SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

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

For the quarterly period ended September 28, 1997

OR

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

COMMISSION FILE NUMBER 1-3295

--

MINERALS TECHNOLOGIES INC.
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| DELAWARE | 25-1190717 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |

405 Lexington Avenue, New York, New York 10174-1901
(Address of principal executive offices, including zip code)

(212) 878-1800
(Registrant's telephone number, including area code)

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

YES X NO

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

| CLASS | OUTSTANDING AT October 20, 1997 |
|---|---|
| Common Stock, $.10 par value | 22,556,198 |

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MINERALS TECHNOLOGIES INC.

INDEX TO FORM 10-Q

Item 1.

Financial Statements:



PART II. OTHER INFORMATION

Item 1.



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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENT OF INCOME

(Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | Sept.28, 1997 | Sept.29, 1996 | Sept.28, 1997 | Sept.29, 1996 |
| (thousands of dollars, except per share data) | | | | |
| Net sales | $155,012 | $144,121 | $444,403 | $412,696 |
| Operating costs and expenses: | | | | |
| Cost of goods sold | 108,588 | 102,540 | 313,089 | 294,974 |
| Marketing, distribution and administrative | | | | |

| | | | | |
|---|---|---|---|---|
| expenses | 19,488 | 18,152 | 56,823 | 54,377 |
| Research and development expenses | 4,974 | 4,892 | 15,199 | 14,671 |
| Income from operations | 21,962 | 18,537 | 59,292 | 48,674 |
| Non-operating deductions, net | (2,560) | (1,240) | (5,648) | (3,216) |
| Income before provision for taxes on income and minority interests | 19,402 | 17,297 | 53,644 | 45,458 |
| Provision for taxes on income | 6,207 | 5,366 | 17,164 | 14,293 |
| Minority interests | (518) | 41 | (162) | (79) |
| Net income | $13,713 | $11,890 | $36,642 | $31,244 |
| Earnings per common share | $ 0.61 | $ 0.53 | $ 1.62 | $ 1.38 |
| Cash dividends declared per common share | $ 0.025 | $ 0.025 | $ 0.075 | $ 0.075 |
| Weighted average number of common shares outstanding | 22,545 | 22,616 | 22,565 | 22,627 |

See accompanying Notes to Condensed Consolidated Financial Statements.

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MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS

| (thousands of dollars) | Sept. 28, 1997* | Dec. 31, 1996** |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 31,530 | $ 15,446 |
| Accounts receivable, net | 115,961 | 102,494 |
| Inventories | 63,710 | 70,438 |
| Other current assets | 15,429 | 13,902 |
| Total current assets | 226,630 | 202,280 |
| Property, plant and equipment, less accumulated depreciation and depletion - Sept. 28, 1997 - $343,720; Dec. 31, 1996 - $311,815 | 496,138 | 501,067 |
| Other assets and deferred charges | 11,067 | 10,514 |
| Total assets | $733,835 | $713,861 |

LIABILITIES AND SHAREHOLDERS' EQUITY

| | | |
|---|---|---|
| Current liabilities: | | |
| Short-term debt | $ 13,582 | $ 25,339 |
| Accounts payable | 31,043 | 29,223 |
| Other current liabilities | 42,231 | 32,178 |
| Total current liabilities | 86,856 | 86,740 |
| Long-term debt | 101,610 | 104,900 |
| Other non-current liabilities | 78,288 | 73,971 |
| Total liabilities | 266,754 | 265,611 |
| Shareholders' equity: | | |
| Common stock | 2,534 | 2,526 |
| Additional paid-in capital | 137,751 | 135,676 |
| Retained earnings | 399,157 | 364,210 |
| Currency translation adjustment | (1,640) | 11,560 |
| Unrealized holding gains | 179 | 163 |
| | 537,981 | 514,135 |
| Less common stock held in treasury, at cost | 70,900 | 65,885 |
| Total shareholders' equity | 467,081 | 448,250 |
| Total liabilities and shareholders' equity | $733,835 | $713,861 |

*Unaudited
**Condensed from audited financial statements.

See accompanying Notes to Condensed Consolidated Financial Statements.



MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(Unaudited)

| | Nine Months Ended | |
|---|---|---|
| (thousands of dollars) | Sept. 28, 1997 | Sept. 29, 1996 |
| Operating Activities | | |
| Net income | $36,642 | $31,244 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 39,522 | 34,445 |
| Other non-cash items | 3,261 | 5,022 |
| Net changes in operating assets and liabilities | (2,969) | (28,784) |
| Net cash provided by operating activities | 76,456 | 41,927 |

Investing Activities

| | | |
|---|---|---|
| Purchases of property, plant and equipment | (46,984) | (78,283) |
| Other investing activities, net | 3,762 | 1,725 |
| Net cash used in investing activities | (43,222) | (76,558) |

Financing Activities

| | | |
|---|---|---|
| Proceeds from issuance of short-term and long-term debt | 19,597 | 111,659 |
| Repayment of debt | (34,537) | (71,117) |
| Purchase of common shares for treasury | (5,015) | (4,311) |
| Equity and debt proceeds from minority interests | 3,214 | --- |
| Other financing activities, net | 541 | 110 |
| Net cash (used in) provided by financing activities | (16,200) | 36,341 |
| Effect of exchange rate changes on cash and cash equivalents | (950) | (884) |
| Net increase in cash and cash equivalents | 16,084 | 826 |
| Cash and cash equivalents at beginning of period | 15,446 | 11,318 |
| Cash and cash equivalents at end of period | $ 31,530 | $ 12,144 |
| Interest paid | $ 6,662 | $ 4,408 |
| Income taxes paid | $ 9,907 | $ 10,446 |

See accompanying Notes to Condensed Consolidated Financial Statements.



MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 -- Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by management in accordance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Therefore, these financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 1996. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for a fair presentation of the financial information for the periods indicated, have been included. The results for the three-month and nine-month periods ended September 28, 1997 are not necessarily indicative of the results that may be expected for the year ending December 31, 1997.

Note 2 -- Inventories

The following is a summary of inventories by major category:

| (thousands of dollars) | September 28, 1997 | December 31, 1996 |
|---|---|---|
| Raw materials | $22,347 | $23,585 |
| Work in process | 6,056 | 8,513 |
| Finished goods | 18,829 | 20,670 |
| Packaging and supplies | 16,478 | 17,670 |
| Total inventories | $63,710 | $70,438 |

Note 3 -- Long-Term Debt and Commitments

The following is a summary of long-term debt:

| (thousands of dollars) | September 28, 1997 | December 31, 1996 |
|---|---|---|
| 7.70% Industrial Development Revenue Bond Series 1990 Due 2009 (secured) | $ --- | $7,300 |
| 7.75% Economic Development Revenue Bonds Series 1990 Due 2010 (secured) | 4,600 | 4,600 |
| Variable/Fixed Rate Industrial Development Revenue Bonds Due 2009 | 4,000 | 4,000 |
| Variable/Fixed Rate Industrial Development Revenue Bonds Due April 1, 2012 | 7,545 | --- |
| Variable/Fixed Rate Industrial Development Revenue Bonds Due August 1, 2012 | 8,000 | --- |
| 6.04% Guarantied Senior Notes Due June 11, 2000 | 39,000 | 52,000 |
| 7.49% Guaranteed Senior Notes Due July 24, 2006 | 50,000 | 50,000 |
| Other borrowings | 1,953 | --- |
| | 115,098 | 117,900 |
| Less: Current maturities | 13,488 | 13,000 |
| Long-term debt | $101,610 | $104,900 |

The Variable/Fixed Rate Industrial Development Revenue Bonds due August 1, 2012 are tax-exempt 15-year instruments that were issued on August 1, 1997 to finance the construction of a PCC plant in North America. The bonds bear interest at either a variable rate or fixed rate, at the option of the Company. Interest is payable semi-annually under the fixed

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under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rate was approximately 4%.

On July 31, 1997, the Company retired the $7.3 million Industrial Development Revenue Bonds Due 2009.

On August 4, 1997, the Company redeemed $1,455,000 of the Variable/Fixed Rate Industrial Development Revenue Bonds due April 1, 2012. This represented the unused portion of the original bond issuance proceeds received on April 1, 1997 to finance the construction of a PCC plant in Jackson, Alabama.

