2,623,283 | 24,992,588 | - | 27,615,871 |
| | ----- | ----- | ----- | ----- |
| | \$6,318,349 | 51,541,739 | 6,294 | 57,853,794 |
| | ===== | ===== | ===== | ===== |

The unrealized holding gains are included, net of deferred income tax of \$22,989,963 and \$17,522,051 at December 31, 2003 and 2002, respectively, as a component of shareholders' equity.

| 2003 | 2002 | |
|--|-----------|---------|
| ---- | ---- | |
| Realized gains from available-for-sale securities | \$432,068 | 442,252 |
| Gross proceeds from sale of available-for-sale securities | 561,697 | 543,834 |
| Net realized and unrealized gains from call option contracts | 192,667 | 317,719 |
| Gross proceeds from realized and unrealized gains from call option contracts | 136,922 | 223,714 |

The Company's available-for-sale marketable securities, at fair market value, are invested as follows: 80% in two financial institutions, 19% in twelve communication and utility 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.

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Three years ended December 31, 2003
 (Continued)

NOTE 2 - MARKETABLE SECURITIES (Continued)

As of February 27, 2004, the fair value of marketable securities was approximately \$74,983,000 and the net unrealized holding gain was approximately \$45,428,000 net of deferred taxes of approximately \$23,402,000. Realized gains on marketable securities through February 27, 2004, were \$155,970 and gross proceeds on the sale of those securities were \$191,988.

NOTE 3 - INVENTORIES

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Inventories at December 31, 2003 and 2002, were classified as follows:

| | 2003 | 2002 |
|-----------------|-----------|---------|
| Finished goods | \$449,619 | 506,240 |
| Work in process | 26,478 | 33,983 |
| Raw materials | 174,813 | 162,295 |
| | ----- | ----- |
| Total | \$650,910 | 702,518 |
| | ===== | ===== |

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 \$846,000 and \$853,000 greater than reported at December 31, 2003 and 2002, respectively.

In the years ended December 31, 2003 and 2001, 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 2003 and 2001 net income by approximately \$11,700 and \$212,000, respectively, or \$.01 and \$.19 per weighted-average common share outstanding, respectively.

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Three years ended December 31, 2003
 (Continued)

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:

| | 2003 | 2002 |
|------------------------------------|-------------|-----------|
| Assets: | | |
| Current assets | \$2,225,792 | 1,604,911 |
| Property, plant and equipment | 1,919,751 | 2,541,111 |
| Other | 170,086 | 2,800,851 |
| | ----- | ----- |
| Total | \$4,315,629 | 6,946,873 |
| | ===== | ===== |
| Liabilities and Partners' Capital: | | |
| Current liabilities | \$ 315,629 | 225,174 |
| Partners' capital | 4,000,000 | 6,721,699 |
| | ----- | ----- |
| Total | \$4,315,629 | 6,946,873 |

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| | 2003 | 2002 | 2001 |
|---|----------------|-----------|-----------|
| Statements of Operations: | | | |
| Net sales | \$ 5,696,436 | 6,073,150 | 4,177,916 |
| Costs and expenses | 5,190,334 | 5,535,350 | 4,061,802 |
| Asset impairment | 3,239,556 | - | - |
| Other income-net | 11,755 | 5,986 | 17,402 |
| | ----- | ----- | ----- |
| Net income | \$ (2,721,699) | 543,786 | 133,516 |
| | ===== | ===== | ===== |
| Company's equity in net income (loss) of VBBPC | \$ - | 271,893 | 66,758 |
| Adjustments | 17,090 | 79,902 | 31,724 |
| | ----- | ----- | ----- |
| Company's equity in net income | \$ 17,090 | 351,795 | 98,482 |
| | ===== | ===== | ===== |

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

NOTE 4 - JOINT VENTURE (Continued)

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 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 \$2,000,000 at December 31, 2003. There were no undistributed earnings from the Joint Venture included in the Company's retained earnings at December 31, 2003. Pursuant to a purchase agreement between the Company and its partner, the Company does not have a right to any income from January 1, 2003. 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, 2003 and 2002. 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:

| | 2003 | 2002 | 2001 |
|--|-------------|-----------|---------|
| Purchases from VBBPC | \$1,580,224 | 1,783,000 | 905,000 |
| Administrative fees received from VBBPC | 30,000 | 30,000 | 110,000 |
| Net amount due to (from) VBBPC | (55,883) | 184,000 | 517,000 |
| Cash distributions from VBBPC | - | 400,000 | 100,000 |

