

Employment Agreements have been executed by the Company and the indicated employees, each substantially identical in all material respects to the form of employment agreement filed as Exhibit 10.5 to the Company's 2000 Annual Report on Form 10-K except as noted below. Each such Employment Agreement was executed by Mr. Saueracker for the Company. Additional Employment Agreements are described in such Exhibit 10.5.

EMPLOYEE AND POSITION	BASE SALARY	DATE OF AGREEMENT	TERMINATION DATE OF AGREEMENT [IF NOT EXTENDED PURSUANT TO SECTION 1(a)]
Allen Cheng Vice President	\$ 210,000	March 1, 2001	August 31, 2002
Howard R. Crabtree Vice President, Organization and Human Resources	\$ 250,000	March 1, 2001	August 31, 2002
S. Garrett Gray Vice President, General Counsel and Secretary	\$ 250,000	March 1, 2001	August 31, 2002
Kenneth Massimine Vice President	\$ 200,000	March 1, 2001	August 31, 2002
John A. Sorel Vice President	\$ 235,000	March 1, 2001	August 31, 2002

An Employment Agreement has been executed by the Company and the indicated employee, substantially identical in all material respects to the form of Employment Agreement filed as Exhibit 10.5(a) to the Company's 2000 Annual Report on Form 10-K except as noted below. The Employment Agreement was executed by Mr. Saueracker for the Company.

EMPLOYEE AND POSITION	BASE SALARY	DATE OF AGREEMENT	TERMINATION DATE OF AGREEMENT [IF NOT EXTENDED PURSUANT TO SECTION 1(a)]
Neil M. Bardach Vice President - Finance and Chief Executive Officer	\$ 275,000	March 1, 2001	August 31, 2002

Severance Agreements have been executed by the Company and the indicated employees, each substantially identical in all material respects to the form of Severance Agreement filed as Exhibit 10.6 to the Company's 2000 Annual Report on Form 10-K except as noted below.

EMPLOYEE	POSITION	DATE OF AGREEMENT
Neil M. Bardach	Vice President - Finance Chief Financial Officer	August 1, 1998
Allen Cheng	Vice President	March 1, 2001
Howard R. Crabtree	Vice President, Organization and Human Resources	January 1, 1997
Anton Dulski	Chief Operating Officer	January 1, 1997
S. Garrett Gray	Vice President, General Counsel and Secretary	January 1, 1997
Kenneth Massimine	Vice President	March 1, 2001
Paul R. Saueracker	President and Chief Executive Officer	January 1, 1997
John A. Sorel	Vice President	March 1, 2001

Severance Agreements have been executed by the Company and the indicated employees, each substantially identical in all material respects to the form of Severance Agreement filed as Exhibit 10.6(a) to the Company's 2000 Annual Report on Form 10-K except as noted below.

EMPLOYEE	POSITION	DATE OF AGREEMENT
Michael A. Cipolla	Controller and Chief Accounting Officer	March 1, 2001
William Kromberg	Vice President - Taxes	March 1, 2001

ACCOUNTANTS' ACKNOWLEDGMENT

The Board of Directors
Minerals Technologies Inc.:

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

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated April 19, 2001, 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 LLP

New York, New York
May 9, 2001

CAUTIONARY FACTORS THAT MAY AFFECT FUTURE RESULTS

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

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

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

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

- ***Historical Growth Rate***

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

- ***Contract Renewals***

The Company's sales of PCC are predominantly pursuant to long-term agreements, generally ten years in length, with paper mills at which the Company operates satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of the satellite PCC plant. Failure of a number of the Company's customers to renew existing agreements on terms as favorable to the Company as those currently in effect could cause the future growth rate of the Company to differ materially from its historical growth rate, and could have a substantial adverse effect on the Company's results of operations.

- ***Consolidation in Paper Industry***

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

- ***Litigation; Environmental Exposures***

The Company's operations are subject to international, federal, state and local environmental, tax and other laws and regulations, and potentially to claims for various legal, environmental and tax matters. The Company is currently a party to various litigation matters. While the Company carries liability insurance which it believes to be appropriate to its businesses, and has provided reserves for such matters which it believes to be adequate, an unanticipated liability arising out of such a litigation matter or a tax or environmental proceeding could have a material adverse effect on the Company's financial condition or results of operations.

