

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2005

Commission file number 1-3295

MINERALS TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization) The Chrysler Building 405 Lexington Avenue New York, New York (Address of principal executive office)	25-1190717 (I.R.S. Employer Identification Number) 10174-0002 (Zip Code)
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(212) 878-1800

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, \$.10 par value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

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

Large Accelerated Filer ☐ Accelerated Filer ☐ Non-accelerated Filer ☐

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

Yes ☐ No ☒

The aggregate market value of the voting stock held by non-affiliates of the Registrant, based upon the closing price at which the stock was sold as of July 1, 2005, was approximately \$1.2 billion. Solely for the purposes of this calculation, shares of common stock held by officers,

directors and beneficial owners of 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 10, 2006, the Registrant had outstanding 19,951,730 shares of common stock, all of one class.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement dated April 4, 2006

Part III

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PART I

Item 1. Business

Minerals Technologies Inc. (the "Company") is a resource-and technology-based company that develops, produces and markets worldwide a broad range of specialty mineral, mineral-based and synthetic mineral products and supporting systems and services. The Company has two reportable segments: Specialty Minerals and Refractories. The Specialty Minerals segment produces and sells the synthetic mineral product precipitated calcium carbonate ("PCC") and the processed mineral product quicklime ("lime"), and mines, processes and sells other natural mineral products, primarily limestone and talc. This segment's products are used principally in the paper, building materials, paint and coatings, glass, ceramic, polymer, food and pharmaceutical industries. The Refractories segment produces and markets monolithic and shaped refractory materials and specialty products, services and application equipment used primarily by the steel, non-ferrous metal and glass industries.

The Company emphasizes research and development. The level of the Company's research and development spending, as well as its capability for developing and introducing technologically advanced new products, have enabled the Company to anticipate and satisfy changing customer requirements, creating market opportunities through new product development and product application innovations.

Specialty Minerals Segment

PCC Products and Markets

The Company's PCC product line net sales were \$521.3 million, \$484.7 million and \$436.1 million for the years ended December 31, 2005, 2004 and 2003, respectively. The Company's sales of PCC have been and are expected to continue to be made primarily to the printing and writing papers segment of the paper industry. The Company also produces PCC for sale to companies in the polymer, food and pharmaceutical industries. Sales to International Paper Company represented less than 10% of consolidated net sales in 2005 and 2004 and 10.0% of consolidated net sales in 2003. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

PCC Products - Paper

In the paper industry, the Company's PCC is used:

- as filler in the production of coated and uncoated wood-free printing and writing papers;
- as a filler for coated and uncoated groundwood (wood-containing) paper such as newsprint, magazine and catalog papers; and
- as a coating pigment for both wood-free and groundwood papers.

The Company's Paper PCC product line net sales were \$465.7 million, \$434.0 million and \$389.6 million for the years ended December 31, 2005, 2004 and 2003, respectively.

Approximately 45% of the Company's sales are of PCC sold to papermakers at "satellite" PCC plants. A satellite PCC plant is a PCC manufacturing facility located within a paper mill, thereby eliminating costs of transporting PCC from remote production sites to the paper mill. The Company believes the competitive advantages offered by improved economics and superior optical characteristics of paper produced with PCC manufactured by the Company's satellite PCC plants resulted in the continued growth in the number of the Company's satellite PCC plants since the first such plant was built in 1986. For information with respect to the locations of the Company's PCC plants at December 31, 2005, see Item 2, "Properties," below.

The Company currently manufactures several customized PCC product forms using proprietary processes. Each product form is designed to provide optimum paper properties including brightness, opacity, bulk, strength and improved printability. The Company's research and development and technical service staffs focus on expanding sales from its existing satellite PCC plants as well as developing new technologies for new applications. These technologies include, among others, acid-tolerant ("AT[®]") PCC, which allowed PCC to be

introduced to the large wood-containing segment of the printing and writing paper market, and OPACARB[®] PCC, a family of products for coating paper.

The Company owns, staffs, operates and maintains all of its satellite PCC plants, and owns or licenses the related technology. Generally, the Company and its paper mill customers enter into long-term evergreen agreements, initially ten years in length, pursuant to which the Company supplies substantially all of the customer's precipitated calcium carbonate filler requirements. The Company is generally permitted to sell to third-parties PCC produced at a satellite plant in excess of the host paper mill's requirement.

The Company also sells a range of PCC products to paper manufacturers from production sites not associated with paper mills at Adams, Massachusetts; Lifford, England; Lappeenranta, Finland; Hermalle, Belgium; and Walsum, Germany.

PCC Markets - Paper

Uncoated Wood-Free Printing and Writing Papers - North America. Beginning in the mid-1980's, as a result of a concentrated research and development effort, the Company's satellite PCC plants facilitated the conversion of a substantial percentage of North American uncoated wood-free printing and writing paper producers to lower-cost alkaline papermaking technology. The Company estimates that during 2005, more than 90% of North American uncoated wood-free paper was produced employing alkaline technology. Presently, the Company owns and operates 23 commercial satellite PCC plants located at paper mills that produce uncoated wood-free printing and writing papers in North America. The Company anticipates that the aggregate volume of PCC used by these paper mills will increase.

Uncoated Wood-Free Printing and Writing Papers - Outside North America. The Company estimates the amount of uncoated wood-free printing and writing papers produced outside of North America at facilities that can be served by satellite and merchant PCC plants is more than twice as large (measured in tons of paper produced) as the North American uncoated wood-free paper market currently served by the Company. The Company believes that the superior brightness, opacity and bulking characteristics offered by its PCC products allow it to compete with suppliers of ground limestone and other filler products outside of North America. Presently, the Company owns and operates 23 commercial satellite PCC plants located at paper mills that produce uncoated wood-free printing and writing papers outside of North America.

Uncoated Groundwood Paper. The uncoated groundwood paper market, including newsprint, represents approximately 35% of worldwide paper production. Paper mills producing wood-containing paper still generally employ acid papermaking technology. The conversion to alkaline technology by these mills has been hampered by the tendency of wood-containing papers to darken in an alkaline environment. In an attempt to introduce PCC to the wood-containing segments of the paper industry, the Company has developed and patented a system for the manufacture of high-quality groundwood paper in an acidic environment using PCC (AT[®] PCC). Furthermore, as groundwood or wood-containing paper mills use larger quantities of recycled fiber, there is a trend toward the use of neutral papermaking technology in this segment for which the Company presently supplies traditional PCC chemistries. The Company now supplies PCC to approximately 40 paper machines at about 20 groundwood paper mills around the world.

Coated Paper. The Company is also placing increased emphasis on the use of PCC to coat paper, and expects that its research and development in coating pigment technology will open up a large market for PCC that will build slowly as more paper companies include PCC in their proprietary coating formulations. PCC may be used to increase gloss, opacity, brightness and printability of the paper or has the ability to reduce costs while maintaining comparable quality. The coated paper market is large, and the Company believes this market will continue to grow at a higher average growth rate than the uncoated paper market and therefore provides a substantial market opportunity for the Company. PCC coating products are produced at 14 of the Company's PCC plants worldwide.

Specialty PCC Products and Markets

The Company also produces and sells a full range of slurry and dry PCC products on a merchant basis for non-paper applications. The Company's Specialty PCC product line net sales were \$55.6 million, \$50.7 million and \$46.5 million for the years ended December 31, 2005, 2004 and 2003, respectively. The Company sells surface-treated and untreated grades of PCC to the thermoset polymer industry for use in automotive and construction applications, as well as adhesives and printing inks industries. The Company's PCC is also used by the food and pharmaceutical industries as a source of bio-available calcium in tablets and foodstuffs, as a buffering agent in tablets, and as a mild abrasive in toothpaste. The Company produces PCC for specialty applications from production sites at Adams, Massachusetts; Brookhaven, Mississippi; and Lifford, England.

Processed Minerals - Products and Markets

The Company mines or purchases, and processes natural mineral products, primarily limestone and talc. The Company also manufactures lime, a limestone-based product and SYNSIL[®] Products, a family of composite minerals for the glass industry. The Company's net sales of all processed mineral products were \$146.7 million, \$138.7 million and \$121.0 million for the years ended December 31, 2005, 2004 and 2003, respectively. Net sales of talc products were \$54.2 million, \$51.6 million and \$43.2 million for the years ended December 31, 2005, 2004 and 2003, respectively. See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations."

Lime produced at the Company's Adams, Massachusetts facility is used as a raw material for the manufacture of PCC at that site and at some satellite PCC plants, and is sold commercially to various chemical and other industries.

The Company mines, beneficiates and processes talc at its Barretts site, located near Dillon, Montana and processes purchased talc in Mt. Vernon and Wellsville, Ohio. Talc is sold worldwide in finely ground form for ceramic applications and in North America for paint and coatings and polymer applications. Because of the exceptional chemical purity of the Barretts ore, a majority of automotive catalytic converter ceramic substrates manufactured in the United States, Japan and Western Europe contain the Company's Barretts talc.

The Company's natural mineral products are supported by the Company's limestone reserves located in the western and eastern parts of the United States, and talc reserves located in Montana. The Company estimates these reserves, at current usage levels, to be in excess of 30 years at its limestone production facilities and in excess of 20 years at its talc production facility.

Refractories Segment

Refractory Products and Markets

Refractories Products

The Company offers a broad range of monolithic and pre-cast refractory products and related systems and services. The Company's Refractory segment net sales were \$327.8 million, \$300.3 million and \$256.6 million for the years ended December 31, 2005, 2004 and 2003, respectively. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Refractory product sales are often supported by Company-supplied proprietary application equipment and on-site technical service support. The Company's proprietary application equipment is used to apply refractory materials to the walls of steel-making furnaces and other high temperature vessels to maintain and extend their lives. Net sales of refractory products, including those for non-ferrous applications, were \$239.3 million, \$243.0 million and \$209.7 million for the years ended December 31, 2005, 2004 and 2003. Robotic-type shooters, including the Company's proprietary SCANTROL™ application system, other robotic application equipment systems and its MINSCAN™ system, allow for remote-controlled application in steel-making furnaces, as well as in steel ladles and blast furnaces. Since the steel-making industry is characterized by intense price competition, which results in a continuing emphasis on increased productivity, the SCANTROL™ application system, the MINSCAN™ system, and the related technologically advanced refractory materials developed in the Company's research laboratories have been well accepted by the Company's customers. These products allow steel makers to improve their performance through, among other things, the application of monolithic refractories to furnace linings while the furnace is at operating temperature, thereby eliminating the need for furnace cool-down periods and steel-production interruption. The result is a lower overall refractory cost per ton for steel produced to steel makers.

The Company's experienced technical service staff and advanced application equipment provide customers assurance that they will achieve their desired productivity objectives. The Company's technicians are also able to conduct laser measurement of refractory wear, sometimes in conjunction with robotic application tools, to improve maintenance performance at many locations. The Company believes that these services, together with its refractory product offerings, provide it with a strategic marketing advantage.

Over the past several years a significant amount of the Company's refractory product sales have come from new products. Some of the new products the Company has introduced in the past few years included:

- the MAG-O-STAR® and MAG-O-STAR® ALM spray coatings, an advanced refractory material for application to the slag line at the top of hot steel ladles increasing availability, balancing wear and extending lining life;
- innovations related to high durability shotcrete products that can be applied hot through customized equipment;
- the MINSCAN™ application system, an automated application system for applying refractory materials to electric arc furnaces;
- LACAM® laser-based refractory measurement systems; and
- SCANTROL™, a fully integrated application system combining the LACAM® and MINSCAN™ technologies.

The Company has also expanded its refractories business through selective acquisitions over the past several years. In 2000, the Company acquired Ferrotron Elektronik GmbH, a manufacturer of advanced laser scanning devices, sensors and other instruments designed for the steel industry. In 2001, the Company acquired the refractories business of Martin Marietta Magnesia Specialties Inc. and purchased Rijnstaal B.V., a Netherlands-based producer of cored metal wires used mainly in the steel and foundry industries. These acquisitions have increased the breadth of the product lines and markets served by the Refractories segment. In 2002, the Company acquired VisionTech, a Finland-based company that develops and manufactures a refractory lining measuring system. In 2003, the Company acquired the assets of ISA Manufacturing, Inc., a U.S.-based company that develops and manufactures pre-cast refractory shapes. In 2005, the Company acquired the metallurgical measurement technology/digital electrode control system product line of ET Electrotechnology GmbH. This technology offers a system that maintains steady state conditions and optimizes power consumption in

Refractories - Markets

The principal market for the Company's refractory products is the steel industry. Management believes that certain trends in the steel industry will continue to provide growth opportunities for the Company. These trends included rapid growth in select geographic regions (e.g., China), the development of improved manufacturing processes such as thin-slab casting, the trend in North America to shift production from integrated mills to mini-mills (electric arc furnaces) and the ever-increasing need for improved productivity and longer lasting refractories. The Company believes that the trend toward electric steel-making mini-mills and away from integrated steel mills in North America and Europe has facilitated the acceptance of a broader offering in new refractory products and technologies.

The Company sells its refractory products in the following markets:

Steel Furnace. The Company sells gunnable monolithic refractory products and application systems to users of basic oxygen furnaces and electric furnaces for application on furnace walls to prolong the life of furnace linings.

Other Iron and Steel. The Company sells monolithic refractory materials and pre-cast refractory shapes for iron and steel ladles, vacuum degassers, continuous casting tundishes, blast furnaces and reheating furnaces. The Company offers a full line of materials to satisfy all continuous casting refractory applications. This full line consists of gunnable materials, refractory shapes and permanent linings.

Industrial Refractory Systems. The Company sells refractory shapes and linings to non-steel refractories consuming industries including glass, cement, aluminum and petrochemicals, power generation and other non-steel industries. The Company also produces a specialized line of carbon composites and pyrolytic graphite primarily sold under the PYROID[®] trademark, both primarily to the aerospace and electronics industries.

Metallurgical Products and Markets

The Company produces a number of other technologically enhanced products for the steel industry, including calcium metal, metallurgical wires and a number of metal treatment specialties. Net sales of metallurgical products were \$88.5 million, \$57.3 million and \$46.9 million for the years ended December 31, 2005, 2004 and 2003. The Company manufactures calcium metal at its Canaan, Connecticut, facility and purchases calcium in international markets. Calcium metal is used in the manufacture of the Company's PFERROCAL[®] +solid-core calcium wire, and is sold for use in the manufacture of batteries and magnets. The Company sells metallurgical wires and associated wire-injection equipment for use in the production of high quality steels. These metallurgical wires are injected into molten steel to improve castability and reduce imperfections. The steel produced is used for high-pressure pipeline and other premium-grade steel applications.

Marketing and Sales

The Company relies principally on its worldwide direct sales force to market its products. The direct sales force is augmented by technical service teams that are familiar with the industries to which the Company markets its products, and by several regional distributors. The Company's sales force works closely with the Company's technical service staff to solve technical and other issues faced by the Company's customers. The Company's technical service staff assists paper producers in ongoing evaluations of the use of PCC for paper coating and filling applications. In the Refractory segment, the Company's technical service personnel advise on the use of refractory materials, and, in many cases pursuant to service agreements, apply the refractory materials to the customers' furnaces and other vessels. Continued use of skilled technical service teams is an important component of the Company's business strategy.

The Company works closely with its customers to ensure that their requirements are satisfied, and it often trains and supports customer personnel in the use of the Company's products. The Company conducts domestic marketing and sales from Bethlehem, Pennsylvania, and from regional sales offices in the eastern and western United States. The Company's international marketing efforts are directed from Brussels, Belgium; Tokyo, Japan; Sao Paulo, Brazil; Singapore; and Shanghai, China. The Company believes its refractory manufacturing facilities are at locations that satisfy the stringent delivery requirements of the steel industry. The Company also believes that its worldwide network of sales personnel and manufacturing sites facilitates the international expansion of its satellite PCC operations.

Raw Materials

The Company's ability to achieve anticipated results depends in part on having an adequate supply of raw materials for its manufacturing operations, particularly lime and carbon dioxide for the PCC product line, magnesia for its Refractory operations and talc ore, silicon sand and dolomitic lime for its Processed Minerals product line, and on having adequate access to ore reserves at its mining operations.

The Company uses lime in the production of PCC and is a significant purchaser of lime worldwide. Generally, lime is purchased under long-term supply contracts from unaffiliated suppliers located in close geographic proximity to the Company's PCC plants.

The principal raw materials used in the Company's monolithic refractory products are refractory-grade magnesias and various forms of aluminosilicates. The Company also purchases calcium metal, calcium silicide, graphite, calcium carbide and various alloys for use in the production of metallurgical wires and uses lime and aluminum in the production of calcium metal. The Company purchases a significant portion of its magnesias requirements from sources in the People's Republic of China. High demand for bulk raw materials from the People's Republic of China has caused shortages and price increases of some key raw materials which ultimately could affect the Company's sales to these customers. The Company also purchases a portion of its talc ore for its Processed Minerals product line from the People's Republic of China, which are also affected by some of these higher costs. In addition, higher shipping costs are also increasing the delivered cost of raw materials imported from China to North America and Europe. The Company believes that in the event of supply interruptions of its refractory raw material requirements it could obtain adequate supplies from alternate sources in China and elsewhere at reasonable costs.

Competition

The Company is continually engaged in efforts to develop new products and technologies and refine existing products and technologies in order to remain competitive and to position itself as a market leader.

With respect to its PCC products, the Company competes for sales to the paper industry with other fillers, such as ground limestone and kaolin, based in large part upon technological know-how, patents and processes that allow the Company to deliver PCC that it believes imparts glossy brightness, opacity and other properties to paper on an economical basis. The Company is the leading manufacturer and supplier of PCC to the North American paper industry. It competes with certain companies both in North America and abroad that sell PCC or offer alternative products, principally ground calcium carbonate and kaolin, for use in paper filling and coating applications. Competition with respect to the Company's PCC sales is based upon cost-performance characteristics of the product (such as gloss, brightness and opacity), and the availability of technical support.

With respect to the Company's refractory products, competitive conditions vary by geographic region. Competition is based upon the performance characteristics of the product (including strength, consistency and ease of application), price, and the availability of technical support. This competition is with different companies in different geographic areas and in separate aspects of its product line.

The Company competes in sales of its limestone and talc based primarily upon quality, price, and geographic location.

Research and Development

Many of the Company's product lines are technology-based. The Company's expertise in inorganic chemistry, crystallography and structural analysis, fine particle technology and other aspects of materials science apply to and support all of its product lines.

The Company's business strategy for continued growth in sales and profitability depends to a large extent on the continued success of its research and development activities. Among the significant achievements of the Company's research and development effort have been the satellite PCC plant concept, AT[®] PCC, advanced OPACARB[®] PCC crystal morphologies for paper coating, the MAG-O-STAR[®] family of refractory spray coatings, OPTISHOT[™] shotcrete refractory products, LACAM[®] laser-based refractory measurement systems, MINSCAN[™] and SCANTROL[™] application systems.

The Company's research and development efforts have also resulted in the invention of SYNSIL[®] Products, a family of composite mineral products for the glass industry.

For the years ended December 31, 2005, 2004 and 2003, the Company expended approximately \$29.1 million, \$29.0 million and \$25.1 million, respectively, on research and development. The Company's research and development spending for 2005 was approximately 2.9% of net sales.

The Company maintains its primary research facilities in Bethlehem and Easton, Pennsylvania. It also has research and development facilities in Finland, Ireland, Germany and Japan. Approximately 134 employees worldwide are engaged in research and development. In addition, the Company has access to some of the world's most advanced papermaking and paper coating pilot facilities.

Patents and Trademarks

The Company owns or has the right to use approximately 530 patents and approximately 774 trademarks related to its business. The Company believes that its rights under its existing patents, patent applications and trademarks are of value to its operations, but no one patent, application or trademark is material to the conduct of the Company's business as a whole.

Insurance

The Company maintains liability and property insurance and insurance for business interruption in the event of damage to its production facilities and certain other insurance covering risks associated with its business. The Company believes such insurance is adequate for the

operation of its business. There is no assurance that in the future the Company will be able to maintain the coverage currently in place or that the premiums will not increase substantially.

Employees

At December 31, 2005, the Company employed 2,650 persons, of whom 974 were employed outside of the United States.

Environmental, Health and Safety Matters

The Company's operations are subject to federal, state, local and foreign laws and regulations relating to the environment and health and safety. Certain of the Company's operations involve and have involved the use and release of substances that are classified as toxic or hazardous within the meaning of these laws and regulations. Environmental operating permits are, or may be, required for certain of the Company's operations and such permits are subject to modification, renewal and revocation. The Company regularly monitors and reviews its operations, procedures and policies for compliance with these laws and regulations. The Company believes its operations are in substantial compliance with these laws and regulations and that there are no violations that would have a material effect on the Company. Despite these compliance efforts, some risk of environmental and other damage is inherent in the Company's operations, as it is with other companies engaged in similar businesses, and there can be no assurance that material violations will not occur in the future. The cost of compliance with these laws and regulations is not expected to have a material adverse effect on the Company. The Company obtained indemnification for certain potential environmental, health and safety liabilities under agreements entered into between the Company and Pfizer Inc ("Pfizer") or Quigley Company, Inc., a wholly-owned subsidiary of Pfizer, in connection with the initial public offering of the Company in 1992. See "Certain Relationships and Related Transactions" in Item 13.

Available Information

The Company maintains an internet website located at <http://www.mineralstech.com>. It makes its reports on Forms 10-K, 10-Q and 8-K, and amendments to those reports, as well as its Proxy Statement and filings under Section 16 of the Securities Exchange Act of 1934, available free of charge through the Investor Relations page of its website, as soon as reasonably practicable after they are filed with the Securities and Exchange Commission ("SEC"). Investors may access these reports through the Company's website by navigating to "Investor Relations" and then to "SEC Filings."

Item 1A. 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.

Historical Growth Rate

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

Contract Renewals

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

effect on the Company's results of operations, and could also result in impairment of the assets associated with the PCC plant.

Consolidation in 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 at which the Company operates PCC satellites. Such closures would reduce the Company's sales of PCC, except to the extent that they resulted in shifting paper production and associated purchases of PCC to another location served by the Company. There can be no assurance, however, that this will occur. 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

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

Risks of Doing Business Abroad

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

Availability of Raw Materials

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

Cyclical Nature of Customers' Businesses

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

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Set forth below is the location of, and the main customer served by, each of the Company's 54 satellite PCC plants at December 31, 2005. Generally, the land on which each satellite PCC plant is located is leased at a nominal amount by the Company from the host paper mill pursuant to a lease, the term of which runs concurrently with the term of the PCC production and sale agreement between the Company and the host paper mill.

<u>Location</u>	<u>Principal Customer</u>
Alabama, Courtland	International Paper Company
Alabama, Jackson	Boise Cascade LLC
Alabama, Selma	International Paper Company
Arkansas, Ashdown	Domtar Inc.
Brazil, Jacarei	Votorantim Celulose e Papel S.A.
Brazil, Luiz Antonio	Votorantim Celulose e Papel S.A.
Brazil, Mucuri	Suzano Bahia Sul Celulose S. A.
Brazil, Suzano	Suzano Bahia Sul Celulose S. A.
Canada, Cornwall, Ontario	Domtar Inc.
Canada, Dryden, Ontario	Weyerhaeuser Company Ltd.
Canada, St. Jerome, Quebec	Cascades Fine Papers Group Inc.
Canada, Windsor, Quebec	Domtar Inc.
China, Dagang ¹	Gold East Paper (Jiangsu) Company Ltd.
China, Zhenjiang ¹	Gold East Paper (Jiangsu) Company Ltd.
China, Suzhou ¹	Gold HuaSheng Paper Company Ltd.
Finland, Aankoski ¹	M-real Corporation
Finland, Anjalankoski ¹	Myllykoski Paper Oy
Finland, Lappeenranta ^{1,2}	Customer Development
Finland, Tervakoski ¹	Trierenberg Holding
Florida, Pensacola	International Paper Company
France, Alizay	M-real Corporation
France, Docelles	UPM Corporation
France, Saillat Sur Vienne	International Paper Company
Germany, Schongau	UPM Corporation
Indonesia, Perawang ¹	PT Indah Kiat Pulp and Paper Corporation
Israel, Hadera	American Israeli Paper Mills, Ltd.
Japan, Shiraoi ¹	Nippon Paper Group Inc.
Kentucky, Wickliffe	NewPage Corporation
Louisiana, Port Hudson	Georgia-Pacific Corporation
Maine, Jay	International Paper Company
Maine, Madison	Madison Paper Industries
Maine, Millinocket	Katahdin Paper Company LLC
Malaysia, Sipitang	Sabah Forest Industries Sdn. Bhd.
Mexico, Chihuahua	Copamex, S.A. de C.V.
Michigan, Quinnesec	International Paper Company

<u>Location</u>	<u>Principal Customer</u>
Minnesota, Cloquet	Sappi Ltd.
Minnesota, International Falls	Boise Cascade Corporation
New York, Ticonderoga	International Paper Company
North Carolina, Plymouth	Weyerhaeuser Company
Ohio, Chillicothe	NewPage Corporation
Ohio, West Carrollton	Appleton Papers Inc.
Poland, Kwidzyn	International Paper - Kwidzyn, S.A.
Portugal, Figueira da Foz ¹	Soporcel - Sociedade Portuguesa de Papel, S.A.
Slovakia, Ruzomberok	Mondi Business Paper SCP
South Carolina, Eastover	International Paper Company
South Africa, Merebank ¹	Mondi Paper Company Ltd.

Thailand, Tha Toom¹
 Virginia, Franklin
 Washington, Camas
 Washington, Longview
 Washington, Wallula
 Wisconsin, Kimberly
 Wisconsin, Park Falls
 Wisconsin, Wisconsin Rapids

Advance Agro Public Co. Ltd.
 International Paper Company
 Georgia-Pacific Corporation
 Weyerhaeuser Company
 Boise Cascade Corporation LLC
 Stora Enso North America Corp.
 Smart Papers LLC
 Stora Enso North America Corp.

¹ These plants are owned through joint ventures.

² This PCC plant is not located on-site at the paper mill.

The Company also owned at December 31, 2005 14 plants engaged in the mining, processing and/or production of lime, limestone, precipitated calcium carbonate, talc and *SYNSIL*® products and owned or leased approximately 18 refractory manufacturing facilities worldwide. The Company's corporate headquarters, sales offices, research laboratories, plants and other facilities are owned by the Company except as otherwise noted. Set forth below is certain information relating to the Company's plants and office and research facilities.

<u>Location</u>	<u>Facility</u>	<u>Product Line</u>
United States		
Arizona, Pima County	Plant; Quarry ¹	Limestone
California, Lucerne Valley	Plant; Quarry	Limestone
Connecticut, Canaan	Plant; Quarry	Limestone, Metallurgical Wire/Calcium
Indiana, Mt. Vernon	Plant	Talc/Limestone
Indiana, Portage	Plant	Refractories
Louisiana, Baton Rouge	Plant	Monolithic Refractories
Massachusetts, Adams	Plant; Quarry	Limestone, Lime PCC
Mississippi, Brookhaven	Plant	PCC
Montana, Dillon	Plant; Quarry	Talc
New Jersey, Old Bridge	Plant	Monolithic Refractories
New York, New York	Headquarters ²	All Company Products
Ohio, Bryan	Plant	Monolithic Refractories
Ohio, Dover	Plant	Refractories
Ohio, Wellsville	Plant	Talc/Limestone
Ohio, Woodville	Plant ²	<i>SYNSIL</i> ® Products
Pennsylvania, Bethlehem	Research laboratories; Sales Offices	PCC, Lime, Limestone, Talc
Pennsylvania, Easton	Research laboratories; Plant	All Company Products
Pennsylvania, Slippery Rock	Plant	Refractories
South Carolina, Chester	Plant	<i>SYNSIL</i> ® Products
Texas, Cleburne	Plant ⁴	<i>SYNSIL</i> ® Products
International		
Australia, Carlingford	Sales Office ²	Monolithic Refractories
Belgium, Brussels	Sales Office ² /Administrative Office	Monolithic Refractories/PCC
Belgium, Hermalle-sous-Huy	Plant	PCC
Brazil, Belo Horizonte	Sales Office ²	Monolithic Refractories
Brazil, Sao Palacio	Sales Office ²	PCC
Brazil, Volta Redonda	Sales Office ²	Monolithic Refractories
China, Shanghai	Sales Office	PCC/Monolithic Refractories

<u>Location</u>	<u>Facility</u>	<u>Product Line</u>
China, Suzhou	Plant ⁴ /Sales Office/Research laboratories	Monolithic Refractories/PCC
Finland, Kaarina	Research Laboratory ²	PCC
Germany, Moers	Plant/Sales Office/Research laboratories	Laser Scanning Instrumentation/Probes/Monolithic Refractories

Germany, Walsum	Plant	PCC
Holland, Hengelo	Plant/Sales Office	Metallurgical Wire
Ireland, Cork	Plant; Administrative	Monolithic Refractories
	Office ² /Research laboratories	
Italy, Brescia	Sales Office; Plant	Monolithic Refractories/Shapes
Japan, Gamagori	Plant/Research laboratories	Monolithic Refractories/Shapes, Calcium
Mexico, Gomez Palacio	Plant ²	Monolithic Refractories
Singapore	Sales Office ²	PCC
Spain, Santander	Plant/Sales Office ²	Monolithic Refractories
South Africa, Pietermaritzburg	Plant/Sales Office	Monolithic Refractories
South Korea, Seoul	Sales Office ²	Monolithic Refractories
South Korea, Yangsan	Plant ³	Monolithic Refractories
United Kingdom, Lifford	Plant	PCC, Lime
United Kingdom, Rotherham	Plant/Sales Office	Monolithic Refractories/Shapes

¹ This plant is leased to another company.

² Leased by the Company. The facilities in Cork, Ireland are operated pursuant to a 99-year lease, the term of which commenced in 1963. The Company's headquarters and sales offices in New York, New York are held under a lease which expires in 2010.

³ This plant is owned through a joint venture.

⁴ Under Construction.

The Company believes that its facilities, which are of varying ages and are of different construction types, have been satisfactorily maintained, are in good condition, are suitable for the Company's operations and generally provide sufficient capacity to meet the Company's production requirements. Based on past loss experience, the Company believes it is adequately insured with respect to these assets, and for liabilities which are likely to arise from its operations.

Item 3. Legal Proceedings

On November 28, 2005, the Company announced that it had reached a settlement of pending commercial and patent litigation with Omya AG. The settlement was on a worldwide basis, hence the litigation in both the United States and Italy have been dismissed. The settlement provides for the recognition of the Company's intellectual property and patent rights. As part of the settlement, the Company granted Omya AG a non-exclusive license for the terms of the patents in exchange for royalty payments.

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

Environmental Matters

As previously reported, 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 are still conducting investigations of potential groundwater contamination. To date, the results of investigation indicate that there is some oil contamination of the groundwater. We are conducting further investigations of the

groundwater.

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 \$200,000, 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 is committed to identifying appropriate improvements to the wastewater treatment system by 2007, and 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 remediation costs would approximate \$200,000, which has been accrued as of December 31, 2005.

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

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of 2005.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Securities

The Company's common stock is traded on the New York Stock Exchange under the symbol "MTX."

Information on market prices and dividends is set forth below:

<u>2005 Quarters</u>	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
Market Price Range Per Share of Common Stock				
High	\$ 66.80	\$ 68.83	\$ 64.11	\$ 58.32
Low	60.52	60.02	57.21	51.59
Close	65.30	61.78	57.21	55.89
Dividends paid per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05

<u>2004 Quarters</u>	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>
Market Price Range Per Share of Common Stock				
High	\$ 60.20	\$ 61.00	\$ 58.00	\$ 67.67
Low	51.56	54.59	53.60	56.67
Close	56.18	57.80	57.42	66.70
Dividends paid per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance
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Equity compensation plans approved by security holders	1,185,765	\$ 45.15	849,107
Equity compensation plans not approved by security holders	--	--	--
Total	<u>1,185,765</u>	<u>\$ 45.15</u>	<u>849,107</u>

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Cumulative Number of Shares Purchased as Part of the Program	Dollar Value of Shares That May Yet be Purchased Under the Program
October 2 - October 30	56,300	\$ 54.40	994,500	16,119,001
October 31 - November 27	43,000	\$ 55.75	1,037,500	13,721,828
November 28 - December 31	<u>46,600</u>	<u>\$ 55.03</u>	1,084,100	11,157,291
Total	<u>145,900</u>	<u>\$ 55.00</u>		

On October 23, 2003, the Company's Board of Directors authorized the Company's Management Committee, at its discretion, to repurchase up to \$75 million in additional shares over the next three-year period. As of December 31, 2005, the Company had purchased 1,084,100 shares under this program at an average price of approximately \$59 per share.

On October 26, 2005, the Company's Board of Directors authorized the Company's Management Committee, at its discretion, to repurchase up to \$75 million in additional shares over the next three-year period. As of December 31, 2005, there were no shares repurchased under this program.

On January 25, 2006, the Company's Board of Directors declared a regular quarterly dividend on its 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 thereof.

On February 10, 2006, the last reported sales price on the NYSE was \$53.91 per share. As of February 10, 2006, there were approximately 201 holders of record of the common stock.

Item 6. Selected Financial Data

Thousands, Except Per Share Data					
Income Statement Data:	2005	2004	2003	2002	2001
Net sales	\$ 995,838	\$ 923,667	\$ 813,743	\$ 752,680	\$684,419
Cost of goods sold	784,807	709,032	615,749	567,985	502,525
Marketing and administrative expenses	100,392	92,844	83,809	74,160	70,495
Research and development expenses	29,062	28,996	25,149	22,697	23,509
Bad debt expenses (recoveries)	(518)	1,576	5,307	6,214	3,930
Restructuring charges	--	1,145	3,323	--	3,403
Acquisition termination costs	--	997	--	--	--
Write-down of impaired assets	265	--	3,202	750	--
Income from operations	<u>81,830</u>	<u>89,077</u>	<u>77,204</u>	<u>80,874</u>	<u>80,557</u>
Income before provision for taxes on income and minority interests	78,285	84,572	72,344	75,734	72,670
Provision for taxes on income	23,289	24,299	19,116	20,220	21,148

Minority interests	1,732	1,710	1,575	1,762	1,729
Income before cumulative effect of accounting change	53,264	58,563	51,653	53,752	49,793
Cumulative effect of accounting change	--	--	3,433	--	--
Net income	<u>\$ 53,264</u>	<u>\$ 58,563</u>	<u>\$ 48,220</u>	<u>\$ 53,752</u>	<u>\$ 49,793</u>

Earnings Per Share	2005	2004	2003	2002	2001
Basic:					
Before cumulative effect of accounting change	\$ 2.62	\$ 2.85	\$ 2.56	\$ 2.66	\$ 2.54
Cumulative effect of accounting change	--	--	(0.17)	--	--
Basic earnings per share	<u>\$ 2.62</u>	<u>\$ 2.85</u>	<u>\$ 2.39</u>	<u>\$ 2.66</u>	<u>\$ 2.54</u>
Diluted:					
Before cumulative effect of accounting change	\$ 2.59	\$ 2.82	\$ 2.53	\$ 2.61	\$ 2.48
Cumulative effect of accounting change	--	--	(0.17)	--	--
Basic earnings per share	<u>\$ 2.59</u>	<u>\$ 2.82</u>	<u>\$ 2.36</u>	<u>\$ 2.61</u>	<u>\$ 2.48</u>
Weighted average number of common shares outstanding:					
Basic	20,345	20,530	20,208	20,199	19,630
Diluted	20,567	20,769	20,431	20,569	20,063
Dividends declared per common share	\$ 0.20	\$ 0.20	\$ 0.10	\$ 0.10	\$ 0.10

Balance Sheet Data:

Working capital	\$ 145,948	\$ 242,818	\$ 216,795	\$ 167,028	\$ 86,261
Total assets	1,156,303	1,154,902	1,035,690	899,877	847,810
Long-term debt	40,306	94,811	98,159	89,020	88,097
Total debt	156,851	128,728	131,681	120,351	160,031
Total shareholders' equity	771,162	799,313	707,381	594,157	507,819

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Income and Expense Items as a Percentage of Net Sales

Year Ended December 31,	2005	2004	2003
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	78.8	76.8	75.7
Marketing and administrative expenses	10.1	10.1	10.3
Research and development expenses	2.9	3.1	3.1
Bad debt expenses	--	0.2	0.6
Restructuring charges	--	0.1	0.4
Acquisition termination costs	--	0.1	--
Write-down of impaired assets	--	--	0.4
Income from operations	8.2	9.6	9.5
Income before provision for taxes on income			

and minority interests	7.8	9.1	8.9
Provision for taxes on income	2.3	2.6	2.4
Minority interests	<u>0.2</u>	<u>0.2</u>	<u>0.2</u>
Income before cumulative effect of accounting change	5.3	6.3	6.3
Cumulative effect of accounting change	<u>--</u>	<u>--</u>	<u>0.4</u>
Net income	<u>5.3%</u>	<u>6.3%</u>	<u>5.9%</u>

Executive Summary

Overall, the Company had a very difficult year. We had very strong growth in the first quarter followed by three quarters of declining operating income. The Company was affected by start-up and ramp-up issues at three new major facilities in Germany and China; significantly higher raw material and energy costs; consolidation in the paper industry; and weakness in our largest steel markets. Worldwide net sales for 2005 grew 8% over the prior year from \$923.7 million to \$995.8 million. Foreign exchange had a favorable impact on sales of approximately 1 percentage point of growth. Operating income for the full year 2005, however, declined 8% to \$81.8 million from \$89.1 million in the prior year. Operating income represented 8.2% of sales in 2005 and was 9.6% of sales in 2004. Net income for the full year 2005 declined 9% to \$53.3 million from \$58.6 million in 2004.

The comparison of our operating income and net income in the past three years has been affected by a number of factors:

- We adopted SFAS No. 143, "Accounting for Asset Retirement Obligations," in the first quarter of 2003, which resulted in a charge to earnings of about \$3.4 million, net of tax and annual ongoing costs of approximately \$0.04 per share.
- In the fourth quarter of 2003, we recorded charges relating to reduction of approximately 3% in our worldwide workforce; the planned closure of the facility at River Rouge, Michigan, which we acquired in 2001 as part of the refractory business of Martin Marietta Materials; and the retirement of some SYNSIL[®] Products manufacturing assets, which had been made obsolete by improvements in the production process. The total effect was to reduce pretax income by about \$6.5 million.
- We recorded additional restructuring costs of \$1.1 million in 2004 in relation to the workforce reduction program that began in the fourth quarter of 2003.
- We recognized a \$1.0 million pre-tax corporate charge in the fourth quarter of 2004 related to due diligence for a terminated acquisition effort.
- In 2005, we recorded an impairment charge of \$0.3 million relating to the expected closure of our satellite PCC facility in Cornwall, Canada, in the first quarter of 2006. In addition, our customer in Pasadena, Texas, announced its plan to cease operations. As a result, our fully depreciated one-unit PCC facility at this location has terminated its operations.

We face some significant risks and challenges in the future:

- Our success depends in part on the performance of the industries we serve, particularly papermaking and steel making. Some of our customers may continue to face a difficult business environment, and may experience further shutdowns;
- Consolidations in the paper and steel industries concentrates purchasing power in the hands of fewer customers, increasing pricing pressure on suppliers such as Minerals Technologies;
- Most of our Paper PCC sales are under long-term contracts. The contracts may be terminated pursuant to their terms, or may be renewed on terms less favorable to us;
- We are subject to cost fluctuations on magnesias and talc imported from China, including higher shipping costs and higher cost of other raw material in both segments;
- We are experiencing increased energy costs in both of our business segments;

- Although the SYNSIL[®] Products family has received favorable reactions from potential customers and we have entered into several multi-year supply contracts and are constructing two manufacturing facilities, this product line is not yet profitable and its commercial viability cannot be assured;
- The cost of employee benefits, particularly health insurance, has risen significantly in recent years and continues to do so; and
- As we expand our operations abroad we face the inherent risks of doing business in many foreign countries, including foreign exchange risk, import and export restrictions, and security concerns.

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

- Increasing our sales of PCC for paper by further penetration of the markets for paper filling at both free sheet and groundwood mills;
- Increasing our sales of PCC for paper coating, particularly from the coating PCC facility in Walsum, Germany;

- Continuing research and development activities for new products, including potential commercialization of a filler-fiber composite technology for the paper industry;
- Achieving market acceptance of the SYNSIL[®] Products family of composite minerals for the glass industry;
- Continuing our penetration in both business segments into China, including the ramp-up of two four-unit satellite PCC plants through our joint venture with Asia Pulp & Paper (China) Pte. Ltd., and our new manufacturing facility for the Refractories segment, which is projected to commence operations in the second quarter of 2006; and
- Increasing market penetration in the Refractories segment through higher value specialty products and application systems.

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

On July 19, 2005, the Company's largest customer, International Paper Company, announced a general plan to restructure certain elements of its businesses. There has been no further release of public information related to this plan. Therefore, we have not been able to assess the potential impact of this restructuring on our Paper PCC product line and assets.

Results of Operations

Sales

(Dollars in millions)

Net Sales	2005	% of Total Sales	Growth	2004	% of Total Sales	Growth	2003	% of Total Sales
U.S.	\$ 600.1	60.3 %	8 %	\$ 558.2	60.4 %	12 %	\$ 499.9	61.4 %
International	395.7	39.7 %	8 %	365.5	39.6 %	16 %	313.8	38.6 %
Net sales	<u>\$ 995.8</u>	<u>100.0 %</u>	<u>8 %</u>	<u>\$ 923.7</u>	<u>100.0 %</u>	<u>14 %</u>	<u>\$ 813.7</u>	<u>100.0 %</u>
Paper PCC	\$ 465.7	46.8 %	7 %	\$ 434.0	47.0 %	11 %	\$ 389.6	47.9 %
Specialty PCC	55.6	5.6 %	10 %	50.7	5.5 %	9 %	46.5	5.7 %
PCC Products	<u>\$ 521.3</u>	<u>52.3 %</u>	<u>8 %</u>	<u>\$ 484.7</u>	<u>52.5 %</u>	<u>11 %</u>	<u>\$ 436.1</u>	<u>53.6 %</u>
Talc	\$ 54.2	5.4 %	5 %	\$ 51.6	5.6 %	19 %	\$ 43.2	5.3 %
Other Processed Minerals	92.5	9.3 %	6 %	87.1	9.4 %	12 %	77.8	9.6 %
Processed Minerals Products	<u>\$ 146.7</u>	<u>14.7 %</u>	<u>6 %</u>	<u>\$ 138.7</u>	<u>15.0 %</u>	<u>15 %</u>	<u>\$ 121.0</u>	<u>14.9 %</u>
Specialty Minerals Segment	<u>\$ 668.0</u>	<u>67.1 %</u>	<u>7 %</u>	<u>\$ 623.4</u>	<u>67.5 %</u>	<u>12 %</u>	<u>\$ 557.1</u>	<u>68.5 %</u>
Refractory Products	\$ 239.3	24.0 %	(2) %	\$ 243.0	26.3 %	16 %	\$ 209.7	25.8 %
Metallurgical Products	88.5	8.9 %	54 %	57.3	6.2 %	22 %	46.9	5.8 %
Refractories Segment	<u>\$ 327.8</u>	<u>32.9 %</u>	<u>9 %</u>	<u>\$ 300.3</u>	<u>32.5 %</u>	<u>17 %</u>	<u>\$ 256.6</u>	<u>31.5 %</u>
Net Sales	<u>\$ 995.8</u>	<u>100.0 %</u>	<u>8 %</u>	<u>\$ 923.7</u>	<u>100.0 %</u>	<u>14 %</u>	<u>\$ 813.7</u>	<u>100.0 %</u>

Worldwide net sales in 2005 increased 8% from the previous year to \$995.8 million. Foreign exchange had a favorable impact on sales of approximately \$10.3 million or 1 percentage point of growth. Sales in the Specialty Minerals segment, which includes the PCC and Processed Minerals product lines, increased 7% to \$668.0 million compared with \$623.4 million for the same period in 2004. Sales in the Refractories segment grew 9% over the previous year to \$327.8 million. In 2004, worldwide net sales increased 14% to \$923.7 million from \$813.7 million in the prior year. Specialty Minerals segment sales increased approximately 12% and Refractories segment sales increased approximately 17% in 2004.

Worldwide net sales of PCC, which is primarily used in the manufacturing process of the paper industry, increased 8% to \$521.3 million from \$484.7 million in the prior year. Worldwide net sales of Paper PCC increased 7% to \$465.7 million from \$434.0 million

in the prior year. Paper PCC volumes grew 4% for the full year with volumes in excess of 3.8 million tons. In 2005, worldwide printing and writing paper production totaled approximately 112.1 tons and increased 1.1% over 2004, and demand for uncoated freesheet, our largest

market for PCC, increased slightly in 2005. Sales growth was achieved in all regions, except Latin America, with the largest growth occurring in Europe and Asia where sales volumes grew 7% and 20%, respectively. The growth in Europe was primarily attributable to our new facility in Germany and expansions of PCC capacity at certain locations. This growth was partially mitigated by the Finnish paper mill labor dispute in the second quarter of 2005. The sales growth in Asia was primarily attributable to the two new facilities in China. North American Paper PCC sales grew 5% as incremental sales from the restart in May 2004 of our Millinocket, Maine, facility more than offset the effect of paper machine and plant closures. Sales of Specialty PCC grew 10% to \$55.6 million from \$50.7 million in 2004. This growth was primarily attributable to improved volumes, especially in automotive and consumer applications. PCC sales in 2004 increased 11% to \$484.7 million from \$436.1 million in the prior year. Paper PCC volumes grew 7% in 2004 as sales growth was achieved in all regions. Foreign exchange had a favorable impact on sales in 2004 of approximately 4 percentage points of growth.

Net sales of Processed Minerals products in 2005 increased 6% to \$146.7 million from \$138.7 million in 2004. The growth in this product line was attributable to the continued strength of the residential construction market and from polymer and health care applications for our talc products. Processed Minerals net sales in 2004 increased 15% to \$138.7 million from \$121.0 million in 2003. This increase was primarily attributable to strong demand from the residential construction markets.

Net sales in the Refractories segment in 2005 increased 9% to \$327.8 million from \$300.3 million in the prior year. Foreign exchange represented approximately 1 percentage point of the sales growth. The sales growth was driven globally by the metallurgical product line in which sales grew 54% to \$88.5 million from \$57.3 million. This increase was attributable to a combination of price increases, due to the substantial escalation in the cost of raw materials for this product line, as well as volume growth. Sales of refractory products and systems to steel and other industrial applications decreased 2% to \$239.3 million from \$243.0 million. The weakness in the steel industry, particularly in the United States and Europe, had an adverse affect on our sales growth. Net sales in the Refractories segment in 2004 increased 17% to \$300.3 million from \$256.6 million in the prior year. The increase in sales for the Refractories segment in 2004 was primarily attributable to improved performance and better steel industry conditions in North America. In 2004, sales growth of 22% was attained in the metallurgical product line and 16% in the refractory products and systems product line, respectively.

Net sales in the United States were \$600.1 million in 2005, approximately 8% higher than in the prior year. International sales in 2005 also increased 8%. Foreign exchange had a 3% impact on international sales growth. In 2004, domestic net sales were 12% higher than the prior year and international sales were 16% greater than in the prior year primarily due to the impact of foreign exchange.

Operating Costs and Expenses (Dollars in millions)

	<u>2005</u>	<u>Growth</u>	<u>2004</u>	<u>Growth</u>	<u>2003</u>
Cost of goods sold	\$ 784.8	11 %	\$ 709.0	15 %	\$ 615.7
Marketing and administrative	\$ 100.4	8 %	\$ 92.8	11 %	\$ 83.8
Research and development	\$ 29.1	-- %	\$ 29.0	16 %	\$ 25.1
Bad debt expenses	\$ (0.5)	* %	\$ 1.6	(70 %)	\$ 5.3
Acquisition termination costs	\$ --	* %	\$ 1.0	*	\$ --
Restructuring charges	\$ --	* %	\$ 1.1	(67 %)	\$ 3.3
Write-down of impaired assets	\$ 0.3	* %	\$ --	*	\$ 3.2

* Percentage not meaningful

Cost of goods sold in 2005 was 78.8% of sales compared with 76.8% in the prior year. Our cost of goods sold grew 11% which had an unfavorable leveraging impact on our sales growth resulting in a 2% decrease in production margin. This unfavorable leveraging occurred in both reporting segments. In the Specialty Minerals segment, production margins declined 4% as compared with 7% sales growth. Margins in this segment were affected by several factors:

- start-up and ramp-up costs related to the European coating development program;
- the effects of continuing paper industry capacity rationalization, which lowered demand at several satellite plants;
- unrecovered raw material and energy costs; and
- start-up and ramp-up costs at our two new facilities in China.

Collectively, these factors had an adverse impact on production margin and operating income of approximately \$13 million.

In the Refractories segment, production margin increased 1% over the prior year as compared with 9% sales growth. The unfavorable leveraging was due to weakness in the steel industry, particularly in North America and Europe, and to higher raw material costs.

In 2004, cost of goods sold was 76.8% of sales compared with 75.7% in 2003. Cost of goods sold grew 15%, which had an unfavorable leveraging impact on our sales growth resulting in an 8% increase in the production margin. The unfavorable leveraging occurred in both reporting segments as they were affected by higher raw material and energy costs. Our Specialty Minerals segment was also affected by increased startup costs for our new plant in Walsum, Germany.

Marketing and administrative costs increased 8% in 2005 to \$100.4 million and represented 10.1% of net sales. Both segments increased marketing expenses to support worldwide business development efforts. The Company also experienced higher litigation costs to protect our

intellectual property. The Company reached a settlement of pending commercial and patent litigation in the fourth quarter of 2005. This litigation settlement resulted in non-operating income of \$2.1 million, while the costs to defend such litigation were included in marketing and administrative expenses. In 2004, marketing and administrative costs increased 10.7% to \$92.8 million and increased to 10.1% of net sales from 10.3% of net sales in 2003.

Research and development expenses remained flat at \$29.1 million and represented 2.9% of net sales. In 2004, research and development expenses increased 16% over the prior year and represented 3.1% of sales due to increased product development activities in both segments, but particularly in the PCC product line relating to the filler-fibre composite mineral program and coating trial activities.

We recorded bad debt expenses (recoveries) of \$(0.5) million and \$1.6 million in 2005 and 2004, respectively. In 2005, the reduction in bad debt charges was primarily related to recoveries of bad debt in excess of provisions. In 2004, the provision for bad debt was net of recoveries of approximately \$2.3 million related to steel company bankruptcies, in which we had previously written off the related accounts receivable.

During the fourth quarter of 2005, we recorded a write-down of impaired assets of \$0.3 million. The impairment relates to the expected closure in the first quarter of our satellite facility in Cornwall, Ontario, resulting from the expected paper mill shutdown.

In the fourth quarter of 2004, the Company recognized \$1.0 million in pre-tax corporate charges related to due diligence costs from a terminated acquisition effort.

During the fourth quarter of 2003, we restructured our operations to reduce operating costs and improve efficiency. This resulted in a 2003 restructuring charge of \$3.3 million. As part of this restructuring program, we recorded \$1.1 million in additional charges in 2004. The restructuring charges relate to workforce reductions from all business units throughout our worldwide operations and the termination of certain leases. There were no restructuring costs in 2005.

During the fourth quarter of 2003, we recorded a write-down of impaired assets of \$3.2 million. The impairment charges were related to the closure of our operations in River Rouge, Michigan, in 2004 and the retirement of certain SYNSIL[®] Products' assets that have been made obsolete.

Income from Operations (Dollars in millions)

	<u>2005</u>	<u>Growth</u>	<u>2004</u>	<u>Growth</u>	<u>2003</u>
Income from operations	\$ 81.8	(8) %	\$ 89.1	15 %	\$ 77.2

Income from operations in 2005 decreased 8% to \$81.8 million from \$89.1 million in 2004. Income from operations was 8.2% of sales as compared with 9.6% of sales in 2004. Income from operations in 2004 increased 15% to \$89.1 million from \$77.2 million in 2003. Income from operations increased to 9.6% of sales as compared with 9.5% of sales in 2003.

Income from operations for the Specialty Minerals segment decreased 10% to \$53.6 million and was 8.0% of its net sales. Unfavorable leveraging to operating income for this segment was primarily due to the aforementioned factors affecting production margin. Operating income for the Refractories segment decreased 7% to \$28.3 million and was 8.6% of its net sales. This segment was affected by higher raw material and energy costs and weakness in the steel industry.

In 2004, income from operations for the Specialty Minerals segment increased 8% to \$59.7 million and was 9.6% of its net sales. Operating income for the Refractories segment increased 39% to \$30.4 million and was 10.1% of its net sales.

Non-Operating Deductions (Dollars in millions)

	<u>2005</u>	<u>Growth</u>	<u>2004</u>	<u>Growth</u>	<u>2003</u>
Non-operating deductions, net	\$ 3.5	(22) %	\$ 4.5	(8) %	\$ 4.9

Non-operating deductions decreased 22% from the prior year. This decrease was primarily due to a litigation settlement gain of \$2.1 million. This was partially offset by higher interest expense due to increased borrowings.

Provision for Taxes on Income (Dollars in millions)

	<u>2005</u>	<u>Growth</u>	<u>2004</u>	<u>Growth</u>	<u>2003</u>
Provision for taxes on income	\$ 23.3	(4) %	\$ 24.3	27 %	\$ 19.1

The effective tax rate increased to 29.7% in 2005 compared with 28.7% in 2004. This increase is due to a change in the mix of earnings and higher level of repatriation of foreign earnings.

Minority Interests

(Dollars in millions)	2005	Growth	2004	Growth	2003
Minority interests	\$ 1.7	-- %	\$ 1.7	6 %	\$ 1.6

The consolidated joint ventures continue to operate profitably and at approximately the same level as prior years.

Net Income (Dollars in millions)	2005	Growth	2004	Growth	2003
Net income	\$ 53.3	(9) %	\$ 58.6	22 %	\$ 48.2

Net income decreased 9% in 2005 to \$53.3 million. Earnings per common share, on a diluted basis, decreased 8% to \$2.59 in 2005 as compared with \$2.82 in the prior year.

In 2004, net income increased 22% to \$58.6 million. Earnings per common share on a diluted basis, increased 19% to \$2.82 in 2004 as compared with \$2.36 in the prior year.

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

Upon adoption of SFAS No. 143, we recorded a non-cash, after-tax charge to earnings of approximately \$3.4 million for the cumulative effect of this accounting change related to retirement obligations associated with our PCC satellite facilities and mining properties, both within the Specialty Minerals segment.

Outlook

2005 was a difficult year for the Company. The global economic environment, while slower than 2004, was still supportive in 2005 despite high energy and commodity prices. The U.S. economy also continued to expand despite hurricanes, higher interest rates and increased energy costs. Construction housing starts were at a 10-year high in 2005. Although the strong construction market benefited our Processed Minerals product line, we experienced a tightening in the two main markets we serve, paper and steel. Domestic demand for printing and writing paper was down 1.3% and domestic steel production was down 5.8%. We were able to achieve sales growth in 2005. However, a delay in some key programs, rapidly increasing raw materials and energy costs, a decline in North America and European steel production, the adverse effect of plant shutdowns and production interruptions, and start-up and ramp-up costs related to the European coating development program and our two new facilities in China caused a substantial decline in operating income. The outlook for these industries is for resumed growth in 2006.

In 2006, we plan to focus on the following growth strategies:

- Expand regionally into emerging markets where we have a limited presence.
- Increase market penetration of PCC in paper filling at both free sheet and groundwood mills.
- Increase penetration of PCC into the paper coating market.
- Emphasize higher value specialty products and application systems to increase market penetration in the Refractories segment.
- Continue research and development and marketing efforts for new and existing products, including market acceptance for the SYNSIL[®] Products' family of composite minerals.
- Continue to improve our cost competitiveness.
- Continue selective acquisitions to complement our existing businesses.
- Continuing research and development activities for new products, including commercialization of a filler-fiber composite technology for the paper industry.

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

The following are notable events that may impact our 2006 performance:

In 2004, we began the construction of two new PCC plants at two APP China Paper Mills in the People's Republic of China. They are located at APP paper mills in Zhenjiang and Suzhou. We added a total capacity of 8 units, or approximately 250,000 tons of coating and filling PCC pigments and we expect an accelerated ramp-up of volume at these facilities in 2006.

In 2004, we completed construction and began commissioning of our merchant Paper Coating PCC facility in Walsum, Germany. In 2005, we continued to experience delays in the start-up of this facility. In 2006 we expect an acceleration of the coating program, with improved volumes at Walsum.

In 2005, the company began construction of two new plants for production of its SYNSIL[®] products. The year 2006 will represent the first commercial sales from our new facility in Chester, South Carolina.