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NOTE 5 - SUBSEQUENT EVENT

In December 2003, the Company received an offer from Brunswick Bowling & Billiards Corporation ("Brunswick") to acquire the Company's 50% interest in the joint venture. The Company, in accordance with a buy-sell provision in its partnership agreement with Brunswick, agreed to sell its interest for \$2,000,000. Subsequently, Brunswick refused to purchase the Company's interest in the partnership unless the Company agreed to indemnify Brunswick for any claims which might be made against Brunswick in the future and to provide Brunswick with unspecified representations and warranties. The Company filed suit against Brunswick seeking to enforce the buy-sell agreement for \$2,000,000, compensatory damages of \$10,000,000 and punitive damages of \$40,000,000. On March 19, 2004 Brunswick purchased the Company's 50% interest for \$2,000,000 and also purchased the Company's bowling pin business for approximately \$720,000. In connection with the purchase, the Company also agreed to dismiss its suit against Brunswick. The Company expects to recognize a gain on these transactions of approximately \$2,200,000 during the first quarter 2004.

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

NOTE 6 - NOTES PAYABLE

The Company maintains a revolving credit agreement with its bank that provides for borrowings of up to \$6,000,000 through October 31, 2004. 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. Borrowings under the agreement were \$3,892,000 at December 31, 2003 and \$1,861,711 at December 31, 2002 and were secured by certain marketable equity securities.

The weighted average interest rate was 2.49% and 3.14% for the respective years ended December 31, 2003 and 2002. The interest rate at December 31, 2003 was 2.39%. Marketable securities pledged as collateral under the agreement had a market value of approximately \$27,253,000 at December 31, 2003.

The Company also maintains a revolving credit agreement, expiring October 31, 2004, 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 7 - LEASES

The Company leases office space to various tenants under operating leases expiring from 2003 to 2008. The Company's basis in the property held for lease at December 31, 2003 and 2002 is as follows:

| | 2003 | 2002 |
|----------------------------------|-----------|---------|
| Land | \$ 37,803 | 37,803 |
| Building and tenant improvements | 770,249 | 770,249 |

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| | | |
|---|-----------|---------|
| | ----- | ----- |
| | 808,052 | 808,052 |
| Less accumulated depreciation and amortization | 476,413 | 412,517 |
| | ----- | ----- |
| | \$331,639 | 395,535 |
| | ===== | ===== |

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Three years ended December 31, 2003
 (Continued)

NOTE 7 - LEASES (Continued)

Minimum future rental income under noncancelable leases as of December 31, 2003, is as follows:

| | |
|--------------------------|-------------|
| Year ending December 31, | |
| 2004 | \$ 356,854 |
| 2005 | 320,347 |
| 2006 | 329,171 |
| 2007 | 287,889 |
| 2008 | 204,057 |
| Thereafter | 7,265 |
| | ----- |
| Total | \$1,505,583 |
| | ===== |

NOTE 8 - EMPLOYEE BENEFIT PLANS

The Company maintains a noncontributory defined benefit pension plan for certain eligible salaried and hourly employees. The measurement date for obligations and assets is December 31. The funded status and net pension credit recognized in the accompanying consolidated financial statements consisted of:

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Three years ended December 31, 2003
 (Continued)

NOTE 8 - EMPLOYEE BENEFITS PLANS (Continued)

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| | 2003 | 2002 |
|---|--------------|-------------|
| Change in projected benefit obligations: | | |
| Benefit obligation - January 1, | \$ 8,228,758 | 8,420,138 |
| Service cost | 40,569 | 37,417 |
| Interest cost | 514,496 | 520,407 |
| Actuarial (gain) loss | 221,669 | (78,553) |
| Benefits paid | (669,340) | (670,651) |
| | ----- | ----- |
| Projected benefit obligation - December 31, | 8,336,152 | 8,228,758 |
| | ----- | ----- |
| Change in plan assets: | | |
| Fair value of plan assets - January 1, | 10,132,032 | 12,268,171 |
| Actual return on plan assets | 1,768,566 | (1,465,489) |
| Benefits paid | (669,340) | (670,651) |
| | ----- | ----- |
| Fair value of plan assets - December 31, | 11,231,258 | 10,132,031 |
| | ----- | ----- |
| Funded status | 2,895,106 | 1,903,273 |
| Unrecognized prior service cost | - | 20,597 |
| Unrecognized net gain from actual experience different from that assumed | 2,717,023 | 3,726,627 |
| | ----- | ----- |
| Prepaid pension expense - December 31, | \$ 5,612,129 | 5,650,497 |
| | ===== | ===== |
| Accumulated benefit obligation | \$ 8,007,090 | 7,948,188 |
| | ===== | ===== |