- ***New Products***

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

- ***Competition; Protection of Intellectual Property***

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

- ***Risks of Doing Business Abroad***

As the Company expands its operations overseas, it faces the increased risks of doing business abroad, including inflation, fluctuations in interest rates and currency exchange rates, changes in applicable laws and regulatory requirements, export and import restrictions, tariffs, nationalization,

expropriation, limits on repatriation of funds, unstable governments and legal systems, and other factors. Adverse developments in any of these areas could cause actual results to differ materially from historical and expected results.

- ***Availability of Raw Materials***

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

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

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

- ***Adoption of a Common European Currency***

On January 1, 1999, eleven European countries adopted the euro as their common currency. Adoption of a single currency and a common monetary policy by the countries adopting the euro can be expected to have effects on competition in Europe and on the overall economy of the region, which could adversely affect the Company's financial position or results of operations.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 1, 2001

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 NO

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

CLASS	OUTSTANDING AT April 20, 2001
Common Stock, \$0.10 par value	19,563,893

MINERALS TECHNOLOGIES INC.

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PART I. FINANCIAL INFORMATION

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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

(in thousands, except per share data)	<u>Three Months Ended</u>	
	April 1,	March 26,
	<u>2001</u>	<u>2000</u>
Net sales	\$163,975	\$160,929
Operating costs and expenses:		
Cost of goods sold	120,476	114,030
Marketing and administrative expenses	18,126	17,474
Research and development expenses	<u>5,887</u>	<u>5,890</u>
Income from operations	19,486	23,535
Non-operating deductions, net	<u>1,891</u>	<u>953</u>
Income before provision for taxes on income and minority interests	17,595	22,582
Provision for taxes on income	5,457	7,081
Minority interests	<u>480</u>	<u>476</u>
Net income	\$ 11,658 =====	\$ 15,025 =====
Earnings per share:		
Basic	\$ 0.59	\$ 0.72
Diluted	\$ 0.58	\$ 0.71
Cash dividends declared per common share	\$ 0.025	\$ 0.025
Shares used in the computation of earnings per share:		
Basic	19,786	20,792
Diluted	20,063	21,280

See accompanying Notes to Condensed Consolidated Financial Statements.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS

(thousands of dollars)	April 1, <u>2001*</u>	December 31, <u>2000**</u>
Current assets		
Cash and cash equivalents	\$ 8,016	\$ 6,692
Accounts receivable, net	119,978	116,192
Inventories	70,785	71,883
Other current assets	<u>23,310</u>	<u>20,590</u>
Total current assets	222,089	215,357
Property, plant and equipment, less accumulated depreciation and depletion - April 1, 2001 - \$475,048;		
December 31, 2000 - \$466,534	534,118	548,209
Other assets and deferred charges	<u>34,383</u>	<u>36,266</u>
Total assets	\$790,590 =====	\$799,832 =====

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Short-term debt	\$ 53,539	\$ 48,105
Current maturities of long-term debt	717	765
Accounts payable	35,724	36,153
Other current liabilities	<u>46,901</u>	<u>48,504</u>
Total current liabilities	136,881	133,527
Long-term debt	89,095	89,857
Other non-current liabilities	<u>93,540</u>	<u>92,809</u>
Total liabilities	<u>319,516</u>	<u>316,193</u>
Shareholders' equity:		
Common stock	2,586	2,585
Additional paid-in capital	155,284	155,001
Retained earnings	590,347	579,181
Accumulated other comprehensive loss	<u>(54,482)</u>	<u>(44,073)</u>
	693,735	692,694
Less treasury stock	<u>222,661</u>	<u>209,055</u>
Total shareholders' equity	<u>471,074</u>	<u>483,639</u>
Total liabilities and shareholders' equity	\$790,590 =====	\$799,832 =====

* Unaudited

** Condensed from audited financial statements.

See accompanying Notes to Condensed Consolidated Financial Statements.

