**UNITED STATES**
**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 March 28, 2004

**or**

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

Commission File Number 1-3295

--

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

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

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

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

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

**YES __X__ NO _____**

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

**YES __X__ NO _____**

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

| **Class** | **Outstanding at April 21, 2004** |
|---|---|
| **Common Stock, $0.10 par value** | **20,535,889** |

---

**MINERALS TECHNOLOGIES INC.**

**INDEX TO FORM 10-Q**


Page No.

**PART I. FINANCIAL INFORMATION**

Item 1.

Financial Statements:

Condensed Consolidated Statement of Income for the three-month periods ended March 28, 2004 and March 30, 2003 — 3

Condensed Consolidated Balance Sheet as of March 28, 2004 and December 31, 2003 — 4

Condensed Consolidated Statement of Cash Flows for the three-month periods ended March 28, 2004 and March 30, 2003 — 5

Notes to Condensed Consolidated Financial Statements — 6

Independent Auditors' Review Report — 14

Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations — 15

Item 3.

Quantitative and Qualitative Disclosures about Market Risk — 20

Item 4.

Controls and Procedures — 20

**PART II. OTHER INFORMATION**

Item 1.

Legal Proceedings — 21

Item 2.

Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities — 21

Item 6.

Exhibits and Reports on Form 8-K — 21

Signatures — 23


---

## PART 1. FINANCIAL INFORMATION

### ITEM 1. Financial Statements

**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**
**CONDENSED CONSOLIDATED STATEMENT OF INCOME**
**(Unaudited)**

| **(in thousands, except per share data)** | **Three Months Ended March 28, 2004** | **Three Months Ended March 30, 2003** |
|---|---|---|
| Net sales | $ 209,473 | $ 201,450 |
| Operating costs and expenses: | | |
| Cost of goods sold | 159,807 | 151,683 |
| Marketing and administrative expenses | 22,211 | 21,137 |
| Research and development expenses | 6,817 | 6,085 |
| Restructuring costs | 572 | -- |
| Income from operations | 20,066 | 22,545 |
| Non-operating deductions, net | 1,565 | 1,027 |
| Income before provision for taxes on income and minority interests | 18,501 | 21,518 |
| Provision for taxes on income | 5,500 | 6,134 |
| Minority interests | | 467 |

| | | |
|---|---|---|
| Minority interests | 411 | 467 |
| Income before cumulative effect of accounting change | 12,590 | 14,917 |
| Cumulative effect of accounting change | -- | 3,433 |
| Net income | $ 12,590 | $ 11,484 |
| Earnings per share: | | |
| Basic: | | |
| Before cumulative effect of accounting change | $ 0.61 | $ 0.74 |
| Cumulative effect of accounting change | -- | ( 0.17 ) |
| Basic earnings per share | $ 0.61 | $ 0.57 |
| Diluted: | | |
| Before cumulative effect of accounting change | $ 0.61 | $ 0.74 |
| Cumulative effect of accounting change | -- | ( 0.17 ) |
| Diluted earnings per share | $ 0.61 | $ 0.57 |
| Cash dividends declared per common share | $ 0.050 | $ 0.025 |
| Shares used in computation of earnings per share: | | |
| Basic | 20,479 | 20,117 |
| Diluted | 20,716 | 20,223 |

See accompanying notes to Condensed Consolidated Financial Statements.



**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**
**CONDENSED CONSOLIDATED BALANCE SHEET**

**ASSETS**

| **(in thousands, except per share data)** | **March 28, 2004*** | **December 31, 2003**** |
|---|---|---|
| Current assets: | | |
| Cash and cash equivalents | $ 86,561 | $ 90,515 |
| Accounts receivable, net | 157,718 | 147,600 |
| Inventories | 83,244 | 86,378 |
| Prepaid expenses and other current assets | 16,163 | 15,632 |
| Total current assets | 343,686 | 340,125 |
| Property, plant and equipment, less accumulated depreciation and depletion - March 28, 2004 - $661,639; December 31, 2003 - $648,362 | 557,967 | 561,588 |
| Goodwill | 52,671 | 52,721 |
| Prepaid benefit cost | 45,487 | 46,251 |
| Other assets and deferred charges | 34,671 | 34,815 |
| Total assets | $ 1,034,482 | $ 1,035,500 |

**LIABILITIES AND SHAREHOLDERS' EQUITY**

| | | |
|---|---|---|
| Current liabilities: | | |
| Short-term debt | $ 30,000 | $ 30,347 |
| Current maturities of long-term debt | 3,524 | 3,175 |
| Accounts payable | 41,736 | 44,217 |
| Other current liabilities | 42,103 | 44,296 |
| Total current liabilities | 117,363 | 122,035 |

| | | | | |
|---|---|---|---|---|
| Total current liabilities | | 117,363 | | 122,035 |
| Long-term debt | | 98,015 | | 98,159 |
| Other non-current liabilities | | 107,018 | | 107,925 |
| Total liabilities | | 322,396 | | 328,119 |
| Shareholders' equity: | | | | |
| Common stock | | 2,746 | | 2,742 |
| Additional paid-in capital | | 213,692 | | 210,512 |
| Deferred compensation | | ( 2,578 ) | | ( 1,220 ) |
| Retained earnings | | 751,503 | | 739,936 |
| Accumulated other comprehensive income (loss) | | ( 386 ) | | 3,814 |
| | | 964,977 | | 955,784 |
| Less treasury stock | | 252,891 | | 248,403 |
| Total shareholders' equity | | 712,086 | | 707,381 |
| Total liabilities and shareholders' equity | $ | 1,034,482 | $ | 1,035,500 |

* Unaudited
** Condensed from audited financial statements

See accompanying Notes to Condensed Consolidated Financial Statements.



