

UNITED STATES  
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 March 29, 2009

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 10174-0002**

(Address of principal executive offices, including zip code)

**(212) 878-1800**

(Registrant's telephone number, including area code)

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

YES  NO

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer  Non-accelerated Filer  Smaller Reporting Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

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 11, 2009 |
|--------------------------------|-------------------------------|
| Common Stock, \$0.10 par value | 18,725,006                    |

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MINERALS TECHNOLOGIES INC.

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**PART 1. FINANCIAL INFORMATION**

**ITEM 1. Financial Statements**

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

| (in thousands, except per share data)                          | Three Months Ended |                |
|--|--------------------|----------------|
|  | March 29, 2009     | March 30, 2008 |
| Net sales  | \$ 208,259         | \$ 277,520     |
| Cost of goods sold   | 175,015            | 216,785        |
| Production margin  | 33,244             | 60,735         |
| Marketing and administrative expenses                          | 20,546             | 26,040         |
| Research and development expenses                              | 4,861              | 6,120          |
| Restructuring and other costs                                  | 549                | 1,432          |
| Income from operations   | 7,288              | 27,143         |
| Non-operating deductions, net                                  | (255)              | (1,514)        |
| Income from continuing operations before provision for taxes   | 7,033              | 25,629         |
| Provision for taxes on income                                  | 1,952              | 7,945          |
| Income from continuing operations, net of tax                  | 5,081              | 17,684         |
| Income (loss) from discontinued operations, net of tax         | (88)               | 376            |
| Consolidated net income  | 4,993              | 18,060         |
| Less: Net income attributable to non-controlling interests     | (836)              | (853)          |
| Net income attributable to Minerals Technologies Inc. (MTI)    | 4,157              | 17,207         |
| <b>Earnings per share:</b>                                     |                    |                |
| Basic:   |                    |                |
| Income from continuing operations attributable to MTI          | \$ 0.23            | \$ 0.88        |
| Income (loss) from discontinued operations attributable to MTI | (0.01)             | 0.02           |

|  |    |               |    |             |
|--|----|---------------|----|-------------|
| Basic earnings per share attributable to MTI                   | \$ | <u>0.22</u>   | \$ | <u>0.90</u> |
| Diluted:   |    |               |    |             |
| Income from continuing operations attributable to MTI          | \$ | 0.23          | \$ | 0.88        |
| Income (loss) from discontinued operations attributable to MTI |    | <u>(0.01)</u> |    | <u>0.02</u> |
| Diluted earnings per share attributable to MTI                 | \$ | <u>0.22</u>   | \$ | <u>0.90</u> |
| <br>   |    |               |    |             |
| Cash dividends declared per common share                       | \$ | <u>0.05</u>   | \$ | <u>0.05</u> |
| <br>   |    |               |    |             |
| <b>Shares used in computation of earnings per share:</b>       |    |               |    |             |
| Basic  |    | 18,703        |    | 19,076      |
| Diluted  |    | 18,724        |    | 19,179      |

See accompanying Notes to Condensed Consolidated Financial Statements.

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

| <b>(thousands of dollars)</b>   | <b>ASSETS</b>              |                                |
|---|----------------------------|--------------------------------|
|   | <b>March 29,<br/>2009*</b> | <b>December 31,<br/>2008**</b> |
| Current assets:   |                            |                                |
| Cash and cash equivalents   | \$ 191,160                 | \$ 181,876                     |
| Short-term investments, at cost which approximates market   | 10,873                     | 9,258                          |
| Accounts receivable, net  | 163,909                    | 163,475                        |
| Inventories   | 115,992                    | 133,983                        |
| Prepaid expenses and other current assets   | 23,045                     | 23,281                         |
| Assets held for disposal  | <u>21,954</u>              | <u>19,674</u>                  |
| Total current assets  | 526,933                    | 531,547                        |
| Property, plant and equipment, less accumulated depreciation and depletion -<br>March 29, 2009 - \$901,553; December 31, 2008 - \$894,638 | 411,623                    | 429,593                        |
| Goodwill  | 66,071                     | 66,414                         |
| Prepaid pension costs   | 500                        | 483                            |
| Other assets and deferred charges   | <u>33,903</u>              | <u>39,583</u>                  |
| Total assets  | <u>\$ 1,039,030</u>        | <u>\$ 1,067,620</u>            |
| <br><b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                            |                                |
| Current liabilities:  |                            |                                |
| Short-term debt   | \$ 10,863                  | \$ 14,984                      |
| Current maturities of long-term debt  | 4,000                      | 4,000                          |
| Accounts payable  | 63,258                     | 67,393                         |
| Restructuring liabilities   | 5,511                      | 6,840                          |
| Other current liabilities   | 50,079                     | 56,902                         |
| Liabilities of assets held for disposal   | <u>1,021</u>               | <u>734</u>                     |
| Total current liabilities   | 134,732                    | 150,853                        |
| Long-term debt  | 97,221                     | 97,221                         |
| Other non-current liabilities   | <u>82,064</u>              | <u>84,715</u>                  |
| Total liabilities   | 314,017                    | 332,789                        |
| Shareholders' equity:   |                            |                                |
| Common stock  | 2,887                      | 2,883                          |
| Additional paid-in capital  | 313,281                    | 312,972                        |
| Retained earnings   | 866,824                    | 863,601                        |
| Accumulated other comprehensive loss  | (45,388)                   | (31,634)                       |
| Less common stock held in treasury  | <u>(436,238)</u>           | <u>(436,238)</u>               |
| Total MTI shareholders' equity  | 701,366                    | 711,584                        |
| Non-controlling interest  | <u>23,647</u>              | <u>23,247</u>                  |
| Total shareholders' equity  | 725,013                    | 734,831                        |
| <br>  |                            |                                |
| Total liabilities and shareholders' equity  | <u>\$ 1,039,030</u>        | <u>\$ 1,067,620</u>            |

See accompanying Notes to Condensed Consolidated Financial Statements.

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

| (thousands of dollars)   | <b>Three Months Ended</b> |                           |
|--|---------------------------|---------------------------|
| <b>Operating Activities:</b>   | <b>March 29,<br/>2009</b> | <b>March 30,<br/>2008</b> |
| Net income   | \$ 4,157                  | \$ 17,207                 |
| Income (loss) from discontinued operations   | (88)                      | 376                       |
| Income from continuing operations  | 4,245                     | 16,831                    |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                           |                           |
| Depreciation, depletion and amortization   | 18,389                    | 19,734                    |
| Payments relating to restructuring activities  | (1,721)                   | (9,421)                   |
| Tax benefits related to stock incentive programs   | --                        | 809                       |
| Other non-cash items   | 1,528                     | 2,548                     |
| Net changes in operating assets and liabilities  | 3,311                     | (26,642)                  |
| Net cash provided by operating activities - continuing operations                        | 25,752                    | 3,859                     |
| Net cash provided by (used in) operating activities - discontinued operations            | (2,169)                   | 2,217                     |
| Net cash provided by operating activities  | 23,583                    | 6,076                     |
| <b>Investing Activities:</b>   |                           |                           |
| Purchases of property, plant and equipment   | (4,546)                   | (10,027)                  |
| Proceeds from sale of short-term investments   | --                        | 520                       |
| Purchases of short-term investments  | (1,633)                   | (3,105)                   |
| Net cash used in investing activities - continuing operations                            | (6,179)                   | (12,612)                  |
| Net cash used in investing activities - discontinued operations                          | --                        | (51)                      |
| Net cash used in investing activities  | (6,179)                   | (12,663)                  |
| <b>Financing Activities:</b>   |                           |                           |
| Repayment of long-term debt  | --                        | (4,983)                   |
| Net proceeds (repayment) of short-term debt  | (2,266)                   | 13,366                    |
| Purchase of common shares for treasury   | --                        | (15,986)                  |
| Proceeds from issuance of stock under option plan  | --                        | 4,988                     |
| Excess tax benefits related to stock incentive programs                                  | --                        | 333                       |
| Cash dividends paid  | (935)                     | (956)                     |
| Net cash used in financing activities  | (3,201)                   | (3,238)                   |
| Effect of exchange rate changes on cash and cash equivalents                             | (4,919)                   | 7,639                     |
| Net increase (decrease) in cash and cash equivalents                                     | 9,284                     | (2,186)                   |
| Cash and cash equivalents at beginning of period   | 181,876                   | 128,985                   |
| Cash and cash equivalents at end of period   | \$ 191,160                | \$ 126,799                |
| <b>Supplemental disclosure of cash flow information:</b>                                 |                           |                           |
| Interest paid  | \$ 435                    | \$ 660                    |
| Income taxes paid  | \$ 3,153                  | \$ 3,508                  |
| Non-cash financing activities:   |                           |                           |
| Treasury stock purchases settled after period-end  | \$ --                     | \$ 1,997                  |

See accompanying Notes to Condensed Consolidated Financial Statements.

