

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 June 28, 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 incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

YES	X	NO
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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 July 24, 1998
Common Stock, \$.10 par value	22,268,312

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 and six-month periods ended  
June 28, 1998 and June 29, 1997 3

Condensed Consolidated Balance Sheet as of  
June 28, 1998 and December 31, 1997 4

Condensed Consolidated Statement of Cash Flows for  
the six-month periods ended June 28, 1998 and  
June 29, 1997 5

Notes to Condensed Consolidated Financial Statements 6

Independent Auditors' Report 9

Item 2.

Management's Discussion and Analysis of Financial  
Condition and Results of Operations 10

PART II. OTHER INFORMATION

Item 1.

Legal Proceedings 13

Item 4.

Submission of Matters to a Vote of Security Holders 13

Item 6.

Exhibits and Reports on Form 8-K 13

Signature 14

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

CONDENSED CONSOLIDATED STATEMENT OF INCOME  
(Unaudited)

	Three Months Ended		Six Months Ended	
(thousands of dollars, except per share data)	June 28, 1998	June 29, 1997	June 28, 1998	June 29, 1997
Net sales.....	\$155,752	\$151,765	\$299,854	\$289,391
Operating costs and expenses:				
Cost of goods sold...	107,256	107,400	206,529	204,501
Marketing, distribution and administrative expenses.....	19,829	19,007	38,683	37,336
Research and development expenses.	5,282	5,179	10,159	10,224
Income from operations.	23,385	20,179	44,483	37,330
Non-operating deductions, net.....	2,517	1,619	3,826	3,088
Income before provision for taxes on income and minority interests	20,868	18,560	40,657	34,242
Provision for taxes on income.....	6,820	5,940	13,248	10,957
Minority interests.....	(609)	259	(49)	356
Net income.....	\$14,657	\$12,361	\$27,458	\$22,929
Earnings per share:				
Basic.....	\$ 0.65	\$ 0.55	\$ 1.22	\$ 1.02
Diluted.....	\$ 0.63	\$ 0.54	\$ 1.18	\$ 1.00
Cash dividends declared per common share	\$ 0.025	\$ 0.025	\$ 0.050	\$ 0.050
Shares used in the computation of earnings per share:				
Basic.....	22,464	22,563	22,505	22,575
Diluted.....	23,203	23,036	23,208	23,036

See accompanying Notes to Condensed Consolidated Financial Statements.

Page 3

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES  
CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS

(thousands of dollars)	June 28, 1998*	December 31, 1997**
Current assets:		
Cash and cash equivalents.....	\$39,716	\$41,525
Accounts receivable, net.....	109,030	108,146
Inventories.....	57,997	61,166
Other current assets.....	11,212	15,745

Total current assets.....	217,955	226,582
Property, plant and equipment, less accumulated depreciation and depletion - June 28, 1998 - \$355,285; Dec. 31, 1997 - \$349,538	495,665	500,731
Other assets and deferred charges....	21,430	14,094
	-----	-----
Total assets.....	\$735,050	\$741,407
	=====	=====

#### LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Short-term debt.....	\$ 13,471	\$ 13,989
Accounts payable.....	32,227	33,163
Other current liabilities.....	45,791	47,066
	-----	-----
Total current liabilities.....	91,489	94,218
Long-term debt.....	88,323	101,571
Other noncurrent liabilities.....	81,832	78,621
	-----	-----
Total liabilities .....	261,644	274,410
	-----	-----
Shareholders' equity:		
Common stock.....	2,550	2,537
Additional paid-in capital.....	142,463	139,113
Retained earnings.....	438,594	412,264
Accumulated other comprehensive loss.....	(20,907)	(14,344)
	-----	-----
	562,700	539,570
Less treasury stock.....	89,294	72,573
	-----	-----
Total shareholders' equity.....	473,406	466,997
	-----	-----
Total liabilities and shareholders' equity.....	\$735,050	\$741,407
	=====	=====

\* Unaudited

\*\* Condensed from audited financial statements.

See accompanying Notes to Condensed Consolidated Financial Statements.

Page 4

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

(thousands of dollars)	Six Months Ended	
	June 28, 1998	June 29, 1997
OPERATING ACTIVITIES		
Net income.....	\$27,458	\$22,929
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization.....	26,588	25,860
Other non-cash items.....	4,226	824
Net changes in operating assets and liabilities.....	5,223	(3,090)
	-----	-----

Net cash provided by operating activities.....	63,495	46,523
	-----	-----
INVESTING ACTIVITIES		
Purchases of property, plant and equipment.....	(35,621)	(30,126)
Acquisition of business.....	(33,486)	--
Proceeds from disposition of business..	32,357	--
Other investing activities, net.....	452	3,762
	-----	-----
Net cash used in investing activities..	(36,298)	(26,364)
	-----	-----
FINANCING ACTIVITIES		
Proceeds from issuance of short-term and long-term debt.....	273	11,528
Repayment of debt.....	(13,799)	(25,000)
Purchase of common shares for treasury.	(16,721)	(3,576)
Dividends paid.....	(1,128)	(1,130)
Proceeds from issuance of common stock	3,363	878
Other financing activities, net.....	--	1,423
	-----	-----
Net cash used in financing activities..	(28,012)	(15,877)
	-----	-----
Effect of exchange rate changes on cash and cash equivalents.....	(994)	(343)
	-----	-----
Net increase (decrease) in cash and cash equivalents.....	(1,809)	3,939
Cash and cash equivalents at beginning of period.....	41,525	15,446
	-----	-----
Cash and cash equivalents at end of period.....	\$39,716	\$19,385
	=====	=====
Interest paid.....	\$ 3,601	\$ 4,240
	=====	=====
Income taxes paid.....	\$ 7,489	\$ 6,576
	=====	=====

See accompanying Notes to Condensed Consolidated Financial Statements.

Page 5

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 six-month periods ended June 28, 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)	June 28, 1998	December 31, 1997
	-----	-----
Raw materials.....	\$ 17,027	\$ 19,605
Work in process.....	4,727	5,858
Finished goods.....	19,544	19,812
Packaging and supplies.....	16,699	15,891
	-----	-----
Total inventories.....	\$ 57,997	\$ 61,166
	=====	=====

NOTE 3 -- LONG-TERM DEBT

The following is a summary of long-term debt:

(thousands of dollars)	June 28, 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 Develop- ment Revenue Bonds Due April 1, 2012...	7,545	7,545
Variable/Fixed Rate Industrial Develop- ment Revenue Bonds Due August 1, 2012..	8,000	8,000
6.04% Guarantied 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.....	1,649	1,914
	-----	-----
	101,794	115,059
Less: Current maturities.....	13,471	13,488
	-----	-----
Long-term debt.....	\$88,323	\$101,571
	=====	=====

Page 6

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	THREE MONTHS ENDED	
	-----	-----
(in thousands, except per share data)	June 28, 1998	June 29, 1997
	-----	-----
Net income.....	\$ 14,657	\$ 12,361
Weighted average shares outstanding.....	22,464	22,563
	-----	-----
Basic earnings per share.....	\$ 0.65	\$ 0.55
	=====	=====
DILUTED EPS		
	-----	-----
Net income.....	\$ 14,657	\$ 12,361
	-----	-----

Weighted average shares outstanding.....	22,464	22,563
Dilutive effect of stock options.....	739	473
	-----	-----
Weighted average shares outstanding, adjusted.....	23,203	23,036
	-----	-----
Diluted earnings per share.....\$	0.63	\$ 0.54
	=====	=====

BASIC EPS	SIX MONTHS ENDED	
	-----	
(in thousands, except per share data)	June 28, 1998	June 29, 1997
	-----	-----
Net income.....\$	27,458	\$ 22,929
	-----	-----
Weighted average shares outstanding.....	22,505	22,575
	-----	-----
Basic earnings per share.....\$	1.22	\$ 1.02
	=====	=====

DILUTED EPS		
Net income.....\$	27,458	\$ 22,929
	-----	-----
Weighted average shares outstanding.....	22,505	22,575
Dilutive effect of stock options.....	703	461
	-----	-----
Weighted average shares outstanding, adjusted.....	23,208	23,036
	-----	-----
Diluted earnings per share.....\$	1.18	\$ 1.00
	=====	=====

#### 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 for the year ending December 31, 1998. The following are the components of comprehensive income:

	THREE MONTHS ENDED	
	-----	
(thousands of dollars)	June 28, 1998	June 29, 1997
	-----	-----
Net income.....	\$14,657	\$12,361
Other comprehensive income, net of tax:		
Foreign currency translation adjustments..	(5,603)	198
Unrealized holding gains (losses).....	(44)	30
	-----	-----
Comprehensive income.....\$	9,010	\$12,589
	=====	=====

	SIX MONTHS ENDED	
	-----	
(thousands of dollars)	June 28, 1998	June 29, 1997
	-----	-----
Net income.....	\$27,458	\$22,929
Other comprehensive income, net of tax:		
Foreign currency translation adjustments..	(6,565)	(7,017)
Unrealized holding gains (losses).....	2	18
	-----	-----
Comprehensive income.....\$	20,895	\$15,930
	=====	=====

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

	June 28, 1998	December 31, 1997
	-----	-----
Foreign currency translation adjustment.....	\$ (20,021)	\$ (13,456)
Minimum pension liability adjustments..	(1,001)	(1,001)
Unrealized holding gains.....	115	113
	-----	-----
Accumulated other comprehensive loss	\$ (20,907)	\$ (14,344)
	=====	=====

Page 7

#### NOTE 6 -- ACQUISITION AND DIVESTITURE

On April 30, 1998 the Company acquired for approximately \$33.5 million in cash a precipitated calcium carbonate (PCC) manufacturing facility in the 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 was equivalent to the net book value of the assets.

Page 8

#### 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 June 28, 1998 and the related condensed consolidated statements of income for each of the three-month and six-month periods ended June 28, 1998 and June 29, 1997 and cash flows for the six-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  
July 31, 1998

Page 9

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		Six Months Ended	
	June 28, 1998	June 29, 1997	June 28, 1998	June 29, 1997
Net sales.....	100.0%	100.0%	100.0%	100.0%
Cost of goods sold.....	68.9	70.8	68.9	70.7
Marketing, distribution and administrative expenses.....	12.7	12.5	12.9	12.9
Research and development expenses.....	3.4	3.4	3.4	3.5
Income from operations...	15.0	13.3	14.8	12.9
Net income.....	9.4%	8.1%	9.2%	7.9%
	=====	=====	=====	=====

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 28, 1998 AS COMPARED WITH THREE MONTHS  
ENDED JUNE 29, 1997

Net sales in the second quarter of 1998 increased 2.6% to \$155.8 million from \$151.8 million in the second quarter of 1997. Sales growth from ongoing operations, which exclude the divested Midwest limestone business, was 6.3%. The stronger U.S. dollar had an unfavorable impact of approximately \$3.5 million or 2.3 percentage points of sales growth.

Worldwide sales of Precipitated Calcium Carbonate (PCC), which is used in manufacturing processes of the paper industry,

grew 16.6% to \$85.6 million from \$73.4 million in the second quarter of 1997. This increase was primarily attributable to the startup of seven new satellite plants since the second quarter of 1997 and to initial sales to the paper industry from the acquisition of a specialty PCC business in the United Kingdom.

Currently, one PCC satellite facility is under construction, located in Courtland, Alabama. This plant, which will be equivalent to five satellite units, is scheduled to begin operations during the first half of 1999. (A "satellite unit" produces between 25,000 and 35,000 tons of PCC annually.) The Company now operates 53 satellite plants in 12 countries worldwide.

Beginning in 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 second, third and fourth quarters of 1997 were \$6.4 million, \$8.3 million and \$5.9 million, respectively. Net sales from this facility in the second quarter of 1998, prior to the divestiture, were \$1.3 million.

Net sales from the ongoing operations of processed mineral products decreased 4.1% in the second quarter of 1998 to \$20.9 million, compared to \$21.8 million reported in second quarter 1997. However, the operating margin as a percentage of sales showed significant improvement over the second quarter of 1997.

Net sales of refractory products, primarily used in the steel industry, decreased 4.6% in the second quarter of 1998 to \$47.9 million from \$50.2 million in the same period last year. Foreign exchange had an unfavorable impact of approximately \$1.8 million on refractory product sales.

Income from operations rose 15.9% in the second quarter of 1998 to \$23.4 million. This increase was due primarily to growth in the PCC product line; improved profitability in refractory products, due primarily to the successful execution of the Company's strategy of introducing high value innovative products, and to increased profitability in the processed minerals product line.

Page 10

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

Net income grew 18.6% to \$14.7 million from \$12.4 million in the prior year. Earnings per common share, on a diluted basis, were \$0.63 as compared to \$0.54 in the same period last year.

SIX MONTHS ENDED JUNE 28, 1998 AS COMPARED WITH SIX MONTHS ENDED JUNE 29, 1997

Net sales in the first half of 1998 increased 3.6% to \$299.9 million from \$289.4 million in 1997. Excluding the effect of foreign exchange and the divested Midwest limestone business, sales growth was 8.0%. This increase was due primarily to the

continued expansion of the PCC product line. PCC sales increased 14.7% to \$165.1 million compared with \$144.0 million in the first half of 1997. Worldwide sales from the ongoing operations of processed mineral products decreased 4.5% to \$39.4 million. Refractory product sales decreased 3.9% to \$93.7 million compared with \$97.5 million in the first half of 1997. This decrease was primarily due to unfavorable foreign exchange rates.

Net sales in the United States increased 5.3% in the first half of 1998 primarily due to the growth in the PCC product line and solid growth of refractory products. Net foreign sales increased approximately 5.9% in the first half of 1998 as a result of the continued international expansion of the PCC product line.

Income from operations rose 19.3% to \$44.5 million in the first half of 1998 from \$37.3 million in the previous year.

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

Net income increased 19.8% to \$27.5 million from \$22.9 million in 1997. Diluted earnings per common share were \$1.18 as compared with \$1.00 for the first six months of 1997.

#### LIQUIDITY AND CAPITAL RESOURCES

The Company's financial position remained strong in the first half of 1998. Cash flows in the first half of 1998 were provided from operations and the divested Midwest limestone business and were applied principally to fund \$35.6 million of capital expenditures, the acquisition of a specialty PCC business, the repurchase of common shares for treasury and to remit the required principal payment of \$13 million under the Company's Guaranteed Senior Notes due June 11, 2000. Cash provided from operating activities amounted to \$63.5 million in the first half of 1998 as compared to \$46.5 million in the prior year. This increase was primarily due to an improvement in working capital.

On February 26, 1998, the Company's Board of Directors authorized a \$150 million stock repurchase program under which the stock will be purchased on the open market from time to time. As of July 24, the Company had repurchased approximately 384,000 shares under this program at an average price of approximately \$52 per share.

On April 28, 1998, the Company sold its limestone operation in Port Inland, Michigan to Oglebay Norton Company for approximately \$34 million, which was equivalent to 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 \$33.5 million a PCC manufacturing facility located near Birmingham in Kings Norton, 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. The Company's specialty PCC products are used in food and pharmaceutical applications, as well as in plastics, sealants and coatings, and paper. Sales of this business in 1997 were about \$18 million.

The Company has available approximately \$110 million in uncommitted, short-term bank credit lines, none of which were

in use at June 28, 1998. The Company anticipates that capital expenditures for all of 1998 will approximate \$90 million, principally related to the construction of satellite PCC plants, expansion projects at existing satellite PCC plants, and other opportunities which meet the strategic growth objectives of the Company. The Company expects to meet such

Page 11

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 a company's future prospects and make informed investment decisions. This report may contain such 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 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 Item 1 of the Company's Annual Report on Form 10-K for 1997.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

In February 1998, the Financial Accounting Standards Board issued SFAS No. 132, "Employers' Disclosure 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.

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 CONVERSION

Management has initiated an enterprise-wide program to improve the capability of the current information systems and to prepare the Company's computer systems and applications for the year 2000. The Company is presently in the midst of installing systems which are year 2000-compliant and will replace the majority of the legacy information technology systems and applications. It is anticipated that such systems will be installed by the middle of 1999. The Company does not expect

Page 12

the total cost of the year 2000 conversion to have a material adverse effect on the Company's future results of operations and financial condition.

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

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

##### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its annual meeting on May 28, 1998. At the meeting, (1) John B. Curcio was elected a director of the Company, by a plurality of 20,032,017 votes, with 304,608 votes

being withheld; (2) William C. Steere, Jr. was elected a director of the Company, by a plurality of 20,044,448 votes, with 292,177 votes being withheld; (3) the appointment of KPMG Peat Marwick LLP as independent auditors of the Company for the year 1998 was approved by a vote of 20,285,133 for and 21,278 against, with 30,214 abstentions; and (4) an amendment to the Company's Stock and Incentive Plan was approved by a vote of 11,387,347 for and 7,435,610 against, with 57,283 abstentions.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits:

- 10.1 - Sale of Business Agreement dated 5 April 1998 among Minteq U.K. Limited, Specialty Minerals Inc., John & E. Sturge Limited and Rhodia Limited.
- 10.2 - Asset Sale Agreement dated as of April 27, 1998 between Specialty Minerals (Michigan) Inc. and Oglebay Norton Limestone Company.
- 15 - Accountants' Acknowledgment (Part I Data).
- 27.1 - Financial Data Schedule for the six months ended June 28, 1998.
- 27.2 - Financial Data Schedule for the six months ended June 29, 1997.

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

Page 13

SIGNATURE

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

Minerals Technologies Inc.

