SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2003 | **Commission File No. 1-15579**

MINE SAFETY APPLIANCES COMPANY

(Exact name of registrant as specified in its charter)

Pennsylvania **(State or other jurisdiction of incorporation or organization)**	**25-0668780** **(IRS Employer Identification No.)**
121 Gamma Drive **RIDC Industrial Park** **O'Hara Township** **Pittsburgh, Pennsylvania** **(Address of principal executive offices)**	**15238** **(Zip Code)**

Registrant's telephone number, including area code: 412/967-3000

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 Section 12(g) of the Act:

Preferred Stock Purchase Rights
(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 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 is not contained herein, and will not be contained, to the best of registrant's knowledge, in the definitive proxy statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act. Yes ☒ No ☐

As of February 20, 2004, there were outstanding 36,968,557 shares of common stock, no par value, not including 3,670,658 shares held by the Mine Safety Appliances Company Stock Compensation Trust. Total market value of outstanding shares as of February 20, 2004 was $917,190,000. The aggregate market value of voting stock held by non-affiliates as of February 20, 2004 was $647,715,000.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference:

DOCUMENT	FORM 10-K PART NUMBER
(1) Annual Report to Shareholders for the year ended December 31, 2003	I, II, IV
(2) Proxy Statement filed pursuant to Regulation 14A in connection with the registrant's Annual Meeting of Shareholders to be held on April 29, 2004	III

PART I

Item 1. Business

Operating Segments:

The company is organized into three geographic operating segments – North America, Europe and International. Further information with respect to the registrant’s operating segments is reported at Note 4 of Notes to Consolidated Financial Statements contained in the registrant’s Annual Report to Shareholders for the year ended December 31, 2003, incorporated herein by reference.

Products and Markets:

The primary business of the registrant and its affiliated companies is the manufacture and sale of products designed to protect the safety and health of people throughout the world.

Principal products include respiratory protective equipment that is air-purifying, air-supplied and self-contained in design; instruments that monitor and analyze workplace environments and control industrial processes; thermal imaging cameras that enable firefighters and rescue workers to see through smoke and darkness; and personal protective products including head, eye and face, hearing protectors, and fall protection equipment.

Many of these products have wide application for workers in industries that include manufacturing, municipal and volunteer fire departments, public utilities, mining, petroleum, construction, transportation, the military, and hazardous materials clean-up. Consumer products target the do-it-yourself market and are available through select home center retail outlets under the MSA Safety Works™ brand.

Additional information concerning the registrant’s products is reported at Note 4 of Notes to Consolidated Financial Statements contained in the registrant’s Annual Report to Shareholders for the year ended December 31, 2003, incorporated herein by reference.

The registrant and its affiliated companies compete with many large and small enterprises. For most of the registrant’s products and in most markets, principal methods of competition are product features, quality and price. In the opinion of management, the registrant is a leader in the manufacture of safety and health equipment.

Orders, except under contracts with U.S. government agencies, are generally filled promptly after receipt and the production period for special items is usually less than one year. The year-end backlog of orders under contracts with U.S. government agencies was $83,700,000 in 2003, $38,700,000 in 2002 and $27,400,000 in 2001.

Sales of products to U.S. government agencies increased in 2003; in addition, incoming orders were higher than shipments in both 2003 and 2002. The company's business is not dependent on a single customer or group of related customers, the loss of which would have a material adverse effect on the registrant's results.

Research:

The registrant and its affiliated companies engage in applied research with a view to developing new products and new applications for existing products. Most of the products are designed and manufactured to meet currently applicable performance and test standards published by groups such as ANSI (American National Standards Institute), MSHA (Mine Safety & Health Administration), NFPA (U.S. National Fire Protection Association), NIOSH (National Institute for Occupational Safety and Health), UL (Underwriters' Laboratories), SEI (Safety Equipment Institute), FM (Factory Mutual), CEN (European Committee for Standardization) and CSA (Canadian Standards Association). The registrant also from time to time engages in research projects for others such as the Bureau of Mines and the Department of Defense or its prime contractors. Registrant-sponsored research and development costs for continuing operations were $21,722,000 in 2003, $20,372,000 in 2002, and $16,740,000 in 2001.

In the aggregate, patents have represented an important element in building the business of the registrant and its affiliates, but in the opinion of management no one patent or group of patents is of material significance to the business as presently conducted.

General:

The company was founded in 1914 and is headquartered in Pittsburgh, Pennsylvania. As of December 31, 2003, the registrant and its affiliated companies had approximately 4,300 employees, of which 2,200 were employed by international affiliates. None of the U.S. employees are subject to the provisions of a collective bargaining agreement.

In the United States and in those countries in which the registrant has affiliates, its products are sold by its own salespersons, independent distributors and/or manufacturers' representatives. In countries where the registrant has no affiliate, products are sold primarily through independent distributors located in those countries.

The registrant is cognizant of environmental responsibilities and has taken affirmative action regarding this responsibility. There are no current or expected legal proceedings or expenditures with respect to environmental matters which would materially affect the operations of the registrant and its affiliates.

Generally speaking, the operations of the registrant and its affiliates are such that it is possible to maintain sufficient inventories of raw materials and component parts on the manufacturing premises.

Equipment and machinery for processing chemicals and rubber, plastic injection molding equipment, molds, metal cutting, stamping and working equipment, assembly fixtures and similar items are regularly acquired, repaired or replaced in the ordinary course of business at prevailing market prices.

Further information about the registrant's business is included in Management's Discussion and Analysis at pages 20 to 25 of the 2003 Annual Report to Shareholders, incorporated herein by reference.

The Company makes available, free of charge, through its Internet site at www.MSANet.com, the Company's Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports as soon as reasonably practicable after it electronically files such materials with, or furnishes them to, the Securities and Exchange Commission. The contents of the Company's Internet site are not part of this Annual Report on Form 10-K.

Executive Officers:

Name	Age	All Positions and Offices Presently Held
J. T. Ryan III	60	Chairman and Chief Executive Officer
J. H. Baillie	57	Vice President; President, MSA Europe
J. A. Bigler	54	Vice President
K. M. Bove	45	Vice President
R. Cañizares	54	Vice President; President, International
B. V. DeMaria	56	Vice President
R. N. Herring, Jr.	43	Vice President
W. M. Lambert	45	Vice President; President, North America
D. K. McClaine	46	Secretary and General Counsel
D. L. Zeitler	55	Vice President, Chief Financial Officer, and Treasurer

All the executive officers have been employed by the registrant since prior to January 1, 1999 and have held their present positions since prior to that date except as follows:

(a) Mr. Baillie was employed by the registrant on January 21, 1999, was elected Vice President, and appointed President, MSA Europe. Prior to that time, he was Executive Vice President of Sylvania Lighting International.

(b) Mr. Bove was elected Vice President on August 22, 2000. From January 1999 until November 1999, he was Division Marketing Manager. From November 1999, he was General Manager of the Instrument Division.

(c) Mr. Cañizares was employed by the registrant on January 20, 2003, elected Vice President and appointed President, International. Prior to that time, he was Senior Vice President, Global Sales & Service Group of Trane Company.

(d) Mr. Herring was elected Vice President on December 10, 2003. From January 2002 until December 2003, he was General Manager of Safety Products Division. Prior to that time, he was Director of Marketing for Safety Products Division.

(e) Mr. Lambert was appointed President, North America on August 22, 2002. Prior to that time, he was Vice President.

(f) Mr. McClaine was elected Secretary on July 1, 2002. Prior to that time, he was Associate General Counsel.

(g) Mr. Zeitler was elected Chief Financial Officer on November 1, 2000. Prior to that time, he was Vice President.

The executive officers of the registrant serve at the pleasure of the Board of Directors and are not elected to any specified term of office.

The primary responsibilities of these officers follow:

Individual	Responsibilities
Mr. Baillie	European operations
Mr. Bigler	North America sales and distribution
Mr. Bove	Research, product development, manufacturing and marketing of instrument products in North America
Mr. Cañizares	International operations outside North America and Europe
Mr. DeMaria	Human resources and corporate communications
Mr. Herring	Research, product development, manufacturing and marketing of safety products in North America
Mr. Lambert	North America operations
Mr. McClaine	General Counsel

Item 2. Properties

World Headquarters:

The registrant’s executive offices are located at 121 Gamma Drive, RIDC Industrial Park, O’Hara Township, Pittsburgh, Pennsylvania 15238. This facility contains approximately 93,000 sq. ft.

Production and Research Facilities:

The registrant’s principal North American manufacturing and research facilities are located in the Greater Pittsburgh area in buildings containing approximately 770,000 square feet. Other North American manufacturing and research facilities of the registrant are located in Jacksonville, North Carolina (107,000 sq. ft.), Sparks, Maryland (54,000 sq. ft.), Englewood, Colorado (41,000 sq. ft.), Clifton, New Jersey (41,000 sq. ft.), Newport, Vermont (11,500 sq. ft.), Quebec, Canada (20,700 sq. ft.), Etobicoke, Canada (6,100 sq. ft.), and Naucalpan, Mexico (5,800 sq. ft.).

Manufacturing facilities of the European operating segment of the registrant are located in France, Germany, Italy and Scotland. The most significant is located in Germany (approximately 340,000 sq. ft.) and France (approximately 78,000 sq. ft.). Research activities are also conducted in Germany. Manufacturing facilities for the International operating segment are located in Australia, Brazil, China and South Africa.

Approximately half of these buildings are owned by the registrant and its affiliates and are constructed of granite, brick, concrete block, steel or other fire-resistant materials.

Sales Offices and Warehouses:

Sales offices and distribution warehouses are owned or leased in the United States and 34 other countries in which the registrant’s affiliates are located.

Item 3. Legal Proceedings

Not Applicable.

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

No matters were submitted to a vote of security holders during fourth quarter 2003.

PART II

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

Item 6. Selected Financial Data

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

Item 7a. Quantitative and Qualitative Disclosures About Market Risk

Item 8. Financial Statements and Supplementary Data

Incorporated by reference herein pursuant to Rule 12b - 23 are

Item 5 - “Common Stock” appearing at page 25

Item 6 - “Summary of Selected Financial Data” appearing at page 41

Item 7 and 7a - “Management’s Discussion and Analysis” appearing at pages 20 to 25

Item 8 - “Consolidated Financial Statements and Notes to Consolidated Financial Statements” appearing at pages 26 to 40 of the Annual Report to Shareholders for the year ended December 31, 2003. Said pages of the Annual Report are submitted with this report and pursuant to Item 601(b)(13) of Regulation S-K shall be deemed filed with the Commission only to the extent that material contained therein is expressly incorporated by reference in Items 1, 5, 6, 7, 7a, 8 and 15 (a) hereof.

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

Not applicable.

Item 9A. Controls and Procedures

An evaluation was performed under the supervision and with the participation of the company’s management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the company’s disclosure controls and procedures as of the end of the period covered by this annual report. Based on that evaluation, the company’s management, including the CEO and CFO, concluded that the company’s disclosure controls and procedures were effective to ensure that information required to be disclosed by the company in the reports filed or submitted by it under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and include controls and procedures designed to ensure that information required to be disclosed by the company in such reports is accumulated and communicated to the company’s management, including the CEO and CFO, as appropriate to allow timely decisions regarding required disclosure. There was no change in the company’s internal control over financial reporting that occurred during the company’s most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the company’s internal control over financial reporting.

PART III

Item 10. Directors and Executive Officers of the Registrant

Item 11. Executive Compensation

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Item 13. Certain Relationships and Related Transactions

Item 14. Principle Accountant Fees and Services

Incorporated by reference herein pursuant to Rule 12b - 23 are (1) “Election of Directors” appearing at pages 1 to 3, (2) “Other Information Concerning Directors and Officers” appearing at pages 4 to 11 (except as excluded below), (3) “Stock Ownership” appearing at pages 13 to 16, and (4) “Selection of Independent Auditors” appearing at page 17 of the Proxy Statement filed pursuant to Regulation 14A in connection with the registrant’s Annual Meeting of Shareholders to be held on April 29, 2004. The information appearing in such Proxy Statement under the captions “Compensation Committee Report on Executive Compensation,” “Audit Committee Report” and the other information appearing in such Proxy Statement and not specifically incorporated by reference herein is not incorporated herein. The Company has adopted a Code of Ethics applicable to its principal executive officer, principal financial officer and principal accounting officer and other Company officials. The text of the Code of Ethics is available on the Company’s Internet site at www.MSANet.com. Any amendment to, or waiver of, a required provision of the Code of Ethics that applies to the Company’s principal executive, financial or accounting officer will also be posted on the Company’s Internet site at that address.

Item 12. Equity Compensation Plan Information
This information is provided pursuant to Item 12.

The following table sets forth information as of December 31, 2003 concerning common stock issuable under the Company’s equity compensation plans.

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**	**Weighted average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by security holders	2,015,550	$ 9.88	1,846,836
Equity compensation plans not approved by security holders	None	—	None
Total	2,015,550	$ 9.88	1,846,836

* Includes 1,684,815 shares available for issuance under the Company’s 1998 Management Share Incentive Plan (MSIP) and 162,021 shares available for issuance under the Company’s 1990 Non-Employee Directors’ Stock Option Plan (DSOP). In addition to stock options, the DSOP authorizes the issuance of restricted stock awards, and the MSIP authorizes the issuance of stock appreciation rights, restricted stock, performance awards and other stock and stock-based awards.

PART IV

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

(a) 1 and 2. Financial Statements

The following information appearing on pages 26 to 40 inclusive in the Annual Report to Shareholders of the registrant for the year ended December 31, 2003, is incorporated herein by reference pursuant to Rule 12b-23.

Report of Independent Accountants

Consolidated Statement of Income - three years ended December 31, 2003

Consolidated Balance Sheet - December 31, 2003 and 2002

Consolidated Statement of Changes in Retained Earnings and Accumulated Other Comprehensive Income - three years ended December 31, 2003

Consolidated Statement of Cash Flows - three years ended December 31, 2003

Notes to Consolidated Financial Statements

Said pages of the Annual Report are submitted with this report and, pursuant to Item 601(b)(13) of Regulation S-K shall be deemed to be filed with the Commission only to the extent that material contained therein is expressly incorporated by reference in Items 1, 5, 6, 7, 8 and 15 (a)(1) and (2) hereof.

The following additional financial information for the three years ended December 31, 2003 is filed with the report and should be read in conjunction with the above financial statements:

Report of Independent Accountants on Financial Statement Schedule

Schedule II - Valuation and Qualifying Accounts

All other schedules are omitted because they are not applicable, not material or the required information is shown in the consolidated financial statements and consolidated notes to the financial statements listed above.

(a) 3. Exhibits

(3)(i)	Restated Articles of Incorporation as amended to January 16, 2004, filed herewith.
(3)(ii)	By-laws of the registrant, as amended on March 13, 2001, filed as Exhibit 3(ii) to Form 10-K on March 27, 2001, is incorporated herein by reference.
(4)	Rights Agreement dated as of February 10, 1997 between the registrant and Norwest Bank Minnesota, N.A., as Rights Agent, filed as Exhibit (4) to Form 10-K on March 27, 2002, is incorporated herein by reference.
(10)(a) *	1998 Management Share Incentive Plan, filed as Exhibit 10(b) to Form 10-K on March 28, 2003, is incorporated herein by reference.
(10)(b) *	Retirement Plan for Directors, as amended effective April 1, 2001, filed as Exhibit 10(c) to Form 10-K on March 27, 2001, is incorporated herein by reference.
(10)(c) *	Supplemental Pension Plan as of May 5, 1998, filed as Exhibit 10(d) to Form 10-Q on August 12, 2003, is incorporated herein by reference.
(10)(d) *	1990 Non-Employee Directors' Stock Option Plan as amended effective April 1, 2001, filed as Exhibit 10(e) to Form 10-K on March 27, 2001, is incorporated herein by reference.
(10)(e) *	Executive Insurance Program as Amended and Restated as of January 1, 2001, filed as Exhibit 10(g) to Form 10-K on March 27, 2001, is incorporated herein by reference.
(10)(f) *	Annual Incentive Bonus Plan as of May 5, 1998, filed as Exhibit 10(g) to Form 10-Q on August 12, 2003, is incorporated herein by reference.

(10)(g) *	Form of Severance Agreement as of May 20, 1998 between the registrant and John T. Ryan III, filed as Exhibit 10(h) to Form 10-Q on August 12, 2003, is incorporated herein by reference.
(10)(h) *	Form of Severance Agreement between the registrant and the other executive officers filed as Exhibit 10(i) to Form 10-Q on August 12, 2003, is incorporated herein by reference.
(10)(i) *	First Amendment to the 1998 Management Share Incentive Plan as of March 10, 1999, filed as Exhibit 10(l) to Form 10-K on March 26, 1999, is incorporated herein by reference.
(10)(j)	Trust Agreement as of June 1, 1996 between the registrant and PNC Bank, N.A. re the Mine Safety Appliances Company Stock Compensation Trust filed as Exhibit 10(k) to Form 10-K on March 28, 2003, is incorporated herein by reference.
(10)(k) *	MSA Supplemental Savings Plan, as amended and restated effective January 1, 2003, filed as Exhibit 10(l) to Form 10-K on March 28, 2003, is incorporated herein by reference.
(10)(l)	Mine Safety Appliances Company Non-Contributory Pension Plan MSA Stock Trust Agreement, dated January 30, 2004, filed as Exhibit 1 to the Schedule 13D of Dennis L. Zeitler with respect to the Company's Common Stock dated March 3, 2004 is incorporated herein by reference.
(13)	Annual Report to Shareholders for year ended December 31, 2003
(21)	Affiliates of the registrant
(23)	Consent of PricewaterhouseCoopers LLP, independent accountants
(31)(1)	Certification of J. T. Ryan III pursuant to Rule 13a-14(a) is filed herewith.
(31)(2)	Certification of D. L. Zeitler pursuant to Rule 13a-14(a) is filed herewith.
(32)	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C.(S)1350 is filed herewith.

* The exhibits marked by an asterisk are management contracts or compensatory plans or arrangements.

The registrant agrees to furnish to the Commission upon request copies of all instruments with respect to long-term debt referred to in Note 11 of the Notes to Consolidated Financial Statements filed as part of Exhibit 13 to this annual report which have not been previously filed or are not filed herewith.