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

(thousands of dollars)	<u>Three Months Ended</u>	
	April 1,	March 26,
	<u>2001</u>	<u>2000</u>
Operating Activities		
Net income	\$ 11,658	\$ 15,025
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	16,170	15,047
Other non-cash items	1,552	2,788
Net changes in operating assets and liabilities	<u>(8,341)</u>	<u>(8,581)</u>
Net cash provided by operating activities	<u>21,039</u>	<u>24,279</u>
Investing Activities		
Purchases of property, plant and equipment	(15,992)	(22,403)
Other investing activities, net	<u>5,387</u>	<u>312</u>
Net cash used in investing activities	<u>(10,605)</u>	<u>(22,091)</u>
Financing Activities		
Proceeds from issuance of short-term debt	56,086	379
Repayment of debt	(50,651)	--
Purchase of common shares for treasury	(13,606)	(10,160)
Other financing activities, net	<u>(208)</u>	<u>1,553</u>
Net cash used in financing activities	<u>(8,379)</u>	<u>(8,228)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(731)</u>	<u>(1,084)</u>
Net increase (decrease) in cash and cash equivalents	1,324	(7,124)
Cash and cash equivalents at beginning of period	<u>6,692</u>	<u>20,378</u>
Cash and cash equivalents at end of period	\$ 8,016 =====	\$ 13,254 =====
Interest paid	\$ 3,140 =====	\$ 2,248 =====
Income taxes paid	\$ 1,731 =====	\$ 1,794 =====

See accompanying Notes to Condensed Consolidated Financial Statements.

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

Note 1 -- Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by management in accordance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. Therefore, these financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2000. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for a fair presentation of the financial information for the periods indicated, have been included. The results for the three-month period ended April 1, 2001 are not necessarily indicative of the results that may be expected for the year ending December 31, 2001.

Note 2 -- Inventories

The following is a summary of inventories by major category:

(thousands of dollars)	April 1, <u>2001</u>	December 31, <u>2000</u>
Raw materials	\$24,936	\$24,717
Work in process	9,015	7,541
Finished goods	19,418	20,700
Packaging and supplies	<u>17,416</u>	<u>18,925</u>
Total inventories	<u>\$70,785</u> =====	<u>\$71,883</u> =====

Note 3 -- Long-Term Debt

The following is a summary of long-term debt:

(thousands of dollars)	April 1, <u>2001</u>	December 31, <u>2000</u>
7.49% Guaranteed Senior Notes Due July 24, 2006	\$50,000	\$50,000
Yen-denominated Guaranteed Credit Agreement Due March 31, 2007	9,295	10,057
Variable/Fixed Rate Industrial Development Revenue Bonds Due 2009	4,000	4,000
Economic Development Authority Refunding Revenue Bonds Series 1999 Due 2010	4,600	4,600
Variable/Fixed Rate Industrial Development Revenue Bonds Due August 1, 2012	8,000	8,000
Variable/Fixed Rate Industrial Development Revenue Bonds Series 1999 Due November 1, 2014	8,200	8,200
Variable/Fixed Rate Industrial Revenue Bonds Due March 31, 2020	5,000	5,000
Other borrowings	<u>717</u>	<u>765</u>
	89,812	90,622
Less: Current maturities	<u>717</u>	<u>765</u>
Long-term debt	<u>\$89,095</u> =====	<u>\$89,857</u> =====

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

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:

	<u>Three Months Ended</u>	
	<u>April 1,</u> <u>2001</u>	<u>March 26,</u> <u>2000</u>
Basic EPS (in thousands, except per share data)		
Net income	\$ <u>11,658</u>	\$ <u>15,025</u>
Weighted average shares outstanding	<u>19,786</u>	<u>20,792</u>
Basic earnings per share	\$ 0.59 =====	\$ 0.72 =====
Diluted EPS		
Net income	\$ <u>11,658</u>	\$ <u>15,025</u>
Weighted average shares outstanding	19,786	20,792
Dilutive effect of stock options	<u>277</u>	<u>488</u>
Weighted average shares outstanding, adjusted	<u>20,063</u>	<u>21,280</u>
Diluted earnings per share	\$ 0.58 =====	\$ 0.71 =====

Note 5 -- Comprehensive Income

The following are the components of comprehensive income:

	<u>Three Months Ended</u>	
	<u>April 1,</u> <u>2001</u>	<u>March 26,</u> <u>2000</u>
(thousands of dollars)		
Net income	\$ 11,658	\$ 15,025
Other comprehensive income, net of tax:		
Foreign currency translation adjustments	(<u>10,409</u>)	<u>(3,944)</u>
Comprehensive income	\$ 1,249 =====	\$ 11,081 =====

