

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 27, 1998

OR

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

COMMISSION FILE NUMBER 1-3295

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

DELAWARE 25-1190717  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) 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  
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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 23, 1998
Common Stock, \$.10 par value	22,018,965

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PART I. FINANCIAL 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)

(thousands, except per share data)	Three Months Ended	
	Sept.27, 1998	Sept.28, 1997
Net sales . . . . .	\$154,119	\$155,012
Operating costs and expenses:		
Cost of goods sold. . . . .	104,670	108,588
Marketing, distribution and administrative expenses. . . . .	19,513	19,488
Research and development expenses .	5,143	4,974
Income from operations . . . . .	24,793	21,962
Non-operating deductions, net. . . .	1,289	2,560
Income before provision for taxes on income and minority interests. . . .	23,504	19,402
Provision for taxes on income. . . .	7,270	6,207
Minority interests . . . . .	783	(518)
Net income . . . . .	\$15,451	\$13,713
Earnings per common share:		
Basic . . . . .	\$0.70	\$0.61
Diluted. . . . .	\$0.68	\$0.59
Cash dividends declared per common share	\$0.025	\$0.025
Shares used in the computation of earnings per share		
Basic . . . . .	22,211	22,545
Diluted. . . . .	22,814	23,134

(thousands of dollars, except per share data)	Nine Months Ended	
	Sept.27, 1998	Sept.28, 1997

Net sales . . . . .	\$453,973	\$444,403
Operating costs and expenses:		
Cost of goods sold . . . . .	311,199	313,089
Marketing, distribution and administrative expenses . . . . .	58,196	56,823
Research and development expenses . .	15,302	15,199
Income from operations . . . . .	69,276	59,292
Non-operating deductions, net . . . .	5,115	5,648
Income before provision for taxes on income and minority interests . .	64,161	53,644
Provision for taxes on income . . . .	20,518	17,164
Minority interests . . . . .	734	(162)
Net income . . . . .	\$42,909	\$36,642
Earnings per common share:		
Basic . . . . .	\$1.92	\$1.62
Diluted . . . . .	\$1.86	\$1.59
Cash dividends declared per common share	\$0.075	\$0.075

Shares used in the computation of earnings per share

Basic . . . . .	22,406	22,565
Diluted . . . . .	23,076	23,093

See accompanying Notes to Condensed Consolidated Financial Statements.

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MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES  
CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS

	Sept.27, 1998*	Dec.31, 1997**
(thousands of dollars)	-----	-----
Current assets:		
Cash and cash equivalents . . . . .	\$ 31,303	\$ 41,525
Accounts receivable, net . . . . .	115,189	108,146
Inventories . . . . .	61,788	61,166
Other current assets . . . . .	11,227	15,745
Total current assets . . . . .	219,507	226,582
Property, plant and equipment, less accumulated depreciation and depletion: Sept. 27, 1998: \$367,038 Dec. 31, 1997: \$349,538 . . . . .	509,731	500,731
Other assets and deferred charges . . . .	22,453	14,094
Total assets . . . . .	\$751,691	\$741,407

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Short-term debt . . . . .	\$ 13,508	\$ 13,989
Accounts payable . . . . .	35,911	33,163
Other current liabilities . . . . .	48,111	47,066
Total current liabilities . . . . .	97,530	94,218
Long-term debt . . . . .	88,454	101,571
Other non-current liabilities . . . . .	83,749	78,621
Total liabilities . . . . .	269,733	274,410
Shareholders' equity:		
Common stock . . . . .	2,551	2,537
Additional paid-in capital . . . . .	142,711	139,113
Retained earnings . . . . .	453,493	412,264
Accumulated other comprehensive loss .	(15,055)	(14,344)
	583,700	539,570
Less common stock held in treasury, at cost . . . . .	101,742	72,573

Total shareholders' equity. . . . .	----- 481,958	----- 466,997
Total liabilities and shareholders' equity . . . . .	----- \$751,691	----- \$741,407
	=====	=====

\* Unaudited

\*\* Condensed from audited financial statements.

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	Nine Months Ended	
(thousands of dollars)	Sept.27, 1998	Sept.28, 1997
	----	----
OPERATING ACTIVITIES		
Net income. . . . .	\$42,909	\$36,642
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	40,132	39,522
Other non-cash items . . . . .	6,884	3,261
Net changes in operating assets and liabilities . . . . .	3,177	(2,969)
	-----	-----
Net cash provided by operating activities	93,102	76,456
	-----	-----
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(58,366)	(46,984)
Acquisition of business . . . . .	(34,130)	--
Proceeds from disposition of business.	32,357	--
Other investing activities, net . . . . .	(336)	3,762
	-----	-----
Net cash used in investing activities	(60,475)	(43,222)
	=====	=====
FINANCING ACTIVITIES		
Proceeds from issuance of short-term and long-term debt . . . . .	599	19,597
Repayment of debt . . . . .	(14,125)	(34,537)
Purchase of common shares for treasury .	(29,169)	(5,015)
Other financing activities, net . . . . .	1,923	3,755
	-----	-----
Net cash used in financing activities .	(40,772)	(16,200)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents . . . . .	2,077)	(950)
	-----	-----
Net (decrease)/increase in cash and cash equivalents. . . . .	(10,222)	16,084
Cash and cash equivalents at beginning of period. . . . .	41,525	15,446
	-----	-----
Cash and cash equivalents at end of period. . . . .	\$ 31,303	\$31,530
	=====	=====
Interest paid . . . . .	\$ 5,834	\$ 6,662
	=====	=====
Income taxes paid . . . . .	\$ 9,887	\$ 9,907
	=====	=====

See accompanying Notes to Condensed Consolidated Financial Statements.

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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, 1997. 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 27, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998.

#### NOTE 2: INVENTORIES

The following is a summary of inventories by major category:

(thousands of dollars)	September 27, 1998	December 31, 1997
	----	----
Raw materials. . . . .	\$21,621	\$19,605
Work in process. . . . .	4,211	5,858
Finished goods . . . . .	19,298	19,812
Packaging and supplies . . .	16,658	15,891
	-----	-----
Total inventories. . . . .	\$61,788	\$61,166
	=====	=====

#### NOTE 3: LONG TERM DEBT

The following is a summary of long term debt:

(thousands of dollars)	September 27, 1998	December 31, 1997
	----	----
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	7,545
Variable/Fixed Rate Industrial Development Revenue Bonds Due August 1, 2012. . . . .	8,000	8,000
6.04% Guaranteed Senior Notes Due June 11, 2000 . . . . .	26,000	39,000
7.49% Guaranteed Senior Notes Due July 24, 2006 . . . . .	50,000	50,000
Other borrowings . . . . .	1,817	1,914
	-----	-----
	101,962	115,059
Less: Current maturities . . . . .	13,508	13,488
	-----	-----
Long-term debt . . . . .	\$88,454	\$101,571
	=====	=====

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#### NOTE 4 : EARNINGS PER SHARE (EPS)

Basic earnings per share are based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share are based upon the weighted average number of common shares outstanding during the period assuming the issuance of common shares for all dilutive potential common shares outstanding. The following table sets forth the computation of basic and diluted earnings per share:

	THREE MONTHS ENDED	
	-----	
BASIC EPS		
(IN THOUSANDS, EXCEPT PER SHARE DATA)	Sept.27, 1998	Sept.28, 1997
	----	----

Net income . . . . .	\$15,451	\$13,713
Weighted average shares outstanding.	22,211	22,545
	-----	-----
Basic earnings per share . . . . .	\$ 0.70	\$ 0.61
	=====	=====

#### DILUTED EPS

Net income . . . . .	\$15,451	\$13,713
Weighted average shares outstanding.	22,211	22,545
	-----	-----
Dilutive effect of stock options . .	603	589
	-----	-----
Weighted average shares outstanding, adjusted . . . . .	22,814	23,134
	-----	-----
Diluted earnings per share . . . . .	\$ 0.68	\$ 0.59
	=====	=====

BASIC EPS  
(IN THOUSANDS, EXCEPT PER  
SHARE DATA)

NINE MONTHS ENDED  
Sept. 27, 1998    Sept. 28, 1997  
-----

Net income . . . . .	\$42,909	\$36,642
Weighted average shares outstanding.	22,406	22,565
	-----	-----
Basic earnings per share . . . . .	\$ 1.92	\$ 1.62
	=====	=====

#### DILUTED EPS

Net income . . . . .	\$42,909	\$36,642
Weighted average shares outstanding.	22,406	22,565
Dilutive effect of stock options . .	670	528
	-----	-----
Weighted average shares outstanding, adjusted . . . . .	23,076	23,093
	=====	=====
Diluted earnings per share	\$ 1.86	\$ 1.59
	=====	=====

#### NOTE 5 : COMPREHENSIVE INCOME

The Company has adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," which establishes standards for the reporting and display of comprehensive income and its components in general purpose financial statements. The following are the components of comprehensive income:

(thousands of dollars)	THREE MONTHS ENDED Sept. 27, 1998    Sept. 28, 1997 -----	
Net income . . . . .	\$15,451	\$13,713
Other comprehensive income, net of tax:		
Foreign currency translation adjustments . . . . .	5,899	(6,183)
Unrealized holding gains (losses) . . . . .	(47)	(2)
	-----	-----
Comprehensive income . .	\$21,303	\$ 7,528
	=====	=====

(thousands of dollars)	NINE MONTHS ENDED Sept. 27, 1998    Sept. 28, 1997 -----	
Net income . . . . .	\$42,909	\$36,642

Other comprehensive income, net of tax:		
Foreign currency translation adjustments . . . . .	(666)	(13,200)
Unrealized holding gains (losses) . . . . .	(45)	16
	-----	-----
Comprehensive income	\$42,198	\$23,458
	=====	=====

The components of accumulated other comprehensive loss, net of related tax, are as follows:

	Sept.27, 1998	Dec. 31, 1997
	----	----
Foreign currency translation adjustments . . . . .	\$ (14,122)	(13,456)
Minimum pension liability adjustments . . . . .	(1,001)	(1,001)
Unrealized holding gains . . . . .	68	113
	-----	-----
Accumulated other comprehensive loss . . . . .	\$ (15,055)	\$ (14,344)
	=====	=====

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#### NOTE 6: ACQUISITION AND DIVESTITURE

On April 30, 1998 the Company acquired for approximately \$34 million in cash a precipitated calcium carbonate (PCC) manufacturing facility in United Kingdom from Rhodia Limited. This acquisition allows the Company to establish a base for its specialty PCC business in Europe. The transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately \$8 million, which is being amortized on a straight-line basis over 25 years.