In 2004, the Refractories segment began construction of a 100,000-ton capacity refractory manufacturing facility in China. We expect a volume ramp-up at this facility in 2006 which will allow this segment to effectively serve China the largest and fastest growing steel market in the world.

As we continue to expand our operations overseas, we face the inherent risks of doing business abroad, including inflation, fluctuations in interest rates and currency exchange rates, changes in applicable laws and regulatory requirements, export and import restrictions, tariffs, nationalization, expropriation, limits on repatriation of funds, civil unrest, terrorism, unstable governments and legal systems and other factors. Some of our operations are located in areas that have experienced political or economic instability, including Indonesia, Israel, Brazil, Thailand, China and South Africa. In addition, our performance depends to some extent on that of the industries we serve, particularly the paper manufacturing, steel manufacturing, and construction industries.

Our sales of PCC are predominantly pursuant to long-term evergreen contracts, initially about ten years in length, with paper companies at whose mills we operate satellite PCC plants. The terms of many of these agreements generally have been extended, often in connection with an expansion of the satellite PCC plant. Failure of a number of our customers to renew existing agreements on terms as favorable to us as those currently in effect could cause our future growth rate to differ materially from our historical growth rate, and if not renewed could also result in impairment of the assets associated with the PCC plant.

At December 31, 2005, the Company also continues to supply PCC at one location where the PCC contract has expired and one location, representing one unit of PCC production, at which the host mill has provided notice to the Company of its plans to cancel the PCC supply contract upon its expiration in 2006. Failure of a PCC customer to renew an agreement or continue to purchase PCC from one of our facilities could result in an impairment of assets charge or accelerated depreciation at such facility.

Liquidity and Capital Resources

Cash flows in 2005 were provided from operations and short-term financing and were used principally to fund \$111.5 million of capital expenditures and \$47.6 million for purchases of common shares for treasury. Cash provided from operating activities amounted to \$78.5 million in 2005 as compared with \$129.2 million in 2004. The reduction in cash from operating activities was primarily due to an increase in working capital, primarily due to increased volumes and the higher costs of energy and raw materials which affected our inventories and accounts receivable levels. Included in cash flow from operations was pension plan funding of approximately \$12.9 million, \$17.6 million and \$20.8 million for the years ended December 31, 2005, 2004 and 2003, respectively.

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

On October 23, 2003, our Board of Directors authorized our Management Committee, at its discretion, to repurchase up to \$75 million in additional shares over the next three-year period. As of December 31, 2005, the Company had purchased 1,084,100 shares under this program at an average price of \$59 per share.

On October 26, 2005, the Company's Board of Directors authorized the Company's Management Committee, at its discretion, to repurchase up to \$75 million in additional shares over the next three-year period. As of December 31, 2005, there were no shares repurchased under this program.

On January 26, 2006, 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 \$50 million in Guaranteed Senior Notes due on July 24, 2006, which we expect to refinance, in whole or in part, through a combination of bank loans and/or private placements. Such amount is included in current maturities of long-term debt.

We have \$138 million in uncommitted short-term bank credit lines, of which \$43.0 million was in use at December 31, 2005. In addition,

we have a \$23 million committed short-term bank credit line of which \$20 million was in use at December 31, 2005. We anticipate that capital expenditures for 2006 should approximate \$100 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: 2006 - \$53.7 million; 2007 - \$1.9 million; 2008 - \$6.8 million; 2009 - \$4.4 million; 2010 - \$4.6 million; thereafter - \$22.6 million.

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-term assets, goodwill and other intangible assets, pension plan assumptions, income taxes, income tax valuation allowances and litigation and environmental liabilities. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that can not readily be determined from other sources. There can be no assurance that actual results will not differ from those estimates.

We believe the following critical accounting policies require us to make significant judgments and estimates in the preparation of our consolidated financial statements:

- Revenue recognition: Revenue from sale of products is recognized at the time the goods are shipped and title passes to the customer. In most of our PCC contracts, the price per ton is based upon the total number of tons sold to the customer during the year. Under those contracts, the price billed to the customer for shipments during the year is based on periodic estimates of the total annual volume that will be sold to the customer. Revenues are adjusted at the end of each year to reflect the actual volume sold. We have consignment arrangements with certain customers in our Refractories segment. Revenues for these transactions are recorded when the consigned products are consumed by the customer. Revenues from sales of equipment are recorded upon completion of installation and receipt of customer acceptance. Revenues from services are recorded when the services are performed.
- Allowance for doubtful accounts: Substantially all of our accounts receivable are due from companies in the paper, construction and steel industries. Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. Such allowance is established through a charge to the provision for bad debt expenses. We recorded bad debt expenses (recoveries) of \$(0.5) million, \$1.6 million and \$5.3 million in 2005, 2004 and 2003, respectively. The \$1.6 million provision in 2004 was net of \$2.3 million of bad debt recoveries related to steel customer bankruptcies for previously written off accounts receivable. The charges in 2004 and 2003 were much higher than historical levels and were primarily related to bankruptcy filings by some of our customers in the paper and steel industries and to additional provisions associated with risks in the paper, steel and other industries. In addition to specific allowances established for bankrupt customers, we also analyze the collection history and financial condition of our other customers considering current industry conditions and determine whether an allowance needs to be established or adjusted.
- Property, plant and equipment, goodwill, intangible and other long-lived assets: Property, plant and equipment are depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets can generate revenue, which does not necessarily coincide with the remaining term of a customer's contractual obligation to purchase products made

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- using those assets. Our sales of PCC are predominately pursuant to long-term evergreen contracts, initially ten years in length, with paper mills at which we operate satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of the satellite PCC plant. At December 31, 2005, we also continue to supply PCC at one location at which the PCC contract has expired. Failure of a PCC customer to renew an agreement or continue to purchase PCC from our facility could result in an impairment of assets or accelerated depreciation at such facility.
 - Valuation of long-lived assets, goodwill and other intangible assets: We assess the possible impairment of long-lived assets and identifiable amortizable intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill and other intangible assets with indefinite lives are reviewed for impairment at least annually in accordance with the provisions of SFAS No. 142. Factors we consider important that could trigger an impairment review include the following:

- significant under-performance relative to historical or projected future operating results;

- significant changes in the manner of use of the acquired assets or the strategy for the overall business;
- significant negative industry or economic trends.

When we determine that the carrying value of intangibles, long-lived assets or goodwill may not be recoverable based upon the existence of one or more of the above indicators of impairment, we principally measure any impairment by our ability to recover the carrying amount of the assets from expected future operating cash flow on a discounted basis. Net intangible assets, long-lived assets, and goodwill amounted to \$689.5 million as of December 31, 2005.

- Accounting for income taxes: As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating current tax expense together with assessing temporary differences resulting from differing treatments of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income, and to the extent we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we must include an expense within the tax provision in the Consolidated Statement of Income.
- Pension Benefits: We sponsor pension and other retirement plans in various forms covering the majority of employees who meet eligibility requirements. Several statistical and actuarial models which attempt to estimate future events are used in calculating the expense and liability related to the plans. These models include assumptions about the discount rate, expected return on plan assets and rate of future compensation increases as determined by us, within certain guidelines. Our assumptions reflect our historical experience and management's best judgment regarding future expectations. In addition, our actuarial consultants also use subjective factors such as withdrawal and mortality rates to estimate these assumptions. The actuarial assumptions used by us may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants, among other things. Differences from these assumptions may result in a significant impact to the amount of pension expense/liability recorded by us.

For a detailed discussion on the application of these and other accounting policies, see "Summary of Significant Accounting Policies" in the "Notes to the Consolidated Financial Statements" in Item 15 of this report, beginning on page F-6. This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this report.

Prospective Information and Factors That May Affect Future Results

The SEC 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 our anticipated results based on management's plans and assumptions. Words such as "expects," "plans," "anticipates," and words and terms of similar substance, used in connection with any discussion of future operating or financial performance identify these forward-looking statements.

We cannot guarantee that the outcomes suggested in any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and the accuracy of 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 in Item 1A, "Risk Factors."

Inflation

Historically, inflation has not had a material adverse effect on us. However, recently both business segments have been affected by rapidly rising raw material and energy costs. The Company and its customers will typically negotiate reasonable price adjustments in order to recover a portion of these rapidly escalating costs. The contracts pursuant to which we construct and operate our satellite PCC plants generally adjust pricing to reflect increases in costs resulting from inflation, there is a time lag before such price adjustments can be implemented.

Cyclical Nature of Customers' Businesses

The bulk of our sales are to customers in the paper manufacturing, steel manufacturing and construction industries, which have historically been cyclical. The pricing structure of some of our long-term PCC contracts makes our PCC business less sensitive to declines in the quantity of product purchased. However, we cannot predict the economic outlook in the countries in which we do business, nor in the key industries we serve. There can be no assurance that a recession, in some markets or worldwide, would not have a significant negative effect on our financial position or results of operations.

Recently Issued Accounting Standards

In May 2005, the Financial Accounting Standards Board ("FASB") issued Statement No. 154, "Accounting Changes and Error Corrections - a replacement of APB Opinion No. 20 and FASB Statement No. 3." This statement applies to all voluntary changes in accounting principles

as well as those changes required by an accounting pronouncement where the pronouncement does not include specific transition provisions. This statement requires retrospective application to prior periods' financial statements of changes in accounting principles as opposed to including in net income, in the period of the change, the cumulative effect of changes in accounting principles. However, when an accounting pronouncement includes specific transition provisions, those provisions should be followed. This statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005.

In March 2005, the Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue No. 04-06, "Accounting for Stripping Costs Incurred During Production in the Mining Industry." This consensus states that stripping costs incurred during the production phase of a mine are variable production costs that should be included in the costs of the inventory produced during the period that the stripping costs are incurred. This guidance applies to all mining entities and is effective for fiscal years beginning after December 15, 2005. Stripping costs are costs incurred for the removal of overburden, or waste materials, for the purpose of obtaining access to an ore body that will be produced commercially. Since the Company defers stripping costs in excess of the average life of mine stripping ratio and amortizes such costs on a unit of production method, the cumulative effect of this accounting adjustment will have a significant impact on the Company's financial statements upon adoption. In the first quarter of 2006, the Company will record an approximate \$7.0 million charge to retained earnings in accordance with this consensus. In addition, the Company expects this consensus will reduce 2006 earnings by approximately \$0.02 per share.

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment." This statement is a revision to SFAS No. 123 and supersedes Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and amends FASB Statement No. 95, "Statement of Cash Flows." This statement requires a public entity to expense the cost of employee services received in exchange for an award of equity instruments. This statement also provides guidance on valuing and expensing these awards, as well as disclosure requirements of these equity arrangements.

As permitted by SFAS No. 123, we currently account for share-based payments to employees using APB Opinion No. 25's intrinsic value method and, as such, we generally recognize no compensation cost for employee stock options. The Company will adopt SFAS 123R effective January 1, 2006. We expect to use the Black-Scholes option pricing model to determine the fair value of our stock-based awards. As permitted under SFAS 123R, we intend to use the modified-prospective transition method. Under this method, compensation cost is recognized for all awards granted, modified or settled after the adoption date as well as for any awards that were granted prior to the adoption date for which the requisite service has not yet been rendered. We expect that the adoption of SFAS 123R will have a significant impact on our reported results of operations, but will not impact our overall financial position. The impact of adoption of SFAS 123R cannot be predicted at this time because it will depend on levels of share-based payments granted in the future. For information about what our reported results of operations and earnings per share would have been had we applied SFAS 123 to account for share-based payments, please see the discussion under the heading, "Accounting for Stock Based Compensation," in Note 2 to our Condensed Consolidated Financial Statements.

In November 2004, FASB issued Statement No. 151, "Inventory Costs - an Amendment of ARB No. 43, Chapter 4." This statement amends the guidance in ARB No 43, Chapter 4, "Inventory Pricing," to clarify the accounting for abnormal amounts of idle facility expense, freight, handling costs, and wasted material (spoilage). This statement requires that items such as idle facility expense, excessive spoilage, double freight, and re-handling costs be recognized as current-period charges. In addition, this statement requires that allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production

facilities. This statement will be effective for fiscal years beginning after June 15, 2005. The effects of this new pronouncement will not have a significant impact on the Company's results of operations.

In December 2004, the FASB issued SFAS No. 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004," which provides relief concerning the timing of the SFAS No. 109 requirement to accrue deferred taxes for unremitted earnings of foreign subsidiaries. On October 22, 2004, the American Jobs Act Creation Act of 2004 ("AJCA") was signed into law. The AJCA includes a special, one-time, 85% dividends received deduction for certain foreign earnings that are repatriated. The Company repatriated \$18.5 million in 2005 under this Act which resulted in a tax liability of approximately \$1.2 million and increased the effective tax rate by 1.5%.

Item 7A. 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 change in the value of foreign currencies would not have a material adverse effect on our financial condition and results of operations. Approximately 40% of our bank debt bears interest at variable rates; therefore our results of operations would only be affected by interest rate changes to such bank debt outstanding. 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 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 had open forward exchange contracts to purchase approximately \$4.2 million and \$5.8 million of foreign currencies as of December 31, 2005 and 2004, respectively. These contracts mature between January and June of 2006. The fair value of these instruments at December 31, 2005 and December 31, 2004 was a liability of \$0.2 million and \$0.6 million, respectively. We entered into three-year interest rate swap agreements with a notional amount of \$30 million which expired in January 2005. These agreements effectively converted a portion of our floating-rate debt to a fixed rate basis.

Item 8. Financial Statements and Supplementary Data

The financial information required by Item 8 is contained in Item 15 of Part IV of this report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Pursuant to Rule 13(a)-15(b) of the Securities Exchange Act of 1934, the Company, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2005. Based upon this 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 SEC.

The Company is in the process of implementing a global enterprise resource planning (ERP) system to manage our business operations. As of December 31, 2005, a substantial number of our domestic locations were using the new systems. 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 the migration to the new ERP system could adversely affect the Company's disclosure controls and procedures or our results of operations in future periods. 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 during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining an adequate system of internal control over financial reporting of the Company. This system of internal accounting controls is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. The design, monitoring and revision of the system of internal accounting controls involves, among other things, management's judgements with respect to the relative cost and expected benefits of specific control measures. The effectiveness of the control system is supported by the selection, retention and training of qualified personnel and an organizational structure that provides an appropriate division of responsibility and formalized procedures. The system of internal accounting controls is periodically reviewed and modified in response to changing conditions. An internal audit staff regularly monitors the adequacy and effectiveness of internal accounting controls for the Company and all of its subsidiaries.

Management conducted an evaluation of the effectiveness of the system of internal control over financial reporting based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, management concluded that as of December 31, 2005, the Company's system of internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. Management's assessment of the effectiveness of the Company's internal control financial reporting has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report in which they expressed an unqualified opinion, which is included herein.

Item 9B. Other Information

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

Set forth below are the names and ages of all Executive Officers of the Registrant indicating all positions and offices with the Registrant held by each such person, and each such person's principal occupations or employment during the past five years.

<u>Name</u>	<u>Age</u>	<u>Position</u>
Paul R. Saueracker	63	Chairman of the Board; President and Chief Executive Officer
Alain F. Bouruet-Aubertot	49	Senior Vice President and Managing Director, Minteq International
Kenneth L. Massimine	56	Senior Vice President and Managing Director, Paper PCC
John A. Sorel	58	Senior Vice President - Finance, and Chief Financial Officer
Gordon S. Borteck	48	Vice President, Organization and Human Resources
Kirk G. Forrest	54	Vice President, General Counsel and Secretary
D. Randy Harrison	54	Vice President and Managing Director, Performance Minerals
Michael A. Cipolla	48	Vice President - Corporate Controller and Chief Accounting Officer
William A. Kromberg	60	Vice President, Taxes
Gregory P. Kelm	53	Treasurer

Paul R. Saueracker was elected Chairman of the Board on October 18, 2001. Prior to that he became President and Chief Executive Officer effective August 2000 and December 31, 2000, respectively. Mr. Saueracker served as Senior Vice President from 1999 to 2000, and Vice President of the Company from 1994 to 1999. He had served as President and CEO of Specialty Minerals Inc. since 1994. Mr. Saueracker is a former President of the Pulverized Minerals Division of the National Stone, Sand and Gravel Association and a member of the Board of Directors of the National Association of Manufacturers.

Alain F. Bouruet-Aubertot was elected Senior Vice President and Managing Director, Minteq International in November 2002. From 1996 to June 2002 he had been President, Gypsum Division and Corporate Senior Vice President of Lafarge North America, a supplier of cement, ready-mixed concrete, construction aggregate and gypsum products.

Kenneth L. Massimine was elected Senior Vice President and Managing Director, Paper PCC, effective January 1, 2002. Prior to that he held positions of increasing authority with the Company, most recently Vice President and Managing Director, Processed Minerals.

John A. Sorel was elected Senior Vice President, Chief Financial Officer in November 2002. Prior to that time he was elected Senior Vice President, Corporate Development and Finance on January 1, 2002 and prior to 2002 he held positions of increasing authority with the Company, most recently Vice President and Managing Director, Paper PCC.

Gordon S. Borteck was elected Vice President - Organization and Human Resources effective January 1, 2002. Prior to that he had been Vice President, Human Resources of Specialty Minerals Inc. since January 1997.

Kirk G. Forrest was elected Vice President - General Counsel and Secretary effective January 26, 2005. Prior to that, Mr. Forrest had been Vice President and General Counsel at SAM'S CLUB, and a Corporate Vice President of its parent company, Wal-Mart Stores, Inc. and Associate General Counsel at The Williams Companies, which he joined in 1998.

D. Randy Harrison was elected Vice President and Managing Director, Performance Minerals, which encompasses the Processed Minerals product line and the Specialty PCC product line, effective January 1, 2002. Prior to that he held positions of increasing authority with Specialty Minerals Inc., most recently Vice President and General Manager, Specialty PCC.

Michael A. Cipolla was elected Vice President - Controller and Chief Accounting Officer in July 2003. Prior to that he served as Corporate Controller and Chief Accounting Officer of the Company since 1998. From 1992 to 1998 he served as Assistant Corporate Controller.

William A. Kromberg has served as Vice President-Taxes of the Company since 1993.

Gregory P. Kelm was elected Treasurer effective January 21, 2004. Prior to that he had been Assistant Treasurer since March 2000. From 1994 to 2000 Mr. Kelm served as Director, Corporate Human Resources Programs.

The information concerning the Company's Board of Directors required by this item is incorporated herein by reference to the Company's Proxy Statement, under the caption "Committees of the Board of Directors."

The information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 required by this Item is incorporated herein by reference to the Company's Proxy Statement, under the caption "Section 16(a) Beneficial Ownership Reporting Compliance."

The Board has established a Code of Ethics for the Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer which is available on our website, www.mineralstech.com, under the link entitled "Corporate Governance."

Item 11. Executive Compensation

The information appearing in the Company's Proxy Statement under the caption "Compensation of Executive Officers" is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information appearing in the Company's Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters as of February 3, 2006" set forth is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

The information appearing in the Company's Proxy Statement under the caption "Certain Relationships and Related Transactions" is incorporated herein by reference.

Under the terms of certain agreements entered into in connection with the Company's initial public offering in 1992, Pfizer Inc. ("Pfizer") and its wholly-owned subsidiary Quigley Company, Inc. ("Quigley") agreed to indemnify the company against certain liabilities being retained by Pfizer and its subsidiaries including, but not limited to, pending lawsuits and claims, and any lawsuits or claims brought at any time in the future alleging damages or injury from the use, handling of or exposure to any product sold by Pfizer's specialty minerals business prior to the closing of the initial public offering.

Pfizer and Quigley also agreed to indemnify the Company against any liability arising from claims for remediation, as defined in the Agreement, of on-site environmental conditions relating to activities prior to the closing of the initial public offering. Further, Pfizer and Quigley agreed to indemnify the Company for 50% of the liabilities in excess of \$1 million up to \$10 million in liabilities that may have arisen or accrued within ten years after the closing of the initial public offering with respect to such remediation of on-site conditions. The Company is responsible for the first \$1 million of such liabilities, 50% of all such liabilities in excess of \$1 million up to \$10 million, and all such liabilities in excess of \$10 million. The Company had asserted to Pfizer and Quigley a number of indemnification claims pursuant to this agreement during the ten-year period following the closing of the initial public offering. On January 30, 2006, Pfizer and the Company agreed to settle those claims, along with certain other potential environmental liabilities of Pfizer, in consideration of a payment by Pfizer of \$4.5 million.

Item 14. Principal Accountant Fees and Services

The information appearing in the Company's Proxy Statement under the caption "Principal Accountant Fees and Services" is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as part of this report:

1. Financial Statements. The following Consolidated Financial Statements of Mineral Technologies Inc. and subsidiary companies and Reports of Independent Registered Public Accounting Firm are set forth on pages F-2 to F-28.

Consolidated Balance Sheets as of December 31, 2005 and 2004

Consolidated Statements of Income for the years ended December 31, 2005, 2004, and 2003

Consolidated Statements of Cash Flows for the years ended December 31, 2005, 2004 and 2003

Consolidated Statements of Shareholders' Equity for the years ended December 31, 2005, 2004

and 2003

Notes to the Consolidated Financial Statements

Reports of Independent Registered Public Accounting Firm

2. Financial Statement Schedule. The following financial statement schedule is filed as part of this report:

	<u>Page</u>
Schedule II - Valuation and Qualifying Accounts	S-1

All other schedules for which provision is made in the applicable accounting regulations of the SEC are not required under the related instructions or are inapplicable and, therefore, have been omitted.

3. Exhibits. The following exhibits are filed as part of, or incorporated by reference into, this report.

- 3.1 - Restated Certificate of Incorporation of the Company (1)
- 3.2 - By-Laws of the Company as amended and restated effective May 25, 2005 (5)
- 3.3 - Certificate of Designations authorizing issuance and establishing designations, preferences and rights of Series A Junior Preferred Stock of the Company (1)
- 4 - Rights Agreement, executed effective as of September 13, 1999 (the "Rights Agreement"), between Minerals Technologies Inc. and Chase Mellon Shareholders Services L.L.C., as Rights Agents, including as Exhibit B the forms of Rights Certificate and of Election to Exercise (6)
 - 4.1 - Specimen Certificate of Common Stock (1)
- 10.1 - Asset Purchase Agreement, dated as of September 28, 1992, by and between Specialty Refractories Inc. and Quigley Company Inc. (2)
 - 10.1(a) - Agreement dated October 22, 1992 between Specialty Refractories Inc. and Quigley Company Inc., amending Exhibit 10.1 (3)
 - 10.1(b) - Letter Agreement dated October 29, 1992 between Specialty Refractories Inc. and Quigley Company Inc., amending Exhibit 10.1 (3)
- 10.2 - Reorganization Agreement, dated as of September 28, 1992, by and between the Company and Pfizer Inc (2)
- 10.3 - Asset Contribution Agreement, dated as of September 28, 1992, by and between Pfizer Inc and Specialty Minerals Inc. (2)

-
- 10.4 - Asset Contribution Agreement, dated as of September 28, 1992, by and between Pfizer Inc and Barretts Minerals Inc. (2)
 - 10.4(a) - Agreement dated October 22, 1992 between Pfizer Inc, Barretts Minerals Inc. and Specialty Minerals Inc., amending Exhibits 10.3 and 10.4 (3)
 - 10.5 - Form of Employment Agreement (9), together with schedule relating to executed Employment Agreements (6) (+)

- 10.6 - Form of Severance Agreement, together with schedule relating to executed Severance Agreements (*) (+)
- 10.7 - Company Employee Protection Plan, as amended August 27, 1999 (6) (+)
- 10.8 - Company Nonfunded Deferred Compensation and Unit Award Plan for Non-Employee Directors, as amended effective April 24, 2003 (10) (+)
- 10.9 - 2001 Stock Award and Incentive Plan of the Company, as amended and restated as of December 20, 2005 (*) (+)
- 10.10 - Company Retirement Plan, as amended and restated effective as of January 1, 2005 (*) (+)
- 10.11 - Company Nonfunded Supplemental Retirement Plan, as amended effective April 24, 2003 (10) (+)
- 10.12 - Company Savings and Investment Plan, as amended and restated as of January 1, 2005 (*) (+)
- 10.13 - Company Nonfunded Deferred Compensation and Supplemental Savings Plan, as amended effective April 24, 2003 (10) (+)
- 10.14 - Company Health and Welfare Plan, effective as of April 1, 2003 (10) (+)
- 10.15 - Grantor Trust Agreement, as amended and restated as of December 23, 2005, between the Company and The Bank of New York, as Trustee (*) (+)
- 10.16 - Note Purchase Agreement, dated as of July 24, 1996, between the Company and Metropolitan Life Insurance Company with respect to the Company's issuance of \$50,000,000 in aggregate principal amount of its 7.49% Guaranteed Senior Notes due July 24, 2006 (1)
- 10.17 - Indenture, dated July 22, 1963, between the Cork Harbour Commissioners and Roofchrome Limited (2)
- 10.18 - Agreement of Lease, dated as of May 24, 1993, between the Company and Cooke Properties Inc. (1)
- 21.1 - Subsidiaries of the Company (*)
- 23.1 - Consent of Independent Registered Public Accounting Firm (*)
- 31 - Rule 13a-14(a)/15d-14(a) Certifications (*)
- 32 - Section 1350 Certification (*)

- (1) Incorporated by reference to the exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2003.
- (2) Incorporated by reference to the exhibit so designated filed with the Company's Registration Statement on Form S-1 (Registration No. 33-51292), originally filed on August 25, 1992.
- (3) Incorporated by reference to the exhibit so designated filed with the Company's Registration Statement on Form S-1 (Registration No. 33-59510), originally filed on March 15, 1993.
- (4) Incorporated by reference to the exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
- (5) Incorporated by reference to the exhibit so designated filed with the Company's current Report on Form 8-K filed on May 27, 2005.
- (6) Incorporated by reference to the exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2004.
- (7) [RESERVED]

- (8) Incorporated by reference to the exhibit so designated filed with the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2001.
 - (9) Incorporated by reference to the exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2001.
 - (10) Incorporated by reference to the exhibit so designated filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2003.
- (*) Filed herewith.
- (+) Management contract or compensatory plan or arrangement required to be filed pursuant to Item 601 of Regulation S-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

<u>/s/ Paul R. Saueracker</u> Paul R. Saueracker Chairman of the Board and Chief Executive Officer

March 2, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated:

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Paul R. Saueracker</u> Paul R. Saueracker	Chairman of the Board and Chief Executive Officer (principal executive officer)	March 2, 2006
<u>/s/ John A. Sorel</u> John A. Sorel	Senior Vice President-Finance and Chief Financial Officer (principal financial officer)	March 2, 2006
<u>/s/ Michael A. Cipolla</u> Michael A. Cipolla	Vice President - Controller and Chief Accounting Officer (principal accounting officer)	March 2, 2006

<u>SIGNATURE</u>	<u>TITLE</u>	<u>DATE</u>
<u>/s/ Paula H.J. Cholmondeley</u> Paula H. J. Cholmondeley	Director	March 2, 2006
<u>/s/John B. Curcio</u> John B. Curcio	Director	March 2, 2006
<u>/s/ Duane R. Dunham</u> Duane R. Dunham	Director	March 2, 2006
<u>/s/ Steven J. Golub</u> Steven J. Golub	Director	March 2, 2006
<u>/s/ Kristina M. Johnson</u> Kristina M. Johnson	Director	March 2, 2006
<u>/s/ Joseph C. Muscari</u> Joseph C. Muscari	Director	March 2, 2006
<u>/s/ Michael F. Pasquale</u> Michael F. Pasquale	Director	March 2, 2006
<u>/s/ John T Reid</u> John T. Reid	Director	March 2, 2006
<u>/s/ William C. Stivers</u> William C. Stivers	Director	March 2, 2006
<u>/s/ Jean-Paul Valles</u>	Director	March 2, 2006

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

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MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(thousand of dollars)

	December 31,	
	2005	2004
Assets		
Current assets:		
Cash and cash equivalents	\$ 51,100	\$ 105,767
Short-term investments, at cost which approximates market	2,350	7,200

Accounts receivable, less allowance for doubtful accounts:

2005 - \$5,818; 2004 - \$7,143	184,272	156,276
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Inventories	118,895	106,125
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Prepaid expenses and other current assets	20,583	20,303
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Total current assets	377,200	395,671
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Property, plant and equipment, less accumulated depreciation and depletion	628,745	614,285
--	---------	---------

Goodwill	53,612	53,729
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Prepaid benefit costs	67,795	61,617
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Other assets and deferred charges	28,951	29,600
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Total assets	\$ 1,156,303	\$ 1,154,902
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Liabilities and Shareholders' Equity

Current liabilities:

Short-term debt	\$ 62,847	\$ 30,000
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Current maturities of long-term debt	53,698	3,917
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Accounts payable	61,323	56,381
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Income taxes payable	6,409	12,521
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Accrued compensation and related items	14,956	17,072
--	--------	--------

Other current liabilities	32,019	32,962
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Total current liabilities	231,252	152,853
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Long-term debt	40,306	94,811
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Accrued postretirement benefits	23,214	21,426
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Deferred taxes on income	49,374	45,238
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Other noncurrent liabilities	40,995	41,261
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Total liabilities	385,141	355,589
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Commitments and contingent liabilities

Shareholders' equity:

Preferred stock, without par value; 1,000,000 shares authorized; none issued	--	--
--	----	----

Common stock at par, \$0.10 par value; 100,000,000 shares authorized; issued 28,001,874 shares in 2005 and 27,785,858 shares in 2004	2,800	2,778
--	-------	-------

Additional paid-in capital	261,159	248,230
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Deferred compensation	(3,263)	(2,088)
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Retained earnings	828,591	779,397
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Accumulated other comprehensive income (loss)	(5,879)	35,624
Less common stock held in treasury, at cost; 8,015,073 shares in 2005 and 7,224,073 shares in 2004	<u>(312,246)</u>	<u>(264,628)</u>
Total shareholders' equity	<u>771,162</u>	<u>799,313</u>
Total liabilities and shareholders' equity	<u>\$ 1,156,303</u>	<u>\$ 1,154,902</u>

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

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MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF INCOME
(thousand of dollars, except per share data)

	Year Ended December 31,		
	2005	2004	2003
Net sales	\$ 995,838	\$ 923,667	\$ 813,743
Operating costs and expenses:			
Cost of goods sold	784,807	709,032	615,749
Marketing and administrative expenses	100,392	92,844	83,809
Research and development expenses	29,062	28,996	25,149
Bad debt expenses (recoveries)	(518)	1,576	5,307
Restructuring charges	--	1,145	3,323
Acquisition termination costs	--	997	--
Write-down of impaired assets	265	--	3,202
Income from operations	<u>81,830</u>	<u>89,077</u>	<u>77,204</u>
Interest income	1,420	1,608	836
Interest expense	(5,847)	(4,147)	(5,423)
Foreign exchange gains (losses)	(395)	(567)	476
Other income (deductions)	1,277	(1,399)	(749)
Non-operating deductions, net	<u>(3,545)</u>	<u>(4,505)</u>	<u>(4,860)</u>
Income before provision for taxes on income and minority interests	78,285	84,572	72,344
Provision for taxes on income	23,289	24,299	19,116
Minority interests	1,732	1,710	1,575
Income before cumulative effect of accounting change	<u>53,264</u>	<u>58,563</u>	<u>51,653</u>
Cumulative effect of accounting change, net of tax benefit of \$2,072	--	--	3,433
Net income	<u>\$ 53,264</u>	<u>\$ 58,563</u>	<u>\$ 48,220</u>

Earnings per share:

Basic:

Before cumulative effect of accounting change	\$ 2.62	\$ 2.85	\$ 2.56
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Cumulative effect of accounting change	--	--	(0.17)
Basic earnings per share	\$ <u>2.62</u>	\$ <u>2.85</u>	\$ <u>2.39</u>
Diluted:			
Before cumulative effect of accounting change	\$ 2.59	\$ 2.82	\$ 2.53
Cumulative effect of accounting change	--	--	(0.17)
Diluted earnings per share	\$ <u>2.59</u>	\$ <u>2.82</u>	\$ <u>2.36</u>

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

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MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(thousand of dollars)

	Year Ended December 31,		
	2005	2004	2003
Operating Activities			
Net income	\$ 53,264	\$ 58,563	\$ 48,220
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of accounting change	--	--	3,433
Depreciation, depletion and amortization	74,960	70,467	66,340
Write-down of impaired assets	265	--	3,202
Loss on disposal of property, plant and equipment	1,217	1,269	1,472
Deferred income taxes	5,914	(8,070)	5,085
Provisions for bad debts	(518)	3,876	5,307
Other	2,124	1,495	1,270
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(34,778)	(3,141)	(7,946)
Inventories	(16,817)	(17,483)	767
Prepaid expenses and other current assets	280	(2,077)	(13,549)
Pension plan funding	(12,874)	(17,579)	(20,784)
Accounts payable	7,972	10,596	4,706
Income taxes payable	(6,112)	8,771	(5,767)
Tax benefits related to stock incentive programs	2,138	7,220	3,176
Other	1,482	15,316	5,156
Net cash provided by operating activities	<u>78,517</u>	<u>129,223</u>	<u>100,088</u>
Investing Activities			
Purchases of property, plant and equipment	(111,539)	(106,423)	(52,665)
Purchases of short-term investments	(2,350)	(12,875)	--
Proceeds from sales of short-term investments	7,200	5,675	--
Proceeds from disposal of property, plant and equipment	311	1,655	1,874
Acquisition of businesses, net of cash acquired	(3,170)	--	(1,958)

Net income	--	--	--	--	58,563	--	--	--	58,563
Currency translation adjustment	--	--	--	--	--	33,974	--	--	33,974
Minimum pension liability adjustment	--	--	--	--	--	(2,246)	--	--	(2,246)
Cash flow hedges:									
Net derivative losses arising during the year	--	--	--	--	--	150	--	--	150
Reclassification adjustment	--	--	--	--	--	(68)	--	--	(68)
Total comprehensive income	--	--	--	--	58,563	31,810	--	--	90,373
Dividends declared	--	--	--	--	(4,102)	--	--	--	(4,102)
Employee benefit transactions	363	36	14,137	--	--	--	--	--	14,173
Income tax benefit arising from									
employee stock option plans	--	--	7,220	--	--	--	--	--	7,220
Issuance of restricted stock	--	--	1,361	(1,361)	--	--	--	--	--
Amortization of restricted stock	--	--	--	493	--	--	--	--	493
Purchase of common stock for treasury	--	--	--	--	--	--	(293)	(16,225)	(16,225)
Balance as of December 31, 2004	27,785	\$ 2,778	\$ 248,230	\$ (2,088)	\$ 779,397	\$ 35,624	(7,224)	\$ (264,628)	\$ 799,313
Comprehensive income:									
Net income	--	--	--	--	53,264	--	--	--	53,264
Currency translation adjustment	--	--	--	--	--	(43,648)	--	--	(43,648)
Minimum pension liability adjustment	--	--	--	--	--	1,901	--	--	1,901
Cash flow hedges:									
Net derivative losses arising during the year	--	--	--	--	--	(118)	--	--	(118)
Reclassification adjustment	--	--	--	--	--	362	--	--	362
Total comprehensive income	--	--	--	--	53,264	(41,503)	--	--	11,761
Dividends declared	--	--	--	--	(4,070)	--	--	--	(4,070)
Employee benefit transactions	216	22	8,725	--	--	--	--	--	8,747
Income tax benefit arising from									
employee stock option plans	--	--	2,138	--	--	--	--	--	2,138
Issuance of restricted stock	--	--	2,066	(2,066)	--	--	--	--	--
Amortization of restricted stock	--	--	--	891	--	--	--	--	891
Purchase of common stock for treasury	--	--	--	--	--	--	(791)	(47,618)	(47,618)
Balance as of December 31, 2005	28,001	\$ 2,800	\$ 261,159	\$ (3,263)	\$ 828,591	\$ (5,879)	(8,015)	\$ (312,246)	\$ 771,162

See Notes to Consolidated Financial Statements, which are an integral part of these statements.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Minerals Technologies Inc. (the "Company") and its wholly and majority-owned subsidiaries. All intercompany balances and transactions have been eliminated in consolidation.

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.

Business

The Company is a resource- and technology-based company that develops, produces and markets on a worldwide basis a broad range of specialty mineral, mineral-based and synthetic mineral products and related systems and technologies. The Company's products are used in

manufacturing processes of the paper and steel industries, as well as by the building materials, polymers, ceramics, paints and coatings, glass and other manufacturing industries.

Cash Equivalents and Short-term Investments

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents amounted to \$2.2 million at December 31, 2004. Short-term investments consist of financial instruments with original maturities beyond three months. Short-term investments amounted to \$2.4 million and \$7.2 million at December 31, 2005 and 2004, respectively.

Trade Accounts Receivable

Trade accounts receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical write-off experience and specific allowances for bankrupt customers. The Company also analyzes the collection history and financial condition of its other customers considering current industry conditions and determines whether an allowance needs to be established. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 90 days are reviewed individually for collectibility. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

Inventories

Inventories are valued at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Significant improvements are capitalized, while maintenance and repair expenditures are charged to operations as incurred. The Company capitalizes interest cost as a component of construction in progress. In general, the straight-line method of depreciation is used for financial reporting purposes and accelerated methods are used for U.S. and certain foreign tax reporting purposes. The annual rates of depreciation are 3% - 6.67% for buildings, 6.67% - 12.5% for machinery and equipment, 8% - 12.5% for furniture and fixtures and 12.5% - 25% for computer equipment and software-related assets. The estimated useful lives of our PCC production facilities and machinery and equipment pertaining to our natural stone mining and processing plants and our chemical plants are 15 years.

Property, plant and equipment are amortized over their useful lives. Useful lives are based on management's estimates of the period that the assets can generate revenue, which does not necessarily coincide with the remaining term of a customer's contractual obligation to purchase products made using those assets. The Company's sales of PCC are predominantly pursuant to long-term evergreen contracts, initially ten years in length, with paper mills at which the Company operates satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of the satellite PCC plant. At December 31, 2005, the Company also continues to supply PCC at one location at which the PCC contract has expired. Failure of a PCC customer to renew an agreement or continue to purchase PCC from a Company facility could result in an impairment of assets charge or accelerated depreciation at such facility.

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

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

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

Accounting for the Impairment of Long-Lived Assets

The Company accounts for impairment of long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived assets." SFAS No. 144 establishes a uniform accounting model for long-lived assets to be disposed of. Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the Company estimates the undiscounted future cash flows (excluding interest), resulting from the use of the asset and its ultimate disposition. If the sum of the undiscounted cash flows (excluding interest) is less than the carrying value, the Company recognizes an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset, determined principally using discounted cash flows.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible

assets of businesses acquired. The Company accounts for goodwill and other intangible assets under 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 tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated lives to the estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

The Company evaluates the recoverability of goodwill using a two-step impairment test approach at the reporting unit level. In the first step, the fair value for the reporting unit is compared to its book value including goodwill. In the case that the fair value of the reporting unit is less than book value, a second step is performed which compares the fair value of the reporting unit's goodwill to the book value of the goodwill. The fair value for the goodwill is determined based on the difference between the fair values of the reporting units and the net fair values of the identifiable assets and liabilities of such reporting unit. If the fair value of the goodwill is less than the book value, the difference is recognized as an impairment.

Accounting for Asset Retirement Obligations

The Company accounts for asset retirement obligations in accordance with SFAS No. 143, "Accounting for Asset Retirement Obligations." SFAS No. 143 establishes the financial accounting and reporting for obligations associated with the retirement of long-lived assets and the associated asset retirement costs. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. In 2005, FASB Interpretation No. 47 was issued to include legal obligations to perform asset retirement activities where timing or method of settlement are conditional on future events.

Fair Value of Financial Instruments

The recorded amounts of cash and cash equivalents, receivables, short-term borrowings, accounts payable, accrued interest, and variable-rate long-term debt approximate fair value because of the short maturity of those instruments or the variable nature of underlying interest rates. Short-term investments are recorded at cost, which approximates fair market value.

Derivative Financial Instruments

The Company enters into derivative financial instruments to hedge certain foreign exchange and interest rate exposures pursuant to SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities." See the Notes on Derivative Financial Instruments and Hedging Activities and Financial Instruments and Concentrations of Credit Risk in the Consolidated Financial Statements for a full description of the Company's hedging activities and related accounting policies.

Revenue Recognition

Revenue from sale of products is recognized at the time the goods are shipped and title passes to the customer. In most of the Company's PCC contracts, the price per ton is based upon the total number of tons sold to the customer during the year. Under those contracts the price billed to the customer for shipments during the year is based on periodic estimates of the total annual volume that will be sold to such customer. Revenues are adjusted at the end of each year to reflect the actual volume sold. We have consignment arrangements with certain customers in our Refractories segment. Revenues for these transactions are recorded when the consigned products are consumed by the customer.

Revenues from sales of equipment are recorded upon completion of installation and receipt of customer acceptance. Revenues from services are recorded when the services have been performed.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Foreign Currency

The assets and liabilities of the Company's international subsidiaries are translated into U.S. dollars using exchange rates at the respective balance sheet date. The resulting translation adjustments are recorded in accumulated other comprehensive income (loss) in shareholders' equity. Income statement items are generally translated at monthly average exchange rates prevailing during the period. Other foreign currency gains and losses are included in net income. International subsidiaries operating in highly inflationary economies translate non-monetary assets at historical rates, while net monetary assets are translated at current rates, with the resulting translation adjustments included in net income. At December 31, 2005, the Company had no international subsidiaries operating in highly inflationary economies.

Income Taxes

Income taxes are provided for based on the asset and liability method of accounting pursuant to SFAS No. 109, "Accounting for Income Taxes." Under SFAS No. 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax

assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company operates in multiple taxing jurisdictions, both within the U.S. 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 regularly assesses its tax position for such transactions and includes reserves for those differences in position. The reserves are utilized or reversed once the statute of limitations has expired or the matter is otherwise resolved.

The accompanying financial statements generally do not include a provision for U.S. income taxes on international subsidiaries' unremitted earnings, which are expected to be permanently reinvested overseas.

Research and Development Expenses

Research and development expenses are expensed as incurred.

Stock-Based Compensation

The Company has elected to recognize compensation costs based on the intrinsic value of the equity instrument awarded as promulgated in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Company has disclosed in Note 2, "Stock-Based Compensation" the pro forma effect of the fair value method on net income and earnings per share. Effective January 1, 2006, the Company has adopted SFAS No. 123R, "Share-Based Payment," and began recognizing share-based payments as compensation costs on its financial statements.

Pension and Post-retirement Benefits

The Company has defined benefit pension plans covering the majority of its employees. The benefits are based on years of service and an employee's modified career earnings.

The Company also provides post-retirement healthcare benefits for the majority of its retirees and employees in the United States. The Company measures the costs of its obligation based on its best estimate. The net periodic costs are recognized as employees render the services necessary to earn the post-retirement benefits.

Environmental

Expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when it is probable the Company will be obligated to pay amounts for environmental site evaluation, remediation or related costs, and such amounts can be reasonably estimated.

Earnings Per Share

Basic earnings per share have been computed based upon the weighted average number of common shares outstanding during the period.

Diluted earnings per share have been computed based upon the weighted average number of common shares outstanding during the period assuming the issuance of common shares for all potentially dilutive common shares outstanding.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Stock-Based Compensation

In December 2004, the FASB issued SFAS 123R, "Share-Based Payment." This statement is a revision of SFAS No. 123 and supersedes APB Opinion No. 25 covering a wide range of share-based compensation arrangements including share options, restricted share plans, performance-based awards, share appreciation rights, and employee share purchase plans. It requires companies to recognize the compensation costs relating to share-based payments to their employees in their financial statements. The Company will adopt SFAS No. 123R effective January 1, 2006.

At December 31, 2005, the Company continues to recognize compensation costs based on the intrinsic value of the equity award and disclose the pro forma effect of the fair value method on net income and earnings per share.

The fair value of stock-based awards to employees was calculated using the Black-Scholes option-pricing model, modified for dividends, with the following weighted average assumptions:

2005	2004	2003
------	------	------

Expected life (years)	<u>7</u>	<u>7</u>	<u>7</u>
Interest rate	4.36 %	3.94 %	3.74 %
Volatility	28.72 %	29.58 %	30.61 %
Expected dividend yield	0.32 %	0.37 %	0.21 %

As required by SFAS No. 123, the Company has determined that the weighted average estimated fair values of options granted in 2005, 2004 and 2003 were \$24.13, \$20.73 and \$18.86 per share, respectively. Pro forma net income for the fair value of stock options awarded in 2005, 2004 and 2003 were as follows:

(millions of dollars, except per share amounts)	2005	2004	2003
Income before cumulative effect of accounting change, as reported	\$ 53.3	\$ 58.6	\$ 51.7
Add: Stock-based employee compensation included in reported income before accounting change, net of tax effects	0.6	0.3	0.1
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	<u>(2.1)</u>	<u>(2.7)</u>	<u>(2.2)</u>
Pro forma income before cumulative effect of accounting change	51.8	56.2	49.6
Cumulative effect of accounting change	<u>--</u>	<u>--</u>	<u>(3.4)</u>
Pro forma net income	<u>\$ 51.8</u>	<u>\$ 56.2</u>	<u>\$ 46.2</u>
Net income, as reported	<u>\$ 53.3</u>	<u>\$ 58.6</u>	<u>\$ 48.2</u>

Basic EPS

Income before cumulative effect of accounting change, as reported	\$ 2.62	\$ 2.85	\$ 2.56
Pro forma income before cumulative effect of accounting change	2.54	2.73	2.45
Pro forma net income	2.54	2.73	2.29
Net income, as reported	2.62	2.85	2.39

Diluted EPS

Income before cumulative effect of accounting change, as reported	\$ 2.59	\$ 2.82	\$ 2.53
Pro forma income before cumulative effect of accounting change	2.52	2.72	2.43
Pro forma net income	2.52	2.72	2.26
Net income, as reported	2.59	2.82	2.36

Note 3. Earnings Per Share (EPS)

(thousand of dollars, except per share amounts)	2005	2004	2003
Income before cumulative effect of accounting change	\$ 53,264	\$ 58,563	\$ 51,653
Cumulative effect of accounting change	<u>--</u>	<u>--</u>	<u>(3,433)</u>
Net income	<u>\$ 53,264</u>	<u>\$ 58,563</u>	<u>\$ 48,220</u>
Weighted average shares outstanding	20,345	20,530	20,208
Basic earnings per share before cumulative effect of accounting change	\$ 2.62	\$ 2.85	\$ 2.56
Cumulative effect of accounting change	<u>--</u>	<u>--</u>	<u>(0.17)</u>
Basic earnings per share	<u>\$ 2.62</u>	<u>\$ 2.85</u>	<u>\$ 2.39</u>

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

Diluted EPS	2005	2004	2003
Income before cumulative effect of accounting change	\$ 53,264	\$ 58,563	\$ 51,653
Cumulative effect of accounting change	--	--	(3,433)

Net income	\$ 53,264	\$ 58,563	\$ 48,220
Weighted average shares outstanding	20,345	20,530	20,208
Dilutive effect of stock options	222	239	223
Weighted average shares outstanding, adjusted	20,567	20,769	20,431
Diluted earnings per share before cumulative effect of accounting change	\$ 2.59	\$ 2.82	\$ 2.53
Cumulative effect of accounting change	--	--	(0.17)
Diluted earnings per share	\$ 2.59	\$ 2.82	\$ 2.36

The weighted average diluted common shares outstanding for the year ending December 31, 2005 excludes the dilutive effect of 56,700 options since such options had an exercise price in excess of the average market value of the Company's common stock during such year.

Note 4. Income Taxes

Income before provision for taxes and minority interests, by domestic and foreign source is as follows:

Thousands of Dollars	2005	2004	2003
Domestic	\$ 40,468	\$ 42,070	\$ 32,853
Foreign	37,817	42,502	39,491
Total income before provision for income taxes	\$ 78,285	\$ 84,572	72,344

The provision for taxes on income consists of the following:

Thousands of Dollars	2005	2004	2003
Domestic			
Taxes currently payable			
Domestic			
Federal	\$ 5,561	\$ 13,406	\$ 2,326
State and local	876	3,483	1,281
Deferred income taxes	7,144	(3,890)	4,036
Domestic tax provision	13,581	12,999	7,643
Foreign			
Taxes currently payable	10,938	15,480	10,424
Deferred income taxes	(1,230)	(4,180)	1,049
Foreign tax provision	9,708	11,300	11,473
Total tax provision	\$ 23,289	\$ 24,299	19,116

The provision for taxes on income shown in the previous table is classified based on the location of the taxing authority, regardless of the location in which the taxable income is generated.

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

The major elements contributing to the difference between the U.S. federal statutory tax rate and the consolidated effective tax rate are as follows:

Percentages	2005	2004	2003
U.S. statutory tax rate	35.0 %	35.0 %	35.0 %
Depletion	(4.9)	(4.1)	(5.5)
Difference between tax provided on foreign earnings and the U.S. statutory rate	(4.5)	(3.5)	(3.3)
State and local taxes, net of Federal tax benefit	1.9	1.0	0.8
Tax credits and foreign dividends	2.3	(0.1)	2.3
Contribution of technology	--	--	(2.5)
Other	(0.1)	0.4	(0.4)
Consolidated effective tax rate	<u>29.7 %</u>	<u>28.7 %</u>	<u>26.4 %</u>

The Company believes that its accrued liabilities are sufficient to cover its U.S. and foreign tax contingencies. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

Thousands of Dollars	2005	2004
Deferred tax assets:		
State and local taxes	\$ 4,324	\$ 4,115
Accrued expenses	10,214	8,052
Deferred expenses	3,037	5,247
Net operating loss carry forwards	15,204	16,452
Other	6,852	6,284
Total deferred tax assets	<u>39,631</u>	<u>40,150</u>
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation	62,803	62,628
Pension and post-retirement benefits cost deducted for tax purposes in excess of amounts reported for financial statements	14,673	12,486
Other	6,563	4,564
Total deferred tax liabilities	<u>84,039</u>	<u>79,678</u>
Net deferred tax liabilities	<u>\$ 44,408</u>	<u>\$ 39,528</u>

The current and long-term portion of net deferred tax (assets) liabilities is as follows:

Thousands of Dollars	2005	2004
Net deferred tax assets, current	\$ (4,966)	\$ (5,710)
Net deferred tax liabilities, long-term	<u>49,374</u>	<u>45,238</u>
	<u>\$ 44,408</u>	<u>\$ 39,528</u>

The current portion of the net deferred tax assets is included in prepaid expenses and other current assets.

A valuation allowance for deferred tax assets has not been recorded since management believes it is more likely than not that the existing net deductible temporary differences will reverse during periods in which the Company expects to generate taxable income.

The Company recorded \$15.2 million of deferred tax assets arising from tax loss carry forwards which will be realized through future operations. Carry forwards of approximately \$2.7 million expire over the next 15 years, and \$12.5 million can be utilized over an indefinite period.

The Company operates in multiple taxing jurisdictions, both within the U.S. 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 regularly assesses its tax position for such transactions and includes reserves for those differences in position. The reserves are utilized or reversed once the statute of limitations has expired or the matter is otherwise resolved.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
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Net cash paid for income taxes were \$21.2 million, \$15.3 million and \$15.6 million for the years ended December 31, 2005, 2004 and 2003, respectively.

In December 2004, the FASB issued SFAS No. 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004," which provides relief concerning the timing of the SFAS No. 109 requirement to accrue deferred taxes for unremitted earnings of foreign subsidiaries. On October 22, 2004, the American Jobs Act Creation Act of 2004 ("AJCA") was signed into law. The AJCA includes a special, one-time, 85% dividends received deduction for certain foreign earnings that are repatriated. The Company repatriated \$18.5 million in 2005 under this Act which resulted in a tax liability of approximately \$1.2 million and increased the effective tax rate by 1.5%.

Note 5. Foreign Operations

The Company has not provided for U.S. federal and foreign withholding taxes on \$114.5 million of foreign subsidiaries' undistributed earnings as of December 31, 2005 because such earnings are intended to be permanently reinvested overseas. To the extent the parent company has received foreign earnings as dividends, the foreign taxes paid on those earnings have generated tax credits, which have substantially offset related U.S. income taxes. However, in the event that the entire \$114.5 million of foreign earnings were to be repatriated, incremental taxes may be incurred. We do not believe this amount would be greater than \$9.0 million.

Net foreign currency exchange (losses) gains, included in non-operating deductions in the Consolidated Statements of Income, were \$(395,000), \$(567,000) and \$476,000 for the years ended December 31, 2005, 2004 and 2003, respectively.

Note 6. Inventories

The following is a summary of inventories by major category:

Thousands of Dollars	2005	2004
Raw materials	\$ 54,471	\$ 45,333
Work in process	7,727	7,078
Finished goods	36,264	33,733
Packaging and supplies	20,433	19,981
Total inventories	<u>\$ 118,895</u>	<u>\$ 106,125</u>

Note 7. Property, Plant and Equipment

The major categories of property, plant and equipment and accumulated depreciation and depletion are presented below:

Thousands of Dollars	2005	2004
Land	\$ 19,433	\$ 20,942
Quarries/mining properties	50,543	50,126
Buildings	157,038	160,719
Machinery and equipment	969,537	887,596
Construction in progress	75,852	108,385
Furniture and fixtures and other	107,895	102,408
	<u>1,380,298</u>	<u>1,330,176</u>
Less: Accumulated depreciation and depletion	(751,553)	(715,891)
Property, plant and equipment, net	<u>\$ 628,745</u>	<u>\$ 614,285</u>

Approximately 57% of the balance in construction in progress as of December 31, 2005 relates to the construction of a facility in China, the construction of a new facility for the SYNSIL[®] product line, and various PCC satellite expansions at our facilities worldwide.

Depreciation and amortization expense for the years ended December 31, 2005, 2004 and 2003 was \$72.6 million, \$70.0 million and

\$65.6 million, respectively.

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

Note 8. Restructuring Charges

During the fourth quarter of 2003, the Company announced plans to restructure its operations in an effort to reduce operating costs and to improve efficiency. The Company recorded a pre-tax restructuring charge of \$3.3 million in the fourth quarter of 2003 to reflect these actions, consisting of severance, other employee benefits, and lease termination costs. During 2004, additional costs related to this program of \$1.1 million were recorded. As of December 31, 2005, all employees identified in the workforce reduction were terminated and no liability remains to be paid.

Note 9. Acquisitions

In the fourth quarter of 2005, the Company made a cash acquisition of the metallurgical measurement technology/digital electrode control system product line of ET Electrotechnology GmbH for approximately \$3.2 million. This acquisition and related technology offers a system power consumption in electric steelmaking and ladle furnaces. The Company recorded tax-deductible goodwill of approximately \$1.3 million in connection with this acquisition.

In the fourth quarter of 2004, the Company recognized pre-tax corporate charges of \$1.0 million expense related to due diligence for a terminated acquisition effort.

On September 15, 2003, the Company purchased for approximately \$2.0 million a pre-cast refractory shapes manufacturing facility.

Note 10. Goodwill and Other Intangible Assets

The carrying amount of goodwill was \$53.6 million and \$53.7 million as of December 31, 2005 and December 31, 2004, respectively. The net change in goodwill since December 31, 2004 was primarily attributable to the acquisition of ET Electrotechnology GmbH and the effect of foreign exchange.

Acquired intangible assets included other assets and deferred charges subject to amortization as of December 31, 2005 and December 31, 2004 were as follows:

(Millions of Dollars)	December 31, 2005		December 31, 2004	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents and trademarks	\$ 6.0	\$ 1.4	\$ 5.8	\$ 1.2
Customer lists	2.9	0.4	1.4	0.3
Other	--	--	0.2	0.1
	<u>\$ 8.9</u>	<u>\$ 1.8</u>	<u>\$ 7.4</u>	<u>\$ 1.6</u>

The weighted average amortization period for acquired intangible assets subject to amortization is approximately 15 years. Amortization expense was \$0.3 million in 2005 and the estimated amortization expense is \$0.6 million for each of the next five years through 2010.

Included in other assets and deferred charges is an intangible asset of approximately \$9.1 million which represents the non-current unamortized amount paid to a customer in connection with contract extensions at eight satellite PCC facilities. In addition, a current portion of \$1.8 million is included in prepaid expenses and other current assets. Such amounts will be amortized as a reduction of sales over the remaining lives of the customer contracts. Approximately \$1.8 million was amortized in 2005. Estimated amortization as a reduction of sales is as follows: 2006 - \$1.8 million; 2007 - \$1.8 million; 2008 - \$1.8 million; 2009 - \$1.5 million; 2010 - \$1.2 million; with smaller reductions thereafter over the remaining lives of the contracts.