| | 2003 | 2002 | 2001 |
|--|-----------|-----------|-------------|
| Components of net periodic benefit costs: | | | |
| Service cost | \$ 40,569 | 37,417 | 39,933 |
| Interest cost | 514,496 | 519,854 | 530,243 |
| Expected return on plan assets: | (782,071) | (953,947) | (1,087,905) |
| Recognized net actuarial (gain) loss | 244,777 | 7,942 | - |
| Amortization of prior service cost | 20,597 | 20,597 | 45,767 |
| Amortization of net transition asset | - | - | (130,998) |
| | ----- | ----- | ----- |
| Periodic pension benefit | \$ 38,368 | (368,137) | (602,960) |
| | ===== | ===== | ===== |

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

NOTE 8 - EMPLOYEE BENEFIT PLANS (Continued)

Weighted average assumptions used to determine benefit obligations as of

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December 31 were as follows:

| | 2003 | 2002 |
|----------------------------|-------|-------|
| Discount rate | 6.25% | 6.50% |
| Compensation increase rate | 5.00% | 5.00% |

Weighted average assumptions used to determine the net periodic benefit cost for the years ended December 31 were as follows:

| | 2003 | 2002 |
|--|----------|----------|
| Assumed discount rate | 6.25% | 6.50% |
| Expected long-term rate of return on plan assets | 8.00% | 8.00% |
| Rate of increase in future compensation levels | 5.00% | 5.00% |
| Average remaining service period | 11 years | 11 years |

The basis of the long-term rate of return assumption reflects the Plan's current asset mix of approximately 30% debt securities and 70% equity securities with assumed average annual returns of approximately 4% to 5% for debt securities and 9% to 10% for equity securities. It is assumed the Plan's investment portfolio will be adjusted periodically to maintain the current ratios of debt securities and equity securities. Additional consideration is given to the Plan's historical returns as well as future long range projections of investment returns for each asset category.

The Plan's weighted average asset allocation at December 31, 2003 and 2002 by asset category are as follows:

| | 2003 | 2002 |
|-------------------|------|------|
| Asset Category: | | |
| Equity securities | 69% | 65% |
| Debt securities | 30% | 35% |
| Other | 1% | 0% |
| | --- | --- |
| Total | 100% | 100% |
| | === | === |

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

NOTE 8 - EMPLOYEE BENEFIT PLANS (Continued)

The Company utilizes PNC Advisors Institutional Trust for investment management and as trustee. The Company has set a target allocation for the investment manager of 70% equities and 30% fixed securities. There is an acceptable variation of 5% from this target provided that such variation occurs because of market changes. Further, Vulcan has advised the manager that, despite such market changes, such variations should be adjusted to the basic targets within a reasonable time-frame. Equity investments are

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required to be in a diversified portfolio of Large Cap, Mid Cap, Small Cap and international equities.

Fixed income investments must be "investment grade." At December 31, 2003, 69.5% of investments were in equities and 29.7% were in fixed securities with the balance in cash.

The Company does not expect to make a contribution to the defined benefit pension plan during the year ending December 31, 2004.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

| Fiscal Years Ending | Expected Benefit Payments |
|---------------------|---------------------------|
| 2004 | \$ 701,390 |
| 2005 | 689,107 |
| 2006 | 692,254 |
| 2007 | 706,232 |
| 2008 | 715,154 |
| 2009-2013 | 3,282,243 |

Company contributions to its defined contribution plan were \$13,800 in 2003, \$15,000 in 2002 and \$16,000 in 2001.

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.

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

NOTE 8 - EMPLOYEE BENEFIT PLANS (Continued)

In November 2001, the Company's Board of Directors ratified a December 1999 resolution of its executive committee making treasury shares available for purchase by directors, including directors of wholly-owned subsidiaries, 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. In 2003 no shares were purchased by directors and in 2002 one director purchased 500 shares.

In 2001 the Company's Stock Option Committee granted options, to the President of the Company to purchase not more than 50,000 shares of treasury stock at \$37.24 per share. These options expire in 2008. In 2003 the options were modified to decrease the option exercise price to \$33.20 per share. The closing price of the stock on December 31, 2003 was \$43.75. As

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a result, the Company accrued additional compensation expense of \$527,500 related to the stock options in 2003. No options were exercised under this grant during 2001 or 2002.