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

| | Three Months Ended | | | |
|---|---|---|---|---|
| **(in thousands, except per share data)** | | **March 28, 2004** | | **March 30, 2003** |
| **Operating Activities:** | | | | |
| Net income | $ | 12,590 | $ | 11,484 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | |
| Cumulative effect of accounting change | | -- | | 3,433 |
| Depreciation, depletion and amortization | | 17,481 | | 17,627 |
| Other non-cash items | | 2,926 | | 1,620 |
| Net changes in operating activities | | ( 14,311) | | ( 16,730) |
| Net cash provided by operating activities | | 18,686 | | 17,434 |
| **Investing Activities:** | | | | |
| Purchases of property, plant and equipment | | ( 17,518) | | ( 7,709) |
| Net cash used in investing activities | | ( 17,518) | | ( 7,709) |
| **Financing Activities:** | | | | |
| Proceeds from issuance of short-term debt | | -- | | 5,318 |
| Repayment of debt | | ( 352) | | ( 5,318) |
| Purchase of common shares for treasury | | ( 4,487) | | ( 4,716) |
| Proceeds from issuance of stock under option plan | | 1,494 | | 1,391 |
| Cash dividends paid | | ( 1,023) | | ( 502) |
| Net cash used in financing activities | | ( 4,368) | | ( 3,827) |
| Effect of exchange rate changes on cash and cash equivalents | | ( 754) | | ( 365) |
| Net increase (decrease) in cash and cash equivalents | | ( 3,954) | | 5,533 |
| Cash and cash equivalents at beginning of period | | 90,515 | | 31,762 |
| Cash and cash equivalents at end of period | $ | [illegible] | $ | [illegible] |

| | | |
|---|---|---|
| Cash and cash equivalents at end of period | $ 86,561 | $ 57,295 |
| **Supplemental disclosure of cash flow information:** | | |
| Interest paid | $ 2,357 | $ 2,648 |
| Income taxes paid | $ 4,531 | $ 1,726 |

See accompanying 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 accounting principles generally accepted in the United States of America 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, 2003. 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 period ended March 28, 2004 are not necessarily indicative of the results that may be e xpected for the year ending December 31, 2004.

**Note 2 -- Summary of Significant Accounting Policies**

*Property, Plant and Equipment*

Property, plant and equipment are recorded at cost. Significant improvements are capitalized, while maintenance and repair expenditures are charged to operations as incurred. The Company capitalizes interest cost as a component of construction in progress. In general, the straight-line method of depreciation is used for financial reporting purposes and accelerated methods are used for U.S. and certain foreign tax reporting purposes. The annual rates of depreciation are 3% - 6.67% for buildings, 6.67% - 12.5% for machinery and equipment, 8% - 12.5% for furniture and fixtures and 12.5% - 25% for computer equipment and software-related assets.

Property, plant and equipment are amortized over their useful lives. Useful lives are based on management's estimates of the period that the assets can generate revenue, which does not necessarily coincide with the remaining term of a customer's contractual obligation to purchase products made using those assets. The Company's sales of PCC are predominantly pursuant to long-term contracts, initially 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. The Company also continues to supply PCC at one location at which the PCC contract has expired. Failure of a PCC customer to renew an agreement or continue to purchase PCC from a Company facility could result in an impairment of assets charge at such facility.

Depletion of mineral reserves is determined on a unit-of-extraction basis for financial reporting purposes and on a percentage depletion basis for tax purposes.

Mining costs associated with waste gravel and rock removal in excess of the expected average life of mine stripping ratio are deferred. These costs are charged to production on a unit-of-production basis when the ratio of waste to ore mined is less than the average life of mine stripping ratio.

**Note 3 -- Accounting for Stock-Based Compensation**

In December 2002, The FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of SFAS No. 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation, and requires additional disclosures in interim and annual financial statements. The FASB recently indicated that they would require stock-based employee compensation to be recorded as a charge to earnings beginning in 2005. The disclosure in interim periods requires pro forma net income and net income per share as if the Company adopted the fair value method of accounting for stock-based awards. The fair value of stock-based awards to employees was calculated using the Black-Scholes option-pricing model, modified for dividends, with the following weighted average assumptions:





| | March 28, 2004 | March 30, 2003 |
|---|---|---|
| Expected life (years) | 7 | 7 |

| | | |
|---|---|---|
| Expected life (years) | 7 | 7 |
| Interest rate | 3.33% | 3.27% |
| Volatility | 30.47% | 30.93% |
| Expected dividend yield | 0.37% | 0.26% |

Pro forma net income and earnings per share reflecting compensation cost for the fair value of stock options were as follows:

| (millions of dollars, except per share amounts) | Three Months Ended March 28, 2004 | | Three Months Ended March 30, 2003 | |
|---|---|---|---|---|
| Income before cumulative effect of accounting change, as reported | $ | 12.6 | $ | 14.9 |
| Add: Stock-based employee compensation included in reported income before accounting change | | 0.1 | | -- |
| Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects | | (0.6) | | (0.4) |
| Pro forma income before cumulative effect of accounting change | | 12.1 | | 14.5 |
| Cumulative effect of accounting change | | - | | 3.4 |
| Pro forma net income | $ | 12.1 | $ | 11.1 |
| Net income, as reported | $ | 12.6 | $ | 11.5 |
| **Basic EPS** | | | | |
| Income before cumulative effect of accounting change, as reported | $ | 0.61 | $ | 0.74 |
| Pro forma income before cumulative effect of accounting change | $ | 0.59 | $ | 0.72 |
| Pro forma net income | $ | 0.59 | $ | 0.55 |
| Net income, as reported | $ | 0.61 | $ | 0.57 |
| **Diluted EPS** | | | | |
| Income before cumulative effect of accounting change, as reported | $ | 0.61 | $ | 0.74 |
| Pro forma income before cumulative effect of accounting change | $ | 0.59 | $ | 0.72 |
| Pro forma net income | $ | 0.59 | $ | 0.55 |
| Net income, as reported | $ | 0.61 | $ | 0.57 |