The Company has available $120 million in uncommitted short-term bank credit lines, none of which is in use at September 28, 1997.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Minerals Technologies Inc.:

We have reviewed the condensed consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of September 28, 1997 and the related condensed consolidated statements of income for each of the three-month and nine-month periods ended September 28, 1997 and September 29, 1996 and cash flows for the nine-month periods then ended. These financial statements are the responsibility of the Company's management.

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

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

We have previously audited, in accordance with generally accepted auditing standards, the consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of December 31, 1996, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 4, 1997, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1996 is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG Peat Marwick LLP

New York, New York
November 3, 1997



ITEM 2.

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

Income and Expense Items
As a Percentage of Net Sales

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | Sept.28, 1997 | Sept.29, 1996 | Sept.28, 1997 | Sept.29, 1996 |
| Net sales | 100.0% | 100.0% | 100.0% | 100.0% |
| Cost of goods sold | 70.0 | 71.1 | 70.5 | 71.5 |
| Marketing, Distribution and administrative expenses | 12.6 | 12.6 | 12.8 | 13.2 |
| Research and development expenses | 3.2 | 3.4 | 3.4 | 3.5 |
| Income from Operations | 14.2 | 12.9 | 13.3 | 11.8 |
| Net income | 8.8% | 8.3% | 8.2% | 7.6% |

Results of Operations

Three Months Ended September 28, 1997 as Compared with Three Months Ended September 29, 1996

Net sales in the third quarter of 1997 increased 7.6% to $155.0 million from $144.1 million in the third quarter of 1996. This increase in revenue was primarily attributable to higher volumes in all three product lines: precipitated calcium carbonate ("PCC") products, processed minerals products and refractory products. The stronger U.S. dollar had an unfavorable impact of approximately $3.1 million on net sales.

PCC sales grew 10.0% to $75.8 million from $68.9 million in the third quarter of 1996. This increase was primarily attributable to the start of operations at five new satellite PCC plants since the third quarter of 1996 and to the significant ramp-up of several satellite plants that began operations during the first nine months of 1996. During the third quarter of 1997, developments in our PCC product line included start-up of operations of two new satellite PCC plants and an agreement to construct another satellite plant in the U.S.

Late in the third quarter of 1997, the Company began operation of its first on-site acid-tolerant satellite PCC plant at the Myllykoski Paper Oy mill in Anjalankoski, Finland. This paper company is a leading producer of groundwood supercalendered paper which is used for magazines and catalogues. The satellite plant at Myllykoski is equivalent to approximately two satellite units. A satellite "unit" produces between 25,000 and 35,000 tons of PCC annually.

Also in the third quarter of 1997, PT Sinar Mas Specialty Minerals, a joint venture company, began operation of a satellite PCC plant for paper filling and coating applications at a paper mill in Indonesia. This PCC plant is equivalent to approximately two satellite units. In addition, the Company announced an agreement with Champion International Corporation for the construction of a satellite PCC plant at the Champion paper mill near Pensacola, Florida. This plant is expected to be in operation in the second quarter of 1998 and will be approximately equal to two satellite units.

Net sales of processed mineral products increased 3.8% in the third quarter of 1997 to $29.8 million from $28.7 million in the comparable quarter of 1996. The sales growth was due to volume increases in the lime and limestone product line.

Net sales of refractory products increased 6.2% to $49.4 million from $46.5 million in the third quarter of 1996. Profitability of the refractory product line was significantly higher than the prior year due to the continued emphasis on higher margin specialty products.

Net sales in the United States were 8.0% higher than in the prior year's third quarter, primarily due to volume growth in all product lines. Foreign sales were 6.6% higher than in the prior year, due primarily to the international expansion of the satellite PCC product line. This growth was partially offset by unfavorable foreign exchange rates.



Income from operations increased 18.5% in the third quarter of 1997 to $22.0 million. This increase was due primarily to good growth in the PCC satellite operations and improved profitability in refractory products, largely due to the successful implementation of the Company's strategy of introducing high-value, innovative products. This growth was partially offset by weakness in the processed minerals product line, specifically in the talc operations.

Non-operating deductions increased primarily as a result of foreign exchange losses in Asia.

Net income grew 15.3% to $13.7 million from $11.9 million in the prior year. Earnings per share rose 15.1% to $0.61 in the third quarter of 1997 compared to $0.53 in the prior year.