On April 28, 1998 the Company sold its limestone operation in Port Inland, Michigan to Oglebay Norton Company for cash and receivables approximating \$34 million. The sales price approximated the net book value of the assets.

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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 27, 1998 and the related condensed consolidated statements of income for each of the three-month and nine-month periods ended September 27, 1998 and September 28, 1997 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, 1997 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 January 22, 1998, 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, 1997 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, 1998

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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.27, 1998	Sept.28, 1997	Sept.27, 1998	Sept.28, 1997
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	67.9	70.0	68.5	70.5
Marketing, distribution and administrative expenses	12.7	12.6	12.8	12.8
Research and development expenses	3.3	3.2	3.4	3.4
Income from operations	16.1	14.2	15.3	13.3
Net income	10.0%	8.8%	9.5%	8.2%
	=====	=====	=====	=====

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 27, 1998 AS COMPARED WITH THREE MONTHS ENDED SEPTEMBER 28, 1997

Net sales in the third quarter of 1998 decreased approximately 1% to \$154.1 million from \$155.0 million in the third quarter of 1997. In the second quarter of 1998, the Company divested its Midwest limestone operation and acquired a precipitated calcium carbonate (PCC) business in the United Kingdom. Excluding both transactions, the reported sales growth in the third quarter would have been 3%. In addition, the stronger U.S. dollar had an unfavorable impact of approximately \$3.2 million or 2 percentage points of sales growth.

Worldwide PCC sales grew 17.7% to \$89.2 million from \$75.8 million in the third quarter of 1997. This increase was primarily attributable to the startup of five new satellite plants since the third quarter of 1997, the significant ramp-up of several satellite plants that began operations during the first nine months of 1997, and initial sales from the aforementioned acquisition of a specialty PCC business in the United Kingdom.

The Company recently announced the formation of a joint venture in China with Asia Pulp & Paper Company Pte. Ltd. for the construction of a four-unit satellite PCC plant in Dagang, China. (A "satellite unit" produces between 25,000 and 35,000 tons of PCC annually.)

Currently, two PCC satellite facilities are under construction, in Courtland, Alabama and Dagang, China. Together, these plants will be equivalent to approximately nine satellite units and are scheduled to begin operations during the first half of 1999. The Company now operates 53 satellite plants in 14 countries worldwide.

Beginning in the first quarter of 1998, sales of pyrolytic graphite products, previously reported in the processed minerals product line, are reported in the refractory product line. Prior year's sales have been reclassified to reflect this change. Net sales for the four quarters of 1997 were \$1.1 million, \$1.0 million, \$0.5 million and \$0.7 million respectively.

In April 1998, the Company divested its Midwest limestone business in Port



Inland, Michigan. References to ongoing operations exclude the results from this facility. Net sales from the Midwest limestone business in the third and fourth quarters of 1997 were \$8.3 million and \$5.9 million, respectively.

Net sales from the ongoing operations of processed mineral products decreased 6.2% in the third quarter of 1998 to \$19.7 million from \$21.0 million in the comparable quarter of 1997. The sales decline was primarily attributable to the rationalization of the product line in the talc business.

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Net sales of refractory products decreased 9.4% to \$45.2 million from \$49.9 million in the third quarter of 1997. Foreign exchange had an unfavorable impact of approximately \$2.0 million on refractory product sales.

Income from operations increased 12.9% in the third quarter of 1998 to \$24.8 million. This increase was due primarily to growth in the PCC product line; improved profitability in refractory products, largely due to the successful implementation of the Company's strategy of introducing high-value, innovative products; and increased profitability in the processed minerals product line.

Non-operating deductions decreased primarily as a result of foreign exchange gains in the current year as compared to foreign exchange losses in the prior year. In addition, interest expense decreased from the prior year.

Net income grew 12.7% to \$15.5 million from \$13.7 million in the prior year. Earnings per common share, on a diluted basis, rose 15.3% to \$0.68 in the third quarter of 1998 compared to \$0.59 in the prior year.

NINE MONTHS ENDED SEPTEMBER 27, 1998 AS COMPARED WITH NINE MONTHS ENDED SEPTEMBER 28, 1997

Net sales for the first nine months of 1998 increased 2.2% to \$454.0 million from \$444.4 million in 1997. Excluding the effects of overall unfavorable foreign exchange rates, the sale of the Midwest limestone business and the acquisition of the PCC business in the United Kingdom, sales would have increased 6.3%. This increase was due to the expansion of the PCC product line. PCC sales increased 15.7% to \$254.3 million from \$219.8 million in the prior year. Net sales from the ongoing operations of processed minerals products decreased 5.0% to \$59.2 million for the first nine months of 1998. Refractory product sales for the first nine months of 1998 were \$138.9 million, a 5.8% decrease from the prior year's \$147.5 million. Foreign currency had an unfavorable effect on refractory sales of approximately \$6.0 million as a result of the stronger U.S. dollar. The currency effect on consolidated net sales was approximately \$10.3 million or 3 percentage points of growth.

Net sales from ongoing operations in the United States increased 5.1% to \$306.8 million in the first nine months of 1998, due primarily to growth in the PCC product line. Net foreign sales increased approximately 5.8% in the first nine months of 1998, primarily as a result of the continued international expansion of the PCC product line.

Income from operations rose 16.8% to \$69.3 million in the first nine months of 1998 from \$59.3 million in the previous year.

Net income increased 17.1% to \$42.9 million from \$36.6 million in 1997. Diluted earnings per share increased 17.0% to \$1.86 compared to \$1.59 in the prior year.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position remained strong in the first nine months of 1998. Cash flows were provided from operations and the sale of the Midwest limestone business. The cash was applied principally to fund approximately \$58.4 million of capital expenditures, acquire a specialty PCC business, repurchase of common shares for treasury and remit the required principal repayment of \$13 million under the Company's Guaranteed Senior Notes due June 11, 2000. Cash provided from operating activities amounted to \$93.1 million in the first nine months of 1998 as compared to \$76.5 million in the prior year.

On February 26, 1998, the Company's Board of Directors authorized a \$150 million stock repurchase program pursuant to which stock will be purchased on the open market from time to time. As of October 22, the Company had

repurchased approximately 640,000 shares under this program, at an average price of approximately \$48 per share.

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On April 28, 1998, the Company sold its limestone operation in Port Inland, Michigan to Oglebay Norton Company for approximately \$34 million, which approximated its net book value. This high volume commodity operation no longer complemented the Company's long term strategic vision. Sales for the facility were approximately \$21 million in 1997.

On April 30, 1998, the Company acquired for approximately \$34 million a PCC manufacturing facility located near Birmingham, England from Rhodia Limited, a specialty chemicals company. This acquisition will allow the Company to establish a base for its specialty PCC business in Europe. This facility produces specialty PCC products for food and pharmaceutical applications, as well as for use in plastics, sealants and coatings, and paper. Sales from this facility in 1997 were approximately \$18 million.

The Company has available approximately \$110 million in uncommitted, short-term bank credit lines, none of which were in use at September 27, 1998. The Company anticipates that capital expenditures for all of 1998 will approximate \$90 million, principally for the construction of satellite PCC plants, expansion projects at existing satellite PCC plants, and for other opportunities which meet the strategic growth objectives of the Company. 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.

#### PROSPECTIVE INFORMATION AND FACTORS THAT MAY AFFECT FUTURE RESULTS

The Securities and Exchange Commission encourages companies to disclose forward looking information so that investors can better understand their future prospects and make informed investment decisions. This report may contain forward looking statements that set out anticipated results based on management's plans and assumptions. Words such as "anticipate," "estimate," "expects," "projects," and words and terms of similar substance used in connection with any discussion of future operating or financial performance identify these forward looking statements.

The Company cannot guarantee that the expectations set forth in any forward looking statement will be realized, although it believes it has been prudent in its plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward looking statements and should refer to the discussion of certain risks, uncertainties and assumptions under the heading "Cautionary Factors That May Affect Future Results" in Exhibit 99 to this Quarterly Report on Form 10-Q.

#### CYCLICAL NATURE OF CUSTOMERS' BUSINESS

The bulk of the Company's sales are to customers in the paper and steel industries, which have historically been cyclical. Both industries have encountered difficulties in 1998, which in most markets have been more price-driven than volume-driven. The pricing structure of some of our long term PCC contracts makes our PCC business less sensitive to declines in the quantity of product purchased. For this reason, and because of the geographical diversification of our business, the Company's operating results to date have not been materially affected by the difficult economic environment. However, we cannot predict the economic outlook in the countries in which we do business, nor in the key industries we serve. There can be no assurance that a recession, in some markets or worldwide, would not have a significant negative impact on the Company's financial position or results of operations.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

In February 1998, the Financial Accounting Standards Board issued SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," which revises employers' disclosures about pension and other postretirement benefit plans. It does not change the measurement or recognition of those plans.

The statement is effective for fiscal years beginning after December 15, 1997. The adoption of this statement has no impact on the consolidated financial statements.

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In March 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1 ("SOP 98-1"), "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." The statement is effective for fiscal years beginning after December 15, 1998. Earlier application is encouraged in fiscal years for which annual financial statements have not been issued. The statement defines which costs of computer software developed or obtained for internal use are capitalized and which costs are expensed. The Company adopted SOP 98-1 in 1998. The adoption of SOP 98-1 does not materially affect the consolidated financial statements.

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5 ("SOP 98-5"), "Reporting on the Costs of Start-Up Activities." The statement is effective for fiscal years beginning after December 15, 1998. The statement requires costs of start-up activities and organization costs to be expensed as incurred. The Company will adopt SOP 98-5 for calendar year 1999. The adoption of SOP 98-5 will not materially affect the consolidated financial statements.

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." The statement establishes accounting and reporting standards for derivative instruments and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. The statement is effective for all fiscal quarters of fiscal years beginning after June 15, 1999. The Company will adopt SFAS 133 by January 1, 2000. Adoption of SFAS 133 is not expected to have a material effect on the consolidated financial statements.

#### YEAR 2000

The 'year 2000 issue' arises because many computer programs and electronically controlled devices denote years using only the last two digits. Because these programs and devices may fail to recognize the year 2000 correctly, calculations or other tasks that involve the year 2000 may cause them to produce erroneous results or to fail altogether. Like other companies, the Company uses operating systems, applications and electronically controlled devices that were produced by many different vendors at different times, and many of which were not originally designed to be year 2000 compatible.