**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
 (Unaudited)

**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 U.S. 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, 2008. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for a fair presentation of the financial information for the periods indicated, have been included. The results for the three-month period ended March 29, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

## Note 2. Summary of Significant Accounting Policies

### Use of Estimates

The Company employs accounting policies that are in accordance with U.S. generally accepted accounting principles and require management to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reported period. Significant estimates include those related to revenue recognition, allowance for doubtful accounts, valuation of inventories, valuation of long-lived assets, goodwill and other intangible assets, pension plan assumptions, income tax, valuation allowances, and litigation and environmental liabilities. Actual results could differ from those estimates.

### Non-controlling interests

On January 1, 2009, the Company adopted Statement of Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements, an amendment of ARB No. 51". Under the provisions of this statement, the income statement presentation has been revised to separately present consolidated net income, which now includes the amounts attributable to the Company plus noncontrolling interests (minority interests), and net income attributable solely to the Company. In addition, noncontrolling interests, formerly termed minority interests, are considered a component of equity for all periods presented. Noncontrolling interests were previously classified within other long-term liabilities. Prior year presentations have been restated to conform with the new statement

## Note 3. 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:

|  | <b>Three Months Ended</b> |                           |
|--|---------------------------|---------------------------|
|  | <b>March 29,<br/>2009</b> | <b>March 30,<br/>2008</b> |
| <b>Basic EPS</b><br><b>(in millions, except per share data)</b>                  |                           |                           |
| Income from continuing operations attributable to MTI                            | \$ 4.3                    | \$ 16.8                   |
| Income (loss) from discontinued operations attributable to MTI                   | (0.1)                     | 0.4                       |
| Net income attributable to MTI   | <u>\$ 4.2</u>             | <u>\$ 17.2</u>            |
| Weighted average shares outstanding  | 18,703                    | 19,076                    |
| Basic earnings per share from continuing operations attributable to MTI          | \$ 0.23                   | \$ 0.88                   |
| Basic earnings (loss) per share from discontinued operations attributable to MTI | (0.01)                    | 0.02                      |
| Basic earnings per share attributable to MTI                                     | <u>\$ 0.22</u>            | <u>\$ 0.90</u>            |

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**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

|   | <b>Three Months Ended</b> |                           |
|---|---------------------------|---------------------------|
|   | <b>March 29,<br/>2009</b> | <b>March 30,<br/>2008</b> |
| <b>Diluted EPS</b><br><b>(in millions, except per share data)</b>         |                           |                           |
| Income from continuing operations attributable to MTI                     | \$ 4.3                    | \$ 16.8                   |
| Income (loss) from discontinued operations attributable to MTI            | (0.1)                     | 0.4                       |
| Net income  | <u>\$ 4.2</u>             | <u>\$ 17.2</u>            |
| Weighted average shares outstanding                                       | 18,703                    | 19,076                    |
| Dilutive effect of stock options and stock units                          | 21                        | 103                       |
| Weighted average shares outstanding, adjusted                             | <u>18,724</u>             | <u>19,179</u>             |
| Diluted earnings per share from continuing operations attributable to MTI | \$ 0.23                   | \$ 0.88                   |
| Diluted earnings (loss) per share from discontinued operations            |                           |                           |

attributable to MTI

|  |                |                |
|--|----------------|----------------|
|  | (0.01)         | 0.02           |
| Diluted earnings per share attributable to MTI | <u>\$ 0.22</u> | <u>\$ 0.90</u> |

The weighted average diluted common shares outstanding for the three-months ended March 29, 2009 and March 30, 2008 excludes the dilutive effect of 799,716 and 315,799 options, respectively, as such options had an exercise price in excess of the average market value of the Company's common stock during such period.

#### Note 4. Discontinued Operations

During the fourth quarter of 2007, the Company exited its Synsil® Products product line and reclassified such operations as discontinued. Additionally, the Company reclassified to discontinued operations its two Midwest plants located in Mt. Vernon, Indiana and Wellsville, Ohio. These operations were part of the Company's Specialty Minerals segment. During 2008, the Company sold its idle Synsil operations and its facility in Wellsville, Ohio. The remaining assets of the Mt. Vernon operations are held for disposal.

The following table details selected financial information for the discontinued operations in the consolidated statements of operations. The amounts exclude general corporate overhead and interest expense which were previously allocated to the entities comprising discontinued operations.

| Thousands of Dollars                                   | Three Months Ended     |                      |
|--|------------------------|----------------------|
|  | March 29,<br>2009      | March 30,<br>2008    |
| Net sales  | \$ 3.3                 | \$ 6.3               |
| Production margin                                      | 0.1                    | 0.7                  |
| Expenses   | 0.2                    | 0.2                  |
| Restructuring and other costs                          | --                     | (0.1)                |
| Income (loss) from operations                          | <u>\$ (0.1)</u>        | <u>\$ 0.6</u>        |
| Provision for taxes on income                          | <u>\$ --</u>           | <u>\$ 0.2</u>        |
| Income (loss) from discontinued operations, net of tax | <u><u>\$ (0.1)</u></u> | <u><u>\$ 0.4</u></u> |

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### MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The major classes of assets and liabilities held for disposal in the consolidated balance sheets are as follows:

| Millions of Dollars                     | March 29,<br>2009 | Dec. 31,<br>2008 |
|---|-------------------|------------------|
| Assets:                                 |                   |                  |
| Accounts receivable                     | \$ 1.5            | \$ 1.3           |
| Inventories                             | 6.6               | 7.2              |
| Property, plant and equipment, net      | 9.8               | 9.8              |
| Goodwill                                | 0.8               | 0.8              |
| Prepaid expense                         | 3.3               | 0.6              |
| Assets held for disposal                | <u>\$ 22.0</u>    | <u>\$ 19.7</u>   |
| Liabilities:                            |                   |                  |
| Accounts payable                        | \$ 0.8            | \$ 0.6           |
| Accrued liabilities                     | 0.2               | 0.1              |
| Liabilities of assets held for disposal | <u>\$ 1.0</u>     | <u>\$ 0.7</u>    |

#### Note 5. Income Taxes

As of March 29, 2009, the Company had approximately \$8.0 million of total unrecognized income tax benefits. Included in this amount were a total of \$6.4 million of unrecognized income tax benefits that, if recognized, would affect the Company's effective tax rate. While it is expected that the amount of unrecognized tax benefits will change in the next 12 months, we do not expect the change to have a significant impact on the results of operations or the financial position of the Company.

The Company's accounting policy prior to the adoption of FIN 48 and upon the adoption of FIN 48 is to recognize interest and penalties accrued relating to unrecognized income tax benefits as part of its provision for income taxes. The Company had a net reversal of approximately \$0.6 million during the first three months of 2009, and has an accrued balance of \$1.9 million of interest and penalties accrued as of March 29, 2009.