Note 11. Accounting for Impairment of Long-Lived Assets

The Company accounts for impairment of long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 establishes a uniform accounting model for disposition of long-lived assets. This statement also requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying

amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. During 2005, the Company recorded a writedown of impaired assets of \$0.3 million for the expected closure of our satellite facility at Cornwall, Canada in the first quarter of 2006. In addition, the Company has also accelerated depreciation of

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

approximately \$0.2 million on such facility in 2005. The assets of this facility will be fully depreciated the first quarter of 2006 after recording additional accelerated depreciation of approximately \$0.6 million. During 2003, the Company recorded a writedown of impaired assets of \$3.2 million for the planned closure of a plant and for assets made obsolete by improved technology.

Note 12. Derivative Financial Instruments and Hedging Activities

The Company is exposed to foreign currency exchange rate fluctuations and interest rate changes in the normal course of its business. As part of its risk management strategy, the Company uses interest-rate related derivative instruments to manage its exposure on its debt instruments, as well as forward exchange contracts (FEC) to manage its exposure to foreign currency risk on certain raw material purchases. The Company's objective is to offset gains and losses resulting from these exposures with gains and losses on the derivative contracts used to hedge them. The Company has not entered into derivative instruments for any purpose other than to hedge certain expected cash flows. The Company does not speculate using derivative instruments.

By using derivative financial instruments to hedge exposures to changes in interest rates and foreign currencies, the Company exposes itself to credit risk and market risk. Credit risk is the risk that the counterparty will fail to perform under the terms of the derivative contract. When the fair value of a derivative contract is positive, the counterparty owes the Company, which creates credit risk for the Company. When the fair value of a derivative contract is negative, the Company owes the counterparty, and therefore, it does not face any credit risk. The Company minimizes the credit risk in derivative instruments by entering into transactions with major financial institutions.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates, currency exchange rates, or commodity prices. The market risk associated with interest rate and forward exchange contracts is managed by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

Based on criteria established by SFAS No. 133, the Company designated its derivatives as a cash flow hedges. During 2001, the Company entered into three-year interest rate swap agreements with notional amounts totaling \$30 million that expired in January 2005. These agreements effectively converted a portion of the Company's floating-rate debt to a fixed-rate basis with an interest rate of 4.5%, thus reducing the impact of the interest rate changes on future cash flows and income. The Company uses FEC designated as cash flow hedges to protect against foreign currency exchange rate risks inherent in its forecasted inventory purchases. The Company had 12 open foreign exchange contracts as of December 31, 2005.

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is initially recorded in accumulated other comprehensive income (loss) as a separate component of shareholders' equity and subsequently reclassified into earnings in the period during which the hedged transaction is recognized in earnings. The gains and losses associated with these forward exchange contracts and interest rate swaps are recognized into cost of sales and interest expense, respectively.

Note 13. Short-term Investments

The composition of the Company's short-term investments are as follows:

(in thousands of dollars)	2005	2004
Short-term Investments -		
Available for Sale Securities:		
Short-term bank deposits	\$ 2,350	\$ --
Municipal bonds, with short-term auction rate pricing	\$ --	\$ 7,200

There were no unrealized holding gains and losses on the short-term bank deposits held at December 31, 2005 since the carrying amount approximates fair market value.

There were no unrealized holding gains and losses on available for sale securities held at December 31, 2004 due to the short-term auction pricing mechanism.

Note 14. Financial Instruments and Concentrations of Credit Risk

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents, short-term investments, accounts receivable and payable: The carrying amounts approximate fair value because of the short maturities of these instruments.

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MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Short-term debt and other liabilities: The carrying amounts of short-term debt and other liabilities approximate fair value because of the short maturities of these instruments.

Long-term debt: The fair value of the long-term debt of the Company approximates the carrying amount due to the short maturity of the \$50 million Senior Notes and the variable interest rates associated with the majority of the other instruments.

Forward exchange contracts: The fair value of forward exchange contracts (used for hedging purposes) is estimated by obtaining quotes from brokers. If appropriate, the Company would enter into forward exchange contracts to mitigate the impact of foreign exchange rate movements on the Company's operating results. It does not engage in speculation. Such foreign exchange contracts would offset losses and gains on the assets, liabilities and transactions being hedged. At December 31, 2005, the Company had open foreign exchange contracts to purchase \$4.2 million of foreign currencies. These contracts range in maturity from January 6, 2006 to June 29, 2006. The fair value of these instruments was a liability of \$0.2 million at December 31, 2005. The fair value of the open foreign exchange contracts at December 31, 2004 was a liability of \$0.6 million.

Interest rate swap agreements: The Company enters into interest rate swap agreements as a means to hedge its interest rate exposure on debt instruments. At December 31, 2004, the Company had two interest rate swaps with major financial institutions that effectively converted variable-rate debt to a fixed rate. One swap had a notional amount of \$20 million and the other swap had a notional amount of \$10 million. These swap agreements were under three-year terms, which expired in January 2005, whereby the Company pays 4.50% and receives a three-month LIBOR rate plus 45 basis points. The fair value of these instruments was determined based on the present value of the estimated future net cash flows using implied rates in the applicable yield curve as of the valuation date. The fair value of these instruments was a liability of approximately \$0.1 million at December 31, 2004.

Credit risk: Substantially all of the Company's accounts receivable are due from companies in the paper, construction and steel industries. Credit risk results from the possibility that a loss may occur from the failure of another party to perform according to the terms of the contracts. The Company regularly monitors its credit risk exposures and takes steps to mitigate the likelihood of these exposures resulting in actual loss. The Company's extension of credit is based on an evaluation of the customer's financial condition and collateral is generally not required.

The Company's bad debt expense (recoveries) for the years ended December 31, 2005, 2004 and 2003 was \$(0.5) million, \$1.6 million and \$5.3 million, respectively.

Note 15. Long-Term Debt and Commitments

The following is a summary of long term debt:

(thousands of dollars)	Dec. 31, 2005	Dec. 31, 2004
7.49% Guaranteed Senior Notes Due July 24, 2006	\$ 50,000	\$ 50,000
Yen-denominated Guaranteed Credit Agreement		
Due March 31, 2007	3,062	6,316
Variable/Fixed Rate Industrial		
Development Revenue Bonds Due 2009	4,000	4,000
Economic Development Authority Refunding		
Revenue Bonds Series 1999 Due 2010	4,600	4,600
Variable/Fixed Rate Industrial		
Development Revenue Bonds Due August 1, 2012	8,000	8,000

Variable/Fixed Rate Industrial

Development Revenue Bonds Series 1999 Due November 1, 2014	8,200	8,200
Variable/Fixed Rate Industrial		
Development Revenue Bonds Due March 31, 2020	5,000	5,000
Installment obligations	9,700	10,551
Other borrowings	1,442	2,061
Total	94,004	98,728
Less: Current maturities	53,698	3,917
Long-term debt	\$ 40,306	\$ 94,811

On July 24, 1996, through a private placement, the Company issued \$50 million of 7.49% Guaranteed Senior Notes due July 24, 2006. The proceeds from the sale of the notes were used to refinance a portion of the short-term commercial bank debt outstanding. The principal payment is due until July 24, 2006. Interest on the notes is payable semi-annually.

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MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
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On May 17, 2000, the Company's majority-owned subsidiary, Specialty Minerals FMT K.K., entered into a Yen-denominated Guaranteed Credit Agreement with the Bank of New York due March 31, 2007. The proceeds were used to finance the construction of a PCC satellite facility in Japan. Principal payments began June 30, 2002. Interest is payable quarterly at a rate of 2.05% per annum.

The Variable/Fixed Rate Industrial Development Revenue Bonds due 2009 are tax-exempt 15-year instruments issued to finance the expansion of a PCC plant in Selma, Alabama. The bonds are dated November 1, 1994, and provide for an optional put by the holder (during the Variable Rate Period) and a mandatory call by the issuer. The bonds bear interest at either a variable rate or fixed rate at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 2.51% and 1.34% for the years ended December 31, 2005 and 2004, respectively.

The Economic Development Authority Refunding Revenue Bonds due 2010 were issued on February 23, 1999 to refinance the bonds issued in connection with the construction of a PCC plant in Eastover, South Carolina. The bonds bear interest at either a variable rate or fixed rate, at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 2.51% and 1.34% for the years ended December 31, 2005 and 2004, respectively.

The Variable/Fixed Rate Industrial Development Revenue Bonds due August 1, 2012 are tax-exempt 15-year instruments that were issued on August 1, 1997 to finance the construction of a PCC plant in Courtland, Alabama. The bonds bear interest at either a variable rate or fixed rate, at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 2.51% and 1.34% for the years ended December 31, 2005 and 2004, respectively.

The Variable/Fixed Rate Industrial Development Revenue Bonds due November 1, 2014 are tax-exempt 15-year instruments and were issued on November 30, 1999 to refinance the bonds issued in connection with the construction of a PCC plant in Jackson, Alabama. The bonds bear interest at either a variable rate or fixed rate at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 2.51% and 1.34% for the years ended December 31, 2005 and 2004, respectively.

On June 9, 2000 the Company entered into a twenty-year, taxable, Variable/Fixed Rate Industrial Development Revenue Bond agreement to finance a portion of the construction of a merchant manufacturing facility for the production of Specialty PCC in Brookhaven, Mississippi. The Company has selected the variable rate option for this borrowing and the average interest rate was approximately 3.82% and 1.81% for the years ended December 31, 2005 and 2004, respectively.

On May 31, 2003, the Company acquired land and limestone ore reserves from the Cushenbury Mine Trust for approximately \$17.5 million. Approximately \$6.1 million was paid at the closing and \$11.4 million was financed through an installment obligation. The interest rate on this obligation is approximately 4.25%. For the year ending December 31, 2005, \$0.9 million of principal was paid on this debt. Principal payments are as follows: 2006 - \$0.9 million; 2007 - \$0.9 million; 2008 - \$6.5 million; 2013 - \$1.4 million.

The aggregate maturities of long-term debt are as follows: 2006 - \$53.7 million; 2007 - \$1.9 million; 2008 - \$6.8 million; 2009 - \$4.4 million; 2010 - \$4.6; thereafter - \$22.6 million.

During 2005, 2004 and 2003, respectively, the Company incurred interest costs of \$7.2 million, \$6.3 million and \$6.2 million including \$1.3 million, \$2.1 million and \$0.8 million, respectively, which were capitalized. Interest paid approximated the incurred interest cost.

Funded status	\$ 8.7	\$ 17.5	\$ (36.1)	\$ (31.7)
Unrecognized transition amount	--	(0.1)	0.1	--
Unrecognized net actuarial loss	51.8	36.0	12.8	10.3

Unrecognized prior service cost	3.4	4.5	--	--
Prepaid (accrued) benefit cost	\$ 63.9	\$ 57.9	\$ (23.2)	\$ (21.4)

Amounts recognized in the consolidated balance sheet consist of:

Millions of Dollars	Pension Benefits		Other Benefits	
	2005	2004	2005	2004
Prepaid expenses	\$ --	\$ --	\$ --	\$ --
Prepaid benefit costs	67.8	61.6	--	--
Accrued benefit liabilities	(9.0)	(6.9)	(23.2)	(21.4)
Intangible asset	0.8	1.0	--	--
Accumulated other comprehensive loss	4.3	2.2	--	--
Net amount recognized	\$ 63.9	\$ 57.9	\$ (23.2)	\$ (21.4)

Information for pension plans with an accumulated benefit obligation in excess of plan assets:

Millions of Dollars	December 31,	
	2005	2004
Projected benefit obligation	\$ 42.4	\$ 33.5
Accumulated benefit obligation	\$ 28.8	\$ 40.7
Fair value of plan assets	\$ 28.3	\$ 22.7

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

The accumulated benefit obligation for all defined benefit pension plans was \$161.6 million and \$142.7 million at December 31, 2005 and 2004, respectively.

The components of net periodic benefit costs are as follows:

Millions of Dollars	Pension Benefits			Other Benefits		
		2004	2003	2005	2004	2003
Service cost	\$ 7.2	\$ 6.4	\$ 5.7	\$ 1.7	\$ 1.4	\$ 1.2
Interest cost	8.9	8.5	7.9	2.0	1.8	1.6
Expected return on plan assets	(13.9)	(12.5)	(10.1)	--	--	--
Amortization of transition amount	--	0.1	0.1	--	--	--
Amortization of prior service cost	1.1	0.7	0.6	0.8	--	0.1
Recognized net actuarial loss	1.8	1.7	2.3	--	0.5	--
SFAS No. 88 settlement	0.3	0.6	--	--	--	--
Net periodic benefit cost	\$ 5.4	\$ 5.5	\$ 6.5	\$ 4.5	\$ 3.7	\$ 2.9

Unrecognized prior service cost is amortized on an accelerated basis over the average remaining service period of each active employee.

Under the provisions of SFAS No. 88, lump sum distributions from the Company's Supplemental Retirement Plan caused a partial settlement of such plan, resulting in a charge of \$0.3 million and \$0.6 million in 2005 and 2004, respectively.

The Company's funding policy for U.S. plans generally is to contribute annually into trust funds at a rate that is intended to remain at a level percentage of compensation for covered employees. The funding policies for the international plans conform to local governmental and tax requirements. The plans' assets are invested primarily in stocks and bonds.

Additional Information

The weighted average assumptions used to determine net periodic benefit cost in the accounting for the pension benefit plans and other benefit plans for the years ended December 31, 2005, 2004 and 2003 are as follows:

	2005	2004	2003
Discount rate	6.00 %	6.25 %	6.75 %
Expected return on plan assets	8.50 %	8.50 %	8.75 %
Rate of compensation increase	3.50 %	3.50 %	3.50 %

The weighted average assumptions used to determine benefit obligations for the pension benefit plans and other benefit plans at December 31, 2005, 2004 and 2003 are as follows:

	2005	2004	2003
Discount rate	5.75 %	6.00 %	6.25 %
Rate of compensation increase	3.50 %	3.50 %	3.50 %

The Company considers a number of factors to determine its expected rate of return on plan assets assumptions, including historical performance of plan assets, asset allocation and other third-party studies and surveys. The Company reviewed the historical performance of plan assets over a ten-year period (from 1994 to 2004), the results of which exceed the 8.50% rate of return assumption that the Company ultimately selected for domestic plans. The Company also considered plan portfolio asset allocations over a variety of time periods and compared them with third-party studies and surveys of annualized returns of similarly balanced portfolio strategies. The historical return of this universe of similar portfolios also exceeded the return assumption that the Company ultimately selected. Finally, the Company reviewed performance of the capital markets in recent years and, upon advice from various third parties, such as the pension plans' advisers, investment managers and actuaries, selected the 8.50% return assumption used for domestic plans.

For measurement purposes, health care cost trend rates of approximately 10% for pre-age-65 and post-age-65 benefits were used in 2005. These trend rates were assumed to decrease gradually to 5.0% for 2010 and remain at that level thereafter.

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

A one percentage-point change in assumed health care cost trend rates would have the following effects:

Thousands of Dollars	1-Percentage Point Increase	1-Percentage Point Decrease
Effect on total service and interest cost components	\$ 5	\$ (4)
Effect on postretirement benefit obligations	\$ 86	\$ (76)

Plan Assets

The Company's pension plan weighted average asset allocations at December 31, 2005 and 2004 by asset category are as follows:

Asset Category	2005	2004
Equity securities	66.2 %	67.3 %
Fixed income securities	31.4 %	30.6 %
Real estate	0.4 %	0.5 %
Other	2.0 %	1.6 %
Total	100 %	100 %

The following table presents domestic and foreign pension plan assets information at December 31, 2005, 2004 and 2003 (the measurement date of pension plan assets):

Millions of Dollars	U.S. Plans			International Plans		
	2005	2004	2003	2005	2004	2003
Fair value of plan assets	\$ 149.7	\$ 139.3	\$ 123.5	\$ 36.6	\$ 34.6	\$ 29.2

Contributions

The Company expects to contribute \$10 million to its pension plans and \$3 million to its other postretirement benefit plan in 2006.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Millions of Dollars	Pension Benefits	Other Benefits
2006	\$ 5.9	\$ 2.0
2007	\$ 7.3	\$ 2.1
2008	\$ 8.3	\$ 2.2
2009	\$ 10.3	\$ 2.4
2010	\$ 11.8	\$ 2.6
2011 - 2015 \$	\$ 69.2	\$ 16.0

Investment Strategies

The Plan Assets Committee has adopted an investment policy for domestic pension plan assets designed to meet or exceed the expected rate of return on plan assets assumption. To achieve this, the pension plans retain professional investment managers that invest plan assets, primarily in equity and fixed income securities. The Company has targeted an investment mix of 65% in equity securities and 35% in fixed income securities.

Savings and Investment Plans

The Company maintains a voluntary Savings and Investment Plan for most non-union employees in the U.S. Within prescribed limits, the Company bases its contribution to the Plan on employee contributions. The Company's contributions amounted to \$3.0 million, \$3.1 million and \$3.0 million for the years ended December 31, 2005, 2004 and 2003, respectively.

Notes 17. Leases

The Company has several non-cancelable operating leases, primarily for office space and equipment. Rent expense amounted to approximately \$4.6 million, \$4.1 million and \$4.0 million for the years ended December 31, 2005, 2004 and 2003, respectively. Total future minimum rental commitments under all non-cancelable leases for each of the years 2006 through 2010 and in aggregate

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

thereafter are approximately \$4.1 million, \$3.9 million, \$3.4 million, \$3.1 million, \$1.6 million respectively, and \$4.4 million thereafter. Total future minimum rentals to be received under non-cancelable subleases were approximately \$3.8 million at December 31, 2005.

Total future minimum payments to be received under direct financing leases for each of the years 2006 through 2010 and the aggregate thereafter are approximately: \$6.6 million, \$5.1 million, \$3.9 million, \$2.7 million, \$1.6 million, and \$0.6 million thereafter.

Note 18. Litigation

On November 28, 2005, the Company announced that it had reached a settlement with Omya AG of pending commercial and patent litigation. The settlement was on a worldwide basis, hence the litigation in both the United States and Italy has been dismissed. The settlement provides for the recognition of the Company's intellectual property and patent rights. The litigation settlement resulted in non-operating income to the Company of approximately \$2.1 million. As part of the settlement, the Company granted Omya a non-exclusive license for the terms of the patents in exchange for royalty payments.

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

cost of defending such claims, will not have a material effect on its financial position or results of operations.

Environmental Matters

As previously reported, on April 9, 2003, the Connecticut Department of Environmental Protection issued an administrative consent order relating to our Canaan, Connecticut, plant where both the 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 EPA's 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 are still conducting investigations of potential groundwater contamination. To date, the results of investigation indicate that there is some oil contamination of the groundwater. We are conducting further investigations of the groundwater.
- . *Soil.* We have completed the investigation of soil contamination and submitted a report to the regulators characterizing the contamination. 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 \$200,000, 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 eighteen thousand five hundred dollars (\$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 is committed to identifying appropriate improvements to the wastewater treatment system by 2007, and 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 to \$8 million. The Company estimates that remediation costs would approximate \$200,000, which has been accrued as of December 31, 2005.

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

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

Note 19. Stockholders' Equity

Capital Stock

The Company's authorized capital stock consists of 100 million shares of common stock, par value \$0.10 per share, of which 19,986,801 shares and 20,561,785 shares were outstanding at December 31, 2005 and 2004, respectively, and 1,000,000 shares of preferred stock, none of which were issued and outstanding.

Cash Dividends

Cash dividends of \$4.1 million or \$0.20 per common share were paid during 2005. In January 2006, a cash dividend of approximately \$1.0 million or \$0.05 per share, was declared, payable in the first quarter of 2006.

Preferred Stock Purchase Rights

Under the Company's Preferred Stock Purchase Rights Plan, each share of the Company's common stock carries with it one preferred stock purchase right. Subject to the terms and conditions set forth in the plan, the rights will become exercisable if a person or group acquires beneficial ownership of 15% or more of the Company's common stock or announces a tender or exchange offer that would result in the acquisition of 30% or more thereof. If the rights become exercisable, separate certificates evidencing the rights will be distributed, and each

right will entitle the holder to purchase from the Company a new series of preferred stock, designated as Series A Junior Preferred Stock, at a predefined price. The rights also entitle the holder to purchase shares in a change-of-control situation. The preferred stock, in addition to a preferred dividend and liquidation right, will entitle the holder to vote on a pro rata basis with the Company's common stock.

The rights are redeemable by the Company at a fixed price until 10 days or longer, as determined by the Board, after certain defined events or at any time prior to the expiration of the rights on September 13, 2009 if such events do not occur.

Stock and Incentive Plan

The Company has adopted a Stock Award and Incentive Plan (the "Plan"), which provides for grants of incentive and non-qualified stock options, stock appreciation rights, stock awards or performance unit awards. The Plan is administered by the Compensation Committee of the Board of Directors. Stock options granted under the Plan have a term not in excess of ten years. The exercise price for stock options will not be less than the fair market value of the common stock on the date of the grant, and each award of stock options will vest ratably over a specified period, generally three years.

The following table summarizes stock option and restricted stock activity for the Plan:

	Under Option			Restricted Stock	
	Shares Available for Grant	Shares	Weighted Average Exercised Price Per Share (\$)	Shares	Weighted Average Exercise Price Per Share (\$)
Balance January 1, 2003	1,277,153	1,908,183	38.54	--	--
Granted	(110,290)	82,435	47.74	27,855	49.12
Exercised	--	(483,978)	32.92	--	--
Canceled	23,874	(23,874)	39.17	--	--
Balance December 31, 2003	1,190,737	1,482,766	40.85	27,855	49.12
Granted	(297,650)	270,750	54.09	26,900	50.59
Exercised	--	(363,300)	39.01	--	--
Canceled	23,998	(21,998)	46.25	(2,000)	49.12
Balance December 31, 2004	917,085	1,368,218	43.87	52,755	49.88
Granted	(86,800)	50,700	61.97	36,100	60.59
Exercised	--	(218,431)	40.69	--	--
Canceled	18,822	(14,722)	51.51	(4,100)	51.56
Balance December 31, 2005	849,107	1,185,765	45.15	84,755	54.20

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

The following table summarizes information concerning Plan options at December 31, 2005:

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/05	Weighted Average Remaining Contractual Term (Years)	Weighted Average Exercise Price	Number Exercisable at 12/31/05	Weighted Average Exercise Price

\$ 30.625 - \$ 39.513	601,898	3.3	38.44	597,732	38.43
\$ 42.070 - \$ 49.115	191,486	6.5	47.37	171,490	47.16
\$ 50.720 - \$66.000	392,381	7.6	54.35	155,697	52.20

Restricted Stock

The Company has granted certain corporate officers rights to receive shares of the Company's common stock under the Company's 2001 Stock Award and Incentive Plan (the 2001 Plan). The rights will be deferred for a specified number of years of service, subject to restrictions on transfer and other conditions. Upon issuance of the rights, a deferred compensation expense equivalent to the market value of the underlying shares on the date of the grant was charged to stockholders' equity and is being amortized over the estimated average deferral period of approximately 5 years. The Company granted 36,100 shares in 2005 and 26,900 shares in 2004. The compensation expense amortized with respect to the units was approximately \$0.9 million and \$0.5 million for years ended 2005 and 2004, respectively.

Note 20. Comprehensive Income

Comprehensive income includes changes in the fair value of certain financial derivative instruments that qualify for hedge accounting to the extent they are effective, the minimum pension liability and cumulative foreign currency translation adjustments.

The following table reflects the accumulated balances of other comprehensive income (loss):

Millions of Dollars	Currency Translation Adjustment	Minimum Pension Liability	Net Gain (Loss) On Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)
Balance at January 1, 2003	\$ (32.8)	\$ (1.3)	\$ (0.9)	\$ (35.0)
Current year net change	<u>39.7</u>	<u>(1.4)</u>	<u>0.5</u>	<u>38.8</u>
Balance at December 21, 2003	6.9) (2.7) (0.4	3.8
Current year net change	<u>34.0</u>	<u>(2.2)</u>	<u>0.1</u>	<u>31.8</u>
Balance at December 31, 2004	40.9) (4.9) (0.3	35.6
Current year net change	<u>(43.7)</u>	<u>1.9</u>	<u>0.2</u>	<u>(41.5)</u>
Balance at December 31, 2005	<u>\$ (2.8)</u>	<u>\$ (3.0)</u>	<u>\$ (0.1)</u>	<u>\$ (5.9)</u>

The income tax expense (benefit) associated with items included in other comprehensive income (loss) was approximately \$(1.3) million, \$(0.2) million and \$0.8 million for the years ended December 31, 2005, 2004 and 2003, respectively.

Note 21. Accounting for Asset Retirement Obligations

SFAS No. 143, "Accounting for Asset Retirement Obligations," establishes the financial accounting and reporting for obligations associated with the retirement of long-lived assets and the associated asset retirement costs. The Company primarily has asset retirement obligations related to its PCC satellite facilities and its mining properties, both within the Specialty Minerals segment. This statement requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. In 2005, we recorded an additional \$0.1 million in asset retirement obligations in accordance with FASB Interpretation No. 47. These obligations relate to conditional asset retirement activities primarily related to asbestos removal.

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

The following is a reconciliation of asset retirement obligations as of December 31, 2005:

Thousands of Dollars

Asset retirement liability, beginning of period	\$ 9,913
Accretion expense	405
Additions to obligation	944
Payments made	(166)
Foreign currency translation	(128)
Asset retirement liability, end of period	<u>\$ 10,968</u>

The current portion of the liability of approximately \$0.1 million is included in other current liabilities. The long-term portion of the liability of approximately \$10.8 million is included in other noncurrent liabilities.

Accretion expense is included in cost of goods sold in the Company's Consolidated Statement of Income.

Note 22. Segment and Related Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The Company's operating segments are strategic business units that offer different products and serve different markets. They are managed separately and require different technology and marketing strategies.

The Company has two reportable segments: Specialty Minerals and Refractories. The Specialty Minerals segment produces and sells precipitated calcium carbonate and lime, and mines, processes and sells the natural mineral products limestone and talc. This segment's products are used principally in the paper, building materials, paints and coatings, glass, ceramic, polymers, food, and pharmaceutical industries. The Refractories segment produces and markets monolithic and shaped refractory products and systems used primarily by the steel, cement and glass industries as well as metallurgical products used primarily in the steel industry.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on the operating income of the respective business units. Depreciation expense related to corporate assets is allocated to the business segments and is included in their income from operations. However, such corporate depreciable assets are not included in the segment assets. Specialty Minerals' segment sales to International Paper Company and affiliates represented less than 10% of consolidated net sales in 2005 and 2004, and 10.0% of consolidated net sales in 2003. Intersegment sales and transfers are not significant.

Segment information for the years ended December 31, 2005, 2004 and 2003 was as follows (in millions):

	2005		
	Specialty Minerals	Refractories	Total
Net sales	\$ 668.0	\$ 327.8	\$ 995.8
Income from operations	53.5	28.3	81.8
Impairment of assets	0.3	--	0.3
Bad debt expenses	0.3	(0.8)	(0.5)
Depreciation, depletion and amortization	62.9	12.1	75.0
Segment assets	768.1	293.4	1,061.5
Capital expenditures	85.3	21.8	107.1

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

	2004		
	Specialty Minerals	Refractories	Total
Net sales	\$ 623.4	\$ 300.3	\$ 923.7
Income from operations	59.7	30.4	90.1
Restructuring charges	0.7	0.4	1.1
Bad debt expenses	1.3	0.3	1.6

Depreciation, depletion and amortization	58.3	12.2	70.5
Segment assets	769.6	297.4	1,067.0
Capital expenditures	83.1	17.8	100.9

	2003		
	Specialty Minerals	Refractories	Total
Net sales	\$ 557.1	\$ 256.6	\$ 813.7
Income from operations	55.4	21.8	77.2
Restructuring charges	1.7	1.6	3.3
Writedown of impaired assets	2.0	1.2	3.2
Bad debt expenses	1.1	4.2	5.3
Depreciation, depletion and amortization	56.9	9.4	66.3
Segment assets	672.3	253.9	926.2
Capital expenditures	37.1	12.4	49.5

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

Income before provision for taxes on income and minority interests

	2005	2004	2003
Income from operations for reportable segments	\$ 81.8	\$ 90.1	\$ 77.2
Unallocated corporate expenses	--	(1.0)	--
Consolidated income from operations	81.8	89.1	77.2
Interest income	1.4	1.6	0.8
Interest expense	(5.8)	(4.1)	(5.4)
Other deductions	0.9	(2.0)	(0.3)
Income before provision for taxes on income and minority interests	<u>\$ 78.3</u>	<u>\$ 84.6</u>	<u>\$ 72.3</u>

Total assets

	2005	2004	2003
Total segment assets	\$ 1,061.5	\$ 1,067.0	\$ 926.2
Corporate assets	<u>94.8</u>	<u>87.9</u>	<u>109.5</u>
Consolidated total assets	<u>\$ 1,156.3</u>	<u>\$ 1,154.9</u>	<u>\$ 1,035.7</u>

Capital expenditures

	2005	2004	2003
Total segment capital expenditures	\$ 107.1	\$ 100.9	\$ 49.5
Corporate capital expenditures	<u>4.4</u>	<u>5.5</u>	<u>3.2</u>
Consolidated total capital expenditures	<u>\$ 111.5</u>	<u>\$ 106.4</u>	<u>\$ 52.7</u>

The carrying amount of goodwill by reportable segment as of December 31, 2005 and December 31, 2004 was as follows:

(Thousands of Dollars)	Goodwill	
	2005	2004
Specialty Minerals	\$ 15,371	\$ 16,407
Refractories	<u>38,241</u>	<u>37,322</u>
Total	<u>\$ 53,612</u>	<u>\$ 53,729</u>

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

The net change in goodwill since December 31, 2004 was primarily attributable to the acquisition of ET Electrotechnology GmbH and the effect of foreign exchange.

Financial information relating to the Company's operations by geographic area was as follows (in millions):

Net Sales	2005	2004	2003
United States	\$ 600.1	\$ 558.2	\$ 499.9
Canada/Latin America	80.0	81.7	72.4
Europe/Africa	253.7	227.4	192.6
Asia	62.0	56.4	48.8
Total International	395.7	365.5	313.8
Consolidated total net sales	\$ 995.8	\$ 923.7	\$ 813.7

Net sales and long-lived assets are attributed to countries and geographic areas based on the location of the legal entity. No individual foreign country represents more than 10% of consolidated net sales or consolidated long-lived assets.

Long-lived assets	2005	2004	2003
United States	\$ 424.0	\$ 412.4	\$ 402.4
Canada/Latin America	21.1	23.7	24.5
Europe/Africa	176.8	194.0	154.7
Asia	67.6	43.7	37.1
Total International	265.5	261.4	216.3
Consolidated total long-lived assets	\$ 689.5	\$ 673.8	\$ 618.7

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

Millions of Dollars	2005	2004	2003
Paper PCC	\$ 465.7	\$ 434.0	\$ 389.6
Specialty PCC	55.6	50.7	46.5
Talc	54.2	51.6	43.2
Other Processed Minerals	92.5	87.1	77.8
Refractory Products	239.3	243.0	209.7
Metallurgical Products	88.5	57.3	46.9
Net Sales	\$ 995.8	\$ 923.7	\$ 813.7

Note 23. Subsequent Event

Under the terms of certain agreements entered into in connection with the Company's initial public offering in 1992, Pfizer Inc ("Pfizer") agreed to indemnify the Company against any liability arising from claims for remediation, as defined in the agreements, of on-site environmental conditions relating to activities prior to the closing of the initial public offerings. The Company had asserted to Pfizer a number of indemnification claims pursuant to those agreements during the ten-year period following the closing of the initial public offering. On January 20, 2006, Pfizer and the Company agreed to settle those claims, along with certain other potential environmental liabilities of Pfizer,

in consideration of a payment by Pfizer of \$4.5 million. Since the initial public offering, the Company has incurred and expensed approximately \$6 million of environmental claims under these agreements. In addition, as disclosed in Note 17 to these financial statements, the Company has contingent environmental liabilities at its Canaan, Connecticut and Adams, Massachusetts plants that relate to activities in place prior to the initial public offering. Other than the \$0.4 million environmental liabilities accrued at those plants, additional contingent environmental liabilities have not been accrued since the remaining risks are not reasonably estimable at this time.

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

Note 24. Quarterly Financial Data (unaudited)

Millions of Dollars, Except Per Share Amounts

2005 Quarters	First	Second	Third	Fourth
Net Sales by Major Product Line				
PCC	\$ 134.0	\$ 122.9	\$ 130.6	\$ 133.8
Processed Minerals	35.8	37.8	36.7	36.5
Specialty Minerals Segment	169.8	160.7	167.3	170.3
Refractories Segment	81.0	84.0	79.5	83.2
Consolidated net sales	250.8	244.7	246.8	253.5
Gross profit	57.8	51.4	51.1	50.7
Net income	\$ 15.2	\$ 13.1	\$ 12.2	12.6
Earnings per share:				
Basic	\$ 0.74	\$ 0.64	\$ 0.61	\$ 0.63
Diluted	\$ 0.73	\$ 0.63	\$ 0.60	\$ 0.63
Market price range per share of common stock:				
High	\$ 66.80	\$ 68.83	\$ 64.11	\$ 58.32
Low	\$ 60.52	\$ 60.02	\$ 57.21	\$ 51.59
Close	\$ 65.78	\$ 61.60	\$ 57.21	\$ 55.89
Dividends paid per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05

In the fourth quarter of 2005, the Company recorded a \$0.3 million writedown of impaired assets relating to the planned closure of the Company's operations in Cornwall, Canada.

2004 Quarters	First	Second	Third	Fourth
Net Sales by Major Product Line				
PCC	\$ 112.3	\$ 118.6	\$ 123.6	\$ 130.1
Processed Minerals	31.4	36.5	36.4	34.4
Specialty Minerals Segment	143.7	155.1	160.0	164.5
Refractories Segment	65.8	74.2	76.4	84.0
Consolidated net sales	209.5	229.3	236.4	248.5
Gross profit	49.7	54.3	55.1	55.5
Net income	\$ 12.6	\$ 15.1	\$ 16.2	14.7
Earnings per share:				
Basic	\$ 0.61	\$ 0.74	\$ 0.79	\$ 0.71
Diluted	\$ 0.61	\$ 0.73	\$ 0.78	\$ 0.70

Market price range per share of common stock:

High	\$ 60.20	\$ 61.00	\$ 58.00	\$ 67.67
Low	\$ 51.56	\$ 54.59	\$ 53.60	\$ 56.67
Close	\$ 56.18	\$ 57.80	\$ 57.42	\$ 66.70
Dividends paid per common share	\$ 0.05	\$ 0.05	\$ 0.05	\$ 0.05

In 2004, the Company recorded restructuring costs of \$0.6 million, \$0.4 million, and \$0.1 million in the first, second, and fourth quarters, respectively.

In the fourth quarter of 2004, the Company recognized \$1.0 million of expenses related to acquisition termination costs.

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Report of Independent Registered Public Accounting Firm

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The Board of Directors and Shareholders
Minerals Technologies Inc.:

We have audited the accompanying consolidated balance sheets of Minerals Technologies Inc. and subsidiary companies as of December 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2005. In connection with our audits of the consolidated financial statements, we also have audited the related financial statement schedule. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Minerals Technologies Inc. and subsidiary companies as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2005, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in the notes to consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" effective January 1, 2003.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Minerals Technologies Inc. and subsidiary companies' internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 2, 2006 expressed an unqualified opinion on management's assessment of, and the effective operation of, internal control over financial reporting.

// KPMG LLP

New York, New York
March 2, 2006

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Minerals Technologies Inc.:

We have audited management's assessment, included in the accompanying report of Management's Report on Internal Control Over Financial Reporting, that Minerals Technologies Inc. and subsidiary companies maintained effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Minerals Technologies Inc. and subsidiary companies' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with U.S. generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management's assessment that Minerals Technologies Inc. and subsidiary companies maintained effective internal control over financial reporting as of December 31, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Minerals Technologies Inc. and subsidiary companies maintained, in all material respects, effective internal control over financial reporting as of December 31, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Minerals Technologies Inc. and subsidiary companies as of December 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows and related financial statement schedule for each of the years in the three-year period ended December 31, 2005, and our report dated March 2, 2006 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

// KPMG LLP

New York, New York
March 2, 2006

Management's Responsibility for Financial Statements and Internal Control Over Financial Reporting

We are responsible for the preparation of the financial statements included in the Annual Report. The financial statements were prepared in accordance with accounting principles generally accepted in the United States of America and include amounts that are based on the best estimates and judgements of management. The other financial information contained in this Annual Report is consistent with the financial statements.

We are also responsible for establishing and maintaining adequate internal control over financial reporting. Our internal control system is designed to provide reasonable assurance concerning the reliability of the financial data used in the preparation of Minerals Technologies Inc.'s financial statements, as well as to safeguard the Company's assets from unauthorized use or disposition.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement presentation.

We conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2005. In making this evaluation, we used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in *Internal Control - Integrated Framework*. Our evaluation included reviewing the documentation of our controls, evaluating the design effectiveness of our controls and testing their operating effectiveness. Based on this evaluation we believe that, as of December 31, 2005, the Company's internal controls over financial reporting were effective and provide reasonable assurance that the accompanying financial statements do not contain any material misstatement.

KPMG LLP, an independent registered public accounting firm, has audited our financial statements that are included in this Annual Report and expressed an unqualified opinion thereon. KPMG LLP has also expressed an unqualified opinion on management's assessment of, and the effective operation of, our internal control over financial reporting as of December 31, 2005.

Paul R. Saueracker

Chairman of the Board, President and
Chief Executive Officer

John A. Sorel

Senior Vice President, Finance and Chief Financial Officer

Michael A. Cipolla

Vice President, Corporate Controller and Chief Accounting Officer

March 2, 2006

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MINERALS TECHNOLOGIES INC. & SUBSIDIARY COMPANIES SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS (thousands of dollars)

Description	Balance at Beginning of Period	Additions Charged to Costs, Provisions and Expenses (c)	Deductions (a) (b)	Balance at End of Period
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Year ended December 31, 2005

Valuation and qualifying accounts deducted from
assets to which they apply:

Allowance for doubtful accounts	\$ <u>7,143</u>	\$ <u>(518)</u>	\$ <u>(807)</u>	\$ <u>5,818</u>
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Year ended December 31, 2004

Valuation and qualifying accounts deducted from
assets to which they apply:

Allowance for doubtful accounts	\$ <u>7,010</u>	\$ <u>1,576</u>	\$ <u>(1,443)</u>	\$ <u>7,143</u>
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Year ended December 31, 2003

Valuation and qualifying accounts deducted from
assets to which they apply:

Allowance for doubtful accounts	\$ <u>7,079</u>	\$ <u>5,307</u>	\$ <u>(5,376)</u>	\$ <u>7,010</u>
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- (a) Includes impact of translation of foreign currencies.
- (b) Uncollectible accounts charged against allowance for doubtful accounts, net of recoveries of \$2.3 million and \$0.6 million in 2005, 2004 and 2003, respectively.
- (c) Provision for bad debts, net of reversal of recoveries of \$1.0 million in 2005.

EXHIBIT 10.6

Severance Agreements have been executed by the Company and the indicated employees, each substantially identical in all material respects to the following Form of Severance Agreement except as noted below.

EMPLOYEE	POSITION	DATE OF AGREEMENT
Gordon S. Borteck	Vice President, Organization and Human Resources	March 15, 2002
Alain Bouruet-Aubertot	Senior Vice President, Managing Director, Minteq	November 25, 2002
Michael A. Cipolla	Vice President - Controller and Chief Accounting Officer	March 1, 2001
Kirk G. Forrest	Vice President, General Counsel and Secretary	December 1, 2004
D. Randy Harrison	Vice President and Managing Director, Performance Minerals	March 15, 2002
William Kromberg	Vice President - Taxes	March 1, 2001
Kenneth Massimine	Senior Vice President, and Managing Director Paper PCC	March 1, 2001
Paul R. Saueracker	Chairman, President and Chief Executive Officer	January 1, 1997
John A. Sorel	Senior Vice President - Chief Financial Officer	March 1, 2001

[DATE]

Mr. _____

TITLE

Minerals Technologies Inc.

405 Lexington Avenue

New York, NY 10174-1901

Dear Mr. _____:

Minerals Technologies Inc. (the "Company") considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. In this connection, should the Company receive a proposal from a third party, whether solicited by the Company or unsolicited, concerning a possible business combination with, or the acquisition of a substantial share of the equity or voting securities of, the Company, the Board of Directors of the Company (the "Board") has determined that it is imperative that it and the Company be able to rely upon your continued services without concern that you might be distracted by the personal uncertainties and risks that such a proposal might otherwise entail.

Accordingly, the Board has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management, yourself included, to their assigned duties without distraction in the face of potentially disturbing circumstances that could arise out of a proposal for a change in control of the Company. The Board has also determined that it is in the best interests of the Company and its stockholders to ensure your continued availability to the Company and its subsidiaries in the event of a "potential change in control" (as defined in Section 2 hereof).

In order to induce you to remain in the employ of the Company and its subsidiaries and in consideration of your agreement set forth in Section 2(ii) hereof, the Company agrees that you shall receive the severance benefits set forth in this letter agreement ("Agreement") in the event your employment with the Company and its subsidiaries is terminated subsequent to a Change in Control (as defined in Section 2 hereof) under the circumstances described below.

1. Term of Agreement. This Agreement shall commence as of _____, and shall continue in effect through _____; provided, however, the term of this Agreement shall automatically be extended for one additional year commencing on January 1, _____ and each January 1 thereafter, unless, not later than June 30 of the preceding year, the Company shall have given notice that it does not wish to extend this Agreement; provided, further, that, notwithstanding any such notice by the Company not to extend, if a Change in Control shall have occurred during the original or any extended term of this Agreement, this Agreement shall continue in effect for a period of forty-eight (48) months beyond the expiration of the term in effect immediately before such Change in Control.

2. Change in Control. (i) No benefits shall be payable hereunder unless there shall have been a Change in Control of the Company, as set forth below. For purposes of this Agreement, a "Change in Control" of the Company shall mean a change in control of a nature that would be required to be reported in response to Item 6(e) of Schedule 14A of Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), whether or not the Company is then subject to such reporting requirement; provided that, without limitation, such a Change in Control shall be deemed to have occurred if (A) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the "beneficial owner" (as determined for purpose of Regulation 13D-G under the Exchange Act as currently in effect), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company's then outstanding securities; or (B) during any period of two consecutive years (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board and any new director, whose election to the Board or nomination for election to the Board by the Company's stockholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority of the Board; or (C) the stockholders of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior thereto holding immediately thereafter securities representing more than 80% of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or (D) the stockholders of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets.

(ii) You agree that, subject to the terms and conditions of this Agreement, in the event of a potential change in control of the Company occurring after the date hereof, you will not voluntarily terminate your employment with the Company and its subsidiaries for a period of six (6) months from the occurrence of such potential change in control of the Company. If more than one potential change in control occurs during the term of this Agreement, the provisions of the preceding sentence shall be applicable to each potential change in control occurring prior to the occurrence of a Change in Control. For purposes of this Agreement, a "potential change in control of the Company" shall be deemed to have occurred if (A) the Company enters into an agreement, the consummation of which would result in the occurrence of a Change in Control; (B) any person (including the Company) publicly announces an intention to take or to consider taking actions which if consummated would constitute a Change in Control; (C) any person becomes the beneficial owner, directly or indirectly, of securities of the Company representing 9.5% or more of the combined voting power of the Company's then outstanding securities; or (D) the Board adopts a resolution to the effect that, for purposes of this Agreement, a potential change in control of the Company has occurred.

3. Termination Following Change in Control. If any of the events described in Section 2(i) hereof constituting a Change in Control shall have occurred, you shall be entitled to the benefits provided in Section 4(iv) hereof upon the subsequent termination of your employment with the Company and its subsidiaries during the term of this Agreement unless such termination is (A) a result of your death or Retirement, or (B) your termination for other than Good Reason, or (C) your being terminated by the Company or any of its subsidiaries for Disability or for Cause.

(i) Disability; Retirement. For purposes of this Agreement, "Disability" shall mean permanent and total disability as such term is defined under Section 22(e)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). Any question as to the existence of your Disability upon which you and the Company cannot agree shall be determined by a qualified independent physician selected by you (or, if you are unable to make such selection, such selection shall be made by any adult member of your immediate family or your legal representative), and approved by the Company, said approval not to be unreasonably withheld. The determination of such physician made in writing to the Company and to you shall be final and conclusive for all purposes of this Agreement. For purposes of this Agreement, "Retirement" shall mean your voluntary termination of employment with the Company in accordance with the Company's retirement policy (excluding early

retirement) generally applicable to its salaried employees or in accordance with any retirement arrangement established with your consent with respect to you.

(ii) Cause. For purposes of this Agreement, "Cause" shall mean your willful breach of duty in the course of your employment, or your habitual neglect of your employment duties. For purposes of this Section 3(ii), no act, or failure to act, on your part shall be deemed "willful" unless done, or omitted to be done, by you not in good faith and without reasonable belief that your action or omission was in the best interest of the Company and its subsidiaries. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters (3/4) of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of conduct set forth above in this Section 3(ii) and specifying the particulars thereof in detail.

(iii) Good Reason. You shall be entitled to terminate your employment for Good Reason. For the purpose of this Agreement, "Good Reason" shall mean the occurrence, without your express written consent, of any of the following circumstances unless, in the case of paragraphs 3(iii)(A), (E), (F), (G), or (H), such circumstances are fully corrected prior to the Date of Termination (as defined in Section 3(v)) specified in the Notice of Termination (as defined in Section 3(iv)) given in respect thereof:

(A) the assignment to you of any duties inconsistent with your status as **TITLE** of Minerals Technologies Inc., your removal from that position, or a substantial diminution in the nature or status of your responsibilities from those in effect immediately prior to the Change in Control;

(B) a reduction by the Company or any of its subsidiaries in your annual base salary or bonus as in effect on the date hereof or as the same may be increased from time to time;

(C) the relocation of the executive office in which you are located prior to the Change in Control to a location more than fifty miles therefrom or the Company or any of its subsidiaries requiring you to be based anywhere other than the executive office in which you are located prior to the Change in Control except for required travel on the business of the Company and its subsidiaries to an extent substantially consistent with your present business travel obligations;

(D) the failure by the Company to pay to you any portion of an installment of deferred compensation under any preferred compensation program of the Company within seven (7) days of the date such compensation is due;

(E) the failure by the Company or any of its subsidiaries to continue in effect any incentive compensation plan in which you participate prior to the Change in Control, unless an equitable alternative compensation arrangement (embodied in an ongoing substitute or alternative plan) has been provided for you, or the failure by the Company or any of its subsidiaries to continue your participation in any such incentive plan on the same basis, both in terms of the amount of benefits provided and the level of your participation relative to other participants, as existed at the time of the Change in Control;

(F) except as required by law, the failure by the Company or any of its subsidiaries to continue to provide you with benefits at least as favorable as those enjoyed by you under the employee benefit and welfare plans of the Company and its subsidiaries, including, without limitation, the pension, life insurance, medical, dental, health and accident, disability, deferred compensation retirement and savings plans, in which you were participating at the time of the Change in Control, the taking of any action by the Company or any of its subsidiaries which would directly or indirectly materially reduce any of such benefits or deprive you of any material fringe benefit enjoyed by you at the time of the Change in Control, or the failure by the Company or any of its subsidiaries to provide you with the number of paid vacation days to which you are entitled at the time of the Change in Control;

(G) the failure of the Company to obtain a satisfactory agreement from any successor to assume and agree to perform this Agreement, as contemplated in Section 5 hereof; or

(H) any purported termination of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of Section 3(iv) below (and, if applicable, the requirements of Section 3(ii) above); for purposes of this Agreement, no such purported termination shall be effective.

Your continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason hereunder.

(iv) Notice of Termination. Any purported termination of your employment by the Company and its subsidiaries or by you shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 6 hereof. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of your employment under the provision so indicated.

(v) Date of Termination, Etc. "Date of Termination" shall mean (A) if your employment is terminated for Disability, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the full-time performance of your duties during such thirty (30) day period), and (B) if your employment is terminated pursuant to Section 3(ii) or (iii) above or for any other reason (other than Disability), the date specified in the Notice of Termination (which, in the case of a termination pursuant to Section 3(ii) above shall not be less than thirty (30) days, and in the case of a termination pursuant to Section 3(iii) above shall not be less than thirty (30) nor more than sixty (60) days, respectively, from the date such Notice of Termination is given); provided that, if within thirty (30) days after any Notice of Termination is given the party receiving such Notice of Termination notifies the other party that a dispute exists concerning the grounds for termination, the Date of Termination shall be the date on which the dispute is finally determined, either by mutual written agreement of the parties, by a

binding arbitration award or by a final judgment, order or decree of a court of competent jurisdiction (which is not appealable or the time for appeal therefrom having expired and no appeal having been perfected); provided further that the Date of Termination shall be extended by a notice of dispute only if such notice is given in good faith and the party giving such notice pursues the resolution of such dispute with reasonable diligence. Notwithstanding the pendency of any such dispute, the Company and its subsidiaries will continue to pay you your full compensation in effect when the notice giving rise to the dispute was given (including, but not limited to, base salary and bonus) and continue you as a participant in all incentive compensation, benefit and insurance plans in which you were participating when the notice giving rise to the dispute was given, until the dispute is finally resolved in accordance with this Section 3(v). Amounts paid under this Section 3(v) are in addition to all other amounts due under this Agreement and shall not be offset against or reduce any other amounts due under this Agreement.

4. Compensation Upon Termination or During Disability. Following a Change in Control of the Company, as defined by Section 2(i), upon termination of your employment or during a period of Disability you shall be entitled to the following benefits, provided that such period of Disability or Date of Termination occurs during the term of this Agreement:

(i) During any period that you fail to perform your full-time duties with the Company and its subsidiaries as a result of your Disability, you shall continue to receive an amount equal to your base salary and bonus at the rate in effect at the commencement of any such period through the Date of Termination for Disability. Thereafter, your benefits shall be determined in accordance with the insurance programs of the Company and its subsidiaries then in effect.

(ii) If your employment shall be terminated by the Company or any of its subsidiaries for Cause or by you other than for Good Reason, the Company (or one of its subsidiaries, if applicable) shall pay you your full base salary and bonus through the Date of Termination at the rate in effect at the time Notice of Termination is given and shall pay any amounts to be paid to you pursuant to any other compensation plans, programs or employment agreements then in effect, and the Company shall have no further obligations to you under this Agreement.

(iii) If your employment shall be terminated by reason of your death or Retirement, your benefits shall be determined in accordance with the retirement and insurance programs of the Company and its subsidiaries then in effect.

(iv) If your employment by the Company and its subsidiaries shall be terminated by (a) the Company and its subsidiaries other than for Cause, your death, Retirement, or Disability or (b) by you for Good Reason, then you shall be entitled to the benefits provided below:

(A) The Company (or one of its subsidiaries, if applicable) shall pay you your full base salary and bonus through the Date of Termination at the rate in effect at the time the Notice of Termination is given, no later than the fifth day following the Date of Termination, plus all other amounts to which you are entitled under any compensation plan of the Company applicable to you, at the time such payments are due.

(B) The Company shall pay as severance pay to you a severance payment (the "Unadjusted Severance Payment") equal to 2.99 times your "Base Amount" as such term is defined under Section 280G(b)(3) of the Code. Your Base Amount shall be determined in accordance with Section 280G(b)(3) of the Code and with the proposed, temporary or final regulations promulgated under that Section in effect, if any. In the absence of such regulations, if you were not employed by the Company (or any corporation affiliated with the Company (an "Affiliate") within the meaning of Section 1504 of the Code or a predecessor of the Company) during the entire five calendar years (the "Base Period") preceding the calendar year in which a Change in Control of the Company occurred, your average annual compensation for the purposes of such determination shall be the average of your annual compensation for both complete and partial calendar years during the Base Period during which you were so employed, determined by annualizing any compensation (other than nonrecurring items) includible in your gross income for any partial calendar year. For purposes of the preceding sentence, compensation payable to you by the Company or any Affiliate or predecessor of the Company shall include every type and form of compensation includible in your gross income in respect of your employment by the Company or any Affiliate or predecessor of the Company, including compensation income recognized as a result of your exercise of stock options or sale of the stock so acquired, except to the extent otherwise provided in proposed, temporary or final regulations promulgated under Section 280G of the Code defining base amount.

(C) The Unadjusted Severance Payment shall not be reduced by the amount of any other payment or the value of any benefit received or to be received by you in connection with your termination of employment or contingent upon a Change in Control of the Company (whether payable pursuant to the terms of this Agreement or any other agreement, plan or arrangement with the Company or an Affiliate, predecessor or successor of the Company or any person whose actions result in a Change in Control of the Company or an Affiliate of such person) unless (1) in the opinion of tax counsel selected by the Company's Vice President-General Counsel and reasonably acceptable to you, such other payment or benefit constitutes a "parachute payment" within the meaning of Section 280G(b)(2) of the Code, and (2) in the opinion of such tax counsel, the Unadjusted Severance Payment plus all other payments or benefits which constitute "parachute payments" within the meaning of Section 280G(b)(2) of the Code would result in a portion of the Unadjusted Severance Payment being subject to the excise tax under Section 4999 of the Code. In such event, the amount of the Unadjusted Severance Payment shall be reduced by the minimum amount necessary such that no portion thereof will be subject to the excise tax under Section 4999 of the Code. The Unadjusted Severance Payment, as reduced, if at all, pursuant to the provisions of this paragraph shall be referred to as the Adjusted Severance Payment. In determining whether the Unadjusted Severance Payment shall be reduced under this paragraph, (i) there shall not be included in the computation any payment if you shall have effectively waived your receipt or enjoyment of such payment or benefit, and (ii) the value of any non-cash benefit or any deferred cash payment shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

(D) Except to the extent that the payment thereof would subject any payment hereunder to the excise tax under Section 4999 of the Code:

(1) The Company shall also pay to you all legal fees and expenses reasonably incurred by you in connection with this Agreement (including all such fees and expenses, if any, incurred in contesting or disputing the nature of any such termination for purposes of this

Agreement or in seeking to obtain or enforce any right or benefit provided by this Agreement); and

(2) For a twenty-four (24) month period after termination of your employment, the Company shall arrange to provide you with life, disability, accident and health insurance benefits substantially similar to those which you are receiving or entitled to receive immediately prior to the Notice of Termination; provided, however, that this Agreement in no way diminishes any rights to those benefits to which you would be entitled if you were to retire as an employee of Minerals Technologies Inc. Benefits otherwise receivable by you pursuant to this Section 4(iv)(D)(2) shall be reduced to the extent comparable benefits are actually provided to you by a subsequent employer during the twenty-four (24) month period following your termination, and any such benefits actually provided to you shall be reported to the Company.

(E) If it is established pursuant to a final determination of a court or an Internal Revenue Service proceeding that, notwithstanding the good faith of you and the Company in applying the terms of this Section 4(iv), the aggregate "parachute payments" paid to or for your benefit are in an amount that would result in any portion of such "parachute payments" being subject to the excise tax under Section 4999 of the Code, then you shall have an obligation to pay the Company upon demand an amount equal to the sum of (1) the excess of the aggregate "parachute payments" paid to or for your benefit over the aggregate "parachute payments" that would have been paid to or for your benefit without any portion of such "parachute payments" being subject to the excise tax under Section 4999 of the Code; and (2) interest on the amount set forth in clause (1) of this sentence at the applicable Federal rate (as defined in Section 1274(d) of the Code) from the date of your receipt of such excess until the date of such payment; provided, however, that in the event and to the extent that an excise tax is nevertheless imposed on said amount your obligation to pay said amount to the Company is hereby waived.

(F) You shall not be required to mitigate the amount of any payment provided for in this Section 4 by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for in this Section 4 be reduced by any compensation earned by you as the result of employment by another employer or by retirement benefits received after the Date of Termination or otherwise, except as specifically provided in this Section 4.

(G) The Company shall pay you the Unadjusted Severance Payment in a lump sum no later than the fifth day following the Date of Termination; provided, however, that if the Company in good faith believes that the Unadjusted Severance Payment shall be reduced under the provisions of Section 4(iv)(C) hereof, the Company shall pay to you at such time a good faith estimate of the Adjusted Severance Payment (the "Estimated Adjusted Severance Payment," the computation of which shall be given to you in writing together with a written explanation of the basis for making such adjustment) which amount shall in no event be less than 50% of the Unadjusted Severance Payment. The Company shall, within 60 days of the Date of Termination, either pay to you the balance of the Unadjusted Severance Payment together with interest thereon at the applicable Federal rate (as defined in Section 1274(d) of the Code) or deliver to you a copy of the opinion of the tax counsel referred to in Section 4(iv)(C) hereof establishing the amount of the Adjusted Severance Payment. If the Adjusted Severance Payment exceeds the Estimated Adjusted Severance Payment, the difference shall be paid to you at such time together with interest thereon at the applicable Federal rate (as defined in Section 1274(d) of the Code).