By: /s/ John R. Stack  
-----

John R. Stack  
Vice President-Finance and  
Chief Financial Officer

August 6, 1998

Page 14

# SALE OF BUSINESS AGREEMENT

THIS AGREEMENT is made this 5th day of April 1998

BETWEEN:-

(1) MINTEQ UK LIMITED a company incorporated in England and Wales (Reg. No. 2123886) whose registered office is at Beaufort House, 10th Floor, Bodulph street, London EC3A 7EE ("the Purchaser")

(2) SPECIALTY MINERALS INC. a company incorporated in the state of New York whose registered address is 405 Lexington Avenue, New York NY 10174 ("the Purchaser's Guarantor")

(3) JOHN & E. STURGE LIMITED a company incorporated in England and Wales (Reg. No. 107667) whose registered office is at Oak House, Reeds Crescent, Watford, Herts, WD1 1QH ("the Vendor")

(4) RHODIA LIMITED a company incorporated in England and Wales (Reg. No. 213674) whose registered office is at Oak House, Reeds Crescent, Watford, Herts, WD1 1QH ("the Guarantor")

WHEREBY IT IS AGREED as follows:-

## 1. DEFINITIONS & INTERPRETATION

### Definitions

1.1 In this Agreement, and unless the particular context demands otherwise, the following words and expressions have the meanings ascribed to them below:-

"Assets" means all of the assets agreed to be sold and purchased under this Agreement, as follows:-

- (a) the Business;
- (b) the Intellectual Property;
- (c) the Plant & Equipment;
- (d) the Stock;
- (e) the benefit together with the burden of the Lease;
- (f) the Property;

but excludes any Excluded Assets;

"Assignment" means an assignment of the Guarantor's interest in the Lease, in such form as is required by the Landlord of the Lease;

"Business" means all of the business and goodwill of the Vendor (including the benefit and the burden of the Contracts) and the right to carry on the Business as successor in title to the Vendor relating to the manufacture, development and sale of the Products from the Site;

"Certificate of Title" the certificate of title to be produced by Eversheds in respect of the site and the property the subject of the Lease in the form exhibited hereto as Exhibit 5;

"Claim(s)" means any alleged cause of action whatsoever of the Purchaser against the Sellers (or either of them) or any other liability they may have arising out of or in connection with this Agreement (including, without limiting the foregoing, any or any alleged breach of any Warranty or claim under Schedule 5) or

otherwise touching or concerning any of the Assets or the Site or any agreement exhibited into in connection with this Agreement;

"Completion" means the completion of all the documents and transactions set out in Clause 3;

"Completion Date" means 30 April 1998, or such other date on which the parties may agree to hold the Completion Meeting;

"Completion Meeting" the meeting of the Parties to be held at the offices of Jones Day Reavis & Pogue, 62 Rue du Faubourg St. Honore, Paris France (or such other reasonable venue as the Buyer shall nominate) on the Completion Date for the purpose of Completion;

"Contract(s)" means the Sellers' contracts, understandings and arrangements with (respectively) their customers and suppliers of goods and services, distributors, utilities and their facilities in connection with the Assets and the Site, including (without limiting the foregoing) the Leased Assets Contracts, the Environmental Licenses and any and all other permits, licenses, consents or other authorisations issued by any governmental or quasi-governmental agency which relate exclusively to the Business, and any licenses for the use of computer software which relate exclusively to the Business, including the documents listed in Schedule 6;

"the Consideration" the aggregate consideration payable by the Purchaser being the sum of the Goodwill Consideration, the P&E Consideration the Property Consideration and the Stock Consideration;

"Customer List" means the list of customers with which the Sellers have done business in relation to the Products;

"Customer List Consideration" means 4,750,000 pounds sterling (four million seven hundred fifty thousand pounds sterling) as consideration for the Customer List;

"Disclosure Letter" means the letter in agreed form from the Sellers to the Purchaser in respect of the Warranties exhibited hereto as Exhibit 1;

"Documents" means the Sellers' books, records and other recorded information, whether in paper, electronic or other recorded form (not comprised in the Manuals), relating exclusively to the Assets which are material to the use and operation of the Assets or which have been compiled or kept exclusively in relation to the Assets or to the Site;

"Employees" means those of the Sellers' employees listed in Schedule 4;

"the Environmental Report" the "Phase II" environmental report to be produced by Dames & Moore as commissioned by the Guarantor in accordance with the instructions and specifications exhibited to this Agreement as Exhibit 6;

"Excluded Assets" means

(a) all of the Sellers' know-how, commercial or confidential information, intellectual or industrial property right of any description and secrets, other than the Intellectual Property;

(b) cash in hand and at bank, and trade debts and receivables (including receivables concerning Products in respect of which either Seller has issued invoices prior to the Completion Date);

(c) any liability (of any description) in relation to any such business or ssets, and all of the foregoing;

"Goodwill Consideration" means 5,000,000 pounds sterling (five million pounds sterling) as consideration for the Assets excluding the Plant & Equipment, the Stock, the benefit and burden of the Lease and the Property;



"Guarantor's Account" means the sterling denominated account of the Guarantor at a bank situated outside the United Kingdom as may be notified by the Guarantor to the Purchaser from time to time;

"Intellectual Property" means the PCC Know-How, and includes without limiting the generality of the foregoing the full and complete written documentation of all past operations on the Site which are in the possession of the Vendor including the installation and operation of the pilot scale carbonator;

"Intellectual Property Consideration" means 249,000 pounds sterling (two hundred forth nine thousand pounds sterling) as consideration for the Intellectual Property;

"Lease" means a lease dated 2 July 1996 for warehousing facilities at Units 1 and 4, Breedon Cross, Lifford Lane, Kings Norton, Birmingham B30 3JW and made between PMG Investments Limited and the Guarantor;

"Leased Assets" means those assets used exclusively by the Vendor in connection with the Business and leased or otherwise hired by the Guarantor under the Leased Assets Contracts including those listed in Part 2 of Schedule 1;

"Leased Assets Contracts" means those Contracts for the leasing, hiring or other financing of the Leased Assets including those listed in Part 2 of Schedule 6;

"Manuals" means all of the Vendor's manuals, operations, drawings, process descriptions, records and other information currently used in the production of the Products including those listed in Exhibit 7;

"Marks" means the trademarks used exclusively in the Business as set out in Schedule 7 and registered in the name of Rhodia Chimie;

"Marks Consideration" means 1,000 pounds sterling (one thousand pounds sterling) as consideration for the Marks;

"Material Adverse Change" shall mean any material adverse change in the financial condition or results of operations or prospects of the Business taken as a whole not caused by any public announcement of the Purchaser's acquisition of the Business and which, for the purpose hereof, shall be deemed not to comprise changes that result from general economic or political conditions or other conditions affecting the chemical industry generally;

"Material Contracts" those contracts listed in Part 1 of Schedule 6;

"P&E Consideration" means 11,680,000 pounds sterling (eleven million six hundred and eighty thousand pounds sterling) as consideration for the Plant & Equipment;

"PCC Know-How" means all of that part of the Vendor's know-how, technology, confidential information, trade or other secrets and processes whether or not currently used by the Vendor relating to the Business and comprised in or referred to in the Manuals and/or the Documents;

"Plant & Equipment" means the Guarantor's plant, equipment and vehicles as set out in Schedule 1;

"Products" means the precipitated calcium carbonate products, lime and "CALOXOL" products manufactured by the Vendor at the Site, which are listed in Schedule 2;

"Property" title to the land and the buildings on the Site;

"Property Consideration" means 1,999,999 pounds sterling (one million

nine hundred ninety nine y thousand nine hundred ninety nine pounds sterling) as consideration for the Property;

"Regulations" means the Transfer of Undertakings (Protection of Employment) Regulations 1981 as amended by the Collective Redundancies and Transfer of Undertaking (Protection of Employment) Regulations 1995, and the Acquired Rights Directive;

"Sale Agreement & Conveyance" means an agreement for the sale by the Guarantor of its freehold title to the Site and the conveyance thereof to the Purchaser substantially in the form exhibited hereto as Exhibit 2;

"Seller(s)" means the Vendor and the Guarantor jointly and severally or either of them, as the particular context requires;

"Site" means the Guarantor's site at Lifford Lane, Kings Norton, Birmingham, B30 3JW;

"Stock" means work in progress and the stock of raw materials, spare parts, promotional materials and finished goods of the Business as at the Completion Date;

"Stock Consideration" means 1,320,000 pounds sterling (one million three hundred and twenty pounds sterling) as consideration for the Stock subject to adjustment in accordance with Clause 4;

"Stock Auditors" means Messrs Coopers & Lybrand or such other person(s) as the parties may agree;

"Stock Valuation" means the value (in pounds sterling) of Stock as at the Completion Date as agreed or determined in accordance with Clause 4;

"Stock Valuation Principles" means the principles pursuant to which the Stock is to be valued as set out in Schedule 8;

"the Supply Contract" a long term contract for the supply of Products by the Purchaser to the Guarantor and associated companies in the form exhibited hereto as Exhibit 3;

"Vendor's Account" means the sterling denominated account at a bank situated outside the United Kingdom as may be notified to the Buyer from time to time;

"Warranty(ies)" means the warranties set out in Schedule 3.

#### Interpretation

1.2 This Agreement (including the Schedules and Exhibits) is the entire agreement between the Parties and supersedes and is to the exclusion of any prior oral or written agreement or undertaking or representation of the Parties, in relation to the sale to and purchase by the Purchaser of the Assets other than any obligation of secrecy or non-disclosure.

1.3 References to an agreement or document in agreed form are references to agreements or documents in substantially the same form as the drafts exhibited hereto.

1.4 This Agreement (and each right, obligation or remedy not fully performed or discharged on Completion) shall unless otherwise expressed survive Completion.

1.5 This Agreement is personal to the Parties and accordingly no Party shall purport to assign, sub-contract or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the others; provided that the Purchaser may assign any or all of its rights under this Agreement to any entity controlled by or

under common control with the Purchaser.

1.6 The Purchaser's Guarantor shall guarantee the obligations of the Purchaser (and any assignee of the Purchaser) under this Agreement, and the terms of Clause 7 shall apply to such guarantee by the Purchaser's Guarantor mutatis mutandis for the benefit of the Sellers.

1.7 No waiver, time granted or other indulgence granted by any Party shall in any way impair the rights and remedies of that Party.

1.8 This Agreement (and any agreement in agreed form) may be executed by each Party in any number of counterparts each of which shall (when all Parties shall have executed a counterpart) be a binding original but which shall when taken together constitute one instrument.

1.9 This Agreement shall be interpreted in accordance with English law and remedies.

## 2. WARRANTIES

2.1 Each of the Parties hereby warrants to the other Parties:-

2.1.1 that it has full capacity and full authority in accordance with its memorandum and articles of association or regulations or other statutes to enter into and be bound by the terms of this Agreement and that it has taken all corporate or legal steps for the purposes hereof; and

2.1.2 that it has not relied upon any representation, warranty or promise whatsoever (including any given by any third party other than its own professional advisers) other than the express terms of this Agreement.

2.2 The Sellers hereby warrant and undertake to the Purchaser in the terms of the Warranties.

2.3 Save as aforesaid, neither Seller makes or gives any warranty or representation (including any as may otherwise have been implied by statute or at law) whatsoever.

2.4 The Purchaser acknowledges that:-

2.4.1 no officer, agent or adviser of either Seller is authorised to make or give any assurance, promise, warranty or representation on their behalf other than contained in the express provisions of this Agreement;

2.4.2 it has not relied on any assurance, promise, warranty or representation other than the Warranties.

2.5 The Sellers hereby warrant to the Purchaser that they have complied with and, up to and including Completion, will continue to comply with Regulation 10 of the Regulations.

## 3. SALE & COMPLETION

### Effect of Signature & Completion

3.1 For the avoidance of doubt, risk and title in the Assets shall not pass to the Purchaser until Completion.

### Allocation of Proceeds of Sale

3.2 The Parties have (for the avoidance of doubt) allocated the proceeds of sale of the Assets as follows:-

3.2.1 the Customer List (4,750,000 pounds sterling);

3.2.2 the Intellectual Property (249,000 pounds sterling);

3.3.3 the Marks (1,000 pounds sterling);

3.2.4 the Plant & Equipment:- The P&E Consideration (11,680,000 pounds sterling);

3.2.5 the Property:- the Property Consideration (1,999,999 pounds sterling);

3.2.6 the benefit together with the burden of the Lease (1 pound sterling); and

3.2.7 the Stock:- the Stock Consideration (subject to adjustment in accordance with Clause 4) (1,320,000 pounds sterling).

TOTAL 20,000,000 pounds sterling

#### Sale

3.3 On the Completion Date, the Sellers hereby agree to sell with full title guarantee and the Purchaser hereby agrees to buy the Assets, and the Parties shall execute the agreements in agreed form, in accordance with this Clause 3. For the avoidance of doubt, no part of the Excluded Assets shall be included in such sale and purchase.

#### Payment

3.4 At the Completion Meeting, the Purchaser shall pay 20,000,000 pounds sterling (twenty million pounds sterling) in respect of the Consideration by electronic funds transfer to the Vendor's Account and the Guarantor's Account, in sterling for value on the Completion Date in whole and without any set-off or deductions whatsoever, the payments to be made as follows:-

3.4.1 to the Guarantor - 13,680,000 pounds sterling in respect of the P&E Consideration and the Property Consideration;

3.4.2 to the Vendor - 13,680,000 pounds sterling in respect of the Goodwill Consideration (excluding the Marks) and the Stock Consideration (prior to any adjustments in accordance with Clause 4); and

3.4.3 to Rhodia Chimie - 1,000 pounds sterling in respect of the Marks.

#### Documents in Agreed Form

3.5 At the Completion Meeting, the Parties (or the relevant Parties and any third party, as the case may be) shall complete each of the following agreements:-

3.5.1 the Sale Agreement and Conveyance;

3.5.2 the Disclosure Letter;

3.5.3 the Assignment;

3.5.4 the Supply Contract;

together with all such other agreements as may be agreed between the parties prior to Completion.

#### Delivery & Assignment of Assets

3.6 At the Completion Meeting, the Sellers shall deliver up to the

Purchaser each of the Assets (including the Stock) title to which is capable of passing by delivery, together with the originals (or certified copies) of the written Contracts listed in Schedule 6.

3.7 At the Completion Meeting the Sellers shall assign to the Purchaser all of their rights, interest and title in or to each of the following:-

3.7.1 the Business;

3.7.2 the Contracts;

3.7.3 the Intellectual Property; and

3.7.4 each other Asset the transfer of title of which is required to be made in writing.

3.8 At the Completion Meeting the Guarantor shall assign to the Purchaser all of its right, interest and title in or to that part of the Plant & Equipment not being a fixture and appurtenant to the land comprised in the Site and shall procure that Rhodia Chimie assigns with full title guarantee to the Purchaser all of its rights, interest and title in or to the Marks.

#### Creditors & Debtors

3.9 For the avoidance of doubt:-

3.9.1 the Sellers shall remain absolutely entitled to the benefit of any Excluded Assets and to the extent that the Purchaser receives on or at any time after the Completion Date payment or part payment on account of any Excluded Assets the Purchaser shall hold the same as bare trustee for the Sellers and shall forthwith pay over such payment and account therefor to the Sellers (or either of them as the case may be) within five business days of receipt thereof;

3.9.2 to the extent that the Sellers receive on or at any time after the Completion Date payment or part payment on account of the Business in relation to the period after the Completion Date they shall hold the same as bare trustee for the Purchaser and shall forthwith pay over such payment and account therefor to the Purchaser within five Business Days of receipt thereof; and

3.9.3 to the extent that the Purchaser receives on or at any time after the Completion Date any demand for payment or part payment on account of the Excluded Assets the Sellers shall forthwith discharge the same upon receipt of notice of demand from the Purchaser and in any event within five business days of receiving notice thereof and shall indemnify and keep indemnified the Purchaser from any cost, claim, demand, expense or other liability in respect thereof.

#### Apportionment

3.10 Insofar as either of the Sellers have made any payment in the ordinary and proper course, or as otherwise detailed in the Disclosure Letter, on account or in advance or other pre-payment in respect of any of the Contracts or other services, utilities or facilities for the Assets or the Site in respect of any period both up to and after the Completion Date the Parties shall apportion such pre-payment between the Sellers and the Purchaser as nearly as possible so that in relation to the whole of the period of such pre-payment the Sellers bear an amount of pre-payment proportionate to that part of such period preceding the Completion Date and the Purchaser bears the remainder. Such apportionment shall be made on the Completion Date and the Purchaser shall within seven days of the Completion Date reimburse to the Sellers by electronic funds transfer to the Vendor's Account or the Guarantor's Account (as the case may be) an amount equal to the amount of such pre-payment apportioned to the Sellers.

## Handovers

3.11 The Parties shall co-operate after the Completion Date in order to transfer customers to the Purchaser with all due expedition and otherwise as is reasonable in order to facilitate the transition of the Business to the Purchaser, and shall accordingly co-ordinate joint customer visits, trade announcements and the familiarisation of the Purchaser's personnel with sales, ordering and invoicing procedures established between the Vendor and its customers of the Business.

## Conditions to Completion

3.12 The obligation of the Purchaser and the Purchaser's Guarantor to consummate the Completion shall be subject to the satisfaction, or the waiver in writing, of each of the following conditions on or prior to the Completion Meeting:

3.12.1 the Warranties shall (subject to the Disclosure Letter and any amendments to it pursuant to clause 3.13) be true and correct as of the date of signature of this Agreement and as of the Completion Date as though made on and as of the Completion Date;

3.12.2 any governmental or regulatory approvals required for completion of the transaction shall have been obtained;

3.12.3 there shall not have been any Material Adverse Change; and

3.12.4 in each case in which assignment to the Purchaser of a Material Contract requires the consent of a third party, all such consents shall have been obtained, except where this requirement has been waived by the Purchaser.