The Company operates in multiple taxing jurisdictions, both within and outside the U.S. In certain situations, a taxing authority may challenge positions that the Company has adopted in its income tax filings. The Company, with a few exceptions (none of which are material), is no longer subject to U.S. federal, state, local, and European income tax examinations by tax authorities for years prior to 2003.

#### Note 6. Inventories

The following is a summary of inventories by major category:

| (millions of dollars)  | March 29,<br>2009 | December 31,<br>2008 |
|------------------------|-------------------|----------------------|
| Raw materials          | \$ 53,464         | \$ 67,498            |
| Work-in-process        | 9,114             | 10,191               |
| Finished goods         | 32,585            | 35,027               |
| Packaging and supplies | 20,829            | 21,267               |
| Total inventories      | <u>\$ 115,992</u> | <u>\$ 133,983</u>    |

#### Note 7. Goodwill and Other Intangible Assets

The Company accounts for goodwill and other intangible assets in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 142, goodwill and other intangible assets with indefinite lives are not amortized, but instead are tested for impairment, at least annually, in accordance with the provisions of SFAS No. 142.

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### MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

The carrying amount of goodwill was \$66.1 million and \$66.4 million as of March 29, 2009 and December 31, 2008, respectively. The net change in goodwill since January 1, 2009 was primarily attributable to the effect of foreign exchange.

Acquired intangible assets subject to amortization as of March 29, 2009 and December 31, 2008 were as follows:

| (millions of dollars)  | March 29, 2009              |                             | December 31, 2008           |                             |
|------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                        | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization |
| Patents and trademarks | \$ 7.2                      | \$ 3.4                      | \$ 7.4                      | \$ 3.2                      |
| Customer lists         | 8.7                         | 1.9                         | 9.2                         | 1.9                         |
| Other                  | 0.4                         | 0.2                         | 0.4                         | 0.2                         |
|                        | <u>\$ 16.3</u>              | <u>\$ 5.5</u>               | <u>\$ 17.0</u>              | <u>\$ 5.3</u>               |

The weighted average amortization period for acquired intangible assets subject to amortization is approximately 15 years. Estimated amortization expense is \$1.2 million for each of the next five years through 2013.

Included in other assets and deferred charges is an intangible asset of approximately \$3.6 million which represents the non-current unamortized amount paid to a customer in connection with contract extensions at eight PCC satellite facilities. In addition, a current portion of \$1.5 million is included in prepaid expenses and other current assets. Such amounts will be amortized as a reduction of sales over the remaining lives of the customer contracts. Approximately \$0.4 million was amortized in the first quarter of 2009. Estimated amortization as a reduction of sales is as follows: remainder of 2009 - \$1.1 million; 2010 - \$1.2 million; 2011 - \$0.9 million; 2012 - \$0.6 million; 2013 - \$0.6 million; with smaller reductions thereafter over the remaining lives of the contracts.

#### Note 8. Restructuring Costs

Following an in-depth review of all our operations and development of a new strategic focus, the Company recorded a pre-tax charge of \$16.0 million for restructuring and other costs during the second half of 2007. This charge consists of severance and other employee benefit costs, contract termination costs and other exit costs. Restructuring costs of \$9.5 million were recorded in 2008 as part of this program, including a \$6.8 million pension settlement loss related to the distribution of benefits.

In the fourth quarter of 2008, the Company initiated an additional restructuring program through permanent reductions and layoffs. A restructuring charge of \$3.9 million was recorded in the fourth quarter of 2008. Additional restructuring costs of \$0.5 million were recorded in the first quarter of 2009 associated with this program. The restructuring will result in a total workforce reduction of approximately 475 employees, of which approximately 400 reductions have been implemented as of March 29, 2009.

A reconciliation of the restructuring liability, as of March 29, 2009, is as follows:

| (millions of dollars)                 | Balance as of<br>December 31,<br>2008 | Additional<br>Provisions | Cash<br>Expenditures | Balance as of<br>March 29,<br>2009 |
|---------------------------------------|---------------------------------------|--------------------------|----------------------|------------------------------------|
| Severance and other employee benefits | \$ 5.2                                | \$ 0.4                   | \$ (1.7)             | \$ 3.9                             |
| Contract termination costs            | 1.6                                   | --                       | --                   | 1.6                                |
| Other exit costs                      | --                                    | 0.1                      | (0.1)                | --                                 |
|                                       | <u>\$ 6.8</u>                         | <u>\$ 0.5</u>            | <u>\$ (1.8)</u>      | <u>\$ 5.5</u>                      |

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**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

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

The following is a summary of long-term debt:

| (millions of dollars)                                      | March 29,<br>2009 | December 31,<br>2008 |
|--|-------------------|----------------------|
| 5.53% Series 2006A Senior Notes                            |                   |                      |
| Due October 5, 2013  | \$ 50,000         | \$ 50,000            |
| Floating Rate Series 2006A Senior Notes                    |                   |                      |
| Due October 5, 2013  | 25,000            | 25,000               |
| 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                |
| Installment obligations                                    | 1,421             | 1,421                |
| Total  | 101,221           | 101,221              |
| Less: Current maturities                                   | 4,000             | 4,000                |
| Long-term debt   | <u>\$ 97,221</u>  | <u>\$ 97,221</u>     |

As of March 29, 2009, the Company had \$168.5 million of uncommitted short-term bank credit lines, of which approximately \$10.9 million were in use.

**Note 10. Pension Plans**

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

**Components of Net Periodic Benefit Cost**

|                                | Pension Benefits   |                   | Other Benefits     |                   |
|--------------------------------|--------------------|-------------------|--------------------|-------------------|
|                                | Three Months Ended |                   | Three Months Ended |                   |
|                                | March 29,<br>2009  | March 30,<br>2008 | March 29,<br>2009  | March 30,<br>2008 |
| Service cost                   | \$ 1.8             | \$ 2.2            | \$ 0.4             | \$ 0.6            |
| Interest cost                  | 3.0                | 3.3               | 0.5                | 0.6               |
| Expected return on plan assets | (3.6)              | (5.3)             | --                 | --                |
| Amortization:                  |                    |                   |                    |                   |
| Prior service cost             | 1.9                | 0.4               | 0.1                | 0.1               |
| Recognized net actuarial loss  | 0.4                | 0.6               | --                 | 0.1               |
| Net periodic benefit cost      | <u>\$ 3.5</u>      | <u>\$ 1.2</u>     | <u>\$ 1.0</u>      | <u>\$ 1.4</u>     |

Amortization amounts of prior service costs and recognized net actuarial losses are recorded, net of tax, as increases to accumulated other comprehensive income.

**Employer Contributions**

The Company expects to contribute \$6 million to its pension plan and \$1.5 million to its other post retirement benefit plans in 2009. As of March 29, 2009, \$0.5 million has been contributed to the pension fund and approximately \$0.3 million has been contributed to the post retirement benefit plans.