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

	<u>April 1,</u> <u>2001</u>	<u>December 31,</u> <u>2000</u>
Foreign currency translation adjustments	\$(53,481)	\$(43,072)
Minimum pension liability adjustment	<u>(1,001)</u>	<u>(1,001)</u>
Accumulated other comprehensive loss	\$(54,482) =====	\$(44,073) =====

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

Note 6 -- Segment and Related Information

Segment information for the three months ended April 1, 2001 and March 26, 2000 was as follows:

	<u>Net Sales</u>	
	<u>Three Months Ended</u>	
	<u>April 1,</u> <u>2001</u>	<u>March 26,</u> <u>2000</u>
(thousands of dollars)		

Specialty Minerals	\$120,681	\$115,676
Refractories	<u>43,294</u>	<u>45,253</u>
Total	\$163,975	\$160,929
	=====	=====

Income from Operations

(thousands of dollars)

Three Months Ended

	April 1,	March 26,
	<u>2001</u>	<u>2000</u>
Specialty Minerals	\$ 13,893	\$ 16,784
Refractories	<u>5,593</u>	<u>6,751</u>
Total	\$ 19,486	\$ 23,535
	=====	=====

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

(thousands of dollars)

	Three Months Ended	Three Months Ended
	<u>April 1, 2001</u>	<u>March 26, 2000</u>
Income before provision for taxes on income and minority interests		
Income from operations for reportable segments	\$ 19,486	\$ 23,535
Non-operating deductions, net	<u>1,891</u>	<u>953</u>
Income before provision for taxes on income and minority interests	\$ 17,595	\$ 22,582
	=====	=====

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 April 1, 2001 and the related condensed consolidated statements of income and cash flows for the three-month periods ended April 1, 2001 and March 26, 2000. These financial statements are the responsibility of the company's management.

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

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

We have previously audited, in accordance with auditing standards generally accepted in the United States of America, the consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of December 31, 2000, 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 18, 2001, 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, 2000 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

KPMG LLP

New York, New York
April 19, 2001

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	
	April 1,	March 26,
	2001	2000
Net sales	100.0%	100.0%
Cost of goods sold	73.5	70.9
Marketing and administrative expenses	11.0	10.9
Research and development expenses	<u>3.6</u>	<u>3.6</u>
Income from operations	11.9	14.6
Net income	7.1%	9.3%
	===	===

Results of Operations*Three Months Ended April 1, 2001 as Compared with Three Months Ended March 26, 2000*

Net sales in the first quarter of 2001 increased 1.9% to \$164.0 million from \$160.9 million in the first quarter of 2000. Foreign exchange had a negative effect on sales of approximately \$4.4 million, or 3 percentage points of growth.

Net sales in the Specialty Minerals segment, which includes the Precipitated Calcium Carbonate ("PCC") and Processed Minerals product lines, grew 4.4% in the first quarter of 2001 to \$120.7 million from \$115.6 million in the first quarter of 2000.

Worldwide net sales of PCC grew 4.9% to \$99.7 million from \$95.0 million in the first quarter of 2000. Foreign exchange had a negative effect of approximately \$2.4 million on sales. Growth in sales revenue in PCC for paper was primarily the result of two new satellite PCC plants and several expansions at existing satellite plants. This provided 15 units of new production capacity; a unit represents between 25,000 and 35,000 tons of annual PCC production. The Company also experienced lost sales from the shutdown of the International Paper Company mill in Mobile, Alabama, as well as from production slowdowns at several other paper mills. Sales of PCC used for filling and coating paper had a 7% increase in volume.

The Specialty PCC product line, used in non-paper applications, experienced a sales decline. This decline was attributable primarily to weak industry conditions and a more competitive environment in the calcium supplement market. At the same time, the Company's new Specialty PCC merchant plant in Brookhaven, Mississippi had lower-than-expected sales because of a delayed startup and longer-than-expected customer qualification programs.

On January 2, 2001, the Company announced an agreement with Great Northern Paper, Inc. to build a satellite plant that will provide the Company's ATTM PCC for filling groundwood specialty paper to its Millinocket, Maine paper mill. This satellite will be equivalent to two units. On March 26, 2001, Minerals Technologies Inc. announced an agreement with M-real Corporation of Finland, formerly the Metsa-Serla Group, to construct and operate a satellite PCC plant at a paper mill owned by M-real at Alizay, France. This plant, which will be equivalent to three satellite units, will produce PCC products used in the filling of wood-free printing and writing papers. The plant in Maine is expected to be operational in the third quarter of 2001 and the plant in France will be operational by the fourth quarter of 2001.