3.13 At any time prior to the Completion Date the Sellers may make and the Purchaser shall accept any supplement to or amendment to Schedule 1 (Plant & Equipment), Schedule 2 (Details of Products), Schedule 4 (Employees), Schedule 6 (Contracts), Schedule 7 (Manuals) and Schedule 8 (Marks) to this Agreement and/or the Certificate of Title and/or the Disclosure Letter in respect of any matter necessary or desirable to supply, correct or update any information required for the Schedules or to qualify any of the Warranties where such supplement or amendment relates to a matter which has arisen in the operation of the Business in the ordinary course between the date hereof and Completion.

## 4. STOCK CONSIDERATION ADJUSTMENT

4.1 The authorised nominees of the Parties shall meet on the Completion Date and shall carry out a physical stock-take of the Stock in order to agree upon the Stock Valuation. The Stock shall be valued in accordance with the Stock Valuation Principles.

4.2 If within fourteen days from the Completion Date the Parties are unable to agree the Stock Valuation, then either Party shall be entitled forthwith to instruct the Stock Auditors to carry out a Stock-take of the Stock using the Stock Valuation Principles and to determine finally and certify to the Parties within fourteen days of instruction the Stock Valuation, which shall be final and binding except in case of manifest error. The Stock Auditors shall act independently of the Parties (who shall co-operate with them so far as is necessary for their determination of the Stock Valuation) and the Parties shall bear the Stock Auditors' costs and fees equally.

4.3 On receipt of the Stock Valuation the following balancing payments shall be made (if appropriate) and shall constitute adjustments to the P&E and Stock Consideration:-

4.3.1 if the value is greater than 1,320,000 pounds sterling (one million three hundred and twenty thousand pounds sterling) then the Purchaser, shall forthwith pay to the Vendor a sum in cash equivalent to the excess; and

4.3.2 if the value is less than 1,320,000 pounds sterling (one million three hundred and twenty thousand pounds sterling) then the Vendor shall forthwith pay to the Purchaser a sum in cash equivalent to the shortfall.

## 5. EMPLOYEES

5.1 The Parties acknowledge that the transactions contemplated herein constitute a transfer of undertaking pursuant to the Regulations and that accordingly the contracts of employment of all of the Employees shall transfer from the Sellers (as the case may be) to the Purchaser on Completion.

5.2 The Purchaser shall indemnify and keep indemnified the Vendor from and against any and all claims, costs, legal costs (on an indemnity basis), proceedings, damages, orders (including orders of reinstatement or re-engagement under the Regulations or under the Employment Rights Act 1996 or at law) or awards whatsoever arising after the Completion Date out of or in connection with the contract of employment of any Employee(s) including, without limiting the foregoing, the termination of that contract or the terms thereof or the novation or transfer thereof.

5.3 The Vendor shall indemnify and keep indemnified the Purchaser from and against any and all claims, costs, legal costs (on an indemnity basis), proceedings, damages, orders (including orders of reinstatement or re-engagement under the Regulations or under the Employment Rights Act 1996 or at law) or awards whatsoever arising prior to the Completion Date out of or in connection with the employment of any Employee(s).

5.4 The Sellers hereby agree to indemnify and keep the Purchaser indemnified fully against all costs, claims, liabilities, demands, actions and damages in relation to:-

(i) the sickness of Roy Hardy;

(ii) the redundancies of Bryan Upton and Mervyn Smith (if Mervyn Smith leaves in 1998 according to an agreement entered into with Sellers on or before the date hereof);

(iii) the early retirement of Peter Hardy, Len Parkes and Alan Eastwood.

## 6. NON-COMPETE

6.1 Except as set forth in Article 6.2 below, neither Seller shall, and the Guarantor shall procure that no member of the Rhodia Group shall (without the prior written consent of the Purchaser) before the fifth anniversary of the Completion Date:-

6.1.1 manufacture or sell or distribute precipitated calcium carbonate products (as a separate product but not as a component of other finished products), whether on their own account or on the account of any third party;

6.1.2 be otherwise engaged by joint venture or investment or otherwise in the manufacture or sale of precipitated calcium carbonate (as a separate product but not as a component of other finished products) as aforesaid save where such activity arises from an acquisition by the Sellers of any business or businesses comprising a capability to manufacture or sell precipitated calcium carbonate or the acquisition of shares or other securities in any corporation having such businesses

(provided that such capability does not represent more than twenty five per cent of the turnover of the acquired business or businesses);

6.1.3 make any offer of employment to, or solicit, entertain or accept any offer to be employed from, any past or present employee of either of the Sellers in connection with the Business; or

6.1.4 use the name "Sturge", or any confusingly similar word or name, in trade or business.

6.2 The provisions of Article 6.1 hereof shall not however prevent the Sellers and the Rhodia Group from selling or distributing precipitated calcium carbonate products as pharmaceutical ingredients save in respect of the United Kingdom and Ireland.

6.3 In order to enable the Rhodia Group to secure its existing source of supply of precipitated calcium carbonate products following the sale of the Assets, the Purchaser agrees to execute with the Rhodia Group with effectiveness on the Completion Date, and in an agreed form hereby attached as Exhibit 3, a long term contract for the supply by the Purchaser of precipitated calcium carbonate products to the Rhodia Group.

6.4 Each Party acknowledges and represents to the other that the restrictive provisions contained herein (if at all) are fair, reasonable, objectively justifiable and freely undertaken.

## 7. GUARANTEE

7.1 In consideration of the Purchaser entering into this Agreement the Guarantor, at the request of the Vendor, hereby unconditionally guarantees to the Purchaser together with its successors, transferees and assigns the due and punctual performance and observance by the Vendor of all the Vendor's obligations and the punctual discharge by the Vendor of all the Vendor's liabilities to the Purchaser contained in or arising under this Agreement.

7.2 If the Vendor shall make default in the payment when due of any amount payable to the Purchaser under this Agreement, the Guarantor shall forthwith on demand by the Purchaser unconditionally pay to the Purchaser in the manner prescribed in this Agreement an amount equal to the amount payable by the Vendor.

7.3 The guarantee and indemnity contained in this Clause shall be a continuing guarantee and indemnity and shall continue in full force and effect until all liabilities or purported liabilities of the Vendor arising under, and all monies owing or payable or purported to be owing or payable by the Vendor under this Agreement or arising from any termination of this Agreement, have been paid, discharged or satisfied in full and notwithstanding any insolvency of the Vendor or any change in the status of the Vendor.

7.4 The Guarantor shall not be exonerated or discharged nor shall its liability be affected by any forbearance, whether as to payment, time, performance or otherwise howsoever, or by any other indulgence being given to the Vendor or by any variation of the terms of this Agreement or by any act, thing, omission or means whatever which, but for this provision, might operate to exonerate or discharge the Guarantor from its obligations under the guarantee and indemnity contained in this Clause 7.

7.5 The Guarantor's obligation hereunder shall be as primary obligor and not merely as surety and accordingly (and for the avoidance of doubt):-

7.5.1 the Purchaser shall not be under any obligation to proceed first against the Vendor before making any or any alleged claim hereunder against the Guarantor;



7.5.2 each defence, set-off or counterclaim which would have been available to the Vendor shall likewise be available to the Guarantor to the extent that the same has not been exhausted by the Vendor;

7.5.3 the Guarantor hereby waives notice to it of any amendment or modification of this Agreement (other than to this Clause 7) made between the Purchaser and the Vendor; and

7.5.4 no time, waiver or other indulgence granted by any Party to the other, and no change in the corporate existence or identity of the Vendor shall in any way impair, negative or reduce the Guarantor's obligation hereunder.

## 8. CLAIMS

8.1 The Sellers shall not be liable in respect of any Claim unless the Purchaser shall have given written notice thereof, together with reasonable particulars of the nature and circumstances thereof, on or before (a) with respect to Claims pertaining to the Environment, the fifth anniversary of the Completion Date, and (b) with respect to all other Claims, the second anniversary of the Completion Date, and (if not settled) shall have commenced and served legal proceedings in respect of such Claim within six months of such written particulars having been given to the Sellers.

8.2 The Purchaser shall:-

8.2.1 at all times take all reasonable and practicable steps to mitigate any loss caused or likely to be caused in connection with such Claim;

8.2.2 on giving notice in accordance with Clause 8.1, keep the Sellers regularly advised and informed of the nature and development of the circumstances of any Claim; and

8.2.3 on giving notice in accordance with Clause 8.1, permit the Sellers to inspect, survey or audit any thing, site or record and to give the Sellers access to any of the Purchaser's personnel as may be reasonably necessary in the circumstances and co-operate to enable the Sellers to bring or defend any proceedings in connection with any such Claim and in any event not to make any admission of liability in or otherwise to compromise any Claim with respect of any third party.

8.3 The maximum joint aggregate liability of the sellers to the Purchaser in respect of any and all Claims, is hereby limited to a sum equivalent to two thirds of the aggregate of the Consideration.

8.4 The Purchaser shall not bring any Claim in respect of any Warranty unless such individual claim exceeds 50,000 pounds sterling and until the aggregate of such claims exceeds 250,000 pounds sterling. These amounts are not intended to establish the standard of materiality under this Agreement.

8.5 Any amounts paid by either Seller in respect of any Claim shall be treated as a pound for pound reduction in the Consideration.

8.6 To the extent that the circumstances underlying any Claim are capable of being remedied then the Purchaser shall afford the Sellers a reasonable opportunity to remedy the same (which shall not however extend beyond 90 days after notice is given pursuant to Clause 8.1).

8.7 The Sellers shall not be liable in respect of any Claim to the extent that:-

8.7.1 the Purchaser caused or contributed to the same or to the acts and/or omissions giving rise to such Claim; and

8.7.2 the matter to which it relates is fully and promptly made good by the Sellers without cost to the Purchaser.

8.8 The Purchaser shall not be entitled to recover under any Claim if and to the extent that the facts or information upon which the Claim is based are fairly disclosed in the Disclosure Letter.

8.9 The Sellers shall not be liable to make any payment in respect of any Claim based on a contingent liability of the Purchaser unless and until the liability of the Purchaser becomes an actual liability.

8.10 The Sellers shall have no liability in respect of any Claim if and to the extent that it arises or is increased as a result of an increase in rates of taxation after Completion, or the passing of any legislation (or making of any subordinate legislation) with immediate or retrospective effect.

8.11 The Sellers shall have no liability in respect of any Claim to the extent that it relates to any loss for which the Purchaser is indemnified by insurance.

8.12 The Sellers shall have no liability in respect of any Claim to the extent that the circumstances, facts or events giving rise to the Claim would have been readily apparent to the Purchaser by virtue of the investigations into the Assets or the Site carried out on behalf of the Purchaser prior to the Completion Date.

8.13 Where the Purchaser is entitled to recover from some other person any sum in respect of any matter or event which could give rise to a Claim the Purchaser shall take all appropriate steps to recover that sum before making such Claim, and any sum recovered will reduce the amount of such Claim (and, in the event of the recovery being delayed until after such Claim has been satisfied by the Sellers, the sum recovered will be paid to the Sellers, after deduction of all reasonable costs and expenses of the recovery).

8.14 The Purchaser hereby relinquishes and waives any right of set-off or counter-claim, deduction or retention which the Purchaser might otherwise have in respect of any Claim or out of any payments which the Purchaser may be obliged to make (or procure to be made) to the Sellers (or any of them) pursuant to this Agreement or otherwise.

8.15 The Purchaser's sole remedy in respect of any Claim (other than any arising under Clause 6 or Clause 10) shall be damages.

8.16 In the event Completion does not occur (for whatever reason other than the refusal by a party to do so in circumstances where all conditions to Completion set out in Clause 3.12 have been satisfied or waived by the other parties), then it is agreed and acknowledged that no party shall have any liability to any other party whether for damages or otherwise.

## 9. INDEMNITY

9.1 On and from Completion the Purchaser shall indemnify and keep indemnified the Sellers from and against any claim, damages, costs, legal costs, orders or awards and any other liability of whatever nature incurred by them in respect of the Assets and/or products sold by the Purchaser arising after the Completion Date whether arising in contract, tort or otherwise at law or under any statute or applicable European Union laws or directives.

9.2 On and from Completion the Sellers shall indemnify and keep indemnified the Purchaser from and against any claim, damages, costs, legal costs, orders or awards and any other liability of whatever nature incurred by it in respect of the Assets and/or products sold by the Sellers arising prior to the Completion Date whether arising in contract, tort or otherwise at law or under any statute or applicable

European Union laws or directives.

9.3 This Clause 9 is without prejudice to any other express right or obligation of indemnification arising under this Agreement.

## 10. CONFIDENTIALITY

10.1 Each Party undertakes to each other Party to keep the subject matter of this Agreement and any confidential or commercially sensitive information or knowledge relating to the transfer of the Business (whether or not so labelled and whether or not stored or recorded in any medium) belonging to or coming from each other Party as strictly confidential.

10.2 No Party shall disclose or permit the disclosure of any such information without the prior, written consent of the other Party.

10.3 Each Party shall use its best endeavours to procure compliance with this Clause 10 by its agents, employees or associates.

10.4 This Clause 10 shall not apply to any such information which is in or becomes a part of information in the public domain without fault on the part of the Party making any relevant disclosure of the Party's information or which is required to be disclosed by compulsion of law or order of court (and then only so far as is so compelled).

10.5 No Party shall make any statement to the public concerning the subject matter of this Agreement except as is otherwise agreed, or as may be required by law or under the rules of any recognised stock exchange (and then subject to the Party requiring to make such statement first consulting the other).

## 11. ENVIRONMENTAL REMEDIATION

The Sellers hereby agree to be bound by the terms of Schedule 5 in respect of remedial works.

## 12. CONTRACTS

12.1 The Purchaser undertakes to the Vendor with effect from the Completion Date to assume the obligations and become entitled to the benefits of the Vendor under the contracts and the Purchaser undertakes to carry out and perform and complete all the obligations and liabilities created by or arising under the Contracts (except for any obligations or liabilities attributable to a breach on the part of the Vendor or its employees, agents or sub-contractors prior to the Completion Date) and shall indemnify the Vendor and keep it fully indemnified against all liabilities, losses, actions, proceedings, costs, claims, demands and expenses brought or made against or incurred by the Vendor in respect of:-

12.1.1 the non-performance or defective or negligent performance by the Purchaser of the Contracts after the Completion Date; and

12.1.2 the performance by the Vendor of any obligations under the Contracts in respect of the period after the Completion Date.

12.2 The Vendor undertakes with effect from the Completion Date to assign to the order of the Purchaser or to procure the assignment to the order of the Purchaser all the Contracts which are capable of assignment without the consent of other parties.

12.3 In so far as any of the Contracts are not assignable to the Purchaser without the agreement of or novation by or consent to the assignment from another party this Agreement shall not constitute an assignment or attempted assignment if such assignment or attempted assignment would constitute a breach of such Contracts. In the event that consent or novation is required to such assignment:-

12.3.1 the Vendor at the Purchaser's request and cost shall use all reasonable endeavours with the co-operation of the Purchaser to procure such novation or assignment as aforesaid;

12.3.2 unless and until such Contract shall be novated or assigned as aforesaid, the Vendor shall continue its corporate existence and shall hold such Contract in trust for the Purchaser and its successors in title absolutely and the Purchaser shall (if such subcontracting is permissible and lawful under the Contract in question) as the Vendor's subcontractor perform all the obligations of the Vendor under such Contract;

12.3.3 unless and until any such Contract shall be novated or assigned the Vendor will (so far as it lawfully may) give all such assistance to the Purchaser as the Purchaser may reasonably require to enable the Purchaser to enforce its rights under such Contract and (without limitation) will provide access to all relevant books, documents and other information in relation to such Contract as the Purchaser may require from time to time.

12.4 If such consent or novation is refused or otherwise not obtained on terms reasonably satisfactory to the Purchaser within 60 business days of the Completion Date, the Purchaser shall be entitled at its sole discretion to require the Vendor to serve proper notice to terminate that Contract and the Purchaser shall indemnify and keep indemnified the Vendor from and against all losses, damages, costs, actions, reasonably satisfactory to the Purchaser within 180 business days of the Completion Date, the Vendor shall be entitled at its sole discretion to serve proper notice to terminate the Contract and the Purchaser shall indemnify and keep indemnified the Vendor from and against all losses, damages, costs, actions, proceedings, claims, demands, liabilities and expenses (including, without limitation, legal and other professional fees and expenses) which the Vendor may suffer, sustain, incur, pay or be put to by reason or on account of or arising from the termination of such Contract.

12.6 To the extent that any payment is made to the Vendor in respect of the Contracts on or after the Completion Date the Vendor shall receive the same as trustee, shall record such payment separately in its books and shall account to the Purchaser for the same on the Completion Date or if received thereafter within 5 business days of receipt.

### 13. OBLIGATIONS OF THE VENDOR AFTER COMPLETION

#### Obligations After Exchange

13.1 In the period between exchange of this Agreement and Completion the Vendor will:-

13.1.1 carry on the Business in the ordinary course and not do anything which is not of a routine nature without the prior consent of the Purchaser;

13.1.2 permit the Purchaser such access to the Site as it may reasonably require, including a pre-closing inspection of the Site and upon such terms as the Vendor may reasonably direct;

13.1.3 afford to an environmental consultant engaged by the Purchaser reasonable access to the relevant environmental regulators for a discussion of regulatory issues at the Site including those identified at paragraph 13.1.2 of the Disclosure Letter, with the Vendor's QSE Manager (or any other representatives(s) of the Vendor) being present at any meetings;

13.1.4 immediately give to the Purchaser copies of all management accounts (including draft accounts) for periods in 1998 currently in

the Vendor's possession and the Vendor shall pass to the Purchaser forthwith upon receipt copies of management accounts for subsequent periods.

13.2 The Parties agree to co-operate and negotiate with each other in good faith between exchange of this Agreement and Completion in order to put arrangements in place to facilitate a smooth and efficient transfer of the Business from the Sellers to the Purchaser. It is acknowledged that this is likely to include the following:-

13.2.1 the agreement on applicable terms and conditions in respect of pensions; and

13.2.2 the negotiation of a contract for the provision of services by the Vendor to the Purchaser after Completion.