**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:





| **Basic EPS** (in thousands, except per share data) | Three Months Ended March 28, 2004 | Three Months Ended March 30, 2003 |
|---|---|---|
| Income before cumulative effect of accounting change | $ 12,590 | $ 14,917 |
| Cumulative effect of accounting change | -- | (3,433) |

| | | |
|---|---|---|
| Net income | $ 12,590 | $ 11,484 |
| | ======= | ======= |
| Weighted average shares outstanding | 20,479 | 20,117 |
| Basic earnings per share before cumulative effect of accounting change | $ 0.61 | $ 0.74 |
| Cumulative effect of accounting change | -- | ( 0.17) |
| Basic earnings per share | $ 0.61 | $ 0.57 |
| | ======= | ======= |

| **Diluted EPS (in thousands, except per share data)** | **Three Months Ended March 28, 2004** | **March 30, 2004** |
|---|---|---|
| Income before cumulative effect of accounting change | $ 12,590 | $ 14,917 |
| Cumulative effect of accounting change | -- | ( 3,433) |
| Net income | $ 12,590 | $ 11,484 |
| | ======= | ======= |
| Weighted average shares outstanding | 20,479 | 20,117 |
| Dilutive effect of stock options and stock units | 237 | 106 |
| Weighted average shares outstanding, adjusted | 20,716 | 20,223 |
| Diluted earnings per share before cumulative effect of accounting change | $ 0.61 | $ 0.74 |
| Cumulative effect of accounting change | -- | ( 0.17) |
| | $ 0.61 | $ 0.57 |
| Diluted earnings per share | ======= | ======= |

**Note 5 -- Inventories**

The following is a summary of inventories by major category:

| **(thousands of dollars)** | **March 28, 2004** | **December 31, 2003** |
|---|---|---|
| Raw materials | $ 33,791 | $ 34,132 |
| Work-in-process | 7,987 | 8,153 |
| Finished goods | 22,957 | 25,998 |
| Packaging and supplies | 18,509 | 18,095 |
| Total inventories | $ 83,244 | $ 86,378 |
| | ========== | ========== |

**Note 6 -- Restructuring Charges and Accounting for Costs Associated with Exit or Disposal Activities**

During the fourth quarter of 2003, the Company announced plans to restructure its operations in an effort to reduce operating costs and to improve efficiency. The restructuring resulted in a total workforce reduction of approximately three percent of the Company's worldwide workforce. The Company recorded a pre-tax restructuring charge of $3.3 million in the fourth quarter of 2003 to reflect these actions. This charge consisted of severance,





other employee benefits, and lease termination costs. During the first quarter of 2004, additional severance costs related to this program of approximately $0.6 million were recorded.

The following is a reconciliation of the restructuring liability as of March 28, 2004:

**(millions of dollars)**

| | Dec. 31, 2003 Balance | 2004 Provision | 2004 Payments | March 28, 2004 Balance |
|---|---|---|---|---|
| Employee Severance and Termination Benefits | $ 2.3 | $ 0.6 | $ (2.6) | $ 0.3 |
| | ====== | ====== | ====== | ====== |

Effective January 1, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This statement addresses financial accounting and reporting for costs associated with exit or disposal activities.

During the first quarter of 2003, the Company paid approximately $660,000 of one-time termination benefits to a group of employees at the Specialty Minerals facility in the United Kingdom. Such charge was included in cost of goods sold.

**Note 7 -- Goodwill and Other Intangible Assets**

The Company accounts for goodwill and other intangible assets in accordance with Statement of Financial Accounting Standards (SFAS) No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 142, goodwill and other intangible assets with indefinite lives are no longer amortized, but instead are tested for impairment at least annually in accordance with the provisions of SFAS No. 142.

The carrying amount of goodwill was $52.7 million as of March 28, 2004 and December 31, 2003, respectively.

Acquired intangible assets subject to amortization as of March 28, 2004 and December 31, 2003 were as follows:

| | March 28, 2004 | | December 31, 2003 | |
|---|---|---|---|---|
| (millions of dollars) | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
| Patents and trademarks & #9; ; &# 9; & #9; ; &# 9; & #9; ; &# 9; & #9; ; &# 9; | $ 5.8 | $ 1.0 | $ 5.8 | $ 0.9 |
| Customer lists ; &# 9; & #9; ; &# 9; & #9; ; &# 9; & #9; ; &# 9; & #9; | 1.4 | 0.2 | 1.4 | 0.2 |
| Other & #9; ; &# 9; & #9; ; &# 9; & #9; ; &# 9; & #9; ; &# 9; & #9; ; &# 9; & #9; ; &# 9; & #9; ; &# 9; & #9; ; &# 9; | 0.2 | 0.1 | 0.2 | 0.1 |
| | $ 7.4 | $ 1.3 | $ 7.4 | $ 1.2 |
| | ====== | ====== | ====== | ====== |

The weighted average amortization period for acquired intangible assets subject to amortization is approximately 15 years. Estimated amortization expense is $0.4 million for each of the next five years through 2009.

Included in other assets and deferred charges is an intangible asset of approximately $12.6 million which represents the non-current unamortized amount paid to a customer in connection with contract extensions at eight PCC satellite facilities. In addition, a current portion of $1.8 million is included in prepaid expenses and other current assets. Such amounts will be amortized as a reduction of sales over the remaining lives of the customer contracts. Approximately $0.5 million was amortized in the first quarter of 2004. Estimated amortization as a reduction of sales is as follows: 2004 - $1.8 million; 2005 - $1.8 million; 2006 - $1.8 million; 2007 - $1.8 million; 2008 - $1.8 million; with smaller reductions thereafter over the remaining lives of the contracts.

**Note 8 -- Accounting for Impairment of Long-Lived Assets**

The Company accounts for impairment of long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 establishes a uniform accounting model for disposition of long-lived assets. This Statement also requires that long-lived assets be reviewed for impairment





whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. There was no charge for impairment during the first quarter of 2004.