#### - --- Steps to Address the Year 2000 Issue

In 1996, the Company began the installation of new computer hardware and software to improve the capability of the Company's information systems, to harmonize the various information technology platforms in use, and to centralize certain financial functions. The project encompasses corporate financial and accounting functions as well as manufacturing and costing, procurement, planning and scheduling of production and maintenance, and customer order management. The benefits anticipated from this project include, but are not limited to, the achievement of year 2000 readiness.

The Company has acquired much of the hardware and software required to implement this project, and is currently bringing its domestic business locations on to the new systems sequentially. This is proceeding according to schedule, and the Company expects the new systems to be operational in all affected U.S. locations no later than the third quarter of 1999. Other U.S. manufacturing locations are currently year 2000 ready, with the exception of three locations which are serviced by an information technology system which is in the process of being upgraded. This upgrade is scheduled to be completed no later than the second quarter of 1999.

Other preparations for the year 2000 are being carried out by the relevant business units on a decentralized basis. Information technology systems outside the United States are in the process of being evaluated and repaired or replaced as required. The Company expects this process to be completed by all non-U.S. locations no later than the third quarter of 1999.

The Company's exposures to the year 2000 issue other than in the area of information technology arise mostly with respect to process control systems and

instrumentation at the Company's manufacturing locations, and in equipment used at customer locations. Telephone and e-mail systems, operating systems and applications in free-standing personal computers, local area networks and site services such as electronic security systems, elevators and HVAC may also be affected. A failure of these systems which interrupted our ability to supply products to our customers could have a

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material adverse impact on our results of operations. These issues are being addressed by the individual business units, by obtaining from vendors and service providers either necessary modifications to the software or assurance that the system will not be disrupted by the year 2000 issue. This process is expected to be completed no later than the third quarter of 1999.

- --- Costs

The Company expects to spend approximately \$15-17 million before January 1, 2000, for new computer hardware and software, other information technology upgrades and replacements, and upgrades and replacements to non-IT systems worldwide. Of this amount approximately \$10 million has been expended as of the end of the third quarter of 1998. These expenditures will be capitalized or expensed in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," which the Company has adopted.

The Company expects to finance these expenditures solely from working capital, and does not expect the total cost associated with its plans to address the year 2000 issue to have a material adverse impact on its financial position or results of operations.

None of the Company's other information technology projects have been delayed due to the implementation of year 2000 solutions.

- --- Third Parties

Like other companies, the Company relies on its customers for revenues, on its suppliers for raw materials and on its other vendors for products and services of all kinds; these third parties all face the year 2000 issue. An interruption in the ability of any of them to provide goods or services, or to pay for goods or services provided to them, or an interruption in the business operations of our customers causing a decline in demand for our products, could have a material adverse effect on the Company in turn. In particular, each of the Company's satellite PCC plants relies on one customer for most or all of its business, and in many cases for raw materials as well, so that a shutdown of the host paper mill's operations would also cause the satellite PCC plant to shut down.

In addition, there is a risk, the probability of which the Company is not in a position to estimate, that the transition to the year 2000 will cause wholesale, perhaps prolonged, failures of electrical generation, banking, telecommunications or transportation systems in the United States or abroad, disrupting the general infrastructure of business and the economy at large. The effect of such disruptions on the Company could be material.

The Company's divisions are communicating with their principal customers and vendors about their year 2000 readiness, and expect this process to be completed no later than the third quarter of 1999. None of the responses received to date suggests that any significant customer or vendor expects the year 2000 issue to cause an interruption in its operations which would have a material adverse impact on the Company. However, because so many firms are exposed to the risk of failure not only of their own systems, but of the systems of other firms, the ultimate effect of the year 2000 issue is subject to a very high degree of uncertainty.

The Company believes that its preparations currently under way are adequate to assess and manage the risks presented by the year 2000 issue, and does not have a formal contingency plan at this time.

The statements in this section regarding the effect of the year 2000 and the Company's responses to it are forward looking statements. They are based on assumptions that the Company believes to be reasonable in light of its current knowledge and experience. A number of contingencies could cause actual results to differ materially from those described in forward looking statements made by or on behalf of the Company. Please see "Cautionary Factors That May Affect

Future Results" in the attached Exhibit 99.

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#### ADOPTION OF A COMMON EUROPEAN CURRENCY

On January 1, 1999, eleven European countries will adopt the Euro as their common currency. From that date until January 1, 2002, debtors and creditors may choose to pay or to be paid in Euros or in the former national currencies. On and after January 1, 2002, the former national currencies will cease to be legal tender.

The Company is currently reviewing its information technology systems and upgrading them as necessary to ensure that they will be able to convert among the former national currencies and the Euro, and process transactions and balances in Euros, as required. The Company has sought and received assurances from the financial institutions with which it does business that beginning in 1999 they will be capable of receiving deposits and making payments both in Euros and in the former national currencies. The Company does not expect that adapting its information technology systems to the Euro will have a material impact on its financial condition or results of operations. The Company is also reviewing contracts with customers and vendors calling for payments in currencies that are to be replaced by the Euro, and intends to complete in a timely way any required changes to those contracts.

Adoption of the Euro is likely to have competitive effects in Europe, as prices that had been stated in different national currencies become directly comparable to one another. In addition, the adoption of a common monetary policy throughout the countries adopting the Euro can be expected to have an effect on the economy of the region. These competitive and economic effects cannot be predicted with certainty, and there can be no assurance that they will not have a material effect on the Company's business in Europe.

#### PART II. OTHER INFORMATION

##### ITEM 1. LEGAL PROCEEDINGS

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 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 now seeks reimbursement. The amount of damages claimed by Eaton is approximately \$20 million plus interest. The Company believes it has insurance coverage for a substantial portion of the alleged damages, if it should be held liable. While all litigation contains an element of uncertainty, the Company and Specialty Minerals believe that they have valid defenses to the claims asserted by Eaton in this lawsuit, are continuing to defend all such claims vigorously, 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 that is incidental to their businesses.

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

###### a) Exhibits:

- 3.1 --- Restated By-Laws of the Company, as amended and restated October 22, 1998
- 4.1 --- First Amendment of Rights Agreement dated as of November 2, 1998, by and between the Company and ChaseMellon Shareholder Services L.L.C., amending Rights Agreement dated as of October 26, 1992 and previously filed as Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997
- 10.1--- Form of Employment Agreement (1), together

with schedule relating to executed Employment  
Agreements

10.2--- Form of Severance Agreement (2), together  
with schedule relating to executed Severance  
Agreements

15 --- Accountants' Acknowledgment (Part I Data)

27.1--- Financial Data Schedule for the nine months  
ended September 27, 1998

27.2--- Financial Data Schedule for the nine months  
ended September 28, 1997

99 --- Statement of Cautionary Factors That May  
Affect Future Results

(1) Incorporated by reference to the exhibit so designated  
filed with the Company's Annual Report on Form 10-K for  
the year ended December 31, 1997.

(2) Incorporated by reference to the exhibit so designated  
filed with the Company's Annual Report on Form 10-K for  
the year ended December 31, 1996.

(b) No reports on Form 8-K were filed during the third  
quarter of 1998.

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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/Neil M. Bardach  
Neil M. Bardach  
Vice President-Finance and  
Chief Financial Officer

November 3, 1998

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ARTICLE I  
STOCKHOLDERS' MEETING

1. PLACE OF MEETING. Meetings of the stockholders shall be held at the registered office of the Corporation in Delaware, or at such other place within or without the State of Delaware as may be designated by the Board of Directors or the stockholders.

2. ANNUAL MEETING. The annual meeting of the stockholders shall be held on such date and at such time and place as the Board of Directors may designate. The date, place and time of the annual meeting shall be stated in the notice of such meeting delivered to or mailed to stockholders. At such annual meeting the stockholders shall elect directors, in accordance with the requirements of the Certificate of Incorporation, by a plurality vote, and transact such other business as may properly be brought before the meeting.

3. QUORUM. The holders of a majority of the stock issued and outstanding and entitled to vote, present in person or by proxy, shall be requisite for and shall constitute a quorum of all meetings of the stockholders, except as otherwise provided by law, by the Certificate of Incorporation or by these By-laws. If a quorum shall not be present at any meeting of the stockholders, the stockholders present in person or by proxy and entitled to vote shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present; provided, however, if the adjournment is for more than thirty days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. At any such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified. Except as provided in paragraph 2 of Article I of these By-laws and the Certificate of Incorporation and except as otherwise provided by law, at all meetings of the stockholders all questions shall be determined by a majority of the votes cast on such questions.

4. VOTING; PROXIES. At each meeting of the stockholders of the Corporation, every stockholder having the right to vote shall be entitled to vote in person or by proxy. Any stockholder may authorize another person to act for him by proxy. A proxy must be in writing and executed by the stockholder or his or her duly authorized attorney. In lieu thereof, to the extent permitted by law, a proxy may be transmitted in a telegram, cablegram or other means of electronic transmission provided that the telegram, cablegram or electronic transmission either sets forth or is submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. A copy, facsimile transmission or other reliable reproduction of a written or electronically-transmitted proxy authorized by this Section 4 may be substituted for or used in lieu of the original writing or electronic transmission. No proxy authorized by this Section 4 shall be voted or acted upon more than three years from

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its date, unless the proxy provides for a longer period. No ballot, proxies or votes, nor any revocations thereof or changes thereto shall be accepted after the time set for the closing of the polls pursuant to Section 10 of Article I of these By-laws. Each proxy shall be delivered to the inspectors of election prior to or at the meeting. The vote for directors shall be by ballot.

5. NOTICE. Written notice of an annual or special meeting shall be given to each stockholder entitled to vote thereat, not less than ten nor more than sixty days prior to the meeting. If mailed, such notice shall be deemed to be given when deposited in the mail, postage pre-paid, directed to the stockholder at his or her address as it appears on the records of the Corporation.

6. INSPECTORS OF ELECTION. The Corporation shall, in advance of any meeting of stockholders, appoint one or more inspectors of election to act at the meeting and make a written report thereof. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. In the event that no inspector so appointed or designated is able to act at a meeting of stockholders, the person presiding at the meeting shall appoint one or more inspectors to act at the meeting. Each inspector, before

entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. The inspector or inspectors so appointed or designated shall (i) ascertain the number of shares of capital stock of the Corporation outstanding and the voting power of each such share, (ii) determine the shares of capital stock of the Corporation represented at the meeting and the validity of proxies and ballots, (iii) count all votes and ballots, (iv) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors, and (v) certify their determination of the number of shares of capital stock of the Corporation represented at the meeting and such inspectors' count of all votes and ballots. Such certification shall specify such other information as may be required by law. In determining the validity and counting of proxies and ballots cast at any meeting of stockholders of the Corporation, the inspectors may consider such information as is permitted by applicable law. No person who is a candidate for an office at an election may serve as an inspector at such election.