(b) Reports on Form 8-K

During the quarter ended December 31, 2003, the company filed or furnished the following reports on Form 8-K:

Date	Contents
November 5	Item 5 – press release announcing special distribution to shareholders
	Item 12 – press release announcing financial results for quarter ended September 30, 2003
December 11	Item 5 – press release announcing 3-for-1 stock split of MSA’s common stock

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

MINE SAFETY APPLIANCES COMPANY

March 15, 2004	By /s/ John T. Ryan III
(Date)	John T. Ryan III Chairman of the Board and Chief Executive Officer

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.

Signature	**Title**	**Date**
/s/ John T. Ryan III John T. Ryan III	Director; Chairman of the Board and Chief Executive Officer	March 15, 2004
/s/ Dennis L. Zeitler Dennis L. Zeitler	Vice President - Finance; Principal Financial and Accounting Officer	March 15, 2004
/s/ Calvin A. Campbell, Jr. Calvin A. Campbell, Jr.	Director	March 15, 2004
/s/ James A. Cederna James A. Cederna	Director	March 15, 2004
/s/ Thomas B. Hotopp Thomas B. Hotopp	Director	March 15, 2004
/s/ Diane M. Pearse Diane M. Pearse	Director	March 15, 2004
/s/ L. Edward Shaw, Jr. L. Edward Shaw, Jr.	Director	March 15, 2004
/s/ John C. Unkovic John C. Unkovic	Director	March 15, 2004
/s/ Thomas H. Witmer Thomas H. Witmer	Director	March 15, 2004

Report of Independent Auditors on Financial Statement Schedule

To the Board of Directors
of Mine Safety Appliances Company:

Our audits of the consolidated financial statements referred to in our report dated February 20, 2004 appearing in the 2003 Annual Report to Shareholders of Mine Safety Appliances Company (which report and consolidated financial statements are incorporated by reference in this Annual Report on Form 10-K) also included an audit of the financial statement schedules listed in Item 15(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania
February 20, 2004

SCHEDULE II

MINE SAFETY APPLIANCES COMPANY AND AFFILIATES
VALUATION AND QUALIFYING ACCOUNTS
THREE YEARS ENDED DECEMBER 31, 2003
(IN THOUSANDS)

	2003	2002	2001
Allowance for doubtful accounts:			
Balance at beginning of year	$ 4,134	$ 2,956	$ 2,363
Additions—			
Charged to costs and expenses	2,718	1,538	1,358
Deductions—			
Deductions from reserves (1)	434	360	765
Balance at end of year	$ 6,418	$ 4,134	$ 2,956

(1) Bad debts written off, net of recoveries.

RESTATED ARTICLES
OF
MINE SAFETY APPLIANCES COMPANY

(As amended and restated May 23, 1986 and
as further amended through January 16, 2004)

Article 1st. The name of the corporation is MINE SAFETY APPLIANCES COMPANY (hereinafter the "Company").

Article 2nd. The location and post office address of its current registered office in this Commonwealth is 201 North Braddock Avenue, Pittsburgh, Allegheny County, Pennsylvania 15208.

Article 3rd. The Company is organized under the provisions of the Business Corporation Law for the following purposes, which shall be construed independently of each other:

(a) To manufacture, develop, prepare, install, buy, sell, maintain, service, lease as lessor and lessee, import, export and otherwise deal in and with all types of appliances, equipment, apparatus, instruments, systems, clothing, chemicals, materials and other articles of commerce for industry and mines, both in this country and in foreign countries and territories;

(b) To purchase, lease or otherwise acquire, invest in, own, mortgage, pledge, lease, sell, assign and transfer or otherwise dispose of, trade, deal in and deal with real property and goods, wares, merchandise and other personal property of every class and description;

(c) To engage in mercantile, manufacturing, processing, research, development, trading and service businesses of any kind and character; and

(d) To invest in, and to aid by loans, by making guarantees and in any other manner, any business enterprise affiliated with the Company, or in which the Company has any direct or indirect interest, or the business of which is a direct or indirect benefit to the Company.

The Company shall also have unlimited power to engage in and to do any lawful act concerning any or all lawful business for which corporations may be incorporated under the Business Corporation Law.

Article 4th. The term of its existence is perpetual.

Article 5th. The aggregate number of shares which the Company shall have authority to issue shall be 181,100,000 shares, divided into three classes so that 100,000 shares shall be 4½% Cumulative Preferred Stock of the par value of $50 per share (hereinafter referred to as the "4½% Preferred Stock"), 1,000,000 shares shall be Second Cumulative Preferred Stock of the par value of $10 per share (hereinafter referred to as the "Second Preferred Stock"), and 180,000,000 shares shall be Common Stock without par value.

At the close of business on the date this amendment becomes effective (such time and date being hereinafter referred to as the "Record Date"), each share of Common Stock without par value which is then issued and outstanding or held by the Company in its treasury shall be converted into and become three fully paid and nonassessable shares of Common Stock without par value (hereinafter "Common Stock"). Certificates representing shares of Common Stock issued and outstanding at the Record Date shall not be required to be surrendered or exchanged and shall thereafter represent the same number of shares of Common Stock as previously. As promptly as practicable following the Record Date, the Company shall cause to be issued to each holder of record of Common Stock at the Record Date a certificate or certificates representing two shares of Common Stock for each share held of record at the Record Date.'" *[First two paragraphs of Article 5th are as amended effective January 16, 2004.]*

A description of said classes of stock and a statement of the preferences, qualifications, privileges, limitations, options, conversion rights, and other special or relative rights granted to or imposed upon the shares of each class are as follows:

Section I. 4 1/2% Cumulative Preferred Stock.

A. *DIVIDENDS*. The holders of 4 1/2% Preferred Stock shall be entitled to receive and the Company shall be required to pay, when and as declared by the Board of Directors, out of any assets or funds of the Company available for the payment of dividends in accordance with law, dividends at the rate of 4 l/2% per annum payable quarterly upon the first day of March, June, September and December in each year. Dividends on the 4 1/2% Preferred Stock shall be cumulative from the first day of the quarterly dividend period in which such shares are issued, whether or not earned or declared, but arrears in payment thereof shall not bear interest. The said 4 1/2% Preferred Stock shall be preferred over the shares of all other classes of the Company's stock (hereinafter referred to as "Junior Stock"). No dividends shall be paid upon, nor shall any distribution be ordered or made, in respect of the Junior Stock of the Company in any year while any dividends are accumulated and unpaid upon the 4 1/2% Preferred Stock and unless and until dividends at the rate aforesaid for the current year shall have been declared and paid or set apart for the 4 1/2% Preferred Stock. So long as any of the 4 1/2% Preferred Stock shall be outstanding, the Company shall not pay or declare any dividend (except dividends payable in its shares of a class ranking junior to the 4 1/2% Preferred Stock as to dividends and assets) on any shares of Junior Stock which will reduce the earned surplus of the Company below an amount equal to 50% of the par value of the shares of said 4 1/2% Preferred Stock outstanding as of the time any such calculation is required to be made.

B. *REDEMPTION*. On and after December 1, 1955, the Board of Directors of the Company, at its option, may redeem at any time or from time to time the whole or any part of the 4 1/2% Preferred Stock at the redemption price of $52.50 per share plus all accrued and unpaid dividends on such shares at the date fixed for redemption. Notice of each such intended redemption shall be given by publication at least once in each of two successive calendar weeks, in each case on any day of the week, in a daily newspaper of general circulation in the City of Pittsburgh, Allegheny County, Pennsylvania, the first publication to be made not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption. A similar notice shall be mailed by the Company, postage prepaid, not less than thirty (30) days nor more than sixty (60) days prior to the date fixed for such redemption, to the holders of record of the shares to be redeemed, addressed to each such shareholder at his address as the same appears upon the stock transfer books of the Company, but failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the proceedings for the redemption of any shares of the 4 1/2% Preferred Stock to be redeemed, and the mailing of such notice shall not be a condition of such redemption. In case of redemption of only a part of the outstanding shares of the 4 1/2% Preferred Stock, the shares to be redeemed shall be selected by lot or pro rata as the Board of Directors shall determine. On or after the date of redemption stated in such notice, each holder of the shares of the 4 1/2% Preferred Stock called for redemption shall surrender his certificate for such shares to the Company at the place designated in such notice, and shall thereupon be entitled to receive payment of the redemption price. In case less than all the shares represented by such surrendered certificate are redeemed, a new certificate shall be issued representing the non-redeemed shares. If the aforesaid notice of redemption shall have been duly published, and if, on or before the redemption date specified in such notice, the funds necessary for such redemption shall have been deposited in trust for such purpose with a bank or trust company in good standing, designated in such notice, doing business in the City of

Pittsburgh, Pennsylvania, from and after the date of redemption so designated, notwithstanding that any certificate for shares of 4 1/2% Preferred Stock so called for redemption shall not have been surrendered for cancellation, the shares represented thereby so called for redemption shall no longer be deemed outstanding, the dividends on the number of shares called for redemption represented thereby shall cease to accrue, and all rights with respect to the shares of 4 1/2% Preferred Stock so called for redemption shall forthwith after such redemption date cease and determine, except only the right of the holder to receive out of the moneys so deposited the redemption price, but without interest thereon. None of the 4 1/2% Preferred Stock so redeemed by the Company shall be reissued, and no 4 1/2% Preferred Stock shall be issued in lieu thereof or in exchange therefor, and the Company shall from time to time cause all of such 4 1/2% Preferred Stock so redeemed to be cancelled and its capital reduced in the manner provided by law.

Nothing in this Subparagraph B contained shall prevent the purchase by the Company of the whole or any part of the 4 1/2% Preferred Stock, so long as dividends thereon are not in arrears, at public or private sale, or upon call for tender, upon such terms as the Board of Directors may prescribe, and at prices not to exceed the redemption price thereof and all accrued and unpaid dividends on the shares so purchased to the date of purchase.

C. *DISTRIBUTION ON LIQUIDATION OR DISSOLUTION*. The 4 1/2% Preferred Stock shall be preferred over all shares of Junior Stock as to assets, and in the event of any liquidation or dissolution or winding up of the Company, the holders of such stock shall be entitled to receive out of the assets of the Company available for distribution to its shareholders, whether from capital, surplus or earnings, the preferential amounts hereinafter provided for each share held by them before any distribution of the assets shall be made to the holders of shares of Junior Stock, but the holders of such 4 1/2% Preferred Stock shall be entitled to no other or further amounts. Upon liquidation, dissolution or winding up of the Company, the holders of the 4 1/2% Preferred Stock shall be entitled to receive the sum of $50 per share if such liquidation, dissolution or winding up be involuntary, and the redemption price of such stock hereinbefore provided if such liquidation, dissolution or winding up be voluntary, together in either case with all accrued and unpaid dividends on such shares to the date fixed for payment of such preferential amounts.

D. *VOTING RIGHTS*. Except as otherwise herein provided or otherwise required by law, the entire voting power of the Company shall be vested exclusively in the holders of its Junior Stock. If at any time dividends payable on the 4 1/2% Preferred Stock shall be accrued and unpaid in an amount equivalent to or exceeding six quarterly dividends then, and in such event, the holders of the 4 1/2% Preferred Stock shall be entitled, voting separately as a class, to elect two directors, at all elections of directors, in addition to the directors to be elected by the holders of the Junior Stock, but such voting power and the terms of office of any directors so elected by the holders of the 4 l/2% Preferred Stock shall continue only until, and shall cease when, all accrued and unpaid dividends on such stock to the beginning of the then current dividend period shall have been paid in full or funds for the payment thereof shall have been set apart, subject always to the same provisions for the revesting of such voting power in the case of any similar future default or defaults. In such election, the holders of 4 1/2% Preferred Stock shall be entitled to one vote per share. A meeting of the holders of the 4 1/2% Preferred Stock having voting power may be called upon notice to such holders similar to that provided in the By-Laws for shareholders' meetings, at the expense of the Company at any time after the accrual of such voting power and prior to the next annual meeting of shareholders (and the termination of such voting power), by the holders of not less than 10% of the 4 1/2% Preferred Stock then outstanding.

E. *RESTRICTION ON CORPORATE ACTION*. Except upon the affirmative vote or written consent of the holders of record of at least 60% of the aggregate number of shares of the 4 1/2% Preferred Stock at the time outstanding (in addition to any other vote or consent at the time required by law) the

Company shall not in any manner, whether by amendment of the Articles, by sale of all or substantially all the Company's assets or business, by merger or consolidation, or otherwise.

(a) amend, alter or repeal any of the provisions of the Articles so as to affect adversely the relative rights, preferences or powers of the 4 1/2% Preferred Stock; or

(b) authorize, or increase the authorized amount of, the 4 1/2% Preferred Stock or any class or series of stock ranking senior to or on a parity with the 4 1/2% Preferred Stock in the payment of dividends or the preferential distribution of assets;

Provided, however, that no such vote or consent shall be required for any sale of all or substantially all the Company's assets or business or for any merger or consolidation if (i) such holder of shares of 4 1/2% Preferred Stock immediately prior thereto shall thereafter and in connection therewith continue to hold or shall receive the same number of shares of preferred stock, with the same relative rights, preferences and powers, of such acquiring, surviving or resulting corporation, or (ii) the authorized capital stock of the acquiring, surviving or resulting corporation immediately thereafter shall include only classes of stock for which no such vote or consent would have been required for the authorization thereof under clauses (a) or (b) above; and Provided Further, However, that no such consent shall be required under the provisions of this Subparagraph E if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, provision is made in accordance with the Articles for the redemption of all shares of 4 1/2% Preferred Stock at the time outstanding.

For the purpose of obtaining the affirmative vote or written consent of the holders of any specified number of shares of 4 1/2% Preferred Stock at the time outstanding there shall be excluded, in computing the number of shares outstanding, and there shall be excluded from voting, all shares of such stock owned directly or indirectly by or for the account of the Company.

Section II. Second Cumulative Preferred Stock.

A. *AUTHORITY OF BOARD; VARIATIONS IN SERIES*. The shares of Second Preferred Stock may be divided into and issued in series. Authority is hereby expressly vested in the Board of Directors of the Company, at any time or from time to time, by resolution to divide any or all of the shares of the Second Preferred Stock into series, and to fix and determine the designation and the relative rights and preferences of any series so established, to the fullest extent now or hereafter permitted by the laws of the Commonwealth of Pennsylvania, including, but not limited to, the variations between different series in the following respects:

(i) the rate of dividend upon the shares of such series;

(ii) the price or prices at which, and the terms and conditions on which, the shares of such series may be redeemed at the option of the Company;

(iii) the amount or amounts payable upon the shares of such series in the event of voluntary or involuntary liquidation;

(iv) the obligation, if any, of the Company to purchase, redeem and/or retire shares of such series pursuant to a sinking fund;

(v) the terms and conditions upon which shares of such series may be converted, in the event that the shares of such series are issued with the privilege of conversion;

(vi) the voting rights, if any, of the holders of shares of such series; *and*

(vii) the relative seniority, parity or junior rank of such series with respect to other series of Second Preferred Stock then or thereafter to be issued.

The Board of Directors is hereby expressly authorized (a) to fix the number of shares which shall constitute any series of Second Preferred Stock, which number may at any time or from time to time be increased or decreased (but not below the number of shares thereof then outstanding), unless the Board of Directors shall have otherwise provided in establishing such series; (b) to fix the dates in each year on which dividends upon any such series shall be payable, and the date or dates from which such dividends shall be cumulative; and (c) to fix and determine such other terms, limitations and relative rights and preferences, if any, of any such series as it may now or hereafter lawfully do under the laws of the Commonwealth of Pennsylvania.

B. *VOTING RIGHTS*. (i) Except as otherwise provided in these Articles or in the resolution or resolutions establishing any series of Second Preferred Stock, the holders of Common Stock shall exclusively have the sole voting power.

(ii) If at the time of any annual meeting of shareholders a default in preference dividends on the Second Preferred Stock, as hereinafter defined, shall exist, the number of directors constituting the Board of Directors of the Company shall be increased by two, and the holders of the Second Preferred Stock, voting separately as a class without regard to series, shall, to the exclusion of the holders of the 4 1/2% Preferred Stock (whose voting rights upon default in dividends are hereinabove described in Section I) and the holders of Common Stock, have the right at such meeting to elect two directors of the Company to fill such newly created directorships. Such right shall continue until there are no dividends in arrears upon the Second Preferred Stock. Each director elected by the holders of the Second Preferred Stock, voting as a class as aforesaid (herein called a Second Preferred Director), shall continue to serve as such director for the full term for which he shall have been elected, notwithstanding that prior to the end of such term a default in preference dividends shall cease to exist. Any Second Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding shares of Second Preferred Stock, voting separately as a class without regard to series, at a meeting of the shareholders, or of the holders of shares of Second Preferred Stock, called for the purpose. So long as a default in any preference dividends on the Second Preferred Stock shall exist any vacancy in the office of a Second Preferred Director may be filled either by an instrument in writing signed by the remaining Second Preferred Director and filed with the Company or by the vote of the holders of the outstanding Second Preferred Stock, voting separately as a class without regard to series. Whenever the term of office of the Second Preferred Directors shall end and a default in preference dividends shall no longer exist, the number of directors shall be the number otherwise specified without reference to the provisions of this Subparagraph B. For the purposes of this Subpara- graph B, a default in preference dividends on the Second Preferred Stock shall be deemed to have occurred whenever the amount of dividends accrued or in arrears upon any series of the Second Preferred Stock shall be equivalent to six full quarter-yearly (or three full semi-annual) dividends or more, and, having so occurred, such default shall be deemed to exist thereafter until all dividends accrued or in arrears on all shares of Second Preferred Stock then outstanding, of each series, shall have been paid to the end of the last preceding quarterly dividend period.