**Note 9 -- Long-Term Debt and Commitments**

The following is a summary of long-term debt:

| (thousands of dollars) | March 28, 2004 | December 31, 2003 |
|---|---|---|

| | | |
|---|---|---|
| 7.49% Guaranteed Senior Notes Due July 24, 2006 | $ 50,000 | $ 50,000 |
| Yen-denominated Guaranteed Credit Agreement Due March 31, 2007 | 8,528 | 8,256 |
| Variable/Fixed Rate Industrial Development Revenue Bonds Due 2009 | 4,000 | 4,000 |
| Economic Development Authority Refunding Revenue Bonds Series 1999 Due 2010 | 4,600 | 4,600 |
| Variable/Fixed Rate Industrial Development Revenue Bonds Due August 1, 2012 | 8,000 | 8,000 |
| Variable/Fixed Rate Industrial Development Revenue Bonds Series 1999 Due November 1, 2014 | 8,200 | 8,200 |
| Variable/Fixed Rate Industrial Development Revenue Bonds Due March 31, 2020 | 5,000 | 5,000 |
| Installment obligations | 11,368 | 11,368 |
| Other borrowings | 1,843 | 1,910 |
| Total | 101,539 | 101,334 |
| Less: Current maturities | 3,524 | 3,175 |
| Long-term debt | $ 98,015 | $ 98,159 |

**Note 10 -- Pension Plans**

In December 2003, the FASB revised SFAS No. 132, "Employer's Disclosures about Pensions and Other Postretirement Benefits." The revised statement does not change the measurement or recognition of employers' Pension Plans. However, it requires additional disclosures to those in the original SFAS No.132 regarding the assets, obligations, cash flows, and net periodic benefit costs of defined benefit pension and other postretirement plans on the interim and annual financial statements.

The company and its subsidiaries have pension plans covering substantially all eligible employees on a contributory or non-contributory basis.

**Components of Net Periodic Benefit Cost**

| **(millions of dollars)** | **Pension Benefits** | | **Other Benefits** | |
|---|---|---|---|---|
| | **Three Months Ended** | | **Three Months Ended** | |
| | **March 28, 2004** | **March 30, 2003** | **March 28, 2004** | **March 30, 2003** |
| Service cost | $ 1.7 | $ 1.4 | $ 0.3 | $ 0.3 |
| Interest cost | 2.2 | 2.0 | 0.4 | 0.4 |
| Expected return on plan assets | ( 3.1 ) | ( 2.5 ) | -- | -- |
| Amortization of prior service cost | 0.1 | 0.1 | -- | -- |
| Recognized net actuarial loss | 0.5 | 0.6 | 0.1 | -- |
| SFAS No. 88 settlement | 0.3 | -- | -- | -- |
| Net periodic benefit cost | $ 1.7 | $ 1.6 | $ 0.8 | $ 0.7 |





**Employer Contributions**

Minerals Technologies Inc. expects to contribute $7 million to its pension plan and $3 million to its other post retirement benefit plan in 2004. The Company had previously disclosed in its financial statements for the year ended December 31, 2003, that it expected to contribute approximately $10 million to its other post retirement benefit plan in 2004. As of March 31, 2004, no contributions have been made to the pension fund and approximately $0.5 million has been contributed to the post retirement benefit plan.

**Note 11 -- Comprehensive Income (Loss)**

The following are the components of comprehensive income:

| **(thousands of dollars)** | **Three Months Ended** | |
|---|---|---|
| | **March 28,** | **March 30,** |

| | 2004 | 2003 |
|---|---|---|
| Net income | $ 12,590 | $ 11,484 |
| Other comprehensive income, net of tax: | | |
| Foreign currency translation adjustments | ( 4,153 ) | 4,513 |
| Cash flow hedges: | | |
| Net derivative losses arising during the period | ( 6 ) | -- |
| Reclassification adjustment | ( 40 ) | -- |
| Comprehensive income | $ 8,391 | $ 15,997 |
| | ======== | ======== |

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

| **(millions of dollars)** | **March 28, 2004** | **December 31, 2003** |
|---|---|---|
| Foreign currency translation adjustments | $ 2.7 | $ 6.9 |
| Minimum pension liability adjustment | ( 2.7 ) | ( 2.7 ) |
| Net loss on cash flow hedges | ( 0.4 ) | ( 0.4 ) |
| Accumulated other comprehensive loss | $ ( 0.4 ) | $ 3.8 |
| | =========== | =========== |

**Note 12 -- Accounting for Asset Retirement Obligations**

Effective January 1, 2003, the Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 establishes the financial accounting and reporting for obligations associated with the retirement of long-lived assets and the associated asset retirement costs. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset.

Upon adoption, the Company recorded a non-cash, after-tax charge to earnings of approximately $3.4 million for the cumulative effect of this accounting change related to retirement obligations associated with the Company's PCC satellite facilities and its mining properties, both within the Specialty Minerals segment.

The following is a reconciliation of asset retirement obligations as of March 28, 2004:

| **(thousands of dollars)** | |
|---|---|
| Asset retirement liability, December 31, 2003 | $ 9,315 |
| Accretion expense | 85 |
| Asset retirement liability, March 28, 2004 | $ 9,400 |
| | ======== |





**Note 13 -- Deferred Compensation**

The Company has granted certain corporate officers rights to receive shares of the Company's common stock under the Company's 2001 Stock Award and Incentive Plan (the 2001 Plan). The rights will be deferred for a specified number of years of service, subject to restrictions on transfer and other conditions. Upon issuance of the rights, a deferred Compensation expense equivalent to the market value of the underlying shares on the date of the grant was charged to stockholders' equity and is being amortized over the estimated average deferral period of approximately 5 years. The Company granted 26,900 shares in the first quarter of 2004 and 27,600 shares were granted in 2003. The compensation expense amortized with respect to the units during the quarter ended March 28, 2004 was approximately $91,940.

**Note 14 -- Segment and Related Information**

Segment information for the three months March 28, 2004 was as follows:

| | **Net Sales** |
|---|---|
| **(thousands of dollars)** | **Three Months Ended** |

| | March 28, 2004 | March 30, 2003 |
|---|---|---|
| Specialty Minerals | $ 143,720 | $ 137,775 |
| Refractories | 65,753 | 63,675 |
| Total | $ 209,473 | $ 201,450 |
| | ========= | ========= |

| (thousands of dollars) | Income from Operations Three Months Ended | |
|---|---|---|
| | March 28, 2004 | March 30, 2003 |
| Specialty Minerals | $ 13,474 | $ 15,544 |
| Refractories | 6,592 | 7,001 |
| Total | $ 20,066 | $ 22,545 |
| | ========= | ========= |

Included in income from operations for the Specialty Minerals and Refractories segments for the first quarter of 2004 are restructuring costs of $0.4 million and $0.2 million, respectively.