**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**Note 11. Comprehensive Income**

The following are the components of comprehensive income:

| (millions of dollars)                    | Three Months Ended |                   |
|--|--------------------|-------------------|
|  | March 29,<br>2009  | March 30,<br>2008 |
| Consolidated net income                  | \$ 5.0             | \$ 18.0           |
| Other comprehensive income, net of tax:  |                    |                   |
| Foreign currency translation adjustments | (15.5)             | 19.2              |



|   |                 |                |
|---|-----------------|----------------|
| Pension and postretirement plan adjustments                   | 1.5             | 0.6            |
| Cash flow hedges:   |                 |                |
| Net derivative gains arising during the period                | 0.2             | 0.2            |
| Comprehensive income (loss)                                   | <u>(8.8)</u>    | <u>38.0</u>    |
| Comprehensive income attributable to non-controlling interest | (0.8)           | (0.8)          |
| Comprehensive income (loss) attributable to MTI               | <u>\$ (9.6)</u> | <u>\$ 37.2</u> |

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

| (millions of dollars)                    | March 29,<br>2009 | December 31,<br>2008 |
|--|-------------------|----------------------|
| Foreign currency translation adjustments | \$ 16.8           | \$ 32.3              |
| Unrecognized pension costs               | (63.5)            | (65.0)               |
| Net gain (loss) on cash flow hedges      | 1.3               | 1.1                  |
| Accumulated other comprehensive gain     | <u>\$ (45.4)</u>  | <u>\$ (31.6)</u>     |

#### Note 12. Accounting for Asset Retirement Obligations

SFAS No. 143, "Accounting for Asset Retirement Obligations" establishes the financial accounting and reporting obligations associated with the retirement of long-lived assets and the associated asset retirement costs. The Company records asset retirement obligations in which the Company will be required to retire tangible long-lived assets. These are primarily related to its PCC satellite facilities and mining operations. The Company has also adopted the provisions of FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations," related to conditional asset retirement obligations at its facilities. The Company has recorded asset retirement obligations at all of its facilities except where there are no legal or contractual obligations. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset.

The following is a reconciliation of asset retirement obligations as of March 29, 2009:

| (millions of dollars)                         |                |
|---|----------------|
| Asset retirement liability, December 31, 2008 | \$ 13.0        |
| Accretion expense                             | 0.1            |
| Foreign currency translation                  | <u>(0.1)</u>   |
| Asset retirement liability, March 29, 2009    | <u>\$ 13.0</u> |

Approximately \$0.4 million is included in other current liabilities and \$12.6 million is included in other non-current liabilities in the Condensed Consolidated Balance Sheet as of March 29, 2009.

**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

#### Note 13. Non-Operating Deductions, Net

| (millions of dollars)         | Three Months Ended |                   |
|-------------------------------|--------------------|-------------------|
|                               | March 29,<br>2009  | March 30,<br>2008 |
| Interest income               | \$ 0.8             | \$ 1.1            |
| Interest expense              | (0.9)              | (1.5)             |
| Foreign exchange losses       | --                 | (0.8)             |
| Other deductions              | <u>(0.2)</u>       | <u>(0.3)</u>      |
| Non-operating deductions, net | <u>\$ (0.3)</u>    | <u>\$ (1.5)</u>   |

#### Note 14. Segment and Related Information

Segment information for the three-month periods ended March 29, 2009 and March 30, 2008 was as follows:

| (millions of dollars) | Net Sales          |                   |
|-----------------------|--------------------|-------------------|
|                       | Three Months Ended |                   |
|                       | March 29,<br>2009  | March 30,<br>2008 |
| Specialty Minerals    | \$ 143.6           | \$ 180.8          |
| Refractories          | 64.7               | 96.7              |
| Total                 | <u>\$ 208.3</u>    | <u>\$ 277.5</u>   |

**Income (Loss) from Operations**

|                    | <b>Three Months Ended</b> |                           |
|--------------------|---------------------------|---------------------------|
|                    | <b>March 29,<br/>2009</b> | <b>March 30,<br/>2008</b> |
| Specialty Minerals | \$ 9.8                    | \$ 18.4                   |
| Refractories       | (2.2)                     | 8.8                       |
| Total              | <u>\$ 7.6</u>             | <u>\$ 27.2</u>            |

Included in income from operations for the Specialty Minerals segment for the three-month period ended March 29, 2009 and March 28, 2008 were restructuring costs of \$0.3 million and \$1.1 million, respectively.

Included in income (loss) from operations for the Refractories segment for the three-month period ended March 29, 2009 and March 28, 2008 were restructuring costs of \$0.2 million and \$0.3 million, respectively.

The carrying amount of goodwill by reportable segment as of March 29, 2009 and December 31, 2008 was as follows:

|                    | <b>Goodwill</b>           |                              |
|--------------------|---------------------------|------------------------------|
|                    | <b>Three Months Ended</b> |                              |
|                    | <b>March 29,<br/>2009</b> | <b>December 31,<br/>2008</b> |
| Specialty Minerals | \$ 13.4                   | \$ 13.4                      |
| Refractories       | 52.7                      | 53.0                         |
| Total              | <u>\$ 66.1</u>            | <u>\$ 66.4</u>               |

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**MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

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

**Income from continuing operations before  
provision for taxes on income:**

|   | <b>Three Months Ended</b> |                           |
|---|---------------------------|---------------------------|
|   | <b>March 29,<br/>2009</b> | <b>March 30,<br/>2008</b> |
| Income from operations for reportable segments                            | \$ 7.6                    | \$ 27.2                   |
| Unallocated corporate expenses  | (0.3)                     | (0.1)                     |
| Consolidated income from operations                                       | 7.3                       | 27.1                      |
| Non-operating deductions  | (0.3)                     | (1.5)                     |
| Income from continuing operations<br>before provision for taxes on income | <u>\$ 7.0</u>             | <u>\$ 25.6</u>            |

The Company's sales by product category are as follows:

|                          | <b>Three Months Ended</b> |                           |
|--------------------------|---------------------------|---------------------------|
|                          | <b>March 29,<br/>2009</b> | <b>March 30,<br/>2008</b> |
| Paper PCC                | \$ 112.5                  | \$ 137.9                  |
| Specialty PCC            | 10.6                      | 15.3                      |
| Talc                     | 6.6                       | 9.2                       |
| Ground Calcium Carbonate | 13.9                      | 18.4                      |
| Refractory Products      | 53.5                      | 79.1                      |
| Metallurgical Products   | 11.2                      | 17.6                      |
| Net sales                | <u>\$ 208.3</u>           | <u>\$ 277.5</u>           |

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We have reviewed the condensed consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of March 29, 2009, and the related condensed consolidated statements of income for the three-month periods ended March 29, 2009 and March 30, 2008, and the related condensed consolidated statements of cash flows for the three-month periods ended March 29, 2009 and March 30, 2008. These condensed consolidated financial statements are the responsibility of the company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), 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 U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of December 31, 2008, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 25, 2009, 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, 2008 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

New York, New York  
April 27, 2009

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## ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

|                                       | Income and Expense Items<br>as a Percentage of Net Sales |                   |
|---------------------------------------|--|-------------------|
|                                       | Three Months Ended                                       |                   |
|                                       | March 29,<br>2009  | March 30,<br>2008 |
| Net sales                             | 100.0 %  | 100.0 %           |
| Cost of goods sold                    | <u>84.0</u>  | <u>78.1</u>       |
| Production margin                     | 16.0   | 21.9              |
| Marketing and administrative expenses | 9.9  | 9.4               |
| Research and development expenses     | 2.3  | 2.2               |
| Restructuring and other costs         | <u>0.3</u>   | <u>0.5</u>        |
| Income from operations                | <u>3.5</u>   | <u>9.8</u>        |
| Net income attributable to MTI        | <u>2.0 %</u>   | <u>6.2 %</u>      |

### Executive Summary

Consolidated sales for the first quarter of 2009 declined 25% from the prior year to \$208.3 million from \$277.5 million. Foreign exchange had an unfavorable impact on sales growth of approximately \$14.7 million or 5 percentage points of decline. Income from operations declined 73% to \$7.3 million in the first quarter of 2009 from \$27.1 million in the first quarter of 2008. Included in operating income for the first quarter of 2009 and 2008 are restructuring costs of \$0.5 million and \$1.4 million, respectively. Income from continuing operations declined 75% to \$4.2 million as compared to \$16.8 million in the prior year. Net income was \$4.2 million as compared to \$17.2 million in the prior year.