Net sales of Processed Minerals products increased 1.9% in the first quarter to \$21.0 million from \$20.6 million in the same period of the prior year.

Net sales in the Refractories segment declined 4.4% to \$43.3 million as compared with \$45.3 million in the prior year. This decrease was due to the unfavorable economic conditions in the worldwide steel industry.

Net sales in the United States in the first quarter of 2001 decreased approximately 3% as compared with the first quarter of 2000. This decrease was primarily due to lower sales in the Refractories segment. Foreign sales increased approximately 11% in the first quarter of 2001 primarily due to increased sales in the Refractories segment, particularly in Europe, and growth in the PCC product line.

Income from operations declined 17.0% to \$19.5 million, as compared with \$23.5 million for the same period last year. This decline was due to weakness across all of the Company's product lines because of the difficult economic conditions in the industries the Company serves - paper, steel, construction and automotive. In addition, the Company also experienced higher energy costs and the negative effect of foreign exchange. Operating income in the Specialty Minerals segment decreased approximately 17% to \$13.9 million and represented 11.5% of its net sales. The Refractories segment's operating income also decreased approximately 17% to \$5.6 million and was 12.9% of its net sales.

Non-operating deductions increased due to higher net interest expense as a result of increased borrowings.

Net income decreased 22.0% to \$11.7 million from \$15.0 million in the prior year. Diluted earnings per share were \$0.58 in the first quarter of 2001 as compared with \$0.71 in the prior year.

On February 23, 2001, the Company signed an agreement to purchase the refractories business of Martin Marietta Magnesia Specialties Inc. for \$34 million. This transaction was completed on May 1, 2001. Net sales of this business for the year ended December 31, 2000 were approximately \$57 million.

Liquidity and Capital Resources

The Company's financial position remained strong in the first quarter of 2001. Cash flows in the first quarter of 2001 were provided from operations and were applied principally to fund capital expenditures and to repurchase common shares for treasury. Cash provided from operating activities amounted to \$21.0 million in the first quarter of 2001 as compared with \$24.3 million in the first quarter of the prior year.

On February 26, 1998, the Company's Board of Directors ("Board") authorized a \$150 million program to repurchase Company stock on the open market from time to time. The Company completed the repurchase program in April 2001 and approximately 3.5 million shares were repurchased under this program.

On February 22, 2001, the Board authorized the Company's Management Committee to repurchase, at its discretion, up to \$25 million in additional shares per year over the next three-year period.

The Company has available approximately \$115 million in uncommitted, short-term bank credit lines, of which \$53.5 million was in use at April 1, 2001. The Company anticipates that capital expenditures for all of 2001 will range between \$70-\$90 million, principally related to the construction of satellite PCC plants and other opportunities that meet the strategic growth objectives of the Company. In addition, the Company will finance the \$34 million acquisition of the refractories business of Martin Marietta Magnesia Specialties Inc. through short-term borrowings under the bank credit lines. The Company expects to meet its financing requirements from internally generated funds, the 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 the companies' future prospects and make informed investment decisions. This report may contain forward-looking statements that set out anticipated results based on management's plans and assumptions. Words such as "expects," "plans," "anticipates," "will," and words and terms of similar substance used in connection with any discussion of future operating or financial performance identify these forward-looking statements.

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 Exhibit 99 to this Quarterly Report.

Recently Issued Accounting Standards

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 Company adopted SFAS 133 on January 1, 2001 and it did not have a material effect on the consolidated financial statements.

Adoption of a Common European Currency

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

The Company's information technology systems are now able to convert among the former national currencies and the euro and to process transactions and balances in euros. The financial institutions with which the Company does business are capable of receiving deposits and making payments both in euros and in the national currencies. The Company does not expect that adapting its information technology systems to the euro will have a material effect on its financial condition or results of operations. The Company is also reviewing contracts with customers and vendors calling for payments in currencies that are to be replaced by the euro, and intends to complete in a timely way any required changes to those contracts.