(iii) Except upon the affirmative vote of the holders of at least 60% of the aggregate number of shares of Second Preferred Stock at the time outstanding (in addition to any other vote at the time required by law), the Company shall not in any manner, whether by amendment of the Articles, by sale of all or substantially all the Company’s assets or business by merger or consolidation, or otherwise,

(a) amend, alter or repeal any of the provisions of the Articles so as to affect adversely the relative rights, preferences or powers of the Second Preferred Stock, or

(b) authorize, or increase the authorized amount of, the Second Preferred Stock or any class or series of stock ranking senior to or on a parity with the Second Preferred Stock in the payment of dividends or the preferential distribution of assets;

Provided, However, that no such vote shall be required for any sale of all or substantially all the Company’s assets or business or for any merger or consolidation if (x) each holder of shares of Second Preferred Stock immediately prior thereto shall thereafter and in connection therewith continue to hold or shall receive the same number of shares of preferred stock, with the same relative rights, preferences and powers, of such acquiring, surviving or resulting corporation, and (y) the authorized capital stock of the acquiring, surviving or resulting corporation immediately thereafter shall include only classes of stock for which no such vote would have been required for the authorization thereof under clauses (a) or (b) above; and Provided Further, However, that no such vote shall be required under the provisions of clause (iii) of this Subparagraph B if, at or prior to the time when the act with respect to which such vote would otherwise be required shall be effected, provision is made in accordance with the Articles for the redemption of all shares of Second Preferred Stock at the time outstanding.

Section III. Preemptive Rights.

No holder of any shares of any class of stock shall be entitled to have any right, as such holder, to subscribe for or to purchase

(a) any part of any issue of shares of any class whatsoever, which the Company may hereafter issue or sell; or

(b) any obligations or securities of whatsoever kind and character which the Company may hereafter issue or sell, convertible into or exchangeable for any shares of the Company of any other class or classes, or to which shall be attached or shall appertain any warrant or warrants or other instruments which shall confer upon the holder or owner thereof the right to subscribe for or purchase from the Company any of its shares of any class or classes;

whether such shares, obligations or securities hereafter issued shall be part of the number of shares authorized by the Articles as now or hereafter amended, or whether such shares, obligations or securities hereafter issued shall be part of any new or additional issue of shares, obligations or securities of any class whatsoever. The approval of this amendment shall be effective to eliminate and deny any preemptive rights which may have existed in respect of any outstanding shares.

Section IV. Non-Cumulative Voting of Second Preferred Stock and Common Stock.

No holder of Second Preferred Stock and no holder of Common Stock shall have any right to cumulate his votes and cast them for one candidate or distribute them among two or more candidates in any election of directors.

Article 6th. Definitions; Interpretation.

6.1. Definitions. As used in Articles 6th, 7th, 10th, 11th and 12th of the Articles of the Company, the following terms shall have the following meanings:

(a) The term "*Acquiring Person*" at any particular time shall mean any Person (other than the Company or any Subsidiary of the Company or a trustee holding stock for the benefit of the employees of the Company or any of its Subsidiaries pursuant to one or more employee benefit plans or arrangements) which

(i) Beneficially Owns, or any Person which is a member of a group acting in concert which Beneficially Owns in the aggregate, shares representing 20% or more of the Voting Power of the outstanding Voting Stock of the Company;

(ii) is at such time a director of the Company and at any time within the two-year period immediately prior to such time was the Beneficial Owner of shares representing 20% or more of the Voting Power of the outstanding Voting Stock of the Company; or

(iii) is at such time an assignee of or otherwise has succeeded to the Beneficial Ownership of any shares of Voting Stock which were at any time within the two-year period immediately prior to such time Beneficially Owned by any Acquiring Person, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933;

except that the term "Acquiring Person" shall not include a Person or group which on February 14, 1986, Beneficially Owned 20% or more of the Voting Power of the outstanding Voting Stock of the Company. A group shall be deemed to continue in existence, and not to have become a new group, notwithstanding the addition or deletion of particular Persons owning shares of Voting Stock to an existing group. With respect to any particular transaction, the term "Acquiring Person" means any Acquiring Person involved in such transaction, any Affiliate or Associate of such Acquiring Person, and any other member of a group acting in concert with such Person. Where any reference is made to a transaction involving, or ownership of securities by, an Acquiring Person, it shall mean and include one or more transactions involving different Persons all included within the definition of "Acquiring Person", or ownership of securities by any or all of such Persons.

(b) An "*Affiliate*" of, or a Person "*Affiliated*" with, a specific Person means a Person (other than the Company or a Subsidiary of the Company) that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.

(c) The term "*Associate*", used to indicate a relationship with any Person, means (i) any director, officer or partner of, or the Beneficial Owner of 10% or more of any class of equity securities of, such Person or any of its Affiliates, (ii) any corporation or organization (other than the Company or a Subsidiary of the Company) of which such Person is a director, officer or partner or is the Beneficial Owner of 10% or more of any class of equity securities, (iii) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar fiduciary capacity, (iv) any relative or spouse of such Person, or any relative of such spouse, who has the same home as such Person or who is a director or officer of the Company or any of its Subsidiaries or (v) any investment company registered under the Investment Company Act of 1940 for which such Person or any Affiliate or Associate of such Person serves as investment advisor.

(d) A Person shall be a "*Beneficial Owner*" of any Voting Stock:

(i) which such Person or any of its Affiliates or Associates beneficially owns, directly or indirectly; or

(ii) which such Person or any of its Affiliates or Associates has (A) the right to acquire (whether or not such right is exercisable immediately) pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, revocation of a trust, or otherwise, or (B) the right to vote pursuant to any agreement, arrangement or understanding; or

(iii) which is beneficially owned, directly or indirectly, by any other Person with which such Person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting or disposing of any shares of Voting Stock.

For the purpose of determining whether a Person is an Acquiring Person pursuant to paragraph (a) of this Section 6.1, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned by such Person through application of this paragraph (d) but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(e) The term "*Business Combination*" shall mean:

(i) any merger, consolidation or share exchange of the Company or a Subsidiary of the Company with an Acquiring Person or into or with another Person which is or after such merger, consolidation or share exchange would be an Affiliate or an Associate of an Acquiring Person, in each case without regard to which entity is the surviving entity;

(ii) any sale, lease, exchange or other disposition (whether in one transaction or a series of related transactions), including without limitation a mortgage or any other security device, of all or any Substantial Part of the assets of the Company (including without limitation any voting securities of a Subsidiary of the Company) or of a Subsidiary of the Company to an Acquiring Person or of all or any Substantial Part of the assets of an Acquiring Person to the Company or a Subsidiary of the Company;

(iii) the issuance, transfer or delivery of any securities of the Company or a Subsidiary of the Company by the Company or any of its Subsidiaries to an Acquiring Person, or of any securities of an Acquiring Person by the Acquiring Person to the Company or a Subsidiary of the Company (other than issuance or transfer of securities which is effected or offered on a pro rata basis to all shareholders of the Company or of the Acquiring Person, as the case may be):

(iv) any recapitalization, reorganization, reclassification of securities (including any reverse stock split) or other transaction or series of related transactions involving the Company that would have the effect, directly or indirectly, of increasing the voting power of an Acquiring Person; or

(v) the adoption of any plan or proposal for the liquidation or dissolution of the Company in which an Acquiring Person owning shares of any class of the Company is treated differently from other shareholders of the same class (other than dissenting shareholders exercising statutory appraisal rights).

As used in this definition, a "series of related transactions" shall be deemed to include not only a series of transactions with the same Acquiring Person but also a series of separate transactions with different Persons all included in the definition of Acquiring Person.

(f) The Term "*Disinterested Director*" at any time shall mean any director of the Company at the time in office except that if at any time there exists an Acquiring Person, then the term shall mean a director of the Company who is unaffiliated with and not a representative of any Acquiring Person and either (i) was a director of the Company immediately prior to the time that the Acquiring Person became an Acquiring Person or (ii) shall have been recommended for election by a majority of the then Disinterested Directors. Where any provision in the Articles calls for a determination, recommendation or approval by a majority of the Disinterested Directors, if there is at any particular relevant time no Disinterested Director in office, then such provision shall be deemed to be satisfied if the Board, by a two-thirds vote of all the Directors in office, makes or gives such determination, recommendation or approval.

(g) The term "*Fair Market Value*" means: (i) in the case of stock, the highest closing sale price on the date in question of a share of such stock on the Composite Tape for the New York Stock Exchange Listed Stocks, or, if not so quoted, on the New York Stock Exchange, or if not so listed, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if not so listed, the closing sale or, if none, the closing bid quotation with respect to a share of such stock on the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock without regard to any depreciation thereof in consequence of any Business Combination then proposed, as determined by a majority of the Disinterested Directors in good faith; and (ii) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the Disinterested Directors in good faith.

(h) The term "*Person*" shall mean any individual, partnership, corporation, group or other entity. When two or more Persons act as a partnership, limited partnership, syndicate, association or other group for the purpose of acquiring, holding or disposing of shares of stock, such partnership, syndicate, association or group shall be deemed a "Person". As used herein, the pronouns "which", "that" and "it" in relation to Persons that are individuals shall be construed to mean who" or "whom", "he" or "she", and "him" or "her", as appropriate.

(i) The term "*Subsidiary*" of any Person shall mean any corporation of which a majority of the Voting Power of the Voting Stock is Beneficially Owned by such Person directly or indirectly through other Subsidiaries of such Person.

(j) The term "*Substantial Part*" of the assets of any Person shall mean assets having a book value or Fair Market Value, whichever is greater, equal to 10% or more of the total assets reflected on any balance sheet of such Person and its Subsidiaries as of a date no earlier than six months prior to the time the determination is being made.

(k) A specified percentage of "*Voting Power*", with reference to any matter being voted upon by the shareholders, shall mean such number of shares of stock as shall enable the holders thereof to cast such percentage of the total number of votes entitled to be cast by holders of shares entitled to vote thereon.

(l) The term "*Voting Stock*" at any time shall mean outstanding shares of capital stock of a corporation entitled to vote at its next annual election of directors (without consideration of the rights of any class of stock other than the Common Stock to elect directors by a separate class vote).

6.2. *Authority of Disinterested Directors*. The Disinterested Directors, by a majority vote, are authorized to determine on the basis of information known to them after reasonable inquiry: (i) whether a

Person is an Acquiring Person, (ii) the number of shares of Voting Stock Beneficially Owned by any Person, (iii) whether a Person is an Affiliate or Associate of another, (iv) whether certain assets constitute a Substantial Part of the assets of any Person and (v) any other fact required to be determined in the application of Articles 6th, 7th, 10th, 11th or 12th of the Articles of the Company. The Disinterested Directors, by a majority vote, are authorized to interpret all the terms and provisions of Articles 6th, 7th, 10th, 11th or 12th of the Articles of the Company. Any such determination or interpretation made in good faith shall be binding and conclusive on all parties.

6.3. *Fiduciary Obligations*. Nothing contained in Articles 6th, 7th, 10th, 11th or 12th of the Articles shall be construed to relieve any Acquiring Person from any fiduciary obligation imposed by law.

Article 7th. Repurchase Rights.

7.1. *Triggering Events*. Except as provided below, in the event that any Acquiring Person (hereinafter referred to as a "40% Shareholder") becomes the Beneficial Owner of shares representing more than forty percent of the Voting Power of the outstanding Voting Stock of the Company, each Person who is a holder of shares of Voting Stock of the Company at any time until and including the 90th day following the date the notice referred to in Section 7.2 below is mailed, other than the 40% Shareholder or a transferee of the 40% Shareholder, shall have the right, until and including such 90th day, to have some or all of the shares of Voting Stock held by such holder repurchased by the Company at the Repurchase Price and in the manner set forth in this Article 7th. Any holder of securities convertible into shares of Voting Stock, or of options, warrants or rights to acquire shares of Voting Stock, other than the 40% Shareholder or a transferee of the 40% Shareholder, who converts such securities or exercises such options, warrants or rights after such an event and on or prior to the 90th day following the date the notice aforesaid is mailed, shall have the same right (except as provided below) to have the shares of Voting Stock to be received upon such conversion or exercise repurchased at the Repurchase Price. No person shall have any right to have shares of Voting Stock repurchased by the Company pursuant to this Article (i) if a determination that the acquisition of shares by the 40% Shareholder is in the best interests of the Company and its shareholders shall have been expressly made by a resolution duly adopted by a majority vote of the Disinterested Directors within 20 days following the date on which the Company receives credible notice that an Acquiring Person has become a 40% Shareholder (the "Effective Date"), or (ii) if such repurchase is at the time prohibited by the general corporate law of the Company's state of incorporation.

7.2. *Notice*. If holders of shares of Voting Stock become entitled to have their shares repurchased as provided in Section 7.1, then not later than 90 days following the Effective Date, the Company shall give written notice, by first class mail, postage prepaid, at the address shown on the records of the Company, to each holder of record of shares of Voting Stock other than the 40% Shareholder (and to any other person known by the Company to have rights to demand repurchase pursuant to Section 7.1 as of any date on or after the Effective Date), advising each such holder or other person of the right to have shares repurchased and the procedures for such repurchase, and setting forth the Repurchase Price. In the event that the Company fails to give notice as required by this Section 7.2, any Person entitled to receive such notice may within twenty days thereafter serve written demand upon the Company to give such notice. If within twenty days after the receipt of written demand the Company fails to give the required notice, such Person may at the expense and on behalf of the Company take reasonable action as may be appropriate to give notice or to cause notice to be given pursuant to this Section 7.2.

7.3. *Repurchase Price*. The Repurchase Price shall be the greater amount determined by a majority vote of the Disinterested Directors on either of the following bases, but in no event shall the Repurchase Price be less than the amount of its involuntary liquidation preference, in the case of preferred stock, and otherwise the amount of shareholders' equity per share of the particular class or series as determined in accordance with generally accepted accounting principles and as reflected in any report published by the Company or filed with any governmental agency as at the end of the latest fiscal quarter for which such a report has been published or filed prior to the notice to shareholders referred to in Section 7.2:

(i) the highest per share price (including any brokerage commissions, transfer taxes, dealer management compensation and soliciting dealers' fees) that can be determined to have been paid by the 40% Shareholder for any shares of Voting Stock of the particular class or series acquired by it at any time; for this purpose, if the consideration paid in any such acquisition of shares by a 40% Shareholder consisted, in whole or in part, of consideration other than cash, the Disinterested Directors by a majority vote shall take such action as in their judgment they deem appropriate to establish the cash value of such consideration, but such valuation shall not be less than the cash value, if any, ascribed to such consideration by the 40% Shareholder; and

(ii) the highest Fair Market Value per share of the particular class or series at any time during the three months prior to the Effective Date.

The determination to be made pursuant to this Section 7.3, when made by the Disinterested Directors acting in good faith on the basis of such information and assistance as was then reasonably available for such purpose, shall be conclusive and binding upon the Company and its shareholders, including any Person referred to in Section 7.1.

7.4. *Repurchase Agent*. I f holders of shares of Voting Stock become entitled to have their shares repurchased as provided in Section 7.1, the Board of Directors shall designate a Repurchase Agent, which shall be a corporation or association (i) organized and doing business under the laws of the United States or any State, (ii) subject to supervision or examination by Federal or State authority, (iii) having combined capital and surplus of at least $50,000,000 and (iv) having the power to exercise corporate trust powers.

7.5. *Election to Have Shares Repurchased*. For a period of 90 days from the date of the mailing of the notice, holders of shares of Voting Stock and other persons entitled to have shares of Voting Stock repurchased pursuant to this Article 7th may, at their option, deposit certificates representing all or less than all shares of Voting Stock held of record by them with the Repurchase Agent together with written notice that the holder elects to have all or a specified number of such shares repurchased pursuant to this Article 7th. Repurchase of shares evidenced by certificates deposited in proper form with the Repurchase Agent shall be deemed to have been effected at the close of business on the 90th day after the date of the mailing of the notice.

7.6. *Deposit and Payment of Repurchase Price*. Promptly after the end of the 90-day period referred to in Section 7.5, the Company shall deposit in trust with the Repurchase Agent cash in an amount equal to the aggregate Repurchase Price of all of the shares of Voting Stock deposited with the Repurchase Agent for purposes of repurchase. As soon as practicable after receipt by the Repurchase Agent of the cash deposit, the Repurchase Agent shall issue checks payable to the order of the persons entitled to receive the Repurchase Price of the shares of Voting Stock in respect of which such cash deposit was made.

7.7. *Pro Rata Repurchase*. If the Company is unable to repurchase all shares deposited for repurchase because of limitations upon repurchase contained in the general corporation law of the Company's state of incorporation, the Company shall promptly deposit with the Repurchase Agent cash in the maximum amount which may be used for the repurchase of shares of Voting Stock. In the event of deposit of less than the full aggregate Repurchase Price pursuant to the provisions of this Section 7.7, the Repurchase Agent shall use the amount so deposited to repurchase the deposited shares pro tanto, in proportion to the Repurchase Price of the shares deposited by each shareholder for repurchase. Certificates representing all shares which remain unpurchased shall be returned to the depositors thereof as soon as practicable thereafter and there shall be no further repurchase rights with respect to such shares arising in connection with the transactions already completed.

7.8. *Vote Needed to Amend*. In addition to any vote required by any other provisions of law, the Articles or the By-Laws of the Company, the affirmative vote of the holders of at least a majority of the outstanding Voting Power of the Voting Stock which is not Beneficially Owned, directly or indirectly, by an Acquiring Person, shall be required to amend, alter, change or repeal, or adopt any provision inconsistent with, this Article 7th (including the provisions in Article 6th which are applicable to this Article 7th), unless such action has been previously approved by a majority vote of the Disinterested Directors.