The Company continues to be affected by weak demand in the end markets we serve -- paper, steel, construction and automotive. This market weakness has caused a significant drop in demand for our products. The benefits derived from our announced restructuring programs, the contractual recovery of raw material increases in the PCC product line, and overall expense reduction initiatives were more than offset by the volume declines experienced in all product lines. The Company continues to take the necessary measures to manage through the worldwide economic recession through our cash conservation and cost containment strategies implemented in the fourth quarter of 2008.

We continue to face uncertainty in the economic environment as a result of the worldwide recession. However, as a result of 2007 initiatives to restructure and realign our business, which we continued in 2008, and due to our strong balance sheet and cash flow, the Company believes it is in a strong position to manage through these difficult and uncertain times.

We face some significant risks and challenges in the future:

- Our global business could continue to be adversely affected by decreases in economic activity. U.S. steel production is at its lowest levels since the mid 1980's at 1.0 million tons per week, approximately 50% of production levels experienced in the first three quarters of 2008. In the Paper industry, production levels for printing and writing papers within North America, our largest market, were down 25% as compared with last year. Housing starts are at 24 year lows with the February 2009 annualized rate at 583,000 units, as compared to 2.1 million units in 2005. In the automotive industry, light vehicle sales in the U.S. were down 38% in the first quarter of 2009 as compared to the first quarter of 2008.

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- The ongoing tightening of credit in the financial markets could adversely affect the ability of our customers and/or our suppliers to obtain financing.
  - The industries we serve, particularly paper, steel, construction and automotive have been adversely affected by the global economic climate. Some of our customers may experience further consolidations and shutdowns or may face increased liquidity issues, which could deteriorate the aging of our accounts receivable, increase our bad debt exposure and possibly trigger impairment of assets or realignment of our businesses.
  - Consolidations in the paper and steel industries concentrate purchasing power in the hands of fewer customers, increasing pricing pressure on the Company.
  - Most of our Paper PCC sales are subject to long-term contracts that may be terminated pursuant to their terms, or may be renewed on terms less favorable to us.
  - Our filler-fiber composite technology continues in development through customer trials, but has yet to be proven on a long-term commercial scale.
  - We are subject to volatility in pricing and supply availability of our key raw materials used in our Paper PCC product line and Refractory product line. Our ability to recover increased costs is uncertain and may become more difficult in this economic environment.
  - We continue to rely upon Chinese suppliers for the majority of our supply of magnesium oxide in the Refractories segment which may be subject to uncertainty in availability and cost.
  - The results of our Processed Minerals and Specialty PCC product lines are subject to fluctuations in energy costs.
  - Changes in the fair market value of our pension assets, rates of return on assets, and discount rates could have a significant impact on our net periodic pension costs and well as our funding requirements.
  - As we expand our operations abroad we face the inherent risks of doing business in many foreign countries, including foreign exchange risk, import and export restrictions, and security concerns.

During the third quarter of 2008, Katahdin Paper Company shut down indefinitely one of its paper machines in Millinocket, Maine, due to increased energy costs. The Company's satellite PCC facility has also shut down indefinitely in conjunction with the paper machine shut down. Katahdin Paper Company is evaluating the possibility of installing a biomass boiler. If the Millinocket mill does not resume operations, the Company would incur an impairment of assets charge of approximately \$7.0 million.

The Company will continue to focus on innovation and new product development and other opportunities for continued growth as follows:

- Development of the filler-fiber composite program, which continues to undergo large-scale paper machine trials, to increase the fill-rate for uncoated freesheet paper.
- Increasing our sales of PCC for paper by further penetration of the markets for paper filling at both freesheet and groundwood mills, particularly in emerging markets.
- Further growth of the Company's PCC coating product sales using the satellite model.
- Leverage the Company's expertise in crystal engineering, especially in helping papermakers customize PCC morphologies for specific paper applications.
- Development of unique calcium carbonates used in the manufacture of novel biopolymers, a new market opportunity.
- Rapid deployment of value-added formulations of refractory materials that not only reduce costs but improve performance.
- Continuing our penetration in emerging markets through our manufacturing facilities in China and Turkey, both within the Refractories segment.

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## Results of Operations

### Sales

| (millions of dollars)       | First<br>Quarter<br>2009 | % of<br>Total<br>Sales | Growth       | First<br>Quarter<br>2008 | % of<br>Total<br>Sales |
|-----------------------------|--------------------------|------------------------|--------------|--------------------------|------------------------|
| <b>Net Sales</b>            |                          |                        |              |                          |                        |
| U.S.                        | \$ 112.2                 | 53.8%                  | (24)%        | \$ 148.5                 | 53.5%                  |
| International               | 96.1                     | 46.2%                  | (26)%        | 129.0                    | 46.5%                  |
| Net sales                   | <u>\$ 208.3</u>          | <u>100.0%</u>          | <u>(25)%</u> | <u>\$ 277.5</u>          | <u>100.0%</u>          |
| Paper PCC                   | \$ 112.5                 | 54.0%                  | (18)%        | \$ 137.9                 | 49.7%                  |
| Specialty PCC               | 10.6                     | 5.1%                   | (31)%        | 15.3                     | 5.5%                   |
| PCC Products                | <u>\$ 123.1</u>          | <u>59.1%</u>           | <u>(20)%</u> | <u>\$ 153.2</u>          | <u>55.2%</u>           |
| Talc                        | \$ 6.6                   | 3.2%                   | (28)%        | \$ 9.2                   | 3.3%                   |
| Ground Calcium Carbonate    | 13.9                     | 6.7%                   | (24)         | 18.4                     | 6.6%                   |
| Processed Minerals Products | <u>\$ 20.5</u>           | <u>9.8%</u>            | <u>(26)%</u> | <u>\$ 27.6</u>           | <u>9.9%</u>            |
| Specialty Minerals Segment  | <u>\$ 143.6</u>          | <u>68.9%</u>           | <u>(21)%</u> | <u>\$ 180.8</u>          | <u>65.1%</u>           |
| Refractory Products         | \$ 53.5                  | 25.7%                  | (32)%        | \$ 79.1                  | 28.5%                  |
| Metallurgical Products      | 11.2                     | 5.4%                   | (36)%        | 17.6                     | 6.4%                   |
| Refractories Segment        | <u>\$ 64.7</u>           | <u>31.1%</u>           | <u>(33)%</u> | <u>\$ 96.7</u>           | <u>34.9%</u>           |
| Net sales                   | <u>\$ 208.3</u>          | <u>100.0%</u>          | <u>(25)%</u> | <u>\$ 277.5</u>          | <u>100.0%</u>          |

Worldwide net sales in the first quarter of 2009 declined 25% from the previous year to \$208.3 million. Foreign exchange had an unfavorable impact on sales of approximately \$14.7 million or 5 percentage points. Sales in the Specialty Minerals segment, which includes the PCC and Processed Minerals product lines, declined 21% to \$143.6 million compared with \$180.8 million for the same period in 2008. Sales in the Refractories segment declined 33% from the previous year to \$64.7 million.

Worldwide net sales of PCC, which is primarily used in the manufacturing process of the paper industry, declined 20% in the first quarter to \$123.1 million from \$153.2 million in the prior year. Foreign exchange had an unfavorable impact on sales of approximately 6 percentage points. Unit volumes declined in both product lines. Paper PCC sales declined 18% to \$112.5 million in the first quarter of 2009 from \$137.9 million in the prior year. Paper PCC volumes declined 18% with weakness in all markets due to worldwide economic conditions. Sales of Specialty PCC declined 31% to \$10.6 million from \$15.3 million in the prior year.

Net sales of Processed Minerals products declined 26% in the first quarter to \$20.5 million from \$27.6 million in the first quarter of 2008 due to decreased volumes. This product line continues to be affected by weakness in the residential and commercial construction markets and the automotive market. Volumes have declined 26% from the prior year.