7. STOCK LIST. At least ten days before every meeting of the stockholders a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, with the post office address of each, and the number of shares held by each, shall be prepared by the Secretary. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting, during ordinary business hours at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held for said ten days, and shall be produced and kept at the time and place of meeting

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during the whole time thereof and subject to the inspection of any stockholder who may be present. The original or duplicate stock ledger shall be provided at the time and place of each meeting and shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders or to vote in person or by proxy at such meeting.

8. SPECIAL MEETINGS. Special meetings of the stockholders for any purpose or purposes may be called by the Chair of the Board, and shall be called by the Chair of the Board or the Secretary at the request in writing of a majority of the Board of Directors. Such request shall state the purpose or purposes of the proposed meeting. Business transacted at all special meetings shall be confined to the objects stated in the notice of special meeting and matters germane thereto.

9. ORGANIZATION. Meetings of stockholders shall be presided over by the Chair of the Board, if any, or in his or her absence by the Vice Chair of the Board, if any, or in his or her absence by the President, or in their absences by a Vice President, or in the absence of the foregoing persons by a Chair designated by the Board of Directors, or in the absence of such designation by a Chair chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the Chair of the meeting may appoint any person to act as secretary of the meeting.

10. CONDUCT OF MEETINGS. The date and time of the opening and the closing of the polls for each matter upon which the stockholders will vote at a meeting shall be announced at such meeting by the person presiding over the meeting. The Board of Directors of the Corporation may adopt by resolution such rules or regulations for the conduct of meetings of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chair of any meeting of stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such chair, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the chair of the meeting, may include, without limitation, the following: (1) the establishment of an agenda or order of business for the meeting; (2) rules and procedures for maintaining order at the meeting and the safety of those present; (3) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the chair shall permit; (4) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (5) limitations on the time allotted to questions or comments by participants. Unless, and to



the extent determined by the Board of Directors or the chair of the meeting, meetings of stockholders shall not be required to be held in accordance with rules of parliamentary procedure.

11. FIXING DATE FOR DETERMINATION OF STOCKHOLDERS OF RECORD. In order that the Corporation may determine the stockholders entitled to notice of or to

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vote at any meeting of the stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors and which record date: (1) in the case of determination of stockholders entitled to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty nor less than ten days before the date of such meeting; and (2) in the case of any other action, shall not be more than sixty days prior to such other action. If no record date is fixed the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the date next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

12. NOTICE OF STOCKHOLDER PROPOSAL. At a meeting of the stockholders, only such business shall be conducted as shall have been properly brought before the meeting. Business, other than nominations of persons as directors of the Corporation, may be properly brought before such meeting only (i) pursuant to the Corporation's notice of meeting; (ii) by or at the direction of the chairman of the meeting (but only in the case of an annual meeting); or (iii) by any stockholder of record of the Corporation who has complied with the notice procedures of this paragraph and who was a stockholder of record at the time such notice was delivered. Any stockholder who intends to bring any matter other than the election of directors before a meeting of stockholders and is entitled to vote on such matter shall deliver a timely written notice of such stockholder's intent to bring such matter before the meeting of stockholders, either by personal delivery or by United States mail, postage pre-paid, to the Secretary of the Corporation. To be timely such, notice must be received by the Secretary: (1) with respect to an annual meeting of stockholders, not less than 70 days nor more than 90 days in advance of the first anniversary of the previous year's annual meeting; and (2) with respect to any other meeting of stockholders, not later than the close of business on the tenth day following the date of public announcement by the Corporation of the date of such meeting. In no event shall the public announcement of an adjournment of such meeting commence a new time period for the giving of a stockholder's notice as described above. Such written notice shall set forth (i) a brief description of the business desired to be brought before the meeting; (ii) the reason for conducting such business at the meeting; (iii) any material interest in such business of the stockholder giving notice and of the beneficial owner, if not the stockholder giving notice, on whose behalf the proposal is made; (iv) in the event that such business includes a proposal to amend the By-laws of the Corporation, the language of the proposed amendment; (v) the name and address of the stockholder giving notice

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and of any such beneficial owner; (vi) the class and number of shares of the Corporation owned of record or beneficially by such stockholder giving notice and by any such beneficial owner on whose behalf the proposal is made; (vii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business; and (viii) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends to (a) deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's outstanding Common Stock required to approve or adopt the proposal and/or (b) otherwise solicit proxies

from stockholders in support of such proposal. For purposes of this Section 12, "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press, or comparable national news service, or in a document filed by the Corporation with the Securities Exchange Commission pursuant to Section 13, 14, or 15(d) of the Securities Exchange Act of 1934.

13. COMPLIANCE WITH PROCEDURES. Only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this By-law. Except as otherwise provided by law, the Certificate of Incorporation, or these By-Laws, the chairman of the meeting shall have the power and duty to (i) determine whether any business proposed to be brought before the meeting was proposed in accordance with the procedures set forth in these By-laws and (ii) if any proposed business is not in compliance with this By-law, or if the stockholder solicits or is part of a group which solicits proxies in support of such stockholder's proposal without such stockholder having made the representation required by clause (vii) of paragraph 12 of this By-law to declare that such defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this By-law, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder with respect to the matters set forth in this By-law. Nothing in this By-law shall be deemed (i) to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 of the Securities Exchange Act of 1934 or (ii) to limit any class voting rights provided to holders of Preferred Stock upon the occurrence of dividend arrearages.

## ARTICLE II - DIRECTORS

1. NUMBER; ELECTION; TERM. The number of directors which shall constitute the whole Board shall not be less than three, nor more than twelve, the exact number within said limits to be fixed from time to time solely by resolution of the Board, acting by the vote of not less than a majority of the directors then in office. A majority of the directors shall consist of persons who are not employees of the Corporation or of any subsidiary of the Corporation. Should the death, resignation or other removal of any

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non-employee director result in the failure of the requirement set forth in the preceding sentence to be met, such requirement shall not apply during the time of the vacancy caused by the death, resignation or removal of any such non-employee director. The remaining directors of the Corporation shall cause any such vacancy to be filled in accordance with these By-laws within a reasonable period of time. At the annual meeting directors shall be elected in accordance with the requirements of these By-laws and the Certificate of Incorporation.

2. PLACE OF MEETINGS. The directors may hold their meetings and keep the books of the Corporation outside of the State of Delaware at such places as they may from time to time determine.

3. VACANCIES. If the office of any director becomes vacant for any reason or any new directorship is created by any increase in the authorized number of directors, a majority of the directors then in office, although less than a quorum, may choose a successor or successors or fill the newly created directorship and the directors so chosen shall hold office until the next annual election of the class for which such directors shall have been chosen.

4. ORGANIZATIONAL MEETING. The Board of Directors shall meet for the purpose of organization, the election of officers and the transaction of other business, after each annual election of directors on the day and at the place of the next regular meeting of the board. Notice of such meeting need not be given. Such meeting may be held at any other time or place which shall be specified in a notice given as hereinafter provided for special meetings of the Board of Directors or in a consent and waiver of notice thereof signed by all of the directors.

5. REGULAR MEETINGS. Regular meetings of the Board may be held without notice at such time and place either within or without the State of Delaware as shall from time to time be determined by the Board.

6. SPECIAL MEETINGS. Special meetings of the Board may be called by the

Chair of the Board, a Vice Chair of the Board or the President by the mailing of notice to each director at least 48 hours before the meeting or by notifying each director of the meeting at least 24 hours prior thereto either personally, by telephone or by electronic transmission; special meetings shall be called on like notice by the Chair of the Board, a Vice Chair of the Board, the President or, on the written request of any two directors, by the Secretary.

7. QUORUM. At all meetings of the Board the presence of one-third of the total number of directors determined by resolution pursuant to Section 1 of this Article II to constitute the Board of Directors shall be necessary and sufficient to constitute a quorum

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for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board of Directors, except as may be otherwise specifically provided by law, by the Certificate of Incorporation or by these By-laws.

8. EXECUTIVE COMMITTEE. There shall be an Executive Committee of three or more directors elected by a majority of the Board. The Committee shall be composed of the Chief Executive Officer, the President, and such other directors as the Board shall elect. The Board, by resolution, may designate one or more directors as alternate members of the Committee, who may replace any absent or disqualified member at any meeting of the Committee. In the absence or disqualification of a member of the Committee, the member or members present at any meeting of the Committee and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. A quorum shall be a majority of the members of the Committee. Regular meetings of the Committee shall be held without notice at such time and place as shall from time to time be determined by the Committee; special meetings of the Committee may be called pursuant to the rules determined by the Committee. The Committee shall generally perform such duties and exercise such powers as may be directed or delegated by the Board of Directors from time to time. Except as otherwise provided by law, the Committee shall have authority to exercise all the powers of the Board while the Board is not in session. The act of a majority of the Committee members present at any meeting at which there is a quorum shall be the act of the Committee except as may be otherwise specifically provided by law, by the Certificate of Incorporation or by these By-laws. The Committee shall keep regular minutes of its proceedings and report the same to the Board at its next regular meeting.

9. ADDITIONAL COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more additional committees, each committee to consist of one or more of the directors of the Corporation. In the event that the Board shall designate a committee that shall have the power to recommend changes in the compensation of senior management of the Corporation and/or a committee that shall have the power to recommend nominees for election as directors of the Corporation, the membership of such committees shall consist solely of directors who are not employees of the Corporation or of any subsidiary of the Corporation. The Board may designate one or more directors as alternate members of any such additional committee, who may replace any absent or disqualified member at any meeting of the committee. Any such committee shall have such powers as are granted to it by the resolution of the Board or by subsequent resolutions passed by a majority of the whole Board. Nothing herein shall limit the authority of the Board of Directors to appoint other committees consisting in whole or in part of persons who are not directors of the Corporation to carry out such functions as the Board may designate.

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10. PRESENCE AT MEETING. Members of the Board of Directors or any committee designated by such Board may participate in the meeting of said Board or committee by means of conference telephone or similar communications equipment by means of which all persons in the meeting can hear each other and participate. The ability to participate in a meeting in the above manner shall constitute presence at said meeting for purposes of a quorum and any action thereat.