5. Successors; Binding Agreement.

(i) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company is required to perform it. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle you to compensation from the Company in the same amount and on the same terms as you would be entitled hereunder if you had terminated your employment for Good Reason following a Change in Control, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

(ii) This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there is no such designee, to your estate.

6. Notice. For the purpose of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to the Company shall be directed to the attention of the Office of the Vice President-General Counsel of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

7. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any conditions or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of New York, including Section 198 (1-a) of the New York Labor Law. All references to sections of the Code shall be deemed also to refer to any successor provisions to such sections. Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state or local law. The obligations of the Company under Section 4 shall survive the expiration of the term of this Agreement.

8. Validity. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

9. Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

10. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by arbitration in accordance with the rules of the American Arbitration Association then in effect. Judgment may be entered on the arbitrator's award in any court having jurisdiction; provided, however, that you shall be entitled to seek specific performance of your right to be paid until the Date of Termination during the pendency of any dispute or controversy arising under or in connection with this Agreement.

If this letter sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject.

Sincerely,

By: _____
Paul R. Saueracker
President and Chief Executive Officer

Agreed to as of the ____ day of _____, 200 ____.

2001 STOCK AWARD AND INCENTIVE PLAN

OF

**MINERALS TECHNOLOGIES INC.
(as amended December 20, 2005)**

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2001 STOCK AWARD AND INCENTIVE PLAN OF MINERALS TECHNOLOGIES INC.

1. **Purpose.** The purpose of this 2001 Stock Award and Incentive Plan (the "Plan") is to aid Minerals Technologies Inc., a Delaware corporation (the "Company"), in attracting, retaining, motivating and rewarding employees, non-employee directors, and other persons who provide substantial services to the Company or its subsidiaries or affiliates, to provide for equitable and competitive compensation opportunities, to recognize individual contributions and reward achievement of Company goals, and promote the creation of long-term value for stockholders by closely aligning the interests of Participants with those of stockholders. The Plan authorizes stock-based and cash-based incentives for Participants.

2. **Definitions.** In addition to the terms defined in Section 1 above and elsewhere in the Plan, the following capitalized terms used in the Plan have the respective meanings set forth in this Section:

(a) "Annual Incentive Award" means a type of Performance Award granted to a Participant under Section 7(c) representing a conditional right to receive cash, Stock or other Awards or payments, as determined by the Committee, based on performance in a performance period of one fiscal year or a portion thereof.

(b) "Award" means any Option, Restricted Stock, Deferred Stock, Stock granted as a bonus or in lieu of another award, Dividend Equivalent, Other Stock-Based Award, Performance Award or Annual Incentive Award, together with any related right or interest, granted to a Participant under the Plan.

(c) "Beneficiary" means the legal representatives of the Participant's estate entitled by will or the laws of descent and distribution to receive the benefits under a Participant's Award upon a Participant's death, provided that, if and to the extent authorized by the Committee, a Participant may be permitted to designate a Beneficiary, in which case the "Beneficiary" instead will be the person, persons, trust or trusts (if any are then surviving) which have been designated by the Participant in his or her most recent written beneficiary designation filed with the Committee to receive the benefits specified under the Participant's Award upon such Participant's death. Unless otherwise determined by the Committee, any designation of a Beneficiary other than a Participant's spouse shall be subject to the written consent of such spouse.

- (d) "Board" means the Company's Board of Directors.
- (e) "Change in Control" and related terms have the meanings specified in Section 9.
- (f) "Code" means the Internal Revenue Code of 1986, as amended. References to any provision of the Code or regulation (including a proposed regulation) thereunder shall include any successor provisions and regulations.

(g) "Committee" means the Compensation and Nominating Committee of the Board; provided, however, that, directors appointed or serving as members of the Committee shall not be employees of the Company or any subsidiary or affiliate. In appointing members of the Committee, the Board will consider whether a member is or will be a Qualified Member, but such members are not required to be Qualified Members at the time of appointment or during their term of service on the Committee. The full Board may perform any function of the Committee hereunder, in which case the term "Committee" shall refer to the Board.

(h) "Covered Employee" means an Eligible Person who is a Covered Employee as specified in Section 11(j).

(i) "Deferred Stock" means a right, granted to a Participant under Section 6(d), to receive Stock or Other Stock-Based Awards or a combination thereof at the end of a specified deferral period.

(j) "Dividend Equivalent" means a right, granted to a Participant under Section 6(f), to receive cash, Stock, other Awards or other property equal in value to all or a specified portion of the dividends paid with respect to a specified number of shares of Stock.

(k) "Effective Date" means the effective date specified in Section 11(p).

(l) "Eligible Person" has the meaning specified in Section 5.

(m) "Exchange Act" means the Securities Exchange Act of 1934, as amended. References to any provision of the Exchange Act or rule (including a proposed rule) thereunder shall include any successor provisions and rules.

(n) "Fair Market Value" means the fair market value of Stock, Awards or other property as determined by the Committee or under procedures established by the Committee. Unless otherwise determined by the Committee, the Fair Market Value of Stock shall be the average of the high and low sales prices per share of Stock reported on a consolidated basis for securities listed on the principal stock exchange or market on which Stock is traded on the day on which the Award of such Stock is made or, if there is no sale on that day, then on the next day on which a sale is reported.

(o) "Incentive Stock Option" or "ISO" means any Option designated as an incentive stock option within the meaning of Code Section 422 or any successor provision thereto and qualifying thereunder.

(p) "Option" means a right, granted to a Participant under Section 6(b), to purchase Stock or Other Stock-Based Awards at a specified price during specified time periods.

(q) "Other Stock-Based Awards" means Awards granted to a Participant under Section 6(g).

(r) "Participant" means a person who has been granted an Award under the Plan which remains outstanding, including a person who is no longer an Eligible Person.

(s) "Performance Award" means a conditional right, granted to a Participant under Sections 6(h) and 7, to receive cash, Stock or other Awards or payments, as determined by the Committee, based upon performance criteria specified by the Committee.

(t) "Preexisting Plan" means the Stock and Incentive Plan of Minerals Technologies Inc. (as amended and restated as of February 22, 2001).

(u) "Qualified Member" means a member of the Committee who is a "Non-Employee Director" within the meaning of Rule 16b-3(b)(3) and an "outside director" within the meaning of Regulation 1.162-27 under Code Section 162(m).

(v) "Restricted Stock" means Stock granted to a Participant under Section 6(c) which is subject to certain restrictions and to a risk of forfeiture.

(w) "Rule 16b-3" means Rule 16b-3, as from time to time in effect and applicable to Participants, promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act.

(x) "Stock" means the Company's Common Stock, par value \$0.10 per share, and any other equity securities of the Company that may be substituted or resubstituted for Stock pursuant to Section 11(c).

3. **Administration.**

(a) *Authority of the Committee.* The Plan shall be administered by the Committee, which shall have full and final authority, in each case subject to and consistent with the provisions of the Plan, to select Eligible Persons to become Participants; to grant Awards; to determine the type and number of Awards, the dates on which Awards may be exercised and on which the risk of forfeiture or the deferral period relating to Awards shall lapse or terminate; the acceleration of any such dates, the expiration date of any Award; whether, to what extent, and under what circumstances an Award may be settled, or the exercise price of an Award may be paid, in cash, Stock, other Awards, or other property; and other terms and conditions of, and all other matters relating to, Awards; to prescribe documents evidencing or setting terms of Awards (such Award documents need not be identical for each Participant), amendments thereto, and rules and regulations for the administration of the Plan and amendments thereto; to construe and interpret the Plan and Award documents and correct defects, supply omissions or reconcile inconsistencies therein; and to make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. Decisions of the Committee with

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respect to the administration and interpretation of the Plan shall be final, conclusive, and binding upon all persons interested in the Plan, including Participants, Beneficiaries, transferees under Section 11(b), and other persons claiming rights from or through a Participant, and stockholders. The foregoing notwithstanding, the Board shall perform the functions of the Committee for purposes of granting Awards under the Plan to non-employee directors (authority with respect to other aspects of non-employee director awards is not exclusive to the Board, however).

(b) *Manner of Exercise of Committee Authority.* At any time that a member of the Committee is not a Qualified Member, (i) any action of the Committee relating to an Award intended by the Committee to qualify as "performance-based compensation" within the meaning of Code Section 162(m) and regulations thereunder may be taken by a subcommittee, designated by the Committee or the Board, composed solely of two or more Qualified Members, and (ii) any action relating to an Award granted or to be granted to a Participant who is then subject to Section 16 of the Exchange Act in respect of the Company may be taken either by such a subcommittee or by the Committee but with each such member who is not a Qualified Member abstaining or recusing himself or herself from such action, provided that, upon such abstention or recusal, the Committee remains composed of two or more Qualified Members. Such action, authorized by such a subcommittee or by the Committee upon the abstention or recusal of such non-Qualified Member(s), shall be the action of the Committee for purposes of the Plan. The express grant of any specific power to the Committee, and the taking of any action by the Committee, shall not be construed as limiting any power or authority of the Committee. The Committee may delegate to those officers who from time to time comprise the Management Committee of the Company the authority, subject to such terms as the Committee shall determine, to perform such functions, including administrative functions, as the Committee may determine, to the extent that such delegation will not result in the loss of an exemption under Rule 16b-3(d) for Awards granted to Participants subject to Section 16 of the Exchange Act in respect of the Company and will not cause Awards intended to qualify as "performance-based compensation" under Code Section 162(m) to fail to so qualify. In addition, no such delegation will authorize such officers to grant options on more than 20,000 shares in the aggregate in any calendar year, authorize the grant of options on more than 1,500 shares to any employee in any calendar year, or authorize the grant of options to any person who is an officer or director of the Company. Any options granted by such officers pursuant to any such delegation shall be promptly reported to the Committee.

(c) *Limitation of Liability.* The Committee and each member thereof, and any person acting pursuant to authority delegated by the Committee, shall be entitled, in good faith, to rely or act upon any report or other information furnished by any executive officer, other officer or employee of the Company or a subsidiary or affiliate, the Company's independent auditors, consultants or any other agents assisting in the administration of the Plan. Members of the Committee, any person acting pursuant to authority delegated by the Committee, and any officer or employee of the Company or a subsidiary or affiliate acting at the direction or on behalf of the Committee or a delegatee shall not be personally liable for any action or determination taken or made in good faith with respect to the Plan, and shall, to the extent permitted by law, be fully indemnified and protected by the Company with respect to any such action or determination.

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4. **Stock Subject to Plan.**

(a) *Overall Number of Shares Available for Delivery.* Subject to adjustment as provided in Section 11(c), the total number of shares of Stock reserved and available for delivery in connection with Awards under the Plan shall be (i) 500,000 shares, plus (ii) the number of shares that, immediately prior to the Effective Date, remain available for issuance under the Preexisting Plan (1,017,268 shares) plus (iii) the number of shares subject to awards under the Preexisting Plan which become available in accordance with Section 4(b) after the Effective Date plus (iv) 15% of the number of shares issued or delivered by the Company during the term of the Plan other than issuances or deliveries under the Plan or other incentive

compensation plans of the Company; provided, however, that the total number of shares with respect to which ISOs may be granted shall not exceed the number specified under clause (i) plus the number specified under clause (ii) above; and provided further, that the total number of shares which may be issued and delivered in connection with Awards other than Options shall not exceed 10% of the total number of shares reserved under the Plan. Any shares of Stock delivered under the Plan shall consist of authorized and unissued shares or treasury shares.

(b) **Share Counting Rules.** The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award. Shares subject to an Award or an award under the Preexisting Plan that is canceled, expired, forfeited, settled in cash or otherwise terminated without a delivery of shares to the Participant will again be available for Awards, and shares withheld in payment of the exercise price or taxes relating to an Award or Preexisting Plan award and shares equal to the number surrendered in payment of any exercise price or taxes relating to an Award or Preexisting Plan award shall be deemed to constitute shares not delivered to the Participant and shall be deemed to again be available for Awards under the Plan. In addition, in the case of any Award granted in substitution for an award of a company or business acquired by the Company or a subsidiary or affiliate, shares issued or issuable in connection with such substitute Award shall not be counted against the number of shares reserved under the Plan, but shall be available under the Plan by virtue of the Company's assumption of the plan or arrangement of the acquired company or business. This Section 4(b) shall apply to the number of shares reserved and available for ISOs only to the extent consistent with applicable regulations relating to ISOs under the Code.

5. **Eligibility; Per-Person Award Limitations.** Awards may be granted under the Plan only to Eligible Persons. For purposes of the Plan, an "Eligible Person" means an employee of the Company or any subsidiary or affiliate, including any executive officer, a non-employee director of the Company, a consultant or other person who provides substantial services to

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the Company or a subsidiary or affiliate, and any person who has been offered employment by the Company or a subsidiary or affiliate, provided that such prospective employee may not receive any payment or exercise any right relating to an Award until such person has commenced employment with the Company or a subsidiary or affiliate. An employee on leave of absence may be considered as still in the employ of the Company or a subsidiary or affiliate for purposes of eligibility for participation in the Plan. For purposes of the Plan, a joint venture in which the Company or a subsidiary has a substantial direct or indirect equity investment shall be deemed an affiliate, if so determined by the Committee. In each calendar year during any part of which the Plan is in effect, an Eligible Person may be granted Awards intended to qualify as "performance-based compensation" under Code Section 162(m) under each of Section 6(b), 6(c), 6(d), 6(e), 6(f), or 6(g) relating to up to his or her Annual Limit (such Annual Limit to apply separately to the type of Award authorized under each specified subsection, except that the limitation applies to Dividend Equivalents under Section 6(f) only if such Dividend Equivalents are granted separately from and not as a feature of another Award). A Participant's Annual Limit, in any year during any part of which the Participant is then eligible under the Plan, shall equal 500,000 shares plus the amount of the Participant's unused Annual Limit relating to the same type of Award as of the close of the previous year, subject to adjustment as provided in Section 11(c). In the case of an Award which is not valued in a way in which the limitation set forth in the preceding sentence would operate as an effective limitation satisfying Treasury Regulation 1.162-27(e)(4) (including a Performance Award under Section 7 not related to an Award specified in Section 6), an Eligible Person may not be granted Awards authorizing the earning during any calendar year of an amount that exceeds the Participant's Annual Limit, which for this purpose shall equal \$3 million plus the amount of the Participant's unused cash Annual Limit as of the close of the previous year (this limitation is separate and not affected by the number of Awards granted during such calendar year subject to the limitation in the preceding sentence). For this purpose, (i) "earning" means satisfying performance conditions so that an amount becomes payable, without regard to whether it is to be paid currently or on a deferred basis or continues to be subject to any service requirement or other non-performance condition, and (ii) a Participant's Annual Limit is used to the extent an amount or number of shares may be potentially earned or paid under an Award, regardless of whether such amount or shares are in fact earned or paid.

6. **Specific Terms of Awards.**

(a) **General.** Awards may be granted on the terms and conditions set forth in this Section 6. In addition, the Committee may impose on any Award or the exercise thereof, at the date of grant or thereafter (subject to Section 11(e)), such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall determine, including terms requiring forfeiture of Awards in the event of termination of employment or service by the Participant and terms permitting a Participant to make elections relating to his or her Award. The Committee shall retain full power and discretion with respect to any term or condition of an

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Award that is not mandatory under the Plan. The Committee shall require the payment of lawful consideration for an Award to the extent necessary to satisfy the requirements of the Delaware General Corporation Law, and may otherwise require payment of consideration for an Award except as limited by the Plan.

(b) **Options.** The Committee is authorized to grant Options to Participants on the following terms and conditions:

(i) **Exercise Price.** The exercise price per share of Stock purchasable under an Option (including both ISOs and non-qualified Options) shall be determined by the Committee, provided that such

exercise price shall be not less than the Fair Market Value of a share of Stock on the date of grant of such Option, subject to Sections 6(e) and 8(a).

(ii) *Option Term; Time and Method of Exercise.* The Committee shall determine the term of each Option, provided that in no event shall the term of any ISO exceed a period of ten years from the date of grant. The Committee shall determine the time or times at which or the circumstances under which an Option may be exercised in whole or in part (including based on achievement of performance goals and/or future service requirements), the methods by which such exercise price may be paid or deemed to be paid and the form of such payment (subject to Section 11(k)), including, without limitation, cash, Stock, other Awards or awards granted under other plans of the Company or any subsidiary or affiliate, or other property (including notes and other contractual obligations of Participants to make payment on a deferred basis, such as through "cashless exercise" arrangements, to the extent permitted by applicable law), and the methods by or forms in which Stock will be delivered or deemed to be delivered in satisfaction of Options to Participants (including deferred delivery of shares representing the Option "profit," at the election of the Participant or as mandated by the Committee, with such deferred shares subject to any vesting, forfeiture or other terms as the Committee may specify).

(iii) *ISOs.* The terms of any ISO granted under the Plan shall comply in all respects with the provisions of Code Section 422, including but not limited to the requirement that no ISO shall be granted more than ten years after the Effective Date.

(iv) *Non-Employee Director Option Grants.* At any time that the Compensation and Nominating Committee grants across-the-board options to employees, Non-Employee Directors shall also be granted options, using the same ratio of number of options granted to amount of compensation as is used in determining options granted to employees in the across-the-board option grant. For this purpose, the Non-Employee Director's compensation in the prior year shall be used, with any units included in such compensation valued as of the date of their award.

(c) *Restricted Stock.* The Committee is authorized to grant Restricted Stock to Participants on the following terms and conditions:

(i) *Grant and Restrictions.* In addition to any restrictions imposed by law, Restricted Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse separately or in combination at such times, under such circumstances (including based on achievement of performance goals and/or future service requirements), in such installments or otherwise and under such other circumstances as the Committee may determine at the date of grant or thereafter. Except to the extent restricted under the terms of the Plan and any Award document relating to the Restricted Stock, a Participant granted Restricted Stock shall have all of the rights of a stockholder, including the right to vote the Restricted Stock and the right to receive dividends thereon (subject to any mandatory reinvestment or other requirement imposed by the Committee).

(ii) *Forfeiture.* Except as otherwise determined by the Committee, upon termination of employment or service during the applicable restriction period, Restricted Stock that is at that time subject to restrictions shall be forfeited and reacquired by the Company; provided that the Committee may provide, by rule or regulation or in any Award document, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock will lapse in whole or in part, including in the event of terminations resulting from specified causes.

(iii) *Certificates for Stock.* Restricted Stock granted under the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Stock are registered in the name of the Participant, the Committee may require that such certificates bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Stock, that the Company retain physical possession of the certificates, and that the Participant deliver a stock power to the Company, endorsed in blank, relating to the Restricted Stock.

(iv) *Dividends and Splits.* As a condition to the grant of an Award of Restricted Stock, the Committee may require that any dividends paid on a share of Restricted Stock shall be either (A) paid with respect to such Restricted Stock at the dividend payment date in cash, in kind, or in a number of shares of unrestricted Stock having a Fair Market Value equal to the amount of such dividends, or (B) automatically reinvested in additional Restricted Stock or held in kind, which shall be subject to the same terms as applied to the original Restricted Stock to which it relates, or (C) deferred as to payment, either as a cash deferral or with the amount or value thereof automatically deemed reinvested in shares of Deferred Stock, other Awards or other investment vehicles, subject to such terms as the Committee shall determine or permit a Participant to elect. Unless otherwise determined by the Committee, Stock distributed in connection with a Stock split or Stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Stock or other property has been distributed.

(d) *Deferred Stock.* The Committee is authorized to grant Deferred Stock to Participants, which are rights to receive Stock, other Awards, or a combination thereof at the end of a specified deferral period, subject to the following terms and conditions:

(i) *Award and Restrictions.* Issuance of Stock will occur upon expiration of the deferral period specified for an Award of Deferred Stock by the Committee (or, if permitted by the Committee, as elected by the Participant). In addition, Deferred Stock shall be subject to such restrictions on transferability, risk of forfeiture and other restrictions, if any, as the Committee may impose, which restrictions may lapse at the expiration of the deferral period or at earlier specified times (including based on achievement of performance goals and/or future service requirements), separately or in combination, in installments or otherwise, and under such other circumstances as the Committee may determine at the date of grant or thereafter. Deferred Stock rights may be satisfied by delivery of Stock, other Awards, or a combination thereof (subject to Section 11(k)), as determined by the Committee at the date of grant or thereafter.

(ii) *Forfeiture.* Except as otherwise determined by the Committee, upon termination of employment or service during the applicable deferral period or portion thereof to which forfeiture conditions apply (as provided in the Award document evidencing the Deferred Stock), all Deferred Stock that is at that time subject to such forfeiture conditions shall be forfeited; provided that the Committee may provide, by rule or regulation or in any Award document, or may determine in any individual case, that restrictions or forfeiture conditions relating to Deferred Stock will lapse in whole or in part, including in the event of terminations resulting from specified causes.

(iii) *Dividend Equivalents.* Unless otherwise determined by the Committee, Dividend Equivalents on the specified number of shares of Stock covered by an Award of Deferred Stock shall be either (A) paid with respect to such Deferred Stock at the dividend payment date in cash or in shares of unrestricted Stock having a Fair Market Value equal to the amount of such dividends, or (B) deferred with respect to such Deferred Stock, either as a cash deferral or with the amount or value thereof automatically deemed reinvested in additional Deferred Stock, other Awards or other investment vehicles having a Fair Market Value equal to the amount of such dividends, as the Committee shall determine or permit a Participant to elect.

(e) *Bonus Stock and Awards in Lieu of Obligations.* The Committee is authorized to grant Stock as a bonus, or to grant Stock or other Awards in lieu of obligations of the Company or a subsidiary or affiliate to pay cash or deliver other property under the Plan or under other plans or compensatory arrangements, subject to such terms as shall be determined by the Committee.

(f) *Dividend Equivalents.* The Committee is authorized to grant Dividend Equivalents to a Participant, entitling the Participant to receive cash, Stock, other Awards, or other property equivalent to all or a portion of the dividends paid with respect to a specified number of shares of Stock. Dividend Equivalents may be

awarded on a free-standing basis or in connection with another Award. The Committee may provide that Dividend Equivalents shall be paid or distributed when accrued or shall be deemed to have been reinvested in additional Stock, Awards, or other investment vehicles, and subject to restrictions on transferability, risks of forfeiture and such other terms as the Committee may specify.

(g) *Other Stock--Based Awards.* The Committee is authorized, subject to limitations under applicable law, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Stock or factors that may influence the value of Stock, including, without limitation, convertible or exchangeable debt securities, other rights convertible or exchangeable into Stock, purchase rights for Stock, Awards with value and payment contingent upon performance of the Company or business units thereof or any other factors designated by the Committee, and Awards valued by reference to the book value of Stock or the value of securities of or the performance of specified subsidiaries or affiliates or other business units. The Committee shall determine the terms and conditions of such Awards. Stock delivered pursuant to an Award in the nature of a purchase right granted under this Section 6(g) shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including, without limitation, cash, Stock, other Awards, notes, or other property, as the Committee shall determine. Cash awards, as an element of or supplement to any other Award under the Plan, may also be granted pursuant to this Section 6(g).

(h) *Performance Awards.* Performance Awards, denominated in cash or in Stock or other Awards, may be granted by the Committee in accordance with Section 7.

7. **Performance Awards, Including Annual Incentive Awards.**

(a) *Performance Awards Generally.* The Committee is authorized to grant Performance Awards on the terms and conditions specified in this Section 7. Performance Awards may be denominated as a cash amount, a number of shares of Stock, or a specified number of other Awards (or a combination of the foregoing) which may be earned upon achievement or

satisfaction of performance conditions specified by the Committee. In addition, the Committee may specify that any other Award shall constitute a Performance Award by conditioning the right of a Participant to exercise the Award or have it settled, and the timing thereof, upon achievement or satisfaction of such performance conditions as may be specified by the Committee. The Committee may use such business criteria and other measures of performance as it may deem appropriate in establishing any performance conditions, and may exercise its discretion to reduce or increase the amounts payable under any Award subject to performance conditions, except as limited under Sections 7(b) and 7(c) in the case of a Performance Award intended to qualify as "performance-based compensation" under Code Section 162(m).

(b) *Performance Awards Granted to Covered Employees.* If the Committee determines that a Performance Award to be granted to an Eligible Person who is designated by the Committee as likely to be a Covered Employee should qualify as "performance-based compensation" for purposes of Code Section 162(m),

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the grant, exercise and/or settlement of such Performance Award shall be contingent upon achievement of a preestablished performance goal and other terms set forth in this Section 7(b). Such Performance Awards shall be subject to the per-person maximum limitation set forth in Section 5.

(i) *Performance Goal Generally.* The performance goal for such Performance Awards shall consist of one or more business criteria and a targeted level or levels of performance with respect to each of such criteria, as specified by the Committee consistent with this Section 7(b). The performance goal shall be objective and shall otherwise meet the requirements of Code Section 162(m) and regulations thereunder (including Regulation 1.162-27 and successor regulations thereto), including the requirement that the level or levels of performance targeted by the Committee result in the achievement of performance goals being "substantially uncertain." The Committee may determine that such Performance Awards shall be granted, exercised and/or settled upon achievement of any one performance goal or that two or more of the performance goals must be achieved as a condition to grant, exercise and/or settlement of such Performance Awards. Performance goals may differ for Performance Awards granted to any one Participant or to different Participants.

(ii) *Business Criteria.* One or more of the following business criteria for the Company, on a consolidated basis, and/or for specified subsidiaries or affiliates or other business units of the Company shall be used by the Committee in establishing performance goals for such Performance Awards: (1) net sales; (2) earnings from operations, earnings before or after taxes, earnings before or after interest, depreciation, amortization, or extraordinary or special items, (3) net income or net income per common share (basic or diluted); (4) return on assets, return on invested capital, return on total capital, or return on equity; (5) cash flow, free cash flow, cash flow return on investment, or net cash provided by operations; (6) interest expense after taxes; (7) economic value created; (8) operating margin, or profit margin; (9) stock price or total stockholder return; and (10) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, geographic business expansion goals, cost targets, customer satisfaction, employee satisfaction, management of employment practices and employee benefits, supervision of litigation and information technology, and goals relating to acquisitions or divestitures of subsidiaries, affiliates or joint ventures. The targeted level or levels of performance with respect to such business criteria may be established at such levels and in such terms as the Committee may determine, in its discretion, including in absolute terms, as a goal relative to performance in prior periods, or as a goal compared to the performance of one or more comparable companies or an index covering multiple companies.

(iii) *Performance Period; Timing for Establishing Performance Goals.* Achievement of performance goals in respect of such Performance Awards shall be measured over a performance period of up to one year or more than one year, as specified by the Committee. A

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performance goal shall be established not later than the earlier of (A) 90 days after the beginning of any performance period applicable to such Performance Award or (B) the time 25% of such performance period has elapsed.

(iv) *Performance Award Pool.* The Committee may establish a Performance Award pool, which shall be an unfunded pool, for purposes of measuring performance of the Company in connection with Performance Awards. The amount of such Performance Award pool shall be based upon the achievement of a performance goal or goals based on one or more of the business criteria set forth in Section 7(b)(ii) during the given performance period, as specified by the Committee in accordance with Section 7(b)(iv). The Committee may specify the amount of the Performance Award pool as a percentage of any of such business criteria, a percentage thereof in excess of a threshold amount, or as another amount which need not bear a strictly mathematical relationship to such business criteria.

(v) *Settlement of Performance Awards; Other Terms.* Settlement of such Performance Awards shall be in cash, Stock, other Awards or other property, in the discretion of the Committee. The

Committee may, in its discretion, increase or reduce the amount of a settlement otherwise to be made in connection with such Performance Awards, but may not exercise discretion to increase any such amount payable to a Covered Employee in respect of a Performance Award subject to this Section 7(b). Any settlement which changes the form of payment from that originally specified shall be implemented in a manner such that the Performance Award and other related Awards do not, solely for that reason, fail to qualify as "performance-based compensation" for purposes of Code Section 162(m). The Committee shall specify the circumstances in which such Performance Awards shall be paid or forfeited in the event of termination of employment by the Participant or other event (including a Change in Control) prior to the end of a performance period or settlement of such Performance Awards.

(c) *Annual Incentive Awards Granted to Designated Covered Employees.* The Committee may grant an Annual Incentive Award to an Eligible Person who is designated by the Committee as likely to be a Covered Employee. Such Annual Incentive Award will be intended to qualify as "performance-based compensation" for purposes of Code Section 162(m), and therefore its grant, exercise and/or settlement shall be contingent upon achievement of pre-established performance goals and other terms set forth in this Section 7(c).

(i) *Grant of Annual Incentive Awards.* Not later than the earlier of 90 days after the beginning of any performance period applicable to such Annual Incentive Award or the time 25% of such performance period has elapsed, the Committee shall determine the Covered Employees who will potentially receive Annual Incentive Awards, and the amount(s) potentially payable thereunder, for that performance period. The amount(s) potentially payable shall be based upon the achievement of a performance goal or goals based on one or more of the business criteria

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set forth in Section 7(b)(ii) in the given performance period, as specified by the Committee. The Committee may designate an annual incentive award pool as the means by which Annual Incentive Awards will be measured, which pool shall conform to the provisions of Section 7(b)(iv). In such case, the portion of the Annual Incentive Award pool potentially payable to each Covered Employee shall be preestablished by the Committee. In all cases, the maximum Annual Incentive Award of any Participant shall be subject to the limitation set forth in Section 5.

(ii) *Payout of Annual Incentive Awards.* After the end of each performance period, the Committee shall determine the amount, if any, of the Annual Incentive Award for that performance period payable to each Participant. The Committee may, in its discretion, determine that the amount payable to any Participant as a final Annual Incentive Award shall be reduced from the amount of his or her potential Annual Incentive Award, including a determination to make no final Award whatsoever, but may not exercise discretion to increase any such amount. The Committee shall specify the circumstances in which an Annual Incentive Award shall be paid or forfeited in the event of termination of employment by the Participant or other event (including a Change in Control) prior to the end of a performance period or settlement of such Annual Incentive Award.

(d) *Written Determinations.* Determinations by the Committee as to the establishment of performance goals, the amount potentially payable in respect of Performance Awards and Annual Incentive Awards, the level of actual achievement of the specified performance goals relating to Performance Awards and Annual Incentive Awards, and the amount of any final Performance Award and Annual Incentive Award shall be recorded in writing in the case of Performance Awards intended to qualify under Section 162(m). Specifically, the Committee shall certify in writing, in a manner conforming to applicable regulations under Section 162(m), prior to settlement of each such Award granted to a Covered Employee, that the performance objective relating to the Performance Award and other material terms of the Award upon which settlement of the Award was conditioned have been satisfied.

(e) *Payment and Settlement.* A Participant's Performance Award shall be paid or settled not later than the end of the calendar year in which the Committee certifies or determines that any applicable conditions or goals have been achieved or satisfied and authorizes the payment or settlement of such Performance Award; *provided, however*, that if the Committee reasonably anticipates that the Company's or its subsidiary's or affiliate's tax deduction with respect to any such payment or settlement otherwise would be limited or eliminated by application of Section 162(m) of the Code, such payment or settlement shall be delayed and shall be paid or settled at the earliest date at which the Committee reasonably anticipates that the tax deduction with respect to such payment or settlement will not be limited or eliminated by application of Section 162(m) of the Code, or, if earlier, the calendar year in which such Participant separates from service with the Company and its subsidiaries and affiliates.

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(a) *Stand-Alone, Additional, Tandem, and Substitute Awards.* Awards granted under the Plan may, in the discretion of the Committee, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Award or any award granted under another plan of the Company, any subsidiary or affiliate, or any business entity to be acquired by the Company or a subsidiary or affiliate, or any other right of a Participant to receive payment from the Company or any subsidiary or affiliate. Awards granted in addition to or in tandem with other Awards or awards may be granted either as of the same time as or a different time from the grant of such other Awards or awards. Subject to Section 11(k), the Committee may determine that, in granting a new Award, the in-the-money value of any surrendered Award or award may be applied to reduce the exercise price of any Option, or purchase price of any other Award.

(b) *Term of Awards.* The term of each Award shall be for such period as may be determined by the Committee, subject to the express limitations set forth in Section 6(b)(ii).

(c) *Form and Timing of Payment under Awards; Deferrals.* Subject to the terms of the Plan (including Section 11(k)) and any applicable Award document, payments to be made by the Company or a subsidiary or affiliate upon the exercise of an Option or other Award or settlement of an Award may be made in such forms as the Committee shall determine, including, without limitation, cash, Stock, other Awards or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. The settlement of any Award may be accelerated, and cash paid in lieu of Stock in connection with such settlement, in the discretion of the Committee or upon occurrence of one or more specified events (subject to Section 11(k)). Installment or deferred payments may be required by the Committee (subject to Section 11(e)) or permitted at the election of the Participant on terms and conditions established by the Committee. Payments may include, without limitation, provisions for the payment or crediting of reasonable interest on installment or deferred payments or the grant or crediting of Dividend Equivalents or other amounts in respect of installment or deferred payments denominated in Stock.

(d) *Exemptions from Section 16(b) Liability.* With respect to a Participant who is then subject to the reporting requirements of Section 16(a) of the Exchange Act in respect of the Company, the Committee shall use reasonable efforts to implement transactions under the Plan and administer the Plan in a manner that will ensure that each transaction with respect to such a Participant is exempt from liability under Rule 16b-3 or otherwise not subject to liability under Section 16(b)), except that this provision shall not limit sales by such a Participant, and such a Participant may engage in other non-exempt transactions under the Plan. The Committee may authorize the Company to repurchase any Award or shares of Stock deliverable or delivered in connection with any Award (subject to Section 11(k)) in order to avoid a Participant who is subject to Section 16 of the Exchange Act incurring liability under Section 16(b). Unless otherwise specified by the Participant, equity securities or derivative securities acquired under the Plan which are disposed of by a Participant shall be deemed to be disposed of in the order acquired by the Participant.

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(e) *Loan Provisions.* With the consent of the Committee, and subject at all times to, and only to the extent, if any, permitted under and in accordance with, laws and regulations and other binding obligations or provisions applicable to the Company, the Company may make, guarantee, or arrange for a loan or loans to a Participant with respect to the exercise of any Option or other payment in connection with any Award, including the payment by a Participant of any or all federal, state, or local income or other taxes due in connection with any Award. Subject to such limitations, the Committee shall have full authority to decide whether to make a loan or loans hereunder and to determine the amount, terms, and provisions of any such loan or loans, including the interest rate, if any, to be charged in respect of any such loan or loans, whether the loan or loans are to be with or without recourse against the borrower, the terms on which the loan is to be repaid and conditions, if any, under which the loan or loans may be forgiven.

(f) *Limitation on Vesting of Certain Awards.* Restricted Stock will vest over a minimum period of one year except in the event of a Participant's death, disability, or retirement, or in the event of a Change in Control or other special circumstances.

9. **Change in Control.**

(a) *Effect of "Change in Control" on Non-Performance Based Awards.* In the event of a "Change in Control," the following provisions shall apply to non-performance based Awards, including Awards as to which performance conditions previously have been satisfied or are deemed satisfied under Section 9(b), unless otherwise provided by the Committee in the Award document:

(i) All deferral of settlement, forfeiture conditions and other restrictions applicable to Awards granted under the Plan shall lapse and such Awards shall be fully payable as of the time of the Change in Control without regard to deferral and vesting conditions, except to the extent of any waiver by the Participant or other express election to defer beyond a Change in Control and subject to applicable restrictions set forth in Section 11(a);

(ii) Any Award carrying a right to exercise that was not previously exercisable and vested shall become fully exercisable and vested as of the time of the Change in Control and shall remain exercisable and vested for the balance of the stated term of such Award without regard to any termination of employment or

service by the Participant other than a termination for "cause" (as defined in any employment or severance agreement between the Company or a subsidiary or affiliate and the Participant then in effect or, if none, as defined by the Committee and in effect at the time of the Change in Control), subject only to applicable restrictions set forth in Section 11(a); and

(iii) The Committee may, in its discretion, determine to extend to any Participant who holds an Option the right to elect, during the 60-day period immediately following the Change

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in Control, in lieu of acquiring the shares of Stock covered by such Option, to receive in cash the excess of the Change in Control Price over the exercise price of such Option, multiplied by the number of shares of Stock covered by such Option, and to extend to any Participant who holds other types of Awards denominated in shares the right to elect, during the 60-day period immediately following the Change in Control, in lieu of receiving the shares of Stock covered by such Award, to receive in cash the Change in Control Price multiplied by the number of shares of Stock covered by such Award.

(b) *Effect of "Change in Control" on Performance-Based Awards.* In the event of a "Change in Control," with respect to an outstanding Award subject to achievement of performance goals and conditions, such performance goals and conditions shall be deemed to be met or exceeded if and to the extent so provided by the Committee in the Award document governing such Award or other agreement with the Participant.

(c) *Definition of "Change in Control."* A "Change in Control" shall be deemed to have occurred if, after the Effective Date, there shall have occurred any of the following:

(i) Any "person," as such term is used in Section 13(d) and 14(d) of the Exchange Act (other than the Company, any trustee or other fiduciary holding securities under an employee benefit plan of the Company, or any company owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock of the Company), acquires voting securities of the Company and immediately thereafter is a "15% Beneficial Owner." For purposes of this provision, a "15% Beneficial Owner" shall mean a person who is the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company's then-outstanding voting securities; provided that the term "15% Beneficial Owner" shall not include any person who, at all times following such an acquisition of securities, remains eligible to file a Schedule 13G pursuant to Rule 13d-1(b) under the Exchange Act, or remains exempt from filing a Schedule 13D under Section 13(d)(6)(b) of the Exchange Act, with respect to all classes of Company voting securities;

(ii) During any period of two consecutive years commencing on or after the Effective Date, individuals who at the beginning of such period constitute the Board, and any new director (other than a director designated by a person (as defined above) who has entered into an agreement with the Company to effect a transaction described in subsections (i), (iii) or (iv) of this definition) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved (the "Continuing Directors") cease for any reason to constitute at least a majority thereof;

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(iii) The shareholders of the Company have approved a merger, consolidation, recapitalization, or reorganization of the Company, or a reverse stock split of any class of voting securities of the Company, or the consummation of any such transaction if shareholder approval is not obtained, other than any such transaction which would result in at least 60% of the combined voting power of the voting securities of the Company or the surviving entity outstanding immediately after such transaction being beneficially owned by persons who together beneficially owned at least 80% of the combined voting power of the voting securities of the Company outstanding immediately prior to such transaction, with the relative voting power of each such continuing holder compared to the voting power of each other continuing holder not substantially altered as a result of the transaction; provided that, for purposes of this paragraph (iii), such continuity of ownership (and preservation of relative voting power) shall be deemed to be satisfied if the failure to meet such 60% threshold (or to substantially preserve such relative voting power) is due solely to the acquisition of voting securities by an employee benefit plan of the Company, such surviving entity or a subsidiary thereof; and provided further, that, if consummation of the corporate transaction referred to in this Section 9(c)(iii) is subject, at the time of such approval by shareholders, to the consent of any government or governmental agency or approval of the shareholders of another entity or other material contingency, no Change in Control shall occur until such time as such consent and approval has been obtained and any other material contingency has been satisfied;

(iv) The shareholders of the Company have approved a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of the Company's

assets (or any transaction having a similar effect); provided that, if consummation of the transaction referred to in this Section 9(c)(iv) is subject, at the time of such approval by shareholders, to the consent of any government or governmental agency or approval of the shareholders of another entity or other material contingency, no Change in Control shall occur until such time as such consent and approval has been obtained and any other material contingency has been satisfied; and

(v) any other event which the Board of Directors of the Company determines shall constitute a Change in Control for purposes of this Plan;

provided that a Change in Control shall not be deemed to have occurred if, prior to the later of occurrence of the specified event that would otherwise constitute a Change in Control under paragraphs (i) through (iv) hereof or the expiration of seven days after the Company has obtained actual notice that such an event has occurred, the Continuing Directors of the Company then in office, by a majority vote thereof, determine that the occurrence of such specified event shall not be deemed to be a Change in Control hereunder or shall not be deemed to be a Change in Control with respect to a particular Participant.

(d) *Definition of "Change in Control Price."* The "Change in Control Price" means an amount in cash equal to the higher of (i) the amount of cash and fair market value of property that is the highest price per share paid (including extraordinary dividends) in any transaction triggering the Change in Control or any

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liquidation of shares following a sale of substantially all assets of the Company, or (ii) the highest Fair Market Value per share at any time during the 60-day period preceding and 60-day period following the Change in Control.

10. **Additional Award Forfeiture Provisions**

(a) *Forfeiture of Options and Other Awards and Gains Realized Upon Prior Option Exercises or Award Settlements.* Unless otherwise determined by the Committee, each Award granted hereunder shall be subject to the following additional forfeiture conditions, to which the Participant, by accepting an Award hereunder, agrees. If any of the events specified in Section 10(b)(i), (ii), or (iii) occurs (a "Forfeiture Event"), all of the following forfeitures will result:

(i) The unexercised portion of the Option, whether or not vested, and any other Award not then settled (except for an Award that has not been settled solely due to an elective deferral by the Participant and otherwise is not forfeitable in the event of any termination of service of the Participant) will be immediately forfeited and canceled upon the occurrence of the Forfeiture Event; and

(ii) The Participant will be obligated to repay to the Company, in cash, within five business days after demand is made therefor by the Company, the total amount of Award Gain (as defined herein) realized by the Participant upon each exercise of an Option or settlement of an Award (regardless of any elective deferral) that occurred on or after (A) the date that is six months prior to the occurrence of the Forfeiture Event, if the Forfeiture Event occurred while the Participant was employed by the Company or a subsidiary or affiliate, or (B) the date that is six months prior to the date the Participant's employment by the Company or a subsidiary or affiliate terminated, if the Forfeiture Event occurred after the Participant ceased to be so employed. For purposes of this Section, the term "Award Gain" shall mean (i), in respect of a given Option exercise, the product of (X) the Fair Market Value per share of Stock at the date of such exercise (without regard to any subsequent change in the market price of shares) minus the exercise price times (Y) the number of shares as to which the Option was exercised at that date, and (ii), in respect of any other settlement of an Award granted to the Participant, the Fair Market Value of the cash or Stock paid or payable to Participant (regardless of any elective deferral) less any cash or the Fair Market Value of any Stock or property (other than an Award or award which would have itself then been forfeitable hereunder and excluding any payment of tax withholding) paid by the Participant to the Company as a condition of or in connection such settlement.

(b) *Events Triggering Forfeiture.* The forfeitures specified in Section 10(a) will be triggered upon the occurrence of any one of the following Forfeiture Events at any time during the Participant's employment by the Company or a subsidiary or affiliate or during the one-year period following termination of such employment:

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(i) The Participant, acting alone or with others, directly or indirectly, prior to a Change in Control, (A) engages, either as employee, employer, consultant, advisor, or director, or as an owner, investor, partner, or stockholder unless the Participant's interest is insubstantial, in any business in an area or region in which the Company conducts business at the date the event occurs, which is directly in competition with a business then conducted by the Company or a subsidiary or affiliate; (B) induces any customer or supplier of the Company or a subsidiary or affiliate, or other company with which the Company or a subsidiary or affiliate has a business relationship, to curtail, cancel, not renew, or not continue his or her or its business with the Company or any subsidiary or affiliate; or (C) induces, or attempts to influence, any employee of or service provider to the Company or a subsidiary or affiliate to terminate such employment or service. The Committee shall, in its discretion, determine which lines of business the Company conducts on any particular date and which third

parties may reasonably be deemed to be in competition with the Company. For purposes of this Section 10(b)(i), a Participant's interest as a stockholder is insubstantial if it represents beneficial ownership of less than five percent of the outstanding class of stock, and a Participant's interest as an owner, investor, or partner is insubstantial if it represents ownership, as determined by the Committee in its discretion, of less than five percent of the outstanding equity of the entity;

(ii) The Participant discloses, uses, sells, or otherwise transfers, except in the course of employment with or other service to the Company or any subsidiary or affiliate, any confidential or proprietary information of the Company or any subsidiary or affiliate, including but not limited to information regarding the Company's current and potential customers, organization, employees, finances, and methods of operations and investments, so long as such information has not otherwise been disclosed to the public or is not otherwise in the public domain, except as required by law or pursuant to legal process, or the Participant makes statements or representations, or otherwise communicates, directly or indirectly, in writing, orally, or otherwise, or takes any other action which may, directly or indirectly, disparage or be damaging to the Company or any of its subsidiaries or affiliates or their respective officers, directors, employees, advisors, businesses or reputations, except as required by law or pursuant to legal process; or

(iii) The Participant fails to cooperate with the Company or any subsidiary or affiliate by making himself or herself available to testify on behalf of the Company or such subsidiary or affiliate in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, or otherwise fails to assist the Company or any subsidiary or affiliate in any such action, suit, or proceeding by providing information and meeting and consulting with members of management of, other representatives of, or counsel to, the Company or such subsidiary or affiliate, as reasonably requested.

(c) *Agreement Does Not Prohibit Competition or Other Participant Activities*. Although the conditions set forth in this Section 10 shall be deemed to be incorporated into an Award, a Participant is not thereby prohibited from engaging in any activity, including but not limited to competition with the Company and its

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subsidiaries and affiliates. Rather, the non-occurrence of the Forfeiture Events set forth in Section 10(b) is a condition to the Participant's right to realize and retain value from his or her compensatory Options and Awards, and the consequence under the Plan if the Participant engages in an activity giving rise to any such Forfeiture Event are the forfeitures specified herein. The Company and the Participant shall not be precluded by this provision or otherwise from entering into other agreements concerning the subject matter of Section 10(a) and 10(b).

(d) *Committee Discretion*. The Committee may, in its discretion, waive in whole or in part the Company's right to forfeiture under this Section, but no such waiver shall be effective unless evidenced by a writing signed by a duly authorized officer of the Company. In addition, the Committee may impose additional conditions on Awards, by inclusion of appropriate provisions in the document evidencing or governing any such Award.

11. **General Provisions.**

(a) *Compliance with Legal and Other Requirements*. The Company may, to the extent deemed necessary or advisable by the Committee, postpone the issuance or delivery of Stock or payment of other benefits under any Award until completion of such registration or qualification of such Stock or other required action under any federal or state law, rule or regulation, listing or other required action with respect to any stock exchange or automated quotation system upon which the Stock or other securities of the Company are listed or quoted, or compliance with any other obligation of the Company, as the Committee may consider appropriate, and may require any Participant to make such representations, furnish such information and comply with or be subject to such other conditions as it may consider appropriate in connection with the issuance or delivery of Stock or payment of other benefits in compliance with applicable laws, rules, and regulations, listing requirements, or other obligations. The foregoing notwithstanding, in connection with a Change in Control, the Company shall take or cause to be taken no action, and shall undertake or permit to arise no legal or contractual obligation, that results or would result in any postponement of the issuance or delivery of Stock or payment of benefits under any Award or the imposition of any other conditions on such issuance, delivery or payment, to the extent that such postponement or other condition would represent a greater burden on a Participant than existed on the 90th day preceding the Change in Control.

(b) *Limits on Transferability; Beneficiaries*. No Award or other right or interest of a Participant under the Plan shall be pledged, hypothecated or otherwise encumbered or subject to any lien, obligation or liability of such Participant to any party (other than the Company or a subsidiary or affiliate thereof), or assigned or transferred by such Participant otherwise than by will or the laws of descent and distribution or to a Beneficiary upon the death of a Participant, and such Awards or rights that may be exercisable shall be exercised during the lifetime of the Participant only by the Participant or his or her guardian or legal representative, except that Awards and other rights (other than ISOs) may be transferred to one or more transferees during the lifetime of the Participant, and may be exercised by such transferees in accordance with the terms of such Award, but only if

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and to the extent such transfers are permitted by the Committee, subject to any terms and conditions which the Committee

may impose thereon (including limitations the Committee may deem appropriate in order that offers and sales under the Plan will meet applicable requirements of registration forms under the Securities Act of 1933 specified by the Securities and Exchange Commission). A Beneficiary, transferee, or other person claiming any rights under the Plan from or through any Participant shall be subject to all terms and conditions of the Plan and any Award document applicable to such Participant, except as otherwise determined by the Committee, and to any additional terms and conditions deemed necessary or appropriate by the Committee.

(c) *Adjustments.* In the event that any large, special and non-recurring dividend or other distribution (whether in the form of cash or property other than Stock), recapitalization, forward or reverse split, Stock dividend, reorganization, merger, consolidation, spin-off, combination, repurchase, share exchange, liquidation, dissolution or other similar corporate transaction or event affects the Stock such that an adjustment is determined by the Committee to be appropriate under the Plan, then the Committee shall, in such manner as it may deem equitable, adjust any or all of (i) the number and kind of shares of Stock which may be delivered in connection with Awards granted thereafter, (ii) the number and kind of shares of Stock by which annual per-person Award limitations are measured under Section 5, (iii) the number and kind of shares of Stock subject to or deliverable in respect of outstanding Awards and (iv) the exercise price, grant price or purchase price relating to any Award or, if deemed appropriate, the Committee may make provision for a payment of cash or property to the holder of an outstanding Option (subject to Section 11(k)). In addition, the Committee is authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards (including Performance Awards and performance goals and any hypothetical funding pool relating thereto) in recognition of unusual or nonrecurring events (including, without limitation, events described in the preceding sentence, as well as acquisitions and dispositions of businesses and assets) affecting the Company, any subsidiary or affiliate or other business unit, or the financial statements of the Company or any subsidiary or affiliate, or in response to changes in applicable laws, regulations, accounting principles, tax rates and regulations or business conditions or in view of the Committee's assessment of the business strategy of the Company, any subsidiary or affiliate or business unit thereof, performance of comparable organizations, economic and business conditions, personal performance of a Participant, and any other circumstances deemed relevant; provided that no such adjustment shall be authorized or made if and to the extent that the existence of such authority (i) would cause Options, or Performance Awards granted under Section 8 to Participants designated by the Committee as Covered Employees and intended to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder to otherwise fail to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder, or (ii) would cause the Committee to be deemed to have authority to change the targets, within the meaning of Treasury Regulation 1.162-27(e)(4)(vi), under the performance goals relating to Options granted to Covered Employees and intended to qualify as "performance-based compensation" under Code Section 162(m) and regulations thereunder.

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(d) *Tax Provisions.*

(i) *Withholding.* The Company and any subsidiary or affiliate is authorized to withhold from any Award granted, any payment relating to an Award under the Plan, including from a distribution of Stock, or any payroll or other payment to a Participant, amounts of withholding and other taxes due or potentially payable in connection with any transaction involving an Award, and to take such other action as the Committee may deem advisable to enable the Company and Participants to satisfy obligations for the payment of withholding taxes and other tax obligations relating to any Award. This authority shall include authority to withhold or receive Stock or other property and to make cash payments in respect thereof in satisfaction of a Participant's withholding obligations, either on a mandatory or elective basis in the discretion of the Committee. Other provisions of the Plan notwithstanding, only the minimum amount of Stock deliverable in connection with an Award necessary to satisfy statutory withholding requirements will be withheld.

(ii) *Required Consent to and Notification of Code Section 83(b) Election.* No election under Section 83(b) of the Code (to include in gross income in the year of transfer the amounts specified in Code Section 83(b)) or under a similar provision of the laws of a jurisdiction outside the United States may be made unless expressly permitted by the terms of the Award document or by action of the Committee in writing prior to the making of such election. In any case in which a Participant is permitted to make such an election in connection with an Award, the Participant shall notify the Company of such election within ten days of filing notice of the election with the Internal Revenue Service or other governmental authority, in addition to any filing and notification required pursuant to regulations issued under Code Section 83(b) or other applicable provision.

(iii) *Requirement of Notification Upon Disqualifying Disposition Under Code Section 421(b).* If any Participant shall make any disposition of shares of Stock delivered pursuant to the exercise of an Incentive Stock Option under the circumstances described in Code Section 421(b) (relating to certain disqualifying dispositions), such Participant shall notify the Company of such disposition within ten days thereof.

(e) *Changes to the Plan.* The Board may amend, suspend or terminate the Plan or the Committee's authority to grant Awards under the Plan without the consent of stockholders or Participants; provided, however, that any amendment to the Plan shall be submitted to the Company's stockholders for approval not later than the earliest annual meeting for which the record date is after the date of such Board action if such stockholder approval is required by any federal or state law or regulation or the rules of any stock exchange or automated quotation system on which the Stock may then be listed or quoted or if such amendment would materially increase the number of shares reserved for issuance and delivery under the Plan or materially

amendments to the Plan to stockholders for approval; and provided further, that, without the consent of an affected Participant, no such Board action may materially and adversely affect the rights of such Participant under any outstanding Award. Without the approval of stockholders, the Committee will not amend or replace previously granted Options in a transaction that constitutes a "repricing," as such term is used in Instruction 3 to Item 402(b)(2)(iv) of Regulation S-K, as promulgated by the Securities and Exchange Commission. With regard to other terms of Awards, the Committee shall have no authority to waive or modify any such Award term after the Award has been granted to the extent the waived or modified term would be mandatory under the Plan for any Award newly granted at the date of the waiver or modification.

(f) *Right of Setoff.* The Company or any subsidiary or affiliate may, to the extent permitted by applicable law, deduct from and set off against any amounts the Company or a subsidiary or affiliate may owe to the Participant from time to time, including amounts payable in connection with any Award, owed as wages, fringe benefits, or other compensation owed to the Participant, such amounts as may be owed by the Participant to the Company, including but not limited to amounts owed under Section 10(a), although the Participant shall remain liable for any part of the Participant's payment obligation not satisfied through such deduction and setoff. By accepting any Award granted hereunder, the Participant agrees to any deduction or setoff under this Section 11(f).

(g) *Unfunded Status of Awards; Creation of Trusts.* The Plan is intended to constitute an "unfunded" plan for incentive and deferred compensation. With respect to any payments not yet made to a Participant or obligation to deliver Stock pursuant to an Award, nothing contained in the Plan or any Award shall give any such Participant any rights that are greater than those of a general creditor of the Company; provided that the Committee may authorize the creation of trusts and deposit therein cash, Stock, other Awards or other property, or make other arrangements to meet the Company's obligations under the Plan. Such trusts or other arrangements shall be consistent with the "unfunded" status of the Plan unless the Committee otherwise determines with the consent of each affected Participant.

(h) *Nonexclusivity of the Plan.* Neither the adoption of the Plan by the Board nor its submission to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or a committee thereof to adopt such other incentive arrangements, apart from the Plan, as it may deem desirable, including incentive arrangements and awards which do not qualify under Code Section 162(m), and such other arrangements may be either applicable generally or only in specific cases.

(i) *Payments in the Event of Forfeitures; Fractional Shares.* Unless otherwise determined by the Committee, in the event of a forfeiture of an Award with respect to which a Participant paid cash consideration, the Participant shall be repaid the amount of such cash consideration. No fractional shares of Stock shall be issued or delivered pursuant to the Plan or any Award. The Committee shall determine whether cash, other Awards or other property shall be issued or paid in lieu of such fractional shares or whether such fractional shares or any rights thereto shall be forfeited or otherwise eliminated.

(j) *Compliance with Code Section 162(m).* It is the intent of the Company that Options granted to Covered Employees and other Awards designated as Awards to Covered Employees subject to Section 7 shall constitute qualified "performance-based compensation" within the meaning of Code Section 162(m) and regulations thereunder, unless otherwise determined by the Committee at the time of allocation of an Award. Accordingly, the terms of Sections 7(b), (c), and (d), including the definitions of Covered Employee and other terms used therein, shall be interpreted in a manner consistent with Code Section 162(m) and regulations thereunder. The foregoing notwithstanding, because the Committee cannot determine with certainty whether a given Participant will be a Covered Employee with respect to a fiscal year that has not yet been completed, the term Covered Employee as used herein shall mean only a person designated by the Committee as likely to be a Covered Employee with respect to a specified fiscal year. If any provision of the Plan or any Award document relating to a Performance Award that is designated as intended to comply with Code Section 162(m) does not comply or is inconsistent with the requirements of Code Section 162(m) or regulations thereunder, such provision shall be construed or deemed amended to the extent necessary to conform to such requirements, and no provision shall be deemed to confer upon the Committee or any other person discretion to increase the amount of compensation otherwise payable in connection with any such Award upon attainment of the applicable performance objectives.

