

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

VULCAN INTERNATIONAL CORP
Form 10-Q
May 14, 2001

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended March 31, 2001

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 1-10219

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

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

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

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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

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

1,134,719 shares

VULCAN INTERNATIONAL CORPORATION

INDEX

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

Part I.	FINANCIAL INFORMATION	PAGE
Item 1.	FINANCIAL STATEMENTS	
	Condensed Consolidated Balance Sheets	1
	Condensed Consolidated Statements of Income	2
	Condensed Consolidated Statements of Cash Flows	3
	Schedule Supporting Net Income Per Common Share and Dividends Per Common Share	4
	Notes to Condensed Consolidated Financial Statements	5-9
	Independent Accountants' Report	10
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	11-12
Item 3.	Quantitative and Qualitative Disclosures About Market Risks	12
Part II.	OTHER INFORMATION	
Item 1.	Legal Proceedings	13-14
Item 6.	Exhibits and Reports on Form 8-K	15

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION CONDENSED CONSOLIDATED BALANCE SHEETS

	MARCH 31, 2001 UNAUDITED	DECEMBER 31, 2000
-ASSETS-		
CURRENT ASSETS:		
Cash	\$ 1,338,936	1,008,649
Marketable securities (At fair market value)	45,962,406	50,383,925
Accounts receivable	2,976,511	3,072,529
Inventories	808,501	941,090
Prepaid expense and tax	-	87,301
	-----	-----
TOTAL CURRENT ASSETS	51,086,354	55,493,494
	-----	-----
PROPERTY, PLANT AND EQUIPMENT-at cost	11,716,903	11,715,635
Less-Accumulated depreciation and depletion	9,442,717	9,346,419
	-----	-----
NET PROPERTY, PLANT AND EQUIPMENT	2,274,186	2,369,216

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

OTHER ASSETS:		
Investment in joint venture	35,936	70,528
Marketable securities (At fair market value)	44,653,347	48,153,115
Deferred charges and other assets	5,102,242	5,057,605
	-----	-----
TOTAL OTHER ASSETS	49,791,525	53,281,248
	-----	-----
TOTAL ASSETS	\$103,152,065	111,143,958
	=====	=====
-LIABILITIES AND SHAREHOLDERS' EQUITY-		
CURRENT LIABILITIES:		
Deferred income tax	\$ 12,507,543	14,093,872
Note payable	1,350,000	1,700,000
Other	5,970,209	6,037,426
	-----	-----
TOTAL CURRENT LIABILITIES	19,827,752	21,831,298
	-----	-----
OTHER LIABILITIES:		
Deferred income tax	15,232,709	16,309,169
Commitments and contingencies	-	-
Minority interest in partnership	10,803	11,066
Other liabilities	33,285	33,285
	-----	-----
TOTAL OTHER LIABILITIES	15,276,797	16,353,520
	-----	-----
SHAREHOLDERS' EQUITY:		
Capital stock	249,939	249,939
Additional paid-in capital	7,745,102	7,745,102
Retained earnings	25,037,569	24,565,375
Accumulated other comprehensive income	55,629,579	60,846,586
	-----	-----
	88,662,189	93,407,002
Less-Common stock in treasury-at cost	20,614,673	20,447,862
	-----	-----
TOTAL SHAREHOLDERS' EQUITY	68,047,516	72,959,140
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$103,152,065	111,143,958
	=====	=====

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

PART I - FINANCIAL INFORMATION
(Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

For the three months ended
UNAUDITED

	MARCH 31, 2001	MARCH 31, 2000
REVENUES:		
Net sales	\$ 2,193,172	2,517,046
Dividends	532,999	518,677
	-----	-----
TOTAL REVENUES	2,726,171	3,035,723
	-----	-----
COST AND EXPENSES:		
Cost of sales	2,255,959	2,524,341
General and administrative	406,706	418,833
Interest expense	98,744	101,959
	-----	-----
TOTAL COST AND EXPENSES	2,761,409	3,045,133
	-----	-----
EQUITY IN JOINT VENTURE INCOME AND MINORITY INTEREST	65,670	117,913
	-----	-----
INCOME BEFORE GAIN ON SALE OF ASSETS	30,432	108,503
NET GAIN ON SALE OF PROPERTY AND EQUIPMENT	835,136	87,484
	-----	-----
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	865,568	195,987
INCOME TAX PROVISION	166,431	26,721
	-----	-----
NET INCOME	\$ 699,137	169,266
	=====	=====
NET INCOME PER COMMON SHARE	\$.62	.15
	=====	=====
DIVIDENDS PER COMMON SHARE	\$.20	.20
	=====	=====

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

2

PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements.