#### Obligations After Completion

13.3 The Sellers undertake to pass to the Purchaser as soon as reasonably practicable after receipt any orders or inquiries in relation to the Business which they may receive at any time after Completion.

13.4 On and at any time after Completion the Sellers will use their reasonable endeavours to give or procure to be given to the Purchaser all such material information as is within their possession (including, without limitation, particulars of customers, suppliers and others who have dealt with the Sellers in connection with the Business) as the Purchaser may reasonably require for:-

13.4.1 the conduct of the Business in which case the cost of giving such information will be borne by the Purchaser; and

13.4.2 the purpose of implementing the provisions of this Agreement in which case the cost of giving such information will be borne by the Vendor.

13.5 Not later than two business days after the Completion Date the Vendor shall send to each of the Employees a letter, in the agreed form, explaining that his employment has been transferred to the Purchaser pursuant to the Regulations.

13.6 The Vendor will, if so required by the Purchaser any time within 30 business days after Completion and at the Purchaser's expense, send a circular in a form provided by the Vendor (such approval not to be unreasonably withheld or delayed) to persons who have had dealings with the Sellers in connection with the Business announcing the transfer to the Purchaser of the Business and the Assets.

#### 13.7 Pension Arrangements

13.7.1 the Vendor and the Purchaser shall, before the Completion, use their respective reasonable endeavours to agree the pension terms applicable to those Employees who are, immediately before April 5, 1998, contributory members of the Pension Scheme ("the Relevant Members");

13.7.2 the Purchaser shall establish or nominate a pension scheme ("the Purchaser's Plan") on no less favorable terms than the Mintage UK Pension Plan details of which have been provided to the Sellers and invite relevant Members to join the Purchaser's Plan for future service;

13.7.3 the Vendor and the Purchaser shall each use their best endeavours:

1. to procure that each Relevant Member shall have the opportunity to transfer his or her past service benefits to the Purchaser's Plan, and

2. to procure from their respective actuaries a letter in agreed form setting out the amount which will enable the Purchaser's Plan to pay benefits to those Relevant Employees who enroll in the Purchaser's Plan, taking into account the effect of the past service of Relevant Members on the amount of future benefits. The actuaries shall disclose the assumptions on which the calculation of such transfer amount is based.

The enrollment of Relevant Members in the Purchaser's Plan will include a credit for past service benefits, provided that a transfer is made from the trustees of the Pension Scheme to the trustees of the Purchaser's Plan in respect of that past service on the basis agreed by the actuaries of the Sellers and the Purchasers.

Such transfer will not entail any additional expense to the Sellers (other than the fees of their actuaries) and the Sellers shall have no obligation to pay any amount in excess of contributions required to be made pursuant to the rules of the Pension Scheme.

13.8 The Sellers shall, within 15 business days after Completion and at the Seller's expense, provide the Purchaser with a sworn, statutory declaration in respect of the Sellers' full and undisturbed possession since 1992 of the strip of land adjoining the towpath of the Stratford on Avon Canal.

13.9 After Completion, the Sellers shall provide the Purchaser with all reasonable assistance in obtaining a license from the British Waterways Board authorising the discharge of clean surface water from the Site into the Stratford on Avon Canal.

13.10 Provided there exists no legal or contractual impediment the Sellers shall, at their own reasonable expense, provide that within 30 days after Completion, the name of the Vendor shall be changed so as not to include the word "Sturge" or any confusingly similar word or name.

#### 14. GENERAL

14.1 The Purchaser shall account to the Inland Revenue for (and shall indemnify the Sellers from any liability for) any stamp or other duty payable upon this Agreement or any agreement or conveyance executed by the Parties in contemplation hereof.

14.2 The Consideration is exclusive of Value Added Tax.

14.3 The Parties intend that the provisions of Section 49 of the Value Added Tax Act 1994 and Article 5 of the Value Added Tax (Special Provisions) Order 1995 shall apply to the sale of the Assets and the Site and, accordingly, no VAT shall be charged by the Sellers on them. The Sellers and the Purchaser shall each promptly following Completion inform their respective VAT Offices of the sale and purchase under this Agreement, complete all relevant forms for VAT purposes relating to such sale and purchase and take all reasonable steps to ensure that the sale of the Assets is treated neither as a supply of goods nor a supply of services for the purposes of VAT but as the transfer of a going concern. In the event that it is at any time determined by H. M. Customs & Excise or, on appeal, by the Tribunal or the Court that Section 49 of the Value Added Tax Act 1994 and Article 5 of the Value Added Tax (Special Provisions) Order 1995 do not apply to the sale of the Assets or the Site or any part of them, the Purchaser shall pay to the Vendor or the Guarantor (as the case may be), the amount of the VAT in question on the later of the business day before such amount is due to be paid by the relevant Seller to Customs & Excise and the day on which the relevant Seller delivers to the Purchaser, a valid VAT invoice or invoices in respect thereof.

14.4 The Purchaser undertakes to keep all of the Documents which relate to the tax and accounting affairs of the Business secure and complete for not less than six years after the Completion Date and to

allow the Sellers access to them at all reasonable times during this period for the purposes of inspection and to take copies thereof where necessary.

14.5 The Parties shall do and give all such deeds and further assurances as may be reasonable to give effect to each of the assignments and transactions contemplated herein (the costs of the preparation, execution and filing of all such deeds and assurances and any registrations, filings and notifications with or to any regulatory body to be borne by the Purchaser).

14.6 Save as is expressly provided otherwise, each Party shall bear its own costs in connection with the negotiation or preparation or completion of this Agreement.

14.7 Each Party unconditionally waives any rights it may have to claim damages against the other on the basis of any written or oral statement made by the other (whether made carelessly or not) not set out or referred to in this Agreement (or for breach of any warranty given by the other not so set out or referred to) unless such statement or warranty was made or given fraudulently or with a reckless disregard for its truthfulness.

14.8 Each Party unconditionally waives any rights it may have to rescind or to seek to rescind this Agreement on the basis of any written or oral statement made by the other (including any Warranty) (whether made carelessly or not) whether or not such statement is set out or referred to in this Agreement unless such statement was made fraudulently or with a reckless disregard for its truthfulness.

14.9 The parties agree to execute, complete and keep the original and all executed counterparts of this Agreement outside the United Kingdom at all times, except that a Party shall be entitled to bring the original or counterpart into the United Kingdom where:

(i) it is a mandatory legal requirement to produce the document in any judicial or arbitration proceedings:

(ii) the document is to be used as evidence in legal or arbitration proceedings and the judge or arbitrator responsible for the determination of the proceedings has ruled that a certified copy cannot be produced as adequate evidence; or

(iii) the document is required by the Inland Revenue or HM Customs to determine the liability of either of the Sellers to taxation arising from the execution of the document or performance of the Agreement.

PROVIDED ALWAYS that the Sellers shall use all reasonable efforts to procure the agreement of the person or authority requiring production of the document to accept a certified copy in its place.

## 15. JURISDICTION

15.1 The Parties hereby submit to the exclusive jurisdiction of the English Courts but without prejudice to the enforcement or execution of any judgment, order or award thereof, or to any interlocutory or injunctive proceedings in any other jurisdiction. This Clause 15.1 is without prejudice to Clause 15.3.

15.2 For the purposes of Order 10, Rule 3, Rules of the Supreme Court (or any modification thereof), the Parties agree that any process or other legal proceedings may be served on any of them by leaving a copy thereof or by posting a copy thereof addressed to a Party at its address first stated above.

15.3 The Parties hereby agree that they shall use their reasonable endeavours to seek to settle any dispute and to negotiate the same in good faith prior to instituting any proceedings.

15.4 Any notice permitted or required to be given under this Agreement shall be in writing and shall be given, posted, delivered or transmitted to the Party at the addresses first written above, provided that a Party may designate a different address by notice in accordance with this section.

IN WITNESS WHEREOF this Agreement has been signed by the Parties the day and year first before written:-

For & on behalf of  
MINTEQ UK LIMITED

Director: /s/ Christopher Dee, as attorney-in-fact  
Witness: /s/ Pierre Philippe Berthe

For & on behalf of  
SPECIALTY MINERALS INC.

Director: /s/ John B. Dobson  
Witness: /s/ Pierre Philippe Berthe

For & on behalf of  
JOHN & E. STURGE LIMITED

Director: /s/ Jean-Claude Bravard  
Witness: /s/ Pierre Philippe Berthe

For & on behalf of  
RHODIA LIMITED

Director: /s/ Jean-Claude Bravard  
Witness: /s/ Pierre Philippe Berthe



ASSET SALE AGREEMENT  
dated as of April 27, 1998  
by and between  
SPECIALTY MINERALS (MICHIGAN) INC.  
as Seller  
and  
OGLEBAY NORTON LIMESTONE COMPANY  
as Buyer

ASSET SALE AGREEMENT  
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AGREEMENT made as of April 27, 1998, by and between SPECIALTY MINERALS (MICHIGAN) INC., a Michigan corporation with its principal place of business at P.O. Box 1047, Iron Mountain, Michigan 49801 (hereinafter, "Seller"), and OGLEBAY NORTON LIMESTONE COMPANY, a Michigan corporation with its principal place of business at 1100 Superior Avenue, Cleveland, Ohio 44114-2598 (hereinafter, "Buyer").

RECITALS  
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Seller is the owner of certain assets consisting of three quarries and a processing facility and related real and personal property located in Mackinac and Schoolcraft counties in the State of Michigan, and a separate port facility and related real property located at River Rouge Dock, Wayne County, Michigan (hereinafter, the "Facilities").

Seller is engaged in the quarrying, processing and sale of limestone, dolomite and related products at the Facilities (hereinafter, "Seller's Business").

Buyer desires to buy, and Seller is willing to sell, the Facilities and the other Included Assets, as defined herein, all on the terms and subject to the conditions contained in this Agreement.

Seller desires certain lime suppliers to purchase limestone products from Buyer following Buyer's acquisition of the Included Assets, and Buyer desires to sell such products to such lime suppliers.

I. ACQUISITION OF ASSETS

A. ASSETS TO BE SOLD.

On the Closing Date (as hereinafter defined), and otherwise on the terms and subject to the conditions contained in this Agreement, Seller will sell, transfer, assign and convey to Buyer, and Buyer will purchase and accept from Seller, the assets, properties and rights described in this Section I(A), but not including those assets described in Section I(B). All of said assets, properties and rights described in this Section I(A) are collectively referred to in this Agreement as the "Included Assets".

1. EQUIPMENT.

All equipment, machinery, fixtures, patterns, apparatus, tools, dies, parts (including office equipment), jigs for parts, molds, vehicles, desks, chairs, tables, room dividers, typewriters, computers, computer programs (including program and source codes to the extent legally

transferrable), automobiles, trucks, communication equipment, and other similar equipment located at the Facilities and owned by Seller (hereinafter, "Equipment") including without limitation the items set forth on Schedule I(A)(1).

## 2. PRODUCT INVENTORIES.

All inventories of finished products, primary surge stone, and other work in process located at the Facilities (hereinafter, "Product Inventories") as set forth in Schedule I(A)(2).

## 3. GENERAL INVENTORIES.

All inventories of spare parts, replacement and component parts, office and other supplies, goods, raw materials, and other materials, located at the Facilities, excluding Product Inventories (hereinafter, "General Inventories") as set forth in Schedule I(A)(3).

## 4. OFFICE FILES.

All files, records, books, memoranda, mining plans, computer printouts, databases and related items located at the Facilities, which are related to Seller's Business or the Included Assets, provided that if any such item shall be an integral part of any system, report, file or record of Seller which does not relate primarily to Seller's Business or the Included Assets, Seller shall have the option of delivering to Buyer at Closing (as hereinafter defined) copies of any portion of such items which are related to Seller's Business or the Included Assets. Specifically included hereunder, without limitation however, are blue prints, drawings and other technical papers, and inventory, maintenance, and asset history records and ledgers.

## 5. PREPAID ITEMS.

Any prepaid items, deposits, bonds and escrowed amounts with respect to the Included Assets or Seller's Business and all rights in connection with such items.

## 6. REAL PROPERTY.

All of Seller's interests in real estate, mineral leases, land, easements, benefits, structures and improvements (including docks) at the Facilities, whether owned or leased, as described on Schedule I(A)(6) and subject to the permitted exceptions described in Section II (hereinafter the "Real Property"). Buyer shall assume and agree to perform and discharge when due Seller's obligations under the executory portion of any matter listed on Schedule I(A)(6). Except as otherwise specifically provided in this Agreement, Buyer shall also assume and agree to perform and discharge when due Seller's obligations for reclamation or restoration of the Real Property, whether required by federal, state or local law.

## 7. PERSONAL PROPERTY LEASES.

All leasehold interests and leasehold improvements created by all leases of personal property used primarily in connection with Seller's Business or the Included Assets under which Seller is a lessee or lessor, as are listed on Schedule I(A)(7). Except as specifically otherwise provided in this Agreement, Buyer shall assume and agree to perform and discharge when due Seller's obligations under the executory portion of any matter listed on Schedule I(A)(7).

## 8. CONTRACTS.

All claims and rights of every kind and nature whatsoever (and benefits arising therefrom) related to or arising primarily out of the Seller's Business or the Included Assets, including, but not limited to, customer purchase and sale orders, customer sales contracts, backlogs, contractual claims, rights and benefits, rights against suppliers (other than Seller and Seller's parent, subsidiary and affiliated companies) under warranties covering Product Inventories and General Inventories or Equipment, and all licenses, permits and operating rights related to Seller's Business, but not including Purchase Commitments, License and Similar Agreements, and Governmental Permits, to the extent they are legally transferable by Seller (hereinafter "Contracts"). The Contracts are listed on Schedule I(A)(8), and copies of all of the Contracts have been provided to Buyer. Buyer shall assume and agree to perform and discharge when due Seller's obligations under the executory portion of the Contracts from and after the Closing Date.

## 9. PURCHASE COMMITMENTS.

All purchase orders, contracts, quotations and bids for the purchase of raw materials, component parts, goods, supplies and other material relating to Seller's Business or the Included Assets (hereinafter "Purchase Commitments"). The Purchase Commitments are listed on Schedule I(A)(9), and copies of the Purchase Commitments have been provided to Buyer. Buyer shall assume and agree to perform and discharge when due Seller's obligations under the executory portion of such Purchase Commitments from and after the Closing Date.

## 10. LICENSE AND SIMILAR AGREEMENTS.

All license agreements, distribution agreements, sales representative agreements, service agreements supply agreements, franchise agreements and technical service agreements relating to Seller's Business or the Included Assets (hereinafter "License Agreements") are listed on Schedule I(A)(10) and copies of the License Agreements have been provided to Buyer. Buyer shall assume and agree to perform and discharge when due Seller's obligations under the executory portion of such License Agreements from and after the Closing Date.

## 11. CUSTOMER LISTS.

All customer lists and customer records and information relating to Seller's Business.

## 12. GOVERNMENTAL PERMITS.

All governmental licenses, permits, approvals, authorizations, license applications, license amendment applications, product registrations, and the like, of every kind and nature, relating to Seller's Business or the Included Assets, used in the conduct of Seller's Business, to the extent their transfer is permitted by law, (hereinafter, "Permits"). The Permits are listed on Schedule I(A)(12), and copies of all Permits have been provided to Buyer. Buyer shall assume and agree to perform and discharge Seller's obligations under the executory portion of such Permits from and after the Closing Date.

## 13. INTANGIBLE ASSETS.

All of Seller's interests in and to all registered and unregistered trade names, registered and unregistered trademarks, service marks, d/b/a names, applications and notices of allowances, and specifically including the names "Inland Lime and Stone Company" and "Port Inland"; all patents and patent applications; and all copyrights and copyright applications, in each case used by Seller primarily in Seller's Business, (hereinafter, "Intangible Assets"). Schedule I(A)(13) sets forth all of the Intangible Assets.

14. OTHER PROPERTY.

All proprietary know-how, trade secrets, confidential information, process technology, inventions, processes, formulae, plans, drawings and blueprints used in Seller's Business; and all good will and Deferred Charges (as hereinafter defined) associated with Seller's Business.

B. EXCLUSIONS.

Notwithstanding anything to the contrary herein contained, the Included Assets shall not include any of the items listed in the following portions of this Section I:

1. CASH.

All cash on hand and in banks, cash equivalents and investments.

2. CHECKBOOKS.

Seller's checkbooks and canceled checks.

3. ACCOUNTS RECEIVABLE.

The accounts receivable generated in the conduct of Seller's Business and rights in connection therewith.

4. INSURANCE POLICIES.

Insurance policies of Seller and rights in connection therewith.

5. INTELLECTUAL PROPERTY.

Except as is provided in Sections I(A)(13) and I(C), Seller's name and that of its parent, subsidiaries, and affiliated companies, registered and unregistered trade names, registered and unregistered trademarks, service marks, d/b/a names, applications, and notices of allowances; all patents and patent applications; all copyrights and copyright applications; and all know-how, trade secrets, confidential information, process technology, inventions, processes, formulae, plans, drawings, and blue prints not used primarily in Seller's Business.

6. MISCELLANEOUS.

Except for the properties, assets, and items listed on any schedule under Section I(A), any other property or asset which is not and has not been used primarily in the conduct of Seller's Business.

C. USE OF SELLER'S NAME.

Buyer acknowledges and agrees that it does not have and is not purchasing any rights in or to Seller's corporate name, "Speciality Minerals (Michigan) Inc.", or the name of any

Affiliate (as defined in Section V(R)(1) of this Agreement) of Seller other than the names "Inland Lime and Stone Company" and "Port Inland"; and Buyer further agrees to obliterate any reference to Seller or Seller's name from any material transferred herein that will or may be viewed by customers, vendors or any member of the general public. It is the intention of this provision that Buyer take, and Buyer agrees to take, all reasonable actions necessary to prevent customers, vendors and any member of the general public from associating Buyer's use of the Included Assets with Seller from and after the Closing Date, provided that nothing herein shall prevent the use of the names "Inland Lime and Stone Company" or "Port Inland" by Buyer.