Net sales in the Refractories segment in the first quarter of 2009 declined 33% to \$64.7 million from \$96.7 million in the prior year. Sales of refractory products and systems to steel and other industrial applications declined 32 percent to \$53.5 million from \$79.1 million. Sales of metallurgical products within the Refractories segment decreased 36 percent to \$11.2 million as compared with \$17.6 million in the same period last year. The declines in all product lines in this segment are driven by lower volumes globally.

Net sales in the United States declined 24% to \$112.2 million in the first quarter of 2009. International sales in the first quarter of 2009 declined 26% to \$96.1 million from \$129.0 million, primarily due to lower worldwide volumes and to the unfavorable effects of foreign exchange.

| Operating Costs and Expenses<br>(millions of dollars) | First<br>Quarter<br>2009 | First<br>Quarter<br>2008 | Growth |
|---|--------------------------|--------------------------|--------|
| Cost of goods sold                                    | \$ 175.0                 | \$ 216.8                 | (19)%  |
| Marketing and administrative                          | \$ 20.5                  | \$ 26.0                  | (21)%  |
| Research and development                              | \$ 4.9                   | \$ 6.1                   | (20)%  |
| Restructuring and other costs                         | \$ 0.5                   | \$ 1.4                   | (64)%  |

Cost of goods sold was 84.0% of sales compared with 78.1% of sales in the prior year. In the Specialty Minerals segment, production margin decreased 37% as compared with 21% decline in sales. This segment has been affected by weakness in the Processed Minerals product line, additional volume loss in the Paper PCC product line due to permanent and temporary shutdowns in the paper industry, price concessions in the Paper PCC product line and raw material cost increases in Paper PCC. This was partially offset by the contractual recovery of raw material costs in Paper PCC, the benefits of the restructuring program and manufacturing cost savings initiatives. In the Refractories segment, production margin declined 57% as compared with the 33% decline in sales. This segment has been affected by significant volume declines and higher costs of raw materials.

Marketing and administrative costs decreased 21% in the first quarter to \$20.5 million from \$26.0 million in the prior year, and represented 9.9% of net sales as compared with 9.4% of net sales in the prior year. The reduction in cost was due to the benefits of the restructuring program and other cost saving initiatives.

Research and development expenses decreased 20% to \$4.9 million and represented 2.3% of net sales as compared with 2.2% of net sales in the prior year. This reduction in cost was due to lower trial expenses and general cost saving initiatives.

Restructuring and other costs during the first quarter of 2009 were \$0.5 million and primarily related to additional provisions for severance and other employee benefits. Restructuring costs were \$1.4 million in the first quarter of the prior year.

| <b>Income from Operations<br/>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2009</b> | <b>First<br/>Quarter<br/>2008</b> | <b>Growth</b> |
|---|-----------------------------------|-----------------------------------|---------------|
| Income from operations                                  | \$ 7.3                            | \$ 27.1                           | (73)%         |

The Company recorded income from operations in the first quarter of 2009 of \$7.3 million, a 73% decline as compared income from operations of \$27.1 million in the prior year. Included in income from operations are restructuring charges of \$0.5 million and \$1.4 million for the first quarter 2009 and 2008, respectively.

Income from operations in the first quarter of 2009 for the Specialty Minerals segment was \$9.8 million, as compared to income from operations of \$18.4 million in the prior year. Operating loss for the Refractories segment was \$2.2 million, as compared to operating income of \$8.8 million in the prior year.

| <b>Non-Operating Deductions<br/>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2009</b> | <b>First<br/>Quarter<br/>2008</b> | <b>Growth</b> |
|---|-----------------------------------|-----------------------------------|---------------|
| Non-operating deductions, net                             | \$ (0.3)                          | \$ (1.5)                          | (83)%         |

In the first quarter of 2009, net non-operating deductions decreased \$1.2 million to \$0.3 million. This decrease was primarily attributable to lower interest expense due to lower interest rates and reduced debt levels. In addition, there were foreign exchange losses of \$0.8 million recorded in the first quarter of 2008.

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| <b>Provision for Taxes on Income<br/>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2009</b> | <b>First<br/>Quarter<br/>2008</b> | <b>Growth</b> |
|--|-----------------------------------|-----------------------------------|---------------|
| Provision for taxes on income                                  | \$ 2.0                            | \$ 7.9                            | (75)%         |

The full year effective tax rate is expected to be approximately 27.75% as compared with 31.0% in the prior year. This reduction was primarily due to a change in the geographic mix of earnings.

| <b>Income from Continuing Operations, Net of<br/>Tax<br/>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2009</b> | <b>First<br/>Quarter<br/>2008</b> | <b>Growth</b> |
|--|-----------------------------------|-----------------------------------|---------------|
| Income from continuing operations,<br>net of tax                                   | \$ 5.1                            | \$ 17.7                           | (71)%         |

The Company recorded income from continuing operations, net of tax, of \$5.1 million as compared with \$17.7 million in the prior year.

| <b>Income (Loss) from Discontinued<br/>Operations<br/>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2009</b> | <b>First<br/>Quarter<br/>2008</b> | <b>Growth</b> |
|---|-----------------------------------|-----------------------------------|---------------|
| Income (loss) from discontinued operations                                      | \$ (0.1)                          | \$ 0.4                            | *%            |

\* Percentage not meaningful

In the first quarter of 2009 the Company recognized a loss from discontinued operations of \$0.1 million as compared with income in the prior year of \$0.4 million.

| <b>Net Income attributable to MTI<br/>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2009</b> | <b>First<br/>Quarter<br/>2008</b> | <b>Growth</b> |
|---|-----------------------------------|-----------------------------------|---------------|
| Net income attributable to MTI                                  | \$ 4.2                            | \$ 17.2                           | (76)%         |

Net income attributable to MTI was \$4.2 million in the first quarter of 2009 as compared with income of \$17.2 million in the prior year. Diluted earnings per common share were \$0.22 per share in the first quarter of 2009 as compared with earnings per common share of \$0.90 per share in the prior year.

#### Liquidity and Capital Resources

Cash flows in the first three months of 2009 provided from operations were applied principally to fund capital expenditures, repay short-term debt and pay the Company's dividend to common shareholders. Cash provided from operating activities amounted to \$23.6 million in the first three months of 2009 as compared with \$6.1 million for the same period last year. The increase in cash provided from operations was due to lower payments related to restructuring activities in 2009 as compared with first quarter 2008. Additionally, we had a decrease in working capital when compared with the prior year. Working capital is defined as trade accounts receivable, trade accounts payable and inventories. The working capital decrease was primarily due to a decrease in raw material inventories. Our

inventory levels decreased from year-end levels particularly in the Refractories segment. In 2008, the Company had accelerated purchases of higher priced raw materials imported from China to avoid potential supply interruptions.

On October 24, 2007, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to \$75 million of additional shares over the next two-year period. As of March 29, 2009, 615,674 shares have been purchased under this program at an average price of approximately \$61.45 per share.

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On April 24, 2009, our Board of Directors declared a regular quarterly dividend on our common stock of \$0.05 per share. No dividend will be payable unless declared by the Board and unless funds are legally available for payment.

We have \$168.5 million in uncommitted short-term bank credit lines, of which \$10.9 million were in use at March 29, 2009. We anticipate that capital expenditures for 2009 should approximate \$50 million, principally related to the construction of PCC plants and other opportunities that meet our strategic growth objectives. We expect to meet our other long-term financing requirements from internally generated funds, uncommitted bank credit lines and, where appropriate, project financing of certain satellite plants. The aggregate maturities of long-term debt are as follows: remainder of 2009 - \$4.0 million; 2010 - \$4.6 million; 2011 - \$-- million; 2012 - \$8.0 million; 2013 - \$75 million; thereafter - \$9.6 million.