Included in income from operations of the Specialty Minerals segment for the first quarter of 2003 was a charge for one-time termination benefits of $0.7 million.

The carrying amount of goodwill by reportable segment as of March 28, 2004 and December 31, 2003 was as follows:

| (thousands of dollars) | Goodwill March 28, 2004 | December 31, 2003 |
|---|---|---|
| Specialty Minerals | $ 15,740 | $ 15,682 |
| Refractories | 36,931 | 37,039 |
| Total | $ 52,671 | $ 52,721 |
| | ======== | ========= |





A reconciliation of the totals reported for the operating segments to the applicable line items in the condensed consolidated financial statements is as follows:

| (thousands of dollars) | Three Months Ended | |
|---|---|---|
| **Income before provision for taxes on income and minority interests:** | **March 28, 2004** | **March 30, 2003** |
| Income from operations for reportable segments | $ 20,066 | $ 22,545 |
| Non-operating deductions, net | 1,565 | 1,027 |
| Income before provision for taxes on income and minority interests | $ 18,501 | $ 21,518 |
| | ======= | ======= |

**INDEPENDENT AUDITORS' REVIEW 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 March 28, 2004 and the related condensed consolidated statements of income and cash flows for the three-month periods ended March 28, 2004 and March 30, 2003. 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 auditing standards generally accepted in the United States of America, 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 accounting principles generally accepted in the United States of America.

As discussed in Note 12 to the condensed consolidated financial statements, effective January 1, 2003, the Company adopted the provisions of SFAS No. 143, "Accounting for Asset Retirement Obligations."

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of December 31, 2003, 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, 2004, 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, 2003 is fairly presented, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG LLP

New York, New York
April 29, 2004



**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 | |
|---|---|---|
| | March 28, 2004 | March 30, 2003 |
| Net sales | 100.0% | 100.0% |
| Cost of goods sold | 76.3 | 75.3 |
| Marketing and administrative expenses | 10.6 | 10.5 |
| Research and development expenses | 3.3 | 3.0 |
| Restructuring costs | 0.2 | -- |
| Income from operations | 9.6 | 11.2 |
| Income before cumulative effect of accounting change | 6.0 | 7.4 |
| Cumulative effect of accounting change | -- | 1.7 |
| Net income | 6.0% | 5.7% |
| | ========= | ========= |

**Executive Summary**

At Minerals Technologies, more than 85% of our sales are to customers in two industries: papermaking and steel making. The economic downturn of the past three years has had severe effects on the paper industry, by far our largest customer group, as paper mills have closed or taken significant downtime and the industry has consolidated. The effect on the steel industry has been even more dramatic, with several large steel makers declaring bankruptcy. Although the overall economy began to improve in late 2003 and early 2004, the paper and steel industries have been slow to participate in the recovery, while maintaining pricing pressure on their suppliers.

These external factors have had an effect on our growth rates over the last few years and in the first quarter of 2004. Our sales grew 4% over the first quarter of 2003. This growth was due to the favorable effect of foreign currency. Our operating income declined 11% from the first quarter of 2003. This decline was partially attributable to the agreement with International Paper (IP), which was finalized in the second quarter of 2003. This will reduce our sales and operating profits in the short run, but we expect it will add significant value over the next several years.

We face some significant risks and challenges in the future:

- Our success depends in part on the performance of the industries we serve, particularly papermaking and steel making. Our customers continue to face a difficult business environment, and may experience further shutdowns or bankruptcies;
- The recent wave of consolidations in the paper and steel industries concentrates purchasing power in the hands of fewer customers, increasing pricing pressure on suppliers such as MTI;
- Most of our Precipitated Calcium Carbonate ("PCC") sales are under long-term contracts with paper companies at whose mills we operate satellite PCC plants; when they reach their expiration dates these contracts may not be renewed, or may be renewed on terms less favorable to us;
- The cost of employee benefits, particularly health insurance and pension expense, has risen significantly in recent years and continues to do so;
- We are experiencing increased costs of magnesia and talc imported from China, including higher shipping costs;
- Although the *SYNSIL*® products family has received favorable reactions from potential customers and we have signed two supply contracts, this product line is not yet profitable and its commercial viability cannot be assured; and
- As we expand our operations abroad we face the inherent risks of doing business in many foreign countries, including foreign exchange risk, import and export restrictions, and security concerns.



Despite these risks and challenges, we are optimistic about the opportunities for continued growth that are open to us, including:

- Increasing our sales of PCC for paper by further penetration of the markets for paper filling at both free sheet and groundwood mills;
- Increasing our sales of PCC for paper coating, particularly from the coating PCC facility under construction in Walsum, Germany, which we expect will be completed in September 2004;
- Continuing research and development activities for new products, in particular our joint development project with IP to develop and implement a filler-fiber composite technology;
- Achieving market acceptance of the *SYNSIL*® family of synthetic silicate materials for the glass industry;

- Increasing market penetration in the Refractories segment through higher value specialty products and application systems; and

- Continuing our penetration in both business segments into China, including the recently announced construction of two four-unit satellite PCC plants through our joint venture with Asia Pulp & Paper Company Pte. Ltd. (APP China) and the construction of a new facility for the Refractories segment.

However, there can be no assurance that we will achieve success in implementing any one or more of these opportunities.