D. METHOD OF TRANSFER.

The sale of the Included Assets shall be effected by a Bill of Sale in substantially the form provided in Exhibit I(D)a, the delivery of Warranty Deeds to, and Assignments of the Real Property listed on Schedule I(A)(6) in substantially the forms provided in Exhibits I(D)b and I(D)c, respectively, and the execution, delivery, and recording of such documents as may be reasonably deemed necessary by Buyer's counsel. All consents and other approvals necessary to transfer the Included Assets to Buyer and to permit Buyer to operate Seller's Business in a similar manner to that done by Seller prior to this Agreement shall be evidenced by such documents as are reasonably deemed necessary by Buyer's counsel. Title to Real Property shall be determined in accordance with Section II.

E. ASSUMPTION OF LIABILITIES.

Buyer assumes and agrees to perform and discharge when due Seller's obligations described in subsections 6, 7, 8, 9, 10, and 12 of Section I.A. Seller shall retain responsibility for the payment of accounts payable relating to transactions occurring prior to the Closing Date.

II. TITLE AND RISK OF LOSS

A. RISK OF LOSS.

Title to the assets being sold, assigned, transferred and conveyed hereunder shall pass to Buyer upon delivery of the portion of the Purchase Price (as hereinafter defined), that is due at Closing, on the Closing Date (as hereinafter defined) with the risk of loss being borne by Seller until such date and time, from and after which time risk of loss shall be borne by Buyer.

B. TITLE INSURANCE COMMITMENT.

Seller has ordered a commitment for an owner's policy of title insurance, American Land Title Insurance ("ALTA") Owner's Policy Form 1992B (the "Title Commitment") from Chicago Title Insurance Company (the "Title Company") for each asset comprising a fee interest in real estate. Copies of Title Commitments with respect to the Real Property located in Mackinac and Schoolcraft counties and with respect to the Real Property associated with the River Rouge Dock in Wayne county have been delivered to Buyer, Buyer acknowledges the receipt of the same, and Buyer accepts the state of title to the Real Property as set forth in said Title Commitments, subject to the title exceptions listed thereon as set forth on attached Schedule I(A)(6) and identified herein in Section V(C) as the "Permitted Encumbrances."

III. CLOSING

A. PLACE AND TIME.

The closing of this transaction (hereinafter "Closing") shall take place at 10:00 a.m. on April 28, 1998, or on such other date as shall be mutually agreed between the parties in writing, effective as of 6:01 a.m. on April 27, 1998 (hereinafter "Closing Date"), at the offices of Ulmer & Berne LLP, Buyer's counsel, at 1300 East Ninth Street, Suite 900, Cleveland, Ohio or at such other place as the parties hereto shall agree upon in writing. If for any reason the Closing has not occurred by April 30, 1998, then this Agreement may be terminated by either party upon notice to the other party, and each party shall be relieved of all liability hereunder.

B. DELIVERIES AT THE CLOSING.

1. DELIVERIES BY BUYER.

At the Closing, Buyer shall deliver to Seller:

- a. The portion of the Purchase Price deliverable at Closing.

The payment of the Purchase Price as required pursuant to Article IV below.

- b. Certificate of Incorporation; Bylaws.

Copies of the certificate of incorporation and bylaws of Buyer, certified by its Secretary or Assistant Secretary.

- c. Certificates of Good Standing.

A certificate of good standing from the State of Michigan with respect to Buyer, dated not earlier than 10 days prior to the Closing Date.

- d. Board of Directors Resolutions.

A copy of the resolutions of Buyer's board of directors, approving the transactions contemplated herein and the execution, delivery and performance of this Agreement, certified by the Secretary or an Assistant Secretary of Buyer.

- e. Incumbency Certificate.

A certificate of the Secretary or an Assistant Secretary of Buyer certifying the names and signatures of the officer or officers of Buyer who are authorized by Buyer's board of directors to sign this Agreement and related documents.

- f. Opinion of Counsel.

An opinion of Ulmer & Berne LLP, counsel for Buyer, dated the Closing Date, in substantially the form attached hereto as Exhibit III (B)(1)(f).

- g. Closing Certificate.

A closing certificate duly executed by any officer of Buyer authorized to do so, on behalf of Buyer, pursuant to which Buyer represents and warrants to Seller that Buyer's representations and warranties to Seller are

true and correct as of the Closing Date as if then originally made, that all covenants required by the terms hereof to be performed by Buyer on or before the Closing Date have been so performed, and that all documents to be executed and delivered by Buyer at the Closing have been executed by duly authorized officers of Buyer.

h. Limestone Availability Agreement.

The Limestone Availability Agreement referred to in Section VII(O) of this Agreement or a counterpart thereto fully executed by any officer of Buyer authorized to do so, on behalf of Buyer.

i. Other Documents.

Such other documents as Seller shall reasonably request.

2. DELIVERIES BY SELLER.

At the Closing, Seller shall deliver to Buyer:

a. Transfer Documents.

The Bill of Sale, Assignments, Deeds and other documents required pursuant to Section I.

b. Certificate of Incorporation; Bylaws.

Copies of the certificate of incorporation and bylaws of Seller, certified by its Secretary or Assistant Secretary.

c. Certificate of Good Standing.

A certificate of good standing from the State of Michigan with respect to Seller, dated not earlier than 10 days prior to the Closing Date.

d. Board of Directors Resolutions.

A copy of the resolutions of Seller's board of directors, approving the transactions contemplated herein and the execution, delivery and performance of this Agreement, certified by its Secretary or an Assistant Secretary.

e. Incumbency Certificate.

A certificate of the Secretary or an Assistant Secretary of Seller certifying the names and signatures of the officer or officers of Seller who are authorized by Seller's board of directors to sign this Agreement and related documents.

f. Assignments and Consents.

Such assignments and consents of third parties or governmental entities as may reasonably be determined necessary or required by Buyer to transfer the contracts, leases, permits and licenses and other Included Assets.

g. Opinion of Counsel.

An opinion of S. Garrett Gray, counsel for Seller, dated the Closing Date, in substantially the form

attached hereto as Exhibit III (B) (2) (g).

h. Physical Possession.

Physical possession of all real estate and all tangible personal property included in the Included Assets.

i. Closing Certificate.

A closing certificate duly executed by any officer of Seller authorized to do so, on behalf of Seller, pursuant to which Seller represents and warrants to Buyer that Seller's representations and warranties to Buyer are true and correct as of the Closing Date as if then originally made, that all covenants required by the terms hereof to be performed by Seller on or before the Closing Date have been so performed, and that all documents to be executed and delivered by Seller at the Closing have been executed by duly authorized officers of Seller.

j. Limestone Availability Agreement.

The Limestone Availability Agreement referred to in Section VII(O) of this Agreement or a counterpart thereof fully executed by any officer of Seller authorized to do so, on behalf of Seller.

k. Title Insurance.

An owner's policy of title insurance as described in Section II(B) of this Agreement covering the interests of Buyer or its nominee in the Real Property in the total amount of the Purchase Price (as hereinafter defined), allocated to the Real Property, subject only to the Permitted Encumbrances.

l. Noncompetition Agreement.

A fully executed Noncompetition Agreement, as defined in Section VII(Q) of this Agreement.

m. Other Documents.

Such other documents as Buyer shall reasonably request.

IV. PURCHASE PRICE: PAYMENT

A. PURCHASE PRICE.

The purchase price for the Included Assets (hereinafter, "Purchase Price") shall be an amount equal to the net book value of the Included Assets as of April 27, 1998, determined in accordance with accepted accounting principles as determined by Seller and applied on a consistent basis, which amount shall include the aggregate amount of all unamortized Deferred Charges (as defined below).

As used herein, "Deferred Charges" means all costs and expenses incurred, including compensation and related costs, repairs and maintenance, and any other costs and expenses associated with Seller's Business during the non-operating period between approximately November 15, 1997 and April 6, 1998. For purposes of this Section, recognition of income and expenses shall be determined in accordance with accepted accounting principles as determined by Seller and applied on a consistent basis.



B. ADJUSTMENTS AND REIMBURSEMENTS.

1. REAL AND PERSONAL PROPERTY TAXES.

Real and personal property taxes with respect to the Included Assets shall be prorated between Buyer and Seller as of the Closing Date based upon the most recent available tax duplicate, using the due date method of proration in which tax bills for the current year shall be deemed payable in advance.

2. DOCUMENTARY TRANSFER TAXES.

Buyer and Seller shall share equally in the cost of all Documentary Transfer taxes, real estate transfer taxes and conveyance fees, if any, with respect to the sale of the Included Assets.

3. TITLE INSURANCE.

Seller shall be responsible for the cost of the title examination and the Title Commitment covering Buyer's interest in the Real Property to be furnished as provided in this Agreement, and Buyer shall be responsible for the cost of the title insurance premiums.

4. HART-SCOTT-RODINO FILING.

Buyer and Seller shall share equally in the cost of all filing or other fees required to satisfy the requirements of the Hart-Scott-Rodino Anti-Trust Improvements Act.

C. PAYMENTS AT CLOSING.

1. ESTIMATED PURCHASE PRICE.

At the Closing, Buyer shall pay to Seller an amount equal to the net book value of the Included Assets as of March 29, 1998, determined in accordance with accepted accounting principles as determined by Seller and applied on a consistent basis, which amount shall include all Deferred Charges (hereinafter Estimated Purchase Price"), less the Deferred Charges incurred by Seller between December 29, 1997 and April 6, 1998 (the Deferred Purchase Price"), by wire transfer to an account designated by Seller.

2. DEFERRED PURCHASE PRICE.

At the Closing, Buyer shall pay an amount equal to the Deferred Purchase Price into an escrow account with Key Bank N.A. (the Escrow Agent) by wire transfer pursuant to an escrow agreement in the form attached hereto as Exhibit IV(C)(2) (the Escrow Agreement").

3. OTHER COSTS AND EXPENSES.

At the Closing, Seller and Buyer shall pay and/or reimburse each other or the Title Company for the amounts required to be paid or reimbursed pursuant to Section IV(B) of this Agreement.

D. POST-CLOSING PAYMENTS.

1. DETERMINATION OF AMOUNT.

Within seven (7) days after the Closing Seller shall deliver to Buyer a written notice (Seller's Notice") which sets forth

the aggregate amount of the Purchase Price, as determined by Seller in accordance with Section IV(A) of this Agreement, together with the workpapers and other documentation used or relied upon by Seller in calculating the Purchase Price. Within seven (7) days after the receipt of Seller's Notice, Buyer shall deliver to Seller a written notice (Buyer's Notice") which sets forth Buyer's objections, if any, to Seller's determination of the Purchase Price. If Buyer does not object to the Purchase Price so determined by Seller, or if Buyer fails to deliver a Buyer's Notice to Seller within such seven (7) day period, then the Purchase Price, as determined by Seller, shall be final and binding upon the parties. If Buyer delivers a Buyer's Notice to Seller within such seven (7) day period objecting to the Purchase Price determined by Seller, the parties shall use their best efforts to resolve any disputes with respect to the determination of the Purchase Price through good faith negotiations. If such negotiations have not resulted in an agreement between the parties with respect to the aggregate amount of the Purchase Price within thirty (30) days after the Closing Date, an independent certified public accounting firm designated by Buyer and reasonably acceptable to Seller (the "Independent Accountants") shall determine the Purchase Price based upon the provisions of this Agreement. Buyer and Seller shall cooperate fully with the Independent Accountants and shall share equally in all costs and expenses of the Independent Accountants. The Purchase Price so determined by the Independent Accountants shall be final and binding upon the parties.

## 2. PAYMENT OF BALANCE DUE.

If the Purchase Price, as finally determined in accordance with Section IV(D)(1) of this Agreement, is greater than the Estimated Purchase Price, Buyer shall pay Seller an amount equal to the difference between the Estimated Purchase Price and the Purchase Price as finally determined, which amount shall be paid by wire transfer to an account designated by Seller within three (3) business days after the final determination of the Purchase Price pursuant to Section IV(D)(1) of this Agreement. If the Purchase Price, as finally determined in accordance with Section IV(D)(1) of this Agreement, is less than the Estimated Purchase Price, Seller shall pay Buyer an amount equal to the difference between the Estimated Purchase Price and the Purchase Price as finally determined, which amount shall be paid by wire transfer to an account designated by Buyer within three (3) business days after the final determination of the Purchase Price pursuant to Section IV(D)(1) of this Agreement.

## 3. THIRD-PARTY PAYMENTS AFTER CLOSING.

Seller shall remain entitled to the benefit of any assets described in Section I(B), and to the extent that Buyer receives on or after the Closing Date payment on account of any such assets, Buyer shall hold the same in trust for Seller and shall pay over such payment and account therefor to Seller within five business days of receipt thereof. To the extent that Seller received on or after the Closing Date payment on account of the business or assets sold hereunder in relation to the period after the Closing Date, Seller shall hold the same in trust for Buyer and shall pay over such payment and account therefor to Buyer within five (5) business days of receipt thereof.

## V. REPRESENTATIONS AND WARRANTIES OF SELLER

The term "Disclosure Schedule" as used in his Agreement means

the Disclosure Schedule delivered by Seller to Buyer concurrently with the execution and delivery of this Agreement. Except as set forth in the Disclosure Schedule, Seller represents and warrants to Buyer that, as of the date of this Agreement and on the Closing Date:

A. DUE INCORPORATION.

Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Michigan and has all requisite corporate power and authority to own or lease the Included Assets in the places where such assets are now owned or leased. Seller has all necessary corporate power sufficient to enable it to enter into, perform, and carry out the transactions contemplated by this Agreement.

B. AUTHORIZATION.

No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance of this Agreement, other than the Hart-Scott-Rodino filing referred to in Section VII(M) of this Agreement.

C. TITLE.

Seller has, and will convey to Buyer or its nominee, good and marketable title in fee simple to the Real Property (other than leased Real Property), free and clear of all interests, claims, liens and encumbrances, with no title defects whatsoever other than Permitted Encumbrances. Seller has the corporate power and authority to sell, transfer, assign or convey, as the case may be, such Real Property. As used in this Agreement, "Permitted Encumbrances" means: those matters listed on Schedule I(A)(6); zoning, building or other restrictions, variances, easements and rights-of-way, none of which, individually or in the aggregate: (A) interfere with or impair in any material respect the present use of the Real Property, (B) have more than an insignificant effect on the value thereof or its present use, or (C) would impair the ability of Buyer to sell the Real Property for its present use; and taxes on Real Property not yet due and payable. Seller has, and will convey to Buyer or its nominee, good and marketable title to, and has the corporate power and authority to sell, transfer, assign or convey, as the case may be, the Included Assets (other than owned Real Property), free and clear of all liens, leases, pledges, charges, claims, encumbrances, security interests and equities. As of the Closing Date, there will be no mortgage, trust deed, chattel mortgage, conditional sale agreement, security agreement, financing statement or other instrument encumbering any of the Included Assets except for Permitted Encumbrances. There are no contracts, restrictions, liens, claims or encumbrances which will prevent Seller from giving to Buyer possession of the Included Assets or which will limit in any way Buyer's ability, in accordance with its ownership interest, to use, sell, or in any way handle, use or dispose of said assets.

D. LIMESTONE AND DOLOMITE RESERVES.

To the best of Seller's knowledge, the written information with respect to Limestone and Dolomite reserves attached hereto as Exhibit V(D) is a reasonable estimate of such reserves located on or under the Real Property and to which a fee interest, leasehold interest, mineral right, or other right of exploitation in good standing will be transferred to

Buyer as provided in this Agreement.

E. ALL MATERIAL ASSETS INCLUDED.

There are no material assets or properties that were used in Seller's Business other than those described in the schedules to this Agreement or conveyed to Buyer under this Agreement. Seller has set forth in the Disclosure Schedule a list of all software program and source codes, all claims and rights arising out of or related to customer purchase and sales orders, customer sales contracts, backlogs, contractual claims, rights and benefits, rights against suppliers under warranties covering Product Inventories and General Inventories or equipment, and has set forth in Schedule I(A)(12) all governmental licenses, permits, approvals, authorizations, license applications, license amendment applications, operating rights and product registration, which in each case relate to Seller's Business or the Included Assets but which are not legally transferable by Seller or any Affiliate (as hereinafter defined) of Seller (collectively the "Nontransferable Assets"). Seller shall use reasonable efforts to make the Nontransferable Assets available for use by Buyer in connection with the operation of Seller's Business by Buyer from and after the Closing Date for no additional consideration if so requested by Buyer.

F. CONDITION OF ASSETS.

To the best of Seller's knowledge, the plants, structures, equipment and other items of personal property owned by Seller which are part of the Included Assets are structurally sound with no material defects, are in good and safe operating condition and repair, and are adequate in all material respects for the uses to which they are being put, normal wear and tear excepted.

G. CERTAIN CLAIMS.

To the best of Seller's knowledge, there are no facts which, if known by a potential claimant or governmental authority, would give rise to a claim or proceeding of any kind or nature whatsoever which, if asserted or conducted with results unfavorable to Seller, would have a material adverse effect on the Included Assets or Buyer's ability to operate Seller's Business in a similar manner as that conducted by Seller immediately prior to this Agreement.

H. CERTAIN VIOLATIONS OR PROCEEDINGS.

There is no litigation or proceeding, in law or in equity, and there are no proceedings or governmental investigations before any commission or other administrative authority, pending or to the best of Seller's knowledge threatened against Seller with respect to or affecting Seller's Business or the Included Assets, or the consummation of the transactions herein contemplated, or the use of the Included Assets (whether by Buyer after the Closing or by Seller prior thereto) in a manner similar to that conducted by Seller immediately prior to this Agreement. Seller's operation and management of Seller's Business, and the Included Assets, are in compliance in all material respects with all applicable orders, laws, ordinances, codes, regulations or other requirements of any governmental authority, including, without limitation, those relating to environmental protection, civil rights, occupational safety and health, mining and zoning, building and use requirements.