Nine Months Ended September 28, 1997 as Compared with Nine Months Ended September 29, 1996

Net sales for the first nine months of 1997 increased 7.7% to $444.4 million from $412.7 million in 1996. Excluding the impact of overall unfavorable foreign exchange rates, sales would have increased 9.7%. PCC sales increased 14.3% to $219.8 million from $192.3 million in the prior year. This increase was primarily attributable to the commencement of operations at five new satellite PCC plants since the third quarter of 1996, significant volume increases from several satellite plants that commenced operations in early 1996 and an improvement in the paper industry from the first half of 1996. Net sales of processed minerals products rose 5.0% to $79.7 million for the first nine months of 1997. Refractory product sales for the first nine months of 1997 were $144.9 million, a slight increase over the prior year's $144.5 million. Profitability of our refractory products was significantly higher than a year ago, primarily due to our continued emphasis on higher-margin specialty products.

The Company now operates 48 satellite PCC plants around the world and has four under construction, the most recent one in Pensacola, Florida; one in France; one in South Africa and another in Germany. The satellite plant in Florida is scheduled to be operational in the second quarter of 1998, and will be equivalent to two satellite units. The satellite plant in France will be equivalent to one satellite unit and is expected to commence operations in the first quarter of 1998. The satellite plant in South Africa, which will be operated through a joint venture, will be equivalent to two satellite units and is scheduled to begin operations in the fourth quarter of 1997. The satellite plant in Germany will be equivalent to two satellite units and is scheduled to begin operations in the first quarter of 1998.

Net sales in the United States increased 7.6% to $306.8 million in the first nine months of 1997, due primarily to growth in the PCC product line. Net foreign sales increased approximately 7.8% to $137.6 million in the first nine months of 1997, primarily as a result of the continued international expansion of the PCC product line.

Income from operations rose 21.8% to $59.3 million in the first nine months of 1997 from $48.7 million in the previous year.

Non-operating deductions increased due to foreign exchange losses and higher net interest expense as a result of a reduction in capitalized interest costs associated with the construction of major capital projects.  This reduction in capitalized interest was due to lower levels of capital spending in the first nine months of 1997.

Net income increased 17.3% to $36.6 million from $31.2 million in 1996.  Earnings per share increased 17.4% to $1.62 compared to $1.38 in the prior year.

Liquidity and Capital Resources

The Company's financial position remained strong in the first nine months of 1997.  Cash flows of $76.5 million were provided from operations and were applied principally to fund $47.0 million of capital expenditures and to remit the required principal repayment of $13 million under the Company's Guarantied Senior Notes due June 11, 2000.  The increase in cash from operating activities was due to an improvement in working capital.



The Variable/Fixed Rate Industrial Revenue Bonds due April 1, 2012 and August 1, 2012, respectively, are tax-exempt 15-year instruments issued to finance the construction of North American satellite PCC plants. The bonds bear interest at either a variable rate or fixed rate, at the option of the Company.  Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option.  The Company has selected the variable rate option on these borrowings and the average interest rate was approximately 4%.  The total amount outstanding on these bonds at September 28, 1997 was $15.5 million.

On July 31, 1997, the Company retired the $7.3 million Industrial Development Revenue Bonds Due 2009.

The Company has available approximately $120 million in uncommitted, short-term bank credit lines, none of which were outstanding at September 28, 1997. The Company anticipates that capital expenditures for all of 1997 will be about $65 million, principally related to the construction of satellite PCC plants, expansion projects at existing satellite PCC plants and other opportunities that meet the strategic growth objectives of the Company.  The decline in the capital expenditure forecast from the previous estimate was due to delays in finalizing satellite PCC contracts and expansions.  The Company expects to meet such requirements from internally generated funds, the aforementioned uncommitted bank credit lines and, where appropriate, project financing of certain satellite plants.

The Company is currently investigating the possibility of divesting its Limestone Midwest business, and intends to reach a decision by year-end wether to sell this business or continue to operate it.  Based at the Port Inland mine in Gulliver, MI, Limestone Midwest is the Company's only business unit competing for sales of limestone aggregate, a commodity business.  Sales for

Limestone Midwest in 1996 were approximately $17.1 million.