(k) *Certain Limitations Relating to Accounting Treatment of Awards.* Other provisions of the Plan notwithstanding, the Committee's authority under the Plan (including under Sections 8(c), 8(d), 11(c) and 11(d)) is limited to the extent necessary to ensure that any Option or other Award of a type that the Committee has intended to be subject to fixed accounting with a measurement date at the date of grant or the date performance conditions are satisfied under APB 25 shall not become subject to "variable" accounting solely due to the existence of such authority, unless the Committee specifically determines that the Award shall remain outstanding despite such "variable" accounting. In addition, other provisions of the Plan notwithstanding, (i) if any right under this Plan would cause a transaction to be ineligible for pooling-of-interests accounting that would, but for the right hereunder, be eligible for such accounting treatment, such right shall be automatically adjusted so that pooling-of-interests accounting shall be available, including by substituting Stock or cash having a Fair Market Value equal to any cash or Stock otherwise payable in respect of any right to cash which would cause the transaction to be

ineligible for pooling-of-interests accounting, and (ii) if the authority of the Continuing Directors to determine that an event shall not constitute a Change in Control or other authority under Section 9(c) would cause a transaction to be ineligible for pooling-of-interests accounting that would, but for such authority, be eligible for such accounting treatment, such authority shall be limited to the extent necessary so that such transaction would be eligible for pooling-of-interests accounting.

(l) *Governing Law.* The validity, construction, and effect of the Plan, any rules and regulations relating to the Plan and any Award document shall be determined in accordance with the laws of the State of Delaware, without giving effect to principles of conflicts of laws, and applicable provisions of federal law.

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(m) *Awards to Participants Outside the United States.* The Committee may modify the terms of any Award under the Plan made to or held by a Participant who is then resident or primarily employed outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that such Award shall conform to laws, regulations, and customs of the country in which the Participant is then resident or primarily employed, or so that the value and other benefits of the Award to the Participant, as affected by foreign tax laws and other restrictions applicable as a result of the Participant's residence or employment abroad shall be comparable to the value of such an Award to a Participant who is resident or primarily employed in the United States. An Award may be modified under this Section 11(m) in a manner that is inconsistent with the express terms of the Plan, so long as such modifications will not contravene any applicable law or regulation or result in actual liability under Section 16(b) for the Participant whose Award is modified.

(n) *Limitation on Rights Conferred under Plan.* Neither the Plan nor any action taken hereunder shall be construed as (i) giving any Eligible Person or Participant the right to continue as an Eligible Person or Participant or in the employ or service of the Company or a subsidiary or affiliate, (ii) interfering in any way with the right of the Company or a subsidiary or affiliate to terminate any Eligible Person's or Participant's employment or service at any time, (iii) giving an Eligible Person or Participant any claim to be granted any Award under the Plan or to be treated uniformly with other Participants and employees, or (iv) conferring on a Participant any of the rights of a stockholder of the Company unless and until the Participant is duly issued or transferred shares of Stock in accordance with the terms of an Award or an Option is duly exercised. Except as expressly provided in the Plan and an Award document, neither the Plan nor any Award document shall confer on any person other than the Company and the Participant any rights or remedies thereunder.

(o) *Severability; Entire Agreement.* If any of the provisions of this Plan or any Award document is finally held to be invalid, illegal or unenforceable (whether in whole or in part), such provision shall be deemed modified to the extent, but only to the extent, of such invalidity, illegality or unenforceability, and the remaining provisions shall not be affected thereby; provided, that, if any of such provisions is finally held to be invalid, illegal, or unenforceable because it exceeds the maximum scope determined to be acceptable to permit such provision to be enforceable, such provision shall be deemed to be modified to the minimum extent necessary to modify such scope in order to make such provision enforceable hereunder. The Plan and any Award documents contain the entire agreement of the parties with respect to the subject matter thereof and supersede all prior agreements, promises, covenants, arrangements, communications, representations and warranties between them, whether written or oral with respect to the subject matter thereof.

(p) *Plan Effective Date and Termination.* The Plan shall become effective if, and at such time as, the stockholders of the Company have approved it by the affirmative votes of the holders of a majority of the voting securities of the Company present, or represented, and entitled to vote on the subject matter at a duly held meeting of stockholders. Unless earlier terminated by action of the Board of Directors, the Plan will remain in

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effect until such time as no Stock remains available for delivery under the Plan and the Company has no further rights or obligations under the Plan with respect to outstanding Awards under the Plan.

MINERALS TECHNOLOGIES INC. RETIREMENT PLAN

(As amended and restated effective as of January 1, 2005,
with certain other effective dates)

November 2005

MINERALS TECHNOLOGIES INC. RETIREMENT PLAN
(as amended and restated effective as of January 1, 2005
with certain other effective dates)

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Article 1. The Plan

1.1. Background of Plan

Effective as of October 22, 1992, Minerals Technologies Inc. (the "Company") adopted the Minerals Technologies Inc. Retirement Annuity Plan (the "Retirement Annuity Plan") for the purpose of providing pensions upon retirement from service to employees of the Company and its subsidiaries and affiliates participating in the Plan. Members in the Retirement Annuity Plan accrued a retirement benefit for each year of participation consisting of a percentage of the Member's compensation. Subsequent to its effective date, the Company amended the Retirement Annuity Plan from time to time to make desired changes and to comply with various statutory and regulatory requirements that became effective after the effective date.

Effective as of January 1 2002, the Company amended the Retirement Annuity Plan to provide that employees employed on or after January 1, 2002 would accrue benefits under a cash balance formula and that Members who were accruing benefits under the Retirement Annuity Plan on December 31, 2001 generally would continue to accrue benefits under the career earnings benefit formula that was in effect on December 31, 2001. In connection with such amendment, the name of the Retirement Annuity Plan was changed to the Minerals Technologies Inc. Retirement Plan (the "Plan"), effective as of January 1, 2002.

Effective as of January 1, 2005, with certain other effective dates, the Plan is being amended and restated to incorporate certain clarifying changes relating to the operation and administration of the Plan.

The Plan, as hereinafter amended and restated, shall be effective as of January 1, 2005, except that certain amendments shall have other effective dates as set forth in the Plan.

1.2 Applicability of Plan

Except as otherwise expressly indicated, the provisions of the Plan are applicable only to Eligible Employees in the employ of an Employer on and after January 1, 2002. The Plan shall preserve all rights accrued and not forfeited by Members under the Plan as of December 31, 2001. Unless the Plan specifies otherwise, the rights and benefits of any Employee who terminates employment prior to the effective date of the provisions of this restated Plan shall be governed by the Plan provisions in effect at the time of such Employee's termination of employment.

1.3 Purpose of Plan

The Plan is intended to meet the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986, as amended from time to time and the Trust established under the Plan is intended to be exempt from taxation as provided under Code Section 501(a). Certain provisions contained in the Plan are intended to constitute "good faith compliance" pursuant to Internal Revenue Service Notice 2001-42 with the requirements of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA").

Article 2. Definitions

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2.1 Definitions

Whenever used in the Plan, the following terms shall have the meanings set forth below unless otherwise expressly provided.

(a) **"Accrued Benefit"** shall mean, as of any given date, the monthly amount of retirement income that would be payable in the form of a Single Life Annuity commencing on the Member's Normal Retirement Date (or the Member's Severance from Service Date, if later), based on the value of the Member's Cash Balance Account or, if applicable, the Member's benefit under the Career Earnings Formula as of such date.

(b) **"Actuarial Equivalent"** shall mean an equivalent amount determined on the basis of the following factors:

(1) **Benefit Payable Under Cash Balance Formula.**

(A) In the case of a benefit payable pursuant to Section 4.1(c), the amount payable in the form of a lump-sum payment shall be equal to the value of the Member's Cash Balance Account as of the last day of the month prior to the month in which distribution occurs.

(B) In determining the amount of a benefit payable in the form of a Single Life Annuity under Sections 2.1(a) and 6.3(c), actuarial equivalence as of any given date shall be determined by applying to the Member's Cash Balance Account, valued as of the Annuity Starting Date, a factor determined on the basis of--

(i) an interest rate equal to the applicable interest rate (within the meaning of Code section 417(e)(3)), determined for the full calendar month that is four months prior to the month in which the Annuity Starting Date occurs; and

(ii) for all such benefits payable on an Annuity Starting Date that is on or prior to December 31, 2002, the 1983 Group Annuity Mortality Table weighted 50 percent male; and for all such benefit payments payable on an Annuity Starting Date that is on or after January 1, 2003, the 1994 Group Annuity Reserve Table weighted 50 percent male, projected to 2002; or such other mortality assumption as shall be prescribed by the Secretary of the Treasury, which assumption shall be based on the prevailing commissioners' standard table described in Code section 807(d)(5)(A) used to determine reserves for group annuity contracts issued on the date the determination is being made (without regard to any other subparagraph of Code section 807(d)(5)).

(C) In determining the amount of a benefit payable in the form of an Automatic Joint and Surviving Spouse Annuity under Section 6.2 or under an optional form available to a Member under Section 6.3(d) or (e), actuarial equivalence as of any given date shall be determined by applying to the Member's Single Life Annuity as determined in Section 2.1(b)(1)(B), valued as of the Annuity

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Starting Date, a factor determined on the basis of--

(i) An interest rate assumption of 7 1/2% per annum; and

(ii) for all such benefits payable on an Annuity Starting Date that is on or prior to December 31, 2002, the 1983 Group Annuity Mortality Table weighted 50 percent male; and for all such benefit payments payable on an Annuity Starting Date that is on or after January 1, 2003, the 1994 Group Annuity Reserve Table weighted 50 percent male, projected to 2002; or such other mortality assumption as shall be prescribed by the Secretary of the Treasury, which assumption shall be based on the prevailing commissioners' standard table described in Code section 807(d)(5)(A) used to determine reserves for group annuity contracts issued on the date the determination is being made (without regard to any other subparagraph of Code section 807(d)(5)).

(2) **Benefit Payable Under Career Earnings Formula.** In determining the amount of a benefit payable in the form of an Automatic Joint and Surviving Spouse Annuity under Section 6.2, or a Joint and Contingent Annuitant Option and/or Level Income Option under Section 6.3, and for purposes of determining any adjustment to be made to a Member's Accrued Benefit under Section 6.4(b), actuarial equivalence as of any given date shall be determined using an interest rate assumption of 7 1/2% per annum and the mortality table described in Section 2.1(b)(2)(B). In determining the amount of benefit payable in the form of a lump-sum payment under Section 6.3(b) and for purposes of determining whether the cash-out provisions of Section 7.3 shall be applicable, actuarial equivalence as of any given date shall be determined using--

(A) an interest rate equal to the annual rate of interest on 30-year Treasury securities or the generally accepted

proxy therefor, in each case as specified by the Commissioner of the Internal Revenue Service for the full calendar month four months prior to the month in which the Member retires; and

(B) for all such benefits payable on an Annuity Starting Date that is on or prior to December 31, 2002, the 1983 Group Annuity Mortality Table weighted 50 percent male; and for all such benefit payments payable on an Annuity Starting Date that is on or after January 1, 2003, the 1994 Group Annuity Reserve Table weighted 50 percent male, projected to 2002; or such other mortality assumption as shall be prescribed by the Secretary of the Treasury, which assumption shall be based on the prevailing commissioners' standard table described in Code section 807(d)(5)(A) used to determine reserves for group annuity contracts issued on the date the determination is being made (without regard to any other subparagraph of Code section 807(d)(5)).

(3) **Maximum Benefit Limitations.**

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(A) **Commencement Prior to Age 62; Adjustment for Certain Forms of Payment Under Section 8.2.** In determining the adjusted maximum benefit limitations under Section 8.3(b) (for benefits commencing before age 62) or under Section 8.2 (for certain forms of payment), actuarial equivalence shall be based on whichever of the following sets of actuarial assumptions result in the lower Retirement Benefit: (i) the assumed rate of interest and the mortality table specified in Sections 2.1(b)(1) and 2.1(b)(2), as applicable, or (ii) a 5 percent assumed rate of interest and the mortality table specified in Section 2.1(b)(2).

(B) **Commencement After Age 65.** In determining the adjusted maximum benefit limitations under Section 8.4 (for benefits commencing after age 65), actuarial equivalence shall be based on whichever of the following sets of actuarial assumptions result in the lower Retirement Benefit: (i) the assumed rate of interest and the mortality table specified in Sections 2.1(b)(1) and 2.1(b)(2), as applicable, or (ii) a 5 percent assumed rate of interest and the mortality table specified in Sections 2.1(b)(1) and 2.1(b)(2), as applicable.

(C) **Top Heavy Factors.** In determining present value under the top-heavy provisions of Article 13, actuarial equivalence shall be based on the Pension Benefit Guaranty Corporation immediate annuity lump-sum factor, with male and female factors equally weighted, as in effect three (3) months prior to the member's Severance from Service Date and the mortality assumptions specified in Section 2.1(b)(2)(B).

Notwithstanding the foregoing limitations, the benefit determined under this subsection shall in no event be less than the Member's Accrued Benefit as of July 1, 1995, determined by applying a 5 percent assumed rate of interest in lieu of the applicable interest rate under Code section 417(e)(3), wherever the same appears in Section 2.1(b)(4)(A).

(c) **"Affiliated Company"** shall mean--

- (1) any corporation while it is a member of the same controlled group of corporations (within the meaning of Code section 414(b)) as the Company,
- (2) any other trade or business (whether or not incorporated) while it is under common control with the Company within the meaning of Code section 414(c),
- (3) any organization (whether or not incorporated) during any period in which it (along with the Company) is a member of an affiliated service group (within the meaning of Code section 414(m)), and
- (4) any entity required to be aggregated with the Company pursuant to Code section 414(o) and the regulations thereunder;

provided that, for purposes of Article 8 (regarding maximum benefit limitations), in determining common control under Code sections 414(b) and (c), the phrase "more than 50 percent" shall be substituted for the phrase "at

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least 80 percent" each place the latter appears in Code section 1563 (and regulations thereunder) and in regulations under Code section 414(c).

(d) **"Annual Pay Credits"** shall mean amounts credited to a Member's Cash Balance Account, in accordance with Section 4.1(d).

(e) **"Annuity Starting Date"** shall be defined as follows:

- (1) **Benefits Payable in the Form of an Annuity.** In the case of benefits payable in the form of an annuity, Annuity Starting Date shall mean the first day of the first period for which an amount is payable under the Plan.
- (2) **Benefits Payable in the Form of a Lump-Sum Payment.** In the case of a benefit payable in the form of a lump-sum payment, Annuity Starting Date shall mean the date on which all events have occurred which

entitle the Member to such benefit, but in no event earlier than the date that benefits become payable to the Member under Section 4.1, 4.2, 4.3, 4.4 or 6.5, whichever is applicable.

(3) **Administrative Delay.** For purposes of subsection (1), if a benefit payment under the Plan has become payable to a Member but distribution has not yet occurred solely for administrative reasons, the Member's Annuity Starting Date shall be deemed to have occurred on the date such payment first became payable.

(f) **"Anniversary Year"** shall mean (1) the twelve-month period following the date on which an Employee first begins his employment with the Company or an Affiliated Company, as well as successive twelve-month periods thereafter, and (2) the twelve-month period following the date on which an Employee returns to the employ of the Company or an Affiliated Company after incurring a One-Year Break in Service, as well as successive twelve-month periods thereafter. No Anniversary Year shall be credited for purposes of vesting under Section 4.2(a) unless in such Anniversary Year the Employee has completed 1,000 or more Hours of Service for the Company or an Affiliated Company.

(g) **"Associate Company"** shall mean any Affiliated Company of which Minerals Technologies Inc. owns directly or indirectly at least 80% of the issued and outstanding shares of stock, which, with the consent of Minerals Technologies Inc., adopts the Plan pursuant to the provisions of Section 9.8 hereof, and, when action is required to be taken hereunder by an Associate Company, such action shall be authorized by its Board of Directors.

(h) **"Automatic Joint and Surviving Spouse Annuity"** shall mean the annuity form of benefit payments described in Section 6.2.

(i) **"Beneficiary"** shall mean the person, persons or trust, or the Member's estate, designated under Section 6.6 to receive benefits under the Plan after the Member's death.

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(j) **"Career Earnings"** shall mean the Member's aggregate Earnings during his period of Creditable Service, except that:

(1) if the Member was employed on April 1, 1998, the Member's Earnings for each calendar year prior to 1998 shall be the average of such Member's Earnings during the five consecutive calendar years prior to 1998 during which the Member rendered Creditable Service which yield the highest average, provided such Member's Earnings are not reduced thereby; and

(2) if the Member was employed on July 1, 1995, but terminated employment prior to April 1, 1998, the Member's Earnings for each calendar year prior to 1995 shall be the average of such Member's Earnings during the five consecutive calendar years prior to 1995 during which the Member rendered Creditable Service which yield the highest average; provided such Member's Earnings are not reduced thereby; and

(3) if the Member was employed on October 22, 1992, but terminated employment before July 1, 1995, the Member's Earnings for each calendar year prior to 1992 shall be the average of such Member's Earnings during the five consecutive calendar years prior to 1992 during which the Member rendered Creditable Service which yield the highest average, provided such Member's Earnings are not reduced thereby; and

(4) in each case, only the Member's Earnings during his last 35 years of Creditable Service shall be counted; provided, however, that, such a calculation shall not lessen such Member's Career Earnings below the result of a prior calculation.

(k) **"Career Earnings Formula"** shall mean the benefit formula described in Section 4.1(b).

(l) **"Cash Balance Account"** shall mean the notional account deemed to have been established for each Member for the purpose of determining each Member's benefit under the Cash Balance Formula.

(m) **"Cash Balance Formula"** shall mean shall mean the benefit formula described in Section 4.1(c).

(n) **"Cessation of Participation Date"** shall mean the date that an Employee ceases to be an Eligible Employee, notwithstanding that he remains an Employee on such date.

(o) **"Code"** shall mean the Internal Revenue Code of 1986, as in effect at the time with respect to which such term is used. A reference to a provision of the Code shall, if such provision is amended, refer to the successor to such provision.

(p) **"Company"** shall mean Minerals Technologies Inc., a Delaware corporation, and any successor corporation and, when action is required to be taken hereunder by the Company, such action shall be authorized by the Compensation and Nominating Committee or the Board of Directors of the Company.

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(q) **"Creditable Service"** shall mean the period of a Member's employment with the Company or an Affiliated Company that is used to determine (i) the amount of a Member's benefit under the Career Earnings Formula, (ii) whether a Member has a vested, non-forfeitable right to his Retirement Benefit on the Member's Severance from Service Date and (iii) eligibility for Disability benefits under Section 4.4. Creditable Service shall be determined as follows:

(1) **Years of Creditable Service.** A Member shall be credited with a year of Creditable Service for each Anniversary Year during which he completes 1,000 or more Hours of Service; provided, however, that for purposes of calculating a Member's Retirement Benefit under the Career Earnings Formula, Hours of Service earned by the Member with an Affiliated Company that is not an Associate Company shall be disregarded in determining the Member's Creditable Service. No fractional years of Creditable Service shall be credited to a Member, except for purposes of determining (A) the Primary Social Security Benefit offset amount pursuant to Section 4.1(b)(2) and (B) a Member's Career Earnings and his eligibility for early retirement under Sections 4.2(b)(2)(A) and (B), in which event the Member's Creditable Service shall be determined on the basis of the months of employment with an Employer during the fractional Anniversary Year without regard to whether the Member completes 1,000 or more Hours of Service within such period. For purposes of the preceding sentence, a month of employment will be credited with respect to the Member's first and last month of employment with an Employer if the Member is employed for at least 15 days in each such month.

(2) **"Prior Service"** shall mean service rendered by a person who is in the service of an Employer before the date on which he becomes a Member and who continues in service on and after the date he becomes a Member. Except as otherwise provided in Section 4.1 and Section 9.8, Prior Service of a Member shall be included in the Member's Creditable Service.

(3) **"Special Service"** shall mean service rendered outside the United States by an Employee employed by a corporation which is an Affiliated Company, but not an Associate Company, which service is rendered (1) before the date on which such Employee becomes a Member; provided, that such Employee continues in service of the Company or an Affiliated Company on and after the date he becomes a Member, or (2) subsequent to the date the Employee becomes a Member, provided that such employment is uninterrupted and that the Member returns to the employment of an Employer immediately following such service. Special Service of a Member shall be included in the Member's Creditable Service.

(4) **Pfizer Plan Membership.** With respect to any Member who was an active participant of the Pfizer Plan immediately prior to October 22, 1992 and who commenced employment with the Company or any of its subsidiaries on or after October 22, 1992 and prior to June 1, 1993, Creditable Service shall include any service credited such Member under the Pfizer Plan provided such Member was an active participant of the Pfizer Plan immediately prior to such Member's employment by the Company or any of its subsidiaries.

(5) **Other Company Service.** Creditable Service shall include service with an employer other than an Employer or an Affiliate which service is recognized as Creditable Service pursuant to Schedule E.

(6) **Military Leave.** An Employee who is absent from work with the Company or an Affiliated Company for voluntary or involuntary service with the armed forces of the United States shall be credited with Creditable Service for the time spent on active duty in the armed forces; provided that such Employee returns to active service with an Employer within the time limits provided by law after their separation or discharge from active duty from the armed forces, having satisfactorily completed their period of training and service. In the event an Employee who would otherwise be credited with Creditable Service for the time spent on active duty in the armed forces except for such Employee's failure to return to active service with an Employer pursuant to the preceding sentence shall nevertheless be credited with up to 501 Hours of Service for such period of military service. Notwithstanding any provision of the Plan to the contrary, effective as of December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with Code Section 414(u).

(7) **Leave of Absence.** Interruption of active service on account of leave of absence authorized by an Employer shall not be considered termination of service. Time spent on authorized leave of absence shall be credited for the purpose of computing length of service and benefits payable under the Career Earnings Formula on the following basis: Members shall receive credit for each full year spent on authorized leave of absence for each full year of Creditable Service that they render to an Employer following return to active service, except that time spent on authorized leave of absence for medical reasons shall be credited without requirement of subsequent Creditable Service and time spent on civic leave shall be credited upon return to active service.

(8) **Effect on Creditable Service of Reemployment After Severance From Service Date.** An Employee who is reemployed after his Severance from Service Date shall have Creditable Service that was credited to such Employee prior to his Severance from Service Date reinstated upon reemployment as follows:

(A) If the Employee is reemployed before a One-Year Break in Service occurs, the Creditable Service the Employee had at the time of his Severance from Service Date shall be reinstated upon the Employee's reemployment.

(B) If the Employee is reemployed after a One-Year Break in Service occurs, the Creditable Service the Employee had at such One-Year Break in Service shall be disregarded if-

(i) the Employee was not vested as to any part of his benefit under the Plan prior to a One-Year Break in Service, and

(ii) the number of consecutive One-Year Breaks in Service equals or exceeds the greater of five or the aggregate number of years of Credited Service completed prior to such One-Year Break in

provided, however, that the Creditable Service that such employee had prior to a One-Year Break in Service shall not be disregarded pursuant to this subsection (ii) if the employee completes at least 24 consecutive months of Creditable Service following his reemployment.

If a reemployed Employee does not forfeit his Creditable Service as provided above, solely for purposes of determining his Career Earnings, the last calendar year in which he rendered Creditable Service shall be treated as being consecutive with the first calendar year in which he renders Creditable Service after his reemployment.

Notwithstanding the foregoing, for purposes of determining a Member's Retirement Benefit under the Career Earnings Formula, following reemployment, no Creditable Service shall be credited for any Anniversary Year subsequent to a Member's Severance from Service Date if such reemployment occurs on or after January 1, 2002.

(r) **"Disability"** shall mean the inability of a Member, who is participating in a long-term disability plan of an Employer, to perform his duties for an Employer as a result of any bodily injury or disease or mental infirmity and for which the Member is receiving disability benefits under such long-term disability plan. A Member who suffers a Disability shall be considered "Disabled" only during the period in which he is receiving disability benefits under an Employer's long-term disability plan.

(s) **"Disability Leave Status"** shall mean the status of a Member who, for purposes of the Career Earnings Formula, has been determined to be Disabled and who has completed at least five years of Creditable Service at the time his Disability began.

(t) **"Earnings."**

(1) **Items Included.** Earnings shall mean actual salary, wages, bonus (except as otherwise provided under Section 2.1(t)(2)), and other remuneration earned by an Employee from an Employer for his service with an Employer, as determined by such Employer. Earnings shall include pre-tax contributions under (A) the Company's Savings and Investment Plan, (B) a cafeteria plan under Code section 125 and (C) a transportation fringe benefit plan under Code section 132(f)(4). Earnings shall also include earnings from Pfizer to the extent that Pfizer has transferred the accumulated benefit obligation of such person under the Pfizer Plan to the Company under the terms and conditions of the Reorganization Agreement between Pfizer Inc. and Minerals Technologies Inc. dated as of September 28, 1992.

(2) **Items Excluded.** Earnings shall not include any part of the cost of any employee benefit (other than pre-tax contributions under (A) the Company's Savings and Investment Plan, (B) a cafeteria plan under Code section 125 or (C) under a transportation fringe benefit plan under Code section 132(f)(4)), including without limitation stock options, perquisites and group insurance, matching contributions under the Company's Savings and Investment Plan, or of any expense reimbursement, including, without limitation,

relocation costs, or of any remuneration received in the form of salary continuance or lump-sum severance by an Employee while no longer providing services to the Company. No part of any bonus or other remuneration forming part of the compensation of any Employee shall be used to determine benefits under the Plan, if such bonus should cause such benefit to become discriminatory under the applicable provisions of the Code.

(3) **Limitation on Amount.** Unless otherwise specifically provided in the Plan, the annual Earnings of each Employee that may be taken into account under the Plan shall not exceed the "applicable dollar amount" of an Employee's annual Earnings. For purposes of this Section 2.1(s), the term "applicable dollar amount" means the maximum annual compensation limit which is (A) \$200,000 as adjusted for the cost of living in accordance with Code section 415(d) for Plan Years beginning before January 1, 1994, (B) \$150,000, as adjusted for the cost of living in accordance with Code section 401(a)(17)(B) for Plan Years beginning January 1, 1994 and ending December 31, 2001, and (C) beginning January 1, 2002, \$200,000, as adjusted for the cost of living in accordance with Code section 415(d). In determining the Earnings of a Member for purposes of the aforementioned limitations for Plan Years beginning prior to January 1, 1997, if any individual is a member of the family of a 5-percent owner or of a Highly Compensated Employee (as defined in Section 9.7(a)(2)) in the group consisting of the ten Highly Compensated Employees paid the greatest compensation during the year, then (A) such individual shall not be considered a separate employee and (B) any Earnings paid to such individual (and any applicable benefit on behalf of such individual) shall be treated as if it were paid to (or on behalf of) the 5-percent owner or Highly Compensated Employee; provided, however, that the aforementioned term "family" shall include only the Spouse of the Member and any lineal descendants of the Member who have not attained age 19 before the close of the year. If, as a result of the application of the foregoing family aggregation rules, the applicable dollar amount is exceeded, then the limit shall be prorated among the individuals in proportion to each such individual's Earnings as determined under this section 2.1(t) prior to the application of the limit.

(u) **"Effective Date"** shall mean October 22, 1992.

(v) **"Eligible Employee"** shall mean a person who (1) is included in a group or class designated by the Company as eligible for membership in the Plan and (2) is in the service of an Employer within the United States of America or is a United States citizen in the service of an Employer outside of the continental limits of the United States of America. Eligible Employee shall not include any person who is included in a unit of employees covered by a collective bargaining agreement that does not provide for the coverage of such person under the Plan if there is evidence that retirement benefits were the subject of good faith bargaining. A person who is a United States citizen and who is employed outside the continental limits of the United States of America in the service of a foreign subsidiary (including foreign subsidiaries of such foreign subsidiary) of the Company shall be considered, for all purposes of the Plan, as employed in the service of the Company if (A) the Company has entered into an agreement under Code section

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3121(1) which applies to the foreign subsidiary of which such person is an employee and (B) contributions under a funded plan of deferred compensation, whether or not a plan described in Code section 401(a), 403(a), or 405(a) are not provided by any other person with respect to the remuneration paid to such individual by the foreign subsidiary. The groups and classes designated by the Company are set forth in Schedule A.

(w) **"Employee"** shall mean any individual employed by an Employer or an Affiliated Company. The term Employee excludes any Leased Employee. The term Employee shall also not include any person who performs services for an Employer under an agreement or arrangement (which may be written, oral and/or evidenced by an Employer's payroll practices) with the individual or with another organization that provides the services of the individual to an Employer, pursuant to which the person is treated as an independent contractor or is otherwise treated as an employee of an entity other than an Employer, irrespective of whether the individual is treated as an employee of an Employer under common law employment principles or pursuant to the provisions of Code section 414(m), 414(n), or 414(o).

(x) **"Employer"** shall mean the Company and any Associate Company.

(y) **"ERISA"** shall mean the Employee Retirement Income Security Act of 1974, as in effect at the time with respect to which such term is used. A reference to a provision of ERISA shall, if such provision is amended, refer to the successor to such provision.

(z) **"Former Eligible Employee"** means an Employee who was an Eligible Employee immediately prior to his or her Cessation of Participation Date.

(aa) **"Hour of Service"**

(1) **General Definition of Hour of Service.** The term "Hour of Service" shall mean each hour for which the Employee is directly or indirectly paid or entitled to payment by an Employer or an Affiliate--

(A) for the performance of duties,

(B) on account of a period of time during which no duties are performed (regardless of whether or not the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including Disability), layoff, jury duty, military duty, or leave of absence, or

(C) for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by an Employer or an Affiliated Company;

provided, however, that no hour shall be credited as an Hour of Service under more than one of the preceding paragraphs.

(2) **Maternity/Paternity Leave.** In the case of Maternity/Paternity Leave, up to 501 Hours of Service shall be credited in the Anniversary Year in which the Maternity/Paternity Leave begins, if the Employee would otherwise have incurred a One-Year Break in

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Service in that Anniversary Year, otherwise up to 501 Hours of Service shall be credited in the following Anniversary Year to prevent a One-Year Break in Service. Maternity/ Paternity Leave means an absence from work (A) by reason of the pregnancy of an Employee, (B) by reason of the birth of a child of an Employee, (C) by reason of the placement of a child with the Employee in connection with the adoption of the child, or (D) for the purposes of caring for the child during the period immediately following the birth or placement for adoption.

(3) **Credited Hours of Service.**

(A) **Equivalency Method.** With respect to periods of employment prior to July 1, 2005, each Employee shall be credited with Hours of Service on the basis of an assumed 190 Hours of Service per month for each month for which the Employee would have received at least one Hour of Service in accordance with this definition to the extent that it does not result in crediting Hours of Service more than once with respect to any period.

(B) **General Method.** With respect to periods of employment subsequent to June 30, 2005, Hours of

Service shall be determined by the Employer or Affiliated Company from records of actual hours worked by each Employee in accordance with (I) this definition to the extent that it does not result in crediting Hours of Service more than once with respect to any period and (II) the requirements of Department of Labor Regulation section 2530.200b-2(a)(1), (2) and (3).

(4) **Special Rules for Determining Hours of Service.** In the case of a payment which is made or due on account of a period during which an Employee performs no duties, Hours of Service will be determined in accordance with Department of Labor Regulations section 2530.200b-2(b) and (c).

- (bb) **"Interest Credits"** shall mean the amounts credited to a Member's Cash Balance Account in accordance with Section 4.1(e).
- (cc) **"Leased Employee"** shall mean any person (other than an Employee of the Company or an Associate Company) who pursuant to an agreement between the Company or an Associate Company and any other person ("leasing organization") has performed services for the Company or an Associate Company (or for the Company or an Associate Company and related persons determined in accordance with section 414(n)(6) of the Code) on a substantially full time basis for a period of at least one year, and such services are performed under the primary direction or control of the Company or an Associate Company.
- (dd) **"Member"** shall mean an Employee or former Employee who has become a Member under Article 3. A Member shall continue to be a Member as long as he has an undistributed beneficial interest in the Plan.
- (ee) **"Normal Retirement Age"** shall mean age 65 if the Employee commenced employment on or before July 31, 2002, or the later of the date the Employee attains age 65 or completes five years of Creditable Service, if the Employee commences employment on or after August 1, 2002.
- (ff) **"Normal Retirement Date"** shall mean the first day of the calendar month coinciding with or next following the date on which the Member attains Normal Retirement Age.
- (gg) **"One Year Break in Service"** shall mean an Anniversary Year in which a Member is credited with 500 or fewer Hours of Service.
- (hh) **"Pfizer Plan"** shall mean the Pfizer Inc. Retirement Annuity Plan.
- (ii) **"Plan"** shall mean the Minerals Technologies Inc. Retirement Plan, as set forth in this document and as amended from time to time.
- (jj) **"Plan Year"** shall mean the period beginning January 1 and ending December 31.
- (kk) **"Primary Social Security Benefit"** shall mean the annual amount available to the Member at age 65, or later if the Member retires after age 65, under the Old Age Insurance provisions of Title II of the Social Security Act in effect at his Severance from Service Date, without regard to any increases in the wage base or benefit levels that take effect after the date of termination of employment, subject to the following:

(A) A Member's Primary Social Security Benefit shall be determined (1) with respect to the period prior to the Member's Severance from Service Date, by applying a salary scale which is the actual change in average wages from year to year as determined by the Social Security Administration, projected backwards, from the Member's Earnings for the calendar year in which the Member's Severance from Service Date occurs (or the Member's Earnings during the calendar year immediately preceding the calendar year in which the Member's Severance from Service Date occurs, if Earnings during such year are greater) and (2) in the event that the Member's Severance from Service Date occurs prior to attainment of age 65, by assuming that the Member's Earnings as determined in (1) will continue to be earned by the Member until age 65. Notwithstanding the foregoing, if a Member whose Severance from Service Date occurs prior to attainment of age 65 retires pursuant to Section 4.2(b)(2)(B), such Member's Primary Social Security Benefit shall be estimated by assuming that the Member will not receive any income after retirement which would be treated as wages for purposes of the Social Security Act.

(B) Notwithstanding the foregoing, actual salary history will be used to calculate the Primary Social Security Benefit if this will result in a larger benefit under the Career Earnings Formula for the Member, but only if documentation of such history is provided by the

Member within two years after the later of his Severance from Service Date or the date the Member receives notice of his benefits under the Plan.

- (ll) **"Retirement Benefit"** shall mean the benefit payment to which a Member is entitled under Section 4.1, 4.2, 4.3 or 4.4, whichever is applicable.
- (mm) **"Retirement Committee"** shall mean those individuals designated by the Board of Directors of the Company to serve as Members of the Retirement Committee.
- (nn) **"Severance from Service Date"** shall mean the earlier of the following dates:

(1) the date on which the Employee terminates voluntarily, retires, is discharged or dies; or

(2) the first anniversary of the first date of a period in which an Employee remains absent from the service of an Employer for any reason other than voluntary termination, retirement, discharge or death, such as vacation, holiday, sickness, disability (other than a condition that renders the Employee Disabled as defined in Section 2.1(r)), leave of absence (other than a leave granted for military service) or lay-off; provided, however, that in the event an Employee shall quit, retire, die or be discharged prior to said first anniversary, his Severance from Service Date shall be the first day of such period of absence unless the Employee shall return to employment prior to such anniversary date.

(oo) **"Single Life Annuity"** shall mean an annuity providing equal monthly payments for the lifetime of the Member with no survivor benefits.

(pp) **"Spouse"** shall mean the person of the opposite sex to whom a Member has been legally married (as determined in accordance with the laws of the jurisdiction in which he resides) throughout the one-year period preceding the earlier of the Member's Annuity Starting Date or the date of the Member's death.

(qq) **"Trust Agreement"** shall mean the agreement under which Plan assets are held and invested pursuant to Article 12 hereof.

(rr) **"Trust Fund"** or **"Trust"** shall mean the trust fund established under Article 12 to hold the assets of the Plan.

(ss) **"Trustee"** shall mean the person or persons acting as trustee of the Trust Fund.

2.2 Gender and Number

Whenever applicable, the masculine gender, when used in the Plan, shall include the feminine or neuter gender, and the singular shall include the plural.

Article 3. Participation

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3.1 Commencement of Participation

(a) **Employees Who Were Members on December 31, 2001.** Each Employee on December 31, 2001, who was a Member in the Retirement Annuity Plan on such date shall be a Member in the Plan on January 1, 2002, provided he is then an Eligible Employee.

(b) **Other Employees.** Each other Employee shall become a Member on the first day on which the Employee is credited with an Hour of Service, provided he is then an Eligible Employee.

3.2 Cessation of Participation

Notwithstanding any other provision of the Plan to the contrary, as of a Former Eligible Employee's Cessation of Participation Date, such Former Eligible Employee shall continue to earn Creditable Service for purposes of determining his vested status under Section 4.2, but, effective December 30, 2005, in no event shall such a Former Eligible Employee continue to earn Creditable Service for purposes of (A) the calculation of his Career Earnings under Section 4.1(b); or (B) his eligibility for Disability benefits under Section 4.4. Furthermore, in no event shall such a Former Eligible Employee's Earnings be recognized, nor shall he accrue benefits under, either the Career Earnings Formula or the Cash Balance Formula following such Former Eligible Employee's Cessation of Participation Date, except as specifically set forth below. With respect to any benefits under the Plan that accrue after December 30, 2005, a Former Eligible Employee's age on his or her Cessation of Participation Date shall be used for purposes of determining such Former Eligible Employee's age under Sections 4.2(b)(2)(A)(B) and (C).

Notwithstanding the foregoing, a Former Eligible Employee shall continue to earn Interest Credits pursuant to Section 4.1(e), and such Former Eligible Employee's Cash Balance Account shall continue to be credited with such Interest Credits, until the last day of the month prior to the month in which payment under the Plan commences in accordance with Section 4.1(e).

If such a Former Eligible Employee again becomes an Eligible Employee, he shall be treated as if he were reemployed, and shall be covered under the Cash Balance Formula, consistent with Sections 4.1 (b) and (c).

Article 4. Normal Retirement Benefit

4.1 Normal Retirement Benefit

(a) **In General.** A Member who attains Normal Retirement Age while employed by an Employer or an Affiliated Company shall be entitled to a nonforfeitable benefit, calculated as a Single Life Annuity commencing on his Normal Retirement Date.

(b) **Career Earnings Formula.** The Career Earnings Formula shall be used to determine the Normal Retirement Benefit of each Member who was an Employee of an Employer on December 31, 2001; provided, however, that, in the case of a Member who, following his Severance from Service Date, is reemployed by an Employer on or after January 1, 2002, the Career Earnings Formula

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shall not be applicable with respect to the Member's period of employment with an Employer which occurs subsequent to the date of the Member's reemployment. The benefit payable at the Normal Retirement Date of an Employee under the Career Earnings Formula, shall be equal to the greater of--

(1) 1.4% of the Member's Career Earnings; or

(2) 1.75% of the Member's Career Earnings, less 1.50% of his Primary Social Security Benefit multiplied by his years of Creditable Service, but in no event more than 35 years of Creditable Service.

Notwithstanding the foregoing, unless otherwise provided herein, each Section 401(a)(17) Member's Accrued Benefit under the Career Earnings Formula will be the greater of the Accrued Benefit determined for such Member under (A) or (B) below:

(A) the Section 401(a)(17) Member's Accrued Benefit determined with respect to the benefit formula applicable for the Plan Year beginning on or after January 1, 1994, as applied to such Member's total years of Creditable Service taken into account under the Career Earnings Formula for the purposes of benefit accruals, or

(B) the sum of:

(i) the Section 401(a)(17) Member's Accrued Benefit as of the last day of the last Plan Year beginning before January 1, 1994, frozen in accordance with section 1.401(a)(4)-13 of the Treasury Regulations, and

(ii) the Section 401(a)(17) Member's Accrued Benefit determined under the benefit formula applicable for the Plan Year beginning on or after January 1, 1994, as applied to such Member's years of Creditable Service for Plan Years beginning on or after January 1, 1994, for purposes of benefit accruals.

A "Section 401(a)(17) Member" means a Member whose current Accrued Benefit as of a date on or after the first day of the first Plan Year beginning on or after January 1, 1994, is based on Career Earnings for a year beginning prior to the first day of the first Plan Year beginning on or after January 1, 1994, that exceeded \$150,000.

In the case of any group or class of Members, an Employer may limit the Prior Service of persons included in such group or class to service rendered on and after a date to be determined by an Employer.

Except in the case of a person in the service of a corporation which becomes an Associate Company, the Prior Service benefits of any Member who was absent from his Employer during all or part of the calendar year next preceding the date

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he becomes a Member, because of sickness, Disability, service in the armed forces of the United States, or like reasons beyond his control, and who entered the service of his Employer prior to such calendar year, shall be computed by crediting to him as Earnings for such calendar year the following Earnings:

(I) all Earnings actually received by such Member in such calendar year before or after the period of absence from his Employer, and

(II) the Earnings he would have received in such calendar year during the period of absence based on a forty-hour week at his straight-time rate of pay at the time of leaving his Employer and any increased rate to which he would have been entitled as a result of automatic length-of-service increases or a general increase, and any bonuses or other payments made in such calendar year during such period of absence to which he would normally have been entitled.

(c) **Cash Balance Formula.** The Cash Balance Formula shall be used to determine the Normal Retirement Benefit of each Member whose employment with an Employer commences on or after January 1, 2002. The Cash Balance Formula shall be also used to determine the Normal Retirement Benefit of any Member who is reemployed by an Employer on or after January 1, 2002, with respect to the determination of such Member's Normal Retirement Benefit attributable to service occurring subsequent to his reemployment date. Under no circumstances shall a Member accrue benefits under the Career Earnings Formula and the Cash Balance Formula with respect to the

same periods of Creditable Service. The benefit payable at the Normal Retirement Date of an Employee under the Cash Balance Formula shall be equal to the sum of--

- (1) Annual Pay Credits pursuant to Section 4.1(d); and
- (2) Interest Credits pursuant to Section 4.1(e).

(d) **Annual Pay Credits.** As of the first day of each Plan Year, an Annual Pay Credit shall be credited to the Cash Balance Account of each Member whose benefit is determined under the Cash Balance Formula (including each such Member who retired, died, or otherwise terminated during the prior Plan Year), who received Earnings during the prior Plan Year. The Annual Pay Credit shall equal such Member's Earnings for the prior Plan Year multiplied by five percent (5%). Notwithstanding the foregoing, in the final year of a Member's employment, an Annual Pay Credit will be credited to such Member's account, calculated by multiplying such Member's Earnings in the current Plan Year up to the Member's termination date by five percent (5%).

(e) **Interest Credits.** Interest Credits based on the amount of the Member's Cash Balance Account as of the last day of each Plan Year shall be added to the Cash Balance Account of each Member whose benefit is determined under the Cash Balance Formula as of the last day of the Plan Year, prior to the crediting of any Annual Pay Credit or other credit for the following Plan Year. In the final year of employment of each such Member, interest at the same rate as used in determining the Interest Credit on the last day of the Plan Year in which the Member's employment is

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terminated, shall be credited on a *pro rata* basis up to the date such Member's benefits commence to the Member's Cash Balance Account as of January 1 of the Plan Year in which the Member's employment terminates. Effective January 21, 2004, the preceding sentence shall only apply if the Member elects to receive his benefit prior to the end of the Plan Year in which the Member's employment terminates and no additional Interest Credit will be applied as of the end of the Plan Year to any Annual Pay Credit accrued to a Member's Cash Balance Account based on his Earnings in the final year of the Member's employment where the Member elected to receive his benefit prior to the end of the Plan Year in which the Member's employment terminates. Except as provided below, Interest Credits shall cease once benefit payments have commenced to the Member.

If a Member who is currently receiving Retirement Benefits in any form other than a lump-sum payment is re-employed, interest hereunder shall not be credited to the Member's Cash Balance Account used to determine such benefits but shall be credited to a new Cash Balance Account established on behalf of such Member.

Effective for Plan Years beginning on January 1, 2002 through January 1, 2004, the rate of interest used to determine the Interest Credits for a Plan Year shall be the twelve-month average of the 30-year constant maturity Treasury Bond rates (or the generally accepted proxy therefor (as published by the U.S. Federal Reserve Board)) determined for the 12 months ending in November of the immediately preceding Plan Year. Notwithstanding any other provision of the Plan to the contrary, an Employer reserves the right to change the interest rate used to determine Interest Credits at any time prior to the beginning of the Plan Year in which such credit is added to the Member's Cash Balance Account.

Effective for Plan Years beginning after December 31, 2004, the rate of interest used to determine the Interest Credits for a Plan Year shall be the one-year constant maturity Treasury Bond rate (or the generally accepted proxy therefor (as published by the U.S. Federal Reserve Board)) for the month of November of the immediately preceding Plan Year plus one percentage point. Notwithstanding any other provision of the Plan to the contrary, an Employer reserves the right to change the interest rate used to determine Interest Credits at any time prior to the end of the Plan Year in which such credit is added to the Member's Cash Balance Account.

4.2 Vesting and Early Commencement of Retirement Benefit Payments

(a) **Commencement of Vested Retirement Benefits at Normal Retirement Date.** A Member whose Severance from Service Date occurs after he has completed five or more Years of Creditable Service shall be entitled to receive a Retirement Benefit commencing at Normal Retirement Date calculated in accordance with Section 4.1, the monthly amount of which, if such benefit were paid in the form of a Single Life Annuity, shall be equal to the Member's Accrued Benefit at his Annuity Starting Date under the Career Earnings Formula and/or the Actuarial Equivalent of his Cash Balance Account at his Annuity Starting Date. Subject to the provisions of Article 6, any Retirement Benefit payable under this section may be paid in the form of a Single Life Annuity, an Automatic Joint and Surviving Spouse Annuity, or in another optional form of payment provided under Section 6.3.

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If, at the Member's Severance from Service Date, a Member's vested Accrued Benefit is zero, he shall be deemed to have received an immediate lump-sum payment of his vested Accrued Benefit.

(b) **Commencement of Vested Retirement Benefits Before Normal Retirement Date.**

- (1) **Provisions Applicable to Accrued Benefits Attributable to the Cash Balance Formula.** Subject to the provisions of Article 6, a Member whose Severance from Service Date occurs after he has completed five or more Years of Creditable

Service shall be entitled to elect that the Retirement Benefit payable pursuant to the Cash Balance Formula, if any, commence on the first day of the month coincident with or following his Severance from Service Date up to his Normal Retirement Date.

(2) **Provisions Applicable to Commencement of Vested Retirement Benefits Attributable to the Career Earnings Formula.** The Retirement Benefit determined under the Career Earnings Formula of a Member whose Severance from Service Date occurs prior to his Normal Retirement Date shall not commence until the Member's Normal Retirement Date, except as follows:

(A) A Member whose Severance from Service Date occurs on or after the Member's attainment of age 55 and following his completion of 10 Years of Creditable Service may elect to commence his Retirement Benefit as of the first day of any month prior to the Member's Normal Retirement Date. If such a Member elects an Annuity Starting Date that is prior to the Member's Normal Retirement Date, the Retirement Benefit payable as of such date shall equal the Member's Accrued Benefit multiplied by the applicable percentages contained in Schedule B;

(B) A Member whose Severance from Service Date occurs on or after the date as of which the sum of the Member's age and the Member's Years of Creditable Service equal or exceed a total of 90 years may elect to commence his Retirement Benefit as of the first day of any month on or after the Member's attainment of age 55 and prior to the Member's Normal Retirement Date. If such a Member elects an Annuity Starting Date that is prior to the Member's Normal Retirement Date, the Retirement Benefit payable as of such date shall equal the Member's Accrued Benefit multiplied by the applicable percentages contained in Schedule C;

(C) A Member whose Severance From Service Date occurs on or after the date as of which the Member has completed five or more Years of Creditable Service but prior to the date as of which the Member satisfies the requirements of Sections 4.2(b)(2)(A) and (B), such Member may elect to commence his Retirement Benefit as of the first day of any month prior to the Member's Normal Retirement Date on or after the Member has attained age 55. If such a

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Member elects an Annuity Starting Date that is prior to the Member's Normal Retirement Date, the Retirement Benefit payable as of such date shall equal the Member's Accrued Benefit multiplied by the applicable percentages contained in Schedule D.

(D) The foregoing notwithstanding, the Retirement Benefit of a Member who has completed at least five Years of Creditable Service shall in no event be less than the Retirement Benefit to which the Member would have been entitled had his Severance from Service Date occurred on December 31, 1993, under the terms and conditions of the Plan as then in effect (the "1993 Annuity"). A Member may elect to receive his 1993 Annuity, if any, prior to attaining age 55 but in no event prior to attaining age 50. If such a Member elects an Annuity Starting Date for this 1993 Annuity that is prior to the Member attaining age 55, the benefit payable as of such date shall equal the Member's 1993 Annuity, reduced by 4% for each year (or portion thereof determined on a monthly basis) that it is received prior to age 65, measured from the Annuity Starting Date.

If a Member makes such an election, the remaining portion of his Accrued Benefit, if any, determined as of the date he elects to receive the 1993 Annuity and expressed as a benefit payable at age 65, shall be the amount obtained by subtracting the Member's reduced 1993 Annuity from the product of his Accrued Benefit multiplied by the Actuarial Factor. The resulting net benefit amount, if any, is then divided by the Actuarial Factor to obtain the remaining benefit payable at age 65. For purposes of this computation, the "Actuarial Factor" shall mean the product of 40% multiplied by the actuarial equivalent benefit of an annual benefit of \$1 commencing at age 55, determined as of the date the Member begins to receive his 1993 Annuity. The remaining portion of the Accrued Benefit so determined shall be payable under the terms and conditions of the Plan in effect at the Member's termination of employment.

A Member who terminates employment with a vested right to his 1993 Annuity may elect to receive the 1993 Annuity in any of the optional forms of benefit available to such Member as in effect under the Plan on December 31, 1993.

4.3 Deferred Retirement

(a) **Amount of Benefit.** A Member who remains an Eligible Employee beyond his Normal Retirement Date shall be entitled to a Deferred Retirement Benefit, calculated in accordance with Section 4.1 and in accordance with the provisions of the Plan as in effect as of his Severance from Service Date. The monthly amount of a Member's benefit payable under this section, if such benefit were payable in the form of a Single Life Annuity, shall be the Actuarial Equivalent of his Cash Balance Account or his Retirement Benefit under the Career Earnings Formula at his Severance from Service Date. Subject to the provisions of Article 6, any benefit payable under this section may be paid in the form of a Single Life Annuity, an Automatic Joint and Surviving Spouse Annuity, or in an optional form of payment under Section 6.3.

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(b) **Commencement of Benefit.** Subject to the provisions of Article 6, and except as provided in Sections 4.3(c) and (d), such Deferred Retirement Benefit payments shall commence as of the first day of the calendar month coincident with or next following the Member's Severance from Service Date.

(c) **Limited Service.** Notwithstanding any other provision of the Plan, with respect to the period from his Normal Retirement Date to his Severance from Service Date, the Member shall receive Normal Retirement Benefit payments for each month in which he is compensated for fewer than 40 Hours of Service.

(d) **Suspension of Benefits Notice Procedures.** In the case of a Member who remains an Employee beyond his Normal Retirement Date, Sections 5.2 and 5.3 (suspension of benefits) shall apply for any month commencing after Normal Retirement Date in which he is compensated for 40 or more Hours of Service.

4.4 Disability Retirement

(a) **Effect of Disability Leave Status on Benefits Under the Career Earnings Formula.** Upon becoming Disabled, a Member who has completed at least five years of Creditable Service will be eligible for Disability Leave Status. Such status may be terminated or suspended by the Retirement Committee if at any time before age 65 the Member again engages in regular full-time employment, fails or refuses to undergo any medical examination ordered by the Retirement Committee, or the Retirement Committee determines on the basis of a medical examination that the Member has sufficiently recovered to engage in regular full-time employment. While on Disability Leave Status, a Member will be credited with Creditable Service, and with Earnings at the same rate as he had earned in the calendar year prior to the calendar year in which he became Disabled, until the Member retires, dies, reaches age 65, or his Disability Leave Status is sooner terminated or suspended.

(b) **Effect of Disability on Benefits Under the Cash Balance Formula.** If a Member who has completed at least five years of Creditable Service and who is an Employee suffers a Disability prior to termination, and, for reasons thereof, the Member's status as an Employee ceases, then such Member shall continue to be credited with Annual Pay Credits and Interest Credits during the period of such Disability as described below and as provided in Section 4.1 as if the individual were still actively employed. For the purpose of determining a Disabled Member's Annual Pay Credits for any Plan Year, such Member's Earnings for any period of Disability shall be equal to the Member's Earnings during the full calendar year immediately preceding the date of such Disability (annualized in the event the Member did not receive 12 full months of Earnings). Additionally, Years of Creditable Service (determined on the basis of the Member's regularly scheduled Hours of Service as of the date immediately preceding the date of such Disability) shall continue to be credited during the period in which credits continue to be credited to the Member's Cash Balance Account. Annual Pay Credits for a Plan Year shall be determined based on the Disabled Member's attained age and Anniversary Years of Service (including the additional

service described above) as of the immediately preceding December 31. However, such credits shall cease upon the earliest to occur of:

- (1) the day on which the Member's long-term disability plan payments cease;
- (2) the day the Member dies;
- (3) the date the Member begins to receive benefit payments under the Plan; or
- (4) the fifth anniversary of the last day the Member was actively at work prior to such Disability, as determined by the Retirement Committee.

4.5 Adjustment for In-Service Payments

In the case of a Member whose benefit payments commence prior to his Severance from Service Date pursuant to either section 4.3(c) or section 6.4(b) (required commencement at age 70 1/2)--

(a) Retirement Benefits payable under the Career Earnings Formula shall be reduced to reflect the Actuarial Equivalent value of amounts previously paid to the Member as in-service payments; and

(b) the Member's benefit determined under the Cash Balance Formula will be adjusted, if appropriate, in each calendar year beginning after the Member's Annuity Starting Date, to reflect changes in his Normal Retirement Benefit resulting from adjustments to the Member's Cash Balance Account for the next preceding calendar year.

4.6 Transfer of Employment

In the case of a Member who transfers from employment with an Employer to a nonparticipating Affiliated Company, he shall not earn Creditable Service for Anniversary Years during which the Member is employed by the nonparticipating Affiliated Company nor shall the Member's Earnings be recognized with respect to such period. No Annual Pay Credits shall be made to the Member's Cash Balance Account with respect to the period of such Member's employment with a nonparticipating Affiliated Company, however, such Member's Cash

Balance Account shall continue to be credited with Interest Credits during such period until the end of the month prior to the month in which payment under the Plan commences.

Article 5. Effect of Continued Employment or Reemployment on Retirement Benefits

5.1 Reemployment After a Member's Annuity Starting Date

In the case of a Member who is reemployed by an Employer or an Affiliate after he has received or begun to receive a benefit under the Plan, such Member's participation in the Plan shall resume as of the date of such Member's reemployment and benefit payments under the Plan shall be suspended during the period of his reemployment with respect to benefits accrued prior to such reemployment. The amount of the Member's Cash Balance Account attributable to the Member's previous employment shall be equal to \$0 upon such Member's reemployment and a new Cash

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Balance Account shall be established with respect to such Member which shall reflect Annual Pay Credits for periods after reemployment and related Interest Credits.

5.2 Reemployment Before a Member's Annuity Starting Date

In the case of a Member who is reemployed by an Employer or an Affiliate before he has begun to receive a benefit, such Member's participation in the Plan shall resume as of the date of such Member's reemployment, provided, however, that any benefits accrued by a Member who is reemployed on or after January 1, 2002 shall be determined under the Cash Balance Formula, pursuant to Section 4.1(c).

5.3 Reemployment or Continuation of Employment After a Member's Normal Retirement Date

In the case of a Member who is reemployed by an Employer or an Affiliate after his Normal Retirement Date or who remains employed by an Employer or an Affiliate after his Normal Retirement Date--

- (a) no benefits shall be paid under the Plan for any month in which he is compensated for 40 or more Hours of Service;
- (b) for periods of employment or reemployment described in subsection (a) above, Department of Labor regulation section 2530.203-3, including the notice procedures described in Section 5.4, shall be followed; and
 - (1) benefits paid after a subsequent Break in Service shall not be adjusted on account of payments suspended during periods of employment or reemployment.

5.4 Suspension of Benefits Notice Procedures

In the case of a Member whose benefits are to be suspended after Normal Retirement Age as a result of such Member's continuation of employment with an Employer or an Affiliate, the Retirement Committee shall notify the Member of any such suspension by personal delivery or first class mail during the first calendar month for which payments are withheld. Such notice shall contain--

- (a) a general description of the reasons why payments are suspended;
- (b) a general description of the Plan provisions relating to the suspension of benefits;
- (c) a copy of such Plan provisions;
- (d) a statement that applicable Department of Labor regulations may be found in section 2530.203-3 of the Code of Federal Regulations; and
- (e) a statement that a review of the suspension may be requested under the claims procedure found in Section 11.10.

If the summary plan description ("SPD") contains information which is substantially the same as the information required by this section, the notification may refer the Member to the relevant pages of the SPD, provided that the Member is informed as to how to obtain a copy of the SPD or the relevant

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pages, and that requests for information are honored within 30 days.