I. CERTAIN CONTRACTS, PERMITS AND LICENSES.

All contracts, agreements, leases, warranty agreements, mineral leases and all licenses, Permits and governmental approvals and intangible assets listed on Schedule I(A)(6), Schedule I(A)(7), Schedule I(A)(8), Schedule I(A)(9), Schedule I(A)(10), Schedule I(A)(12), and Schedule I(A)(13) are in full force and effect and are, except as otherwise indicated on those Schedules, freely transferrable to Buyer or its nominee without the consent or approval of any third party. There are no defaults, breaches or violations of or with respect to any such documents, and, to the best of Seller's knowledge, no event, occurrence or condition has occurred (or is threatened to occur) which, with the lapse of time, the giving of notice, or the happening of any further event or condition, or both would become a default or violation of any such document. Seller is not bound by, and Buyer is not assuming, any commitment for the delivery of any of its products, including the Limestone Availability Agreement identified in Section VII(O), aggregating in excess of what can be delivered out of present inventories plus future production at current practicable capacity during the time available to satisfy such commitments. There are no occupancy, sanitary district, water, sewage, air, environmental protection agency, natural resource department or other licenses or permits required by any federal, state, regional or local governmental authority for the ownership, use or operation of the Included Assets by Buyer in the conduct of Seller's Business. To the best of Seller's knowledge, all Permits are in full force and effect, validly issued, and without violations on the part of Seller or its affiliates.

J. NO MATERIAL LOSS.

Since January 1, 1997, Seller has not suffered or been threatened with any material loss of any Included Assets and has not entered into any material transaction related to the Included Assets.

K. BROKERS.

Other than as set forth in the Disclosure Schedule, Seller has not engaged any broker or finder in connection with the transaction contemplated herein, and Seller hereby agrees to indemnify and hold harmless Buyer against the claims of any broker or finder engaged by Seller.

L. INSURANCE.

Seller will maintain in full force and effect through the Closing Date all insurance coverage which it presently carries on Seller's Business and the Included Assets.

M. ENVIRONMENTAL AND RECLAMATION LAWS.

1. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings indicated below:

a. Applicable Permit. Any permit, license or document issued at or prior to the Closing Date that is necessary for Seller to do business in connection with Seller's Business in each of the jurisdictions in which it is qualified or authorized to do business.

b. CERCLA. The Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. Section 9601 et seq., as amended.

c. Claims. All liens, encumbrances, security interests, mortgages, equities, options or pledges of every kind, nature and description.

d. Governmental Authority. Any national, state or local government (whether domestic or foreign) and any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity, including, without limitation, any court, zoning authority, building inspector, or any arbitrator with authority to bind a party at law.

e. Hazardous Substances. Any "hazardous substance," as defined in Section 101(14) of CERCLA; any "hazardous waste" as defined by Section 1004(5) of the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 et seq. RCRA; any radioactive material (including "byproduct material," "depleted uranium," "source material," or "special nuclear material") as defined by The Atomic Energy Act, 42 U.S.C. Section 2011 and 10 C.F.R. Section 40.4; any "hazardous chemicals" as defined by 29 C.F.R. Section 190.1200 et seq. any "toxic pollutant," as listed pursuant to Section 307 of the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 et seq. any "hazardous air pollutant" as listed under Section 112 of the Clean Air Act, 42 Section 7401 et seq., any oil as defined in The Oil Pollution Act of 1990, 33 Section 2701 et seq. and any other material regulated by any state statute which is equivalent or comparable to the foregoing.

2. OPERATIONS IN COMPLIANCE. The operations of the Seller's Business are in compliance, in all material respects, with all statutes, laws, ordinances, rules, regulations, judgments, orders and decrees, which are presently in effect and which are applicable to the Seller's Business. These include, without limitation, laws relating to the protection of the environment, including laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants or hazardous or toxic materials or wastes, contaminated air, surface water, ground water, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants or Hazardous Substances.

3. NO VIOLATIONS. There are no outstanding notices of violation, Claims, citations, complaints, penalty assessments, suits or other proceedings, administrative, civil or criminal, at law or in equity, pending or, to Seller's knowledge, threatened against the Seller by or before any governmental authority with respect to Seller's Business. No investigation or review is pending or, to Seller's knowledge, threatened against Seller by or before any governmental authority with respect to any alleged violation of any Applicable Permit, law, regulation, ordinance, standard or order relating to Seller's Business. Seller has received no notices stating that any third party intends to file suit under any environmental statute with respect to Seller's Business. All Hazardous Substances and Solid Wastes (as defined in RCRA, 42 U.S.C. Section 6903(27)) of Seller's Business have been transported and disposed of in compliance with all applicable laws and Applicable Permits. Seller has no knowledge that any Hazardous Substances have ever been released, discharged or disposed of on or about the Facilities, other than incidents or matters which have been fully resolved under all applicable laws and regulations.

4. WASTE DISPOSAL. Seller has not received from

any Governmental Authority or third party any request for information, notice of Claim, demand letter, citizen suit notice or other notification to the effect that Seller may be potentially responsible with respect to any investigation or clean-up of Hazardous Substances released or Solid Wastes disposed of at any site pertaining to Seller's Business. To Seller's knowledge, no Hazardous Substances or Solid Wastes generated by Seller from the Facilities have been sent, directly or indirectly, to any site listed or formally proposed for listing on the National Priority List promulgated pursuant to CERCLA, or to any site listed on any state list of hazardous substance sites requiring investigation or cleanup.

5. UNDERGROUND STORAGE TANKS. All underground storage tanks previously located on Facilities currently occupied by Seller have been closed in place or removed in compliance with all applicable laws and regulations.

6. NO PCB'S. No electrical, heat transfer or hydraulic equipment or other equipment containing polychlorinated biphenyl at levels of regulatory concern is located on any real property currently leased or occupied by Seller.

7. HAZARDOUS SUBSTANCES. None of the Facilities and, to Seller's knowledge, none of the properties leased and/or operated by Seller in connection with Seller's Business, is contaminated by or contains any Hazardous Substance. Neither Seller nor any Affiliate of Seller has ever applied for "Interim Status" for the Facilities under 42 U.S.C. Section 6925(e), and regulations enacted thereunder, nor are the Facilities subject to the treatment, storage and disposal regulations promulgated by any Governmental Authority under RCRA.

8. ASBESTOS. Seller has not been notified that any claim has been made against Seller with respect to any of the Facilities currently occupied by Seller resulting from any asbestos or similar materials used in the construction thereof.

N. EXECUTION, DELIVERY, AND PERFORMANCE OF AGREEMENT.

Neither the execution, delivery nor performance of this Agreement by Seller will, with or without the giving of notice or the passage of time, or both, conflict with, result in a default, right to accelerate or loss of rights under, or result in the creation of any lien, charge or encumbrance pursuant to, any provision of Seller's certificate of incorporation or by-laws or any franchise, mortgage, deed of trust, lease, license, agreement, understanding, law, rule, or regulation or any order, judgment or decree to which Seller is a party or by which Seller or the Included Assets may be bound or affected. This Agreement has been duly executed and delivered by Seller and constitutes the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with its terms, except as enforcement may be affected by bankruptcy, moratorium or similar laws for the benefit of creditors generally, and subject to the availability of equitable relief.

O. PRODUCT INVENTORIES

Except as specifically set forth in the Disclosure Schedule, no material portion of the Product Inventories consists of items which are not merchantable or which are not suitable and usable for the production or completion of merchantable

products for sale within a reasonable period of time in the ordinary course of Seller's Business as first quality goods at normal mark-ups, or if required to be fit for any particular purpose of customers of Seller's Business, are so fit, and no material portion of the Product Inventories consists of any items which are slow-moving, obsolete, or of below-standard quality. The quantities of all lines of Product Inventories are reasonable and appropriate in the present circumstances of Seller's Business. The inventories of primary surge stone and other work in process which constitute part of the Product Inventories on hand on the date of this Agreement and on the Closing Date are and will be sufficient to satisfy the normal business needs therefor of Seller's Business as of the date of this Agreement and of the Closing Date, respectively, in a manner consistent with the historical practices of Seller's Business.

P. DOCKS

The docks and dock faces which constitute part of the Facilities are in a safe and operable condition which will permit self-unloading bulk vessels of the type which customarily use the dock to safely reach the dock and remain afloat. As of the Closing Date, the underwater areas adjacent to and leading to the docks which constitute part of the Facilities are adequately dredged by Seller at Port Inland and by the Corps of Engineers at Rouge dock to permit such self-unloading bulk vessels to safely reach, tie up next to, load to midsummer draft, and depart the Port Inland dock, and to safely reach, tie up next to, discharge cargo, and depart the Rouge dock in Detroit.

Q. INCLUDED ASSETS SUFFICIENT TO OPERATE SELLER'S BUSINESS

All Included Assets, including mobile mine equipment and processing plant facilities, are in a condition which will permit Buyer to operate Seller's Business in a manner similar to that as operated by Seller prior to the date of this Agreement, reasonable wear and tear excepted. The Included Assets, when taken as a whole, are suitable and sufficient to operate Seller's Business in a manner similar to that conducted by Seller immediately prior to the date of this Agreement.

R. ERISA AND LABOR LAW COMPLIANCE

1. DEFINITIONS. As used in this Agreement, the following terms shall have the meanings indicated below:

a. Affiliate. The term "Affiliate" shall include a corporation, which is a member of a controlled group of corporations with Seller within the meaning of Section 414(b) of the Code, or a trade or business (including a sole proprietorship, partnership, trust, estate or corporation) which is under Common Control with Seller within the meaning of Section 414(c) of the Code, or any entity which is a member of an affiliated service group within the meaning of Section 414(m) or (o) of the Code with Seller.

b. Code. The Internal Revenue Code of 1986, as amended. Reference to a specific Section of the Code shall include any regulation promulgated thereunder.

c. ERISA. The Employee Retirement Income Security Act of 1974, as amended.

d. ERISA Plan. Any ERISA Pension Plan and



any ERISA Welfare Plan, regardless of whether such plan is tax qualified pursuant to Section 401 of the Code, including all employee benefit plans as defined in Section 3(3) of ERISA, and all bonus, stock option, stock purchase, incentive, deferred compensation, supplemental retirement, severance and other similar fringe or employee benefit plans, programs or arrangements, including all obligations, arrangements or customary practices, whether or not legally enforceable, to provide benefits other than salary or compensation for services rendered, to present or former directors, employees or agents of Seller or any Affiliate of Seller.

e. ERISA Pension Plan. Any employee pension benefit plan as defined in Section 3(2) of ERISA which has been or is established or maintained by Seller or an Affiliate of Seller.

f. ERISA Welfare Plan. Any employee welfare benefit plan as defined in Section 3(1) of ERISA which has been or is established or maintained by Seller or an Affiliate.

g. Governmental Authority. Any national, state or local government (whether domestic or foreign) and any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, bureau or entity, including, without limitation, any court, zoning authority, building inspector, or any arbitrator with authority to bind a party at law.

h. Multi-Employer Plan. Any plan as defined in Section 3(37) of ERISA to which Seller or any Affiliate has or has had an obligation to contribute, and for purposes hereof, shall include (i) a plan to which the provisions of Section 413(c) of the Code or Sections 4063 or 4064 of ERISA apply, and (ii) any union's sponsored welfare plan to which Seller or any Affiliate contributes.

i. Person. Any natural person, corporation, partnership, firm, association, Governmental Authority or any other entity, whether acting in an individual, fiduciary or other capacity.

2. ERISA MULTIEMPLOYER PLANS. Neither Seller nor any Affiliate is now or has ever been, a contributing employer to a Multiemployer Plan.

3. PROVISIONS APPLICABLE TO ERISA PLANS OTHER THAN MULTIEMPLOYER PLANS.

a. Except as otherwise agreed to in writing by the Seller and Buyer, Seller shall retain all of the liabilities and obligations arising under any ERISA Plans including, without limitation, any obligation with respect to any Employees or former Employees of Seller or an affiliate, or any of such person's spouses, children, other dependants or beneficiaries. Buyer shall not assume or have any responsibility relating to any ERISA Plan maintained by Seller.

b. Seller shall pay any claims with respect to occurrences arising prior to the Closing Date relating to (i) medical and dental benefits to the extent covered by the ERISA Plans and (ii) workers' compensation benefits when the same become due and payable, whether prior to or after the

Closing Date. Seller shall be solely responsible for any retiree medical liabilities and related costs of medical and life insurance for persons who shall have retired from Seller or an Affiliate on or prior to the Closing Date. Seller shall be responsible for employee benefit claims of Employees (or their eligible dependents) with respect to Claim Events occurring prior to the Closing Date, and to the extent that Buyer implements benefit plans for Employees, Buyer shall be responsible for such claims with respect to Claim Events occurring on and after the Closing Date. A Claim Event shall be defined as the illness or injury giving rise to a claim of the nature referred to in this Section V(R) (3) (b).

4. COBRA. Seller shall offer to all of its employees at the time of Closing the right to continue their coverage under Seller's or an Affiliate's group health plan(s), such offer to be made in accordance with the continuation coverage requirement of part b of Subtitle B of Title I of ERISA and Section 4980B of the Code.

#### S. INTANGIBLE ASSETS.

Schedule I(A) (13) sets forth a complete and accurate list and description of all of Seller's Intangible Assets. The Intangible Assets are free of any liens, claims or encumbrances and consist of all such rights used by Seller to conduct Seller's Business as currently being conducted. To the best of Seller's knowledge, none of the Intangible Assets conflict with or have been alleged to conflict with or infringe the patents, trademarks, trade names, service marks, copyrights or other rights of any third party. Seller has no knowledge of any use of any of the Intangible Assets by any third party. All trademarks, trade names, service marks, d/b/a names, patents and patent applications, and copyrights and copyright applications which have been used by Seller in connection with Seller's Business but which are not included in the Intangible Assets are described in the Disclosure Schedule.

#### T. BOUNDARY LINES.

There is no pending litigation or dispute concerning the location of the lines and corners of the Real Property, and the improvements constructed on the Real Property are entirely within the boundary lines of the Real Property.

#### U. NOTICE OF CONDEMNATION.

Seller has not received notice of, nor is Seller aware of, any pending, threatened or contemplated action by any governmental authority having the power of eminent domain, which might result in any part of the Real Property being taken by condemnation or conveyed in lieu thereof. Seller shall, promptly upon receiving any such notice or learning of any such contemplated or threatened action, give Buyer written notice thereof.

#### V. ASSESSMENTS.

No assessments have been made against any portion of the Real Property which are unpaid (except ad valorem taxes for the current year which are not yet due and payable), whether or not they have become liens; Seller has received no notice of, and Seller is not aware of, any reassessment of the Real Property or any portion thereof; and Seller shall notify Buyer upon learning of any such assessments or reassessments.

#### W. UTILITIES.

Those public utilities (including water, electricity, gas, sanitary sewage, storm water drainage facilities, and telephone utilities) sufficient to operate the Real Property for its current uses are available to the Real Property and are completed on the Real Property and, as may be appropriate, are connected to the improvements. Seller has not received any notice of, nor is Seller aware of, any pending, threatened or contemplated action by any governmental authority having jurisdiction or by any other person or entity seeking to restrict access of such public utilities to the Real Property or the Facilities or to increase the cost of such access.

#### X. GOOD MINING PRACTICES

Seller conducts its operation of Seller's Business substantially in accordance with good mining practices and all applicable local state and federal laws and regulations governing its operation, including, but not limited to:

1. Maintaining all existing means of ingress, egress and dock facilities and such other roads, bridges, fire overlooks, water and communication systems, as an orderly mining development may require.
2. Taking all necessary precautions against property loss and danger to lives from floods and water runoffs, installing and maintaining reasonable drainage courses, culverts and storage dams as may be warranted or otherwise required by all appropriate governmental requirements.
3. Maintaining on the real property all safety systems and facilities (and which are included as a part of the Included Assets) necessary for the operation of Seller's Business.
4. Developing and maintaining such natural on-site water resources and water rights of the Real Property as are reasonable and sufficient to operate Seller's Business in a manner substantially equivalent to that conducted by Seller prior to Closing.
5. Carrying on a reasonable drilling, exploration and sampling program designed to not detract from the economic useful life of the mining operation and its mine.
6. Filing with all appropriate governmental agencies all required permit applications, notices of intent to mine, mining plans, and all reports of Seller's activities during its conduct of Seller's Business.
7. Consistently maintaining an ongoing program to mine, process and ship the known reserve deposits of minerals on the Real Property with the personnel and appropriate equipment needed on the Real Property for the efficient conduct of such activities.
8. Substantially complying with all health, safety and antipollution regulations of all federal, state, regional and local agencies and carrying adequate worker's compensation for its operation.
9. Maintaining proper records of all mineral production and sales of minerals and other products from Seller's operation of Seller's Business, logs of drilling, sampling, maps of proven and indicated reserves, mine

workings, rods and watercourses, and maps of lands to be reclaimed and restored as required by good mining practices and mining or environmental permits governing Seller's Business.

#### Y. FINANCIAL STATEMENTS.

Seller has delivered to Buyer copies of financial information, including income statements and statements of assets, with respect to Seller's Business for the fiscal years ended December 31, 1995, 1996 and 1997 and for the three months ended March 29, 1998, together with the certificate of Seller's Treasurer with respect thereto (the "Financial Statements"). The Financial Statements have been prepared internally by Seller or by an Affiliate of Seller in accordance with accepted accounting principles as determined by Seller or an Affiliate of Seller and applied on a consistent basis and present fairly the financial position and results of operations of Seller's Business at each such date. There has been no change in accounting procedures or methods, or in the method of valuing inventories respecting Seller's Business, during the period covered by the Financial Statements.