**Results of Operations**

**Sales**

| (millions of dollars) Net Sales | | First Quarter 2004 | % of Total Sales | Growth | | First Quarter 2003 | % of Total Sales |
|---|---|---|---|---|---|---|---|
| U.S. | $ | 125.0 | 59.7% | 0.4% | $ | 124.5 | 61.8% |
| International | $ | 84.5 | 40.3% | 9.7% | $ | 77.0 | 38.2% |
| PCC Products | $ | 112.3 | 53.6% | 2.7% | $ | 109.3 | 54.3% |
| Processed Minerals Products | $ | 31.4 | 15.0% | 10.2% | $ | 28.5 | 14.1% |
| Specialty Minerals Segment | $ | 143.7 | 68.6% | 4.3% | $ | 137.8 | 68.4% |
| Refractories Segment | $ | 65.8 | 31.4% | 3.3% | $ | 63.7 | 31.6% |
| Net Sales | $ | 209.5 | 100.0% | 4.0% | $ | 201.5 | 100.0% |

Worldwide net sales in the first quarter of 2004 increased 4% from the previous year to $209.5 million. Foreign exchange had a favorable impact on sales of approximately $10.0 million or 5 percentage points of growth. Sales in the Specialty Minerals segment, which includes the PCC and Processed Minerals product lines, increased 4% to $143.7 million compared with $137.8 million for the same period in 2003. Sales in the Refractories segment grew 3% over the previous year to $65.8 million. Most of the sales growth in both divisions was due to the favorable impact of foreign exchange.

Worldwide net sales of PCC, which is primarily used in the manufacturing process of the paper industry, increased 3% in the first quarter to $112.3 million from $109.3 million in the prior year. Favorable foreign exchange more that offset the impact of the IP agreement. Paper PCC volumes grew slightly over prior year. Sales of Specialty PCC, used in non-paper applications, increased slightly.

Net sales of Processed Minerals products increased 10% in the first quarter to $31.4 million from $28.5 million in the first quarter of 2003. This increase was primarily attributable to strong demand from the residential construction and plastics industries.



Net sales in the Refractories segment in the first quarter of 2004 increased 3% to $65.8 million from $63.7 million in the prior year. Excluding the favorable impact of foreign exchange, sales would have declined approximately 4%. The decline in sales was primarily due to the reduced number of equipment installations in the current year as compared with very strong equipment sales for the same period last year. This segment also continued to face some weakness in Latin America.

Net sales in the United States were $125.0 million in the first quarter of 2004, slightly higher than the $124.5 in the prior year. International sales in the first quarter of 2004 increased 10% primarily as a result of the impact of foreign exchange.

On May 28, 2003, we reached a two-part agreement with IP that extended eight PCC plant supply contracts and gave us an exclusive license to patents held by IP relating to the use of novel fillers, such as PCC-fiber composites. We made a one-time $16 million payment to IP in exchange for the contract extensions and a technology license, which will be amortized as a reduction of sales over the duration of the extended contracts. In addition, prices were adjusted at certain of the IP facilities covered by the contact extensions. The overall impact of the revisions to the IP contracts was to reduce earnings by approximately $0.03 per share in the first quarter of 2004.

In March, we signed our second commercial contract with the same major glass manufacturer for the use of our *SYNSIL*® products.

**Operating Costs and Expenses**

| (millions of dollars) | First Quarter 2004 | First Quarter 2003 | Growth |
|---|---|---|---|
| Cost of goods sold | $ 159.8 | $ 151.7 | 5.3% |
| Marketing and administrative | 22.2 | 21.1 | 5.2% |
| Research and development | 6.8 | 6.1 | 11.5% |
| Restructuring Costs | 0.6 | -- | * |

* Percentage not meaningful

Cost of goods sold was 76.3% of sales compared with 75.3% of sales in the prior year. In the Specialty Minerals segment, production margins decreased 3% despite 4% sales growth. Margins in this segment were affected primarily by the impact of the IP agreement. In the Refractories segment, production margins increased 4%, slightly above the sales growth rate.

Marketing and administrative costs increased 5% in the first quarter to $22.2 million and represented 10.6% of net sales as compared with 10.5% of net sales in the prior year. Both segments increased marketing expenses to support worldwide business development efforts.

Research and development expenses increased 12% to $6.8 million and represented 3.3% of net sales due to increased development activities in both segments, particularly in the IP filler/fiber composite material development efforts.

During the fourth quarter of 2003, we restructured our operations to reduce operating costs and improve efficiency. As part of this restructuring program, we recorded $0.6 million in charges for the first quarter of 2004. The restructuring charges relate to workforce reductions from all of our business units and the termination of certain leases.

| **Income from Operations**<br><br>**(millions of dollars)** | **First Quarter 2004** | **First Quarter 2003** | **Growth** |
|---|---|---|---|
| Income from operations | $ 20.1 | $ 22.6 | (11.1%) |



Income from operations in the first quarter of 2004 decreased 11% to $20.1 million from $22.6 million in the first quarter of 2003. Income from operations decreased to 9.6% of sales as compared with 11.2% of sales in 2003.

Income from operations for the Specialty Minerals segment decreased 13% to $13.5 million and was 9.4% of its net sales. Unfavorable leveraging to operating income for this segment was primarily due to the impact of the IP agreement and weak market conditions in the paper industry. Operating income for the Refractories segment declined 6% to $6.6 million and was 10.0% of its net sales. The decline was due primarily to increased expenses to support worldwide business development efforts.

| **Non-Operating Deductions**<br><br>**(millions of dollars)** | **First Quarter 2004** | **First Quarter 2003** | **Growth** |
|---|---|---|---|
| Non-operating deductions, net | $ 1.6 | $ 1.0 | 60.0% |

The increase in non-operating deductions was due primarily to the impact of foreign exchange.

| **Net Income**<br><br>**(millions of dollars)** | **First Quarter 2004** | **First Quarter 2003** | **Growth** |
|---|---|---|---|
| Net income | $ 12.6 | $ 11.5 | 9.6% |

Income before the cumulative effect of an accounting change decreased 16% to $12.6 million from $14.9 million in first quarter of 2003. Diluted earnings per common share before the cumulative effect of the accounting change decreased 18% to $0.61 compared with $0.74 in 2003. In the first quarter of 2003, we adopted SFAS No. 143, "Accounting for Asset Retirement Obligations." Upon adoption of SFAS No. 143, we recorded a non-cash, after-tax charge to earnings of approximately $3.4 million for the cumulative effect of this accounting change related to retirement obligations associated with our PCC satellite facilities and mining properties, both within the Specialty Minerals segment.