7.9. *Applicability of BCL Section 910; Suspension of Article 7th.* Section 910 of the Pennsylvania Business Corporation Law ("BCL Section 910") shall be applicable to the Company, and the provision of the By-Laws providing to the contrary is hereby repealed. For so long as BCL Section 910 as in effect on the date of approval by the Board of Directors of this Section 7.9 (the "Approval Date") or amendatory or replacement legislation substantially equivalent in effect thereto shall remain in effect and applicable to the Company, Sections 7.1 through 7.8 of this Article 7th shall be suspended. In the event that the Disinterested Directors by majority vote shall determine (the date of any such determination being referred to herein as the "Determination Date") that BCL Section 910 has been repealed in whole or in part or invalidated in whole or in part by any court or amended or replaced by other legislation such that provisions substantially equivalent in effect to BCL Section 910 as in effect on the Approval Date shall not be applicable to the Company, then unless and until such determination shall be rescinded (whether by reason of further legislation or court decisions or otherwise) by a majority vote of the Disinterested Directors, Sections 7.1 through 7.8 of this Article 7th shall no longer be suspended and shall apply in the event that any Acquiring Person is on the Determination Date or thereafter becomes a 40% Shareholder. In the event that the Company has received prior to the Determination Date credible notice that an Acquiring Person has become a 40% Shareholder, then, notwithstanding Section 7.1, the term "Effective Date" as used in this Article 7th shall mean the Determination Date. In determining whether provisions substantially equivalent in effect to those of BCL Section 910 on the Approval Date remain in effect and applicable to the Company, the Disinterested Directors may consider, in addition to whether any legislation then applicable to the Company provides substantially equivalent or greater rights to the shareholders of the Company, whether such legislation contains exclusions from the coverage of such legislation which are in practical effect substantially equivalent in coverage to those provided in clauses (a), (b) and (c) of BCL Section 910(B)(2)(ii) as in effect on the Approval Date. Nothing contained in this Section 7.9 shall prevent the Board of Directors from exercising any right provided by any amendment to BCL Section 910 or any replacement or other legislation to opt out from coverage of such legislation and, if appropriate, determining on such basis that the suspension of Articles 7.1 through 7.8 provided for herein has been terminated. *[Article 7.9 added April 27, 1989.]*

Article 8th. Except as provided in subparagraph B below, no corporate action of a character described in subparagraph A below, and no agreement, plan or resolution providing therefor, shall be valid or binding upon the Company unless such corporate action shall have been approved in compliance with all applicable provisions of the Business Corporation Law and these Articles and shall have been authorized by the affirmative vote of at least seventy-five percent of the outstanding shares of Common Stock entitled to vote, given in person or by proxy, at a meeting called for such purpose.

A. Corporate actions subject to the voting requirements of this Article 8th shall be:

(i) any merger or consolidation to which the Company and an interested person (as defined in subparagraph C of this Article 8th) are parties; or

(ii) any sale, lease, exchange or other disposition, in a single transaction or series of related transactions, of all or substantially all or a substantial part of the properties or assets of the Company to an interested person; or

(iii) any transaction of a character described in clause (i) or (ii) above involving an affiliate or an associate of an interested person or involving an associate of any such affiliate or involving an affiliate of an associate of an interested person; or

(iv) removal of the entire Board of Directors or any member of the Board of Directors without cause.

B. The voting requirements of this Article shall not apply to any transaction of a character described in clause (i), (ii) or (iii) of subparagraph A above should any of the following obtain with respect to the transaction:

(a) The Board of Directors shall have approved the transaction upon the vote of not less than a majority prior to the time the interested person referred to in subparagraph A above became an interested person.

(b) The Board of Directors shall have approved the transaction prior to consummation thereof upon the vote of not less than a majority disregarding the vote of each director who was an interested person referred to in subparagraph A above, or an affiliate, associate or agent of such interested person, or an associate or agent of any such affiliate.

C. For purposes of this Article 8th of these Restated Articles of Incorporation (as amended), the following definitions shall apply:

(i) “Affiliate” shall mean a person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with another person.

(ii) “Associate” shall mean any corporation or organization of which a person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent or more of any class of securities of that corporation or organization; or any trust or other estate in which a person has a ten percent or larger beneficial interest or as to which a person serves as a trustee or in a similar fiduciary capacity; or any relative or spouse of a person and any relative of a spouse, who had the same residence as such person.

(iii) “Beneficial Ownership” shall mean all shares directly or indirectly owned by a person and all shares which a person has the right to acquire through the exercise of any option, warrant or right (whether or not currently exercisable), through the conversion of a security, pursuant to the power to revoke a trust, discretionary account or similar arrangement, pursuant to automatic termination of a trust, discretionary account or similar arrangement or otherwise. All shares shall be deemed indirectly owned by a person as to which such person enjoys benefits substantially equivalent to those of ownership by reason of any contract, understanding, relationship, agreement or other arrangement, including without limitation any written or unwritten agreement to act in concert.

(iv) “Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through ownership of voting securities, by contract or otherwise.

(v) “Interested Person” shall mean any person who beneficially owns twenty percent or more of the outstanding shares of Common Stock of the Company.

(vi) “Person” shall mean an individual, a corporation, a partnership, an association, a jointstock company, a trust, any unincorporated organization, a government or political subdivision thereof and any other entity.

(vii) “Substantial Part” shall mean more than twenty percent of the total consolidated assets of the Company, as shown on its consolidated balance sheet as of the end of the most recent fiscal year.

D. The affirmative vote of the holders of at least seventy-five percent of the outstanding shares of Common Stock entitled to vote shall be required to amend or repeal this Article 8th or Article 9th hereof.

Article 9th. The Board of Directors of the Company, when evaluating any proposal

(i) involving a tender or exchange offer for any securities of the Company,

(ii) to merge or consolidate the Company with another corporation or other person, or

(iii) to purchase or otherwise acquire all or substantially all or a substantial part of the properties or assets of the Company,

shall, in connection with the exercise of its judgment in determining what is in the best interests of the Company and its shareholders, give due consideration to all relevant factors, including without limitations, the economic effect, both immediate and long-term, upon the Company’s shareholders, including shareholders, if any, not to participate in the transaction, and the social and economic effect on the employees, suppliers and customers of, and other dealing with, the Company and its subsidiaries and on the communities in which the Company and its subsidiaries operate or are located. The definitions set forth in subparagraph C of Article 8th shall apply to this Article 9th.

Article 10th. Classification of the Board of Directors and Related Matters.

10.1. *Number, Election, etc*. The business and affairs of the Company shall be managed by or under the direction of a Board of Directors comprised as follows:

(a) *Number*. The whole Board of Directors shall consist of such number of persons, not less than 5 nor more than 15, as may from time to time be determined by the Board pursuant to a resolution adopted by a majority vote of the Disinterested Directors then in office.

(b) *Classes; Election and Terms*. Beginning with the Board of Directors to be elected at the annual meeting of shareholders to be held in 1986, the directors shall be classified in respect of the time for which they shall severally hold office by dividing them into three classes, as nearly equal in number as possible. If the classes of directors are not equal, the Board of Directors by a majority vote of the Disinterested Directors then in office shall determine which class shall contain an unequal number of directors. At the annual meeting of shareholders to be held in 1986, separate elections shall be held for the directors of each class, the term of office of directors of the first class to expire at the first annual meeting after their election; the term of office of the directors of the second class to expire at the second annual meeting after their election; and the term of office of the directors of the third class to expire at the third annual meeting after their election. At each succeeding annual meeting, the shareholders shall elect directors of the class whose term then expires, to hold office until the third succeeding annual meeting. Each director shall hold office for the term for which elected and until his or her successor shall be elected and shall qualify.

(c) *Removal of Directors*. Any directors, any class of directors or the entire Board of Directors may be removed from office by shareholder vote at any time, without assigning any cause, but only if shareholders entitled to cast at least 80% of the votes which all shareholders would be entitled to cast at an annual election of directors or of such class of directors shall vote in favor of such removal; provided, however, that the shareholders shall have such power of removal without cause only if and so long as the general corporate law of the Company's state of incorporation specifically mandates such power. If such power of removal without cause is not mandated by statute, the shareholders may remove a director or directors from office at any time only for cause and only if, in addition to any vote required by any other provision of law, the Articles or the ByLaws of the Company, such removal is approved by the affirmative vote of at least a majority of the Voting Power of the outstanding shares of Voting Stock of the Company which are not Beneficially Owned by an Acquiring Person.

(d) *Vacancies.* Vacancies in the Board of Directors, including vacancies resulting from an increase in the number of directors, shall be filled only by a majority vote of the Disinterested Directors then in office, though less than a quorum, except as otherwise required by law. All directors elected to fill vacancies shall hold office for a term expiring at the annual meeting of shareholders at which the term of the class to which they have been elected expires. No decrease in the number of directors constituting the Board of Directors shall shorten the term of an incumbent director.

(e) *Nominations of Director Candidates*. Nominations for the election of directors may be made only by the Board of Directors or a committee appointed by the Board of Directors or by any holder of record of stock entitled to vote in the election of the directors to be elected; but a nomination may be made by a shareholder only if written notice of such nomination has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Company not later than 90 days in advance of the meeting at which the election is to be held. Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (d) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated by the Board of Directors; and (e) the consent of each nominee to serve as a director of the Company if so elected.

(f) *Exception for Directors Elected by Preferred Stock*. Whenever the holders of any class or series of stock having a preference over the Common Stock of the Company as to dividends or assets shall have the right, voting separately as a class, to elect one or more directors of the Company, none of the foregoing provisions of this Section 10.1 shall apply with respect to the director or directors elected by such holders of preferred stock.

10.2. *Vote Needed to Amend*. In addition to any vote required by any other provisions of law, the Articles or the By-Laws of the Company, the affirmative vote of the holders of at least a majority of the Voting Power of the Voting Stock of the Company which is not Beneficially Owned, directly or indirectly, by an Acquiring Person, shall be required to amend, alter, change or repeal, or adopt any provision inconsistent with, this Article 10th (including the provisions in Article 6th which are applicable to this Article 10th), unless such action has been previously approved by a majority vote of the Disinterested Directors.

Article 11th. Extraordinary Vote for Business Combinations.

11.1. *Votes Required*. In addition to any vote required by any other provisions of law, the Articles or the By-Laws of the Company, the affirmative vote of the holders of at least a majority of the Voting Power of the Voting Stock of the Company which is not Beneficially Owned by an Acquiring Person shall be required for the approval or authorization of (i) any Business Combination or (ii) any proposal to amend, alter, change or repeal, or adopt any provision inconsistent with, this Article 11th (including the provisions in Article 6th which are applicable to this Article 11th); provided, however, that the foregoing voting requirements shall not be applicable if the Board of Directors of the Company shall have approved the Business Combination or proposal upon the vote of not less than a majority of the Disinterested Directors.

Article 12th. Amendments to Articles of Incorporation or By-Laws; Shareholder Action.

12.1. *Amendments to By-Laws*. The Board of Directors, by vote of a majority of the Disinterested Directors, may adopt, amend and repeal the By-Laws with respect to those matters which are not, by statute, reserved exclusively to the shareholders. No By-Law may be adopted, amended or repealed by the shareholders unless, in addition to any vote required by any other provisions of law, the Articles or the By-Laws of the Company, such action is approved by the holders of a majority of the Voting Power of the Voting Stock of the Company which is not Beneficially Owned by an Acquiring Person, unless such action has been previously approved by a majority vote of the Disinterested Directors.

12.2. *Amendments to Articles of Incorporation*. Except in a case where it is specifically provided that this Article 12.2 does not apply to an amendment or deletion of another provision of the Articles, the approval of the holders of a majority of the Voting Power of the Voting Stock of the Company which is not Beneficially Owned by an Acquiring Person, in addition to any vote required by any other provisions of law, the Articles or the By-Laws of the Company, shall be required to amend the Articles or delete any provision thereof, unless such action has been previously approved by a majority vote of the Disinterested Directors.

12.3 *Shareholder Action—Meetings; Special Meetings*. Any action required or permitted to be taken by the shareholders of the Company must be effected at a duly called annual or special meeting of such holders and may not be effected without a meeting by any consent in writing by such holders. Except as otherwise required by law and subject to the rights of the holders of any class or series of preferred stock with respect to any vote of the holders of such class or series when voting by class, special meetings of shareholders of the Company may be called only by the Board of Directors pursuant to a resolution approved by a majority vote of the Disinterested Directors.

Article 13th. Articles Defined. Henceforth, the Articles as defined in the Business Corporation Law shall not include any prior documents.

Article 14th. Personal Liability of Directors.

(a) To the fullest extent that the laws of the Commonwealth of Pennsylvania, as in effect on January 27, 1987 or as thereafter amended, permit elimination or limitation of the liability of directors, no Director of the Company shall be personally liable for monetary damages as such for any action taken, or any failure to take any action, as a Director.

(b) This Article 14th shall not apply to any actions filed prior to January 27, 1987, nor to any breach of performance of duty or any failure of performance of duty by any Director of the Company occurring prior to January 27, 1987. The provisions of this Article shall be deemed to be a contract with each Director of the Company who serves as such at any time while this Article is in effect and each such Director shall be deemed to be doing so in reliance on the provisions of this Article. Any amendment or repeal of this Article or adoption of any other By-law or provision of the Articles of the Company which has the effect of increasing Director liability shall operate prospectively only and shall not affect any action taken, or any failure to act, prior to the adoption of such amendment, repeal,other By-law or provision. *[Article 14 added April 27, 1987.]*

MANAGEMENT'S DISCUSSION AND ANALYSIS

Forward-looking Statements

The following discussion should be read in conjunction with the consolidated financial statements contained in this Annual Report to Shareholders. Certain statements contained in this discussion and elsewhere in this report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from expectations contained in such statements.

Factors that may materially affect financial condition and future results include: global economic conditions; the impact of unforeseen economic and political changes, including the threat of terrorism and its potential consequences; the timely and successful introduction of new products; the availability of funding in the fire service, military, and homeland security markets; fluctuations in the cost and availability of key materials and components; the company's ability to generate sufficient cash flow to support capital expenditures, debt repayment, and general operating activities; the company's ability to achieve sales and earnings forecasts; and interest and currency exchange rates.

The foregoing list of important factors is not exclusive. The company undertakes no obligation to publicly update or revise its forward-looking statements.

Critical Accounting Policies and Estimates

MSA prepares its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires MSA to make estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. MSA bases its estimates and judgements on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. MSA evaluates these estimates and judgements on an on-going basis. Actual results may differ from these estimates and judgements.

MSA believes the following critical accounting policies affect the more significant estimates and judgements used in the preparation of the financial statements. MSA recognizes revenue from the sale of products when title, ownership, and risk of loss pass to the customer. MSA records estimated reductions to sales for customer programs including volume-based incentives. If market conditions were to change, the amounts due to customers under these programs could differ from the recorded estimates. MSA maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of MSA's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances could be required. MSA provides for the estimated cost of product warranties at the time that sales are recognized. While MSA has extensive product quality programs and processes, the company's warranty obligation is affected by product failure rates, material usage, and service delivery costs incurred in correcting a product failure. Should actual product failure rates, material usage, or service delivery costs differ from MSA's estimates, revisions to the estimated warranty liability would be required. MSA maintains reserves covering the uninsured portion of product liability claims. These reserves are based on management's evaluation of known claims and actuarial valuations. Should actual claims be greater than MSA's estimates, additional product liability charges could be required. MSA writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of the inventory and the estimated market value based on assumptions about future demand and market conditions. If demand and actual market conditions were less favorable than those projected by management, additional inventory write-downs could be required. MSA records an estimated income tax liability based on management's best judgement of the amounts likely to be paid in the various tax jurisdictions in which it operates. The tax liabilities ultimately paid are dependent on a number of factors, including the resolution of tax audits, and may differ from the amounts recorded. Tax liabilities are adjusted through income when it becomes probable that the actual liability differs from the amount recorded. Actuarial assumptions have a significant impact on the determination of net periodic pension costs and credits. If actual experience differs from these assumptions, future net periodic pension costs and credits could be adversely affected.

Significant accounting policies are described in note 1 to the consolidated financial statements.

Subsequent Event – 3-for-1 Common Stock Split

As more fully described in note 2, the company's common stock split 3-for-1 on January 28, 2004. All share and per share information in this Management Discussion and Analysis and throughout this annual report to shareholders has been adjusted to reflect the split.

Results of Operations

***Overview* –** MSA is committed to being the premier world-wide provider of a full line of products that enhance the safety and health of workers. In recent years the company has concentrated on specific initiatives intended to help us meet this commitment and improve our competitive position and profitability by developing innovative new products, by acquiring companies and technologies that expand and complement our product lines, by entering emerging geographic markets where we believe there are opportunities to meet an unanswered demand for safety products, and by emphasizing operational excellence.

To sharpen our focus on our core safety products business, in November 2002 we announced our decision to explore the potential sale of Callery Chemical, our only non-safety products business unit. As discussed in the following section, this division was sold in September 2003.

In 2003, the company achieved record sales and net income from continuing operations for the third consecutive year. We believe that this performance and our improving financial performance in recent years are the result of initiatives that have allowed us to anticipate and respond quickly to market demand, particularly in the U.S. fire service, homeland security and military markets. Sales growth in the fire service market reflects our ability to quickly bring to market products that comply with changing industry standards and to create new market demand with innovative products like the Evolution 5000 hand-held thermal imaging camera, which is one of the smallest and lightest on the market. In addition, the company has successfully responded to increased homeland security and military market demand for products such as the Millennium and MCU 2/P gas masks and the Advanced Combat Helmet that has occurred since the September 11th attacks and during the ongoing war on terrorism. Demand in these markets has more than offset continuing sluggishness in North American industrial markets. The level of demand for our products in the U.S. fire service, homeland security and military markets is strongly influenced by the levels of government funding available to address the needs of first responders and to meet the requirements of military operations. A reduction in available government funding in the future could adversely affect the demand for our products in these markets.

Our results in Europe improved modestly in 2003, but continue to suffer from the effects of the poor economic climate in Western Europe. The acquisition of MSA Gallet in 2002 added the leading line of European firefighter head protection to our product line and has helped improve our overall performance in Europe. In other international markets, 2003 results were generally higher in most markets, but particularly Australia and Latin America. These improvements reflect focused efforts to effectively reach customers and, particularly in Latin America, improvements in general economic conditions.

Discontinued Operations – On September 12, 2003, the company sold its Callery Chemical Division to BASF Corporation. In accordance with accounting principles generally accepted in the United States of America, the operating results of the Callery Chemical Division and the gain on the sale to BASF Corporation have been reported as discontinued operations in the consolidated statements of income. The net assets of the division have been classified as assets held for sale in the consolidated balance sheets.

Discontinued operations, for which further information is included in note 17, reported sales of $21.3 million, $29.5 million, and $33.1 million and net income of $2.7 million, $3.9 million, and $5.8 million for the years ended December 31, 2003, 2002, and 2001, respectively. Discontinued operations for the year ended December 31, 2003, represent operating results of Callery Chemical Division through the date of sale. The sale of the division to BASF Corporation resulted in an after-tax gain of $13.7 million.