The Company applies APB No. 25 and related interpretations in accounting for stock options. Had compensation expense for the stock options been determined based on the fair value at the grant or modification dates in accordance with SFAS No. 123, the Company's net income and earnings per share would have been adjusted to the pro forma amounts as follows:

| | 2003 | 2002 | 2001 |
|---|----------------------|--------------------|--------------------|
| Net income, as reported | \$2,471,765 | 2,247,227 | 2,896,198 |
| Add: Stock-option-based employee compensation expense included in reported net income, net of related tax effects | 348,150 | - | - |
| Deduct: Total stock-option-based employee compensation expense determined under fair value based method, net of related tax effects | (162,096) | - | (137,610) |
| Pro forma net income | \$2,657,819 ===== | 2,247,227 ===== | 2,758,588 ===== |
| Earnings per share: | | | |
| Basic and diluted-as reported | \$2.46 | 2.07 | 2.59 |
| Basic and diluted-pro forma | 2.65 | 2.07 | 2.46 |

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

NOTE 8 - EMPLOYEE BENEFIT PLANS (Continued)

The fair value was estimated at the date of the grant modification using a Black-Scholes option pricing model. Pricing model assumptions for 2003 and 2001 respectively, assumed a dividend yield of .6% and 2.15%; expected volatility of 16.1% and 15.2%; risk-free interest rates of 2.75% and 2.81%; and expected lives of 5.5 years and 3 years.

In December 2003 and 2002, the Compensation Committee awarded the President of the Company 2,000 shares of common stock, valued at \$81,000 and \$68,600, respectively, as additional compensation for his services.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The Company has an interest in a partnership, CCBA, 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 to the plaintiff. The Court of Common Pleas in Hamilton County, Ohio, in 2003, granted summary

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judgment in the Company's favor. On January 6, 2004, the plaintiff appealed this decision. The Company believes that the suit is without merit and has been defending itself vigorously against the issues raised.

CCBA appealed a real estate tax assessment from 1999 that had increased the annual real estate tax and was granted a revision. During 2001, the local school board appealed the revision. CCBA received a \$96,000 refund of the additional tax paid in 1999. In 2003 the Ohio Board of Tax Appeals ruled in favor of CCBA. The school board has appealed that ruling to the Ohio Supreme Court. CCBA has recorded a liability of approximately \$145,000 related to this issue based on the revised value asserted by the local school board. If CCBA is successful, this liability will be recognized as income when the final valuation is determined.

On March 1, 1990 the United States of America filed a complaint against the Company and others in the United States District Court for the District of Massachusetts claiming that the Company was a potentially responsible party with respect to the Re-Solve, Inc. Superfund Site in North Dartmouth, Massachusetts seeking to recover response costs incurred and to be incurred in the future in connection with this site. Although the Company had engaged counsel to represent it in that action, the Company was first informed on March 28, 2001 that the Court had entered, pursuant to prior rulings, an unopposed "Final Judgment" against the Company on September 22, 1999. The "Final Judgment" awarded damages against the Company in favor of the United States in the amount of \$3,465,438, plus interest, for unreimbursed response costs, plus any additional past unreimbursed response costs, interest and certain future costs the United States incurs at the site.

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

NOTE 9 - COMMITMENTS AND CONTINGENCIES (Continued)

On September 2, 2003 the claims of the United States against the Company for past and future clean-up costs and expenses with respect to the Re-Solve, Inc. Superfund Site in North Dartmouth, Massachusetts were resolved by the docketing of a settlement agreement in the Federal District Court of Massachusetts approved by Senior Federal Judge Roger Keeton. The settlement provided that the Company pay to the U.S. Department of Justice the amount of \$3,800,000 plus interest from November 1, 2002. The total settlement of \$3,846,831 was paid on September 2, 2003. The approved settlement agreement resolves all matters involved in this case. The Company had accrued an estimated liability of \$5,294,949, for the judgment, accrued interest for the past costs and a discounted present value for estimated future costs in connection with the site. The Company recognized income related to the settlement of \$1,448,118 during 2003.

There may be other potential clean-up liabilities at other sites of which the Company has no specific knowledge.

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

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At December 31, 2003 approximately 36% of the Company's labor force was subject to collective bargaining agreements which expire in October 2005.

NOTE 10 - 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 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. During 2001, the Company used a net operating loss carryforward of approximately \$389,000. The 2003 net operating loss carryforward of \$1,221,000 is expected to be utilized in 2004 but will expire in 2023.