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

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 2,291,062	2,092,707

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

Cash paid to suppliers and employees	(2,641,490)	(2,855,272)
Dividends received	532,999	518,677
Interest paid	(34,451)	(52,002)
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	148,120	(295,890)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, equipment and securities	799,353	87,484
Purchase of property and equipment	(1,329)	(51,103)
Collections on notes receivable and other	27,899	26,363
Cash distribution from joint venture	100,000	-
	-----	-----
NET CASH FLOWS FROM INVESTING ACTIVITIES	925,923	62,744
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net borrowings (repayments) under credit agreement	(350,000)	200,000
Sale of treasury shares	-	466,875
Purchase of common shares	(166,811)	(363,795)
Cash dividends paid	(226,945)	(221,441)
	-----	-----
NET CASH FLOWS FROM FINANCING ACTIVITIES	(743,756)	81,639
	-----	-----
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	330,287	(151,507)
	-----	-----
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,008,649	1,088,626
	-----	-----
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$1,338,936	937,119
	=====	=====
RECONCILIATION OF NET INCOME TO		
NET CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 699,137	169,266
Adjustments-		
Depreciation and amortization	96,672	105,934
Deferred income taxes	24,759	(3,930)
Equity in joint venture income and minority interest	(65,670)	(117,913)
	-----	-----
Net gain on sale of property and marketable securities	(806,233)	(87,484)
(Increase) decrease in accounts receivable	97,890	(424,339)
Decrease in inventories	132,589	9,051
Increase (decrease) in accounts payable, accrued expenses and other assets	(31,024)	53,525
	-----	-----
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$ 148,120	(295,890)
	=====	=====

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

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

(Continued)

Item 1. Financial Statements.

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

Exhibit "1"

	Three months ended March 31,	
	2001	2000
a) Net income	\$ 699,137	169,266
	=====	=====
b) Cash dividends on common shares	\$ 226,945	221,441
	=====	=====
Weighted Average Shares:		
c) Common shares issued	1,999,512	1,999,512
d) Common treasury shares	864,491	890,908
	-----	-----
e) Common shares outstanding	1,135,021	1,108,604
	=====	=====
f) Income per common share (a/e):	\$.62	.15
g) Dividends per common share	\$.20	.20

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

4

PART I - FINANCIAL INFORMATION
 (Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 For the three months ended March 31, 2001 and 2000

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

Although the Registrant had engaged counsel to represent it in that action, the Registrant was first informed on March 28, 2001 that the Court had

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

entered, pursuant to prior rulings, an unopposed "Final Judgment" against the Registrant on September 22, 1999. The "Final Judgment" awarded damages against the Registrant in favor of the United States in the amount of \$3,465,438 for unreimbursed response costs and accrued interest, plus any additional past unreimbursed response costs, interest and certain future costs the United States incurs at the site. The United States filed a notice of lien in certain jurisdictions on real property of the Registrant and its subsidiary Vulcan Corporation in the dollar amount of the judgment, plus interest.

The Registrant has recorded a liability of \$3,850,800 including accrued interest of \$385,400 for past costs plus \$1,140,700, (representing a discounted present value of \$1,750,000) for estimated future costs in connection with the Site. The March 31, 2000 quarterly results were restated to recognize interest on the liability as reported in the Registrant's Form 10-K for the year ended December 31, 2000. The liability for future costs is a significant estimate of the future costs and it is subject to change as actual costs are incurred and reported by the Environmental Protection Agency.

The Registrant is presently continuing an investigation into this matter and intends to vigorously pursue all available legal remedies to set aside all orders and liens relating to the asserted liability and to defend itself against the underlying allegations.

The Registrant was advised by the U.S. Environmental Protection Agency several years ago that it was one of at least 122 large generator potentially responsible parties ("PRPs") with regard to remediation of the Union Chemical Company, Inc. Site, South Hope, Maine, where the potential joint and several liability was in the range of \$15 million. The Registrant, along with many other PRPs, entered into a consent agreement with U.S. EPA to remediate the

5

PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the three months ended March 31, 2001 and 2000 (Continued)

Site, and the Registrant is now a party to a Remedial Design/Remedial Action Trust Agreement for the purpose of undertaking clean-up responsibilities at the Site. Most of the remedial work has now been completed. In 2000, PRPs estimated the additional funds in the range of \$1 million would be required to complete remediation of the Site. The Registrant's estimated share of that amount was approximately \$5,000 and was paid in 2000. If the projected cost of the remaining remediation tasks remains at approximately \$1 million, the Registrant will not have additional payments. There may be other potential clean-up liabilities at other sites of which the Registrant has no specific knowledge.