11. ACTION WITHOUT MEETINGS. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee designated by such Board may be taken without a meeting, if all members of the Board or committee consent thereto in writing and the writing or writings are filed with the minutes of the proceedings of the Board or committee.

12. ELIGIBILITY TO MAKE NOMINATIONS. Nominations of candidates for election as directors at any meeting of stockholders called for election of directors (an "Election Meeting") may be made by the Board of Directors or by any stockholder entitled to vote at such Election Meeting.

13. PROCEDURE FOR NOMINATIONS BY STOCKHOLDERS. Any stockholder entitled to vote for the election of a director at a meeting may nominate one or more persons for such election only if (i) written notice of such stockholder's intent to make such nomination is timely given, either by personal delivery or by United States mail postage pre-paid, to the Secretary of the Corporation and (ii) such stockholder was a stockholder of record at the time such notice was delivered. To be timely, such notice must be received by the Secretary: (1) with respect to an annual meeting of stockholders, not less than 70 days nor more than 90 days in advance of the first anniversary of the previous year's annual meeting; and (2) with respect to any other meeting of stockholders, not later than the close of business on the tenth day following the date of public disclosure by the Corporation of the date of such meeting. In no event shall the public announcement of an adjournment of such meeting commence a new time period for the giving of a stockholder's notice as described above. The written notice shall set forth (i) the name, age, business address and residence address of each nominee proposed in such notice; (ii) the principal occupation or employment of each such nominee; (iii) the number of shares of capital stock of the Corporation which are beneficially owned by each such nominee; and (iv) such other information concerning each such nominee as would be required, pursuant to Regulation 14A under the Securities and Exchange Act of 1934, as amended, in a proxy statement soliciting proxies for the election of such nominee as a director. Such notice shall include a signed consent of each such nominee to serve as a director of the Corporation, if elected. The notice shall also contain (i) the name and address of the stockholder giving notice, as they appear in the Corporation's books (and of the beneficial owner, if other than the stockholder, on whose behalf the proposal is made); (ii) the class and number of shares of the Corporation owned of record or beneficially by such

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stockholder giving notice (and by the beneficial owner, if other than the stockholder, on whose behalf the proposal is made); (iii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose the nomination; and (iv) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends to (a) deliver a proxy statement and form of proxy to holders of at least the percentage of the Corporation's outstanding Common Stock required to elect the nominee and/or (b) otherwise solicit proxies from stockholders in support of such nomination.

14. COMPLIANCE WITH PROCEDURES. Only such persons who are nominated in accordance with the procedures set forth in this By-law shall be eligible to be elected at an annual or special meeting of stockholders of the Corporation to serve as directors. Except as otherwise provided by law, the Certificate of Incorporation, or these By-Laws, the chairman of the meeting shall have the power and duty to (i) determine whether a nomination proposed to be brought before the meeting was made in accordance with the procedure set forth in this By-law and (ii) if any proposed nomination is not in compliance with this By-law, to declare that such defective nomination shall be disregarded. Notwithstanding the foregoing provisions of this By-law, a stockholder shall also comply with all applicable requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder with respect to the matters set forth in this By-law. Nothing in this By-law shall be deemed to limit any class voting rights provided to holders of Preferred Stock upon the occurrence of dividend arrearages.

ARTICLE III - OFFICERS

1. ELECTION; TERM OF OFFICE; APPOINTMENTS. The Board of Directors, at its first meeting after each annual meeting of stockholders, shall elect at least the following officers: a Chair of the Board and/or a President, one or

more Vice Presidents, a Controller, a Treasurer and a Secretary. The Board may also elect, appoint, or provide for the appointment of such other officers and agents as may from time to time appear necessary or advisable in the conduct of the affairs of the Corporation. Officers of the Corporation shall hold office until their successors are chosen and qualify in their stead or until their earlier death, resignation or removal, and shall perform such duties as from time to time shall be prescribed by these by-laws and by the Board and, to the extent not so provided, as generally pertain to their respective offices. The Board of Directors may fill any vacancy occurring in any office of the Corporation at any regular or special meeting. Two or more offices may be held by the same person.

2. REMOVAL AND RESIGNATION. Any officer elected or appointed by the Board of Directors or the Executive Committee may be removed at any time by the affirmative vote of a majority of the whole Board of Directors. If the office of any officer

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elected or appointed by the Board becomes vacant for any reason, the vacancy may be filled by the Board. Any officer may resign at any time upon written notice to the Corporation.

3. CHAIR OF THE BOARD. The Chair of the Board shall be the chief executive officer of the Corporation, unless otherwise prescribed by the Board of Directors, and shall preside at all meetings of the stockholders and of the directors. He or she shall perform such other duties, and exercise such powers, as from time to time shall be prescribed by these By-laws or by the Board of Directors.

4. PRESIDENT. The President, in the absence of the Chair of the Board or the Vice Chair, if any, shall preside at meetings of the Directors. He or she shall have such authority and perform such duties in the management of the Corporation as from time to time shall be prescribed by the Board of Directors and, to the extent not so prescribed, he or she shall have such authority and perform such duties in the management of the Corporation, subject to the control of the Board, as generally pertain to the office of President.

5. VICE PRESIDENTS. Vice Presidents shall perform such duties as from time to time shall be prescribed by these By-laws, by the Chair of the Board, by the President or by the Board of Directors, and except as otherwise prescribed by the Board of Directors, they shall have such powers and duties as generally pertain to the office of Vice President.

6. SECRETARY. The Secretary or person appointed as secretary at all meetings of the Board and of the stockholders shall record all votes and the minutes of all proceedings in a book to be kept for that purpose, and he or she shall perform like duties for the Executive Committee when required. He or she shall give, or cause to be given, notice of all meetings of the stockholders, and of the Board of Directors if required. He or she shall perform such other duties as may be prescribed by these By-laws or as may be assigned to him by the Chair of the Board, the President or the Board of Directors, and, except as otherwise prescribed by the Board of Directors, he or she shall have such powers and duties as generally pertain to the office of Secretary.

7. TREASURER. The Treasurer shall have custody of the Corporation's funds and securities. He or she shall perform such other duties as may be prescribed by these By-laws or as may be assigned to him or her by the Chair of the Board, the President or the Board of Directors, and, except as otherwise prescribed by the Board of Directors, he or she shall have such powers and duties as generally pertain to the office of Treasurer.

8. CONTROLLER. The Controller shall have charge of the Corporation's books of account, and shall be responsible for the maintenance of adequate records of all assets, liabilities and financial transactions of the Corporation. The Controller shall prepare and

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render such balance sheets, profit and loss statements and other financial reports as the Board of Directors, the Chair of the Board or the President may

require. He or she shall perform such other duties as may be prescribed by these By-laws or as may be assigned to him or her by the Chair of the Board, the President or the Board of Directors, and, except as otherwise prescribed by the Board of Directors, he or she shall have such powers and duties as generally pertain to the office of Controller.

#### ARTICLE IV - STOCK

1. CERTIFICATES OF STOCK. The certificates of stock of the Corporation shall be in the form or forms from time to time approved by the Board of Directors. Such certificates shall be numbered and registered, shall exhibit the holder's name and the number of shares, and shall be signed by the following officers of the Corporation: the Chair of the Board of Directors, or the President or a Vice President; and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary. If any certificate is manually signed (1) by a transfer agent other than the Corporation or its employee, or (2) by a registrar other than the Corporation or its employee, any other signature on the certificate, including those of the aforesaid officers of the Corporation, may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue.

2. LOST CERTIFICATES. The Board of Directors or any officer of the Corporation to whom the Board of Directors has delegated authority may authorize any transfer agent of the Corporation to issue, and any registrar of the Corporation to register, at any time and from time to time unless otherwise directed, a new certificate or certificates of stock in the place of a certificate or certificates theretofore issued by the Corporation, alleged to have been lost or destroyed, upon receipt by the transfer agent of evidence of such loss or destruction, which may be the affidavit of the applicant; a bond indemnifying the Corporation and any transfer agent and registrar of the class of stock involved against claims that may be made against it or them on account of the lost or destroyed certificate or the issuance of a new certificate, of such kind and in such amount as the Board of Directors shall have authorized the transfer agent to accept generally or as the Board of Directors or an authorized officer shall approve in particular cases; and any other documents or instruments that the Board of Directors or an authorized officer may require from time to time to protect adequately the interest of the Corporation. A new certificate may be issued without requiring any bond when, in the judgment of the directors, it is proper to do so.

3. TRANSFERS OF STOCK. Transfers of stock shall be made upon the books

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of the Corporation upon presentation of the certificates by the registered holder in person or by duly authorized attorney, or upon presentation of proper evidence of succession, assignment or authority to transfer and upon surrender of the certificate therefor.

4. HOLDER OF RECORD. The Corporation shall be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and accordingly shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person whether or not it shall have express or other notice thereof, save as expressly provided by the laws of the State of Delaware.

#### ARTICLE V - INDEMNIFICATION AND SEVERANCE

1. RIGHT TO INDEMNIFICATION. The Corporation shall indemnify and hold harmless, to the fullest extent permitted by applicable law as it presently exists or may hereafter be amended, any person who was or is made or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (a "proceeding") by reason of the fact that he or she, or a person for whom he or she is the legal representative, is or was a director, officer, employee or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, enterprise or nonprofit entity, including service with respect to employee benefit plans, against all liability and loss

suffered and expenses (including attorneys' fees) reasonably incurred by such person. The Corporation shall be required to indemnify a person in connection with a proceeding initiated by such person only if the proceeding was authorized by the Board of Directors of the Corporation.

2. PREPAYMENT OF EXPENSES. The Corporation shall pay the expenses (including attorneys' fees) incurred in defending any proceeding in advance of its final disposition, provided, however, that the payment of expenses incurred by a director or officer in advance of the final disposition of the proceeding shall be made only upon receipt of an undertaking by the director or officer to repay all amounts advanced if it shall ultimately be determined that the director or officer is not entitled to be indemnified. Payment of such expenses incurred by other employees and agents of the Corporation may be made by the Board of Directors in its discretion upon such terms and conditions, if any, as it deems appropriate.

3. CLAIMS. If a claim for indemnification or payment of expenses (including attorneys' fees) under this Article is not paid in full within sixty days after a written claim therefor has been received by the Corporation the claimant may file suit to recover the unpaid amount of such claim and, if successful in whole or in part, shall be entitled to be paid the expense of prosecuting such claim. In any such action the Corporation shall have the burden of proving that the claimant was not entitled to the requested indemnification

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or payment of expenses under applicable law.