Article 6 Form of Payment of Retirement Benefits

6.1 Automatic Form of Payment

Subject to Sections 6.2 through 6.5, a Member's benefit shall be paid in the form of a Single Life Annuity (in the case of unmarried Member) and in the form of an Automatic Joint and Surviving Spouse Annuity (in the case of married Members) commencing on the date determined under the provisions of Article 4.

6.2 Automatic Joint and Surviving Spouse Annuity

(a) **General Rule.** The benefit of a Member who has been married to his Spouse throughout the one-year period immediately preceding his Annuity Starting Date and who is entitled to receive monthly annuity payments under the Plan shall be payable in the form of an Automatic Joint and Surviving Spouse Annuity (as defined below), unless he has elected otherwise in accordance with Section 6.2(c).

(b) **Definition.** "Automatic Joint and Surviving Spouse Annuity" shall mean an annuity that is the Actuarial Equivalent of a Single Life Annuity, provides a reduced level monthly benefit to the Member for his lifetime, and upon the Member's death, provides an annuity for the life of his surviving Spouse in a monthly amount equal to 50% of the monthly amount payable to the Member during his life."

(c) **Election Procedures.**

(1) **General Rule.** A married Member may elect in writing, on a form supplied by the Retirement Committee, to waive the Automatic Joint and Surviving Spouse Annuity, and to receive his benefits in the form of a Single Life Annuity or in accordance with an optional form of payment described in Section 6.3. Any election by a Member pursuant to this Section 6.2(c)(1) must be filed with the Retirement Committee within the election period described in Section 6.2(c)(5). For such an election to be effective--

- (A) the Member's Spouse must consent in writing to such election;
- (B) such election must state the optional form of payment under Section 6.3 which is elected;
- (C) such election must designate a Beneficiary (if applicable);
- (D) the Member's Spouse must acknowledge the financial consequences of such consent; and

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(E) such Spouse's consent must be witnessed by a Plan representative or a notary public.

(2) **Exception to Consent Requirement.** The consent of a Member's Spouse shall not be required where--

- (A) the Member has elected the form of payment described in Section 6.3(d) and the Spouse is the Beneficiary thereunder;
- (B) the Retirement Committee determines that the required consent cannot be obtained because there is no Spouse or the Member's Spouse could not be located;
- (C) the Retirement Committee determines that the Member is legally separated;
- (D) the Retirement Committee determines that the Member has been abandoned within the meaning of local law and there is a court order to that effect.

(3) **Revocation and Modification.** An election by a Member, pursuant to Section 6.2(c)(1), to waive an Automatic Joint and Surviving Spouse Annuity may be revoked by the Member, in writing, without the consent of his Spouse at any time during the election period. Any subsequent election by a Member to waive an Automatic Joint and Surviving Spouse Annuity or any subsequent modification of a prior election (other than a revocation of a waiver of an Automatic Joint and Surviving Spouse Annuity or a change in the form of payment or designation of Beneficiary where there is in effect a valid general consent with respect to the form of payment or designated Beneficiary (whichever is applicable)) must comply with the requirements set forth in Section 6.2(c)(1) above. A Spouse's consent shall be considered a "general consent" if the following requirements are satisfied--

- (A) the consent permits the Member to waive the Automatic Joint and Surviving Spouse Annuity;
- (B) the consent permits the Member to change the optional form of benefit payment and/or the designated Beneficiary without any requirement of further consent by the Spouse; and
- (C) the Spouse acknowledges in the consent that--

- (i) the Spouse has the right to limit consent to a specific optional form of benefit and/or Beneficiary (as applicable), and

- (ii) the Spouse voluntarily relinquishes either or both of such rights (as applicable).

Notwithstanding any other provision of this Article 6 to the contrary, if, at any time subsequent to the Annuity Starting Date of a retirement benefit being paid to a Member in the form of an Automatic Joint and Surviving Spouse Annuity, the Plan receives a domestic

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relations order determined by the Retirement Committee pursuant to Section 14.3 to be a qualified domestic relations order under Code section 414(p), which order specifically provides that the Member's former Spouse who is the Member's contingent annuitant under the Automatic Joint and Surviving Spouse Annuity is no longer the Member's contingent annuitant for purposes of survivor benefits under the Plan, the Automatic Joint and Surviving Spouse Annuity shall thereupon be cancelled. Upon such cancellation of the Automatic Joint and Surviving Spouse Annuity, the Member shall elect any form of payment as shall be available under the Plan to the Member at the time of the cancellation of the Automatic Joint and Surviving Spouse Annuity; provided, however, that the amount of the retirement benefit payable after the cancellation of the Automatic Joint and Surviving Spouse Annuity shall be the Actuarial Equivalent of the Member's Accrued Benefit as of the Member's Annuity Starting Date reduced to reflect the value of the benefits previously received by the Member in the form of the Automatic Joint and Surviving Spouse Annuity.

(4) **Validity of Spousal Consent.** Any consent or election under this provision shall be valid only with respect to the Spouse who signs the consent or, if the Spouse's consent is excused by the Retirement Committee, the designated Spouse, but shall be irrevocable once made.

(5) **Election Period.** For purposes of this Section 6.2, a Member's "election period" shall be the 90-day period ending on the Member's Annuity Starting Date; provided, however, that if the written notification described in Section 6.2(d) is furnished to a Member on or after the Member's Annuity Starting Date, then (i) the Member's election period shall not end until 30 days after such notification is provided, and (ii) distributions must commence to such a Member not more than 90 days after (or longer if distribution has not yet occurred by such 90th day solely for administrative reasons) such notification is provided (in which case the Annuity Starting Date affirmatively elected by the Member shall be referred to as the "Retroactive Annuity Starting Date" and shall be deemed to have occurred on the date such Member's Plan benefits first became payable). Notwithstanding any provision of the Plan to the contrary, for purposes of the foregoing, Plan benefits shall only be provided based on a Retroactive Annuity Starting Date if all of the following conditions are satisfied:

(A) The Member affirmatively elects to use the Retroactive Annuity Starting Date.

(B) The Member's Spouse, as of the time distributions actually commence (including an alternate payee who is treated as the Member's Spouse under a qualified domestic relations order as defined in Code section 414(p)), consents to the Retroactive Annuity Starting Date election in a manner that satisfies the spousal consent requirements set forth herein. However, such spousal consent is not required where the amount of such Spouse's survivor annuity payments using the Retroactive Annuity Starting Date are no less than the amount that the survivor payments to such Spouse would have been under an optional form of benefit that would satisfy the requirements

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to be a "qualified joint and survivor annuity" under Code section 417(b) and has an annuity starting date after the date that the notification was provided.

(C) The distribution (including appropriate interest rate adjustments) to the Member provided based on the Retroactive Annuity Starting Date would satisfy the requirements of Code section 415, if the date the distribution commences is substituted for the Annuity Starting Date for all purposes, including for purposes of determining the applicable interest rate and mortality table; provided, however, that such requirement is not applicable in the case of a distribution that commences 12 months or less from the Retroactive Annuity Starting Date, unless the form of benefit is a form of benefit subject to the valuation rules of Code section 417(e)(3).

(D) Future periodic payments with respect to a Member who elects a Retroactive Annuity Starting Date are the same as the future periodic payments, if any, that would have been paid to such Member had payments actually commenced on the Retroactive Annuity Starting Date. In addition, in the case of a form of benefit that would have been subject to Code section 417(e)(3) if distributions had commenced as of the Retroactive Annuity Starting Date, the distribution must be no less than the benefit produced by applying the applicable interest rate and the applicable mortality table determined as of the date the distribution commences to the annuity form that corresponds to the annuity form that was used to determine the benefit amount as of the Retroactive Annuity Starting Date. In the case of either future periodic payments described in the first sentence of this subsection (D) or payments subject to Code section 417(e)(3) described in the second sentence of this subsection (D), the Member must receive a make-up amount to reflect any missed payments, with an appropriate adjustment for interest, at a rate of interest equal to the applicable interest rate for one-year Treasury-Bills plus 1%, compounded monthly, from the date the payments would have been made to the date payments actually commenced.

(d) **Notification.** With regard to an election, the Retirement Committee shall provide each Member within the notice period described below, a written explanation of--

- (1) the terms and conditions of the Automatic Joint and Surviving Spouse Annuity;
- (2) the Member's right to make, and the effect and financial consequences of, a waiver of the Automatic Joint and Surviving Spouse Annuity;
- (3) the relative values of the various optional forms of benefit under the Plan;
- (4) the financial effect of electing an optional form of benefit under the Plan;
- (5) any other material features of the various optional forms of benefit under the Plan;

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- (6) the rights of the Member's Spouse regarding a waiver of the Automatic Joint and Surviving Spouse Annuity; and
 - (7) the right of the Member to revoke a prior waiver of the Automatic Joint and Surviving Spouse Annuity and the effect and financial consequences of such a revocation.

For purposes of this Section 6.2(d), the "notice period" shall be the 60-day period beginning 90 days prior to the Annuity Starting Date; provided, however, that the Retirement Committee may establish uniform procedures to permit a Member with any applicable spousal consent to waive the 30-day period for notice and/or election if the distribution commences more than 7 days after the notification is provided.

6.3 Other Optional Forms of Payment

(a) In General.

- (1) The optional forms of payment described in Section 6.3(b), (d) and (e) shall not be available to a Member whose Severance From Service Date occurs prior to the date as of which the Member satisfies the requirements of Sections 4.2(b)(2)(A) and (B). Notwithstanding the foregoing, a Member whose Retirement Benefit is determined under the Cash Balance Formula may receive payment of his vested Retirement Benefit in the form of a lump sum payment pursuant to Section 6.3(b).
- (2) Subject to Sections 6.1, 6.2 and 6.3(a)(1), a Member may elect in writing to receive his benefit under Section 4.1, 4.2, 4.3, or 4.4 in any optional form of payment described in this section. An optional form of payment shall be the Actuarial Equivalent of the benefit payable to the Member as a Single Life Annuity, except in the case of a Retirement Benefit determined under the Cash Balance Formula that is paid in the form of a lump sum, which lump sum payment shall be in the amount determined pursuant to Section 2.1(b)(1)(A). An election by an unmarried Member to receive payment of his benefit in an optional form shall be valid only if he is furnished with an explanation of the material features and relative values of the optional forms of benefit within the notice period described in Section 6.2(d).

(b) Lump Sum Option.

- (1) With respect to a Retirement Benefit determined under the Career Earnings Formula, a Member may elect to receive his Retirement Benefit in the form of a lump sum payment; provided, however, that (A) the election to receive such lump sum payment must be made by the Member prior to the Member's Severance from Service Date, and (B) the Annuity Starting Date of such lump sum payment may not be deferred beyond the Annuity Starting Date next following or coincident with the Member's Severance from Service Date. Such lump sum benefit shall be the Actuarial Equivalent of the Member's Accrued Benefit on the Member's Annuity Starting Date.

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- (2) With respect to a Retirement Benefit determined under the Cash Balance Formula, a Member may elect to receive his Retirement Benefit in the form of a lump sum payment which lump sum payment shall be equal to the amount credited to his Cash Balance Account as of the last day of the month next preceding his Annuity Starting Date.

(c) **Single Life Annuity Options.** A Member may elect to receive an annuity providing equal monthly payments for the lifetime of the Member with no survivor benefits.

(d) **Joint and Contingent Annuity Option.** A Member may elect an annuity providing reduced equal monthly payments for his lifetime, with monthly payments to continue for the lifetime of his Beneficiary in an amount equal to 50% or 100% of the monthly amount payable during the Member's lifetime.

(e) **Level Income Option.** If the Member's benefit is to commence prior to the Member's Normal Retirement Date, the Member may elect to convert the Retirement Benefit otherwise payable to him into a Retirement Benefit of an Actuarial Equivalent value of such amount so that with his expected Social Security benefit, he will receive, so far as possible, the same amount each year before and after such expected Social Security benefit commences. A Member whose Retirement Benefit commences before he reaches age 62 may elect the Level Income

Option based on his Social Security benefit as of age 62 or his Social Security benefit as of age 65. A Member whose Retirement Benefit commences after he reaches age 62 may only elect the level income option based on his Social Security benefit as of age 65. Monthly payments shall terminate upon the death of the Member unless the Member elected the Level Income Option in conjunction with the Automatic Joint and Surviving Spouse Annuity or the Joint and Contingent Annuity Option described in Section 6.3(d), in which event payments shall continue pursuant to such election if the Member's Spouse or Beneficiary, as applicable, survives the Member.

6.4 Distribution Requirements

(a) **General Rule.** Notwithstanding anything in Sections 6.1 through 6.3 to the contrary, and unless the Member otherwise elects in writing, distribution to such Member shall not commence later than the sixtieth day after the close of the Plan Year in which occurs the latest of the following events:

- (1) the Member attains age 65;
- (2) the Member attains the tenth anniversary of the date on which he became a Member under the Plan; or
- (3) the Member's Break in Service.

(b) **Latest Allowable Commencement Dates.**

- (1) **General.** Notwithstanding anything in the Plan to the contrary, all distributions will comply with Article 6-A.

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(2) **Basic Rule.** Subject to Article 6-A and notwithstanding anything contained in Sections 6.1 through 6.3 to the contrary, any Member who is a five percent owner (as such term is defined in Code section 416(i)(1)(B)(i)), with respect to the Plan Year ending with or within the calendar year in which he attains age 70 1/2, shall commence to receive Retirement Benefit payments no later than April 1 following the close of the calendar year in which age 70 1/2 is attained. Retirement Benefit payments to any other Member shall commence no later than April 1 of the calendar year following the later of (1) the calendar year in which such Member attains age 70 1/2 or (2) the calendar year in which such Member Severance from Service Date occurs.

With respect to a Member other than a five percent owner (as such term is defined in Code section 416(i)(1)(B)(i)) whose Severance from Service Date occurs subsequent to April 1 of the close of the calendar year in which the Member attains age 70 1/2 and whose Retirement Benefit is determined under the Career Earnings Formula, the Retirement Benefit of such a Member shall be actuarially adjusted. Such actuarially adjusted Retirement Benefit shall be equal to the Actuarial Equivalent, as of the Member's Annuity Starting Date, of:

- (A) the Member's Retirement Benefit determined as of the April 1 following the close of the calendar year in which the Member attained age 70 1/2; plus
- (B) any additional Retirement Benefits accrued by the Member during the period beginning on the April 1 following the close of the calendar year in which the Member attained age 70 1/2 and ending on the Member's Severance from Service Date; minus
- (C) any distributions made to the Member prior to the Member's Annuity Starting Date.

For purposes of this Section 6.4(b)(2), the actuarial equivalent value of a Member's Retirement Benefit as of the Member's Annuity Starting date shall be determined by using the actuarial assumptions contained in Section 2.1(b)(2).

(c) **No Change in Form of Payment After Annuity Starting Date.** Except as may otherwise be permitted in Section 6.2(c)(3), a Member may not change the form of benefit payment elected pursuant to this Article 6 for any reason following the Member's Annuity Starting Date.

6.5 Amounts Not Exceeding \$1,000

Notwithstanding the foregoing provisions of this Article 6, if the Actuarial Equivalent present value of a Member's vested benefits payable under the Plan (including a benefit payable in a form as described in Section 6.2), determined as of the first day of the Plan Year immediately following the Plan Year in which the Member's Severance from Service Date occurs, does not exceed \$5,000 (\$1,000, effective March 28, 2005), the Retirement Committee shall cause such Member's vested benefits to be paid to him in a single lump-sum payment of Actuarial Equivalent value as soon as practicable thereafter. Payment of such lump sum shall relieve the Plan of all obligations to the Member. In the event a Member is not entitled to any Retirement Benefit at his Severance from Service Date pursuant to Section 4.2(a), he shall be deemed cashed out under the provisions of this Section

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6.5 as of his Severance from Service Date. However, if such Member is subsequently reemployed by the Employer or an Affiliated Company, his Retirement Benefit shall be automatically restored.

6.6 Designation of Beneficiary

Subject to the provisions of Sections 6.2 through 6.5, 7.1 and 7.2, each Member who is accruing benefits under the Cash Balance Formula may designate a Beneficiary, including a trust or an estate, to whom survivor's benefits under Article 7 are to be paid upon the Member's death. Each such designation shall be made on a form provided by the Retirement Committee, shall be effective only when filed in writing with the Retirement Committee, and shall revoke, subject to the provisions of Section 6.2, all prior designations. If no Beneficiary is designated, if a designation is revoked, or if no designated Beneficiary survives the Member, the applicable benefit, if any, shall be payable to the Member's surviving Spouse or, if there is no surviving Spouse, to the Member's estate, except as provided in Section 6.7.

6.7 Death of Beneficiary Prior to Member's Separation from Service Date

If the Beneficiary designated by the Member to receive survivor benefits described in Section 6.3(d) dies prior to the Member's Severance from Service Date, the election under Section 6.3 shall be void, and benefits shall be payable under Section 6.1 or 6.2, as applicable, unless and until another Beneficiary is formally designated by the Member pursuant to Section 6.6.

6.8 Optional Direct Rollovers of Eligible Rollover Distributions

(a) **In General.** Notwithstanding any provision of the Plan to the contrary, a "Distributee" may elect to have any portion (subject to the limitations provided below of an "Eligible Rollover Distribution" paid directly to an "Eligible Retirement Plan" specified by the "Distributee" in a "Direct Rollover" to the extent permitted by Code section 401(a)(31) and applicable Treasury regulations thereunder. Terms in quotation marks are defined in Section 6.8(b).

(b) **Definitions.**

(1) **"Direct Rollover"** means a payment by the Plan to an Eligible Retirement Plan, in the form of a direct trustee to trustee transfer, as specified by the Distributee. (2) **"Distributee"** means each of the following persons who may elect a Direct Rollover of an Eligible Rollover Distribution of the Member's Retirement Benefit;

(A) the Member;

(B) the Member's Beneficiary, if the Beneficiary was married to the Member on the date of his death; and

(C) an alternate payee under a qualified domestic relations order, as defined in Code section 414(p), if that person is the Spouse or former Spouse of the Member.

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(3) **"Eligible Retirement Plan"** means a qualified plan described in Code section 401(a), provided that the terms of such qualified plan permit acceptance of the Distributee's Eligible Rollover Distribution, an annuity plan described in Code section 403(a), an annuity contract described in Code section 403(b), an individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b), or an eligible plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from the Plan. However, in the case of an Eligible Rollover Distribution to the surviving Spouse, an "Eligible Retirement Plan" is an individual retirement account or an individual retirement annuity, as such terms are defined in the preceding sentence.

(4) **"Eligible Rollover Distribution"** means any distribution of all or any portion of the Retirement Benefit payable to the Distributee except that an "Eligible Rollover Distribution" does not include:

(A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee or the Distributee's designated Beneficiary, or for a specified period of 10 years or more;

(B) any distribution to the extent such distribution is required under Code section 401(a)(9); and

(C) the portion of any distribution that is not includible in gross income.

(c) No amount shall be directly rolled over pursuant to this Section 6.8 unless and until it would otherwise be distributed to the Distributee and all consents and written elections required to make the distribution have been obtained. Nothing in this Section 6.8 shall be construed to alter the normal or optional forms of payment of the Retirement Benefit available under the Plan.

(d) The Retirement Committee shall provide notice to each Distributee who will receive an Eligible Rollover Distribution of the Distributee's right to elect a Direct Rollover in accordance with Code section 401(a)(31). The Retirement Committee shall provide such notice at the time and in the manner required by regulations.

(e) The Distributee shall notify the Retirement Committee in writing by such deadline as the Retirement Committee shall prescribe whether or not he wishes to have any part of the Eligible Rollover Distribution directly rolled over. If the Distributee fails to elect a Direct Rollover by the deadline established by the Retirement Committee, then the entire amount of the Eligible Rollover Distribution shall be distributed or paid directly to the Distributee as otherwise provided in the Plan.

(f) A Distributee may elect that the lowest of the following amounts shall be directly rolled over:

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(1) The entire amount of the Eligible Rollover Distribution; or

(2) Such portion of the Eligible Rollover Distribution as the Distributee specifies (in accordance with rules established by the Retirement Committee), provided that the amount directly rolled over is not less than \$200 or such higher amount as the Retirement Committee may prescribe in accordance with applicable Treasury regulations.

Notwithstanding the foregoing provisions of this Section 6.8(f), a Distributee may not elect a Direct Rollover with respect to his Eligible Rollover Distributions during the year if such Eligible Rollover Distributions are reasonably expected to total less than \$200.

(g) A Member may elect to have a direct rollover made with respect to a portion of his distribution, provided the amount of the partial direct rollover equals at least \$500.

(h) The Distributee may only request a Direct Rollover to one Eligible Retirement Plan with respect to any Eligible Rollover Distribution.

(i) No amount will be directly rolled over pursuant to this Section 6.8 unless the Distributee provides the Retirement Committee, by such deadline as the Retirement Committee shall prescribe, such information as it shall require--

(1) to determine that the amount directly rolled over will be received by an Eligible Retirement Plan that will accept the Direct Rollover; and

(2) to make the Direct Rollover and make such reports and keep such records as are required under applicable law.

The Retirement Committee may rely on all such information provided by the Distributee and shall not be required to verify any such information.

(j) The Retirement Committee shall select the manner in which to make the Direct Rollover.

(k) Any amount directly rolled over in accordance with this Section 6.8 shall be a distribution from this Plan and shall discharge any liability to the Distributee under this Plan to the same extent as a payment directly to the Distributee.

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Article 6-A. Minimum Distribution Requirements

6-A.1 General Rules

(a) **Effective Date.** The provisions of this Article 6-A will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.

(b) **Precedence.** The requirements of this Article 6-A will take precedence over any inconsistent provisions of the Plan.

(c) **Requirements of Treasury Regulations Incorporated.** All distributions required under this Article 6-A will be determined and made in accordance with the Treasury regulations under Code section 401(a)(9).

(d) **TEFRA Section 242(b)(2) Elections.** Notwithstanding the other provisions of this Article 6-A, distributions may be made under a designation made before January 1, 1984, in accordance with section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act ("TEFRA") and the provisions of the Plan that relate to section 242(b)(2) of TEFRA.

6-A.2 Time and Manner of Distribution

(a) **Required Beginning Date.** The Member's entire interest will be distributed, or begin to be distributed, to the Member no later than the Member's Required Beginning Date.

(b) **Death of Member Before Distributions Begin.** If the Member dies before distributions begin, the Member's entire interest will be distributed, or begin to be distributed, no later than as follows:

- (1) If the Member's surviving Spouse is the Member's sole Designated Beneficiary, then distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Member died, or by December 31 of the calendar year in which the Member would have attained age 70 1/2, if later.
- (2) If the Member's surviving Spouse is not the Member's sole Designated Beneficiary, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Member died.
- (3) If there is no Designated Beneficiary as of September 30 of the year following the year of the Member's death, the Member's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's death.
- (4) If the Member's surviving Spouse is the Member's sole Designated Beneficiary and the surviving Spouse dies after the Member but before distributions to the surviving Spouse begin, this Section 6-A.2(b), other than Section 6-A.2(b)(1), will apply as if the surviving Spouse were the Member.

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For purposes of this Section 6-A.2(b), distributions are considered to begin on the Member's Required Beginning Date (or, if Section 6-A.2(b)(4) applies, the date distributions are required to begin to the surviving Spouse under Section 6-A.2(b)(1)). If annuity payments irrevocably commence to the Member before the Member's Required Beginning Date (or to the Member's surviving Spouse before the date distributions are required to begin to the surviving Spouse under Section 6-A.2(b)(1)), the date distributions are considered to begin is the date distributions actually commence.

- (c) **Form of Distribution.** Unless the Member's interest is distributed in the form of an annuity purchased from an insurance company or in a single lump sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with Sections 6-A.3, 6-A.4 and 6-A.5. If the Member's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code section 401(a)(9) and the Treasury regulations thereunder.

6-A.3. Determination of Amount to be Distributed Each Year

- (a) **General Annuity Requirements.** If the Member's interest is paid in the form of an annuity distribution under the Plan, payments under the annuity must satisfy the following requirements:

- (1) the annuity distributions will be paid in periodic payments made at intervals not longer than one year;
- (2) the distribution period will be over a life (or lives) or over a period certain not longer than the period described in Section 6-A.4 or 6-A.5;
- (3) once payments have begun over a period certain, the period certain may only be changed as follows:
 - (A) the modification occurs at the time that the Member retires or in connection with a Plan termination;
 - (B) the payments prior to modification are paid over a period certain without life contingencies; or
 - (C) the payments after modification are paid under an Automatic Joint and Surviving Spouse Annuity over the joint lives of the Member and a Designated Beneficiary, the Member's Spouse is the sole Designated Beneficiary, and the modification occurs in connection with the Member becoming married to such Spouse;

provided, however, that in order to modify a stream of annuity payments in accordance with the foregoing, the following conditions must be satisfied: (i) the future payments under the modified stream must satisfy Code section 401(a)(9) as though payments first commenced on a new annuity starting date, treating the actuarial value of the remaining payments as the Member's entire interest; (ii) for purposes of Code sections 415 and 417, the modification is treated as a new annuity

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starting date; (iii) after taking into account the modification, the annuity stream satisfies Code section 415 (determined at the original Annuity Starting Date, using the interest rates and mortality tables applicable to such date); and (iv) the end point of the period certain, if any, for any modified payment period is not later than the end point available under Code section 401(a)(9) to the Member at the original Annuity Starting Date; and

(4) payments will either be non-increasing or increase only in accordance with one or more of the following:

(A) by an annual percentage increase that does not exceed the annual percentage increase in an Eligible Cost-of-Living Index for a 12-month period ending in the year during which the increase occurs or the prior year;

(B) by a percentage increase that occurs at specified times and does not exceed the cumulative total of annual percentage increases in an Eligible Cost-of-Living Index since the Annuity Starting Date, or if later, the date of the most recent percentage increase; provided, however, that in cases providing such a cumulative increase, an actuarial increase may not be provided to reflect the fact that increases were not provided in the interim years;

(C) to the extent of the reduction in the amount of the Member's payments to provide for a survivor benefit upon death, but only if the Beneficiary whose life was being used to determine the distribution period described in Section 6-A.4 dies or is no longer the Member's Beneficiary pursuant to a qualified domestic relations order within the meaning of Code section 414(p);

(D) to pay increased benefits that result from a Plan amendment;

(E) to allow a Beneficiary to convert the survivor portion of an Automatic Joint and Surviving Spouse Annuity into a single sum distribution upon the Member's death; or

(F) with respect to annuity payments paid under the Plan (other than annuity payments under an annuity contract purchased from an insurance company), the payments are increased by one of the following: (i) a constant percentage, applied not less frequently than annually, at a rate that is less than 5% per year; (ii) to provide a final payment upon the death of the Member that does not exceed the excess of the actuarial present value of the Member's accrued benefit (within the meaning of Code section 411(a)(7)) calculated as the annuity starting date using the applicable interest rate and the applicable mortality table under Code section 417(e) over the total payments before the death of the Member; or (iii) as a result of dividend payments or other payments that result from actuarial gains, but only if (a) actuarial gain is measured no less frequently than annually; (b) the resulting dividend payments or other payments are either paid no later than the year following the year for which the actuarial experience is measured or paid in the same form as the

payment of the annuity over the remaining period of the annuity (beginning no later than the year following the year for which the actuarial experience is measured); (c) the actuarial gain taken into account is limited to actuarial gain from investment experience; (d) the assumed interest used to calculate such actuarial gains is not less than 3%; and (e) the payments are not increasing by a constant percentage as set forth in (i) above.

(b) **Amount Required to be Distributed by Required Beginning Date.** The amount that must be distributed on or before the Member's Required Beginning Date (or, if the Member dies before distributions begin, the date distributions are required to begin under section 6-A.2(a) or 6-A.2(b)) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received, e.g., bi-monthly, monthly, semi-annually, or annually. All of the Member's benefit accruals as of the last day of the first Distribution Calendar Year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Member's Required Beginning Date.

(c) **Additional Accruals After First Distribution Calendar Year.** Any additional benefits accruing to the Member in a calendar year after the first Distribution Calendar Year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues; provided, however, that any such additional benefits may be disregarded if the actuarial present value of the additional benefits is not more than 20% of the Member's interest in the annuity as set forth in Section 6-A.3(a) and the annuity provides only for the following additional benefits (1) additional benefits that, in the case of a distribution, are reduced by an amount sufficient to ensure that the ratio of such sum to the Member's interest in the annuity does not increase as a result of the distribution, and (2) an additional benefit that is the right to receive a final payment upon death that does not exceed the excess of the premiums paid less the amount of prior distributions; provided, further that if the only additional benefit provided under the annuity is the additional benefit set forth in (2) above, the additional benefit may be disregarded regardless of its value in relation to the dollar amount credited to the Member under the annuity.

6-A.4 Requirements For Annuity Distributions That Commence During Member's Lifetime

(a) **Joint Life Annuities Where the Beneficiary Is Not the Member's Spouse.** If the Member's interest is being distributed in the form of an Automatic Joint and Surviving Spouse Annuity for the joint lives of the Member and a non-spouse Beneficiary, annuity payments to be made on or after the Member's Required Beginning Date to the Designated Beneficiary

after the Member's death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the Member using the table set forth in Q&A-2 of section 1.401(a)(9)-6 of the Treasury regulations. If the form of distribution combines an Automatic Joint and Surviving Spouse Annuity for the joint lives of the Member and a non-spouse Beneficiary and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made to the Designated Beneficiary after the expiration of the period certain.

(b) **Period Certain Annuities.** Unless the Member's Spouse is the sole Designated Beneficiary and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the Member's lifetime may not exceed the applicable distribution period for the Member under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the Member reaches age 70, the applicable distribution period for the Member is the distribution period for age 70 under the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the Member as of the Member's birthday in the year that contains the annuity starting date. If the Member's Spouse is the Member's sole Designated Beneficiary and the form of distribution is a period certain and not a life annuity, the period certain may not exceed the longer of the participant's applicable distribution period, as determined under this Section 6-A.4(b), or the joint life and last survivor expectancy of the Member and the Member's Spouse as determined under the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Member's and Spouse's attained ages as of the Member's and Spouse's birthdays in the calendar year that contains the annuity starting date.

6-A.5 Requirements For Minimum Distributions Where Member Dies Before Date Distributions Begin

(a) **Member Survived by Designated Beneficiary.** If the Member dies before the date distribution of his interest begins and there is a Designated Beneficiary, the Member's entire interest will be distributed, beginning no later than the time described in Section 6-A.2(a) or (b), over the life of the Designated Beneficiary or over a period certain not exceeding:

- (1) unless the annuity starting date is before the first Distribution Calendar Year, the Life Expectancy of the Designated Beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year immediately following the calendar year of the Member's death; or
- (2) if the annuity starting date is before the first Distribution Calendar Year, the Life Expectancy of the Designated Beneficiary determined using the Beneficiary's age as of the Beneficiary's birthday in the calendar year that contains the annuity starting date.

(b) **No Designated Beneficiary.** If the Member dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Member's death, distribution of the Member's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

(c) **Death of Surviving Spouse Before Distributions to Surviving Spouse Begin.** If the Member dies before the date distribution of his interest begins, the Member's surviving Spouse is the Member's sole Designated Beneficiary, and the surviving Spouse dies before distributions to the surviving Spouse begin, this Section 6-A.5 will apply as if the surviving Spouse were the Member, except that the time by which distributions must begin will be determined without regard to Section 6-A.2(a).

6-A.6 Definitions. For purposes of this Article 6-A, the following terms shall have the meanings set forth below unless otherwise expressly provided:

(a) **"Designated Beneficiary."** The individual who is designated as the Beneficiary under Section 6.6 and is the designated beneficiary under Code section 401(a)(9) and section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.

(b) **"Distribution Calendar Year."** A calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member's Required Beginning Date. For distributions beginning after the Member's death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section 6-A.2(b).

(c) **"Eligible Cost-of-Living Index."** Any of the following:

- (1) A consumer price index that is based on prices of all items (or all items excluding food and energy) and issued by the Bureau of Labor Statistics.

(2) A percentage adjusted based on a cost-of-living index described in Section 6-A.6(c)(1) above, or a fixed percentage if less. In any year when the cost-of-living index is lower than the fixed percentage, the fixed percentage may be treated as an increase in an eligible cost-of-living index, provided it does not exceed the sum of (A) the cost-of-living index for that year, and (B) the accumulated excess of the annual cost-of-living index from each prior year over the fixed annual percentage used in that year (reduced by any amount previously utilized under this Section 6-A.6(c)(2)).

(d) **"Life Expectancy."** Life expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.

(1) **"Required Beginning Date."** The April 1st of the calendar year immediately following the later of: (i) the calendar year in which the Member attains age 70 1/2, or (ii) the calendar year in which the Member retires; provided, however, that subsection (ii) hereof shall not apply in the case of a Member who is a 5% owner as defined in Code section 416 at any time during the Plan Year ending with or within the calendar year in which such Member attains age 70 1/2.

Article 7. Preretirement Death Benefits

7.1 Unmarried Member

In the case of a Member who has no surviving Spouse and dies after having completed at least five Years of Creditable Service but prior to his Annuity Starting Date, his Retirement Benefit under the Cash Balance Formula shall be payable to his Beneficiary in a single lump-sum cash distribution as soon as practicable following the applicable date described in Section 7.2. Each unmarried Member may designate a Beneficiary or Beneficiaries of his Cash Balance Account. The Member may, from time to time during his lifetime, on a form approved by and filed with the Retirement Committee, change the Beneficiary or Beneficiaries of his Cash Balance Account. In the event that a Member fails to designate a Beneficiary or Beneficiaries of his cash balance Account, or if for any reason such designation shall be legally ineffective, or if all designated Beneficiaries predecease the Member or die simultaneously with him, distribution shall be made to the Member's estate. In the case of the death of an unmarried Member before his Annuity Starting Date, no benefit shall be payable under the Career Earnings Formula.

7.2 Married Member

(a) **Automatic Preretirement Surviving Spouse Benefit.** In the case of a Member who has a surviving Spouse and dies prior to his Annuity Starting Date, then the preretirement death benefit payable to such Member's surviving Spouse shall be a Single Life Annuity. The amount of such Single Life Annuity under the Cash Balance Formula shall be determined based on the Spouse's life and shall be the Actuarial Equivalent of the benefit that would have been payable to the Member in the form of a lump-sum benefit determined on the date of the Member's death. Such preretirement surviving Spouse benefit shall commence at the end of the month following the month in which the Member would have attained his Normal Retirement Date or earlier, if the Spouse so elects. The amount of such Single Life Annuity under the Career Earnings Formula shall be determined as if (i) the Member's Severance from Service Date had occurred on the day immediately preceding his date of death (if he had not previously incurred a Severance from Service Date); (ii) the Member had survived to the day immediately preceding his earliest possible Annuity Starting Date; (iii) the Member had elected to receive his retirement benefit in the form of an Automatic Joint and Survivor Annuity pursuant to Section 6.2 and (iv) the Member died immediately following such election. Such preretirement surviving Spouse benefit, payable for the life of the surviving Spouse, shall commence at the end of the month following the month in which the Member would have attained his Normal Retirement Date or earlier, if the Spouse so elects, but not earlier than the date the Member first would have reached age 55.

(b) **Lump-Sum Option.** In lieu of an automatic preretirement surviving Spouse benefit under Section 7.2(a), a surviving Spouse may elect to receive a lump-sum benefit equal to the value of the Member's Cash Balance Account as of the last day of the month in which the Member's death occurs, but not less than the amount determined in accordance with the factors in Section 2.1(b)(1).

(c) **Waiver of Preretirement Surviving Spouse Benefit.** With respect to a Member's Accrued Benefit attributable to the Cash Balance Formula, a married Member may waive the automatic preretirement surviving Spouse benefit in accordance with the provisions of this Section 7.2(c).

(1) **Notice Requirements.** The Retirement Committee shall provide each Member with a written explanation with respect to the automatic preretirement surviving Spouse benefit comparable to that required in Section 6.2, regarding the Automatic Joint and Survivor Spouse Annuity, within whichever of the following periods that ends last: (A) the period beginning on the first day of the Plan Year in which the Member attains age 32 and ending on the last day of the Plan Year in which the Member attains age 34; (B) a reasonable period after an Employee becomes a Member; or (C) a reasonable period after the joint and survivor rules become applicable to the

Member. A reasonable period described in clauses (B) and (C) is the period beginning one year before and ending one year after the applicable event. If the Member's Severance from Service Date is before the date the Member attains age 35, clauses (A), (B) and (C) shall not apply and the Retirement Committee must provide the written explanation within the period beginning one year before and ending one year after the Member's Severance from Service Date.

(2) **Election Period.** A Member's waiver of the automatic preretirement surviving Spouse benefit is not valid unless (A) the Member makes the waiver election no earlier than the first day of the Plan Year in which he attains age 35 and (B) the Member's Spouse satisfies the consent requirements described in Section 7.2(c)(3). The Spouse's consent to the waiver of the automatic preretirement surviving Spouse benefit shall be irrevocable, unless the Member revokes the waiver election. Irrespective of the time of election requirements described in clause (A) of the first sentence of this Section 7.2(c)(2), if the Member's Severance from Service Date occurs prior to the first day of the Plan Year in which he attains age 35, the Retirement Committee will accept a waiver election with respect to the Member's Retirement Benefit attributable to his service prior to his Severance from Service Date. Furthermore, if a Member who has not separated from service makes a valid waiver election, except for the timing requirement of clause (A) of the first sentence of this Section 7.2(c)(2), the Retirement Committee will accept that election as valid, but only until the first day of the Plan Year in which the Member attains age 35.

(3) **Elections.** A Member may elect to waive the automatic preretirement surviving Spouse benefit or revoke such election at any time during the applicable election periods described in Section 7.2(c)(2)(A) and (B). An election shall only be given effect if (i) the Spouse of the Member consents in writing to such election, (ii) such election designates another Beneficiary or Beneficiaries to receive the death benefit in the form of a lump-sum benefit which may not be changed without written spousal consent (or the consent of the Spouse expressly permits designations by the Member without the requirements of further consent by the Spouse), and (iii) the Spouse's consent acknowledges the effect of such election and such consent is witnessed by a Plan representative or a notary public. If it is established to the satisfaction of the Retirement Committee that a Member has no Spouse, that his Spouse may not be located, or that such other circumstances as the Secretary of

the Treasury may prescribe by regulations have occurred, then spousal consent shall not be required. Any spousal consent or lack of requirement of such consent shall only be effective with respect to such Spouse.

7.3 Amounts Not Exceeding \$1,000

Notwithstanding the foregoing provisions of this Article 7, if the Actuarial Equivalent value of a benefit payable under this Article does not exceed \$5,000 (\$1,000, effective March 28, 2005), such benefit shall be paid in a single lump-sum payment of Actuarial Equivalent value as soon as practicable following the death of the Member. A Member's surviving Spouse shall have the right to elect a Direct Rollover of a single lump-sum payment made pursuant to this section, in accordance with Section 6.8. Any such election shall be subject to the limitations and requirements of Section 6.8 and Section 6.8 shall be applied as though the surviving Spouse were the Member.

Article 8. Maximum Benefit Limitations

8.1 General Rule

Notwithstanding any provision of the Plan to the contrary, the annual Normal Retirement Benefit payable to a Member under the Plan as a Single Life Annuity, an Automatic Joint and Surviving Spouse Annuity, or a joint and contingent annuity option under Section 6.3(d) where the surviving annuitant is the Member's Spouse, commencing at age 65, together with benefits payable in the same form under other qualified defined benefit plans maintained by an Employer or an Affiliate, shall in no event exceed the lesser of--

- (a) \$160,000, or such other amount as shall be determined by the Secretary of the Treasury under Code section 415(d) to reflect cost-of-living adjustments; or
- (b) 100 percent of the Member's average Limitation Earnings (as defined in Section 8.7(d)) for the three-consecutive Plan Years that produce the highest average, or during all of the Plan Years in which he was a Member if less than three years.

If the benefit the Member otherwise would accrue in any Plan Year under the Plan and all such plans (if any) would produce a benefit in excess of such maximum amount, the rate of accrual under the Plan will be reduced to the extent necessary to avoid such excess. The limitation amount, as described above, applicable to a Member who terminated his employment with an Employer or any Affiliates and who is, or will be, receiving Plan benefits shall automatically be adjusted annually for increases in the cost of living.

The Retirement Benefit of any Member whose Severance from Service Date occurred prior to January 1, 2002, and whose Retirement Benefit is currently limited as a result of the application of the limitations of Code section 415(b), shall be increased, effective with respect to benefit payments made on and after January 1, 2002, to the amount of Retirement Benefit such Member would have received on his

Annuity Starting Date had the limitations described herein been in effect on the Member's Annuity Starting Date. Notwithstanding the foregoing, any increase in the Retirement Benefit of a Member pursuant to this Section 8.1 will not apply with respect to any former Member who has received a distribution of his Retirement Benefit in the form of a lump-sum payment and with respect to whom no additional Retirement Benefits are payable (without regard to any

amount that would otherwise be payable to such Member pursuant to this Section 8.1).

8.2 Adjustment for Other Forms of Payment

In the case of benefits payable in a form other than a Single Life Annuity, an Automatic Joint and Surviving Spouse Annuity, or a joint and contingent annuity option under Section 6.3(d), the limitations of Section 8.1 shall be applied to the amount which would be payable under the Plan in the form of a Single Life Annuity, and then converting such reduced benefit into the Actuarial Equivalent optional form.

8.3 Adjustment for Benefits Commencing Before Age 62

In the case of benefits commencing before a Member's attainment of age 62, the applicable dollar limit under Section 8.1(a) shall be the Actuarial Equivalent of the amount payable to the Member at age 62.

8.4 Adjustment for Benefits Commencing After Age 65.

In the case of benefits commencing after the Member's attainment of age 65, the applicable dollar limit under Section 8.1(a) shall be the Actuarial Equivalent amount determined as if the Member elected a Single Life Annuity benefit commencing at age 65.

8.5 Adjustment of Limitation for Years of Vesting Service

(a) **Dollar Limitation.** In the case of a Member whose aggregate years of participation in the Plan are fewer than ten, the applicable dollar limit under Section 8.1(a) shall be equal to the amount otherwise applicable times the greater of--

- (1) 10 percent, or
- (2) a fraction, the numerator of which is the aggregate number (not in excess of ten) of years of participation in the Plan and the denominator of which is ten.

(b) **Earnings Limitation.** In the case of a Member with fewer than ten Years of Creditable Service, the applicable limitation amount under Section 8.1(b) shall be equal to the amount otherwise applicable times the greater of--

- (1) 10 percent, or
- (2) a fraction, the numerator of which is the total number (not in excess of ten) of Years of Creditable Service credited to the Member, and the denominator of which is ten.

8.6 Limitation Year

For purposes of applying Code section 415 and applicable Treasury regulations, the limitation year for the Plan shall be the calendar year.

8.7 Definitions

For purposes of this Article 8,

(a) **"Annual Addition"** shall mean the sum, credited to a Member's accounts under all qualified defined contribution plans maintained by an Employer or an Affiliate (if any), of--

- (1) Employer contributions, including amounts made under cash or deferred arrangements described in Code section 401(k);
- (2) forfeitures;
- (3) Employee contributions;
- (4) amounts allocated to an individual medical benefit account (as defined in Code section 415(l)) which is part of any defined benefit plan maintained by an Employer or an Affiliate; and
- (5) amounts (derived from contributions paid after December 31, 1985, in taxable years ending after such date) attributable to post-retirement medical benefits allocated to the separate account of a Key Employee (as defined in Section

13.7(b)) under a welfare benefit fund (as defined in Code section 419(e)) maintained by an Employer or an Affiliate;

provided, however, that Code section 415(c)(1)(B) shall not apply to any amount treated as an Annual Addition under paragraph (4) or (5) hereof. Restored forfeitures, repaid distributions, rollover contributions, and loan payments shall not be treated as Annual Additions. Notwithstanding the foregoing, any contribution made after a Member's termination of employment with the Company and its Affiliates for the purpose of providing medical care (within the meaning of Code section 419A(f)(2)) shall not be treated as an Annual Addition.

(b) **"Limitation Earnings"** shall mean the total of regular, overtime, bonus, and other cash compensation paid or made available to the Employee during the Plan Year, but not including amounts deferred as a result of a salary reduction election under Code section 401(k) or deferrals under a plan maintained under Code section 125, and the items listed in Treasury regulation section 1.415-2(d)(2) (relating to deferred compensation, stock options, and proceeds from the sale of certain securities). The limitation on Earnings contained in Section 2.1(s)(3) shall apply. Effective January 1, 1998, "Limitation Earnings" shall mean a Member's "compensation" as defined in Code section 415(c)(3), including any deferrals under Code section 401(k), 132(f)(4) or 125.

(c) **"Projected Annual Benefit"** shall mean the annual benefit to which the Member would be entitled under the terms of the Plan and all other defined benefit plans maintained by an Employer or an Affiliate, if the Member continued employment until his Normal Retirement Age (or current age, if later) and the Member's Limitation Earnings (as defined in Section 8.7(b)) for the Plan Year and all other relevant factors used to determine such benefit remained constant until Normal Retirement Age (or current age, if later).

Article 9. Amendment and Termination

9.1 Amendment of the Plan

The Board of Directors of the Company, in its sole and absolute discretion, hereby reserves the right to amend, modify, or alter in any respect the Plan at any time and from time to time and retroactively if deemed necessary or appropriate for any reason whatsoever. Further, by adopting the Plan, an Employer hereby delegates to the Board of Directors of the Company, the authority and the right to amend or modify the Plan at any time. The Retirement Committee may make administrative changes to the Plan to qualify or maintain the Plan as a plan meeting the requirements of ERISA and Code section 401(a) and the Treasury regulations issued thereunder.

No amendment of the Plan shall cause any part of the Trust Fund to be used for or diverted to purposes other than the exclusive benefit of the Members, their surviving Spouses, or their Beneficiaries covered by the Plan. No Plan amendment may--

- (a) decrease the Accrued Benefit of any Member,
- (b) eliminate or reduce an early retirement benefit or a retirement-type subsidy (as defined in Treasury regulations), or
- (c) eliminate an optional form of benefit with respect to benefits attributable to service before the amendment,

except as permitted under Code section 411(d)(6) and the Treasury regulations thereunder. Retroactive Plan amendments may not decrease the Accrued Benefit of any Member determined as of the time the amendment was adopted.

9.2 Termination of the Plan

The Board of Directors of the Company may terminate the Plan in whole or in part for any reason at any time in any manner. If the Plan is terminated or partially terminated without termination of the Trust, the Trust will be continued until the Board of Directors of the Company terminates it or until all Trust assets have been fully distributed.

9.3 Vesting on Termination or Partial Termination

Upon a complete or partial termination of the Plan (within the meaning of Treasury regulations section 1.411(d)-2), the right of each affected Member to benefits accrued to the date of such termination or partial termination shall become nonforfeitable to the extent such benefits are funded as of such date.

9.4 Termination of the Trust

If the Plan is terminated or partially terminated, or if contributions are discontinued, the Trust may be terminated by the Board of Directors of the Company at any time. The Trust Fund will then be valued. The Retirement Committee will determine the method and means of distribution of each interest in the Trust Fund and will certify that information to the Trustee. After receiving that certification and after making necessary adjustments to reflect additional earnings, losses, and liquidation expenses, the Retirement Committee shall direct the Trustee to make distribution as promptly as possible. If one Employer, but not others, discontinues contributions or terminates or partially terminates its participation in the Plan, the Board of

Directors of the Company may determine whether or not the Trust shall be continued for that Employer's Members and Beneficiaries. If those interests in the Trust are terminated, the Board of Directors of the Company will direct their liquidation under this section.

9.5 Distribution on Termination

Upon termination of the Plan, that portion of any assets then held in the Trust Fund shall be allocated, after payment of all expenses of administration or liquidation, in accordance with amendments to the Plan adopted prior to such allocation under section 4044(a) of ERISA; provided, that any assets remaining after the satisfaction of all benefits accrued to the termination date with respect to Members, and their surviving Spouses and Beneficiaries, shall revert to and be distributed to Employers.

9.6 Merger, Consolidation or Transfer

In the case of any merger or consolidation of the Plan with, or any transfer of assets and liabilities of the Plan to, any other plan, provision must be made so that each Member would, if the Plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive under the Plan immediately before the merger, consolidation, or transfer if the Plan had then terminated.

9.7 Restrictions on Benefits and Distributions to Certain Members

(a) **Restriction of Benefits.** Notwithstanding any other provisions in the Plan to the contrary, in the event of the termination of the Plan, the benefit of any Highly Compensated Employee (and any Highly Compensated Former Employee) is limited to a benefit that is nondiscriminatory under Code section 401(a)(4). For purposes of this Section 9.7, the following terms shall apply:

(1) **"Total Earnings"** means a Member's compensation as defined in Code section 415(c)(3) as determined by the Retirement Committee, increased by amounts excluded from wages by reason of a Member's election to reduce wages in lieu of benefits under a cafeteria plan under Code section 125, a cash or deferred arrangement under Code section 401(k), a transportation fringe benefit plan under Code section 132(f)(4) or a simplified employee pension arrangement under Code section 408(k).

(2) **"Highly Compensated Employee"** means, any Employee who--

(A) was a 5-percent owner (as determined under Code section 416(i)(1)) at any time during the Plan Year or the preceding Plan Year, or

(B) for the prior Plan Year -

(i) received Total Earnings from Employers and Affiliates in excess of \$90,000 (as adjusted by the Secretary of the Treasury pursuant to Code section 415(d), except that the base period shall be the calendar quarter ending September 30, 1996), and

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(ii) if the Retirement Committee elects the application of this clause for such preceding year, was in the top-paid group of Employees for such preceding year.

For this purpose, an Employee is in the top-paid group of Employees for any year if such Employee is in the group consisting of the top 20 percent of Employees when ranked on the basis of Earnings during the year.

In determining the Highly Compensated Employees of the Employers, the provisions of this section shall be applied in accordance with the provisions of Code section 414(q) and related guidance, including in the discretion of the Retirement Committee (and pursuant to the appropriate election) any method or election allowed under the Code.

(3) **"Highly Compensated Former Employee"** shall mean any Member who has terminated employment as an Employee in a prior Plan Year and who was a Highly Compensated Employee either when he terminated employment as an Employee or any Plan Year ending on or after his fifty-fifth birthday.

(b) **Restrictions on Distributions.** Notwithstanding any other provisions to the contrary, Highly Compensated Employees and Highly Compensated Former Employees (as defined in Section 9.7(a)), who are among the 25 most highly paid Employees of the Employer shall not be entitled to elect to receive Retirement Benefits in the form of a lump-sum payment under Section 6.3(b). This restriction shall not apply, however, if:

(1) after any payment to the Member of the requested lump-sum amount, the value of Plan assets would continue to equal or exceed 110 percent of the value of the current liabilities of the Plan, as such liabilities are defined in Code section 412(l)(7), or

(2) the lump-sum amount due such Member is less than one percent of the value of the current liabilities of the Plan, as such liabilities are defined in Code section 412(l)(7), or

(3) the Actuarial Equivalent present value of benefits payable to the Member is \$5,000 (\$1,000, effective March 28, 2005) or less, in which case the provisions of Section 6.5 apply.

In the event that two or more Members subject to this Section 9.7(b) have the same Severance from Service Date, the determination of whether the foregoing restrictions apply will be made beginning with the oldest of the Members and proceeding to the youngest, taking into account with each Member any payments to be made to the Members who preceded him.

(c) **Repayment Guarantee.** A Member who is otherwise restricted from receiving a lump-sum payment of his Retirement Benefit because of the provisions of Section 9.7(b), above, may receive a lump-sum payment if, prior to receipt of such lump-sum payment, the Member provides a written guarantee to the Retirement Committee of repayment of the lump-sum payment to the Plan, in the event of

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the Plan's termination. The amount subject to a guarantee of repayment (the "Excess Amount"), for any Plan Year, is the excess of the amounts distributed to a Member (accumulated with reasonable interest) over the amounts that could have been distributed to the Member under a single life annuity that is the Actuarial Equivalent of the sum of such Member's Accrued Benefit and other benefits under the Plan (accumulated with reasonable interest). The affected Member may guarantee repayment by: (i) depositing in escrow, with an acceptable depository, property having a fair market value equal to at least 125 percent of the Excess Amount, (ii) providing a bank letter of credit in an amount equal to at least 100 percent of the Excess Amount, or (iii) posting a bond equal to at least 100 percent of the Excess Amount. If the Member elects to post bond, the bond must be furnished by an insurance company, bonding company or other surety acceptable for federal bonds.

The escrow arrangement may provide that the Member may withdraw amounts in excess of 125 percent of the Excess Amount. If the market value of the property in an escrow account falls below 110 percent of the Excess Amount, the Member must deposit sufficient additional property to bring the total value of the property held by the depository to 125 percent of the Excess Amount. The escrow arrangement may provide that the Member shall have the right to receive any income from the property placed in escrow, provided that no such payment may be made if the value of the property in the escrow account is less than 125 percent of the Excess Amount or if such payment would cause the value of the property in the escrow account to be less than 125 percent of the Excess Amount. A surety or bank may release any liability on a bond or letter of credit in excess of 100 percent of the Excess Amount. If the Retirement Committee certifies to the depository, surety or bank that a Member (or such Member's estate) is no longer obligated to repay any Excess Amount, the depository may deliver to such Member (or such Member's estate) any property held under an escrow agreement, and a surety or bank may release any liability on such Member's bond or letter of credit.

(d) **Delayed Lump-sum Distribution.** Notwithstanding the above, a Member who, on his Severance from Service Date, is entitled to receive his Retirement Benefit only in an annuity form, because of the provisions of this Section 9.7, may on or before such date make an irrevocable election to receive his Retirement Benefit in the form of an annuity only until such time as it is determined that he is no longer restricted under this Section 9.7, and then to receive a lump sum payment that is the Actuarial Equivalent of the Member's remaining Retirement Benefit. However, if such determination is not made prior to the first day of the Plan Year that is eight years coincident with or subsequent to the Member's Severance from Service Date or if the Member's death occurs prior to such a determination, the Member's Retirement Benefit shall continue in the form of annuity selected by the Member, in accordance with its terms, until the Actuarial Equivalent present value of benefits payable to the Member is \$5,000 (\$1,000, effective March 28, 2005) or less, at which time the Member shall receive a lump sum payment that is the Actuarial Equivalent of the Member's remaining Retirement Benefit. Any such determination shall be made as of the last day of each Plan Year. Payment of such lump sum shall relieve the Plan of all obligations to the Member.

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In determining whether, as of a given last day of a Plan Year, two or more Members' Retirement Benefits are no longer restricted, the order in which such determination shall be made with respect to the Members shall be based on the Members' respective Severance from Service Dates. The Member whose Severance from Service Date occurs first shall be the first eligible to receive a lump-sum payment that is the Actuarial Equivalent of such Member's remaining Retirement Benefit; other affected Members shall be considered in sequence, proceeding to the one(s) with the most recent Severance from Service Date, taking into account with each Member any payments to be made to the Members who preceded him. In the event that two or more Members electing delayed lump-sum distribution under this Section 9.7(d) have the same Severance from Service Date, the determination of eligibility to receive a lump-sum payment of a remaining Retirement Benefit will be made beginning with the oldest of the Members and proceeding to the youngest, taking into account with each Member any payments to be made to the Members who preceded him.

9.8 Plan Participation by Associate Companies

(a) **Adoption of the Plan.** Any Affiliated Company, with the consent of the Company and by taking appropriate corporate

action, may become an Associate Company and secure the benefits of the Plan for its Employees by adopting the Plan and by executing the Trust Agreement. As a condition to such Affiliated Company becoming an Associate Company, the Company may require such Affiliated Company to modify or amend any pension plan which such Affiliated Company may then have so as to conform to the provisions of the Plan, or to limit Prior Service, as defined in Section 2.1(p)(2), to service rendered for such corporation on and after a date to be determined by the Company. The Associate Company shall thereafter promptly deliver to the Trustee a certified copy of the resolutions or other documents evidencing its adoption of the Plan and also a written instrument showing the consent by the Company to such adoption.

(b) **Withdrawal from the Plan.** The Company may upon thirty (30) days written notice request an Associate Company to withdraw from the Plan and upon the expiration of such thirty-day period, unless such Associate Company has taken the appropriate corporate action to accomplish such withdrawal, such Associate Company shall be deemed to have withdrawn from the Plan. Any Employer may withdraw from the Plan by giving the Retirement Committee thirty (30) days written notice of its intention to withdraw. In the event any Employer withdraws from the Plan, the Retirement Committee shall thereupon determine, on the basis of actuarial valuation, that portion of the Trust Fund held on account of the Employees of such Employer not yet retired. The Retirement Committee in its discretion shall direct the Trustee either (1) to continue to hold such assets under the Plan on the date of such withdrawals; or (2) to deliver such assets to such trustee or trustees as shall be selected by such withdrawing Employer; or (3) to use such assets to purchase an appropriate retirement annuity for each Employee of such withdrawing Employer who was a Member on the date of such withdrawal.