At December 31, 2003, approximately $2.3 million of trade receivables related to the Callery operation were reported as assets held for sale. A substantial portion of this balance was collected in January and February 2004.

The after-tax proceeds of $53.8 million received from the sale of the division and the subsequent liquidation of net assets retained by the company were distributed to shareholders on November 24, 2003 and charged to retained earnings as a capital distribution.

Continuing Operations – 2003 versus 2002 – Sales for 2003 were $696.5 million, an increase of $132.1 million, or 23%, from $564.4 million in 2002.

Sales by North American operations were $452.6 million in 2003, an increase of $82.9 million, or 22%, from $369.7 million in 2002. The sales improvement occurred in the United States and is largely related to higher shipments of self-contained breathing apparatus and thermal imaging cameras to the fire service market and of gas masks and ballistic helmets to military and homeland security markets. Sales of instruments and fall protection equipment were flat, reflecting continued sluggishness in industrial markets.

During 2003, the company changed its standard shipping terms to U.S. distributors. The effect of this change was to delay revenue recognition on the affected shipments, which reduced current year sales and gross margins by approximately $4.7 million and $2.7 million, respectively.

Sales by European operations were $146.2 million in 2003, an increase of $23.8 million, or 19%, from $122.4 million in 2002. The sales increase in 2003 includes a full year of sales by MSA Gallet, which was acquired during the second quarter of 2002. When stated in U.S. dollars, approximately half of the sales increase in Europe was due to the favorable currency translation effects of the stronger Euro.

Sales by international operations were $97.7 million in 2003 compared to $72.2 million in 2002, an increase of $25.5 million, or 35%. The sales improvement occurred primarily in Australia, on higher shipments of breathing apparatus to the Australian Navy, and in Latin America. Approximately one-third of the increase in International sales, when stated in U.S. dollars, was due to the favorable currency translation effects of a stronger Australian dollar and South African Rand.

Gross profit for 2003 was $288.3 million, an increase of $55.1 million, or 24%, from $233.2 million in 2002. The ratio of gross profit to sales was steady at 41.4% in 2003 compared to 41.3% in 2002.

Selling, general and administrative expenses in 2003 were $170.1 million, an increase of $29.2 million, or 21%, from $140.9 million in 2002. Approximately half of the increase was related to higher marketing and selling expenses required to support the significant sales growth in North America. The remainder of the increase occurred in Europe, and reflects the inclusion of a full year's expenses for MSA Gallet, which was acquired in the second quarter of 2002, and the currency exchange effect of a stronger Euro. Selling, general and administrative expenses were 24.4% of sales in 2003 compared to 25.0% of sales in 2002.

Research and development expenses were $21.7 million in 2003, an increase of $1.3 million, or 6%, from $20.4 million in 2002. Research and development activities are performed primarily in the U.S and Europe.

Depreciation and amortization expense was $23.2 million in 2003, a increase of $1.7 million, or 8%, from $21.5 million in 2002. The increase was due to the inclusion of a full year of depreciation for MSA Gallet, which was acquired during the second quarter of 2002, and regular asset additions.

Cost of products sold and operating expenses in 2003 were favorably affected by a change in the vacation vesting policy for U.S. employees. Under the vacation vesting policy adopted in 2003, employees earn their vacation entitlement during the current year. Previously, vacation was vested on the last day of the prior year. The policy resulted in favorable adjustments to cost of products sold and operating expenses during 2003 of $3.6 million and $1.8 million, respectively. The vacation policy was changed to align the year the benefit is earned with the year it is received.

Cost of products sold and operating expenses include net periodic pension benefit costs and credits. As described in note 7, pension credits, combined with pension costs, resulted in net pension credits of $8.8 million in 2003 and $13.1 million in 2002. Net pension credits of $10.8 million in 2003 include a $2.0 million curtailment gain that was related to the sale of the Callery Chemical Division and is reflected in net income from discontinued operations. The current recognition of pension income is primarily the result of the exceptional investment performance of the U.S. pension fund over the past ten years. During that period, the investment performance of the MSA Noncontributory Pension Fund has ranked among the top 1% of all U.S. pension funds. Future net pension credits can be volatile depending on the future performance of plan assets, changes in actuarial assumptions regarding such factors as the selection of discount rates and rates of return on plan assets, changes in the amortization levels of actuarial gains and losses, plan amendments affecting benefit pay-out levels, and profile changes in the participant populations being valued. Changes in any of these factors could cause net pension credits to change. To the extent net pension credits decline in the future, income would be adversely affected.

Interest expense in 2003 was $4.6 million compared to $4.8 million in 2002. The decrease relates to reductions in long term debt and lower average short term borrowings.

Currency exchange gains of $3.4 million were recorded in 2003 compared to gains of $191,000 in 2002. Currency exchange gains in 2003 were primarily related to Euro and Canadian dollar denominated assets held by the U.S. company, and reflect a significant strengthening of those currencies during the year.

Other income, for which further information is included in note 12, was $1.7 million in 2003 compared to $2.3 million in 2002.

The effective income tax rate, for which further information is included in note 5, was 33.7% in 2003 and 35.1% in 2002. The effective tax rate in 2003 was lower than the U.S. statutory income tax rate due in part to favorable effect of research and development credits and the one-time effect of releasing $1.2 million of previously-established valuation allowances on foreign tax credit carry forwards. These valuation allowances were released in 2003 as a result of tax planning strategies that were implemented during the year and an improved outlook for foreign source income. The company has maintained tax reserves established in prior years on research and development credits that were claimed in tax years that are currently being examined by the Internal Revenue Service. Management is cautiously optimistic that a favorable settlement of these examinations could be reached in late 2004.

Net income from continuing operations was $48.9 million in 2003, an increase of $17.7 million, or 57%, over 2002 net income from continuing operations of $31.2 million. Continuing operations basic earnings per share of common stock improved to $1.33 in 2003 compared to 85 cents in 2002.

Continuing Operations – 2002 versus 2001 – Sales for 2002 were $564.4 million, an increase of $54.7 million, or 11%, from $509.7 million in 2001.

Sales by North American operations were $369.7 million in 2002, an increase of $26.1 million, or 8%, from $343.6 million in 2001. The sales improvement occurred in the United States and is largely related to higher shipments of gas masks to the military and homeland security markets. Sales to the fire service market were relatively flat year-to-year with increased shipments of self-contained breathing apparatus being offset by lower shipments of thermal imaging cameras. Thermal imaging camera sales are dependent on the level of federal government funding provided to local fire departments. During 2002 much of this funding was diverted to meeting homeland security requirements. Sales of instruments and fall protection equipment were slightly lower in 2002.

Sales by European operations were $122.4 million in 2002, an increase of $28.2 million, or 30%, from $94.2 million in 2001. A significant portion of the improvement was due to the acquisition of MSA Gallet during the second quarter. European sales also benefited from strong shipments of escape breathing devices for use in the merchant marine fleet.

Sales by international operations were $72.2 million in 2002 compared to $71.7 million in 2001, an increase of $471,000, or 1%. Local currency sales growth of approximately 7% was largely offset by unfavorable currency translation effects when stated in U.S. dollars. Substantial local currency sales growth was achieved in Africa, Brazil, and Australia.

Gross profit for 2002 was $233.2 million, an increase of $16.4 million, or 8%, from $216.8 million in 2001. The ratio of gross profit to sales was 41.3% in 2002 compared to 42.5% in 2001. The lower gross profit percentage is largely related to sales mix changes and somewhat lower gross margins in North American industrial markets.

Selling, general and administrative expenses increased $10.8 million, or 8%, to $140.9 million in 2002, but decreased as a percent of sales to 25.0% in 2002 compared to 25.5% in 2001. The increase in selling, general and administrative expenses occurred in North America and Europe and reflects costs associated with higher sales volumes, higher insurance costs, and the acquisition of MSA Gallet.

Research and development expenses in 2002 were $20.4 million, an increase of $3.7 million, or 22%, from $16.7 million in 2001. These expenses relate to safety products equipment research and development activities conducted primarily in the U.S. and Europe. The increase reflects higher research and development costs in the U.S. and the acquisition of MSA Gallet in the second quarter of 2002.

Depreciation and amortization expense was $21.5 million in 2002, a decrease of $1.1 million, or 5%, from $22.6 million in 2001. As required by FAS No. 142, goodwill amortization was discontinued at the beginning of 2002. Goodwill amortization expense was $2.2 million in 2001. The decrease associated with the absence of goodwill amortization in 2002 was partially offset by the inclusion of MSA Gallet depreciation following its acquisition and regular asset additions.

Cost of products sold and operating expenses include net periodic pension benefit costs and credits. As described in note 7, pension credits, combined with pension costs, resulted in net pension credits of $13.1 million in 2002 and $15.0 million in 2001.

Interest expense in 2002 was $4.8 million compared to $5.3 million in 2001. The decrease relates to reductions in long term debt.

Currency exchange gains of $191,000 were recorded in 2002 compared to a loss of $1.2 million in 2000. The favorable swing was primarily due to the strengthening of the Euro during 2002. The most significant losses from currency valuation changes in 2001 related to the strengthening of the U.S. dollar against the Canadian dollar.

Other income, for which further information is included in note 12, was $2.3 million in 2002 compared to $2.8 million in 2001.

The effective income tax rate, for which further information is included in note 5, was 35.1% in 2002 and 40.7% in 2001. The effective tax rate in 2002 was substantially the same as the U.S. statutory income tax rate due to favorable tax effects associated with the charitable donation of property and adjustments to prior year tax provisions, net of valuation allowances taken on deferred tax assets. The 2001 rate was higher than the U.S. statutory income tax rate due to the recognition of a valuation allowance on deferred tax assets related to foreign tax credit carry-forwards in the U.S. and improved earnings in high tax rate countries.

Net income from continuing operations was $31.2 million in 2002, an increase of $5.4 million, or 21%, over 2001 net income from continuing operations of $25.9 million. Continuing operations basic earnings per share of common stock improved to 85 cents in 2002 compared to 72 cents in 2001.

Liquidity and Financial Condition

The main sources of liquidity for the company are cash generated from operations and borrowing capacity. The company’s principal liquidity requirements are for working capital, capital expenditures, and principal and interest payments on outstanding indebtedness.

Cash and cash equivalents increased $36.8 million during 2003, compared to an increase of $9.8 million in 2002.

Continuing operations provided cash of $32.5 million in 2003 compared to providing $43.0 million in 2002. Higher net income from continuing operations in 2003 was more than offset by increases in net operating assets. In 2003, increases in receivables used cash of $25.8 million compared to using $3.0 million in 2002. Increases in inventories during 2003 used $3.2 million compared to inventory reductions in 2002 which provided $5.5 million in cash. Trade receivables related to continuing operations were $89.9 million at December 31, 2003. Trade receivables for continuing operations expressed in number of days sales outstanding were 47 days at December 31, 2003, compared to 38 days at December 31, 2002. The increase in trade receivables and days sales outstanding reflect increased government and international receivables. Other receivables were $39.0 million at December 31, 2003 and $35.5 million at December 31, 2002, representing a retained interest in securitized receivables. Inventories of continuing operations were $90.1 million at December 31, 2003 and $76.7 million at December 31, 2002. Inventory measured against sales turned 7.7 times in 2003 and 7.4 times in 2002. Cash flow from continuing operations in 2002 was $22.9 million higher than in 2001. Improved cash flow from continuing operations in 2002 reflects higher operating income and relatively small changes in receivables and inventories.

Cash provided by discontinued operations in 2003 was $1.6 million higher than in 2002. The increase is primarily related to the liquidation of trade receivables. Cash provided by discontinued operations in 2002 was $1.2 million lower than in 2001, mainly due to lower income.

Investing activities provided cash of $66.7 million in 2003 compared to using $34.1 million in 2002. In 2003, the sale of the Callery Chemical Division and property in Germany provided cash of approximately $63.0 million and $22.9 million, respectively. In 2002, net cash of approximately $14.5 million was used for the acquisition of Gallet. In 2001, cash was used for the acquisition of Surety Manufacturing and Testing, Ltd. Capital expenditures of $19.6 million in 2003, $20.1 million in 2002, and 20.0 million in 2001 were primarily related to purchases of new or replacement tooling and production equipment.

Financing activities used cash of $76.3 million in 2003 compared to using $7.1 million in 2002. The higher use of cash in 2003 includes a special distribution to common shareholders of $53.8 million, representing the after-tax proceeds from the sale of the Callery Chemical Division and the subsequent liquidation of net assets retained by the company. Dividends paid on common stock during 2003 (the 86th consecutive year of dividend payment) were 26 cents per share. Dividends paid per share in 2002 and 2001 were 22 cents and 18 cents, respectively.

The average amount of short term debt outstanding during 2003 and 2002 was $560,000 and $3.1 million, respectively. Credit available at year-end with financial institutions was the U.S. dollar equivalent of $19.8 million, of which $19.6 million was unused.

Long-term debt, including the current portion at December 31, 2003 was $64.8 million, or 17.4% of total capital. For purposes of this calculation, total capital is defined as long-term debt plus the current portion of long-term debt and shareholders' equity.

Outstanding short and long-term indebtedness at December 31, 2003 and 2002 was as follows:

(In thousands)	2003	2002
Bank lines of credit	$ 828	$ 9,096
Industrial development debt	10,750	10,750
Senior notes	52,000	56,000
Other	2,003	2,564
	65,581	78,410
Current portion	(5,666)	(14,060)
	59,915	64,350

Accounts Receivable Securitization

As described in note 9, the company sells eligible trade accounts receivable to Mine Safety Funding Corporation (MSF), an unconsolidated wholly-owned subsidiary. MSF was established in November 1999 to provide the company with an inexpensive and reliable source of financing to replace borrowings under short term lines of credit. Under accounting principles generally accepted in the United States of America, MSF is not consolidated with MSA because legally it is a bankruptcy remote entity. In the event that MSA declared bankruptcy all cash collections on trade receivables owned by MSF would first be used to satisfy MSF's borrowings before any remaining proceeds could be returned to MSA. This arrangement permits MSF to borrow at advantageous interest rates using its portfolio of trade receivables as security. As a result of the securitization agreement, $15.0 million of accounts receivable and short-term debt has been removed from the company's December 31, 2003 balance sheet. At December 31, 2002, $29.0 million of accounts receivable and short-term debt were removed from the company's balance sheet under this arrangement.

Cumulative Translation Adjustments

The year-end position of the U.S. dollar relative to international currencies resulted in translation gains of $14.7 million being credited to the cumulative translation adjustments shareholders' equity account in 2003, compared to gains of $5.8 million in 2002 and losses of $4.9 million in 2001. Translation gains in 2003 reflect the strengthening of most currencies against the U.S. dollar. The most significant gains related to MSA's operations in Europe and Australia. Translation gains in 2002 occurred primarily in Europe, partially offset by losses in South America. Translation losses in 2001 occurred primarily in South Africa, Brazil, Chile and most European countries.

Commitments and Contingencies

The company is obligated to make future payments under various contracts, including debt and lease agreements. Significant cash obligations of MSA as of December 31, 2003 were as follows:

(In thousands)	Total	2004	2005	2006	2007	2008	Thereafter
Long-term debt	$ 64,753	$ 4,838	$ 4,561	$ 8,231	$ 105	$ 8,105	$ 38,913
Operating leases .	27,613	5,262	4,259	3,621	2,739	2,657	9,075
Technology transfer agreement	2,250	1,500	750	—	—	—	—
Take or pay supply contract .	7,000	1,500	1,500	1,500	1,500	1,000	—
Totals	101,616	13,100	11,070	13,352	4,344	11,762	47,988

The company expects to make net contributions of $1.3 million to its pension plans in 2004.

The company has purchase commitments for materials, supplies, services, and property, plant and equipment as part of the ordinary conduct of business.

During the third quarter of 2003, the company sold its real property in Berlin, Germany for approximately $25.7 million, resulting in a gain of approximately $13.6 million. At the same time, the company entered into an eight year agreement to lease back the portion of the property that it occupies. Under sale-leaseback accounting, $12.1 million of gain was deferred and is being amortized over the term of the lease.

On September 12, 2003, the company entered into a lease agreement with BASF Corporation pertaining to that portion of the Callery Chemical site that is occupied by MSA's Evans City, PA manufacturing operations. The initial term of the lease is one year and the company has the option to renew for five successive one year periods.

Various lawsuits and claims arising in the normal course of business are pending against the company. These lawsuits are primarily product liability claims. Pending claims include several multi-party asbestosis or silicosis suits, generally as a result of the presence of safety equipment supplied by MSA and other manufacturers at locations named in the suits. While the amounts claimed may be substantial, the ultimate liability of the company is not determinable because of uncertainties, including the number of defendants in each suit and the jurisdiction.

The company maintains a reserve for uninsured product liability based on expected settlement charges for pending claims and an estimate of unreported claims derived from experience, sales volumes, and other relevant information. The company reevaluates its exposures on an ongoing basis and makes adjustments to reserves as appropriate. Based on information currently available, management believes that the disposition of matters that are pending will not have a materially adverse effect on the financial position of the company.

The company has retained responsibility for certain environmental costs at the Callery Chemical site in the event that corrective action is required by governmental agencies or regulations. Under the terms of the asset purchase agreement with BASF, MSA's maximum liability for these matters is capped at $50.0 million. Based on environmental studies performed prior to the sale of the division, the company does not believe that its potential exposure under the terms of this agreement will materially affect the results of operations, cash flows, or financial condition.

Financial Instrument Market Risk

Market risk represents the risk of adverse changes in the value of a financial instrument caused by changes in currency exchange rates, interest rates, and equity prices. The company is exposed to market risks related to currency exchange rates and interest rates.

Currency Exchange Rate Sensitivity – By the very nature of our global operations, the company's cash flow and earnings are subject to fluctuations due to exchange rate changes. Because the company operates in a number of locations around the world, currency exchange risk is well diversified. When appropriate, the company may attempt to limit its exposure to changes in currency exchange rates through both operational and financial market actions. These actions may include contracts and other actions designed to reduce existing exposures by essentially creating offsetting currency exposures. At December 31, 2003, contracts for the purpose of hedging cash flows were not significant.