4. NONEXCLUSIVITY OF RIGHTS. The right conferred on any person by this Article V shall not be exclusive of any other rights which such person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, these By-laws, agreement, vote of stockholders or disinterested directors or otherwise.

5. OTHER INDEMNIFICATION. The Corporation's obligation, if any, to indemnify any person who was or is serving at its request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, enterprise or non-profit entity shall be reduced by any amount such person may collect as indemnification from such other corporation, partnership, joint venture, trust, enterprise or non-profit entity.

6. AMENDMENT OR REPEAL. Any repeal or modification of the foregoing provisions of this Article V shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

7. SEVERANCE. Any written agreement or any amendment of an existing written agreement that provides for payments to a director, officer or other employee of the Corporation or any subsidiary of the Corporation upon (i) a "change in control" of the Corporation or (ii) the termination or constructive termination of the employment of such director, officer, or other employee following a "change in control" of the Corporation, must be approved by (a) the unanimous vote of the members of the committee of the Board of Directors which has the power to recommend changes in the compensation of the senior management of the Corporation, if any, and (b) a majority of the Directors who are not employees of the Corporation or any subsidiary of the Corporation. For the purposes hereof, a "change in control" of the Corporation shall mean through (i) the accumulation by a person or group of related persons of 20% or more of the Company's outstanding capital stock and/or (ii) a change in the composition of a majority of the Corporation's Board of Directors without the approval of the incumbent Board.

ARTICLE VI - MISCELLANEOUS

1. DELAWARE OFFICE. The address of the registered office of the Corporation in the State of Delaware shall be at Corporation Trust Center, 1209 Orange Street, Wilmington, County of New Castle, Delaware 19801 and the name of its registered agent at such address is Corporation Trust Company.

2. OTHER OFFICES. The Corporation may also have an office in the City and State of New York, and such other offices at such places as the Board of Directors from time to time may appoint or the business of the Corporation may require.

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3. SEAL. The corporate seal shall be in the form adopted by the Board of Directors. Said seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. The seal may be affixed by any officer of the Corporation to any instrument executed by authority of the Corporation, and the seal when so affixed may be attested by the signature of any officer of the Corporation.

4. NOTICE. Whenever notice is required to be given by law, the Certificate of Incorporation or these By-laws, a written waiver signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

5. AMENDMENTS. The Board of Directors shall have the power to adopt, amend or repeal the By-laws of the Corporation by the affirmative action of a majority of its members. The By-laws may be adopted, amended or repealed by the affirmative vote of a majority of the stock issued and outstanding and entitled to vote at any regular meeting of the stockholders or at any special meeting of the stockholders if notice of such proposed adoption, amendment or repeal be contained in the notice of such special meeting.

6. FORM OF RECORDS. Any records maintained by the Corporation in the regular course of its business, including its stock ledger, books of account, and minutes books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible form within a reasonable time. The Corporation shall so convert any records so kept upon the request of any person entitled to inspect the same.

7. CHECKS. All checks, drafts, notes and other orders for the payment of money shall be signed by such officer or officers or agents as from time to time may be designated by the Board of Directors or by such officers of the Corporation as may be designated by the Board to make such designation.

8. FISCAL YEAR. The fiscal year shall begin the first day of January in each year.



FIRST AMENDMENT OF  
RIGHTS AGREEMENT

THIS AMENDMENT (this "Amendment") of the Rights Agreement (as defined below) is made and entered into as of this 2nd day of November, 1998, by and between MINERALS TECHNOLOGIES INC., a Delaware corporation (the "Company"), and ChaseMellon Shareholder Services L.L.C., successor to Chemical Bank as "Rights Agent" under the Rights Agreement.

RECITALS:

WHEREAS, on October 26, 1992, the Board of Directors of the Company declared a dividend of one stock purchase right (a "Right") for each outstanding share of common stock, \$.10 par value (the "Common Stock") of the Company to the stockholders of record at the close of business on November 6, 1992, with each Right entitling the registered holder to purchase from the Company one one hundredth of a share of the Series A Junior Preferred Stock of the Company (the "Preferred Stock"), or a combination of securities and assets of equivalent value, at a purchase price of \$65.00 per Right, subject to adjustment (the description and terms of the Rights are set forth in a Rights Agreement, dated as of October 26, 1992 (the "Rights Agreement") between the Company and Chemical Bank as Rights Agent; and

WHEREAS, pursuant to Section 21 of the Rights Agreement and as confirmed in a letter agreement between the Company and ChaseMellon Shareholder Services L.L.C. dated October 28, 1998, ChaseMellon Shareholder Services L.L.C. succeeded Chemical Bank as Rights Agent; and

WHEREAS, in light of subsequent developments in connection with rights agreements generally, the Board of Directors deems it advisable and in the best interests of the Company and its stockholders to amend certain provisions of the Rights Agreement; and

WHEREAS, each of the Company and the Rights Agent desire to amend the Rights Agreement as set forth below;

NOW, THEREFORE, the undersigned, in consideration of the premises, covenants and agreements contained herein and in the Rights Agreement, and other good, sufficient and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, do hereby agree as follows:

1. Amendments.

(a) Each of the following sections of the Rights Agreement is hereby amended and restated in its entirety to read as follows:

(i) Section 1(a).

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"(a) "Acquiring Person" shall mean any Person (as such term is hereinafter defined) who or which, together with all Affiliates (as such term is hereinafter defined) and Associates (as such term is hereinafter defined) of such Person, shall be the Beneficial Owner (as such term is hereinafter defined) of 15% or more of the shares of Voting Stock (as such term is hereinafter defined) of the Company then outstanding; provided that, an Acquiring Person shall not include an (i) Exempt Person (as such term is hereinafter defined), or (ii) any Person, together with all Affiliates and Associates of such Person, who or which would be an Acquiring Person solely by reason of (A) being the Beneficial Owner of shares of Voting Stock of the Company, the Beneficial Ownership of which was acquired by such Person pursuant to any action or transaction or series of related actions or transactions approved by the Board of Directors before such Person otherwise became an Acquiring Person or (B) a reduction in the number of issued and outstanding shares of Voting Stock of the Company pursuant to a transaction or a series of related transactions approved by the Board of Directors of the Company; provided further, that in the event such Person described in this clause (ii) does not become an Acquiring Person by reason of subclause (A) or (B) of this clause (ii), such Person nonetheless shall become an Acquiring Person in the event such Person thereafter acquires Beneficial Ownership of an additional 1% of the Voting Stock of the Company, unless the acquisition of such additional Voting Stock would not result in such Person becoming an Acquiring Person

by reason of subclause (A) or (B) of this clause (ii). Notwithstanding the foregoing, if the Board of Directors of the Company determines in good faith that a Person who would otherwise be an "Acquiring Person" as defined pursuant to the foregoing provisions of this paragraph (a) has become such inadvertently, and such Person divests as promptly as practicable a sufficient number of shares of Common Stock so that such Person would no longer be an "Acquiring Person" as defined pursuant to the foregoing provisions of this paragraph (a), then such Person shall not be deemed an "Acquiring Person" for any purposes of this Rights Agreement."

(ii) Section 1(h).

"[text intentionally omitted]"

(iii) Section 1(r).

"(r) "Qualifying Tender Offer" shall mean a tender or exchange offer for all outstanding shares of Common Stock of the Company approved by the Board of Directors after taking into account the potential long-term value of the Company and all other factors that they consider relevant."

(iv) Section 1(u).

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"(u) "Stock Acquisition Date" shall mean the first date on which there shall be a public announcement by the Company or an Acquiring Person that an Acquiring Person has become such (which, for purposes of this definition, shall include, without limitation, a report filed pursuant to Section 13(d) of the Exchange Act) or such earlier date as the Board of Directors shall become aware of the existence of an Acquiring Person."

(v) Section 3(b).

"(b) Until the close of business on the day which is the earlier of (i) the tenth day after the Stock Acquisition Date or (ii) the tenth business day (or such later date as may be determined by action of the Board of Directors prior to such time as any Person becomes an Acquiring Person) after the date of the commencement by any Person (other than an Exempt Person) of, or the first public announcement of the intent of any Person (other than an Exempt Person) to commence, a tender or exchange offer upon the successful consummation of which such Person, together with its Affiliates and Associates, would be the Beneficial Owner of 30% or more of the then outstanding shares of Voting Stock of the Company (irrespective of whether any shares are actually purchased pursuant to any such offer) (the earlier of such dates being herein referred to as the "Distribution Date"), (x) the Rights shall be evidenced by the certificates for Common Stock registered in the name of the holders of Common Stock (together with, in the case of certificates for Common Stock outstanding as of the Record Date, the Summary of Rights) and not by separate Right certificates and the record holders of such certificates for Common Stock shall be the record holders of the Rights represented thereby and (y) each Right shall be transferable only simultaneously and together with the transfer of a share of Common Stock (subject to adjustment as hereinafter provided). Until the Distribution Date (or, if earlier, the Expiration Date or Final Expiration Date), the surrender for transfer of any certificate for Common Stock shall constitute the surrender for transfer of the Right or Rights associated with the Common Stock evidenced thereby, whether or not accompanied by a copy of the Summary of Rights."

(vi) Section 11(a) (iii).

"(iii) In the event that the Company does not have available sufficient authorized but unissued Preferred Stock to permit the adjustments required pursuant to the foregoing subparagraph (i) or the exercise in full of the Rights in accordance with the foregoing subparagraph (ii), the Company shall take all such action as may be necessary to authorize and reserve for issuance such number of additional shares of Preferred Stock as may from time to time be required to be issued upon the exercise in full of all Rights from time to time outstanding and, if necessary, shall use

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its best efforts to obtain stockholder approval thereof. In lieu of issuing shares of Preferred Stock in accordance with the foregoing subparagraphs (i) and (ii), the Company may, if the Board of Directors determines that such action is necessary or appropriate and not contrary to the interests of holders of Rights, elect to issue or pay, upon the exercise of the Rights, cash, property, shares of Preferred or Common Stock, or any combination thereof, having an aggregate Fair Market Value equal to the Fair Market Value of the shares of Preferred Stock which otherwise would have been issuable pursuant to Section 11(a) (ii), which Fair Market Value shall be determined by an investment banking firm selected by the Board of Directors. For purposes of the preceding sentence, the Fair Market Value of the Preferred Stock shall be as determined pursuant to Section 11(b). Subject to Section 23 hereof, any such election by the Board of Directors of the Company must be made and publicly announced within thirty (30) days after the date on which the event described in Section 11(a) (ii) occurs."