#### Z. WETLANDS.

Seller has filed an application with the State of Michigan, Department of Environmental Quality, for a permit pursuant to Part 303 of Michigan's Natural Resources and Environmental Protection Act in connection with Seller's proposed five-year mining plan, and such application is currently pending before the State.

#### AA. DISCLOSURE.

No representation, warranty or other statement made by Seller in this Agreement and no statement in the Disclosure Schedule contains an untrue statement of material fact or omits to state a material fact necessary to make the statements in this Agreement and in the Disclosure Schedule, in the light of the circumstances in which they were made, not misleading. Seller does not have knowledge of any fact that has specific application to Seller's Business (other than general economic or industry conditions) and that, as far as any officer or director of Seller or any Affiliate of Seller can reasonably foresee, materially threatens the Included Assets or the prospects of Seller's Business that has not been set forth in this Agreement or the Disclosure Schedule.

#### VI. REPRESENTATIONS AND WARRANTIES OF BUYER

Except as set forth in the Disclosure Schedule, Buyer represents and warrants to Seller that, as of the date of this Agreement and on the Closing Date:

##### A. CORPORATE ORGANIZATION.

Buyer is a corporation duly organized, validly existing and in good standing under the laws of the state of its incorporation with corporate power and authority sufficient to enable it to carry out this Agreement. Buyer has the power and authority to own properties and carry on business. As of the Closing Date Buyer will be duly qualified to do business in the State of Michigan. The execution, delivery and performance of this Agreement have been duly authorized by all necessary corporate action of Buyer.

##### B. AUTHORIZATION.

No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance of this Agreement other than the Hart-Scott-Rodino filing referred to in Section VII(M) of this Agreement.

C. BROKERS

Buyer has not engaged any broker or finder in connection with the transactions contemplated herein.

D. CERTAIN PROCEEDINGS.

There is no litigation or proceeding, in law or in equity, and there are no proceedings or governmental investigations before any commission or other administrative authority, pending or to Buyer's knowledge threatened against Buyer with respect to or affecting the consummation of the transactions herein contemplated, or the use of the Included Assets by Buyer after the Closing.

E. EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT.

Neither the execution, delivery nor performance of this Agreement by Buyer will, with or without the giving of notice or the passage of time, or both, conflict with, result in a default, right to accelerate or loss of rights under, or result in the creation of any lien, charge or encumbrance pursuant to, any provision of Buyer's certificate of incorporation or bylaws or any franchise, mortgage, deed or trust, lease, license, agreement, understanding, law, rule or regulation or any order, judgment or decree to which Buyer is a party or by which Buyer may be bound or affected. This Agreement has been duly executed and delivered by Buyer and constitutes the legal, valid and binding obligation of Buyer, enforceable against Buyer in accordance with its terms, except as enforcement may be affected by bankruptcy, moratorium or similar laws for the benefit of creditors generally, and subject to the availability of equitable relief.

VII. COVENANTS

A. CONSENTS.

Seller and Buyer shall cooperate to obtain any consent or governmental approval with respect to the assignment of, or shall make alternate arrangements reasonably satisfactory to Buyer with respect to, any contract, lease, license or Permit which is to be assigned to Buyer hereunder and which may be required for such assignment to be effective.

B. PERIOD FROM EXECUTION TO CLOSING.

From the date of this Agreement until the Closing, Seller will not, with respect to the Included Assets, engage in any material transaction including any material disposition of any of the Equipment, Inventories or Real Estate, without the prior written consent of Buyer.

C. PAYMENT OF TAXES.

Seller shall pay when due any consolidated federal income tax liability, state or local corporate income or franchise tax liability (applied to each state or locality separately), payroll or other tax liability for the portion of any taxable

period during which the income from Seller's Business is included in a consolidated return of the "affiliated group", within the meaning of Section 1504 of the Internal Revenue Code of 1986, as amended, of which Seller is a member. Seller shall also pay when due all sales and use taxes and all other taxes and assessments of every kind and nature arising out of the operation of the Seller's Business or the ownership of the Included Assets prior to the Closing.

D. PURCHASE PRICE ALLOCATION.

Seller and Buyer shall allocate the Purchase Price for the Included Assets based upon an independent appraisal of the Included Assets to be completed by Buyer and concurred in by Seller after the Closing Date. Buyer shall provide notice to Seller of such proposed allocation within a reasonable time after Buyer has completed the same, and Seller shall provide notice to Buyer whether Seller concurs in such allocation within a reasonable time after Seller's receipt of such proposed allocation. The allocation shall be in accordance with federal and state laws and regulations, including but not limited to Section 1060 of the Internal Revenue Code of 1986, as amended. Buyer and Seller each agree to file identical (except for taxpayer identification information) asset acquisition statements (IRS form 8594), in accordance with the agreed allocations for their respective taxable years which include the Closing Date. Buyer and Seller shall each indemnify, defend, save and keep the other party harmless against and from all liability, demands, claims, actions or causes of action, assessments, penalties, costs or expenses, including reasonable attorneys' fees, sustained or incurred by such other party as a result of the failure of Buyer or Seller to properly file an asset acquisition statement in accordance with such agreed allocations.

E. INSPECTION BEFORE CLOSING.

Pending the Closing, Seller shall furnish to Buyer all documents, reports and other information and data covering the Included Assets, and shall otherwise cooperate with Buyer in such manner as, Buyer may reasonably request. Seller shall provide Buyer and its representatives with reasonable access to all financial records of Seller and its affiliates relating to Seller's Business and shall provide Buyer with copies of any such records requested by Buyer or its representatives. Seller shall provide Buyer with copies of Seller's accounts payable records with respect to Seller's Business for the years ending December 31, 1995, 1996 and 1997 and for the first two months of 1998. At all reasonable times, Seller shall make the Facilities and the Included Assets available for examination and inspection by Buyer and its agents and representatives.

F. INSPECTION OF RECORDS AFTER CLOSING.

From and after the Closing, Seller and Buyer shall each make their respective books and records, including tax and financial records, available to the other party with respect to all transactions of Seller's Business occurring prior to the Closing or relating to Seller's obligations which are assumed by Buyer (in the case of records owned by Seller, at its offices in Bethlehem, Pennsylvania, or such other place as shall be reasonable under the circumstances and, in case of records owned by Buyer, at its offices in Gulliver, Michigan, or its offices in Cleveland, Ohio or such other place as shall be reasonable under the circumstances), for inspection by the other party, or by its duly authorized representatives, for reasonable and necessary business

purposes at all reasonable times during normal business hours, for a seven-year period after the Closing Date. As used in this paragraph, the right of inspection includes the right to make extracts or copies at the expense of the party requesting such copies. Buyer and Seller shall be permitted to destroy any of the books and records described in this Section VII(F) after three years following the Closing Date; provided, however, that for a period of seven years after the Closing Date, Buyer and Seller each shall give the other prior written notice of its intent to destroy any of the books and records described in this Section VII(F) and the party desiring to destroy records shall permit the other party to make reasonable arrangements to preserve or duplicate such records.

#### G. EMPLOYEES OF SELLER'S BUSINESS.

Buyer shall offer employment as of the Closing Date to all employees of Seller's Business on the date immediately prior to the Closing Date, including any employees on vacation, but not any employees on short-term disability, worker's compensation, long-term disability or leave of absence (hereinafter, "Employees" or, individually, "Employee"). Such offer of employment to each Employee shall be at a rate of pay at least equal to such Employee's base rate of pay in effect on the day immediately prior to the Closing Date. Buyer shall review the benefits provided by Seller to such Employees prior to the Closing Date and shall provide such Employees with benefits from and after the Closing Date of the types and in the amounts which Buyer provides to other similarly situated employees of Buyer. Prior to the execution of this Agreement, Seller delivered to Buyer a listing of the current rates of pay, positions and dates of hire of the Employees. Buyer shall have no obligation whatsoever with regard to any persons who are not Employees or to Employees who do not accept Buyer's offer of employment. Buyer shall be solely responsible for all salaries or wages and benefits accruing on or after the Closing Date. In the event Buyer terminates any Employee's employment with Buyer other than for cause within six (6) months after the Closing Date, Seller shall provide termination payments to such Employee in an amount equal to such Employee's then-current weekly rate of pay multiplied by such Employee's combined years of service with Seller and Buyer. Seller shall retain the responsibility for, and indemnify, defend and hold Buyer harmless, against, all liabilities, claims and obligations of and to Employees, reported or unreported, which arise or accrue prior to the Closing Date including, but not limited to, their employment and the conditions thereof, employee welfare benefit plans of any type (including workers' compensation claims, medical and dental insurance coverage and long-term disability benefits) and salary, wages, bonus, deferred compensation, stock option, retirement, pension, or other benefit arrangement.

#### H. PRODUCT WARRANTIES.

Buyer will cooperate with Seller concerning product warranties extended by Seller prior to Closing and shall promptly inform Seller of any complaints or claims made with respect to such warranties. All such warranties shall remain the obligation of Seller, and Seller shall defend, indemnify and hold harmless Buyer against any loss, damage or expense relating to the same, provided that Buyer shall have complied with the requirement of notice and cooperation set forth in Section VII(I). Buyer shall have the benefit of any express or implied warranties from the manufacturer or original seller of the Included Assets if the same is available to a

transferee pursuant to the terms of the warranty, and Seller shall take all actions necessary and execute such instruments as are necessary to effect the transfer of the warranty.

I. THIRD PARTY CLAIMS.

From and after the Closing, the parties shall provide prompt notice to one another and shall cooperate with each other with respect to any third party investigations and the defense of any claims or litigation made or commenced by third parties relating to the Included Assets or Seller's Business, provided that the party requesting cooperation shall reimburse the other party for the other party's reasonable out-of-pocket costs and expenses of furnishing such cooperation. In the event Seller is required by law to mitigate impacts at the Facilities relating to Seller's operations, Buyer shall allow Seller to conduct such mitigation at the Facilities provided that Seller shall not unreasonably interfere with Buyer's ongoing or reasonably anticipated future mining operations.

J. BULK SALES LAWS.

Seller and Buyer shall not give notice under the provisions of the Uniform Commercial Code of any states relating to bulk sales. Except as is otherwise specifically provided under this Agreement, Seller shall remain solely responsible to all of its creditors with respect to liabilities incurred relative to the conduct of Seller's Business prior to the Closing Date. Notwithstanding anything to the contrary in this Agreement, Seller agrees to indemnify, defend and hold harmless Buyer for any loss or liability incurred by Buyer because of the failure to comply with the bulk sales laws of any state.

K. NOTICE; BEST EFFORTS TO CONSUMMATE TRANSACTION.

Each party shall promptly give the other party written notice upon its discovery of the existence or occurrence of any condition which would make any representation or warranty herein contained of either party untrue or which might reasonably be expected to prevent the consummation of the transactions herein contemplated. Neither Buyer nor Seller shall intentionally perform any act which, if performed, or omit to perform any act which, if omitted to be performed, would prevent or excuse the performance of this Agreement by Buyer or Seller or which would result in any representation or warranty herein contained being untrue in any material respect.

L. SCHEDULES.

Buyer and Seller acknowledge that all Schedules and Exhibits referred to herein and not attached hereto at the time of execution shall be delivered after the date hereof, in accordance with this Section VII(L). Each party shall use its best efforts to deliver to the other each of the Schedules and Exhibits required to be delivered by such party as soon as possible and shall update all such Schedules and Exhibits as reasonably necessary prior to Closing and at Closing.

M. CASUALTY PRIOR TO CLOSING.

1. Effect on Purchase Price.

If, prior to the Closing, any damage to or loss of any of the Included Assets occurs due to fire, flood, riot, act of God or other casualty (hereinafter "Casualty"), and if Buyer, in



accordance with the provisions of this Agreement, does not elect, or is not permitted to elect, to terminate this Agreement, the Purchase Price (had there been no Casualty) shall be reduced by an amount equal to the value of such Casualty determined by the allocation provided under Section VII(D).

## 2. Termination Option.

If, between the date hereof and the Closing, Casualty occurs to the Included Assets having a replacement cost of five million dollars (\$5,000,000.00) or more, Buyer, at its option, may elect to terminate this Agreement or proceed to Closing.

## N. HART-SCOTT-RODINO FILING.

Seller and Buyer shall each use all reasonable efforts to expeditiously file completed notification reports under the Hart-Scott-Rodino Anti-Trust Improvements Act in connection with the transactions contemplated by this Agreement and will cooperate with each other in attempting to secure a waiver of the applicable waiting periods under the Act, and, upon the request of either the Federal Trade Commission or the United States Department of Justice, will use all reasonable efforts to supply such agency with any additional requested information as expeditiously as possible.

## O. LIMESTONE AVAILABILITY AGREEMENT.

As of the Closing Date, Buyer and Seller shall enter into a Limestone Availability Agreement in the form attached hereto as Exhibit VII(O).

## P. CONFIDENTIALITY.

In the event that the transactions contemplated by this Agreement are not consummated, Buyer will not use or disclose, nor will it permit any of its investors, employees, agents, or representatives to use or disclose, to any third parties, any written or oral information obtained from Seller or obtained through investigation of Seller's Business or the Included Assets, except to the extent that such information is publicly available or obtainable from independent sources or is required to be disclosed by law. In the event that the transactions contemplated by this Agreement are not consummated, any and all documents and other materials furnished by Seller to Buyer or its representatives, with respect to the transactions contemplated hereby, and all copies thereof, shall be returned to Seller forthwith. This Section VII(P) shall survive any termination of this Agreement. In no event shall Buyer disclose to any third party information relating to any items set forth in the Disclosure Schedule, unless such disclosure is required by law, in which case Buyer shall provide advance notice of any proposed disclosure to Seller and shall afford Seller the opportunity to participate in such disclosure.

## Q. NONCOMPETITION

At Closing, Seller shall deliver a noncompetition agreement in the form attached hereto as Exhibit VII(Q), which prevents Seller, Specialty Minerals Inc., a Delaware corporation ("SMI"), Mineral Technologies Inc., a Delaware corporation ("MTI"), and any Affiliate of Seller, SMI or MTI from competing, directly or indirectly, against Buyer in the sale of any products currently sold from the Facilities as part of Seller's Business, in any geographic area serviced by Great

Lakes shipping vessels, for a period of five (5) years after the Closing Date (the "Noncompetition Agreement").

#### R. OPERATION OF BUSINESS

Seller shall operate, maintain and protect Seller's Business from the date of this Agreement until Closing in accordance with good operating and mining practices. Except for the Deferred Charges, Seller shall not make, or incur liability for, any capital expenditures for additions or improvements to its plant or other business operations without Buyer's prior written consent. Seller shall not pre-sell any product beyond that which can be produced through the normal operating rate of Seller's Business through the date prior to the Closing Date. Seller shall not transfer or otherwise dispose of any Included Assets except for sales of Product Inventories to its customers in accordance with the terms of applicable customer orders and other transfers of Product Inventories in the ordinary course of business. Seller shall not incur any obligation or liability, absolute, accrued, contingent, or otherwise, whether due or to become due, except for liabilities and obligations incurred in the ordinary course of Seller's Business. Seller shall not make, permit or suffer any adverse change in the financial condition of Seller's Business, the Included Assets, or its or Buyer's prospects for any aspect of Seller's Business prior to or after Closing, or waive any right or cancel or comprise any debt or claim included as part of the Included Assets, other than in the ordinary course of business. Seller shall not make any material change in the rate of compensation, commission, bonus, perquisites, benefits or other remuneration payable, or paid or agreed to be paid to officers, directors, employees, salesmen or agents other than regularly scheduled increases about which Buyer has received prior notice and given its written consent.

#### S. DEFERRED CHARGES.

From November 15, 1997 through the Closing Date, Seller has not incurred and will not incur any Deferred Charges or capital additions with respect to Seller's Business except for Deferred Charges and capital additions of the types and not in excess of the amounts set forth in Schedule VII(S) attached hereto.

#### VIII. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS

Each and every obligation of Buyer to be performed on the Closing Date shall be subject to the satisfaction prior thereto of the following conditions, upon the nonfulfillment of which this Agreement may be terminated in accordance with Section XIII;

##### A. REPRESENTATIONS AND WARRANTIES TRUE AT CLOSING.

All representations and warranties made by Seller in this Agreement are true and correct in all material respects when given and on the Closing Date.

##### B. PERFORMANCE OF COVENANTS.

Seller shall have performed and complied in all material respects with each and every covenant, agreement and condition required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

##### C. NO MATERIAL ADVERSE CHANGE.

There shall have been no material adverse change in the condition of the Included Assets or in the prospects for Seller's Business since the date hereof other than Casualty which has not resulted in termination of this Agreement.

D. NO LITIGATION.

No suit or proceeding shall be pending before any court, administrative agency, governmental body or arbitration tribunal seeking to restrain, prohibit or restrict in any way the consummation of the transactions contemplated hereby, or to obtain damages or other relief in connection with this Agreement.

E. CORPORATE AUTHORITY.

The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby shall have been approved by the Board of Directors of Buyer and by the Board of Directors of Seller.

F. SCHEDULES.

The Schedules and Exhibits which are required by this Agreement to be delivered to Buyer prior to Closing shall have been delivered to Buyer in accordance with the terms and provisions hereof and shall be in form and substance satisfactory to Buyer.

G. CONSENTS/GOVERNMENT APPROVALS.

All consents to assignment, and all governmental approvals and consents, including the expiration or early termination of the Hart-Scott-Rodino waiting period, shall have been obtained or alternate arrangements reasonably satisfactory to Buyer shall have been made with respect to those contracts, leases, licenses or permits for which in Buyer's reasonable judgment the inability to secure the benefits thereof would materially and adversely affect Buyer's ability to conduct business using the Facilities in a manner substantially equivalent to that conducted by Seller prior to Closing.