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Three years ended December 31, 2003
 (Continued)

NOTE 10 - INCOME TAXES

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

| | 2003 | 2002 |
|---|--------------|------------|
| Deferred tax liabilities: | | |
| Excess tax depreciation | \$ 40,109 | 82,741 |
| Undistributed earnings of domestic subsidiary | 207,618 | 201,949 |
| Other | 78,970 | 68,634 |
| Prepaid pension expense | 1,908,124 | 1,942,624 |
| Unrealized holding gains | 22,989,963 | 17,522,051 |
| | ----- | ----- |
| Total deferred tax liabilities | 25,224,784 | 19,817,999 |
| | ----- | ----- |
| Deferred tax assets: | | |
| Vacation accruals | 28,106 | 34,303 |
| Allowance for doubtful accounts | 42,220 | 43,329 |
| Investment in joint venture | 47,300 | 42,563 |
| Accrued other expenses | 82,625 | 81,894 |
| Environmental remediation liability | - | 1,800,283 |
| Net operating loss carryforward | 415,113 | - |
| Stock option expense | 179,350 | - |
| Alternative minimum tax credit and general business credit carryforward | 1,318,652 | 1,040,968 |
| | ----- | ----- |
| Total deferred tax assets | 2,113,366 | 3,043,340 |
| | ----- | ----- |
| Net deferred tax liabilities | \$23,111,418 | 16,774,659 |
| | ===== | ===== |

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Three years ended December 31, 2003
 (Continued)

NOTE 10 - INCOME TAXES (Continued)

Significant components of the income tax provision are as follows:

| | 2003 | 2002 | 2001 |
|--------------------|--------------|----------|---------|
| Current | \$ (456,114) | 362,636 | 510,554 |
| Deferred | 868,847 | (14,082) | 208,860 |
| | ----- | ----- | ----- |
| Income tax expense | \$ 412,733 | 348,554 | 719,414 |
| | ===== | ===== | ===== |

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

| | 2003 | 2002 | 2001 |
|---|-----------|-----------|-----------|
| Income taxes from continuing operations at federal statutory rate | \$982,655 | 882,566 | 1,229,308 |
| Increase (reduction) in taxes resulting from: | | | |
| Domestic corporation dividend received deduction | (546,794) | (531,650) | (520,603) |
| Unrecognized equity loss in investments | (21,900) | - | - |
| Other-net | (1,228) | (2,362) | 10,709 |
| | ----- | ----- | ----- |
| Income tax | \$412,733 | 348,554 | 719,414 |
| | ===== | ===== | ===== |

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Three years ended December 31, 2003
 (Continued)

NOTE 11 - RELATED PARTY TRANSACTIONS

The Company utilizes the services of an attorney, for certain legal matters, who is also a director. Total fees paid to the director in connection with legal services were \$142,254, \$105,006 and \$98,429 for the respective years ended December 31, 2003, 2002 and 2001. Accounts payable to the director for legal services were \$68,132 and \$117,379 at December 31, 2003 and 2002,

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respectively. The latter amount is included in the fees paid in 2003.

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 and unexpired option contracts was determined based on quoted market prices. The Company's trade account receivables that were ninety days or more past due amounted to \$71,000 and \$86,000 at December 31, 2003 and 2002, 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 concentrations of credit risk exists with respect to these financial instruments. Concentrations in marketable securities are as disclosed in Note 2.

NOTE 13 - BUSINESS SEGMENTS

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 \$390,690 in 2003, \$203,345 in 2002, and \$376,266 in 2001. The Company does not have assets located outside the United States.

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

NOTE 13 - BUSINESS SEGMENTS (Continued)

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.

Identifiable assets are reported for the Company's operations in each segment. Corporate assets consist principally of cash, marketable securities, notes

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receivable and prepaid pension expense. To reconcile industry information with consolidated amounts, intersegment sales of \$376,737 in 2003, \$192,114 in 2002, and \$354,631 in 2001 have been eliminated.

More than ten percent of aggregate revenues were derived from certain customers. The rubber and foam segment had sales to one customer amounting to \$1,564,000, \$914,000 and \$841,000 in 2003, 2002 and 2001, respectively and sales to a second customer amounting to \$1,274,000 and \$1,010,000 in 2003 and 2002 respectively and sales to a third customer amounting to \$1,117,000 in 2003.