The Registrant has an interest in a partnership which owns certain real estate. On August 13, 1999 a Complaint for money damages, in excess of \$25,000, based upon breach of fiduciary duty was filed by the other partner in the Court of Common Pleas in Hamilton County, Ohio.

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

Essentially, the plaintiff is seeking an adjustment of the capital account balances which would result in a higher distribution of cash flow. On March 27, 2001, the plaintiff threatened to file an Amended Complaint that alleges damages of \$1,062,000 and costs, plus punitive damages of \$2,000,000 on various grounds. The Registrant believes that the suit is without merit and has been defending itself vigorously against the issues raised.

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

There were no securities of the Registrant sold by the Registrant during the three months ended March 31, 2001, that were not registered under the Securities Act of 1933, in reliance upon an exemption from registration provided by Section 4(2) of the Act.

ACCOUNTING CHANGES

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 133, "Accounting for Derivative Instruments and Hedging Activities". SFAS 133 requires an entity to recognize all derivatives, at their fair market value, as either assets or liabilities in the statement of financial position. The effect of adopting this standard was not significant.

6

PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the three months ended March 31, 2001 and 2000 (Continued)

USE OF ESTIMATES

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

INVENTORIES

	MARCH 31, 2001 UNAUDITED	DECEMBER 31, 2000
Inventories consisted of:		
Finished goods	\$ 327,100	657,693
Work in process	134,238	72,992
Raw materials	347,163	210,405
	-----	-----

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

Total inventories	\$ 808,501	941,090
	=====	=====

COMPREHENSIVE INCOME

During the three months ended March 31, 2001 and 2000 total other comprehensive income (loss) was as follows:

	2001	2000
Net income	\$ 699,137	169,266
Other comprehensive income, net of tax:		
Unrealized gain (loss) on marketable securities	(4,942,435)	2,184,086
Less: reclassification adjustment for gains included in net income	(274,572)	-
	-----	-----
Total comprehensive income (loss)	\$ (4,517,870)	2,353,352
	=====	=====

7

PART I - FINANCIAL INFORMATION
(Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the three months ended March 31, 2001 and 2000
(Continued)

Accumulated comprehensive income consists of unrealized holding gains on securities available for sale of \$55,629,579 at March 31, 2001 and \$60,846,586 at December 31, 2000.

BUSINESS SEGMENT INFORMATION

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

	2001	2000
NET SALES FROM CONTINUING OPERATIONS:		
Rubber and Foam Products	\$1,533,393	1,773,164
Bowling Pins	610,082	780,089
Real Estate Operations	306,440	212,251
Intersegment net sales	(58,304)	(162,474)
	-----	-----
	2,391,611	2,603,030
Timber sales reported in gain on sale of property and equipment	(198,439)	(85,984)
	-----	-----
TOTAL SALES FROM CONTINUING OPERATIONS	\$2,193,172	2,517,046
	=====	=====
OPERATING PROFIT (LOSS) FROM		

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

CONTINUING OPERATIONS:		
Rubber and Foam Products	\$ (338,718)	(316,876)
Bowling Pins	51,535	106,020
Real Estate Operations	160,228	73,314
	-----	-----
TOTAL OPERATING (LOSS) FROM CONTINUING OPERATIONS	(126,955)	(137,542)
Interest expense - net	(98,144)	(101,959)
Other unallocated corporate income - net	1,090,667	435,488
Income tax provision	(166,431)	(26,721)
	-----	-----
NET INCOME	\$ 699,137	169,266
	=====	=====

8

PART I - FINANCIAL INFORMATION (Continued)

Item 1. Financial Statements.

VULCAN INTERNATIONAL CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS For the three months ended March 31, 2001 and 2000 (Continued)

REVIEW BY INDEPENDENT ACCOUNTANTS

The condensed consolidated financial statements at March 31, 2001, and for the three-month period then ended have been reviewed, prior to filing, by the Registrant's independent accountants, J.D. Cloud & Co. L.L.P., whose report covering their review of the financial statements is included in this report.

9

INDEPENDENT ACCOUNTANTS' REPORT

To the Board of Directors
Vulcan International Corporation
Wilmington, Delaware

We have reviewed the accompanying condensed consolidated balance sheet of Vulcan International Corporation and subsidiaries as of March 31, 2001, and the related condensed consolidated statements of income and cash flows for the three-month periods ended March 31, 2001 and 2000. These financial statements are the responsibility of the Company's management.