Net income increased 10% in the first quarter of 2004 to $12.6 million. Earnings per common share, on a diluted basis, increased 7% to $0.61 in the first quarter of 2004 as compared with $0.57 in the prior year.

**Liquidity and Capital Resources**

Cash flows in the first three months of 2004 were provided from operations and were applied principally to fund capital expenditures and purchases of common shares for treasury. Cash provided from operating activities amounted to $18.7 million in the first three months of 2004 as compared with $17.4 million for the same period last year.

We expect to utilize our cash to support the aforementioned growth strategies.

On October 23, 2003, our Board of Directors authorized our Management Committee, at its discretion, to repurchase up to $75 million in shares over the next three-year period. As of March 28, 2004, we repurchased 82,400 shares under this program at an average price of approximately $54.51 per share.

On January 22, 2004, our Board of Directors declared a regular quarterly dividend on our common stock of $0.05 per share. The dividend is an increase from the amount we have historically paid, which had been a quarterly dividend of $0.025 per share since we became a publicly owned company in October 1992.

We have $110 million in uncommitted short-term bank credit lines, of which $30 million was in use at March 28, 2004. We anticipate that capital expenditures for all of 2004 will approximate $80 million. We expect to meet our long-term financing requirements from internally generated funds, uncommitted bank credit lines and, where



appropriate, project financing of certain satellite plants. The aggregate maturities of long-term debt are as follows: 2004 - $3.2 million; 2005 - $3.9 million; 2006 - $54.1 million; 2007 - $2.0 million; 2008 - $7.0 million; thereafter - $31.3 million.

**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 companies' 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 "expects," "plans," "anticipates," "will," and words and terms of similar substance, used in connection with any discussion of future operating or financial performance identify these forward-looking statements.

We cannot guarantee that the outcomes suggested in any forward-looking statement will be realized, although we believe we have been prudent in our 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.

**Recently Issued Accounting Standards**

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. The FASB recently indicated that they would require stock-based employee compensation to be recorded as a charge to earnings beginning in 2005. We continue to monitor their progress on the issuance of this standard as well as evaluating our position with respect to current guidance.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. We had no such instruments as of March 28, 2004.

**Critical Accounting Policies**

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities.

On an ongoing basis, we evaluate our estimates and assumptions, including those related to revenue recognition, allowance for doubtful accounts, valuation of inventories, valuation of long-lived assets, pension plan assumptions, income taxes, income tax valuation allowances and litigation and environmental liabilities. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that can not readily be determined from other sources. There can be no assurance that actual results will not differ from those estimates.



*Property, Plant and Equipment*

Property, plant and equipment are amortized over their useful lives. Useful lives are based on management's estimates of the period that the assets can generate revenue, which does not necessarily coincide with the remaining term of a customer's contractual obligation to purchase products made using those assets. The Company's sales of PCC are predominantly pursuant to long-term contracts, initially 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. The Company also continues to supply PCC at one location at which the PCC contract has expired. Failure of a PCC customer to renew an agreement or continue to purchase PCC from the Company facility could result in an impairment of assets charge at such facility.

**ITEM 3. Quantitative and Qualitative Disclosures about Market Risk**

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in market prices and rates. We are exposed to market risk because of changes in foreign currency exchange rates as measured against the U.S. dollar. We do not anticipate that near-term changes in exchange rates will have a material impact on our future earnings or cash flows. However, there can be no assurance that a sudden and significant decline in the value of foreign currencies would not have a material adverse effect on our financial condition and results of operations. Approximately 25% of our bank debt bears interest at variable rates; therefore our results of operations would only be affected by interest rate changes to such outstanding bank debt. An immediate 10 percent change in interest rates would not have a material effect on our results of operations over the next fiscal year.

We are exposed to various market risks, including the potential loss arising from adverse changes in foreign currency exchange rates and interest rates. We do not enter into derivatives or other financial instruments for trading or speculative purposes. When appropriate, we enter into derivative financial instruments, such as forward exchange contracts and interest rate swaps, to mitigate the impact of foreign exchange rate movements and interest rate movements on our operating results. The counterparties are major financial institutions. Such forward exchange contracts and interest rate swaps would not subject us to additional risk from exchange rate or interest rate movements because gains and losses on these contracts would offset losses and gains on the assets, liabilities, and transactions being hedged. We have open forward exchange contracts to purchase approximately $1.2 million of foreign currencies as of March 28, 2004. These contracts mature between Apr il and June of 2004. The fair value of these instruments at March 28, 2004 was an asset of $0.1 million. We entered into three-year interest rate swap agreements with a notional amount of $30 million that expire in January 2005. These agreements effectively convert a portion of our floating-rate debt to a fixed rate basis. The fair value of these instruments was a liability of approximately $0.8 million at March 28, 2004.

**ITEM 4. Controls and Procedures**

Within the 90 days prior to the date of this report, and under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

Subsequent to the date the Company carried out its evaluation, there have been no significant changes in the Company's internal controls or in other factors which could significantly affect these controls.



---

**PART II. OTHER INFORMATION**

**ITEM 1. Legal Proceedings**

On April 9, 2003, the Connecticut Department of Environmental Protection ("DEP") issued an administrative consent order which had been agreed to by Minerals Technologies Inc., Specialty Minerals Inc., and Minteq International Inc. relating to the Canaan, Connecticut, site at which both Minteq and Specialty Minerals have operations. The order settled claims relating to an accidental discharge of machine oil alleged to have contained polychlorinated biphenyls at or above regulated levels, as well as alleged violations of requirements pertaining to stormwater and wastewater discharge and management of underground storage tanks. Cost of remediation at the site remains uncertain.

Certain of the Company's subsidiaries are among numerous defendants in a number of cases seeking damages for exposure to silica or to asbestos containing materials. Most of these claims do not provide adequate information to assess their merits, the likelihood that the Company will be found liable, or the magnitude of such liability if any. Additional claims of this nature may be made against the Company or its subsidiaries. At this time management anticipates that the amount of the Company's liability, if any, and the cost of defending such claims, will not have a material effect on its financial position or results of operations.