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

| | 2003 | 2002 | 2001 |
|---|--------------|-----------|-----------|
| SALES TO UNAFFILIATED CUSTOMERS: | | | |
| Rubber and Foam | \$ 7,895,291 | 6,522,678 | 6,129,434 |
| Bowling Pins | 1,919,253 | 1,995,694 | 1,783,318 |
| Real Estate Operations | 854,839 | 920,617 | 870,806 |
| | ----- | ----- | ----- |
| | \$10,669,383 | 9,438,989 | 8,783,558 |
| | ===== | ===== | ===== |
| INTERSEGMENT SALES: | | | |
| Rubber and Foam | \$ 25,852 | 65,423 | 144,422 |
| Bowling Pins | 350,885 | 126,691 | 210,208 |
| | ----- | ----- | ----- |
| | \$ 376,737 | 192,114 | 354,630 |
| | ===== | ===== | ===== |
| INTEREST INCOME: | | | |
| Bowling Pins | \$ 7,606 | 10,747 | 25,641 |
| Bowling Pins - Intercompany | 5,593 | 4,959 | 4,959 |
| Real Estate Operations | 1,913 | 18,594 | 18,162 |
| Corporate | 13,063 | 35,711 | 51,157 |
| | ----- | ----- | ----- |
| | \$ 28,175 | 70,011 | 99,919 |
| | ===== | ===== | ===== |

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Three years ended December 31, 2003
(Continued)

NOTE 13 - BUSINESS SEGMENTS (Continued)

| | 2003 | 2002 | 2001 |
|---------------------------------|--------------|-----------|-----------|
| OPERATING PROFIT (LOSS): | | | |
| Rubber and Foam | \$ (412,284) | (657,039) | (892,131) |
| Bowling Pins | (78,449) | 347,330 | 140,009 |
| Real Estate Operations | 262,511 | 324,794 | 516,824 |
| | ----- | ----- | ----- |
| SUBTOTAL | (228,222) | 15,085 | (235,298) |
| GENERAL CORPORATE INCOME | 3,179,838 | 2,743,501 | 4,111,167 |
| INTEREST EXPENSE - INTERCOMPANY | (5,593) | (4,959) | (4,959) |
| INTEREST EXPENSE - OTHER | (61,225) | (157,846) | (255,298) |
| | ----- | ----- | ----- |
| INCOME BEFORE INCOME TAXES | 2,884,798 | 2,595,781 | 3,615,612 |

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| | | | |
|--------------------------------|---------------|------------|------------|
| INCOME TAX PROVISION | 413,033 | 348,554 | 719,414 |
| | ----- | ----- | ----- |
| NET INCOME | \$ 2,471,765 | 2,247,227 | 2,896,198 |
| | ===== | ===== | ===== |
| DEPRECIATION AND AMORTIZATION: | | | |
| Rubber and Foam | \$ 258,829 | 250,270 | 260,164 |
| Bowling Pins | 651 | 302 | 424 |
| Real Estate Operations | 68,270 | 78,986 | 80,564 |
| Corporate and Other | 76,156 | 69,018 | 42,108 |
| | ----- | ----- | ----- |
| | \$ 403,906 | 398,576 | 383,260 |
| | ===== | ===== | ===== |
| IDENTIFIABLE ASSETS: | | | |
| Rubber and Foam | \$ 2,216,169 | 2,335,395 | 2,395,488 |
| Bowling Pins | 1,615,990 | 1,619,351 | 1,441,660 |
| Real Estate Operations | 967,948 | 1,247,906 | 1,197,515 |
| Corporate and Other | 80,739,829 | 64,413,053 | 84,062,824 |
| | ----- | ----- | ----- |
| | \$ 85,539,936 | 69,615,705 | 89,097,487 |
| | ===== | ===== | ===== |
| CAPITAL EXPENDITURES: | | | |
| Rubber and Foam | \$ 51,257 | 229,322 | 112,767 |
| Real Estate Operations | - | 7,749 | 19,775 |
| | ----- | ----- | ----- |
| | \$ 51,257 | 237,071 | 132,542 |
| | ===== | ===== | ===== |

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Three years ended December 31, 2003
 (Continued)