We conducted our review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A review of interim financial information consists

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

We have audited, in accordance with U.S. generally accepted auditing standards, the consolidated balance sheet of Vulcan International Corporation and subsidiaries as of December 31, 2000, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 10, 2001 and March 29, 2001, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed Consolidated balance sheet as of December 31, 2000, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

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

Cincinnati, Ohio
May 9, 2001

10

PART I - FINANCIAL INFORMATION (Continued)

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

Net sales revenue from continuing operations for the three months ended March 31, 2001, decreased \$323,874 or 12.9% over the corresponding period in 2000. Cost of sales decreased \$268,382 or 10.6% during the three months ended March 31, 2001 compared to the corresponding period in 2000. These changes are due to decreased sales and increased costs in the Company's Rubber and Foam and Bowling Pin segments.

General and administrative expenses decreased \$12,127 or 2.9% in the three months ended March 31, 2001, as compared to the corresponding period in 2000.

Interest expense decreased \$3,215 for the three months ended March 31, 2001. This decrease is due to decreased borrowings under the Company's line of credit agreement. Additional interest of \$63,250 was incurred related to the accrued EPA liabilities.

Gains on the sale of property, equipment and securities were \$835,136 for

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

the three months ended March 31, 2001, as compared to \$87,484 for the corresponding period in 2000. Gains in 2001 were the result of sales of marketable securities, timber and equipment. Gains in 2000 were the result of sales of timber and equipment.

The Company has a 50% interest in a joint venture, Vulcan Brunswick Bowling Pin Company (VBBPC) which manufactures bowling pins in Antigo, Wisconsin for Brunswick and the Company. The Company's investment in VBBPC is included in other assets at March 31, 2001.

Summarized income statement information for VBBPC consists of the following:

	Three Months ended March 31,	
	2001	2000
Net sales	\$1,315,901	2,145,088
Costs and expenses	1,185,085	1,908,890
	-----	-----
Net income	\$ 130,816	236,198
	=====	=====
Company's 50% equity in net income	\$ 65,408	118,099
	=====	=====

11

PART I - FINANCIAL INFORMATION (Continued)

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

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash requirements during the first quarter of 2001 were funded in part through earnings and noncash charges such as depreciation and amortization and from the sale of timber and equipment. The cash from these transactions was primarily used in operations. The Company expects to continue, when necessary, to use short-term borrowings to meet cash requirements not fully provided by earnings, depreciation and amortization. During the three months ended March 31, 2001, 4,805 shares of treasury stock were acquired for \$166,811. There were approximately \$48,500 of commitments for capital expenditures as of March 31, 2001.

Item 3. Quantitative and Qualitative Disclosures about Market Risks.

There have been no significant changes in the Company's market risk, primarily associated with marketable securities, since December 31, 2000.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

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

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

The Registrant has recorded a liability of \$3,850,800 including accrued interest of \$385,400 for past costs plus \$1,140,700, (representing a discounted present value of \$1,750,000) for estimated future costs in connection with the Site. The March 31, 2000 quarterly results were restated to recognize interest on the liability as reported in the Registrant's Form 10-K for the year ended December 31, 2000. The liability for future costs is a significant estimate of the future costs and it is subject to change as actual costs are incurred and reported by the Environmental Protection Agency.

The Registrant is presently continuing an investigation into this matter and intends to vigorously pursue all available legal remedies to set aside all orders and liens relating to the asserted liability and to defend itself against the underlying allegations.

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

PART II - OTHER INFORMATION

Item 1. Legal Proceedings. (Continued)

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

the Site. Most of the remedial work has now been completed. In 2000, PRPs estimated the additional funds in the range of \$1 million would be required to complete remediation of the Site. The Registrant's estimated share of that amount was approximately \$5,000 and was paid in 2000. If the projected cost of the remaining remediation tasks remains at approximately \$1 million, the Registrant will not have additional payments. There may be other potential clean-up liabilities at other sites of which the Registrant has no specific knowledge.

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

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

14

PART II - OTHER INFORMATION

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

None
 - b. The Company was not required to file Form 8-K for the quarter ended March 31, 2001.

15

PART II - OTHER INFORMATION

Edgar Filing: VULCAN INTERNATIONAL CORP - Form 10-Q

(Continued)

SIGNATURES

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

VULCAN INTERNATIONAL CORPORATION

	By: /s/ Benjamin Gettler	-----
Date	May 14, 2001	Benjamin Gettler Chairman of the Board, President and Chief Executive Officer
	By: /s/ Vernon E. Bachman	-----
Date	May 14, 2001	Vernon E. Bachman Vice President, Secretary-Treasurer and Principal Accounting Officer