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

**ITEM 2. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities**

e) Issuer Purchases of Equity Securities

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of the Program | Dollar Value of Shares that May Yet be Purchased Under the Program |
|---|---|---|---|---|
| January 1 - January 25 | -- | $ -- | | |
| January 26 - February 22 | 50,300 | $ 54.26 | | |
| February 22 - March 28 | 32,100 | $ 54.76 | | |
| Total | 82,400 | $ 54.46 | 82,400 | $ 70,512,888 |

On October 23, 2003, the Company's Board of Directors authorized the Company's Management Committee, at its discretion, to repurchase up to $75 million in additional shares per year over the next three-year period. As of March 28, 2004, the Company had repurchased 82,400 shares under this program at an average price of approximately $54.51 per share.

**ITEM 6. Exhibits and Reports on Form 8-K**

a) Exhibits:

15 Accountants' Acknowledgement.
31 Rule 13a-14(a)/15d-14(a) Certifications.
32 Section 1350 Certifications.
99 Statement of Cautionary Factors That May Affect Future Results.



---

b) Reports on Form 8-K:

The Company filed the following reports on Form 8-K during the first quarter of 2004:

On January 22, 2004, the Company filed a current report on Form 8-K under Item 5, announcing an increase in the Company's quarterly dividend, and Item 12, reporting earnings for the fourth quarter of 2004.

On January 23, 2004, the Company filed a current report on Form 8-K under Item 5, announcing the appointment of Mr. Gregory P. Kelm to the office of Treasury of the Company.

On March 26, 2004, the Company filed a current report on Form 8-K under Items 5 and 7, regarding the Company's first quarter per share earnings and announcing the signing of a commercial contract with a major glassmaker for use of *SYNSIL*® products.



---

**SIGNATURES**

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

Minerals Technologies Inc.

By:**/s/John A. Sorel**

John A. Sorel
Senior Vice President-Finance and
Chief Financial Officer
(principal financial officer)

May 5, 2004

**EXHIBIT 15**

**ACCOUNTANTS' ACKNOWLEDGEMENT**

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 April 29, 2004, 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.

KPMG LLP

New York, New York
May 5, 2004

**EXHIBIT 31**

-

**RULE 13a-14(a)/15d-14(a) CERTIFICATIONS**

I, Paul R. Saueracker, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Minerals Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2004

**/s/ Paul R. Saueracker**
Paul R. Saueracker
Chairman of the Board; President
and Chief Executive Officer

---

I, John A. Sorel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Minerals Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2004

**/s/ John A. Sorel**
John A. Sorel
Senior Vice President-Finance and
Chief Financial Officer
(principal financial officer)

**EXHIBIT 32**

**SECTION 1350 CERTIFICATIONS**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350 of Chapter 63 of Title 18, United States Code), each of the undersigned officers of Minerals Technologies Inc., a Delaware corporation (the "Company"), does hereby certify that:

The Quarterly Report on Form 10-Q for the quarter ended March 28, 2004 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 5, 2004

**/s/Paul R. Saueracker**

Paul R. Saueracker
Chairman of the Board; President and
Chief Executive Officer

Dated: May 5, 2004

**/s/John A. Sorel**

John A. Sorel
Senior Vice President-Finance and
Chief Financial Officer
(principal financial officer)

The foregoing certification is being furnished solely pursuant to Exchange Act Rule 13a-14(b); is not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liability of that section; and is not deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act of 1934.

## 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, future 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 the use of words such as "expects," "plans," "anticipates," "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. Investors 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. Investors should not consider this list an exhaustive statement of all risks, uncertainties and potentially 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 geographic markets such as Asia 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 and acquisitions. 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 plant. Failure of a number of the Company's customers to renew existing agreements on terms as favorable to the Company as those currently in effect could cause the future growth rate of the Company to differ materially from its historical growth rate, could have a substantial adverse effect on the Company's results of operations, and could also result in impairment of the assets associated with the PCC plant.

- ***Consolidation in Paper Industry***

  Several consolidations in the paper industry have taken place in recent years. These consolidations could result in partial or total closure of some paper mills at which the Company operates PCC satellites. Such closures would reduce the Company's sales of PCC, except to the extent that they resulted in shifting paper production and associated purchases of PCC to another location served by the Company. There can be no assurance, however, that this will occur. In addition, such consolidations concentrate purchasing power in the hands of a smaller number of papermakers, enabling them to increase pressure on suppliers, such as the Company. This increased pressure could have an adverse effect on the Company's results of operations in the future.

---

- ***Litigation; Environmental Exposures***

  The Company's operations are subject to international, federal, state and local governmental, 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. 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.

  In addition, future events, such as changes in or modifications of interpretations of existing laws and regulations or enforcement policies or further investigation or evaluation of the potential health hazards of certain products may give rise to additional compliance and other costs that could have a material adverse effect on the Company.

- ***New Products***

  The Company is engaged in a continuous effort to develop new products and processes in all of its product lines. Difficulties, delays or failures in the development, testing, production, marketing or sale of such new products could cause 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's ability to compete is 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, fluctuation in interest rates and currency exchange rates, changes in applicable laws and regulatory requirements, export and import restrictions, tariffs, nationalization, expropriation, limits on repatriation of funds, civil unrest, terrorism, 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 the PCC product line, magnesia for Refractory operations and talc ore for the Processed Minerals product line, 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.

- ***Cyclical Nature of Customers' Businesses***

  The majority of the Company's sales are to customers in two industries, paper manufacturing and steel manufacturing, which have historically been cyclical. The Company's exposure to variations in its customers' businesses has been reduced in recent years by the growth in the number of plants it operates; by the diversification of its portfolio of products and services; and by its geographic expansion. Also, the Company has structured some of its long-term satellite PCC contracts to provide a degree of protection against declines in the quantity of product purchased, since the price per ton of PCC generally rises as the number of tons purchased declines. In addition, many of the Company's product lines lower its customers' costs of production or increase their productivity, which should encourage them to use its products. However, a sustained economic downturn in one or more of the industries or geographic regions that the Company serves, or in the worldwide economy, could cause actual results of operations to differ materially from historical and expected results.