H. DELIVERIES.

Buyer shall have received the items to be delivered pursuant to Section III(B)(2).

I. ENVIRONMENTAL ASSESSMENT.

Buyer shall have received an environmental assessment of the Facilities reasonably satisfactory to Buyer and performed for Buyer's account by a consulting engineer chosen by Buyer ("Environmental Assessment"). Buyer shall inform Seller as to whether the Environmental Assessment is satisfactory to Buyer no later than the Closing Date. If Buyer does not give notice to Seller that the Environmental Assessment is not satisfactory to Buyer on or before the Closing Date, this Section VIII(I) shall be waived by Buyer and shall be of no further force or effect.

J. TRANSFER OF ASSETS BY SMI.

SMI shall have transferred to Buyer, for no additional consideration, all contract rights, permits and other assets relating primarily to Seller's Business which were titled in SMI's name prior to the incorporation of Seller and which remain titled in SMI's name as of the Closing Date, pursuant to instruments of transfer, assignment and conveyance which

are acceptable to Buyer in form and substance, in each case to the extent legally transferable.

K. GUARANTY BY SMI AND MTI.

SMI and MTI shall have entered into a Guaranty in the form attached hereto as Exhibit VIII(K), pursuant to which SMI and MTI shall, jointly and severally, absolutely and unconditionally guarantee the obligations of Seller under this Agreement and each of the other instruments and documents executed by Seller in connection with the transactions contemplated by this Agreement.

L. TRANSITION SERVICES AGREEMENT.

Buyer, Seller and SMI shall have entered into a Transition Services Agreement (the "Transition Services Agreement") in the form attached hereto as Exhibit VIII(L) pursuant to which Seller and SMI will provide certain services to Buyer after the Closing relating to the operation of Seller's Business.

IX. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS

Each and every obligation of Seller to be performed on the Closing Date shall be subject to the satisfaction prior thereto of the following conditions, upon the nonfulfillment of which this Agreement may be terminated in accordance with Section XIII:

A. REPRESENTATIONS AND WARRANTIES TRUE AT CLOSING.

All representations and warranties made by Buyer in this Agreement are true and correct in all material respects when given and on the Closing Date.

B. PERFORMANCE OF COVENANTS.

Buyer shall have performed and complied in all material respects with each and every covenant, agreement and condition required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

C. CORPORATE AUTHORITY.

The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby shall have been approved by the Board of Directors of Buyer and the Board of Directors of Seller.

D. NO LITIGATION.

No suit or proceeding is pending before any court, administrative agency, governmental body, or arbitration tribunal seeking to restrain, prohibit or restrict in any way the consummation of the transaction contemplated hereby or to obtain damages or other relief in connection with this Agreement.

E. DELIVERIES.

Seller shall have received the items to be delivered pursuant to Section III(B)(1).

F. APPROVALS AND CONSENTS.

All governmental approvals and consents, including the expiration or early termination of the Hart-Scott-Rodino

waiting period, shall have been obtained.

G. GUARANTY BY ONC.

Oglebay Norton Company, a Delaware corporation which is an Affiliate of Buyer ("ONC"), shall have entered into a Guaranty in the form attached hereto as Exhibit IX(G), pursuant to which ONC shall absolutely and unconditionally guarantee the obligations of Buyer under this Agreement and each of the other instruments and documents executed by Buyer in connection with the transactions contemplated by this Agreement.

X. SURVIVAL OF WARRANTIES AND REPRESENTATIONS

The representations and warranties of Seller and Buyer contained in this Agreement or referred to in any closing document shall survive the Closing Date as hereinafter provided. No claim shall be made for breach of any representation or warranty or indemnification with respect thereto, unless such claim is asserted in writing within (but not later than) three (3) years after the Closing Date.

XI. TAX RETURNS

Each of Buyer and Seller shall honor all reasonable requests of the other for access to information relating to Seller's Business in the possession of the other that will assist the requesting party in preparation of a tax return relating to Seller's Business or the Included Assets for which the requesting party is responsible, or in the defense of such a return in the event of a subsequent audit.

XII. INDEMNIFICATION

A. SELLER'S INDEMNIFICATION COVENANTS.

Seller shall indemnify, defend, save and keep Buyer, its Affiliates, their officers, directors, employees and agents, and their successors and assigns, harmless against and from all liability, demands, claims, actions or causes of action, assessments, penalties, costs, or expenses, including reasonable attorneys' fees, sustained or incurred by Buyer, its Affiliates, their officers, directors, employees or agents, or their successors or assigns:

1. as a result of or arising out of or by virtue of any incorrect representation or breach of warranty made by Seller to Buyer herein or in any closing document delivered to Buyer in connection herewith, provided, however, that Seller, in the absence of fraud or intentional misrepresentation by or on behalf of Seller, shall have no obligation to indemnify Buyer under this Section XII(A)(1) for any claim asserted by Buyer which arises after twenty-four (24) months after the Closing Date;

2. as a result of or arising out of or by virtue of the failure of Seller to comply with, or the breach by Seller of any of the covenants of this Agreement to be performed by Seller, provided, however, that Seller, in the absence of fraud or intentional misrepresentation by or on behalf of Seller, shall have no obligation to indemnify Buyer under this Section XII(A)(2) for any claim asserted by Buyer which arises after twenty-four (24) months after the Closing Date except for a breach of the covenant given in Section VII(Q), for which the indemnification period shall be five (5) years from the Closing Date;

3. notwithstanding any other provision of this Agreement to the contrary, as a result of or arising out of or by virtue of any incorrect representation or breach of warranty made by Seller to Buyer in Section V(B), Section V(C) (relating to the Included Assets other than Real Property), Section V(M) or Section V(R), in any closing document delivered to Buyer in connection with such Sections, or Seller's failure to honor, discharge, pay or fulfill any responsibility, liability or obligation not assumed by Buyer pursuant to this Agreement, regardless of when such claim is asserted by Buyer; provided, however, that a claim shall not be asserted by Buyer with respect to any incorrect representation or breach of warranty made by Seller to Buyer in Section V(M) (2) unless and until the aggregate amount of all liabilities, demands, claims, actions or causes of action, assessments, penalties, costs or expenses, including reasonable attorneys' fees, sustained or incurred by Buyer, its Affiliates, their officers, directors, employees or agents, or their successors and assigns, exceeds the sum of One Hundred Thousand Dollars (\$100,000), and then only to the extent of such excess;

4. any increase in the cost of operation of Seller's Business during the 1998 and 1999 shipping seasons as a result of or arising out of or by virtue of any delay in the issuance of, or any failure or refusal to issue, the permit described in Section V(Z). For purposes of determining the increase in the cost of operation of Seller's Business pursuant to this Section XII(A) (4), the parties hereby agree that the amount of such increase shall be deemed to be five cents (\$.05) per ton of Limestone or Dolomite mined by Buyer until such permit is issued; and

5. as a result of, in consequence of or arising out of, under or by reason of any ERISA Plan maintained by or contributed to by the Seller or its Affiliates (including, but not limited to, any liability pertaining to any of Seller's obligations under the minimum funding standards of ERISA and of the Code).

#### B. BUYER'S INDEMNIFICATION COVENANTS.

Buyer shall indemnify, defend, save and keep Seller, its Affiliates, their officers, directors, employees and agents, and their successors and assigns, harmless against and from all liability, demands, claims, actions or causes of action, assessments, penalties, costs, expenses, including reasonable attorneys' fees, sustained or incurred by Seller, its Affiliates, their officers, directors, employees or agents, or their successors and assigns:

1. as a result of or arising out of or by virtue of any incorrect representation or breach of warranty made by Buyer to Seller herein or in any closing document delivered to Seller in connection herewith, provided, however, that Buyer, in the absence of fraud or misrepresentation by or on behalf of Buyer, shall have no obligation to indemnify Seller under this Section XII(B) (1) for any claim asserted by Seller which arises after twenty-four (24) months after the Closing Date;

2. as a result of or arising out of or by virtue of the failure of Buyer to comply with, or the breach by Buyer of, any of the covenants of this Agreement to be performed by Buyer, provided, however that Buyer, in the absence of fraud or misrepresentation by or on behalf of Buyer, shall have no obligation to indemnify Seller under this Section XII(B) (2) for any claim asserted by Seller which

arises after twenty-four (24) months after the Closing Date;  
and

3. as a result of or arising out of or by virtue of (i) any product liability claims made against Seller or Seller's Business resulting solely from any Products that are shipped from the Facilities at any time after the Closing or (ii) Buyer's failure to honor, discharge, pay or fulfill any liabilities or obligations assumed by Buyer in this Agreement.

#### C. NOTICE OF INDEMNIFICATION.

In the event any legal proceeding or investigation shall be threatened or instituted or any claim or demand shall be asserted by any person in respect of which payment may be sought by one party hereto from the other party under the provisions of this Section XII (hereinafter, "Claim"), the party seeking indemnification (the "Indemnatee") shall promptly cause written notice of the assertion of any such Claim of which it has knowledge and which is covered by this indemnity to be forwarded to the other party (the "Indemnitor"), which notice must be received by the Indemnitor prior to the expiration of twenty-seven (27) months after the Closing Date (except for indemnification sought pursuant to Section XII(A)(3), Section XII(A)(4), Section XII(A)(5) or Section XII(B)3). Any such notice shall state specifically the provision of this Agreement with respect to which the Claim is made, the facts giving rise to such Claim, and the amount of the liability asserted against the Indemnitor by reason of the Claim.

#### D. INDEMNIFICATION PROCEDURE FOR THIRD-PARTY CLAIMS.

In the event of the initiation of any legal proceeding against an Indemnatee by a third party, the Indemnitor shall have the absolute right after the receipt of notice, at its option and at its own expense, to engage counsel of its choice and to defend against, negotiate, settle, (but not without the prior consent of Indemnatee which consent shall not be unreasonably withheld) or otherwise deal with any proceeding, claim, or demand which relates to any loss, liability, or damage indemnified against hereunder, and the Indemnatee shall cooperate fully with the Indemnitor.

#### E. EXCLUSIVE REMEDY.

Except as is otherwise specifically set forth in this Agreement, the exclusive remedy available to a party hereto in respect of a breach by the other party of its obligations under this Agreement shall be to proceed in the manner set forth in this Section XII and subject to the limitations set forth herein. Notwithstanding anything else in this Agreement to the contrary, the limitations of Section XII(A)(1) and the provisions of this Section XII(E) shall not apply to any breach of Seller's warranties set forth in the Warranty Deeds referred to in Section I(D)b.

#### F. RESPONSIBILITY UNDER CERTAIN ENVIRONMENTAL LAWS.

No provision of this Agreement shall limit or otherwise restrict any liability or responsibility of either party to the other or in any manner under or in connection with the Comprehensive Environmental Response, Compensation and Liability Act, as amended, 42 USC 9601, et seq., the Resource Conservation and Recovery Act of 1976, as amended, 42 USC 6901, et seq., and Parts 111 and 303 of the Michigan Natural Resources and Environmental Protection Act.

#### G. ARBITRATION.

Each party agrees that to the extent any dispute arising in connection with this Agreement is not resolved by voluntary agreement of the parties, such dispute shall be finally and exclusively settled by arbitration in accordance with the provisions of this Section XII(G). If any such dispute arises, either party may at any time deliver written notice that it intends to submit such dispute to arbitration. If such a notice is delivered to the other party, then the party that delivered such notice shall be entitled to direct submission of the dispute to arbitration. The party directing a submission to arbitration shall promptly deliver written notice to the other party. Notwithstanding this Section XII(G), each party shall have the right to seek from any court of competent jurisdiction pending the establishment of the arbitral tribunal interim relief in aid of arbitration or to protect the rights of such party in respect of this Agreement. Any request for such interim relief by a party shall not be deemed incompatible with, or a waiver of, this agreement to arbitrate. Such arbitration shall be held in Detroit, Michigan (which shall be the exclusive location of such arbitration unless otherwise agreed by the parties) in accordance with the commercial arbitration rules and regulations of the American Arbitration Association, with pre-hearing discovery rights in accordance with the Federal Rules of Civil Procedure. The determination of the arbitrators shall be conclusive and binding upon the parties, and any determination by the arbitrators of an award may be filed with the clerk of a court of competent jurisdiction as a final adjudication of the claim involved, where application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be. The expenses of each party, including legal and accounting fees, if any, with respect to the arbitration, shall be borne by such party, except to the extent otherwise directed by the arbitrators. The arbitrators shall designate the parties to bear the expenses of the arbitrators of the respective amounts of such expense to be borne by each party.

#### XIII. TERMINATION: RIGHT TO DAMAGES

If this Agreement is terminated pursuant to its terms, neither party hereto shall have any claim against the other except if the circumstances giving rise to such termination were caused by the other party's willful breach of any covenant or agreement in this Agreement, by a representation known by such other party to be false when made, or by a closing document delivered by such other party being knowingly incorrect when delivered; in which events such termination shall be in violation of this Agreement and shall not be deemed or construed as limiting or denying any legal or equitable right or remedy of said party.

#### XIV. MISCELLANEOUS

##### A. LAW GOVERNING AGREEMENT.

This Agreement shall be governed by and construed in accordance with the laws of the State of Michigan.

##### B. NOTICES.

All notices, requests, demands and other communications hereunder shall be deemed to have been duly given, if delivered by hand or mailed, by registered mail with postage prepaid:



1. To Seller.

If to Seller, to:

Mr. Paul R. Saueracker  
President  
Speciality Minerals Inc.  
405 Lexington Avenue  
New York, New York 10174-1901

with a copy to:

S. Garrett Gray  
General Counsel  
Minerals Technologies Inc.  
405 Lexington Avenue  
New York, New York 10174-1901

or to such other person or address as Seller shall furnish to Buyer in writing.

2. To Buyer.

If to Buyer, to:

Oglebay Norton Company  
1100 Superior Avenue  
Cleveland, Ohio 44114  
Attention: Jeffrey S. Gray  
Vice President-Corporate Development and Legal Affairs

with a copy to:

Christopher C. McCracken, Esq.  
Ulmer & Berne LLP  
Bond Court Building  
1300 East Ninth Street, Suite 900  
Cleveland, Ohio 44114

or to such other person or address as Buyer shall furnish to Seller in writing.

C. EXPENSES.

Except as otherwise provided herein, each of the parties shall be responsible for the fees and expenses of its counsel, brokers, and other agents and any other costs incurred by it in connection with the transaction contemplated hereby.

D. HEADINGS.

The headings in the paragraphs of this Agreement are inserted for convenience only and shall not constitute a part hereof.

E. FURTHER COOPERATION

From and after the Closing Date, Buyer and Seller agree to execute and deliver all other documents and to take such other action or corporate proceedings as may be reasonably necessary or desirable to confirm and vest title to the Included Assets in Buyer and to carry out and give effect to all of the terms and conditions of this Agreement. Without limiting the generality of the foregoing, Seller, SMI and Buyer shall cooperate with each other with respect to the services to be provided to Buyer pursuant to the terms of the Transition Services Agreement.

F. NO THIRD PARTY BENEFICIARIES.

Rights and duties hereunder shall inure to the benefit of the parties hereto only and not to the benefit of any third parties, including but not limited to, employees of Buyer or Seller.

G. SEVERABILITY.

If any provision of this Agreement shall be deemed or adjudged invalid or unenforceable to any extent, the remainder of this Agreement shall not be affected thereby and shall be enforced to the full extent permitted by law.

H. BINDING AGREEMENT AND ASSIGNABILITY.

Each term and provision of this Agreement shall be binding upon and enforceable against any successors or assigns of Seller or Buyer. This Agreement shall not be assignable by either party without the consent of the other party except that Buyer may assign this Agreement to any entity which is controlled by Buyer without the consent of Seller.

I. COMPLETE AGREEMENT.

This document and the documents (including exhibits and schedules) referred to herein contain the complete agreement between the parties and supersede any and all prior understandings, agreements or representations by or between the parties, written or oral, which may have related to the subject matter hereof in any way.

J. COUNTERPARTS.

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

K. NON-WAIVER AND OTHER MISCELLANEOUS MATTERS.

No delay on the part of Seller or Buyer in the exercise of any right, power or remedy shall operate as a waiver thereof, nor shall any single or partial exercise by Seller or Buyer of any right, power or remedy preclude other or further exercise thereof, or the exercise of any other right, power or remedy. No amendment, modification, termination or waiver at or consent with respect to, any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed and delivered by Seller and Buyer, and then any such amendment, modification, termination, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Consummation of the transaction contemplated herein shall not be deemed a waiver or a breach of any representation, warranty or covenant or of any party's rights and remedies with regard thereto. No specific representation, warranty or covenant shall limit the generality or applicability of a more general representation, warranty or covenant. A breach of any representation, warranty or covenant shall not be affected by the fact that a more general representation, warranty or covenant was not also breached.

L. PUBLICITY AND NEWS RELEASES.

Except as required by law, no publicity, release or announcement concerning the transactions contemplated by this

Agreement shall be issued without the advance approval in writing of the substance thereof by each of the parties hereto and their respective legal counsel. Each party will consult with the other as to any release or announcement required by law prior to the making of the same.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

SELLER

SPECIALTY MINERALS (MICHIGAN) INC.

By\_\_\_\_/s/ William A. Kromberg\_\_\_\_\_

Title\_\_Vice President \_\_\_\_\_

BUYER

OGLEBAY NORTON LIMESTONE COMPANY

By\_\_\_\_\_/s/ Jeffrey Gray \_\_\_\_\_

Title\_\_Vice President \_\_\_\_\_

ACCOUNTANTS' ACKNOWLEDGMENT

The Board of Directors  
Minerals Technologies Inc:

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

With respect to the subject registration statements, we  
acknowledge our awareness of the use therein of our report  
dated July 31, 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  
August 6, 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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