Interest Rate Sensitivity – The company is exposed to changes in interest rates primarily as a result of borrowing and investing activities used to maintain liquidity and fund business operations. Because of the relatively short maturities of temporary investments and the variable rate nature of industrial development debt, these financial instruments are reported at carrying values which approximate fair values.

As more fully described in note 11, the company has $52.0 million of fixed rate debt which matures at various dates through 2012. The incremental increase in the fair value of fixed rate long term debt resulting from a hypothetical 10% decrease in interest rates would be approximately $1.1 million. However, the company's sensitivity to interest rate declines and the corresponding increase in the fair value of its debt portfolio would unfavorably affect earnings and cash flows only to the extent that the company elected to repurchase or retire all or a portion of its fixed rate debt portfolio at prices above carrying values.

Related Party Transactions

The company does not have any related party transactions that materially affect the results of operations, cash flow, or financial condition.

Common Stock

At December 31, 2003, there were 36,927,984 shares of common stock outstanding and approximately 7,500 identifiable common stockholders. Common stock price and volume information is included on the American Stock Exchange under the symbol MSA. The quarterly high and low price quotations and cash dividend information for common shares follow. On November 24, 2003, the company made a special distribution of $1.46 per common share, representing the after-tax proceeds received from the sale of the Callery Chemical Division and the subsequent liquidation of net assets retained by the company, to shareholders of record on November 14, 2003.

	2003		2002	
Quarter	**High**	**Low**	**High**	**Low**
First	$12.44	$10.05	$14.40	$11.78
Second	14.99	11.76	16.83	11.67
Third	22.63	14.21	13.58	10.63
Fourth	28.83	17.27	13.08	9.13

Quarter	**Dividend Per Share**	**Record Date**	**Payment Date**
	2003		
First	$ .06	Feb. 21, 2003	Mar. 10, 2003
Second	.06	May 21, 2003	Jun. 10, 2003
Third	.07	Aug. 15, 2003	Sep. 10, 2003
Fourth	.07	Nov. 17, 2003	Dec. 10, 2003
Total	.26		
	2002		
First	$ .04	Feb. 22, 2002	Mar. 10, 2002
Second	.06	May 17, 2002	Jun. 10, 2002
Third	.06	Aug. 26, 2002	Sep. 10, 2002
Fourth	.06	Nov. 22, 2002	Dec. 10, 2002
Total	.22		

The company's stock transfer agent is Wells Fargo Bank, N.A., Shareowner Services, 161 North Concord Exchange, South St. Paul, MN 55075.

RESPONSIBILITY STATEMENTS

Responsibility for Financial Statements

The management of Mine Safety Appliances Company prepared the accompanying financial statements and is responsible for their integrity and objectivity. These statements were prepared in conformity with accounting principles generally accepted in the United States of America. The financial statements include amounts that are based on management's best estimates and judgments. The other information in this annual report is consistent with the financial statements.

The company maintains a system of internal controls, including a program of internal auditing. Management believes that the company's system of internal controls provides reasonable assurance that assets are safeguarded against losses and that the financial records are reliable for use in preparing financial statements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the expected benefits. Management believes that its internal control system appropriately recognizes this cost/benefit relationship.

Management recognizes its responsibility for fostering a strong ethical climate so that the company's affairs are conducted according to the highest standards of personal and corporate conduct. This responsibility is characterized and reflected in a broad business ethics policy that addresses, among other things, conduct of business activities within the laws of the United States and other countries in which the company operates and potential conflicts of interest of its associates. Ethics policy violations are thoroughly investigated and may lead to disciplinary action, including termination of employment.

The Audit Committee of the Board of Directors performs an oversight role in the preparation of the financial statements. The Audit Committee is composed of four independent directors. The Audit Committee meets regularly to discuss audit and financial reporting matters with management, the internal auditors, and the independent auditors. The internal auditors and independent auditors have direct access to the Audit Committee to discuss the results of their audits or any other matters.

/s/ DAVID W. BISHOP II

David W. Bishop II
Controller
Chief Accounting Officer

/s/ DENNIS L. ZEITLER

Dennis L. Zeitler
Vice President and Treasurer
Chief Financial Officer

/s/ JOHN T. RYAN III

John T. Ryan III
Chairman of the Board
Chief Executive Officer

Report of Independent Auditors

To the Shareholders and Board of Directors of Mine Safety Appliances Company:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, changes in retained earnings and accumulated other comprehensive income, and of cash flows present fairly, in all material respects, the financial position of Mine Safety Appliances Company and its 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 accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Pittsburgh, Pennsylvania
February 20, 2004

CONSOLIDATED STATEMENT OF INCOME

(In thousands, except per share amounts)

Year Ended December 31	**2003**	**2002**	**2001**
Net sales	$ 696,473	$ 564,426	$ 509,736
Other income	1,724	2,271	2,776
	698,197	566,697	512,512
Costs and expenses			
Cost of products sold	408,219	331,215	292,940
Selling, general and administrative	170,081	140,924	130,092
Research and development	21,722	20,372	16,740
Depreciation and amortization	23,208	21,525	22,590
Interest	4,564	4,769	5,349
Currency exchange (gains) losses	(3,356)	(191)	1,197
	624,438	518,614	468,908
Income from continuing operations before income taxes	73,759	48,083	43,604
Provision for income taxes	24,835	16,870	17,753
Net income from continuing operations	48,924	31,213	25,851
Net income from discontinued operations	2,685	3,864	5,780
Gain on sale of discontinued operations – after tax	13,658		
Net income	$ 65,267	$ 35,077	$ 31,631
Basic earnings per common share:			
Continuing operations	$ 1.33	$ .85	$ .72
Discontinued operations	.45	.11	.16
Net income	$ 1.78	$ .96	$ .88
Diluted earnings per common share:			
Continuing operations	$ 1.31	$ .85	$ .71
Discontinued operations	.44	.10	.16
Net income	$ 1.75	$ .95	$ .87

See notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEET

(In thousands, except share amounts)

December 31		**2003**	**2002**
Assets			
Current Assets	Cash and cash equivalents	$ 73,244	$ 36,477
	Trade receivables, less allowance for doubtful accounts of $6,418 and $4,134	89,919	58,648
	Other receivables	38,981	35,456
	Inventories	90,103	76,748
	Deferred tax assets	17,890	20,396
	Prepaid expenses and other current assets	10,794	10,157
	Assets held for sale	2,311	45,062
	Total current assets	323,242	282,944
Property	Land	4,642	5,615
	Buildings	80,044	91,320
	Machinery and equipment	269,739	250,797
	Construction in progress	5,521	5,580
	Total	359,946	353,312
	Less accumulated depreciation	(239,386)	(222,905)
	Net property	120,560	130,407
Other Assets	Prepaid pension cost	121,290	107,338
	Deferred tax assets	23,047	7,800
	Goodwill	44,810	42,963
	Other noncurrent assets	10,936	8,313
	Total	$ 643,885	$ 579,765
Liabilities			
Current Liabilities	Notes payable and current portion of long-term debt	$ 5,666	$ 14,060
	Accounts payable	40,029	30,979
	Employees' compensation	15,486	16,216
	Insurance and product liability	13,518	8,899
	Taxes on income	4,976	3,748
	Other current liabilities	35,040	25,798
	Total current liabilities	114,715	99,700
Long-Term Debt		59,915	64,350
Other Liabilities	Pensions and other employee benefits	74,808	61,198
	Deferred tax liabilities	70,845	61,402
	Other noncurrent liabilities	15,744	4,053
	Total other liabilities	161,397	126,653
Shareholders' Equity			
	Preferred stock, 4 1/2% cumulative, $50 par value (callable at $52.50)	3,569	3,569
	Common stock, no par value (shares outstanding: 2003—36,927,984 2002—12,207,029)	31,187	28,626
	Stock compensation trust	(19,385)	(21,697)
	Treasury shares, at cost	(137,173)	(134,827)
	Deferred stock compensation	(993)	(801)
	Accumulated other comprehensive income	(6,037)	(20,501)
	Earnings retained in the business	436,690	434,693
	Total shareholders' equity	307,858	289,062
	Total	$ 643,885	$ 579,765

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands)

Year Ended December 31	**2003**	**2002**	**2001**
Operating Activities			
Net income	$ 65,267	$ 35,077	$ 31,631
Net income from discontinued operations	(2,685)	(3,864)	(5,780)
Gain on the sale of discontinued operations	(13,658)		
Net income from continuing operations	48,924	31,213	25,851
Depreciation and amortization	23,208	21,525	22,590
Pensions	(8,845)	(13,125)	(14,962)
Net gain on sale of investments and assets	(2,332)	(35)	(1,764)
Deferred income taxes	4,922	4,765	9,259
Receivables and other receivables	(27,039)	(3,008)	(16,846)
Inventories	(3,162)	5,518	(10,716)
Accounts payable and accrued liabilities	1,253	(3,616)	(2,955)
Other assets and liabilities	(1,864)	(1,775)	4,132
Other—including currency exchange adjustments	(2,554)	1,582	5,561
Cash Flow From Continuing Operations	32,511	43,044	20,150
Cash Flow From Discontinued Operations	8,029	6,412	7,635
Cash Flow From Operating Activities	40,540	49,456	27,785
Investing Activities			
Property additions	(19,628)	(20,072)	(19,987)
Property disposals	23,521	649	6,685
Proceeds from sale of discontinued operations	63,042		
Acquisitions, net of cash acquired, and other investing	(279)	(14,667)	(6,765)
Cash Flow From Investing Activities	66,656	(34,090)	(20,067)
Financing Activities			
Additions to long-term debt	245	677	12
Reductions of long-term debt	(4,902)	(7,089)	(5,259)
Changes in notes payable and short-term debt	(9,146)	5,578	1,150
Cash dividends and special distributions	(63,270)	(7,961)	(6,480)
Company stock purchases	(2,309)	(846)	(3,227)
Company stock sales	3,036	2,508	7,477
Cash Flow From Financing Activities	(76,346)	(7,133)	(6,327)
Effect of exchange rate changes on cash	5,917	1,543	(1,231)
Increase in cash and cash equivalents	36,767	9,776	160
Beginning cash and cash equivalents	36,477	26,701	26,541
Ending cash and cash equivalents	$ 73,244	$ 36,477	$ 26,701
Supplemental cash flow information:			
Interest payments	$ 5,025	$ 5,890	$ 6,566
Income tax payments	35,743	18,546	9,765

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN RETAINED EARNINGS AND ACCUMULATED OTHER COMPREHENSIVE INCOME

(In thousands)	Retained Earnings	Accumulated Other Comprehensive Income	Comprehensive Income
Balances January 1, 2001	$ 382,426	$ (20,869)	
Net income	31,631		$ 31,631
Cumulative translation adjustments		(4,934)	(4,934)
Minimum pension liability adjustments [a]		(413)	(413)
Comprehensive income			$ 26,284
Common dividends	(6,432)		
Preferred dividends	(48)		
Balances December 31, 2001	407,577	(26,216)	
Net income	35,077		$ 35,077
Cumulative translation adjustments		5,772	5,772
Minimum pension liability adjustments [a]		(57)	(57)
Comprehensive income			$ 40,792
Common dividends	(7,914)		
Preferred dividends	(47)		
Balances December 31, 2002	434,693	(20,501)	
Net income	65,267		$ 65,267
Cumulative translation adjustments		14,699	14,699
Minimum pension liability adjustments [a]		(235)	(235)
Comprehensive income			$ 79,731
Special distribution to common shareholders	(53,799)		
Common dividends	(9,425)		
Preferred dividends	(46)		
Balances December 31, 2003	$ 436,690	$ (6,037)	

[a] – Charges to minimum pension liability adjustments in 2003, 2002 and 2001 are net of tax benefits of $157,000, $38,000 and $275,000, respectively.

Components of accumulated other comprehensive income are as follows:

	(In thousands) 2003	2002	2001
Cumulative translation adjustments	$ (4,894)	$ (19,593)	$ (25,365)
Minimum pension liability adjustments	(1,143)	(908)	(851)
Accumulated other comprehensive income	$ (6,037)	$ (20,501)	$ (26,216)

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – Significant Accounting Policies

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Principles of Consolidation – The consolidated financial statements include the accounts of the company and all subsidiaries except Mine Safety Funding Corporation. Intercompany accounts and transactions are eliminated. To facilitate timely reporting, several international subsidiaries have November 30th fiscal year ends. Certain prior year amounts have been reclassified to conform with the current year presentation.

Currency Translation – The functional currency of all significant foreign subsidiaries is the local currency. Assets and liabilities of these subsidiaries are translated at year-end exchange rates. Income statement accounts are translated at the average rates of exchange prevailing during the year. Translation adjustments for these companies are reported as a component of shareholders' equity and are not included in income. Foreign currency transaction gains and losses are included in net income for the period.

Cash Equivalents – Cash equivalents include temporary deposits with financial institutions and highly liquid investments with original maturities of 90 days or less.

Inventories – Inventories are stated at the lower of cost or market. Most U.S. inventories are valued on the last-in, first-out (LIFO) cost method. Other inventories are valued on the average cost method or at standard costs which approximate actual costs.

Property and Depreciation – Property is recorded at cost. Depreciation is computed using straight-line and accelerated methods over the estimated useful lives of the assets. Expenditures for significant renewals and improvements are capitalized. Ordinary repairs and maintenance are expensed as incurred. Gains or losses on property dispositions are included in income and the cost and related depreciation are removed from the accounts.

Goodwill and Other Intangible Assets – Effective January 1, 2002, the company adopted FAS No. 142, Goodwill and Other Intangible Assets. Under this standard, goodwill and intangible assets with indefinite lives are not amortized, but are subject to impairment write-down tests that must be performed at least annually. For years ending prior to 2002, goodwill was amortized on a straight line basis over periods not exceeding 35 years. Other intangible assets are amortized on a straight-line basis over their useful lives.

Revenue Recognition – Revenue from the sale of products is recognized when title, ownership, and risk of loss pass to the customer.

Shipping and Handling – Shipping and handling expenses for products sold to customers are charged to cost of products sold as incurred. Amounts billed to customers for shipping and handling are included in net sales.

Research and Development – Research and development costs are expensed as incurred.

Income Taxes – Deferred income taxes are provided for temporary differences between financial and tax reporting. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized. No provision is made for possible U.S. taxes on the undistributed earnings of foreign subsidiaries that are considered to be reinvested indefinitely. Calculation of the unrecognized deferred tax liability for temporary differences related to these earnings is not practicable. Where it is contemplated that earnings will be remitted, credits for foreign taxes already paid are expected to generally offset applicable U.S. income taxes. In cases where they will not offset U.S. income taxes, appropriate provisions are recorded.

Stock-Based Compensation Plans – The company applies the intrinsic value-based method in accordance with Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees. Accordingly, no compensation cost is recognized for stock option grants. Compensation cost for restricted stock awards is measured at the market value of the shares when awarded. Unearned stock compensation is reported in shareholders' equity and is charged to income over the restriction period.

If the company had elected to recognize compensation cost based on the fair value of the options at the grant date as prescribed by FAS 148, Accounting for Stock-Based Compensation – Transition and Disclosure, net income and earnings per share would have been reduced to the pro forma amounts shown below:

	(In thousands)		
	2003	**2002**	**2001**
Net income as reported	$65,267	$35,077	$31,631
Fair value of stock options granted, net of tax	(1,374)	(1,717)	(1,519)
Pro forma net income	63,893	33,360	30,112
Basic earnings per share:			
As reported	$ 1.78	$ .96	$ .88
Pro forma	1.74	.91	.84
Diluted earnings per share:			
As reported	$ 1.75	$ .95	$ .87
Pro forma	1.71	.90	.83

The fair value of the options granted was estimated at the grant dates using the Black-Scholes option pricing model and the following weighted average assumptions for options granted in 2003, 2002, and 2001, respectively; risk-free interest rate of 4.0%, 5.3%, and 5.2%; dividend yield of 2.1%, 2.0%, and 2.1%; expected option life of 9.9 years, 9.9 years, and 9.9 years; and expected volatility factor of 23%, 23%, and 23%.

Derivative Instruments – The company uses derivative instruments to dampen the effects of changes in currency exchange rates and to achieve a targeted mix of fixed and floating interest rates on outstanding debt. The company does not enter into derivative transactions for speculative purposes and does not hold derivative instruments for trading purposes. Derivative instruments, including interest rate swaps and forward exchange contracts, are not accounted for as hedges and are marked-to-market each period. The realized and unrealized gains or losses on these instruments are recognized in income in the current period. MSA estimates the fair value of all derivatives based on quoted market prices or pricing models, and records all derivatives on the balance sheet at fair value.

Note 2 – Subsequent Event

On January 28, 2004, the company paid a 3-for-1 stock split of the common stock to shareholders of record on January 16, 2004. Share and per share information in this report has been adjusted to reflect the split.

Note 3 – Capital Stock

- Common stock, no par value - 180,000,000 shares authorized
- Second cumulative preferred voting stock, $10 par value - 1,000,000 shares authorized; none issued
- $4^{1}/_{2}$% cumulative preferred nonvoting stock, $50 par value - 100,000 shares authorized; 71,373 shares issued and 51,554 shares ($1,690,000) held in treasury (1,241 shares, $61,000, purchased for treasury in 2003; no activity in 2002; 600 shares, $21,000, purchased for treasury in 2001)

Common stock activity is summarized as follows:

	Shares			Dollars (In thousands)		
	Shares Issued	Stock Compensation Trust	Shares in Treasury	Shares Issued	Stock Compensation Trust	Treasury Cost
Balances January 1, 2001	20,335,797	(1,639,320)	(6,868,854)	$ 18,841	$ (25,683)	$ (129,066)
Restricted stock awards		860		12	13	
Restricted stock awards forfeited			(3,900)			(80)
Stock options exercised	147,254	223,087		4,226	3,491	
Tax benefit related to stock plans				2,307		
Treasury shares purchased			(94,197)			(3,206)
Balances December 31, 2001	20,483,051	(1,415,373)	(6,966,951)	25,386	(22,179)	(132,352)
Restricted stock awards	23,198			915		
Stock options exercised	73,860	30,744		1,786	482	
Tax benefit related to stock plans				539		
Treasury shares purchased			(21,500)			(846)
Balances December 31, 2002	20,580,109	(1,384,629)	(6,988,451)	28,626	(21,697)	(133,198)
Restricted stock awards		27,235		517	427	
Restricted stock awards forfeited			(1,000)			(37)
Stock options exercised		120,317		1,151	1,885	
Tax benefit related to stock plans				893		
Treasury shares purchased			(44,253)			(2,248)
Balances December 31, 2003	20,580,109	(1,237,077)	(7,033,704)	31,187	(19,385)	(135,483)
3-for-1 stock split (January 2004)	41,160,218	(2,474,154)	(14,067,408)			
Adjusted balances December 31, 2003	61,740,327	(3,711,231)	(21,101,112)	31,187	(19,385)	(135,483)

The Mine Safety Appliances Company Stock Compensation Trust was established to fund certain benefit plans, including employee and non-employee directors stock options and awards. Shares held by the Stock Compensation Trust, and the corresponding cost of those shares, are reported as a reduction of common shares issued. Differences between the cost of the shares held by the Stock Compensation Trust and the market value of shares released for stock-related benefits are reflected in shares issued.