Article 10. Contributions

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10.1 Employer Contributions

Each Employer shall make contributions from time to time in such amounts as are necessary to maintain the Plan on a sound actuarial basis and to meet the minimum funding standards of Code section 412. However, an Employer may discontinue its contributions for any reason at any time. Any forfeitures shall be used to reduce the amount of any Employer contributions otherwise payable for succeeding Plan Years and will not be applied to increase the benefits any Member would otherwise receive under the Plan.

10.2 Reversion of Employer Contributions

- (a) That portion of a contribution made by an Employer by a mistake of fact shall be returned to an Employer within one year after the payment of the contribution.
- (b) An Employer's contributions to the Plan are conditioned upon their deductibility under Code section 404. That portion of a contribution made by an Employer and disallowed by the Internal Revenue Service as a deduction under Code section 404 shall be returned to an Employer within one year after the Internal Revenue Service disallows the deduction.
- (c) Earnings attributable to the contributions to be returned under this section shall not be returned to an Employer and any losses attributable to such contributions shall reduce the amount returned.

10.3 Rollover Contributions

The Trustee shall not accept a rollover contribution to the Plan on behalf of an Employee.

Article 11. Administration of the Plan

11.1 Responsibility for Plan and Trust Administration

The Plan shall be administered by the Retirement Committee, which shall be appointed by the Board of Directors of the Company and shall be responsible for the general administration of the Plan. However, the Retirement Committee shall have no responsibility for or control over the investment of Plan assets. The investment of the assets of the Plan shall be managed by the Plan Assets Committee (the "Plan Assets Committee"), which shall be appointed by the Board of Directors of the Company, except to the extent that such responsibility has been allocated or delegated as hereinafter otherwise provided. The Retirement Committee and the Plan Assets Committee are each referred to as a "Committee" in this Article 11. The Trustee shall be responsible for the management of the Plan's assets pursuant to the terms of the Trust Agreement. The Board of Directors of the Company shall have the sole authority to appoint and remove any Trustee or any member of the Committee, and to amend or terminate, in whole or in part the Plan or the Trust. The Company, through the Committee shall have the responsibility for the administration of the Plan, which is specifically described in the Plan and the related Trust Agreement. Each of the Retirement Committee and the Plan Assets Committee shall be a "named fiduciary" and the Retirement Committee shall be the "plan administrator," for purposes of the Code and ERISA.

11.2 Operation of the Committees

Each Committee shall consist of at least three persons appointed by the Board of Directors of the Company. Members of the Committees may resign at any time upon due notice in writing. The Board of Directors of the Company may remove any member of any Committee at any time, with or without cause. Vacancies in each Committee shall be filled by the Board of Directors of the Company as soon as is reasonably possible after the vacancy occurs. Until a new appointment is made, the remaining member or members of each Committee shall have full authority to act as such Committee. Any member of a Committee may resign by delivering his written resignation to the Secretary of the Company (the "Secretary") and the other members of the Committee. Any such resignation shall become effective upon its receipt by the Secretary or on any other date as is agreed to by the chairman of the Committee and the resigning member. Each Committee shall act by a majority of its members at the time in office, and such action may be taken either by vote at a meeting (including a telephone meeting) or by consent in writing without a meeting. Each Committee shall hold meetings (including telephone meetings) upon such notice and at such times and places as it may from time to time determine. Notice of a meeting need not be given to any member of a Committee who submits a signed waiver of notice before or after the meeting or who attends a meeting (including a telephone meeting). Each Committee may adopt such rules and appoint such subcommittees as it deems desirable for the conduct of its affairs and the administration of the Plan, and may appoint one of its members as its chairman. Each Committee shall elect a Secretary, who need not be a member of the Committee, who shall record the minutes of its proceedings and shall perform such other duties as may from time to time be assigned to him. Any person dealing with a Committee shall be entitled to rely upon a certificate of any member of such Committee, or its secretary, as to any act or determination of the Committee. Each Committee may delegate such duties or powers, as it deems necessary to carry out the administration of the Plan.

The Secretary (or other authorized officer of the Company) shall certify to the Trustee the names and authorized signatures of the members of each Committee and, as changes take place in membership, the names and signatures of new members. Each Committee may authorize one or more of its respective members to execute any document or documents on its behalf, in which event the applicable Committee shall notify the Trustee in writing of such action and the name or names of those so designated. The Trustee thereafter shall accept and rely conclusively upon any direction or document executed by such member or members as representing action by the Committee until such time as the Committee shall file with the Trustee a written revocation of such designation.

11.3 Powers and Duties of the Retirement Committee

The members of the Retirement Committee are hereby designated as "named fiduciaries," within the meaning of section 402(a) of ERISA, with respect to the operation and administration of the Plan and, except to the extent otherwise provided herein, jointly shall administer the Plan in accordance with its terms and shall have all powers necessary to carry out its duties hereunder. The Retirement Committee shall determine, in a uniform and nondiscriminatory manner, all questions concerning the administration, interpretation and application of the Plan. Any such determination by the Retirement Committee shall be conclusive and binding on all persons. In addition:

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- (A) The Retirement Committee will determine the names of Members, surviving Spouses and Beneficiaries and the amounts that are payable to them from the Trust Fund in accordance with the provisions of the Plan.
 - (B) The Retirement Committee shall keep in convenient form such data as shall be necessary for actuarial valuations of the contingent assets and liabilities of the Plan and for checking the experience thereof.
 - (C) The Retirement Committee shall determine the manner in which the funds of the Plan shall be dispensed including the form of voucher or waiver to be used in making disbursements and the due notification of persons authorized to approve and sign the same.
 - (D) The Retirement Committee shall determine whether a judgment, decree or order, including approval of a property settlement agreement, made pursuant to a state domestic relations law, including a community property law, that relates to the provision of child support, alimony payments, or marital property rights of a Spouse, former Spouse, child, or other dependent of the Member is a qualified domestic relations order within the meaning of Code section 414(p), and shall give the required notices and segregate any amounts that may be subject to such order if it is a qualified domestic relations order, and shall administer the distributions required by any such qualified domestic relations order.
 - (E) The Retirement Committee is authorized to make such rules and regulations as may be necessary to carry out the provisions of the Plan and will determine any questions arising in the administration, interpretation and application of the Plan, which determination shall be conclusive and binding on all parties. The Retirement Committee is also authorized to provide, on a nondiscriminatory basis, for accelerated vesting and to purchase or arrange for payment of an appropriate annuity or any other form of payment or to permit the immediate distribution of Plan benefits in those cases involving groups of Employees involuntarily terminated, including, but not limited to, cases involving groups of Employees who involuntarily cease to render Creditable Service due to a liquidation, sale, or other means of terminating the parent-subsidiary or controlled group relationship with an Employer or the sale or other transfer to a third party of all or substantially all of the assets used by an Employer in a trade or business conducted by an Employer, when the Retirement Committee determines that such action is appropriate to prevent inequities with respect to such Employees, and the determination of the Committee in such matters shall be conclusive and binding on all parties. Further, the Retirement Committee, upon the written request of the Company's Vice President-Organization and Human Resources, is authorized, with respect to a Member of the Plan who has five or more years of Creditable Service and who is transferred to the purchaser of a portion of the Company's operations, effective the day

after the closing date of the sale, to grant additional Creditable Service and additional credit for age under the Plan, on a nondiscriminatory basis, in each case up to one percent for each year of Creditable Service, and to advance the date through which a Member's Earnings are calculated pursuant to Section 2.1(s) hereof, so as to prevent hardship with respect to his participation in said

purchaser's pension plan. The Retirement Committee is also authorized, with respect to a Member (i) whose Accrued Benefit is attributable to the Cash Balance Formula and (ii) who has completed at least five years of Creditable Service and (iii) who is transferred to the purchaser of a portion of the Company's operations, effective as of the day after the closing date of the sale, to grant additional Annual Pay Credits and Interest Credits, on a nondiscriminatory basis, so as to prevent hardship with respect to his participation in said purchaser's pension plan. The Retirement Committee is also authorized to waive, either in whole or in part, the percentage reductions for early commencement of retirement benefits set forth in Section 4.2(b)(2), on a nondiscriminatory basis, in those cases where groups of Employees have terminated employment either as a result of a reduction in the work force or for similar economic reasons, and, the determination of the Retirement Committee shall be conclusive and binding on all parties. The Retirement Committee is also authorized to adopt such rules and regulations as it may consider necessary or desirable for the conduct of its affairs and the transaction of its business, including, but not limited to, the power on the part of the Retirement Committee to act without formally convening and to provide that action of the Retirement Committee may be expressed by written instrument signed by a majority of its members. The Retirement Committee may retain legal counsel (who may be counsel for the Company) when and if it is found necessary to do so and may also employ such other assistants, clerical or otherwise, as may be requisite, and expend such monies as may be requisite in their work. All of these expenses of the Retirement Committee and the reasonable expenses of the Trustee in the administration of the trust as well as for actuarial services may be paid out of the Trust Fund to the extent permissible under applicable law. In exercising such powers and authorities, the Retirement Committee shall at all times exercise good faith, apply standards of uniform application and refrain from arbitrary action.

11.4 Duties of the Plan Assets Committee

(a) The Plan Assets Committee shall have exclusive authority and fiduciary responsibility under ERISA, (i) to appoint and remove investment advisers, if any, under the Plan and the Trust Agreement, (ii) to direct the segregation of assets of the Trust Fund into an investment adviser account or accounts at any time, and from time to time to add to or withdraw assets from such investment adviser account or accounts as it deems desirable or appropriate and also to direct the Company's contribution or any portion thereof into any of the accounts maintained under the Trust, (iii) to direct the Trustee to enter into an agreement or agreements with an insurance company or companies designated by the Plan Assets Committee as provided in the Trust Agreement, (iv) to establish investment guidelines for areas other than those set forth above and, within such guidelines, to direct the Trustee to purchase and sell securities or to enter into one or more agreements with one or more companies, partnerships or joint ventures and to transfer assets of the Trust Fund to such entities for purposes of investment therein; provided however, that, except as expressly set forth above, the Plan Assets Committee shall have no responsibility for or control over the investment of the Plan assets held in the Trust Fund established hereunder. In addition, the Plan Assets Committee shall receive the reports and recommendations of the actuary designated by the Company concerning

actuarial assumptions to be adopted on subjects including, but not limited to, Employee turnover, rate of mortality, disability rate, ages at actual retirement, rate of pay increases, investment income and size of participant group, and make such recommendations and determinations based upon such reports and recommendations as it may deem necessary or appropriate. The Plan Assets Committee may appoint or employ such persons as it deems necessary to render advice with respect to any responsibility of the Plan Assets Committee under the Plan. The Plan Assets Committee may allocate to any one or more of its members any responsibility that it may have under the Plan and may designate any other person or persons to carry out any responsibility of the Plan Assets Committee under the Plan. Any person may serve in more than one fiduciary capacity with respect to the Plan. Members of the Plan Assets Committee may resign at any time upon due notice in writing. The Board of Directors of the Company may remove any Plan Assets Committee members and appoint others in their places. The Plan Assets Committee may act by a majority of its members.

(b) The Plan Assets Committee is authorized to make such rules and regulations as may be necessary to carry out its duties under the Plan. The Plan Assets Committee is also authorized to adopt such rules and regulations as it may consider necessary or desirable for the conduct of its affairs and the transaction of its business, including, but not limited to, the power on the part of the Plan Assets Committee to act without formally convening and to provide that action of the Plan Assets Committee may be expressed by written instrument signed by a majority of its members. The Plan Assets Committee may retain legal counsel (who may be counsel for the Company) when and if it be found necessary to do so and may also employ such other assistants, clerical or otherwise, as may be requisite, and expend such monies as may be requisite in their work. All of these expenses of the Plan Assets Committee as well as expenses for investment counseling may be paid out of the Trust Fund to the extent permissible under applicable law.

The Retirement Committee may make such rules and regulations in connection with its administration of the Plan as are consistent with the terms and provisions hereof.

11.5 Duties of the Trustee

The Trustee is hereby designated as a "named fiduciary", within the meaning of section 402(a) of ERISA, and shall possess all powers which may be necessary to carry out its duties, as set forth in the Trust Agreement. In addition:

- (a) The Trustee may, to the full extent permitted by law, establish procedures for the designation of persons other than named fiduciaries to carry out its fiduciary responsibilities (other than trustee responsibilities) under the Plan. If the Trustee properly allocates any fiduciary responsibility to another person or designates another person to carry out any of its responsibilities, the Trustee shall not be liable for any act or omission of such person in carrying out such responsibility, except as provided in section 405(c) of ERISA.
- (b) The Trustee shall act in accordance with any directions issued to it directly by the Plan Assets Committee (or if required by the terms of the applicable Trust Agreement, indirectly by the Retirement Committee) with respect to the Trustee's exercise of any of the

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powers conferred upon it by the Trust Agreement. Any direction to the Trustee shall be in writing and signed by the secretary or a duly authorized member of the Plan Assets Committee. The Retirement Committee, the Employers, and the Company, and their officers and directors, shall be entitled to rely upon all tables, valuations, certificates, and reports furnished by any enrolled actuary selected by the Retirement Committee, upon all certificates and reports made by any accountant selected by the Retirement Committee, the Company, or the Employers, and upon all opinions given by any legal counsel selected by the Retirement Committee. The Retirement Committee, the Company, and the Employers and their officers and directors, shall be fully protected with respect to any action taken or suffered by them in good faith in reliance upon any such actuary, accountant or counsel, and all action so taken or suffered shall be conclusive upon all persons.

11.6 Standard of Duty

The members of the Retirement Committee and the Plan Assets Committee, as well as the Trustee, shall discharge their duties with respect to the Plan solely in the interests of the Members and their Beneficiaries and in accordance with section 404 of ERISA.

11.7 Funding and Investment Policy

The Plan Assets Committee shall establish an investment policy and funding policy consistent with the objectives of the Plan and the requirements of Title I of ERISA. The Plan Assets Committee shall at least annually review such policy and method. In establishing and reviewing such policy and method, the Plan Assets Committee shall endeavor to determine the Plan's short-term and long-term financial needs, taking into account the need for liquidity to pay benefits and the need for investment growth. The general objective of the funding policy and method shall be at all times to maintain a balance between safety in capital investment and investment return. All actions of the Plan Assets Committee taken to carry out the purposes of this Section 11.7, and the reasons therefor, shall be recorded in the minutes of the Plan Assets Committee and shall be made available to the Board and senior financial officers of the Company. Notwithstanding anything herein to the contrary, the Retirement Committee or the Plan Assets Committee may provide for the funding of the payment of any benefits prescribed by the Plan through the purchase of immediate or deferred annuities, as the case may be, from any governmental agency or insurance company or companies, approved by the Company.

11.8 Compensation and Expenses

The members of the Retirement Committee and the Plan Assets Committee shall serve without compensation for services as such. All expenses of the Retirement Committee and the Plan Assets Committee that are properly allocable to the Plan shall be paid out of the Trust Fund, to the extent permissible under applicable law, unless paid by the Company. Such expenses shall include any expenses incidental to the functioning of the Retirement Committee and the Plan Assets Committee, including, but not limited to, fees of independent accountants, enrolled actuaries, legal counsel, investment advisors and other specialists and other expenses.

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11.9 Non-Liability and Indemnification

To the extent permitted by law, the Retirement Committee, the Plan Assets Committee, the Boards of Directors of the Employers, and the Employers and their respective officers shall not be liable for the directions, actions or omissions of any agent, legal or other counsel, accountant or any other expert who has agreed to the performance of administrative duties in connection with the Plan or Trust. The Committees, the Boards of Directors of the Employers, and the Employers and their respective officers shall be entitled to rely upon all certificates, reports, data, statistics, analyses and opinions which may be made by such experts and shall be fully protected in respect to any action taken or suffered by them in good faith reliance upon any such certificates, reports, data, statistics, analyses or opinions; all action so taken or suffered shall be conclusive upon each of them and upon all persons having or claiming to have any interest in or under the Plan.

Each member of each of the Retirement Committee, the Plan Assets Committee, and the Board of Directors, shall be indemnified by the Company against all costs and expenses (including counsel fees but excluding any amount representing a settlement unless such settlement be approved by the Board of Directors of the Company) reasonably incurred by or imposed upon him, in connection with or

resulting from any action, suit or proceeding, to which he may be made a party by reason of his being or having been a member of the Retirement Committee or the Plan Assets Committee, as applicable (whether or not he continues to be a member of such Committee at the time when such cost or expense is incurred or imposed), to the full extent permitted by law. The foregoing rights of indemnification shall not be exclusive of other rights to which any member of the Retirement Committee or the Plan Assets Committee may be entitled as a matter of law.

11.10 Claims Procedure

If an Employee, Member or Beneficiary ("Claimant") receives an adverse determination with respect to a claim for benefits which determination results, wholly or partially, in the denial, reduction or termination of benefits under the Plan, or the failure to provide full or partial payment, or if such adverse determination is based upon eligibility, the Retirement Committee shall provide the Claimant with written notification or electronic notification (in accordance with the requirements of Department of Labor Regulation section 2520.104b-1(c)(1)(i), (iii) and (iv)) of the adverse determination with respect to the claim within a reasonable period of time, but not later than 90 days after the claim has been received by the Plan; provided, however, that in the event of special circumstances, such period may be extended beyond the initial 90-day period but not later than 180 days after the claim has been received by the Plan. In the event of such an extension, the Claimant shall be notified in writing of the extension prior to the expiration of the initial 90-day period. Such notification shall explain the special circumstances requiring the extension and indicate the date by which the Plan expects to render a determination with respect to the claim.

The notification of the adverse determination with respect to a claim provided to the Claimant shall set forth the following:

- (a) the specific reason or reasons for the adverse determination;
- (b) reference to the specific Plan provisions on which the adverse determination is based;

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- (c) a description of any material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary;
 - (d) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review, including any time limits applicable with respect to such steps; and
 - (e) a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA following the adverse determination on review with respect to the claim.

Any request for a review must be made in writing to the Retirement Committee within 60 days of the date the Retirement Committee notifies the Claimant of the adverse determination with respect to the claim. Upon receipt by the Plan of the request for review, the claim will be reviewed by the Retirement Committee. A Claimant's request for a review must be given a full and fair review by the Retirement Committee. In connection with such request, the Claimant, or his duly authorized representative, may:

- (1) upon request and free of charge, have reasonable access to all documents, records and other information that is relevant (within the meaning of Department of Labor Regulation section 2560.503-1(m)(8)) to the claim; and
- (2) submit written comments, documents, records and other information relating to the claim.

The review of the claim by the Retirement Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial determination.

If the Retirement Committee deems it appropriate, it may hold a hearing with respect to a claim. If a hearing is held, the Claimant shall be entitled to be represented by counsel. The determination of the Retirement Committee shall be made within a reasonable period of time, but not later than 60 days after receipt by the Plan of the request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time, in which event such determination shall be rendered not later than 120 days after receipt by the Plan of the request for review. If such an extension is required, written notification of the extension shall be furnished to the Claimant prior to the expiration of the initial 60-day period. Such notification shall explain the special circumstances requiring the extension and indicate the date by which the Plan expects to render a determination with respect to the review of the claim.

The Retirement Committee shall provide the Claimant with written notification or electronic notification (in accordance with the requirements of Department of Labor Regulation section 2520.104b-1(c)(1)(i), (iii) and (iv)) of its determination with respect to its review of the claim. If the adverse determination with respect to the claim is upheld by the Retirement Committee, the notification shall set forth:

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- (a) the specific reason or reasons for the adverse determination;
 - (b) reference to the specific Plan provisions on which the adverse determination is based;
 - (c) a statement that the Claimant is entitled to receive upon request and free of charge, reasonable access to, and copies

of, all documents, records and other information relevant (within the meaning of Department of Labor Regulation section 2560.503-1(m)(8)) to the adverse determination with respect to the claim; and

(d) a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA following the adverse determination on review with respect to the claim.

All interpretations, determinations and decisions of the Retirement Committee with respect to any claim shall be made by the Retirement Committee in its sole discretion based on the Plan and documents presented to it and shall be final, conclusive and binding.

Article 12. Trust Arrangements

12.1 Appointment of Trustee

A Trustee for the Plan shall be appointed from time to time by the Board of Directors of the Company and, upon acceptance thereof, the Trustee shall perform the duties and exercise the authority of the Trustee as set forth in the Plan and in the Trust Agreement.

12.2 Removal of Trustee; Appointment of Other Trustee

The Board of Directors of the Company reserves the right to remove the Trustee at any time and to appoint a successor Trustee.

12.3 Change in Trust Agreements

The Board of Directors of the Company may from time to time enter into such further agreements with a Trustee or other parties and make such amendments to Trust Agreements as it may deem necessary or desirable to carry out the Plan; and may take such other steps and execute such other instruments as may be deemed necessary or desirable to put the Plan into effect or to carry it out.

Article 13. Top-Heavy Plan Provisions

13.1 General Rule

In the event that the Plan is top-heavy, or is a member of a top-heavy group, with respect to any Plan Year the provisions of Sections 13.4 through 13.7 shall apply.

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13.2 When Plan is Top-Heavy

The Plan shall be top-heavy for a Plan Year if as of the Applicable Determination Date (as defined in Section 13.7(a)), the present value of the cumulative Accrued Benefits under the Plan for Key Employees (as defined in Section 13.7(b)) exceeds 60 percent of the cumulative Accrued Benefits under the Plan for all Employees (other than former Key Employees) under the Plan. Such amounts shall include the value of any distributions made with respect to an Employee during the five-year period ending on the Applicable Determination Date. The Accrued Benefits of individuals who have not performed services for an Employer or the Affiliates at any time during the five-year period ending on the Applicable Determination Date shall not be taken into account. The determination of the foregoing ratio shall be made in accordance with Code section 416(g), which is incorporated herein by this reference. Notwithstanding the foregoing, the Plan shall not be top-heavy if it is part of any aggregation group of plans, as defined in Section 13.3(a), that is not a top-heavy group.

13.3 When Plan is in Top-Heavy Group

A plan is a member of a top-heavy group with respect to a Plan Year if as of the Applicable Determination Date (as defined in Section 13.8(a)), it is part of a "required aggregation group" of plans which is top-heavy. For purposes of this Article--

(a) An "aggregation group of plans" shall consist of a "required aggregation group" of plans that shall include each plan qualified under Code section 401(a) which is maintained by an Employer or an Affiliate and (1) in which a Key Employee (as defined in Section 13.7(b)) is a participant in the Plan Year that contains the Applicable Determination Date, or any of the four preceding Plan Years, or (2) which enables any other plan in which a Key Employee is a participant to meet the requirements of Code section 401(a)(4) or 410. In addition, at the election of the Retirement Committee, an aggregation group of plans may be expanded to include the "permissive aggregation group." "Permissive aggregation group" consists of the plans of an Employer or an Affiliate that are required to be aggregated, plus one or more plans of an Employer that are not part of a required aggregation group but that satisfy the requirements of Code sections 401(a)(4) and 410 when considered with the required aggregation group; and

(b) an aggregation group of plans shall be a "top-heavy group" with respect to a Plan Year if as of the Applicable Determination Date, the sum of--

(1) the present value of the cumulative Accrued Benefits for Key Employees under all defined benefit plans included in such group, and

(2) the aggregate of the accounts of Key Employees under all defined contribution plans included in such group exceeds 60 percent of a similar sum determined for all Employees (other than former Key Employees) covered under the aggregation group of plans. Cumulative Accrued Benefits and account balances shall be adjusted for any distribution made in the one-year period ending on the Applicable Determination Date and any contribution due but unpaid as of said Applicable Determination Date; provided, however, that in the case of a distribution made to a Member for a reason other than separation from service, death or Disability, this provision shall be applied by substituting "five-year period" for "one-year period." Account balances and Accrued Benefits of individuals who have

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not performed services for an Employer or any Affiliates at any time during the one-year period ending on the Applicable Determination Date shall not be taken into account. The determination of the foregoing ratio, including the extent to which distributions (including distributions from terminated plans), rollovers, and transfers are taken into account, shall be made in accordance with Code section 416 and the regulations thereunder.

13.4 Minimum Benefit

(a) Notwithstanding any other section of the Plan to the contrary, each Member who is not a Key Employee (as defined in Section 13.7(b)) shall accrue a Normal Retirement Benefit for each year that shall not be less than two percent of the Member's average Limitation Earnings (as defined in Section 13.6) for the five consecutive Plan Years for which such Limitation Earnings was the highest. The accrual under this section shall be determined without regard to any Social Security contribution or other Plan provisions for integration with Social Security.

(b) No additional benefit accruals shall be provided under Section 13.4(a) once the total annual benefit payable under the Plan in the form of a Single Life Annuity at age 65 equals or exceeds 20 percent of the Member's highest average Limitation Earnings (as defined in Section 13.6) for the five consecutive years for which such Limitation Earnings was the highest.

(c) If a Member who is not a Key Employee (as defined in Section 13.7(b)) is also a participant under one or more defined contribution plans in an aggregation group of plans maintained by an Employer in any Plan Year in which the Plan is top-heavy, the minimum benefit credited to such Member in accordance with Section 13.4(a) shall be offset by the Actuarial Equivalent of the value of an Employer's contributions to such defined contribution plan or plans on the Non-Key Employee's behalf. Such actuarial equivalent shall be calculated using all accruals derived from Employer contributions, whether or not attributable to years in which the Plan is top-heavy and may be used in determining whether the minimum accrued benefit requirements for a Non-Key Employee has been satisfied.

13.5 Accelerated Vesting

(a) For each Plan Year for which the Plan is top-heavy, or is a member of a top-heavy group, the provisions of Section 4.2(a) shall be changed to provide for vesting of a Member's Accrued Benefit in accordance with the following schedule:

<u>Completed Years of Creditable Service</u>	<u>Vested Percentage</u>
Less than 2 years	0%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

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Notwithstanding the foregoing, this subsection (a) shall not apply to the Accrued Benefit of any Member who is not credited with an Hour of Service while the Plan is top-heavy.

(b) In a Plan Year in which the Plan is no longer top-heavy or a member of a top-heavy group, the vesting provisions contained in Section 4.2(a) shall be restored. Notwithstanding such restoration, the provisions of Section 4.2(a), as modified by Section 14.5(a) above, shall continue to apply in the case of a Member with three or more Years of Creditable Service at the

time of such restoration.

13.6 Limitation on Earnings

In determining a Member's benefits for a Plan Year with respect to which the Plan is top-heavy or is a member of a top-heavy group, the maximum amount of Limitation Earnings for each year taken into account to determine Plan benefits with respect to such Plan Year shall be the applicable dollar amount limitation set forth in Section 2.1(s)(3).

13.7 Definitions

For purposes of this Article 13--

(a) **"Applicable Determination Date"** shall mean, with respect to the Plan, the determination date for the Plan Year of reference and, with respect to any other plan, the determination date for any plan year of such plan which falls within such calendar year as of the Applicable Determination Date of the Plan. For purposes of this subsection, the term "determination date" shall mean, with respect to the initial plan year of a plan, the last day of such plan year and, with respect to any other plan year of a plan, the last day of the preceding plan year of such plan. The present value of an Accrued Benefit shall be determined as of the most recent valuation date, used for purposes of Code section 412, which is within the 12-month period ending on the Applicable Determination Date.

(b) **"Key Employee"** shall mean a Member, former Member, or a beneficiary as described in Code section 416(i)(1). Where an individual's compensation is a factor in determining whether he is a Key Employee, Total Earnings (as defined in Section 9.7(a)(1)) shall be used.

Article 14. Miscellaneous

14.1 No Employment Rights Created

Neither the establishment nor the continuation of the Plan, nor anything contained within the Plan, shall be deemed to give any person the right to continued employment by an Employer or its Affiliates, or to affect the right of an Employer or its Affiliates to terminate the employment of any individual.

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14.2 Rights to Trust Assets

No Employee or Beneficiary shall have any right to, or interest in, any assets of the Trust Fund upon termination of his employment or otherwise, except as specifically provided under the Plan, and then only to the extent of the benefits payable under the Plan to such Employee or Beneficiary out of the assets of the Trust Fund. All payments of benefits as provided for in the Plan shall be made solely out of assets of the Trust Fund and neither the Company, an Employer, the Affiliates, nor any fiduciary of the Plan shall be liable therefor in any manner.

14.3 Nonalienation of Benefits

Except to the extent permissible under applicable law, benefits payable under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, including any such liability which is for alimony or other payments for the support of a Spouse or former Spouse, or for any other relative of the Employee, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of any right to benefits payable hereunder, shall be void. The Trust Fund shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any person entitled to benefits hereunder. Notwithstanding the foregoing, a Member's benefits under the Plan may be offset against any amount that the Member is ordered or required to pay to the Plan due to a fiduciary breach or other misconduct effective for judgments or settlement agreements made on or after August 5, 1997, as determined in accordance with the requirements of section 206(d)(4) of ERISA, as amended.

The preceding paragraph shall also apply to the creation, assignment, or recognition of a right to any interest or benefit payable with respect to a Member pursuant to a domestic relations order, unless such order is determined to be a qualified domestic relations order (as defined in Code section 414(p)). The Retirement Committee shall establish reasonable procedures to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders. Any other provision of the Plan to the contrary notwithstanding, if the amount payable to an alternate payee under a qualified domestic relations order is less than or equal to \$5,000, such amount shall be paid as soon as practicable following the qualification of the order. If such amount exceeds \$5,000, it shall not be payable prior to the Member's "earliest retirement age" (within the meaning of Code section 414(p)(4)(B)).

14.4 Expenses

To the extent permissible under applicable law, all reasonable expenses of the Plan and Trust Fund shall be paid by, and constitute a charge

upon, the Trust Fund, except to the extent that such expenses may have been paid by an Employer in its sole and absolute discretion. Such expenses shall include any expenses incident to the functioning of the Plan, including, without limitation, attorneys' fees and the compensation of actuaries and other agents, accounting and clerical charges, expenses, if any, of being bonded as required by ERISA, the premiums of plan termination insurance purchased from the Pension Benefit Guaranty Corporation, and any other costs of administering the Plan.

14.5 Severability

the event that any provision of the Plan is held invalid or illegal for any reason, such invalidity or illegality shall not affect the remaining parts of the Plan and the Plan shall be enforced and construed as if such provision had never been inserted herein.

14.6 Governing State

The Plan shall be construed in accordance with the laws of the State of New York except where such laws have been preempted by ERISA or other laws of the United States.

14.7 Facility of Payment

If the Retirement Committee shall find that any person to whom a benefit is payable from the Trust Fund is unable to care for his affairs because of illness or accident, any payments due (unless a prior claim therefor shall have been made by a duly appointed guardian, committee, or other legal representative) may be paid to the recipient's Spouse, child, parent, brother or sister, or to any person deemed by the Retirement Committee to have incurred expense for such person otherwise entitled to payment. Any such payment shall be a complete discharge of any liability under the Plan therefor.

14.8 Missing Persons

If the Retirement Committee is unable to locate a proper payee within one year after a benefit becomes payable, the Retirement Committee may treat the benefit as a forfeiture; however, if a claim for benefits is subsequently presented by a person entitled to a payment, the forfeited amount shall be recredited upon verification of the claim, except for those amounts that have been paid pursuant to an escheat or other applicable law.

14.9 Titles

The titles of sections are included only for convenience of reference and shall not be construed as part of the Plan or in any respect affecting or modifying its provisions.

SCHEDULE A

Groups or classes eligible for participation in the Minerals Technologies Inc. Retirement Plan (except in each case employees covered by a collective bargaining agreement that does not provide for coverage of such employees under the Plan, if there is evidence that retirement benefits were the subject of good faith bargaining):

1. All employees in the service of Minerals Technologies Inc.
2. All employees in the service of the following Associate Companies:

Barretts Minerals Inc.
Specialty Minerals Inc.
MINTEQ International Inc.
Specialty Minerals (Michigan) Inc.
Specialty Minerals Mississippi Inc.
Synsil Products Inc.

SCHEDULE B

Early Retirement Table

The following table sets forth the percentages which will apply at the ages indicated in the computation of early retirement benefits pursuant to Section 4.2(b)(2)(A):

<u>Age</u>	<u>Percentage</u>
65	100
64	96
63	92
62	88
61	84
60	80
59	76
58	72
57	68
56	64
55	60

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SCHEDULE C

Alternate Early Retirement Table

The following table sets forth the percentages which will apply at the ages indicated in the computation of early retirement benefits pursuant to Section 4.2(b)(2)(B):

Minimum Years		
<u>Age</u>	<u>of Service</u>	<u>Percentage</u>
64	26	100
63	27	100
62	28	100
61	29	100
60	30	100
59	31	96
58	32	92
57	33	88
56	34	84
55	35	80

SCHEDULE D

Vested Benefit Table

The following table sets forth the percentages which will apply at the ages indicated in the computation of vested benefits pursuant to Section 4.2(b)(2)(C):

<u>Age That Annuity Payments Commence</u>	<u>Percentage of Vested Annuity</u>
65+	100%
64	94
63	88
62	82
61	76
60	70
59	64
58	58
57	52
56	46
55	40

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SCHEDULE E

Other Company Service

A Member's Creditable Service pursuant to Section 2.1(p)(5) shall include service with the following employers as provided herein.

- (1) **Service With Zedmark Refractories Corporation and/or Zedmark Inc.** Creditable Service, for purposes of vesting pursuant to Section 4.2(a), shall include each full year of service for the period during which a Member was employed by Zedmark Refractories Corporation and/or Zedmark, Inc. prior to October 3, 1989, except if such Member was covered at such time by a collective bargaining agreement that did not provide for coverage of such Member under the Pfizer Plan. Creditable Service for purposes of benefit accrual under the Career Earnings Formula shall include each full year of service for the period during which a Member was employed by Zedmark Refractories Corporation and/or Zedmark, Inc. prior to October 3, 1989, provided such number of full years of service may not exceed the number of full years of service the Member is employed by the Company after October 3, 1989; and provided, further, such Member was not covered, on October 3, 1989, by a collective bargaining agreement that did not provide for coverage of such Member under the Pfizer Plan.
- (2) **Service With Nalco Chemical Company.** Creditable Service, for purposes of vesting under Section 4.2(a) and eligibility for early retirement under Section 4.2(b)(2)(A) and (B) shall include each full year of service for the period during which a Member was employed by Nalco Chemical Company prior to June 1, 1988, if such Member was a transferred employee, as such term is defined in the Purchase Agreement dated June 1, 1988, between Quigley Company, Inc. and Pfizer Inc., as purchasers and Nalco Chemical Company, as seller.
- (3) **Service With Martin Marietta Magnesia Specialties, Inc.** With respect to Members who were employees of Martin Marietta Magnesia Specialties, Inc. on April 30, 2001, who became Employees on May 1, 2001, Creditable Service, for purposes of vesting under Section 4.2(a) and eligibility for early retirement under Section 4.2(b)(2) shall include each full year of service for the period during which a Member was employed by Martin Marietta Magnesia Specialties, Inc. prior to May 1, 2001; provided such Member was not covered, on April 30, 2001, by the terms of a collective bargaining agreement of which Martin Marietta Magnesia Specialties, Inc. was a party.

MINERALS TECHNOLOGIES INC.
SAVINGS AND INVESTMENT PLAN

(As amended and restated effective as of January 1, 2005
with certain other effective dates)

November 2005

MINERALS TECHNOLOGIES INC. SAVINGS AND INVESTMENT PLAN (As amended and restated effective as of January 1, 2005 with certain other effective dates) TABLE OF CONTENTS		
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(ii)

MINERALS TECHNOLOGIES INC.
SAVINGS AND INVESTMENT PLAN

(As amended and restated effective as of January 1, 2005
with certain other effective dates)

I. PURPOSES

The purposes of this Plan are to foster thrift on the part of the eligible employees by affording them the opportunity to make regular savings and investments through payroll deductions in order to provide the opportunity for additional security at retirement, and also to provide them with a proprietary interest in the continued growth and prosperity of the Company. As an incentive, the Company will match a portion of such savings by regular contributions as provided in the Plan.

The Plan was amended and restated as of January 1, 2002 to reflect certain provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001 ("EGTRRA") with the intention that the inclusion herein of such provisions shall constitute good faith compliance with EGTRRA and that the Plan shall be construed in accordance with EGTRRA and guidance issued thereunder. Effective as of January 1, 2005, with certain other effective dates, the Plan is being amended and restated to incorporate certain clarifying changes relating to the operation and administration of the Plan. The provisions of the Plan as set forth herein shall be applicable only with respect to those persons who are Members (or their beneficiaries) under the Plan on or after January 1, 2005, or the date specified herein. Any Member (or beneficiary thereof) who terminated employment prior to January 1, 2005, shall continue to have his rights to receive benefits determined under the provisions of the Plan as in effect when his employment relationship so terminated, except to the extent otherwise provided herein.

II. DEFINITIONS

Wherever used in this Plan:

- A. "Account" means the aggregate interest of a Member in the Plan.
- B. "After-Tax Contributions" means contributions made by a Member pursuant to Section VI.A. hereof.
- C. "Associate Company" means any corporation of which Minerals Technologies Inc. owns directly or indirectly at least 80% of the issued and outstanding shares of stock, which, with the consent of the Company, adopts this Plan pursuant to the provisions of Section XV. hereof, and when action is required to be taken hereunder by an Associate Company such action shall be authorized by its Board of Directors.
- D. "Business Day" means each day of each Plan Year on which the New York Stock Exchange is open for the transaction of business.
- E. "Code" means the Internal Revenue Code of 1986, as from time to time amended.
- F. "Committee" means the Savings and Investment Plan Committee hereinafter provided for in Section XIII. hereof.
- G. "Company" means Minerals Technologies Inc., a Delaware corporation, and any successor corporation, and when action is required to be taken hereunder by the Company, such action shall be authorized by the Compensation and Nominating Committee or the Board of Directors of the Company.
- H. "Disability" means any medically determinable physical or mental impairment which causes the Member to be eligible for benefits under an Employer's long-term disability insurance program.
- I. "Employee" means a person who is employed in the service of an Employer within the United States of America or any of its territories or possessions, or who is a United States citizen employed in the service of an Employer outside the continental limits of the United States of America, except a person who is included in a unit of employees covered by a collective bargaining agreement that does not provide for coverage of such person under the Plan if there is evidence that retirement benefits were the subject of good faith bargaining. A person who is a United States citizen or a Participating Resident Alien and who is employed outside the continental limits of the United States of America in the service of a foreign subsidiary (including foreign subsidiaries of such foreign subsidiary) of the Company shall be considered, for all purposes of this Plan, as employed in the service of the Company, if (1) the Company has entered into an agreement under section 3121(l) of the Code which applies to the foreign subsidiary of which such person is an employee, and (2) contributions under a funded plan of deferred compensation, whether or not a plan described in section 401(a), 403(a), or 405(a) of the Code, are not provided by any other person with respect to the remuneration paid to such individual by the foreign subsidiary. In addition, any person performing services for the Company as a Leased Employee shall, for purposes of the Plan, continue to be an employee of such leasing organization, and not of the Company, notwithstanding the provisions of the Code requiring that such person may have to be counted as an employee of the Company in order to perform certain plan qualification tests as contained therein. The term "Employee" shall also not include any person who is performing services for the Company pursuant to an agreement, contract, or arrangement under which said individual is designated, characterized, or classified as an independent contractor, consultant, or any category or classification other than an employee without regard to whether any determination by an agency, governmental or otherwise, or court concludes that such classification or characterization was in error.
- J. "Employer" means the Company or any Associate Company. For purposes of sections 410 and 411 of the Code, "Employer" also shall mean any corporation or other trade or business that is treated under the first sentence of section 414(b) or under section 414(c) of the Code as constituting the same "employer" as the Company or an Associate Company, with respect to any period of such affiliated status.
- K. "Employer Matching Contributions" means contributions made by an Employer pursuant to Section VI.B. hereof.
- L. "Hours of Service" means all hours for which an Employee is directly or indirectly paid, or entitled to payment (including back pay for periods for which such awards pertain), by an Employer (or any company which is a member of the same controlled group of corporations, within the meaning of section 1563(a) of the Code as an Employer or any trade or business whether or not incorporated which is under common control of an Employer as determined under regulations prescribed under section 414 of the Code at the time of such service) for the performance of duties, or for reasons other than the performance of duties, such as vacation, injury, accident, sickness, short-term Disability or authorized leave of absence. In the case of a payment which is made or due on account of a period during which an Employee performs no duties, Hours of Service will be determined in accordance with the appropriate Department of Labor regulations (section 2530.200b-2(b) and (c)). Notwithstanding any provision of the Plan to the contrary, effective as of December 12, 1994, contributions and benefits with respect to "qualified military service" will be provided in accordance with section 414(u) of the Code.
- M. "Leased Employee" means, any person other than an Employee, who, pursuant to an agreement between an Employer and any other person ("leasing organization") performs services for the Employer (or the Employer and any

related persons or entities under common control determined in accordance with section 414(n)(6) of the Code) on a substantially full time basis for a period of at least one year, and such services are performed under the primary direction or control of the recipient. Any person performing services for an Employer as a Leased Employee shall, for purposes of the Plan, not be an employee of the Employer, notwithstanding amendments to the Code which require that such person may have to be counted as an employee of the Employer in order to perform certain plan qualification tests as contained therein.

- N. "Member" means an Employee who participates in the Plan in accordance with the provisions of Section V. hereof, or a former participant in the Plan who retains an Account therein.
- O. "Member Contributions" means the After-Tax Contributions and Qualified Deferred Earnings Contributions made to the Plan pursuant to Section VI.A. hereof.
- P. "Participating Resident Alien" means a person who is not a United States citizen but (1) has previously been employed as a lawful resident alien in the service of an Employer within the United States of America, (2) was a Member of the Plan during such employment, (3) is currently employed at a location outside both the person's country of citizenship and the continental limits of the United States of America, and (4) continues to maintain his eligibility for employment as a lawful resident alien within the United States of America.
- Q. "Plan" means this Minerals Technologies Inc. Savings and Investment Plan, as it may be amended from time to time.
- R. "Plan Year" means the calendar year.
- S. "Qualified Deferred Earnings Contributions" means the contributions made on behalf of a Member under section 401(k) of the Code and the applicable Treasury Regulations thereunder pursuant to Section VI.A. hereof.
- T. "Regular Earnings" means for any Plan Year the sum of (1) the base pay and bonuses received by a Member, as established by an Employer, plus the Member's overtime pay, premium pay, call-in/call-back pay and vacation pay, but excluding contest awards, remuneration received in the form of salary continuance or lump sum severance by a Member while no longer providing services to an Employer and other similar payments and (2) any amount which is contributed by a Member's Employer on behalf of the Member pursuant to a salary reduction agreement and which is not includible in gross income under sections 125, 132(f)(4), 402(e)(3), 402(h) or 403(b) of the Code. A Member's Regular Earnings shall not include any amounts in excess of \$210,000 as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code.
- U. "Rollover Contributions" means the cash rollover contributions made by a Member in respect of distributions from another qualified trust excluding the portion of any such distribution that is not includible in the gross income of the Member.
- V. "Spouse" of a Member means the person of the opposite sex to whom the Member is legally married at the time of commencement of benefits or to whom the Member was legally married at the time of the Member's death if the Member's benefits did not commence prior to the Member's death.
- W. "Temporary Employee" means any Employee whose employment at time of hire is limited in time to a period of less than six (6) months.
- X. "Trustee" means the Trustee hereinafter provided for in Section XIV. hereof.
- Y. "Value Determination Date" means the Business Day as of which the Committee shall determine the value of each Fund established pursuant to Section VII. hereof.
- Z. "Vested" means to have acquired, in accordance with the express provisions of the Plan, a nonforfeitable interest in all or part of an Employer's contributions hereunder, which becomes payable as provided in the Plan.

Wherever used in this Plan, the masculine or neuter pronoun shall include the feminine pronoun, and the singular includes the plural.

III. EFFECTIVE DATE

The effective date of the Plan is April 1, 1993. The Plan as in effect prior to the effective date of any amendment will continue to apply to those who terminated employment prior to such date except as otherwise provided by the Plan or under applicable law.

IV. ELIGIBILITY

Each Employee who was a "Member" as defined under the Plan as in effect on December 31, 2004, shall remain a Member on January 1, 2005. All other Employees shall be eligible to become Members on the date of their commencement of employment with an Employer referred to in Schedule A (a "Schedule A Employer"). Notwithstanding the foregoing, a Temporary Employee who begins

employment with a Schedule A Employer, shall not become eligible to become a Member until the first day of the payroll period following his completion of 1,000 Hours of Service. No Leased Employee will be eligible to be a Member.

V. PARTICIPATION

Participation in the Plan shall be entirely voluntary. An Employee who is eligible to become a Member may become a Member on the first day of any payroll period following or coincident with the date on which he becomes eligible in accordance with Section IV. hereof, by authorizing and directing his Employer in accordance with rules and procedures approved by the Committee to (i) make payroll deductions and (ii) to invest such payroll deductions as hereinafter provided, or with the approval of the Company, as a result of a plan-to-plan transfer to the Plan for the account of said Employee in accordance with Section VI.C. hereof. Such authorizations and directions shall continue in effect unless or until the Member suspends, withdraws, or modifies them, as hereinafter provided, or until termination of employment or of the Plan.

VI. CONTRIBUTIONS

A. Member Contributions

Each employee who is a Member may elect in accordance with rules and procedures approved by the Committee, to contribute in each pay period, by payroll deduction, an amount equal to from 2% to 15% (20%, effective as of the payroll period ending December 23, 2005), inclusive, in whole percents of his after-tax Regular Earnings for said period, or a lesser amount in accordance with rules and procedures approved by the Committee (which rules and procedures may be applied uniformly, or solely to any Member who is a "highly compensated employee," as defined below) hereinafter referred to as "After-Tax Contributions." A Member may elect under section 401(k) of the Code and the applicable Treasury regulations thereunder, in accordance with rules and procedures approved by the Committee, to defer receipt of from 2% to 15% (20%, effective as of the payroll period ending December 23, 2005), inclusive, in whole percents of his Regular Earnings, or a lesser amount in accordance with rules and procedures established by the Committee (which rules and procedures may be applied uniformly, or solely to any Member who is a "highly compensated employee," as defined below) and to have such deferred earnings, hereinafter referred to as "Qualified Deferred Earnings Contributions," contributed to the Plan by his Employer on his behalf. The total contribution under this Section VI. shall in no event exceed 15% (20%, effective as of the payroll period ending December 23, 2005) of the Member's Regular Earnings.

Notwithstanding the foregoing, under no circumstances shall an election by a Member be given effect (a) to the extent that the Member's Qualified Deferred Earnings Contributions exceed the dollar limitation contained in Section 402(g) of the Code in effect with respect to any taxable year of the Member, or (b) to the extent that an election by a Member who is a "highly compensated employee," as hereinafter defined, might cause the Plan to fail to meet the discrimination standards set forth in section 401(k)(3) of the Code. In this regard, the actual deferral percentage of the Qualified Deferred Earnings Contributions on behalf of Members who are "highly compensated employees" for any Plan Year must either be (a) not more than such percentage for all other Members for such Plan Year multiplied by 1.25, or (b) not more than two (2) percentage points greater than such percentage for all other Members for such Plan Year and not more than such percentage for all other Members for such Plan Year multiplied by two (2).

"Highly compensated employees" shall mean (a) any Employee who is a 5% owner (as defined in section 416(i)(1)(B)(i) of the Code) at any time during the current year or the immediately preceding year, or (b) during the year immediately preceding the current year, had compensation (as defined in Section VI.E.2.) from an Employer in excess of \$95,000 (as adjusted pursuant to section 415(d) of the Code, except that the base period for determining any such adjustment shall be the calendar quarter ending September 30, 1996. Notwithstanding the foregoing, the determination of "highly compensated employees" pursuant to (b) above, shall be limited to those Employees who are in the "top paid group" (as defined in section 414(q)(3) of the Code) for the preceding year.

Qualified Deferred Earnings Contributions hereunder shall not exceed the limits set forth in section 401(k)(3) of the Code. For purposes of applying such limits:

- i. "prior year ADP testing" (within the meaning of Internal Revenue Service Revenue Notice 98-1) shall be employed; and
- ii. section 401(k)(3) of the Code, Treasury regulations promulgated thereunder and such other guidance as may be issued by the Internal Revenue Service under such section of the Code are incorporated herein by reference.

Election of the amount of After-Tax Contributions and Qualified Deferred Earnings Contributions by a Member shall be made upon enrollment in the Plan in the manner hereinbefore provided, and a Member may change his election at any time in accordance with rules and procedures approved by the Committee, such election to be effective upon the first day of the next succeeding payroll period. A Member who is a "highly compensated employee" shall be required to revise his election either to defer an amount of his Regular Earnings and/or to contribute a portion of his Regular Earnings, in conformity with rules and procedures approved by the Committee, to enable the Plan to meet the non-

discrimination tests set forth in the Code and the applicable Treasury regulations thereunder.

In the event that the limits described in section 401(k)(3) of the Code and the applicable Treasury regulations thereunder are inadvertently exceeded, the following provisions shall apply:

1. The amount of Qualified Deferred Earnings Contributions subject to the limits described in section 401(k)(3) of the Code ("401(k)(3) Limited Qualified Deferred Earnings Contributions") which may be made on behalf of some or all highly compensated employees shall be reduced by reducing to the extent necessary the highest percentage rates elected by the highly compensated employees. Such adjustment shall be made by first reducing the 401(k)(3) Limited Qualified Deferred Earnings Contributions of the highly compensated employee with the highest dollar amount of 401(k)(3) Limited Qualified Deferred Earnings Contributions for the Plan Year to a dollar amount which reduces such highly compensated employee's percentage rate to a level that permits the Plan to satisfy the requirements of section 401(k)(3) of the Code or, if less, to an amount which equals the dollar amount of the 401(k)(3) Limited Qualified Deferred Earnings Contributions of the highly compensated employee with the next highest amount of 401(k)(3) Limited Qualified Deferred Earnings Contributions for the Plan Year, and repeating such process until the requirements of section 401(k)(3) of the Code are satisfied.
2. Qualified Deferred Earnings Contributions subject to reduction under this paragraph ("excess contributions") (calculated as described in section 401(k)(8)(B) of the Code and Treasury regulations thereunder), plus any income and minus any losses allocable thereto, shall be returned to the applicable Employers and paid by such Employers to the affected Members before the close of the Plan Year following the Plan Year in which the excess contributions were made, and to the extent practicable within 2 1/2 months of the close of the Plan Year in which the excess contributions were made. The Account of any affected Member shall be adjusted accordingly, and the Committee shall take, and instruct the appropriate Employers to take, such other action as shall be necessary or appropriate to effectuate such distribution. If the Committee adopts appropriate rules in accordance with regulations issued by the Secretary of the Treasury, the Member may elect, in lieu of a return of the excess contributions, to contribute the excess contributions to the Plan as After-Tax Contributions for the Plan Year in which the excess contributions were made, subject to the limitations of Section VI.E. hereof. The Member's election shall be made within 2 1/2 months of the close of the Plan Year in which the excess contributions were made, or within such shorter period as the Committee may prescribe. In the absence of a timely election by the Member, the Committee shall return his excess contributions as provided in this paragraph 2.
3. The amount of income attributable to the excess contributions shall be determined by multiplying the total income on the Member's Qualified Deferred Earnings Contributions for the Plan Year in which the excess contributions were made by a fraction, the numerator of which is the amount of excess contributions for that Plan Year and the denominator of which is the total value of the Member's Qualified Deferred Earnings Contributions as of the first Business Day of the Plan Year plus the Member's Qualified Deferred Earnings Contributions for the Plan Year. Income for the period between the end of the applicable Plan Year and the date of the corrective distribution shall be disregarded. Member Contributions shall be remitted to the Trustee within thirty (30) days after the end of the calendar month in which the contributions are deducted, and shall be made in cash; provided, however, that all or any portion of any such contribution to Fund V, as defined in Section VII.A. hereof, in the discretion of the Committee, may be retained and added to the Company's capital funds, and there may be delivered to the Trustee treasury stock or authorized but previously unissued stock of the Company, of a value equal to the amount so retained. Notwithstanding the foregoing, Member Contributions shall be remitted to the Trustee in accordance with the requirements of Department of Labor Regulations section 2510.3-102. The value of any such stock shall be the closing price of the stock on the New York Stock Exchange on the applicable Value Determination Date. After-Tax Contributions and Qualified Deferred Earnings Contributions and the earnings thereon shall be nonforfeitable.

B. Employer Matching Contributions

1. Each Employer shall contribute on a bi-weekly basis and allocate to the Account of each of its Employees who is a Member an amount equal to the percent indicated below of the contributions made by such Employee as After-Tax Contributions, or contributed to the Plan by the Employer on behalf of each such Employee as Qualified Deferred Earnings Contributions, up to 6% of such Employee's Regular Earnings, determined before any reduction for Qualified Deferred Earnings Contributions, hereinafter referred to as "Employer Matching Contributions":

<u>Contributions by or on Behalf of a Member</u>	<u>Employer Matching Contributions</u>
First 2%	100%
Next 4%	50%

Employer Matching Contributions shall be remitted to the Trustee within thirty (30) days after the end of each calendar month, and shall be made in cash; provided, however, that all or any portion of any such contribution to the Company Match Fund (Fund M), as defined in Section VII.B. hereof, may be retained and added to the Company's capital funds, and there may be delivered to the Trustee treasury stock or authorized but previously

unissued stock of the Company, of a value equal to the amount so retained. The value of any such stock contributed by an Employer shall be the closing price of the stock on the New York Stock Exchange on the applicable Value Determination Date. Employer Matching Contributions and the earnings thereon shall be nonforfeitable.

2. At the discretion of the Company, Employer Matching Contributions in any Plan Year may be increased to an amount not to exceed 100% in the aggregate of Member Contributions or contributions made on behalf of Members as Qualified Deferred Earnings Contributions. The additional Employer Matching Contributions, if any, provided for in this Section VI.B.2. shall be allocated to the Account of each Member in the same manner as provided in Section VI.B.1. hereof.
3. Notwithstanding anything hereinabove to the contrary, in the case of all Employer Matching Contributions hereunder, the amount of contributions in a Plan Year shall in no event exceed the amount allowable under the Code and applicable Treasury regulations thereunder to the Employer making the contributions as a deduction for contributions paid to this Plan. Notwithstanding any provisions to the contrary, any contribution by the Company is conditioned upon the deductibility of the contribution by the Company under the Code and, to the extent any such deduction is disallowed, the Company shall, within one (1) year following the disallowance of the deduction, demand repayment of such disallowed contribution and the Trustee shall return such contribution within one (1) year following the disallowance. Earnings of the Plan attributable to the excess contribution may not be returned to the Company, but any losses attributable thereto must reduce the amount so returned.

C. Plan-to-Plan Transfers

Assets transferred to the Plan from (i) a pension or profit sharing plan maintained by an Employer as a result of an amendment, termination, merger, or consolidation of said plan or (ii) the Pfizer 401(k) Plan shall constitute a plan-to-plan transfer. For the purpose of this Plan, amounts attributable to a plan-to-plan transfer shall be treated as employee contributions or as employer contributions for all purposes of the Plan, including Sections VI.A. and XXVII. hereof, in accordance with the treatment afforded such assets in the transferor plan, except that such assets may be invested, at the election of the affected Employee in the Funds described in Section VII.A. hereof in accordance with the provisions of Section VII.A. hereof, notwithstanding the fact that they represented employer contributions in the prior plan. An Employee shall be vested in assets in his Account hereunder as a result of a plan-to-plan transfer to at least the same extent as the Employee was vested in such monies under the terms of the transferee plan. Employees affected by this Section VI.C. shall be deemed to be Members of the Plan with respect to such Accounts whether or not they are otherwise eligible to be Members of the Plan pursuant to the other provisions of the Plan.

D. Rollover Contributions

The Committee in its sole discretion, exercised in a uniform and nondiscriminatory manner, may permit an Employee who has satisfied the requirements of Section V. hereof to make a Rollover Contribution to the Plan by delivering, or causing to be delivered, the cash which constitutes such Rollover Contribution to the Trustee in accordance with rules and procedures approved by the Committee. The Employee shall allocate the investment of his Rollover Contribution among the Funds described in Section VII.A. hereof in accordance with rules and procedures approved by the Committee. Notwithstanding any provision to the contrary, under no circumstances shall any funds attributable to any Employee's Rollover Contribution be used in any way as the basis for the allocation of any Employer Matching Contributions pursuant to Section VI.B. hereof or forfeitures pursuant to Section VI.E. hereof.