NOTE 13 - BUSINESS SEGMENTS (Continued)

| | 2003 | 2002 | 2001 |
|--|---------------|-----------|-----------|
| EQUITY IN JOINT VENTURE INCOME INCLUDED IN BOWLING PIN SEGMENT OPERATING INCOME | \$ 17,090 | 351,795 | 98,481 |
| | ===== | ===== | ===== |
| INVESTMENT IN JOINT VENTURE INCLUDED IN BOWLING PIN SEGMENT ASSETS | \$ 37,894 | 20,805 | 69,010 |
| | ===== | ===== | ===== |
| REVENUES: | | | |
| Total revenues for reportable segments | \$ 10,669,383 | 9,438,989 | 8,783,558 |
| Timber sales included in gain on disposal of assets on consolidated income statement | (415,677) | (433,057) | (410,745) |
| | ----- | ----- | ----- |
| TOTAL CONSOLIDATED REVENUES | \$ 10,253,706 | 9,005,932 | 8,372,813 |
| | ===== | ===== | ===== |

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VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Three years ended December 31, 2003
 (Continued)

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

| | 2003 | 2002 | 2001 |
|---|----------------------|--------------------|--------------------|
| a) Net income | \$2,471,765 ===== | 2,358,227 ===== | 2,896,198 ===== |
| b) Dividends on common shares | \$ 200,940 ===== | 857,709 ===== | 898,976 ===== |
| Weighted average shares: | | | |
| c) Common shares issued | 1,999,512 | 1,999,512 | 1,999,512 |
| d) Common treasury shares | 994,832 ----- | 915,370 ----- | 879,934 ----- |
| e) Common shares outstanding | 1,004,680 ===== | 1,084,142 ===== | 1,119,578 ===== |
| f) Net income per common share outstanding (a/e) | \$ 2.46 ===== | 2.07 ===== | 2.59 ===== |
| g) Dividends paid per common share | \$.20 ===== | .80 ===== | .80 ===== |

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VULCAN INTERNATIONAL CORPORATION
 Five-Year Record
 Selected Financial Data

| | 2003 ----- | 2002 ----- | 2001 ----- | 2000 ----- |
|---|---------------|---------------|---------------|---------------|
| Net revenues-continuing operations | \$12,573,744 | 11,304,808 | 10,660,422 | 11,246,242 |
| Income (loss) from continuing operations before taxes | 2,884,498 | 2,595,781 | 3,615,612 | 1,874,729 |
| Income taxes (benefit) | 412,733 | 348,554 | 719,414 | 113,165 |
| Net income (loss) from continuing operations | 2,471,765 | 2,247,227 | 2,896,198 | 1,761,564 |
| Income (loss) from disposed operations, net of tax | - | - | - | - |
| Gain on sale of disposed operations, net of tax | - | - | - | - |
| Net income (loss) | 2,471,765 | 2,247,227 | 2,896,198 | 1,761,564 |
| Income (loss) per common | | | | |

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| | | | | |
|---|------------|------------|------------|------------|
| share: | | | | |
| Continuing operations | 2.46 | 2.07 | 2.59 | 1.59 |
| Discontinued operations | - | - | - | - |
| Gain on disposal of discontinued operations | - | - | - | - |
| | ---- | ---- | ---- | ---- |
| Net income (loss) | 2.46 | 2.07 | 2.59 | 1.59 |
| Dividends per common share | .20 | .80 | .80 | .80 |
| Property, plant and equipment (net) | 1,757,735 | 2,102,781 | 2,117,476 | 2,369,216 |
| Depreciation | 403,906 | 395,258 | 381,079 | 447,401 |
| Current assets | 42,029,661 | 34,104,485 | 44,333,695 | 55,493,494 |
| Ratio assets to current liabilities | 2.59 to 1 | 2.16 to 1 | 2.60 to 1 | 2.54 to 1 |

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

| | 2003 | 2002 | 2001 | 2000 |
|--|------------|------------|------------|-------------|
| | ----- | ----- | ----- | ----- |
| Total assets | 85,539,936 | 69,615,705 | 89,097,487 | 111,143,958 |
| Long-term debt | - | - | - | - |
| Accumulated other comprehensive income | 44,627,575 | 34,013,394 | 46,599,325 | 60,846,586 |
| Total shareholders' equity | 57,114,516 | 44,160,910 | 59,220,189 | 72,959,140 |
| Book value per common share | 56.85 | 44.04 | 53.75 | 64.03 |

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Selected Quarterly Financial Data

| | TOTAL REVENUES | GROSS PROFIT (LOSS) | NET INCOME | NET INCOME PER SHARE |
|----------------|----------------|---------------------|------------|----------------------|
| 2003 | | | | |
| First Quarter | \$ 2,776,090 | 47,240 | 603,098 | 0.60 |
| Second Quarter | 3,107,557 | 174,619 | 445,254 | 0.44 |
| Third Quarter | 3,519,528 | 188,407 | 1,395,642 | 1.39 |
| Fourth Quarter | 3,170,569 | 114,061 | 27,771 | 0.03 |
| | ----- | ----- | ----- | ----- |
| Total | \$12,573,744 | 524,327 | 2,471,765 | 2.46 |