### **Prospective Information and Factors That May Affect Future Results**

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

Although we believe we have been prudent in our plans and assumptions, we cannot guarantee that the outcomes suggested in any forward-looking statement will be realized. 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 entitled "Cautionary Factors That May Affect Future Results" in Exhibit 99 to this Quarterly Report.

### **Recently Issued Accounting Standards**

In December 2008, The FASB issued FSP FAS 132(R) - - 1, "Employer's Disclosure about Postretirement Benefit Plan Assets" which will require more detailed disclosures about employers' pension plan assets. The new disclosure requirement will require additional information regarding investment strategies, major categories of plan assets, concentrations of risk within plan assets and valuation techniques used to measure the fair value of plan assets. This new standard amends disclosure requirements for periods ending after December 15, 2009.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures About Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133." This statement amends the disclosure requirements under SFAS 133 and requires companies with derivative instruments to provide enhanced disclosures that would enable financial statement users to understand how derivative instruments affect a company's financial position, financial performance and cash flows. This statement is effective for fiscal years beginning on or after November 15, 2008, with early adoption encouraged. The Company adopted this pronouncement as of January 1, 2009.

In February 2008, the FASB issued FSP FAS 157-1, "Application of FASB No. 157 to FASB Statement No. 13 and Other Accounting Pronouncements that Address Fair Value Measurements for Purposes of Lease Classification or Measurement under Statement 13" and FSP FAS 157-2, "Effective Date of FASB Statement No. 157." FSP 157-1 excludes fair value measurements for purposes of lease classification or measurement under FASB Statement 13 from the fair value measurement under FASB Statement 157. FSP 157-2 deferred the effective date of Statement 157 for certain non-financial assets and non-financial liabilities to fiscal years beginning after November 15, 2008.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141 (revised 2007), "Business Combinations" ("Statement No. 141(R)"). Statement No. 141(R) changes the requirements for an acquirer's recognition and measurement of the assets acquired and the liabilities assumed in a business combination. Statement No. 141(R) is effective for annual periods beginning after December 15, 2008 and should be applied prospectively for all business combinations entered into after the date of adoption.

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In December 2007, the FASB issued Financial Accounting Standards No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51" ("Statement No. 160"). Statement No. 160 requires (i) that noncontrolling (minority) interests be reported as a component of shareholders' equity, (ii) that net income attributable to the parent and to the noncontrolling interest be separately identified in the consolidated statement of operations, (iii) that changes in a parent's ownership interest while the parent retains its controlling interest be accounted for as equity transactions, (iv) that any retained noncontrolling equity investment upon the deconsolidation of a subsidiary be initially measured at fair value, and (v) that sufficient disclosures are provided that clearly identify and distinguish between the interests of the parent and the interests of the noncontrolling owners. Statement No. 160 is effective for annual periods beginning after December 15, 2008 and should be applied prospectively. However, the presentation and disclosure requirements of the statement shall be applied retrospectively for all periods presented. The adoption of the provisions of Statement No. 160 has not materially impacted the Company's consolidated financial position and results of operations.

### **Critical Accounting Policies**

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

On an ongoing basis, we evaluate our estimates and assumptions, including those related to revenue recognition, allowance for doubtful accounts, valuation of inventories, valuation of long-lived assets, pension plan assumptions, stock-based compensation assumptions, income taxes, income tax valuation allowances and litigation and environmental liabilities. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the

circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that can not readily be determined from other sources. There can be no assurance that actual results will not differ from those estimates.

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

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in market prices and foreign currency and interest rates. We are exposed to market risk because of changes in foreign currency exchange rates as measured against the U.S. dollar. We do not anticipate that near-term changes in exchange rates will have a material impact on our future earnings or cash flows. However, there can be no assurance that a sudden and significant decline in the value of foreign currencies would not have a material adverse effect on our financial condition and results of operations. Approximately 60% of our bank debt bear interest at variable rates; therefore our results of operations would only be affected by interest rate changes to such outstanding bank debt. An immediate 10 percent change in interest rates would not have a material effect on our results of operations over the next fiscal year.

We do not enter into derivatives or other financial instruments for trading or speculative purposes. When appropriate, we enter into derivative financial instruments, such as forward exchange contracts and interest rate swaps, to mitigate the impact of foreign exchange rate movements and interest rate movements on our operating results. The counterparties are major financial institutions. Such forward exchange contracts, hedges and interest rate swaps would not subject us to additional risk from exchange rate or interest rate movements because gains and losses on these contracts would offset losses and gains on the assets, liabilities, and transactions being hedged.

We have open forward exchange contracts to purchase approximately \$5.8 million of foreign currencies as of March 29, 2009. The contracts mature between April 2009 and July 2009. The fair value of these instruments at March 29, 2009 was a liability of \$0.3 million.

In 2008 the Company entered into forward contracts to purchase 30 million Euros as a hedge of its net investment in Europe. These contracts mature in October 2013. The fair value of these instruments at March 29, 2009 was an asset of \$2.5 million.

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### **ITEM 4. Controls and Procedures**

#### **Evaluation of Disclosure Controls and Procedures**

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

#### **Changes in Internal Control Over Financial Reporting**

The Company is in the process of implementing a global enterprise resource planning ("ERP") system to manage its business operations. As of March 29, 2009, all of our domestic locations were using the new system. The worldwide implementation is expected to be completed over the next few years and involves changes in systems that include internal controls. Although the transition has proceeded to date without material adverse effects, the possibility exists that our migration to the new ERP system could adversely affect the Company's internal controls over financial reporting and procedures. We are reviewing each system as it is being implemented and the controls affected by the implementation of the new systems, and are making appropriate changes to affected internal controls as we implement the new systems. We believe that the controls as modified are appropriate and functioning effectively.

There was no change in the Company's internal control over financial reporting (other than the ongoing implementation of the ERP system discussed above) during the quarter ended March 29, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. Legal Proceedings**

Certain of the Company's subsidiaries are among numerous defendants in a number of cases seeking damages for exposure to silica or to asbestos containing materials. The Company currently has 307 pending silica cases and 26 pending asbestos cases. To date, 1,158 silica cases and 2 asbestos cases have been dismissed. One new asbestos case was filed in the fourth quarter of 2008. Most of these claims do not provide adequate information to assess their merits, the likelihood that the Company will be found liable, or the magnitude of such liability, if any. Additional claims of this nature may be made against the Company or its subsidiaries. At this time management anticipates that the amount of the Company's liability, if any, and the cost of defending such claims, will not have a material effect on its financial position or results of operations.

The Company has not settled any silica or asbestos lawsuits to date. We are unable to state an amount or range of amounts claimed in any of the lawsuits because state court pleading practices do not require identifying the amount of the claimed damage. The aggregate cost to the Company for the legal defense of these cases since inception was approximately \$0.1 million, the majority of which has been reimbursed by Pfizer Inc pursuant to the terms of certain agreements entered into in connection with the Company's initial public offering in 1992. Our experience has been that the Company is not liable to plaintiffs in any of these lawsuits and the Company does not expect to pay any settlements or jury verdicts in these lawsuits.