(vii) Section 13(a).

"(a) Except for any transaction approved by the Board of Directors, in the event that, at any time on or after the Distribution Date, (x) the Company shall, directly or indirectly, consolidate with, or merge with and into, any other Person or Persons (other than an Exempt Person) and the Company shall not be the surviving or continuing corporation of such consolidation or merger, or (y) any Person or Persons (other than an Exempt Person) shall, directly or indirectly, consolidate with, or merge with and into, the Company, and the Company shall be the continuing or surviving corporation of such consolidation or merger and, in connection with such consolidation or merger, all or part of the outstanding shares of Common Stock shall be changed into or exchanged for stock or other securities of any other Person (other than an Exempt Person) or of the Company or cash or any other property, or (z) the Company or one or more of its Subsidiaries shall, directly or indirectly, sell or otherwise transfer to any other Person or any Affiliate or Associate of such Person, in one or more transactions, or the Company or one or more of its Subsidiaries shall sell or otherwise transfer to any Persons in one or a series of related transactions, assets or earning power aggregating more than 50% of the assets or earning power of the Company and its Subsidiaries (taken as a whole), then, on the first occurrence of any such event, proper provision shall be made so that (i) each holder of record of a Right, except as provided in Section 7(e) hereof, shall thereafter have the right to receive, upon the exercise thereof and payment of the Exercise Price in accordance with the terms of this Rights Agreement, such number of shares of validly issued, fully paid, nonassessable and freely tradeable Common Stock of the Principal Party (as defined herein), not subject to any liens, encumbrances, rights of first refusal or other adverse claims, as shall, based on the Fair Market Value of the Common Stock of the Principal Party on the date of the consummation of such consolidation, merger, sale or transfer, equal twice the Exercise Price; (ii) such Principal Party shall

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thereafter be liable for, and shall assume, by virtue of such consolidation, merger, sale or transfer, all the obligations and duties of the Company pursuant to this Rights Agreement; (iii) the term "Company" for all purposes of this Rights Agreement shall thereafter be deemed to refer to such Principal Party; (iv) such Principal Party shall take such steps (including, but not limited to, the reservation of a sufficient number of shares of its Common Stock in accordance with the provisions of Section 9 hereof applicable to the reservation of Preferred Stock) in connection with such consummation as may be necessary to assure that the provisions hereof shall thereafter be applicable, as nearly as reasonably may be, in relation to its shares of Common Stock thereafter deliverable upon the exercise of the Rights; provided, however, that, upon the subsequent occurrence of any merger, consolidation, sale of all or substantially all of the assets, recapitalization, reclassification of shares, reorganization or other extraordinary transaction in respect of such Principal Party, each holder of a Right shall thereupon be entitled to receive, upon exercise of a Right and payment of the Exercise Price, such cash, shares, rights, warrants and other property which such

holder would have been entitled to receive had it, at the time of such transaction, owned the shares of Common Stock of the Principal Party purchasable upon the exercise of a Right, and such Principal Party shall take such steps (including, but not limited to, reservation of shares of stock) as may be necessary to permit the subsequent exercise of the Rights in accordance with the terms hereof for such cash, shares, rights, warrants and other property and (v) the provisions of Section 11(a) (ii) hereof shall be of no effect following the occurrence of any event described in clause (x), (y) or (z) above of this Section 13(a)."

(viii) Section 18(a).

"(a) The Company agrees to pay the Rights Agent reasonable compensation for all services rendered by it hereunder and, from time to time, on demand of the Rights Agent, its reasonable expenses and counsel fees and other disbursements incurred in the administration and execution of this Rights Agreement and the exercise and performance of its duties hereunder. The Company also agrees to indemnify the Rights Agent for, and hold it harmless against, any loss, liability, or expense, incurred without gross negligence, bad faith or willful misconduct on the part of the Rights Agent, for anything done or omitted to be done by the Rights Agent in connection with the acceptance and administration of this Rights Agreement, including the cost and expenses of defending against any claim of liability relating to the Rights or this Rights Agreement. Anything to the contrary notwithstanding, in no event shall the Rights Agent be liable for special, indirect, consequential or incidental loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the likelihood of such loss or damage."

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(ix) Section 23(a).

"(a) The Company may, at its option, but only by the vote of the Board of Directors, redeem all but not less than all of the then outstanding Rights, at anytime prior to the Close of Business on the earlier of (i) the tenth day following the Stock Acquisition Date (subject to extension by the Company as provided in Section 26 hereof) or (ii) the Final Expiration Date, at a redemption price of \$.01 per Right, subject to adjustments as provided in subsection (C) below (the "Redemption Price"). Notwithstanding anything contained in this Agreement to the contrary, the Rights shall not be exercisable pursuant to Section 11(a) (ii) prior to the expiration of the Company's right of redemption hereunder."

(x) Section 26.

"For as long as the Rights are then redeemable and except as provided in the last sentence of this Section 26, the Company may in its sole and absolute discretion, and the Rights Agent shall if the Company so directs, supplement or amend any provision of this Agreement without the approval of any holders of the Rights. At any time when the Rights are not then redeemable and except as provided in the last sentence of this Section 26, the Company may, and the Rights Agent shall if the Company so directs, supplement or amend this Rights Agreement without the approval of any holders of Right Certificates (i) to cure any ambiguity, (ii) to correct or supplement any provision contained herein which may be defective or inconsistent with any other provisions herein or (iii) to change or supplement the provisions hereunder in any manner which the Company may deem necessary or desirable, provided that no such supplement or amendment pursuant to this clause (iii) shall materially adversely affect the interest of the holders of Right Certificates. Upon the delivery of a certificate from an appropriate officer of the Company which states that the proposed supplement or amendment is in compliance with the terms of this Section 26, the Rights Agent shall execute such supplement or amendment. This Agreement may be amended or supplemented at any time with the approval of a majority of the registered holders of the Right Certificates (and, prior to the Distribution Date, the Common Stock). Notwithstanding anything contained in this Rights Agreement to the contrary, no supplement or amendment shall be made which changes the Redemption Price or the Final Expiration Date and supplements or amendments may be made after the time that any Person becomes an Acquiring Person

(other than pursuant to a Qualifying Tender Offer) only if such supplement or amendment is approved by the Board of Directors."

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(b) Exhibits. Exhibits A, B, and C to the Rights Agreement are hereby amended and restated in their entirety as set forth in Exhibits A, B, and C, respectively, attached to this Amendment.

2. Binding Effect. This Amendment shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective successors and assigns.

3. Execution in Counterparts. This Amendment may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

4. Rights Agreement in Effect. Except as hereby amended, the Rights Agreement shall remain in full force and effect.

6. Governing Law. This Amendment shall be governed by, and interpreted in accordance with, the laws of the State of Delaware, without regard to principles of conflict of laws.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed as of the day and year first-above written.

MINERALS TECHNOLOGIES INC.

By:/s/ S. Garrett Gray

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Name: S. Garrett Gray  
Title: Vice President

CHASEMELLON SHAREHOLDER SERVICES L.L.C.

By:/s/ Kimberly Crowell

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Name: Kimberly Crowell  
Title: Asst. Vice President

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#### EXHIBIT A

UNDER CERTAIN CIRCUMSTANCES AS PROVIDED IN THE RIGHTS AGREEMENT (AS REFERRED TO BELOW), RIGHTS ISSUED TO OR BENEFICIALLY OWNED BY ACQUIRING PERSONS OR THEIR AFFILIATES OR ASSOCIATES (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) OR ANY SUBSEQUENT HOLDER OF SUCH RIGHTS SHALL BE NULL AND VOID AND MAY NOT BE TRANSFERRED TO ANY PERSON.

MINERALS TECHNOLOGIES INC.  
SUMMARY OF RIGHTS TO PURCHASE  
SERIES A JUNIOR PREFERRED STOCK

On October 26, 1992, the Board of Directors of Minerals Technologies Inc. (the "Company") declared a dividend distribution of one Preferred Stock Purchase Right for each outstanding share of Common Stock, par value \$0.10 per share (the "Common Stock"), of the Company. The distribution is payable as of November 6, 1992 to stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company one one-hundredth (1/100) of a share of preferred stock of the Company, designated as Series A Junior Preferred Stock (the "Preferred Stock") at a price of \$65.00 per one one-hundredth (1/100) of a share ("Exercise Price"). The description and terms of the Rights are set forth in an agreement between the Company and Chemical Bank, as Rights Agent (the "Rights Agent"), dated as of October 26, 1992, as amended by the First Amendment

of Rights Agreement between the Company and ChaseMellon Shareholder Services L.L.C., as successor to the Rights Agent, dated as of November \_\_\_, 1998 (the "Rights Agreement").

As discussed below, initially the Rights will not be exercisable, certificates will not be sent to stockholders and the Rights will automatically trade with the Common Stock.

The Rights, unless earlier redeemed by the Board of Directors, become exercisable upon the close of business on the day (the "Distribution Date") which is the earlier of (i) the tenth day following a public announcement that a person or group of affiliated or associated persons, with certain exceptions set forth below, has acquired beneficial ownership of 15% or more of the outstanding voting stock of the Company (an "Acquiring Person") and (ii) the tenth business day (or such later date as may be determined by the Board of Directors prior to such time as any person or group of affiliated or associated persons becomes an Acquiring Person) after the date of the commencement or announcement of a person's or group's intention to commence a tender or exchange offer the consummation of which would result in the ownership of 30% or more of the Company's outstanding voting stock (even if no shares are actually purchased pursuant to such offer); prior thereto, the Rights would not be exercisable, would not be represented by a separate certificate, and would not be transferable apart from the Company's Common Stock, but will instead be evidenced, with respect to any of the Common Stock certificates outstanding as of November 6, 1992, by such Common Stock certificate with a copy of this Summary of Rights attached thereto. An Acquiring Person does not include (A) the Company, (B) any subsidiary of the Company, (C) any employee benefit plan or employee stock plan of the Company or of any subsidiary of the Company, or any trust or other entity organized, appointed, established or holding Common Stock for or pursuant to the terms of any such plan or (D) any person or group whose ownership of 15% or more of the shares of voting stock of the Company then outstanding results solely from (i) any action or transaction or transactions approved by the Board of Directors before such person or group became an Acquiring Person or (ii) a reduction in the number of issued and outstanding shares of voting stock of the Company pursuant to a transaction or transactions approved by the Board of Directors (provided that any person or group that does not become an Acquiring Person by reason of clause (i) or (ii) above shall become an Acquiring Person upon acquisition of an additional 1% of the Company's voting stock unless such acquisition of additional voting stock will not result in such person or group becoming an Acquiring Person by reason of such clause (i) or (ii)).