Adoption of the euro is likely to have competitive effects in Europe, as prices that had been stated in different national currencies become directly comparable to one another. In addition, the adoption of a common monetary policy by the countries adopting the euro can be expected to have an effect on the economy of the region. These competitive and economic effects had no material effect on the Company's financial condition or results of operation during the first quarter of 2001, and the Company does not expect any such effect to occur. There can be no assurance, however, that the transition to the euro will not have a material effect on the Company's business in Europe in the future.

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

The Company is exposed to various market risks, including the potential loss arising from adverse changes in foreign currency exchange rates. The Company does not enter into derivatives or other financial instruments for trading or speculative purposes. When appropriate, the Company enters into derivative financial instruments, such as forward exchange contracts, to mitigate the impact of foreign exchange rate movements on the Company's operating results. The counterparties are major financial institutions. Such forward exchange contracts would not subject the Company to additional risk from exchange rate movements because gains and losses on these contracts would offset losses and gains on the assets, liabilities and transactions being hedged. There were no significant open forward exchange contracts outstanding at April 1, 2001.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

On or about October 5, 1999, the Company was notified by the U.S. Department of Justice of an enforcement referral received from the U.S. Environmental Protection Agency regarding alleged violations by the Company's subsidiary Barretts Minerals Inc. ("BMI") of a state-issued permit regulating pit dewatering and storm water discharge at BMI's talc mine in Barretts, Montana. The threatened federal enforcement action would duplicate in part a state enforcement action that was resolved in May 1999 through settlement and payment of a civil penalty of \$14,000. BMI has entered into pre-filing negotiations with the Department of Justice, and as of April 20, 2001, no complaint had been filed. We anticipate that any settlement of this matter would include a monetary penalty as well as other relief, such as a supplemental environment project at the Barretts site. There can be no assurance that the amount of monetary penalty or the cost of other relief

sought by the Department of Justice in any such complaint, if filed, would not be substantially in excess of the amount for which the previous state enforcement action was settled.

On or about July 14, 2000, MTI, Specialty Minerals Inc. and Minteq International Inc. received from the Connecticut Department of Environmental Protection ("DEP") a proposed administrative consent order relating to the Canaan, Connecticut site at which both Minteq and Specialty Minerals have operations. The proposed order would settle claims relating to an accidental discharge of machine oil alleged to have contained polychlorinated biphenyls at or above regulated levels. The Company's employees immediately took steps to contain and clean up the discharge and notified the Connecticut DEP and the U.S. Environmental Protection Agency ("EPA"), as required by law. The proposed order also alleges certain violations of other environmental regulations, including violations of the Canaan site's existing permit for discharge of stormwater, and of regulations governing the management of underground storage tanks. The proposed order would require payment of a civil penalty of \$420,605, remediation of certain conditions at the site, and other injunctive relief. MTI and the other respondents dispute many of the factual allegations forming the basis of the proposed order, and plan to contest them vigorously. There can

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be no assurance, however, that the Company will be successful in doing so, and the amount of any civil penalty to be paid, and the cost of any remediation or other injunctive relief, remains uncertain.

On February 27, 2001, the EPA filed a civil administrative complaint against Minteq International Inc. seeking \$192,000 in monetary sanctions for alleged regulatory violations relating to the use, handling and disposal of PCB's at Minteq's Canaan, Connecticut facility. Minteq has filed a response to the complaint, and plans to contest vigorously many of the factual allegations and legal conclusions asserted by the EPA.

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

ITEM 6. Exhibits and Reports on Form 8-K

a) Exhibits:

- 10.1 Schedule relating to certain executed Employment Agreements in the form filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended December 31, 2000 (the "2000 10-K").
- 10.2 Schedule relating to additional executed Employment Agreement in the form filed as Exhibit 10.5(a) to the 2000 10-K.
- 10.3 Schedule relating to certain executed Severance Agreements in the form filed as Exhibit 10.6 to the 2000 10-K.
- 10.4 Schedule relating to additional executed Severance Agreements in the form filed as Exhibit 10.6(a) to the 2000 10-K.
- 15 Accountants' Acknowledgment.
- 99 Statement of Cautionary Factors That May Affect Future Results.

b) No reports on Form 8-K were filed during the first quarter of 2001.

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SIGNATURE

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

Minerals Technologies Inc.

By: /s/Neil M. Bardach
Neil M. Bardach
Vice President-Finance and
Chief Financial Officer; Treasurer,
(principal finance officer)

May 9, 2001