On April 9, 2003, the Connecticut Department of Environmental Protection ("DEP") issued an administrative consent order relating to our Canaan, Connecticut, plant where both our Refractories segment and Specialty Minerals segment have operations. We agreed to the order, which includes provisions requiring investigation and remediation of contamination associated with historic use of polychlorinated biphenyls ("PCBs") at a portion of the site. The following is the present status of the remediation efforts:

- *Building Decontamination.* We have completed the investigation of building contamination and submitted a report characterizing the contamination. We are awaiting review and approval of this report by the regulators. Based on the results of this investigation, we believe that the contamination may be adequately addressed by means of encapsulation through painting of exposed surfaces, pursuant to the Environmental Protection Agency's ("EPA") regulations and have accrued such liabilities as discussed below. However, this conclusion remains uncertain pending completion of the phased remediation decision process required by the regulations.
- *Groundwater.* We have completed investigations of potential groundwater contamination and have submitted a report on the investigations finding that there is no PCB contamination, but some oil contamination of the groundwater. We expect the regulators to require confirmatory long term groundwater monitoring at the site.
- *Soil.* We have completed the investigation of soil contamination and submitted a report characterizing contamination to the regulators. Based on the results of this investigation, we believe that the contamination may be left in place and monitored, pursuant to a site-specific risk assessment, which is underway. However, this conclusion is subject to completion of a phased remediation decision process required by applicable regulations.

We believe that the most likely form of remediation will be to leave existing contamination in place, encapsulate it, and monitor the effectiveness of the encapsulation.

We estimate that the cost of the likely remediation above would approximate \$400,000, and that amount has been recorded as a liability on our books and records.

The Company is evaluating options for upgrading the wastewater treatment facilities at its Adams, Massachusetts, plant. This work is being undertaken pursuant to an administrative Consent Order issued by the Massachusetts Department of Environmental Protection on June 18, 2002. The Order required payment of a civil fine in the amount of \$18,500, the investigation of options for ensuring that the facility's wastewater treatment ponds will not result in discharge to groundwater, and closure of a historic lime solids disposal area. The Company informed the Massachusetts Department of Environmental Protection of proposed improvements to the wastewater treatment system on June 29, 2007, and is committed to implementing the improvements by June 1, 2012. Preliminary engineering reviews indicate that the estimated cost of these upgrades to operate this facility beyond 2012 may be between \$6 million and \$8 million. The Company estimates that the remaining remediation costs would approximate \$400,000, which has been accrued as of December 31, 2008.

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

## ITEM 1A. Risk Factors

There have been no material changes to our risk factors from those disclosed in our 2008 Annual Report on Form 10-K. For a description of Risk Factors, see Exhibit 99 attached to this report.

## ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

### Issuer Purchases of Equity Securities

| Period                   | Total Number of<br>Shares<br>Purchased | Average Price<br>Paid Per Share | Total Number of<br>Shares<br>Purchased as<br>Part of the<br>Publicly<br>Announced<br>Program | Dollar Value of<br>Shares that May<br>Yet be Purchased<br>Under the<br>Program |
|--------------------------|--|---------------------------------|--|--|
| January 1 - January 28   | --                                     | \$ --                           | 615,674  | \$ 37,165,023  |
| January 29 - February 27 | --                                     | \$ --                           | 615,674  | \$ 37,165,023  |
| February 28 - March 29   | --                                     | \$ --                           | 615,674  | \$ 37,165,023  |
| Total                    | --                                     | \$ --                           |  |  |

On October 24, 2007, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to \$75 million of additional shares over a two-year period. As of March 29, 2009, 615,674 shares have been purchased under this program at an average price of approximately \$61.45 per share.

## ITEM 6. Exhibits

| Exhibit No. | Exhibit Title   |
|-------------|---|
| 15          | Letter Regarding Unaudited Interim Financial Information.                                     |
| 31.1        | Rule 13a-14(a)/15d-14(a) Certification executed by the Company's principal executive officer. |
| 31.2        | Rule 13a-14(a)/15d-14(a) Certification executed by the Company's principal financial officer. |

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

April 27, 2009

ACCOUNTANTS' ACKNOWLEDGEMENT

Board of Directors  
Minerals Technologies Inc.:

Re: Registration Statement Nos. 33-59080, 333-62739 and 333-138245

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated April 27, 2009, related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933, such report is not considered a part of a registration statement prepared or certified by an independent registered public accounting firm or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP

New York, New York  
April 27, 2009

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

I, Joseph C. Muscari, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Minerals Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2009

By: /s/ Joseph C. Muscari  
Joseph C. Muscari  
Chairman of the Board  
and Chief Executive Officer

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

I, John A. Sorel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Minerals Technologies Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 27, 2009

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

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

**SECTION 1350 CERTIFICATIONS**

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

The Quarterly Report on Form 10-Q for the quarter ended March 29, 2009 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 27, 2009

By: /s/ Joseph C. Muscari

Joseph C. Muscari  
Chairman of the Board  
and Chief Executive Officer

Date: April 27, 2009

By: /s/ John A. Sorel

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

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

## RISK FACTORS

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

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

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

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

- ***Declining General Economic, Business, or Industry Conditions***

Recently, concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market and a declining real estate market in the U.S. have contributed to increased volatility and diminished expectations for the global economy and expectations of slower global economic growth going forward. These factors, combined with volatile raw material prices, declining global business, declining consumer confidence and increased unemployment, have precipitated an economic slowdown and a recession. If the economic climate in the U.S. or abroad continues to deteriorate, customers or potential customers could reduce or delay their growth and investments, which could impact the Company's global business, its ability to collect customer receivables, its worldwide pension assets and ultimately decrease the Company's net revenue and profitability.

- ***Growth Rate***

Sales and income growth of the Company depends upon a number of uncertain events, including the outcome of the Company's strategies of increasing its penetration into geographic markets such as Asia and Europe; increasing its penetration into product markets such as the market for paper coating pigments and the market for groundwood paper pigments; increasing sales to existing PCC customers by increasing the amount of PCC used per ton of paper produced; developing, introducing and selling new products such as filler-fiber composite materials for the paper industry; and acquisitions. Difficulties, delays or failure of any of these strategies could affect the future growth rate of the Company.

- ***Contract Renewals***

Generally, the Company's sales of PCC are pursuant to long-term evergreen agreements, initially ten years in length, with paper mills where the Company operates satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of the satellite plant. However, failure of a number of the Company's customers to renew or extend existing agreements on terms as favorable to the Company as those currently in effect could have a substantial adverse effect on the Company's results of operations, and could also result in impairment of the assets associated with the PCC plant.

- ***Consolidation in Customer Industries, Principally Paper and Steel***

Several consolidations in the paper industry have taken place in recent years. These consolidations could result in partial or total closure of some paper mills where the Company operates PCC satellites. Such closures would reduce the Company's sales of PCC, except to the extent that they resulted in shifting paper production and associated purchases of PCC to another location served by the Company. Similarly, following a string of bankruptcies, consolidations have occurred in the steel industry. Such consolidations in the two major industries we serve concentrate purchasing power in the hands of a smaller number of papermakers and steel manufacturers, enabling them to increase pressure on suppliers, such as the Company. This increased pressure could have an adverse effect on the Company's results of operations in the future.

- ***Litigation; Environmental Exposures***

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

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

- ***New Products***

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

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

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 increased risks of doing business abroad, including inflation, fluctuation in interest rates and currency exchange rates, changes in applicable laws and regulatory requirements, export and import restrictions, tariffs, nationalization, expropriation, limits on repatriation of funds, civil unrest, terrorism, unstable governments and legal systems, and other factors. Adverse developments in any of these areas could cause actual results to differ materially from historical and expected results.

- ***Availability of Raw Materials***

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

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

The majority of the Company's sales are to customers in industries which have historically been cyclical paper, steel and construction. The Company's exposure to variations in its customers' businesses has been reduced by the diversification of its portfolio of products and services; and by its geographic expansion. Also, the Company has structured some of its long-term satellite PCC contracts to provide a degree of protection against declines in the quantity of product purchased, since the price per ton of PCC generally rises as the number of tons purchased declines. In addition, many of the Company's product lines lower its customers' costs of production or increase their productivity, which should encourage them to use its products. In addition, our Processed Minerals and Specialty PCC product lines are impacted by the domestic building and construction markets. The residential component of this market is experiencing a significant slowdown which could adversely impact growth. 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.