The company has a Shareholder Rights Plan under which each outstanding share of common stock is granted one-ninth of a preferred share purchase right. The rights are exercisable for a fraction of a share of preferred stock, only if a person or group acquires or commences a tender offer for 15% or more of the company’s common stock. In the event a person or group acquires 15% or more of the outstanding common stock, each right not owned by that person or group will entitle the holder to purchase that number of shares of common stock having a value equal to twice the $225 exercise price. The Board of Directors may redeem the rights for $.01 per right at any time until ten days after the announcement that a 15% position has been acquired. The rights expire on February 21, 2007.

Note 4 – Segment Information

The company is organized into three geographic operating segments: North America, Europe, and International. The company is engaged in the manufacture and sale of safety equipment, including respiratory protective equipment, head protection, eye and face protection, hearing protectors, safety clothing, industrial emergency care products, mining safety equipment, thermal imaging cameras, and monitoring instruments.

Reportable segment information is presented in the following table:

(In thousands)	North America	Europe	International	Reconciling Items	Consolidated Totals
2003					
Sales to external customers	$ 452,567	$ 146,162	$ 97,744	$	$696,473
Intercompany sales	24,215	49,499	3,061	(76,775)	
Net income from continuing operations	38,666	2,795	6,349	1,114	48,924
Net income from discontinued operations	2,685				2,685
Gain on sale of discontinued operations	13,658				13,658
Total assets continuing operations	419,472	190,179	68,611	(36,688)	641,574
Assets held for sale	2,311				2,311
Interest income	576	115	278	102	1,071
Interest expense	4,357	123	84		4,564
Noncash items:					
Depreciation and amortization	17,071	4,972	1,144	21	23,208
Pension income (expense)	14,999	(3,847)	(307)		10,845
Equity in earnings of affiliates			(5)		(5)
Income tax provision	18,632	2,069	2,985	1,149	24,835
Investments in affiliates	366		153		519
Property additions	13,221	3,976	2,423	8	19,628
Fixed assets	93,296	19,918	7,319	27	120,560
2002					
Sales to external customers	369,728	122,377	72,206	115	564,426
Intercompany sales	21,472	35,733	3,116	(60,321)	
Net income from continuing operations	25,933	2,519	2,372	389	31,213
Net income from discontinued operations	3,864				3,864
Total assets continuing operations	363,999	145,663	50,364	(25,323)	534,703
Assets held for sale	45,062				45,062
Interest income	424	142	281	106	953
Interest expense	4,501	67	201		4,769
Noncash items:					
Depreciation and amortization	16,012	4,446	1,047	20	21,525
Pension income (expense)	16,360	(3,123)	(112)		13,125
Equity in earnings of affiliates			23		23
Income tax provision	13,884	1,056	1,647	283	16,870
Investments in affiliates	1,374		158		1,532
Property additions	15,538	3,698	831	5	20,072
Fixed assets	100,213	25,329	4,824	41	130,407
2001					
Sales to external customers	343,646	94,187	71,735	168	509,736
Intercompany sales	20,074	21,668	2,124	(43,866)	
Net income from continuing operations	22,575	130	3,619	(473)	25,851
Net income from discontinued operations	5,780				5,780
Total assets	399,912	96,372	48,816	(24,402)	520,698
Interest income	513	146	408	116	1,183
Interest expense	4,844	156	349		5,349
Noncash items:					
Depreciation and amortization	17,714	3,680	1,170	26	22,590
Pension income (expense)	17,885	(2,783)	(140)		14,962
Equity in earnings of affiliates			40		40
Income tax provision	15,094	900	1,732	27	17,753
Investments in affiliates	1,374		135		1,509
Property additions	13,407	4,916	1,621	43	19,987
Fixed assets	132,213	18,118	6,033	49	156,413

Reconciling items consist primarily of intercompany eliminations and items reported at the corporate level.

Sales are attributed to segments and countries based on the location of the selling company. Sales to external customers in Germany were $57,973,000 in 2003, $50,925,000 in 2002, and $46,865,000 in 2001.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 5 – Income Taxes

The U.S. and non-U.S. components of income before income taxes and provisions for income taxes are summarized as follows:

	(In thousands)		
	2003	2002	2001
Income From Continuing Operations Before Income Taxes			
U.S. income	$ 64,289	$ 47,850	$34,190
Non-U.S. income	15,148	10,190	6,226
Currency translation gains (losses)	28	(317)	(776)
Eliminations	(5,706)	(9,640)	3,964
Income Before Income Taxes	73,759	48,083	43,604
Provision For Income Taxes			
Current			
Federal	9,608	8,115	5,370
State	2,526	610	404
Non-U.S.	7,779	3,380	2,720
Total current provision	19,913	12,105	8,494
Deferred			
Federal	5,251	4,101	8,377
State	937	936	1,732
Non-U.S.	(1,266)	(272)	(850)
Total deferred provision	4,922	4,765	9,259
Provision for Income Taxes	24,835	16,870	17,753

The following is a reconciliation of the U.S. Federal income tax rate to the effective tax rate for continuing operations:

	2003	2002	2001
Provision for income taxes at statutory rate	35.0%	35.0%	35.0%
State income taxes, net of federal benefit	3.0	2.9	3.4
Effects of foreign operations	.7		.2
Foreign tax credits	(.7)		(.5)
Valuation allowance	(1.6)	3.2	2.3
Research and development credit	(1.1)	(.2)	(1.0)
Adjustment of prior years income taxes	(1.1)	(4.4)	
Other—net	(.5)	(1.4)	1.3
Provision for income taxes	33.7%	35.1%	40.7%

The components of deferred taxes are as follows:

	(In thousands)	
	2003	2002
Deferred tax assets		
Postretirement benefits	$ 5,598	$ 5,628
Inventory reserves	5,691	4,836
Vacation allowances	1,184	2,560
Net operating losses	7,407	5,023
Foreign tax credit carryforwards (expiring between 2004 and 2008)	1,901	1,975
Liability insurance	3,134	1,363
Basis of capital assets	6,400	5,105
Intangibles	1,409	1,371
Warranties	3,528	1,016
Other	5,272	3,734
Total deferred tax assets	41,524	32,611
Valuation allowance	(587)	(1,975)
Net deferred tax assets	40,937	30,636

Deferred tax liabilities		
Depreciation	(20,033)	(26,213)
Pension	(44,752)	(37,296)
Other	(6,060)	(333)
Total deferred tax liabilities	(70,845)	(63,842)
Net deferred taxes	(29,908)	(33,206)

During 2003, the company released $1.2 million of foreign tax credit carry forward valuation allowances based on the implementation of various tax planning strategies and an improved outlook for utilization of these credits in future years.

Net operating loss carryforwards of $6,817,000 have no expiration date and $66,000, $471,000 and $53,000 expire in 2006, 2008 and 2013, respectively.

Undistributed earnings of international companies for which U.S. income taxes have not been provided were $90,927,000 at December 31, 2003.

Note 6 – Stock Plans

The 1998 Management Share Incentive Plan provides for grants of restricted stock awards and stock options to eligible key employees through March 2008. The 1990 Non-Employee Directors' Stock Option Plan, as amended April 1, 2001, provides for annual grants of stock options and restricted stock awards to eligible directors. As of December 31, 2003, there were 1,684,815 shares and 162,021 shares, respectively, reserved for future grants under these plans.

Restricted stock awards are granted without payment to the company in consideration of services to be performed in the ensuing three years (four years for employee awards prior to 2002). Restricted stock awards of 81,705 shares (fair value of $944,000), 69,594 shares (fair value of $915,000), and 2,580 shares (fair value of $25,000) were granted in 2003, 2002, and 2001, respectively. Restricted stock awards expense charged to operations was $716,000 in 2003, $766,000 in 2002, and $437,000 in 2001.

Stock options are generally granted at market value option prices and expire after ten years (limited instances of option prices in excess of market value and expiration after five years). Stock options granted in 2003 are exercisable beginning one year after the grant date. Options granted prior to 2003 were exercisable six months after the grant date.

During November 2003, the company made a special distribution of $1.46 per common share to shareholders of record on November 14, 2003. For options outstanding as of November 12, 2003, the ex-distribution date, option shares and exercise prices were adjusted to reflect the change in intrinsic value that resulted from the special distribution. The adjustments were based on the ratio of the change in the market price of common stock that occurred as a result of the special distribution.

A summary of option activity under the two plans follows:

	Shares	Weighted-Average Exercise Price	Exercisable at Year-end
Outstanding January 1, 2001	1,634,382	$ 6.69	
Granted	733,032	8.46	
Exercised	(1,111,023)	6.95	
Forfeited	(15,930)	6.26	
Outstanding December 31, 2001	1,240,461	7.52	1,240,461
Granted	552,165	13.17	
Exercised	(313,812)	7.23	
Outstanding December 31, 2002	1,478,814	9.69	1,478,814
Granted	744,630	11.58	
Exercised before adjustment	(259,752)	8.16	
Adjustment for special distribution	153,057	(.77)	
Exercised after adjustment	(101,199)	9.06	
Outstanding December 31, 2003	2,015,550	9.88	1,270,920

The following table summarizes information about options outstanding at December 31,2003:

Shares	Range of Exercise Price per Share	Weighted-Average Exercise Price	Weighted-Average Remaining Life
677,046	$ 5.88 - $ 7.80	$ 7.14	6.5
781,203	$ 9.03 - $10.65	10.60	9.1
557,301	$11.72 - $13.57	12.20	7.8
2,015,550	$ 5.88 - $13.57	9.88	7.9

Note 7 – Pensions and Other Postretirement Benefits

The company maintains various defined benefit and defined contribution plans covering the majority of its employees. The principal U.S. plan is funded in compliance with the Employee Retirement Income Security Act (ERISA). It is the general policy to fund current costs for the international plans except in Germany and Mexico, where it is common practice and permissible under tax laws to accrue book reserves.

A minimum liability is recognized for unfunded defined benefit plans for which the accumulated benefit obligation exceeds accrued pension costs. The amount of the minimum liability in excess of unrecognized prior service cost, net of tax benefit, is recorded as a reduction in shareholders' equity. Non-contributory plan benefits are generally based on years of service and employees' compensation during the last years of employment. Benefits are paid from funds previously provided to trustees or are paid by the company and charged to the book reserves.

The company provides certain health care benefits and limited life insurance for retired employees and their eligible dependents.

Information pertaining to defined benefit pension plans and other postretirement benefits plans is provided in the following table.

(In thousands)	Pension Benefits		Other Benefits	
	2003	2002	2003	2002
Change in Benefit Obligations				
Benefit obligations at January 1	$ 218,010	$ 193,603	$ 20,677	$ 21,835
Service cost	6,802	5,378	423	392
Interest cost	14,036	12,917	1,395	1,404
Employee contributions	159	214		
Plan amendments		454		(1,319)
Actuarial losses	10,844	11,666	2,509	487
Benefits paid	(13,178)	(12,242)	(2,131)	(2,122)
Curtailments	(2,143)			
Currency translation effects	9,810	6,020		
Benefit obligations at December 31	244,340	218,010	22,873	20,677
Change in Plan Assets				
Fair value of plan assets at January 1	269,836	314,122		
Actual return on plan assets	97,710	(32,599)		
Employer contributions	3,822	2,433	231	122
Employee contributions	223	263		
Benefits paid	(13,178)	(12,242)	(2,131)	(2,122)
Section 420 transfer to retiree medical plan	(1,900)	(2,000)	1,900	2,000
Reimbursement of German benefits	(2,478)	(719)		
Currency translation effects	2,442	578		
Fair value of plan assets at December 31	356,477	269,836		
Funded Status				
Funded status at December 31	112,137	51,826	(22,873)	(20,677)
Unrecognized transition gains	342	(137)		
Unrecognized prior service cost	1,323	1,647	(1,910)	(2,138)
Unrecognized net actuarial (gains)/losses	(46,909)	9,846	8,686	6,768
Prepaid (accrued) benefit cost	66,893	63,182	(16,097)	(16,047)
Amounts Recognized in the Balance Sheet				
Prepaid benefit cost	121,290	107,338		
Accrued benefit liability	(56,785)	(46,226)	(16,097)	(16,047)
Intangible asset	524	557		
Minimum pension liability adjustments	1,864	1,513		
Prepaid (accrued) benefit cost	66,893	63,182	(16,097)	(16,047)
Accumulated Benefit Obligation for all Defined Benefit Plans	202,856	177,424		

(In thousands)	Pension Benefits			Other Benefits		
	2003	2002	2001	2003	2002	2001
Components of Net Periodic Benefit Cost (Credit)						
Service cost	$ 6,802	$ 5,378	$ 4,645	$ 423	$ 392	$ 502
Interest cost	14,036	12,917	12,393	1,395	1,404	1,488
Expected return on plan assets	(27,785)	(27,332)	(27,202)			
Amortization of transition asset	(509)	(592)	(597)			
Amortization of prior service cost	310	298	300	(228)	(138)	(108)
Recognized net actuarial (gains) losses	(1,677)	(3,794)	(4,745)	590	552	377
Curtailment (gain) loss	(2,022)		244			

Net periodic benefit (credit) cost	(10,845)	(13,125)	(14,962)	2,180	2,210	2,259

	Pension Benefits		Other Benefits	
	2003	2002	2003	2002
Assumptions used to determine benefit obligations				
Discount rate	6.1%	6.4%	6.3%	6.5%
Rate of compensation increase	3.5%	3.5%		
Assumptions used to determine net periodic benefit cost				
Discount rate	6.3%	6.4%	6.5%	7.0%
Expected return on plan assets	8.5%	8.4%		
Rate of compensation increases	3.5%	3.5%		

The expected return on assets for the 2003 net periodic pension cost was determined by multiplying the expected returns of each asset class (based on historical returns) by the expected percentage of the total portfolio invested in that asset class. A total return was determined by summing the expected returns over all asset classes.

	Plan Assets at December 31	
	2003	2002
Asset Category		
Equity securities	79.2%	74.5%
Debt securities	15.3%	20.2%
Real estate	0.3%	0.3%
Cash/other	5.2%	5.0%
Total	100.0%	100.0%

Investment policies are determined by the Plan's Investment Committee and set forth in the Plan's Investment Policy. Asset managers are granted discretion for determining sector mix, selecting securities and timing transactions, subject to the guidelines of the Investment Policy. An aggressive, flexible management of the portfolio is permitted. No target asset allocations are set forth in the Investment Policy.

The company expects to make net contributions of $1.3 million to its pension plans in 2004

For measurement purposes, a 7.5% increase in the costs of covered health care benefits was assumed for the year 2003, decreasing by .5% for each successive year to 4% in 2010 and thereafter. A one-percentage-point change in assumed health care cost trend rates would have increased or decreased the other postretirement benefit obligations and current year plan expense by approximately $1.0 million and $100,000, respectively.

Expense for defined contribution pension plans was $3,360,000 in 2003, $3,049,000 in 2002, and $2,739,000 in 2001.

The U.S. defined benefit pension plan owned 2,533,500 shares (market value $67.1 million) at December 31, 2003 and 3,049,500 shares (market value $32.8 million) at December 31, 2002 of the company's common stock. The pension plan received dividends and distributions of $4,506,865 and $666,650, respectively, on these shares.

In December 2003, Congress enacted the Medicare Prescription Drug, Improvement and Modernization Act of 2003. The act incorporates a plan sponsor subsidy based on a percentage of the beneficiary's annual prescription drug benefits, within certain limits, and provides the retiree with the opportunity to obtain prescription drugs under Medicare. Specific authoritative guidance on the accounting for federal subsidy is pending and that guidance, when issued, could require plan sponsors to change previously reported information. Management is currently evaluating the effect of the act on the company, but does not expect the reductions in postretirement benefit costs to be significant. In accordance with FASB Staff Position FAS 106-1, the company has elected to defer accounting for the effect of the act. Accordingly, the benefit obligation and net periodic benefit cost do not reflect any potential effects of the act.

Note 8 – Earnings per Share

Basic earnings per share is computed on the weighted average number of common shares outstanding during the period. Diluted earnings per share includes the effect of the weighted average stock options outstanding during the period, using the treasury stock method. Antidilutive options are not considered in computing diluted earnings per share.

	(In thousands)		
	2003	2002	2001
Net income from continuing operations	$48,924	$31,213	$25,851
Preferred stock dividends	(46)	(47)	(48)
Income available to common shareholders	48,878	31,166	25,803
Basic shares outstanding	36,730	36,512	35,729
Stock options	534	373	508
Diluted shares outstanding	37,264	36,885	36,237
Antidilutive stock options	0	552	0

Note 9 – Accounts Receivable Securitization

The company has securitization agreements with Mine Safety Funding Corporation (MSF) under which the company sells MSF, on a continuous basis, an undivided interest in eligible trade accounts receivable generated by the company, while maintaining a subordinated interest in a portion of the receivables. MSF is an unconsolidated wholly-owned, bankruptcy-remote subsidiary of the company. Financial assets, net of retained interests, are removed from the balance sheet when the assets are sold and control is surrendered. The company services the sold receivables for MSF at market rates and, accordingly, no servicing asset or liability has been recorded. MSF and the company have also entered into securitization agreements with financial institutions under which MSF may sell up to $30 million of accounts receivable to a multi-seller asset-backed commercial paper issuer.