The Company has also entered into a long-term lease of its Pima County, Arizona limestone facility to The Georgia Marble Company. Sales for this facility in 1996 were approximately $1.5 million.

## PART II. OTHER INFORMATION

### ITEM 1.LEGAL PROCEEDINGS

As previously disclosed, The Company and its subsidiary Specialty Minerals Inc. are defendants in a lawsuit, captioned EATON CORPORATION V. PFIZER INC., MINERALS TECHNOLOGIES INC. AND SPECIALTY MINERALS INC. which was filed on July 31, 1996 and is pending in the U.S. District Court for the Western District of Michigan. The suit alleges that certain materials sold to Eaton for use in truck transmissions were defective, necessitating repairs for which Eaton seeks reimbursement. While all litigation contains an element of uncertainty, the Company and Specialty Minerals Inc. believe that they have valid defenses to the claims asserted by Eaton in this lawsuit, are continuing to vigorously defend all such claims, and believe that the outcome of this matter will not have a material adverse effect on the Company's consolidated financial position or results of operations.

The Company and its subsidiaries are not party to any other material pending legal proceedings, other than ordinary routine litigation incidental to their businesses.

### ITEM 6.EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits:

- 11 - Schedule re: Computation of earnings per common share (Part I Data).
- 15 - Accountants' Acknowledgment (Part I Data).
- 27 - Financial Data Schedule (submitted electronically to the Securities and Exchange Commission, and not filed, pursuant to Rule 402 of Regulation S-T).
- 99 - Cautionary factors that may affect future results.

b) No reports on Form 8-K were filed during the third quarter of 1997.



## SIGNATURE

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

Minerals Technologies Inc.

By: /s/ John R. Stack
John R. Stack
Vice President-Finance and
Chief Financial Officer

November 10, 1997

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EXHIBIT 11

SCHEDULE RE: COMPUTATION OF EARNINGS PER COMMON SHARE*
(In thousands, except per share amounts)

| | Three Months Ended | | Nine Months Ended | |
|---|---|---|---|---|
| | Sept.28, 1997 | Sept.29, 1996 | Sept.28, 1997 | Sept.29, 1996 |
| PRIMARY | | | | |
| Net income | $13,713 | $11,890 | $36,642 | $31,244 |
| Weighted average shares outstanding | 22,545 | 22,616 | 22,565 | 22,627 |
| Primary earnings per share* | $ 0.61 | $ 0.53 | $ 1.62 | $ 1.38 |
| FULLY DILUTED | | | | |
| Net income | $13,713 | $11,890 | $36,642 | $31,244 |
| Weighted average shares outstanding | 22,545 | 22,616 | 22,565 | 22,627 |
| Add incremental shares representing: Shares issuable upon exercise of stock options based on period-end market price | 681 | 500 | 681 | 500 |
| Weighted average number of shares, as adjusted | 23,226 | 23,116 | 23,246 | 23,127 |
| Fully diluted earnings per share | $ 0.59 | $ 0.51 | $ 1.58 | $ 1.35 |
| Dilutive effect of incremental shares | 2.9% | 2.2% | 2.9% | 2.2% |

* Incremental shares have not been considered in the computation of primary earnings per common share in accordance with generally accepted accounting principles, which require inclusion only when the dilutive effect is greater than 3%.

EXHIBIT 15

ACCOUNTANTS' ACKNOWLEDGMENT

The Board of Directors
Minerals Technologies Inc.:

Re: Registration Statement Nos. 33-59080, 33-65268
and 33-96558

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated November 3, 1997, related to our review of interim financial information.

Pursuant to Rule 436(c) under the Securities Act of 1933, such report is not considered a part of a registration statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of the Act.

Very truly yours,

KPMG Peat Marwick LLP

New York, New York
November 10, 1997

<ARTICLE> 5
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This schedule contains summary financial information extracted from the condensed consolidated financial statements of Minerals Technologies Inc., and is qualified in its entirety by reference to such condensed consolidated financial statements.
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| | |
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EXHIBIT 99

CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

The disclosure and analysis set forth in this quarterly report on Form 10-Q contain certain forward-looking statements, particularly statements relating to future actions, performance or results of current and anticipated products, sales efforts, expenditures, and financial results. From time to time, the Company also provides forward-looking statements in other publicly-released materials, both written and oral. Forward-looking statements provide current expectations or forecasts of future events such as new products, revenues and financial performance, and are not limited to describing historical or current facts. They can be identified by their use of words such as "plans," "expects," "anticipated," "will" and other words and phrases of similar meaning.