Until the Distribution Date (or earlier redemption or expiration of the Rights), new Common Stock certificates issued after November 6, 1992 will contain a legend incorporating the Rights Agreement by reference. Until the Distribution Date (or earlier redemption or expiration of the Rights), the surrender for transfer of any of the Common Stock certificates outstanding as of November 6, 1992, with or without a copy of this Summary of Rights attached thereto, will also constitute the transfer of the Rights associated with the Common Stock represented by such certificate. As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Common Stock as of the close of business on the Distribution Date and such separate certificates alone will evidence the Rights from and after the distribution Date.

The Rights are not exercisable until the Distribution Date. The Rights will expire at the close of business on October 26, 2002, unless earlier redeemed by the Company as described below.

The Preferred Stock is non-redeemable and, unless otherwise provided in connection with the creation of a subsequent series of preferred stock, subordinate to any other series of the Company's preferred stock. The Preferred Stock may not be issued except upon exercise of Rights. Each share of Preferred Stock will be entitled to receive when, as and if declared, a quarterly dividend in an amount equal to the greater of \$1.00 per share or 100 times the cash dividends declared on the Company's Common Stock. In addition, Preferred Stock is entitled to 100 times any non-cash dividends (other than dividends payable in equity securities) declared on the Common Stock, in like kind. In the event of the liquidation of the Company, the holders of Preferred Stock will be entitled to receive a payment in an amount equal to the greater of \$100.00 per share or 100 times the payment made per share of Common Stock. Each share of Preferred Stock will have 100 votes, voting together with the Common Stock. In the event of any merger, consolidation or other transaction in which Common Stock is exchanged, each share of Preferred Stock will be entitled to receive 100 times the amount received per share of Common Stock. The rights of Preferred Stock as

to dividends, liquidation and voting are protected by anti-dilution provisions.

The number of shares of Preferred Stock issuable upon exercise of the Rights is subject to certain adjustments from time to time in the event of a stock dividend on, or a subdivision or combination of, the Common Stock. The Exercise Price for the Rights is subject to adjustment in the event of extraordinary distributions of cash or other property to holders of Common Stock.

Unless the Rights are earlier redeemed or the transaction is approved by a majority of the Board of Directors, in the event that, after the time the Rights become exercisable, the Company were to be acquired in a merger or other business combination (in which any shares of Common Stock are changed into or exchanged for other securities or assets) or more than 50% of the assets or earning power of the Company and its subsidiaries (taken as a whole) were to be sold or transferred in one or a series of related transactions, the Rights Agreement provides that proper provision will be made so that each holder of record of a Right will from and after such date have the right to receive, upon payment of the Exercise Price, that number of shares of common stock of the acquiring company having a market value at the time of such transaction equal to two times the Exercise Price. In addition, unless the Rights are earlier redeemed, in the event that a person or group becomes the beneficial owner of 15% or more of the Company's voting stock (other than pursuant to a tender or exchange offer for all outstanding shares of Common Stock that is approved by the Board of Directors, after taking into account the long-term value of the Company and all other factors they consider relevant in the circumstances), the Rights Agreement provides that proper provision will be made so that each holder of record of a Right, other than the Acquiring Person (whose Rights will thereupon become null and void), will thereafter have the right to receive, upon payment of the Exercise Price, that number of shares of the Preferred Stock having a market value at the time of the transaction equal to two times the Exercise Price (such market value to be determined with reference to the market value of the Company's Common Stock as provided in the Rights Agreement).

Fractions of shares of Preferred Stock (other than fractions which are integral multiples of one one-hundredth of a share) may, at the election of the Company, be evidenced by depositary receipts. The Company may also issue cash in lieu of fractional shares which are not integral multiples of one one-hundredth of a share.

At any time on or prior to the close of business on the earlier of (i) the tenth day after the time that a person has become an Acquiring Person (or such later date as a majority of the Board of Directors may determine) or (ii) October 26, 2002, the Company may redeem the Rights in whole, but not in part, at a price of \$.01 per Right (the "Redemption Price"). The Rights may be redeemed after the time that any Person has become an Acquiring Person only if approved by a majority of the Board of Directors. Immediately upon the effective time of the action of the Board of Directors of the Company authorizing redemption of the Rights, the right to exercise the Rights will terminate and the only right of the holders of Rights will be to receive the Redemption Price.

For as long as the Rights are then redeemable, the Company may, except with respect to the redemption price or date of expiration of the Rights, amend the Rights in any manner, including an amendment to extend the time period in which the Rights may be redeemed. At any time when the Rights are not then redeemable, the Company may amend the Rights in any manner that does not materially adversely affect the interests of holders of the Rights as such. Amendments to the Rights Agreement from and after the time that any Person becomes an Acquiring Person requires the approval of a majority of the Board of Directors.

Until a Right is exercised, the holder, as such, will have no rights as a stockholder of the Company, including, without limitation, the right to vote or to receive dividends.

A copy of the Rights Agreement has been filed with the Securities and Exchange Commission as an Exhibit to a Registration Statement on Form 8-A dated November\_\_\_\_, 1998. A copy of the Rights Agreement is available free of charge from the Company. This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement which is incorporated in this summary description herein by reference.

Exhibit 10.1

Employment Agreements have been executed by the Company and the indicated employees, each substantially identical in all material respects to the form of agreement filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 1997, except as noted below. Each Employment Agreement was executed for the Company by Dr. Valles, except the agreement with Dr. Valles, which was executed for the Company by Mr. Gray.

EMPLOYEE AND POSITION	BASE SALARY	DATE OF AGREEMENT	TERMINATION DATE OF AGREEMENT
Neil M. Bardach Vice President - Finance and Chief Financial Officer	\$225,000	August 1, 1998	October 22, 1999
Howard R. Crabtree Vice President, Organization and Human Resources	\$204,347	October 22, 1998	October 21, 2001
Anton Dulski Vice President; President and Chief Executive Officer of Minteq International Inc.	\$233,352	October 22, 1998	October 21, 2001
S. Garrett Gray Vice President, General Counsel and Secretary	\$209,576	October 22, 1998	October 21, 2001
Paul R. Saueracker Vice President; President and Chief Executive Officer of Specialty Minerals Inc.	\$241,146	October 22, 1998	October 21, 2001
Jean-Paul Valles Chairman and Chief Executive Officer	\$738,972	October 22, 1997	October 17, 2001



Exhibit 10.2

Severance Agreements have been executed by the Company and the indicated employees, each substantially identical in all material respects to the form of agreement filed as Exhibit 10.11 to the Company's Annual Report on Form 10-K for the year ended December 31, 1996, except as noted below. Each Severance Agreement was executed for the Company by Dr. Valles, except the agreement with Dr. Valles, which was executed for the Company by Mr. Gray.

EMPLOYEE AND POSITION	DATE OF AGREEMENT
Neil M. Bardach Vice President - Finance and Chief Financial Officer	August 1, 1998
Howard R. Crabtree Vice President, Organization and Human Resources	January 1, 1997
Anton Dulski Vice President; President and Chief Executive Officer of MINTEQ International Inc.	January 1, 1997
S. Garrett Gray Vice President, General Counsel and Secretary	January 1, 1997
Paul R. Saueracker Vice President; President and Chief Executive Officer of Specialty Minerals Inc.	January 1, 1997
Jean-Paul Valles Chairman and Chief Executive Officer	January 1, 1997

ACCOUNTANTS' ACKNOWLEDGMENT

The Board of Directors  
Minerals Technologies Inc.:

Re: Registration Statement Nos. 33-59080, 33-65268, 33-  
96558 and 333-62739

With respect to the subject registration  
statements, we acknowledge our awareness of the use  
therein of our report dated November 3, 1998, 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 3, 1998

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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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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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## CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

The disclosure and analysis set forth in this report contains 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 and 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 per 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 or sale of such new products could cause its 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, changes in applicable laws and regulatory requirements, export and import restrictions, tariffs and other trade barriers, longer payment terms, adverse tax treatment, 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.

#### YEAR 2000

The Company faces the risk that the transition to the year 2000 may cause its own systems and equipment, or the systems and equipment of other firms, to fail unexpectedly. The Company is taking steps to study and reduce this risk, as outlined above in the Management's Discussion and Analysis section of this quarterly report on Form 10-Q. However, failure of the Company's efforts to repair or replace its information technology systems and non-information technology systems according to schedule; failure to identify a mission-critical, non-year 2000-compatible item of software or embedded control; failure of a significant vendor or customer to provide MTI with goods or services or

to purchase or pay for goods or services, because of year 2000-related breakdowns; or widespread year 2000-related disruption of the electrical, banking, telecommunications or transportation systems or of the economy in general, could adversely affect the Company's financial position or results of operations.

#### CYCLICAL NATURE OF CUSTOMERS' BUSINESS

The bulk of the Company's sales are to customers in two industries, paper and steel, which have historically been cyclical. The Company's exposure to variations in its customers' business has been reduced in recent years by the growth in the number of plants we operate; by the diversification of our portfolio of products and services; and by our geographic expansion, since economic problems are usually not equally felt in all parts of the world. In addition, the structure of some of our long term contracts gives us a degree of protection against declines in the quantity of product purchased, since the price per ton rises as the number of tons purchased declines. In addition, many of our product lines lower our customers' cost of production or increase their productivity, which should encourage them to use our products. However, a sustained economic downturn in one or more of the industries or geographic regions which we serve, or in the worldwide economy, could cause actual results of operations to differ materially from historical and expected results.

#### ADOPTION OF A COMMON EUROPEAN CURRENCY

On January 1, 1999, eleven European countries will adopt the Euro as their common currency. Adoption of the Euro will require changes both to the Company's financial reporting systems and to commercial arrangements with third parties, including customers, suppliers and financial institutions. In addition, adoption of a single currency and a common monetary policy by the countries adopting the Euro can be expected to have effects on competition in Europe and on the overall economy of the region. A failure on our part to identify or to correct systems or agreements which require modification, or effects on competition or the general economy of the region, could adversely affect the Company's financial position or results of operations.