At December 31, 2003, accounts receivable of $55.2 million were owned by MSF. The company held a subordinated interest in these receivables of $40.0 million, of which $39.0 million is classified as other receivables. Net proceeds to the company from the securitization arrangement were $15.0 million at December 31, 2003. The company incurred net costs associated with the securitization facility of $1.8 million in 2003, representing the discount loss on the sale of the receivables, partially offset by related servicing income and dividends received from MSF. The net cost includes $473,000 in bad debt expense borne by MSF during 2003.

At December 31, 2002, accounts receivable of $66.2 million were owned by MSF. The company held a subordinated interest in these receivables of $36.5 million, of which $35.5 million is classified as other receivables. Net proceeds to the company from the securitization arrangement were $29.0 million at December 31, 2002. The company incurred net costs associated with the securitization facility of $2.1 million in 2002, representing the discount loss on the sale of the receivables, partially offset by related servicing income and dividends received from MSF. The net cost includes $884,000 in bad debt expense borne by MSF during 2002.

The key economic assumptions used to measure the retained interest at December 31, 2003 were a discount rate of 3.3% and an estimated life of 2.2 months. At December 31, 2003, an adverse change in the discount rate or estimated life of 10% and 20% would reduce the fair value of the retained interest by $32,000 and $64,000, respectively. The effect of hypothetical changes in fair value based on variations in assumptions should be used with caution and generally cannot be extrapolated. Additionally, the effect on the fair value of the retained interest of changing a particular assumption has been calculated without changing other assumptions. In reality, a change in one factor may result in changes in others.

Note 10 – Inventories

	(In thousands)	
	2003	2002
Finished products	$34,660	$25,928
Work in process	17,476	14,936
Raw materials and supplies	37,967	35,884
Total inventories	90,103	76,748
Excess of FIFO costs over LIFO costs	39,083	39,431

Inventories stated on the LIFO basis represent 40%, 38%, and 52% of the total inventories at December 31, 2003, 2002, and 2001, respectively.

Reductions in certain inventory quantities during 2002 resulted in liquidations of LIFO inventories carried at lower costs prevailing in prior years. The effect of these liquidations reduced cost of sales by $387,000 in 2002, and increased net income by $235,000.

Note 11 – Long-Term Debt

	(In thousands)	
	2003	2002
U.S.		
Industrial development debt issues payable through 2022, 1.3%	$10,750	$10,750
Series B Senior Notes payable through 2006, 7.69%	12,000	16,000
Senior Notes payable through 2012, 8.39%	40,000	40,000
Other	150	200
International		
Various notes payable through 2010, 5.06% to 19.0%	1,853	2,364
Total	64,753	69,314
Amounts due within one year	4,838	4,964
Long-term debt	59,915	64,350

Approximate maturities of these obligations over the next five years are $4,838,000 in 2004, $4,561,000 in 2005, $8,231,000 in 2006, $105,000 in 2007, and $8,105,000 in 2008. Some debt agreements require the company to maintain certain financial ratios and minimum net worth and contain restrictions on the total amount of debt.

Note 12 – Other Income

	(In thousands)		
	2003	2002	2001
Interest	$1,071	$ 953	$1,183
Rent	532	710	739
Dividends	1,048	725	625

Dispositions of assets	(826)	(864)	(136)
Other, net	(101)	747	365
Total	1,724	2,271	2,776

Note 13 – Leases

The company leases office space, manufacturing and warehouse facilities, automobiles and other equipment under operating lease arrangements. Rent expense was $9,120,000 in 2003, $6,879,000 in 2002, and $6,020,000 in 2001. Minimum rental commitments under noncancelable leases are $5,262,000 in 2004, $4,259,000 in 2005, $3,621,000 in 2006, $2,739,000 in 2007, $2,657,000 in 2008, and $9,075,000 after 2008.

Note 14 – Goodwill and Intangible Assets

During 2002, the company adopted FAS No. 142, Goodwill and Other Intangible Assets. Under this standard, goodwill and other intangible assets with indefinite lives are not amortized, but are subject to impairment tests that must be performed at least annually. Transitional impairment tests performed as of January 1, 2002 indicated that no goodwill impairment existed and as a result the company did not recognize a transitional impairment loss. Annual goodwill impairment tests performed during the fourth quarters of 2002 and 2003 also indicated that no goodwill impairment existed and as a result the company has not recognized an impairment loss.

The effects of adopting the non-amortization provisions of FAS 142 on net income from continuing operations and basic earnings per share were as follows:

	(In thousands, except per share amounts)		
	2003	2002	2001
Reported net income from continuing operations	$48,924	$31,213	$25,851
Goodwill amortization, net of tax			1,365
Adjusted net income from continuing operations	48,924	31,213	27,216
Basic earnings per share:			
Reported net income from continuing operations	$ 1.33	$ .85	$ .72
Goodwill amortization, net of tax			.04
Adjusted net income from continuing operations	1.33	.85	.76

Intangible assets include patents and license agreements that will be fully amortized in 2005 and 2008, respectively. These items are included in other noncurrent assets. At December 31, 2003, intangible assets totaled $3,307,000, net of accumulated amortization of $2.9 million. Intangible asset amortization expense is expected to be $702,000 in 2004, $655,000 in 2005, $650,000 in 2006, $650,000 in 2007 and $650,000 in 2008.

Changes in goodwill and intangible assets, net of accumulated amortization during the year ended December 31, 2003 were as follows:

	(In thousands)	
	Goodwill	Intangibles
Net balances at January 1, 2003	$42,963	$ 171
Goodwill acquired	200	
Intangibles acquired		3,250
Amortization expense		(114)
Currency translation and other	1,647	
Net balances at December 31, 2003	44,810	3,307

At December 31, 2003, goodwill of $34.3 million and $10.5 million related to the North American and European operating segments, respectively.

Note 15 – Short-Term Debt

Short-term bank lines of credit amounted to $20,403,000 of which $19,575,000 was unused at December 31, 2003. Generally, these short-term lines of credit are renewable annually, and there are no significant commitment fees or compensating balance requirements. Short-term borrowings with banks, which exclude the current portion of long-term debt, were $828,000 and $9,096,000 at December 31, 2003 and 2002, respectively. The average month-end balance of total short-term borrowings during 2003 was $560,000 while the maximum month-end balance of $1,929,000 occurred at March 31, 2003. The average interest rate during 2003 was approximately 9% based upon total short-term interest expense divided by the average month-end balance outstanding, and 3% at year-end.

Note 16 – Acquisitions

On April 30, 2002, the company acquired CGF Gallet of Lyon, France, the leading European manufacturer of protective helmets for the fire service, as well as head protection for the police and military. The acquisition of Gallet complements the company's strong existing line of fire service products and provides the opportunity to capitalize on opportunities in other areas where Gallet is strong – such as the law enforcement, military, and aviation markets. Gallet's results of operations have been included in the company's consolidated financial statements from the acquisition date.

The aggregate purchase price was $16.6 million of cash and includes amounts paid to the previous owners and other direct external costs associated with the acquisition. The acquisition was recorded using the purchase method of accounting and, accordingly, the purchase price was allocated to assets acquired and liabilities assumed based on their estimated fair values at the acquisition date.

The following table summarizes the estimated fair values of the Gallet assets acquired and the liabilities assumed at the date of acquisition:

(In thousands)	April 30 2002
Current assets	$17,427
Property	5,800
Goodwill	7,863
Total assets acquired	31,090
Current Liabilities	11,093
Long term debt	3,016
Other liabilities	349

Total liabilities assumed	14,458
Net assets acquired	16,632

Goodwill related to the Gallet acquisition, which is included in the European operating segment, is not expected to be deductible for tax purposes.

On February 1, 2001, the company acquired Surety Manufacturing and Testing, Ltd. (Surety), a leading provider of fall protection equipment and rescue systems. The acquisition was recorded using the purchase method of accounting. The purchase price of $7.1 million was allocated to assets acquired and liabilities assumed based on estimated fair values and included $5.6 million in goodwill, which is included in the North American operating segment.

The results of operations of Surety are included in the financial statements from the acquisition date.

The following unaudited pro forma summary presents the company’s consolidated results as if the acquisitions had occurred at the beginning of 2001. The pro forma information does not necessarily reflect the actual results that would have occurred and is not necessarily indicative of future results of operations for the combined companies.

	(In thousands, except earnings per share)		
	2003	**2002**	**2001**
Net sales	$696,473	$578,252	$535,317
Net income from continuing operations	48,924	32,189	26,559
Basic earnings per share	1.33	.88	.74

Note 17 – Discontinued Operations

On September 12, 2003, the company sold certain assets of the Callery Chemical Division to BASF Corporation for $64.6 million. The operating results of the Callery Chemical Division and the gain on the sale of the division, as summarized below, have been classified as discontinued operations for all periods presented. Net income from discontinued operations for 2002 includes $42,000 of expenses directly related to the sale of the division.

	(In thousands)		
	2003	2002	2001
Net sales	$21,345	$29,473	$33,120
Income before income taxes	4,210	6,147	9,282
Provision for income taxes	1,525	2,283	3,502
Net income from discontinued operations	2,685	3,864	5,780
Gain on sale of discontinued operations	$22,390		
Provision for income taxes	8,732		
Gain on sale of discontinued operations – after tax	13,658		

At December 31, 2003 and 2002, discontinued operations net assets classified as held for sale consisted of the following:

	(In thousands)	
	2003	2002
Accounts receivable and other current assets	$2,311	$ 7,983
Inventory		7,705
Property, net		29,374
Net assets held for sale	2,311	45,062

Note 18 – Contingencies

Various lawsuits and claims arising in the normal course of business are pending against the company. These lawsuits are primarily product liability claims. Pending claims include several multi-party asbestosis or silicosis suits, generally as a result of the presence of safety equipment supplied by MSA and other manufacturers at locations named in the suits. While the amounts claimed may be substantial, the ultimate liability of the company is not determinable because of uncertainties, including the number of defendants in each suit and the jurisdiction.

The company maintains a reserve for uninsured product liability based on expected settlement charges for pending claims and an estimate of unreported claims derived from experience, sales volumes, and other relevant information. The company reevaluates its exposures on an ongoing basis and makes adjustments to reserves as appropriate. Based on information currently available, management believes that the disposition of matters that are pending will not have a materially adverse effect on the financial position of the company.

The company has retained responsibility for certain environmental costs at the Callery Chemical site in the event that corrective action is required by governmental regulations. Under the terms of the asset purchase agreement with BASF, MSA's maximum liability for these matters is capped at $50.0 million. Based on environmental studies performed prior to the sale of the division, the company does not believe that its potential exposure under the terms of this agreement will materially affect the results of operations, cash flows, or financial condition.

Note 19 – Quarterly Financial Information (Unaudited)

	2003					2002				
	Quarters					Quarters				
(In thousands, except earnings per share)	1st	2nd	3rd	4th	Year	1st	2nd	3rd	4th	Year
Net sales	$160,391	$175,939	$171,927	$188,216	$696,473	$128,058	$141,862	$143,398	$151,108	$564,426
Gross profit	66,538	72,652	69,918	79,146	288,254	55,638	57,090	57,910	62,573	233,211
Net income from continuing operations	10,499	12,192	10,984	15,249	48,924	7,724	7,897	5,323	10,269	31,213
Net income from discontinued operations.	1,514	1,273	(102)		2,685	260	1,587	470	1,547	3,864
Gain on sale of discontinued operations – after tax			13,658		13,658					
Net income	12,013	13,465	24,540	15,249	65,267	7,984	9,484	5,793	11,816	35,077
Basic earnings per share:										
Continuing operations	.29	.33	.30	.41	1.33	.21	.21	.15	.28	.85
Discontinued operations	.04	.04	.37		.45	.01	.04	.01	.05	.11
Total	.33	.37	.67	.41	1.78	.22	.25	.16	.33	.96
Diluted earnings per share:										
Continuing operations	.29	.33	.29	.40	1.31	.21	.21	.15	.28	.85
Discontinued operations	.04	.04	.36		.44	.01	.03	.01	.05	.10
Total	.33	.37	.65	.40	1.75	.22	.24	.16	.33	.95

SUMMARY OF SELECTED FINANCIAL DATA

(In thousands, except as noted)	2003	2002	2001	2000	1999
Summary of Operations					
Net sales	$ 696,473	$ 564,426	$ 509,736	$ 468,307	$ 462,166
Other income	1,724	2,271	2,776	2,444	3,619
Cost of products sold	408,219	331,215	292,940	277,972	282,687
Selling, general and administrative	170,081	140,924	130,092	124,840	131,281
Research and development	21,722	20,372	16,740	15,988	15,235
Depreciation and amortization	23,208	21,525	22,590	20,936	20,550
Interest expense	4,564	4,769	5,349	4,040	3,916
Currency exchange (gains) losses	(3,356)	(191)	1,197	(444)	(694)
Provision for income taxes	24,835	16,870	17,753	8,531	3,098
Net income from continuing operations	48,924	31,213	25,851	18,888	9,712
Net income from discontinued operations	2,685	3,864	5,780	4,351	6,614
Gain on sale of discontinued operations - after tax	13,658				
Change in reporting period, net of tax					(1,192)
Net Income	65,267	35,077	31,631	23,239	15,134
Basic per common share continuing operations (in dollars)	1.33	.85	.72	.51	.22
Diluted per common share continuing operations (in dollars)	1.31	.85	.71	.51	.22
Dividends paid per common share (in dollars)	.26	.22	.18	.16	.15
Weighted average number of common shares outstanding—basic	36,730	36,512	35,729	36,904	38,917
Year-End Position					
Working capital	$ 206,216	$ 138,182	$ 135,186	$ 114,175	$ 123,085
Working capital ratio	2.8	2.4	2.6	2.3	2.5
Net property	120,560	130,407	156,413	159,586	163,509
Total assets	643,885	579,765	520,698	489,683	451,741
Long-term debt	59,915	64,350	67,381	71,806	36,550
Common shareholders' equity	306,867	288,009	252,451	225,382	241,374
Equity per common share (in dollars)	8.31	7.86	6.95	6.35	6.25
Market capitalization	978,715	393,677	485,844	297,169	274,624
Notes:					
Cost of products sold and operating expenses include noncash pension income.					
a. Noncash pension income, pre-tax	$ 8,845	$ 13,125	$ 14,962	$ 14,900	$ 10,175

b. In 1999, the fiscal year end for certain international affiliates was changed from November 30th to December 31st. The after-tax effect of the change in reporting period is included in the 1999 income statement as a change in accounting principle.

c. Working capital at December 31, 2003 and 2002 excludes assets held for sale.

MINE SAFETY APPLIANCES COMPANY

The registrant's present affiliates include the following:

Name	State or Other Jurisdiction of Incorporation
Compañia MSA de Argentina S.A.	Argentina
MSA (Aust.) Pty. Limited	Australia
MSA-Auer Sicherheitstechnik Vertriebs GmbH	Austria
MSA Export Limited	Barbados
MSA Belgium NV	Belgium
MSA do Brasil Ltda.	Brazil
MSA Canada	Canada
MSA de Chile Ltda.	Chile
Wuxi-MSA Safety Equipment Co. Ltd.	China
MSA International, Inc.	Delaware
MSA de France	France
MSA Gallet	France
MSA Auer	Germany
MSA Europe	Germany
MSA-Auer Hungaria Safety Technology	Hungary
MSA Italiana S.p.A.	Italy
MSA Japan Ltd.	Japan
MSA Safety Malaysia Snd Bhd	Malaysia
MSA de Mexico, S.A. de C.V.	Mexico
MSA Nederland, B.V.	Netherlands
MSA del Peru S.A.C.	Peru
MSA-Auer Polska Sp. z o.o.	Poland
MSA (Britain) Limited	Scotland
MSA S.E. Asia Pte. Ltd.	Singapore
MSA Africa (Pty.) Ltd.	South Africa
MSA Española S.A.	Spain
MSA Nordic	Sweden
Aritron Instrument A.G.	Switzerland
MSA Zimbabwe (Pvt.) Limited	Zimbabwe

The above-mentioned affiliated companies are included in the consolidated financial statements of the registrant filed as part of this annual report. The names of certain other affiliates, which considered in the aggregate as a single affiliate would not constitute a significant affiliate, have been omitted.

Exhibit 23

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 33-22284), the Registration Statement on Form S-8 (No. 33-43696) and the Registration Statement on Form S-8 (No. 333-51983) of Mine Safety Appliances Company of our report dated March 3, 2004 relating to the financial statements, which appears in the Annual Report to Shareholders, which is incorporated in this Annual Report on Form 10-K. We also consent to the incorporation by reference of our report dated February 20, 2004 relating to the financial statement schedules, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Pittsburgh, Pennsylvania
March 15, 2004

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)

I, John T. Ryan III, certify that:

1. I have reviewed this annual report on Form 10-K of Mine Safety Appliances Company;

2. Based on my knowledge, this 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(s) 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 annual 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(s) 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.

Date: March 15, 2004

/s/ John T. Ryan III

John T. Ryan III
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a)

I, Dennis L. Zeitler, certify that:

1. I have reviewed this annual report on Form 10-K of Mine Safety Appliances Company;

2. Based on my knowledge, this 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 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(s) 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 annual 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 the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officers 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.

Date: March 15, 2004

/s/ Dennis L. Zeitler

Dennis L. Zeitler
Chief Financial Officer

Exhibit 32

Certification

Pursuant to 18 U.S.C. (S) 1350, the undersigned officers of Mine Safety Appliances Company (the “Company”), hereby certify, to the best of their knowledge, that the Company’s Annual Report on Form 10-K for the year ended December 31, 2003 (the “Report”) fully complies with the requirements of Section 13 (a) or 15 (d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 15, 2004

/s/ John T. Ryan III

Name: John T. Ryan III
Title: Chief Executive Officer

/s/ Dennis L. Zeitler

Name: Dennis L. Zeitler
Title: Chief Financial Officer