Forward-looking statements are necessarily based on assumptions, estimates and limited information available at the time they are made. A broad variety of risks and uncertainties, both known and unknown, as well as the inaccuracy of assumptions and estimates, can affect the realization of the expectations or forecasts in these statements. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially.

The Company undertakes no obligation to update any forward-looking statements. You should refer to the Company's subsequent filings under the Securities Exchange Act of 1934 for further disclosures.

As permitted by the Private Securities Litigation Reform Act of 1995, the Company is providing the following cautionary statements which identify factors that could cause the Company's actual results to differ materially from historical and expected results. It is not possible to foresee or identify all such factors. You should not consider this list an exhaustive statement of all potential risks, uncertainties and inaccurate assumptions.

-- HISTORICAL GROWTH RATE
Continuance of the historical growth rate of the Company depends upon a number of uncertain events, including the outcome of the Company's strategies of increasing its penetration into geographical markets such as Asia, Latin America and Europe; increasing its penetration into product markets such as the market for paper coating pigments and the market for groundwood paper pigments; increasing sales to existing PCC customers by increasing the amount of PCC used in each ton of paper produced; and developing, introducing and selling new products. Difficulties, delays or failures of any of these strategies could cause the future growth rate of the Company to differ materially from its historical growth rate.

-- CONTRACT RENEWALS
The Company's sales of PCC are predominantly pursuant to long-term agreements, generally ten

years in length, with paper mills at which the Company operates satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of the satellite PCC plant. To date, the Company's experience with extensions and renewals of its satellite PCC agreements has been favorable. There is no assurance, however, that this will continue to be the case. Failure of a number of the Company's customers to renew existing agreements could cause the future growth rate of the Company to differ materially from its historical growth rate, and could have a substantial adverse effect on the Company's results of operations.

-- LITIGATION; ENVIRONMENTAL EXPOSURES
The Company's operations are subject to international, federal, state and local environmental, tax and other laws and regulations, and potentially to claims for various legal, environmental and tax matters. The Company is currently a party to various litigation matters, including the Eaton litigation which has previously been disclosed in the Management's Discussion and Analysis sections of the Company's most recent filings under the Securities Exchange Act of 1934. While the Company carries liability insurance which it believes to be appropriate to its businesses, and has provided reserves for such matters which it believes to be adequate, an unanticipated liability arising out of such a litigation matter or a tax or environmental proceeding could have a material adverse effect on the Company's financial condition or results of operations.

-- NEW PRODUCTS
The Company is engaged in a continuous effort to develop new products in all of its product lines. Difficulties, delays or failures in the development, testing, production, marketing and sale of such new products could cause the Company's actual results of operations to differ materially from expected results.

-- COMPETITION; PROTECTION OF INTELLECTUAL PROPERTY
Particularly in its PCC and Refractory product lines, the Company competes based in part upon proprietary knowledge, both patented and unpatented. The Company's ability to achieve anticipated results depends in part on its ability to defend its intellectual property against inappropriate disclosure as well as against infringement. In addition, development by the Company's competitors of new products or technologies that are more effective or less expensive than those the Company offers could have a material adverse effect on the Company's financial condition or results of operations.

-- RISKS OF DOING BUSINESS ABROAD
As the Company expands its operations overseas, it faces the increased risks of doing business abroad, including inflation, fluctuations in interest rates and currency exchange rates, nationalization, expropriation, limits on repatriation of funds, unstable governments and legal systems, and other factors. Adverse developments in any of these areas could cause actual results to differ

materially from historical and expected results.

-- AVAILABILITY OF RAW MATERIALS
The Company's ability to achieve anticipated results depends in part on having an adequate supply of raw materials for its manufacturing operations, particularly lime and carbon dioxide for PCC operations and magnesia for refractory operations, and on having adequate access to the ore reserves at its mining operations. Unanticipated changes in the costs or availability of such raw materials, or in the Company's ability to have access to its ore reserves, could adversely affect the Company's results of operations.