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| | ===== | ===== | ===== | ===== |
|----------------|--------------|-----------|-----------|-------|
| 2002 | | | | |
| First Quarter | \$ 2,938,337 | 226,782 | 641,303 | 0.58 |
| Second Quarter | 2,788,179 | 193,380 | 434,633 | 0.40 |
| Third Quarter | 2,870,541 | 142,587 | 412,802 | 0.38 |
| Fourth Quarter | 2,707,751 | (116,509) | 758,489 | 0.71 |
| | ----- | ----- | ----- | ----- |
| Total | \$11,304,808 | 446,240 | 2,247,227 | 2.07 |
| | ===== | ===== | ===== | ===== |

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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
 Edward B. Kerin

VULCAN BOWLING PIN COMPANY
 Cincinnati, Ohio
 (800) 447-1146

Directors
 Ricardo DeFelice
 John Gabriel
 Benjamin Gettler

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

STOCK TRANSFER AND REGISTRAR
 Computershare
 Investor Services LLC
 2 North LaSalle Street
 Chicago, Illinois 60602
 (888) 294-8217

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

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Exhibit 21

VULCAN INTERNATIONAL CORPORATION

SUBSIDIARIES OF THE REGISTRANT

At December 31, 2003

| 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% |

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Exhibit 31.1

CERTIFICATIONS

In connection with the Annual Report of Vulcan International Corporation on Form 10-K for the period ending December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Benjamin Gettler, Chairman of the Board and Chief Executive Officer of Vulcan International Corporation, certify, that:

- (1) I have reviewed this annual report on Form 10-K of Vulcan International Corporation;
- (2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;

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- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), for the registrant and have:
- a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Benjamin Gettler

Benjamin Gettler
Chairman of the Board and
Chief Executive Officer

March 30, 2004

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Exhibit 31.2

CERTIFICATIONS

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In connection with the Annual Report of Vulcan International Corporation on Form 10-K for the period ending December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vernon E. Bachman, Vice President and Secretary-Treasurer of Vulcan International Corporation, certify, that:

- (1) I have reviewed this annual report on Form 10-K of Vulcan International Corporation;
- (2) Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)), for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the

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registrant's internal control over financial reporting.

/s/ Vernon E. Bachman

Vernon E. Bachman
Vice President and
Secretary-Treasurer

March 30, 2004

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Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Vulcan International Corporation (the "Company") on Form 10-K for the period ending December 31, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Benjamin Gettler, Chairman of the Board and Chief Executive Officer of the Company and Vernon E. Bachman, Principal Financial Officer, of the Company, certify, pursuant to 18 U.S.C. ss 1350, as adopted pursuant to ss 906 of the Sarbanes-Oxley Act of 2002, that to the best of our knowledge:

- (1) The Report fully complies with the requirements of section 13(a) and 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Benjamin Gettler

Benjamin Gettler
Chairman of the Board and
Chief Executive Officer
March 30, 2004

/s/ Vernon E. Bachman

Vernon E. Bachman
Principal Financial Officer
March 30, 2004

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EXHIBIT 99.1

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INDEPENDENT AUDITORS' REPORT ON SCHEDULE

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, 2003 and 2002, and for each of the three years in the period ended December 31, 2003, and have issued our report thereon dated February 27, 2004, such consolidated financial statements and report are included in Part IV, Item 14(a)1 of this Form 10-K and the 2003 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 27, 2004

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EXHIBIT 99.2

Schedule II

VULCAN INTERNATIONAL CORPORATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS

2003 2002 2001

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

Reserve for Doubtful Accounts
Receivable:

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| | | | |
|-----------------------------------|-----------|---------|---------|
| Balance at Beginning of Period | \$127,435 | 91,367 | 152,974 |
| Additions: | | | |
| (1) Charged to costs and expenses | 11,928 | 48,000 | 24,000 |
| (2) Charged to Other Accounts | - | - | - |
| Deductions: | | | |
| Write off of bad debts | 15,191 | 11,932 | 85,607 |
| | ----- | ----- | ----- |
| Balance at End of Period | \$124,172 | 127,435 | 91,367 |
| | ===== | ===== | ===== |