E. Maximum Additions

The total annual additions, as hereinafter defined, made to the Account of a Member shall not exceed the lesser of: \$42,000 (as adjusted for increases in the cost of living under section 415(d) of the Code), or 100% of compensation, subject to the following:

For purposes of this Section VI.E.:

1. The term "annual addition" shall mean the sum of Employer Matching Contributions, After-Tax Contributions, Qualified Deferred Earnings Contributions and forfeitures. The term "annual addition" shall not include plan-to-plan transfers or, Rollover Contributions.
2. The term "compensation" shall mean an Employee's compensation as defined in section 415(c)(3) of the Code, including, any deferrals under sections 125, 132(f)(4), 402(e)(3), 401(h)(1)(B) or 403(b) of the Code.

The limitations of this Section VI.E. with respect to any Member who at any time has participated in any other defined contribution plan, or in more than one (1) defined benefit plan, maintained by a corporation which is a member of the controlled group of corporations (within the meaning of section 1563(a), determined without regard to section 1563(a)(4) and (e)(3)(C), and section 415(h) of the Code) of which his Employer is a member, shall apply as if the total benefits payable under all defined benefit plans in which the Member has been a participant were payable from one (1) plan, and as if the total annual additions, made to all defined contribution plans in which the member has been a participant, were made to one (1) plan.

If such annual additions exceed the foregoing limitation, any contributions made by the Member, which cause the

excess, shall be returned to the Member. If, after returning such contributions to the Member, an excess still exists, such excess shall be reallocated to eligible Members as a forfeiture and credited to the Accounts of such Members on the basis of their respective Account balances. If, after reallocating such excess as forfeitures among all eligible Members, the annual addition still exceeds the applicable limitation for each and every Member, such excess as still remains shall be held unallocated in a suspense account for the limitation year, which shall mean the Plan Year, and allocated and reallocated in the next limitation year before any employer or employee contributions which would constitute annual additions under section 415 of the Code and the Treasury regulations thereunder may be made to the Plan for that limitation year.

F. Limitations on After-Tax Contributions and Employer Matching Contributions

Notwithstanding the foregoing, the following rules and limitations shall apply to After-Tax Contributions and Employer Matching Contributions:

With respect to each Plan Year, the spread between the "contribution percentage" (within the meaning of section 401(m)(3) of the Code and the Treasury regulations thereunder) for highly compensated employees (as defined in Section VI.A. hereof) shall not exceed the "contribution percentage" of the remaining Employees required to be considered under section 401(m)(2) of the Code and the Treasury regulations thereunder, by an amount that would cause the Plan to fail to meet the anti-discrimination requirements set forth in section 401(m) of the Code.

If after the close of any Plan Year, the Committee shall determine that the spread between the "contribution percentage" for (A) "highly compensated employees," and (B) the remaining Employees required to be considered under section 401(m)(2) of the Code and the Treasury regulations thereunder, for the Plan Year then ended is such that the Plan would fail to meet the anti-discrimination requirements set forth in section 401(m) of the Code, the following provisions shall apply:

1. The amount of After-Tax Contributions and Employer Matching Contributions which may be made on behalf of some or all highly compensated employees in the Plan Year shall be reduced by reducing to the extent necessary the highest percentage rates elected by the highly compensated employees. Such adjustment shall be made by first reducing the After-Tax Contributions and Employer Matching Contributions of the highly compensated employee with the highest dollar amount of After-Tax Contributions and Employer Matching Contributions for the Plan Year to a dollar amount which reduces such highly compensated employee's percentage rate to a level that permits the Plan to satisfy the requirements of section 401(m)(2) of the Code or, if less, to an amount which equals the dollar amount of the After-Tax Contributions and Employer Matching Contributions of the highly compensated employee with the next highest amount of After-Tax Contributions and Employer Matching Contributions for the Plan Year, and repeating such process until the requirements of section 401(m)(2) of the Code are satisfied.
2. Notwithstanding any other provision of the Plan, any After-Tax Contributions and Employer Matching Contributions subject to reduction under this paragraph ("excess aggregate contributions", calculated as described within the meaning of section 401(m)(6)(B) of the Code and Treasury regulations thereunder), together with income attributable to the excess aggregate contributions, determined in accordance with paragraph 4., shall be reduced in the following order of priority:
 - a. After-Tax Contributions, to the extent of the excess aggregate contributions, together with the income, and excluding any losses, attributable to those contributions, shall be returned to the Member's Employer and paid by such Employer to the affected Members, and then, if necessary,
 - b. Employer Matching Contributions, together with the income attributable to those contributions, shall be forfeited and applied to reduce subsequent Employer Matching Contributions.
3. Any repayment or forfeiture of excess aggregate contributions shall be made before the close of the Plan Year following the Plan Year for which those contributions were made, and to the extent practicable within 2 1/2 months of the close of the Plan Year in which the contributions were made. The After-Tax Contributions and Employer Matching Contributions of any affected Member shall be adjusted accordingly, and the Committee shall take, and instruct the Employer to take, such other action as shall be necessary or appropriate to effectuate such distribution or forfeiture.
4. The amount of income attributable to the excess aggregate contributions shall be determined by multiplying the total income on the Member's Account attributable to After-Tax Contributions and Employer Matching Contributions for the Plan Year in which the excess aggregate contributions were made by a fraction, the numerator of which is the amount of excess aggregate contributions for that Plan Year and the denominator of which is, the total value of the Member's Account attributable to After-Tax Contributions and Employer Matching Contributions as of the first Business Day of that Plan Year plus the Member's After-Tax Contributions and Employer Matching Contributions for the Plan Year. Income for the period between the end of the applicable Plan Year and the date of the corrective distribution shall be disregarded.

If any highly compensated employee is a member of another qualified plan of an Employer under which deferred cash contributions or matching contributions are made on behalf of the highly compensated employee or under which the highly compensated employee makes after-tax contributions, the Committee shall implement rules,

which shall be uniformly applicable to all employees similarly situated, to take into account all such contributions under all such plans in applying the limitations of this Section VI.F.

Employer Matching Contributions and After-Tax Contributions hereunder shall not exceed the limits set forth in section 401(m)(2) of the Code. For purposes of applying such limits:

- i. "prior year testing" (within the meaning of Internal Revenue Notice 98-1) shall be employed; and
- ii. section 401(m)(2) of the Code, Treasury regulations promulgated thereunder, and such other guidance as may be issued by the Internal Revenue Service under such section of the Code are incorporated herein by reference.

VII. INVESTMENT OF FUNDS

A. Member Contributions

Each Employee who becomes a Member may elect upon enrollment, and thereafter at any time, by direction in accordance with rules and procedures approved by the Committee, that his future After-Tax Contributions and Qualified Deferred Earnings Contributions shall be invested in one (1) or more of the following Funds:

Fund I -- FIXED INCOME FUND - A fund, valued at book, invested and re-invested directly or through one (1) or more collective investment vehicles primarily in obligations of a short term nature, including but not limited to savings accounts, savings and loan accounts, time deposits, certificates of deposit, savings certificates, short term securities issued or guaranteed by the United States of America or any agency or instrumentality thereof, and corporate obligations or participations therein (but excluding specifically any separately managed account obligations of the Company or an Associate Company), although the same may not be legal investments for trustees under the laws applicable thereto, to be selected and held by the Trustee in its sole discretion; or invested and re-invested in whole or in part in one (1) or more investment contracts with one (1) or more insurance companies or other financial institutions as directed from time to time by the Committee, or in a collective investment vehicle investing in such contracts selected by the Committee.

Fund II -- BALANCED GROWTH FUND - A fund invested primarily in a diversified portfolio of U.S. equity and fixed-income securities (although the fund may invest up to 25% of its total assets in securities of non-U.S. companies). The fund is intended to present a balanced investment program between growth and income by investing approximately 50-75% of its total assets in common stock, including securities convertible into common stock, and 25-50% of its assets in U.S. government securities and debt securities rated at time of purchase within the two highest grades assigned by Moody's Investors Service, Inc. or by Standard & Poor's, a division of The McGraw-Hill Companies. The fund may also invest up to 20% of its assets in unrated or lower rated debt securities.

Fund III -- S&P 500 INDEX FUND - A fund invested and reinvested in corporate common stocks of 500 public companies, seeking to match the risk and return of the Standard & Poor's 500 Index.

Fund IV -- GENERAL EQUITY FUND - A fund invested and re-invested by the Trustee or an investment manager directly or through one or more collective investment vehicles in selected common stocks identified based on fundamental valuation measures and anticipated changes in earnings estimates, although the same may not be legal investments for trustees under the laws applicable thereto. The Trustee shall use selected criteria to construct portfolios that have strong value and growth biases.

Fund V -- COMPANY STOCK FUND - A fund invested and re-invested in Minerals Technologies Inc. common stock, although such may not be a legal investment for trustees under the laws applicable thereto. The Trustee shall make purchases of such stock in the open market or from the Company if treasury stock or authorized but unissued stock is made available by the Company for such purchase. If such stock is purchased from the Company, its price shall be the closing price of the stock on the New York Stock Exchange on the day of purchase. The Trustee may also purchase such stock from private sources at a cost not in excess of that at which such stock is available on the market.

Fund VI -- INTERNATIONAL FUND - A fund invested and reinvested by the investment manager in non-U.S. equity investments. The fund is actively managed by use of a systematic approach to analyze the suitability of investments in individual countries, stocks and markets and the degree of currency exposure with respect to investments in the portfolio. The active management of the International Fund includes both the management of the equity investments in the fund and the management of the risk associated with possible fluctuations in the value of currencies.

A Member shall also have the right, at any time, as the Committee may by uniform rules permit, to direct that any portion of his Account invested in any of the foregoing Funds be transferred to any other of the above Funds. Such direction to transfer shall be effective as of the first Value Determination Date following receipt of the Member's direction by the Committee's appointed agent.

Notwithstanding anything in this Section VII.A. or any other provision of the Plan to the contrary, any election by a Member involving an acquisition or disposition of shares of Minerals Technologies Inc. common stock ("MTI Shares") shall be subject to such conditions and restrictions as the Committee determines to be necessary or advisable to ensure compliance with all applicable securities laws. Without limiting the generality of the foregoing, no acquisition or

disposition of allocated MTI Shares at the direction of a Member may be effected unless directed by the Member at a time at which that particular Member would be permitted, under the Company's policies regarding insider trading by employees, to acquire or dispose, respectively, of MTI Shares owned by such Member outside of the Plan.

A Member shall also have the right, at any time, as the Committee may by uniform rules permit, to direct that a portion of his Account invested in any of the foregoing Funds be transferred to the following Fund VII:

Fund VII -- MUTUAL FUND WINDOW - A fund administered by the Trustee and its agents employed as securities brokers in which a Member can invest in certain self-managed investments. The investments expected to be available under the Mutual Fund Window are certain mutual funds as specified by the Committee. The Account of each Member who invests in the Mutual Fund Window shall be reduced by any brokerage fees and commissions payable on their individual transactions in the Mutual Fund Window and by any monthly access fee. The Committee and the Trustee are authorized to sell assets held in the Member's Account for the purpose of paying the commissions and fees described herein. Notwithstanding the foregoing, (i) a Member's investment in Fund VII will be limited to 50% of the difference between the Member's total Account value and the value of such Member's Account attributable to Employer Matching Contributions and earnings thereon, (ii) the minimum amount that may be transferred into Fund VII at any time is \$1,000 and (iii) no amounts invested in Fund I may be directly transferred to Fund VII and no amounts invested in Fund I may be indirectly transferred to Fund VII by first transferring the amounts in Fund I to some other Fund (or Funds) unless such amounts remain invested in the intervening Fund (or Funds) for at least three (3) months.

Amounts transferred between Fund VII and Funds II through VI and the Pfizer Common Stock Fund, as defined in Section VII.E. hereof, or amounts transferred between the mutual funds within Fund VII may not be transferred directly; the Member must first instruct the Committee or its agent, in accordance with rules and procedures approved by the Committee, to sell his interest in the funds which he wishes to transfer. If such an instruction to sell is properly made on or prior to 4:00 p.m. Eastern Time and the Member does not already maintain a balance in Fund VII, the sale will be completed at the end of the next Business Day; if such an instruction is made after 4:00 p.m. Eastern Time, the sale will be completed at the end of the second Business Day following the date of the instruction. If a Member already maintains a balance in Fund VII, and an instruction to sell is made prior to 4:00 p.m. Eastern Time, the sale will be completed at the end of that Business Day; if such an instruction is made after 4:00 p.m. Eastern Time, the sale will be completed at the end of the next Business Day following the date of the instruction. The Trustee will place the proceeds of such sale in a short-term investment fund, designed to produce a money market rate of return, within Fund VII. Such proceeds will remain in such fund until the Member further instructs the Committee or its agent to transfer all or a portion of such proceeds into one or more of the other funds. For purposes of transferring such amounts between Fund VII and Funds II through VI and the Pfizer Common Stock Fund, or between the mutual funds in Fund VII, the Member may not transfer amounts attributable to the sale of his interest in a fund until the settlement date of such sale, which is normally three (3) Business Days following the sale of an interest in Fund VII, and one (1) Business Day following the sale of an interest in Funds II through VI and the Pfizer Common Stock Fund. The crediting of earnings within the short-term investment fund will not begin until after such settlement date.

A charge in an amount to be established by the Committee, but not to exceed 1% of the value of the amount being transferred, to cover all or part of the administrative cost thereof, may be deducted for such transfers.

B. Employer Matching Contributions

Employer Matching Contributions shall be invested in a separate unsegregated fund consisting solely, except as provided in Section VII.D. hereof, of Minerals Technologies Inc. common stock (hereinafter known as the Company Match Fund (Fund M)). When such contributions are in cash, the Trustee shall make purchases of such stock in the open market or from the Company if treasury stock or authorized but unissued stock is made available by the Company for such purchases. If such stock is purchased from the Company, its price shall be the closing price on the New York Stock Exchange on the day of purchase or, if not so traded, the average of the closing bid and asked price thereof on such Exchange on the day of purchase. The Trustee may also purchase such stock from private sources at a cost not in excess of that at which such stock could be purchased from the Company as provided herein. A Member may not transfer amounts from the Company Match Fund (Fund M) to another Fund under the Plan. Effective as of December 30, 2005, a Member may transfer or reallocate amounts held for more than two years in the Company Match Fund (Fund M) to another Fund under the Plan.

C. Investment of Income Received

Subject to Section VII.D. hereof, interest, cash dividends, stock dividends and capital gains shall be held or invested and re-invested by the Trustee in the same Fund from which they were derived.

D. Cash Balances

Nothing provided herein shall prevent the Trustee or an investment manager appointed by the Committee from maintaining any portion of the above Funds of the Trust Fund in cash or in short-term obligations of the United States Government or agencies thereof or in other types of short-term investments, including commercial paper (other than obligations of the Company or its affiliates), as it may from time to time deem to be in the best interests of the Plan or Trust Fund; provided, however, that cash balances (including any interim investment thereof) shall not be maintained in Fund V, Fund M or the Pfizer Common Stock Fund except to the extent that such balances are in anticipation of cash

distributions from such Funds or are maintained, with respect to Fund V, not to disrupt the non-discretionary purchasing program of the Trustee required by the Plan.

E. Pfizer Common Stock Fund

Amounts transferred to the Plan from Fund P of the Pfizer 401(k) Plan shall be invested in the Pfizer Common Stock Fund and shall remain in such Fund until such time as they are transferred to one or more of the Funds described in Section VII.A. hereof pursuant to a Member's election in accordance with rules and procedures approved by the Committee or distributed pursuant to Section X., Section XI. or Section XXVII. hereof. The Pfizer Common Stock Fund is an unsegregated fund invested and re-invested solely, except as provided in Section VII.D. hereof, in Pfizer Inc. common stock, although such may not be a legal investment for trustees under the laws applicable thereto. No amounts contributed under the Plan may be invested in, or transferred from another Fund into, the Pfizer Common Stock Fund.

VIII. CREDITS TO MEMBERS' ACCOUNTS

The Committee shall maintain in an equitable manner, a separate Account for each Member, in which it shall keep a separate record of such Member's balance in each Fund attributable to all contributions made by or for the Member. Each Member shall receive periodically, but at least once each year, a statement setting forth the status of his Account.

IX. SUSPENSION OF CONTRIBUTIONS

A Member may suspend his Member Contributions at any time by direction to his Employer in accordance with rules and procedures approved by the Committee, to be effective as of the next succeeding payroll period. During such suspension, no contributions will be made by his Employer on behalf of such Member. Subject to Section X.B.5.(c), such Member shall be eligible to recommence contributions at any time, to be effective on the first day of any payroll period designated by him following his notice of his intent to recommence contributions. A Member who is on military leave of absence may elect to continue his contributions under this Plan. A Member who has been laid off for lack of work or who is on other leave of absence will be deemed to have suspended his contributions until such time as he is restored to the regular service of his Employer, at which time he may immediately recommence contributions under the Plan.

X. WITHDRAWALS

Subject to the limitations imposed under Sections VI.C. and X.B. hereof restricting assets transferred to the Plan and the withdrawal of Qualified Deferred Earnings Contributions until the earliest of the Member's retirement, death, Disability, separation from service, hardship or attainment of age 59 1/2, respectively, a Member may, in accordance with rules and procedures approved by the Committee, request a withdrawal of all or any part of the value of his Account, as of the Value Determination Date coincident with or next following the date such withdrawal is requested in accordance with rules and procedures approved by the Committee, upon the following conditions, provided that, a Member who has attained age 59 1/2 who withdraws the full value of his Account may, in accordance with rules and procedures approved by the Committee, elect to receive a lump sum distribution (i) in Minerals Technologies Inc. common stock equal in value to all or any part of his share in Fund V and his share, if any, in the Company Match Fund (Fund M), (ii) in Pfizer Inc. common stock equal in value to all or any part of his share in the Pfizer Common Stock Fund, and (iii) in cash equal in amount to his share in Funds I, II, III, IV, VI and VII, as applicable, and his remaining share in Fund V, the Pfizer Common Stock Fund and/or the Company Match Fund (Fund M).

Notwithstanding anything in this Section X. to the contrary, a Member subject to Section 16 of the Securities Exchange Act of 1934, as amended (an "Insider"), may not elect to make a withdrawal from his Account (other than a withdrawal in connection with his termination of service) within six (6) months of the date of an election to increase his interest in (i) Fund V (whether by direction of future After-Tax Contributions or Qualified Deferred Earnings Contributions or by transfer of amounts into Fund V from other Funds pursuant to Section VII.A.) or (ii) an investment in Minerals Technologies Inc. common stock under another plan of the Company, to the extent such a withdrawal results in a withdrawal of amounts invested by the Insider in Fund V.

A. Withdrawal - Other Than of Qualified Deferred Earnings Contributions

Except as stated above, a Member shall be entitled to withdraw in cash at any time up to the full value of his Account not attributable to Qualified Deferred Earnings Contributions, plus the cash value, if any, of the balance of his Account invested in the Company Match Fund (Fund M); provided, however, that an Employee shall be entitled to withdraw in cash at any time an amount equal to all or any part of his Account attributable to Employer Matching Contributions only if (i) such contributions have been held under the Plan for at least two (2) years from the date of contribution, (ii) if the Employee would be entitled to make a hardship withdrawal of such Employer Matching Contributions under the hardship withdrawal standards of Section X.B. hereof, or (iii) at least five (5) years have elapsed since the Employee enrolled in the Plan.

B. Withdrawal - Qualified Deferred Earnings Contributions

Except as stated in the second paragraph of this Section X., a Member shall be entitled to make a hardship withdrawal of his Qualified Deferred Earnings Contributions and the amount, if any, in the Pfizer Common Stock Fund attributable to his elective deferrals under section 402(g) of the Code and of the appreciation thereon earned prior to January 1, 1989, up to the amount needed to satisfy the hardship, provided the Member first makes a full withdrawal under Section X.A. hereof and satisfies the Committee as to the existence of such hardship pursuant to the requirements set forth in this Section X.B. Qualified Deferred Earnings Contributions and the appreciation, if any, thereon may not be withdrawn by or distributed to a Member until the earliest of the Member's retirement, death, Disability, separation from service, hardship or attainment of age 59 1/2. A withdrawal is considered a withdrawal due to hardship (a "hardship withdrawal") if it is on account of: (i) an immediate and heavy financial need of the Member, and (ii) the withdrawal is necessary to satisfy such financial need. The Committee may determine that a withdrawal shall be considered a hardship withdrawal if it is requested on account of:

1. unreimbursed medical expenses described in section 213(d) of the Code incurred by the Member, his spouse or dependents (as defined in section 152 of the Code) or expenses necessary for such persons to obtain medical care described in section 213(d) of the Code,
2. tuition and related educational fees for the next twelve (12) months of post-secondary education for the Member, his spouse, child or dependent,
3. the purchase of the Member's principal residence (excluding mortgage payments),
4. payments to prevent eviction from, or foreclosure on the mortgage for, the Member's principal residence, or
5. such other needs as shall be officially recognized by the Internal Revenue Service as giving rise to an immediate and heavy financial need for purposes of section 401(k) of the Code. A hardship withdrawal shall be deemed to be necessary to satisfy an immediate and heavy financial need for a Member if:
 - a. the withdrawal does not exceed the amount of the Member's immediate and heavy financial need, including any amounts necessary to pay any federal, state, or local income taxes or penalties reasonably anticipated to result from the withdrawal,
 - b. the Member has received all distributions, exclusive of hardship withdrawals, and all non-taxable loans available under each qualified plan maintained by an Employer in which the Member participates, and
 - c. the Member's Qualified Deferred Earnings Contributions and After-Tax Contributions under the Plan and any other contributions thereby under any other qualified or non-qualified plan of deferred compensation maintained by an Employer in which the Member participates are suspended for the twelve (12) month period (six (6) month period, effective as of January 1, 2003) commencing on the date immediately following receipt of the hardship withdrawal.

In no event may the amount of a hardship withdrawal exceed the amount necessary to satisfy the Member's financial need, taking into account the extent such need may be satisfied through the use of other resources reasonably available to the Member. To demonstrate such necessity, the Member must certify to the Committee that the financial need cannot be satisfied:

- i. Through reimbursement or compensation by insurance or otherwise,
- ii. By reasonable liquidation of the Member's assets, to the extent such liquidation would not itself cause an immediate and heavy financial need,
- iii. By cessation of Qualified Deferred Earnings Contributions under the Plan, or
- iv. By distributions or nontaxable (at the time of the loan) loans from plans maintained by the Company or any other employer, or by borrowing from commercial sources on reasonable commercial terms.

For purposes of the above, the Member's resources shall be deemed to include the assets of his spouse and minor children that are reasonably available to the Member.

Except as provided in this Section X., a hardship withdrawal to a Member shall not affect such Member's eligibility to continue to participate in the Plan, nor shall it affect the non-withdrawn balance of such Member's Account or his rights and privileges with respect thereto.

XI. SETTLEMENT UPON TERMINATION OF EMPLOYMENT

Upon termination of employment, a Member, or in case of death, his designated beneficiary, which in the case of a married Member shall be the Member's spouse, unless, with the written consent of the spouse that has been witnessed by a notary public or Plan representative, another beneficiary has been designated, or, if there is no spouse or other designated beneficiary, the Member's legal representative, shall be entitled to the value of his Account, commencing as soon as practicable thereafter, but in no event later than

one year following his termination of employment or death, as applicable, upon the following conditions:

A. Termination of Employment

1. Forms of Benefit. A Member terminating employment, or in the case of a Disabled Member terminating employment, his legal representative if one has been appointed, shall settle his Account by selecting, in accordance with rules and procedures approved by the Committee, one of the following methods:
 - a. in a lump sum distribution in cash equal to the full value of his Account invested in the Funds described in Section VII. hereof, as applicable,
 - b. in a lump sum distribution in (i) Minerals Technologies Inc. common stock equal in value to all or any part of the Member's share in Fund V and the Company Match Fund (Fund M), if any, plus (ii) Pfizer Inc. common stock equal in value to all or any part of the Member's share in the Pfizer Common Stock Fund, if any, plus (iii) cash equal in amount to the Member's share in Funds I, II, III, IV, VI and VII, as applicable, and his remaining share in Fund V, the Company Match Fund (Fund M) and the Pfizer Common Stock Fund, if any,
 - c. with respect to that portion of the Member's Account, if any, equal to the net value of such Member's Account as of March 31, 1997, in distributions in ten (10) substantially equal annual installments in cash equal to the full value of his Account invested in the Funds described in Section VII. hereof, as applicable, and the remaining portion of the Member's Account payable pursuant to paragraph (a) above, or
 - d. with respect to that portion of the Member's Account, if any, equal to the net value of such Member's Account as of March 31, 1997, in distributions in ten (10) substantially equal annual installments in (i) Minerals Technologies Inc. common stock equal in value to all or any part of the Member's share in Fund V and the Company Match Fund (Fund M), if any, plus (ii) Pfizer Inc. common stock equal in value to all or any part of the Member's share in the Pfizer Common Stock Fund, if any, plus (iii) cash equal in amount to the Member's share in Funds I, II, III, IV, VI and VII, as applicable, and his remaining share in Fund V, the Company Match Fund (Fund M) and the Pfizer Common Stock Fund, if any, and the remaining portion of the Member's Account payable pursuant to paragraph (b) above.

Notwithstanding the above, a Member who terminates employment prior to age 65, other than by Disability, may only elect to settle his Account in accordance with Sections XI.A.1.(a) or (b) hereof. Regardless of the form of payment, all distributions shall comply with section 401(a)(9) of the Code and the Treasury regulations thereunder, including the minimum distribution incidental death benefit requirement of section 401(a)(9)(G) of the Code and the Treasury regulations thereunder, and such provisions shall override any Plan provisions otherwise inconsistent therewith.

Notwithstanding the above, the installment distribution form of payment under Sections XI.A.1.(c) and (d) hereof shall not be available to any Member whose annuity starting date (within the meaning of section 417(f)(2) of the Code) is on or after April 1, 2003 or such later date as may be required pursuant to section 1.411(d)-4, Q&A 2(e)(1)(ii)(A) of the Treasury regulations.

2. Accounts Left in the Plan After Termination. Notwithstanding the foregoing, if a Member who has a balance of at least \$5,000 in his Account (determined without regard to the amount in the Member's Account attributable to Rollover Contributions) terminates employment without having made a selection of the form of his benefit in accordance with rules and procedures approved by the Committee, his Account will remain in the Plan until he makes a total withdrawal of his Account, reaches age 65, becomes Disabled, or dies, whichever first occurs, at which time settlement will be made in a lump sum distribution in cash or, if so selected, in cash and/or stock, in accordance with Section XI.A.1.(b) hereof, equal to the full value of his Account, determined as of the Value Determination Date immediately following or coincident with the date such distribution is requested in accordance with rules and procedures approved by the Committee or the date of distribution, if earlier, less the applicable withholding tax. Such Account may be totally withdrawn or may be transferred among Funds in accordance with the terms of the Plan, prior to such distribution. Also, only one (1) partial withdrawal will be permitted with respect to such an Account following termination of employment.
3. Installment Distributions (Applicable to the Portion of the Member's Account, if any, equal to the March 31, 1997 Account balance). The initial installment distribution of a Member's Account pursuant to Sections XI.A.1.(c) and (d) hereof shall be equal to the value of the applicable portion of such Account as of the Value Determination Date immediately following or coincident with the date such distribution is requested in accordance with rules and procedures approved by the Committee, divided by the total number of installment distributions to be made. Subsequent installment distributions shall be equal to the value of such Account as of the Value Determination Date on the date of distribution, divided by the remaining number of installment distributions. For the purpose of determining the value of any Company or Pfizer Inc. common stock distributed hereunder, such value shall be the closing price of the stock on the New York Stock Exchange on such Value Determination Date.
4. Delayed Distribution of Account. Notwithstanding anything to the contrary in the Plan, the benefit of each Member will be distributed or commence to be distributed to him in accordance with section 401(a)(9) of the Code, the Treasury regulations thereunder and other official guidance issued thereunder. Notwithstanding the

foregoing, any such Member who attains age 70 1/2 before January 1, 2002, and who has not terminated employment with all Employers, shall have the right to have his distribution commence not later than April 1 of the calendar year following the calendar year in which the Member attains age 70 1/2. In addition, a terminating Member may, subject to Section XI.B. and Section XII hereof, have payment of his benefit commence at a date which shall be not more than thirteen (13) months following termination. Notwithstanding Section XI.A.3. hereof, in determining the value of the Account of a Member making such an election, the Value Determination Date immediately following or coincident with the date such withdrawal is requested in accordance with rules and procedures approved by the Committee shall be used.

5. Death. In the event of a Member's death, his designated beneficiary, which in the case of a married Member shall be the Member's Spouse unless with the written consent of the Spouse that has been witnessed by a notary public or Plan representative, another beneficiary has been designated, or, if there is no Spouse or other designated beneficiary, his legal representative, shall receive as soon as practicable thereafter, but in no event later than one (1) year following the Member's death, in cash the full value of the Member's Account, based upon both his share in the Funds described in Section VII. hereof, as applicable, or, in lieu of such cash payment such beneficiary or representative may select settlement of the Member's Account in accordance with the alternative available under Section XI.A.1.(b) hereof to a Member upon terminating employment, provided that an irrevocable selection in writing of such settlement is received by the Committee not more than six (6) months following such death. Where payment has commenced to a Member prior to his death, payment to his Spouse or his designated beneficiary shall be over a period that is no longer than the period under which the Member was receiving benefits.

Where distribution has not commenced to the Member at the time of his death, payments to the Spouse of a Member shall be made in a lump sum no later than the date on which the Member would have attained age 70 1/2, and distribution to the designated beneficiary of a Member shall be made in a lump sum no later than one (1) year following the date of the Member's death.

In determining the net value of a Member's Account hereunder, the applicable Value Determination Date shall be the date of distribution. For the purpose of determining the value of Company or Pfizer common stock, such value shall be the closing price of the stock on the New York Stock Exchange on the applicable Value Determination Date.

B. Form of Distributions

Notwithstanding anything in this Plan to the contrary, in the event that the value of the Member's Account is less than or equal to \$5,000 (determined without regard to the amount in the Member's Account attributable to Rollover Contributions) at the Value Determination Date immediately following or coincident with termination of employment, such value shall be immediately paid in a lump sum in accordance with Section XI.A.1.(a) hereof; provided, however, a Member may request such lump sum to be paid in accordance with Section XI.A.1.(b) hereof; provided, further, however that effective as of March 28, 2005, in the event of a mandatory distribution greater than \$1,000 in accordance with the provisions of this Section XI.B., if the Member does not elect to have such distribution paid directly to an eligible retirement plan specified by the Member in a direct rollover or to receive the distribution directly in accordance with XI.A.1., then the plan administrator will pay the distribution in a direct rollover to an individual retirement plan designated by the plan administrator. Notwithstanding the foregoing, if the value of the Member's Account exceeds \$5,000 (determined without regard to the amount in the Member's Account attributable to Rollover Contributions) and becomes distributable to him on an immediate lump sum basis prior to his attaining age 65, no such distribution shall be made to him unless he consents to such distribution, in accordance with rules and procedures approved by the Committee, no more than ninety (90) days and no less than thirty (30) days prior to the anticipated date of the Member's distribution, as required by section 1.411(a)-11(c) of the Treasury regulations. If a distribution is one to which sections 401(a)(11) and 417 of the Code do not apply, such distribution may commence less than thirty (30) days after the notice required under section 1.411(a)-11(c) of the Treasury regulations is given, provided that:

- i. the Committee clearly informs the Member that the Member has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option), and
- ii. the Member, after receiving the notice, affirmatively elects a distribution.

C. Rollover Distributions

Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Section XI., a distributee may elect, at the time and in accordance with rules and procedures approved by the Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

An eligible rollover distribution is a distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of ten (10) years or more; any distribution to the extent such distribution is required under section 401(a)(9) of the Code;

any amount that is distributed on account of hardship; and the portion of any distribution that is attributable to after-tax Employee contributions unless such after-tax Employee contributions are (a) transferred to an individual retirement account or annuity described in Code Section 408(a), or (b) transferred through a trustee-to-trustee transfer to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for such after-tax Employee contributions.

An eligible retirement plan is an individual retirement account described in section 408(a) of the Code, an individual retirement annuity described in section 408(b) of the Code, an annuity plan described in section 403(a) of the Code, a qualified trust described in section 401(a) of the Code, the terms of which permit acceptance of the distributee's eligible rollover distribution, an annuity contract described in section 403(b) of the Code and an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from the Plan.

A distributee is an Employee or former Employee. In addition, the Employee's or former Employee's surviving Spouse and the Employee's or former Employee's Spouse or former Spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are distributees with regard to the interest of the Spouse or former Spouse. A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

In the event that the provisions of this Section XI.C. or any part thereof cease to be required by law as a result of subsequent legislation or otherwise, this Section XI.C. or applicable part thereof shall be ineffective without necessity of further amendment of the Plan.

D. Qualified Domestic Relations Order

Notwithstanding any other provision of the Plan to the contrary, distribution of the amount to the credit of a Member's Account shall be made in accordance with the terms of a qualified domestic relations order, as defined in section 414(p) of the Code, issued with respect to a Member's Spouse, former Spouse, child or other dependent or any person specified in such order provided such order and the terms thereof meet the requirements of section 206(d) of ERISA. The Committee shall have full and complete discretion to determine whether a domestic relations order constitutes a "qualified domestic relations order," as defined in section 414(p) of the Code, and whether the putative alternate payee under such an order otherwise qualifies for benefits under the Plan. Notwithstanding any other provision of the Plan to the contrary, if the amount payable to an alternate payee under a qualified domestic relations order is less than or equal to \$5,000, such amount shall be paid in one lump sum as soon as practicable following the qualification of the order, if such order provides for such payment. If the amount exceeds \$5,000, it may be paid as soon as practicable following the qualification of the order if the alternate payee named in such order consents thereto and if such order provides for such payment; otherwise it may not be payable prior to the earlier of: (1) the date on which the Member is entitled to a distribution under the Plan, or (2) the later of (a) the Member's attainment of age 50, or (b) the earliest date on which the Member could begin receiving benefits under the Plan if the Member terminated employment.

E. Limitation on Distribution of Qualified Deferred Earnings Contributions

Qualified Deferred Earnings Contributions and any income allocable to such amounts, shall not be distributable earlier than the Member's termination of employment, death or hardship distribution. Such amounts may also be distributed, pursuant to section 401(k)(10) of the Code and solely in the form of a "lump sum distribution," as defined in section 401(k)(10)(B)(ii) of the Code, upon:

1. termination of the Plan without the establishment or maintenance of another defined contribution plan (other than an "employee stock ownership plan," as defined in section 4975(e)(7) of the Code) by the Company,
2. the disposition by the Company of at least 85% of the assets used by the Company in a trade or business thereof, to a corporation not required after such disposition to be aggregated with the Company pursuant to section 414(b), (c), (m) or (o) of the Code, where the Company continues to maintain the Plan after such disposition, and solely with respect to Employees who, subsequent to such disposition, continue employment with the corporation acquiring such assets, or
3. the disposition by the Company of the Company's interest in a subsidiary, to an entity not required after such disposition to be aggregated with the Company pursuant to section 414(b), (c), (m) or (o) of the Code, where the Company continues to maintain the Plan after such disposition, and solely with respect to Employees who, subsequent to such disposition, continue employment with such subsidiary.

XII. MINIMUM DISTRIBUTION REQUIREMENTS

A. General Rules

1. **Effective Date.** The provisions of this Section XII will apply for purposes of determining required minimum distributions for calendar years beginning with the 2003 calendar year.
2. **Precedence.** The requirements of this Section XII will take precedence over any inconsistent provisions of the

plan.

3. Requirements of Treasury Regulations Incorporated. All distributions required under this Section XII will be determined and made in accordance with the Treasury regulations under section 401(a)(9) of the Code.

B. Time and Manner of Distribution

1. Required Beginning Date. The Member's entire interest will be distributed, or begin to be distributed, to the Member no later than the Member's Required Beginning Date.
2. Death of Member Before Distributions Begin. If the Member dies before distributions begin, the Member's entire interest will be distributed, or begin to be distributed, no later than as follows:
 - a. If the Member's surviving Spouse is the Member's sole Designated Beneficiary, then distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Member died, or by December 31 of the calendar year in which the Member would have attained age 70 1/2, if later.
 - b. If the Member's surviving Spouse is not the Member's sole Designated Beneficiary, then distributions to the Designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Member died.
 - c. If there is no Designated Beneficiary as of September 30 of the year following the year of the Member's death, the Member's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Member's death.
 - d. If the Member's surviving Spouse is the Member's sole Designated Beneficiary and the surviving Spouse dies after the Member but before distributions to the surviving Spouse begin, this Section XII.B.2., other than Section XII.B.2.(a), will apply as if the surviving Spouse were the Member.

For purposes of this Section XII.B.2. and Section XII.D., unless Section XII.B.2.(d) applies, distributions are considered to begin on the Member's Required Beginning Date. If Section XII.B.2.(d) applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under Section XII.B.2.(a).

3. Forms of Distribution. Unless the Member's interest is distributed in a single sum on or before the Required Beginning Date, as of the first Distribution Calendar Year distributions will be made in accordance with sections XII.C. and XII.D. hereof.

C. Required Minimum Distributions During Member's Lifetime

1. Amount of Required Minimum Distribution For Each Distribution Calendar Year. During the Member's lifetime, the minimum amount that will be distributed for each Distribution Calendar Year is the lesser of:
 - a. the quotient obtained by dividing the Member's Account Balance by the distribution period in the Uniform Lifetime Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Member's age as of the Member's birthday in the Distribution Calendar Year; or
 - b. if the Member's sole Designated Beneficiary for the Distribution Calendar Year is the Member's Spouse, the quotient obtained by dividing the Member's Account Balance by the number in the Joint and Last Survivor Table set forth in section 1.401(a)(9)-9 of the Treasury regulations, using the Member's and Spouse's attained ages as of the Member's and Spouse's birthdays in the Distribution Calendar Year.
2. Lifetime Required Minimum Distributions Continue Through Year of Member's Death. Required minimum distributions will be determined under this Section XII.C. beginning with the first Distribution Calendar Year and up to and including the Distribution Calendar Year that includes the Member's date of death.

D. Required Minimum Distributions After Member's Death.

1. Death On or After Date Distributions Begin.
 - a. Member Survived by Designated Beneficiary. If the Member dies on or after the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Member's death is the quotient obtained by dividing the Member's Account Balance by the longer of the remaining Life Expectancy of the Member or the remaining Life

Expectancy of the Member's Designated Beneficiary, determined as follows:

- i. The Member's remaining Life Expectancy is calculated using the age of the Member in the year of death, reduced by one for each subsequent year.
 - ii. If the Member's surviving Spouse is the Member's sole Designated Beneficiary, the remaining Life Expectancy of the surviving Spouse is calculated for each Distribution Calendar Year after the year of the Member's death using the surviving Spouse's age as of the Spouse's birthday in that year. For Distribution Calendar Years after the year of the surviving Spouse's death, the remaining Life Expectancy of the surviving Spouse is calculated using the age of the surviving Spouse as of the Spouse's birthday in the calendar year of the Spouse's death, reduced by one for each subsequent calendar year.
 - iii. If the Member's surviving Spouse is not the Member's sole Designated Beneficiary, the Designated Beneficiary's remaining Life Expectancy is calculated using the age of the beneficiary in the year following the year of the Member's death, reduced by one for each subsequent year.
- b. No Designated Beneficiary. If the Member dies on or after the date distributions begin and there is no Designated Beneficiary as of September 30 of the year after the year of the Member's death, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Member's death is the quotient obtained by dividing the Member's Account Balance by the Member's remaining Life Expectancy calculated using the age of the Member in the year of death, reduced by one for each subsequent year.

2. Death Before Date Distributions Begin.

- a. Member Survived by Designated Beneficiary. If the Member dies before the date distributions begin and there is a Designated Beneficiary, the minimum amount that will be distributed for each Distribution Calendar Year after the year of the Member's death is the quotient obtained by dividing the Member's Account Balance by the remaining Life Expectancy of the Member's Designated Beneficiary, determined as provided in Section XII.D.1.
- b. No Designated Beneficiary. If the Member dies before the date distributions begin and there is no Designated Beneficiary as of September 30 of the year following the year of the Member's death, distribution of the Member's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.
- c. Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Member dies before the date distributions begin, the Member's surviving Spouse is the Member's sole Designated Beneficiary, and the surviving Spouse dies before distributions are required to begin to the surviving Spouse under Section XII.B.2.(a), this Section XIID.2. will apply as if the surviving Spouse were the Member.

E. Definitions

1. Designated Beneficiary. The individual who is designated as the beneficiary under Section XI.A.5. of the plan and is the designated beneficiary under section 401(a)(9) of the Internal Revenue Code and section 1.401(a)(9)-1, Q&A-4, of the Treasury regulations.
2. Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Member's Required Beginning Date. For distributions beginning after the Member's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin under Section XII.B.2. The required minimum distribution for the Member's first Distribution Calendar Year will be made on or before the Member's Required Beginning Date. The required minimum distribution for other Distribution Calendar Years, including the required minimum distribution for the Distribution Calendar Year in which the Member's Required Beginning Date occurs, will be made on or before December 31 of that Distribution Calendar Year.
3. Life Expectancy. Life Expectancy as computed by use of the Single Life Table in section 1.401(a)(9)-9 of the Treasury regulations.
4. Member's Account Balance. The account balance as of the last valuation date in the calendar year immediately preceding the Distribution Calendar Year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the account balance as of dates in the valuation calendar year after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date.

The account balance for the valuation calendar year includes any amounts rolled over or transferred to the plan either in the valuation calendar year or in the Distribution Calendar Year if distributed or transferred in the valuation calendar year.

5. Required Beginning Date. The April 1st of the calendar year immediately following the later of: (i) the calendar year in which the Member attains age 70 1/2 or (ii) the calendar year in which the Member retires; provided, however, that subsection (ii) hereof shall not apply in case of a Member who is a 5% owner as defined in section 416 of the Code at any time during the Plan Year ending with or within the calendar year in which such Member attains 70 1/2.

XIII. SAVINGS AND INVESTMENT PLAN COMMITTEE

- A. This Plan shall be administered by a Savings and Investment Plan Committee consisting of at least three (3) persons, who may be Members of the Plan, appointed by the Board of Directors of the Company. Members of the Committee shall serve at the pleasure of the Board of Directors of the Company, and may resign at any time upon due notice in writing. The Committee shall act by a majority of its members, and the Secretary thereof shall certify its actions to the Trustee.
- B.
 1. The Committee shall be the Plan Administrator and shall have fiduciary responsibility under the Employee Retirement Income Security Act of 1974, as amended, for the general operation of the Plan, and the exclusive authority and responsibility (i) to appoint and remove or select investment managers, if any, the Trustee or any successor Trustee under the Plan and the Trust Agreement and pooled investment vehicles and investment advisers thereof, (ii) to direct the segregation of all or a portion of the assets of the Plan Trust into an investment manager account or accounts at any time and from time to time and to add or to withdraw assets from such investment manager account or accounts as it deems desirable or appropriate, (iii) to direct the Trustee to enter into a group annuity contract or contracts, in such form and on such terms as may be approved by the Committee to provide for annuity settlements under the Plan, and (iv) to direct the Trustee to enter into one (1) or more investment contracts with one or more insurance companies or financial institutions as provided in Section VII.A. hereof and in the Trust Agreement; provided, however, that, except as expressly set forth above, the Committee shall have no responsibility for or control over the investment of the Plan assets held in the Funds established hereunder. The Committee may appoint or employ, and compensate such persons as it deems necessary to render advice with respect to any responsibility of the Committee under the Plan. The Committee may allocate to any one (1) or more of its members any responsibility that it may have under the Plan and may designate any other person or persons to carry out any responsibility of the Committee under the Plan. Any person may serve in more than one fiduciary capacity with respect to the Plan.
 2. The Committee shall administer the Plan in accordance with its terms and shall have all powers necessary to carry out the provisions of the Plan not otherwise reserved to the Company, the Board of Directors or the Trustee. The Committee shall have all powers to administer the Plan, within its discretion, other than the power to invest or reinvest the assets of the Plan to the extent such powers have been delegated to the Trustee, an insurance company and/or an asset manager. The Committee shall have total and complete discretion to interpret the Plan and to determine all questions arising in the administration, interpretation and application of the Plan, including the power to construe and interpret the Plan; to decide questions relating to an individual's eligibility to participate in the Plan and/or eligibility for benefits and the amounts thereof; to have fact finder discretionary authority to decide all facts relevant to the determination of eligibility for benefits or participation; to make such adjustments as it deems necessary or desirable to correct any arithmetical or accounting errors; to determine the amount, form, and timing of any distribution to be made hereunder; to approve and enforce any loan hereunder including the repayment thereof, as well as to resolve any conflict. The Committee shall have the discretion to make factual determinations relating to the amount and manner of any allocations and distributions of benefits. In making its decisions, the Committee shall be entitled to, but need not rely upon, information supplied by a Member, beneficiary or representative thereof. The Committee shall have full and complete discretion to determine whether a domestic relations order constitutes a "qualified domestic relations order" under applicable law and whether the putative alternative payee under such an order otherwise qualifies for benefits hereunder. The Committee may correct any defect, supply any omission or reconcile any inconsistency in such manner and to such extent as it shall deem necessary to carry out the purposes of the Plan. The Committee's decision in such matters shall be binding and conclusive as to all parties.
 3. The Committee shall determine whether a judgment, decree, or order, including approval of a property settlement agreement, made pursuant to a state domestic relations law, including a community property law, that relates to the provision of child support, alimony payments, or marital property rights of a Spouse, former Spouse, child, or other dependent of the Member is a qualified domestic relations order within the meaning of section 414(p) of the Code, and shall give the required notices and segregate any amounts that may be subject to such order if it is a qualified domestic relations order, and shall administer the distributions required by any such qualified domestic relations order.
 4. The Committee is authorized to make such uniform rules as may be necessary to carry out the provisions of the Plan and shall determine, in its sole discretion, any questions arising in the administration, interpretation and application of the Plan, which determination shall be conclusive and binding on all parties. In exercising such powers and authorities, the Committee shall at all times exercise good faith, apply standards of uniform application, and refrain from arbitrary action. The Committee is also authorized to adopt such uniform rules as it may consider necessary or

desirable for the conduct of its affairs and the transaction of its business, including, but not limited to, the power on the part of the Committee to act without formally convening and to provide that action of the Committee may be expressed by written instruments signed by a majority of its members. It shall elect a Secretary, who need not be a member of the Committee, who shall record the minutes of its proceedings and shall perform such other duties as may from time to time be assigned to him. The Committee may retain legal counsel (who may be the General Counsel of the Company) when and if it be found necessary or convenient to do so, and may also employ such other assistants, clerical or otherwise, as may be needed, and expend such monies as may be required for the proper performance of its work. Such costs and expenses shall be borne by the Company in accordance with the provisions of this Section XIII.

5. To the extent permitted by law, the Committee, the Boards of Directors of the Employers, and the Employers and their respective officers shall not be liable for the directions, actions or omissions of any agent, legal or other counsel, accountant or any other expert who has agreed to the performance of administrative duties in connection with the Plan or Trust. The Committee, the Boards of Directors of the Employers, and the Employers and their respective officers shall be entitled to rely upon all certificates, reports, data, statistics, analyses and opinions which may be made by such experts and shall be fully protected in respect to any action taken or suffered by them in good faith reliance upon any such certificates, reports, data, statistics, analyses or opinions; all actions so taken or suffered shall be conclusive upon each of them and upon all persons having or claiming to have any interest in or under the Plan.

- C. Each member of the Committee shall be indemnified by the Company against all costs and expenses (including counsel fees but excluding any amount representing a settlement unless such settlement be approved by the Company) reasonably incurred by or imposed upon him in connection with or resulting from any action, suit or proceeding to which he may be made a party by reason of his being or having been a member of the Committee (whether or not he continues to be a member of the Committee at the time when such cost or expense is incurred or imposed), to the full extent of the law. The foregoing rights of indemnification shall not be exclusive of other rights to which any member of the Committee may be entitled as a matter of law, contract or otherwise.

XIV. TRUST AGREEMENT

The Company shall enter into a written Trust Agreement with a trustee of its choice, to become effective upon the date this Plan becomes effective, providing for the administration of the Funds established hereunder. The Trust Agreement shall provide that all of the Funds will be held, managed, invested and re-invested and distributed thereunder in accordance with its provisions and the provisions of the Plan. The Trust Agreement shall provide that it may be amended in whole or in part by the Company at any time or from time to time and in any manner, except that no part of the Trust Fund, either by reason of any amendment, or otherwise, shall ever be used for or diverted to purposes other than for the exclusive benefit of Members and their beneficiaries and the payment of administrative expenses. The Trust Agreement shall be deemed to form a part of the Plan, and any and all rights or benefits which may accrue to any person under this Plan shall be subject to all the terms and provisions of the Trust Agreement.

XV. ASSOCIATE COMPANIES

- A. Any corporation of which the Company owns directly or indirectly 80% of the issued and outstanding shares of stock, with the consent of the Company, by taking appropriate corporate action may become an Associate Company and secure the benefits of this Plan for its employees by adopting this Plan as its Plan, by becoming party to the Trust Agreement, and by taking such other actions as the Company shall consider necessary or desirable to accomplish that purpose. The Company may, upon thirty (30) days' written notice, request an Associate Company to withdraw from the Plan, and upon the expiration of such thirty (30) day period, unless such Associate Company has taken appropriate corporate action to accomplish such withdrawal, such Associate Company shall be deemed to have withdrawn from the Plan. Accounts of the Members of such Associate Company shall be vested and settled in the manner provided in Section XXIII.C. hereof.
- B. Any Associate Company may at any time segregate from further participation in the Trust under the Trust Agreement. Such Associate Company shall file with the Trustee a document evidencing its segregation from the Trust Fund and its continuance of a Trust in accordance with the provisions of the Trust Agreement as though such Associate Company were the sole creator thereof. In such event, the Trustee shall deliver to itself as Trustee of such trust such part of the Trust Fund as may be determined by the Committee to constitute the appropriate share of the Trust Fund then held in respect of the Members of such Associate Company. Such former Associate Company may thereafter exercise in respect of such Trust Agreement all the rights and powers reserved to the Company and to the Committee under the provisions of the Trust Agreement.

In a similar manner, the appropriate share of the Trust Fund determined by the Committee to be then held in respect of Members in any division, plant, location or other identifiable group or unit of the Company or an Associate Company may be segregated, and the Trustee shall hold such segregated assets in the same manner and for the same purpose as provided above in the event of segregation of an Associate Company, and the Company or any successor owner of the segregated unit shall have the rights and powers hereinabove provided for a segregated Associate Company.

XVI. VOTING RIGHTS

- A. The Trustee shall have the sole and exclusive right to vote any securities held in Funds I, II, III, IV, VI and VII, in its discretion. With respect to Minerals Technologies Inc. common stock held in Fund V and the Company Match Fund (Fund M), each Member shall be entitled to give voting instructions to the Trustee with respect to his interest, if any, in such stock. Each Member's interest in Minerals Technologies Inc. common stock shall be computed by multiplying the total number of shares held by the Trustee on the applicable shareholder record date by the ratio of the value of Fund V and the Company Match Fund (Fund M), if any, credited to such Member (as of the most recent Value Determination Date prior to the shareholder record date for which the Committee has completed its determination of the value of such Funds and delivered the results of such determination to the Trustee, but in no event shall such Value Determination Date be more than sixty (60) days prior to the shareholder record date) to the total value of all Minerals Technologies Inc. common stock credited to all Members as of such Value Determination Date, excluding the value of such stock allocated to Members whose accounts have been distributed prior to the shareholder record date. Written notice of any meeting of the Company, the proxy statement and a request for voting instructions will be mailed by the Company to each Member having an interest in Fund V and/or the Company Match Fund (Fund M), except those Members having only a fractional interest in a common share of the Company. The Trustee shall vote shares and fractional shares of such Company common stock in accordance with the written direction of each Member with respect to his interest, if any, provided such direction is received by the Trustee at least three (3) days before the date set for the meeting at which such Company common stock is to be voted. Shares and fractional shares of Company common stock with respect to which no such direction shall be timely given, shall be voted in the same ratio, to the nearest whole vote, as the shares with respect to which instructions were received from Members. In the event of a tender or exchange offer for Company common stock, each Member shall determine whether his shares shall be tendered or exchanged by notifying the Trustee in writing on a form to be supplied by the Company. In connection with any such tender or exchange offer, the Company shall notify each affected Member of such tender or exchange offer and distribute such information as is distributed to shareholders in connection therewith. Such determination shall be held in confidence by the Trustee. Shares and fractional shares of Company common stock with respect to which no direction shall be timely given shall not be tendered or exchanged by the Trustee on the assumption that the Member does not wish to have his shares tendered or exchanged.
- B. With respect to Pfizer Inc. common stock held in Pfizer Inc. Common Stock Fund, each Member shall be entitled to give voting instructions to the Trustee with respect to his interest, if any, in such stock. Each Member's interest in Pfizer Inc. common stock shall be computed by multiplying the total number of shares held by the Trustee on the applicable shareholder record date by the ratio of the value of the Pfizer Inc. Common Stock Fund, if any, credited to such Member (as of the most recent Value Determination Date prior to the shareholder record date for which the Committee has completed its determination of the value of such Fund and delivered the results of such determination to the Trustee, but in no event shall such Value Determination Date be more than sixty (60) days prior to the shareholder record date) to the total value of all Pfizer Inc. common stock credited to all Members as of such Value Determination Date, excluding the value of such stock allocated to Members whose accounts have been distributed prior to the shareholder record date. Written notice of any meeting of Pfizer Inc., the proxy statement and a request for voting instructions will be mailed by the Trustee to each Member having an interest in the Pfizer Inc. Common Stock Fund, except those Members having only a fractional interest in a common share of Pfizer Inc. The Trustee shall vote shares and fractional shares of such Pfizer Inc. common stock in accordance with the written direction of each Member with respect to his interest, if any, provided such direction is received by the Trustee at least three days before the date set for the meeting at which such Pfizer Inc. common stock is to be voted. Shares and fractional shares of Pfizer Inc. common stock with respect to which no such direction shall be timely given, shall be voted in the same ratio, to the nearest whole vote, as the shares with respect to which instructions were received from Members.

XVII. ADMINISTRATIVE COSTS

Subject to the provisions of Section VII.A. hereof pertaining to charges to Member Accounts for certain investment transactions, all costs and expenses of administering the Plan (except certain expenses with respect to the processing of loan applications and with respect to the Mutual Fund Window which shall be borne by such Member and except for the fees and charges of the investment managers which shall be charged against the applicable investment fund) shall be borne by the Company, and until so paid shall represent a lien in favor of the Trustee, or investment manager, as applicable, against each respective Fund.

XVIII. NON-ALIENATION OF BENEFITS

No benefit payable under the provisions of the Plan shall be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, or charge, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber or charge the same shall be void; nor shall benefits be in any manner liable for or subject to the debts, contracts, liabilities, engagements or torts of any Member or beneficiary except as specifically provided (i) by a qualified domestic relations order within the meaning of section 414(p) of the Code, or (ii) in connection with a judgment or settlement entered into on or after August 5, 1997, involving the Plan pursuant to the requirements of section 401(a)(13)(C) of the Code.

XIX. NOTICE

Whenever an Employer, the Committee or the Trustee is required to take action pursuant to a request or direction from an eligible Employee or a Member participating in the Plan, such request or direction must be given at such time and in the form prescribed by the Employer, the Committee or the Trustee, as applicable.

XX. INVESTMENTS

Each Member shall assume all risk in connection with any decrease in the market value of any investment in the respective Funds in which he participates, including Fund V, the Company Match Fund (Fund M) and the Pfizer Common Stock Fund, if any, and such Funds shall be the sole source of all payments to be made under the Plan.

Neither the Company, any Associate Company, the Committee or the Trustee, nor any officer or employee of any of them, is authorized to advise a Member as to the manner in which his contributions to the Plan should be invested. The election of the Fund or Funds in which a Member participates is his sole responsibility, and the fact that designated Funds are available to Members for investment or that limitations may be established with respect to maximum investments in one or more Funds shall not be construed as a recommendation for or against the investment of a Member's contributions hereunder in any of such Funds.

XXI. TREASURY APPROVAL

This Plan and the contributions thereto shall be conditional upon a determination by the Internal Revenue Service that the Plan meets the applicable requirements of section 401(a) of the Code and that the Trust is exempt under section 501(a) of the Code. Contributions made to the Plan are conditioned upon their deductibility under the Code.

XXII. MISCELLANEOUS

- A. The provisions of the Plan shall be construed, regulated and administered according to the laws of the State of New York, except to the extent superseded by any controlling Federal statute.
- B. If any Member, former Member, or beneficiary, in the judgment of the Committee, is legally, physically or mentally incapable of personally receiving and receipting for any payment due hereunder payment may be made to the guardian or other legal representative of such Member, former Member or beneficiary or to such other person or institution who, in the opinion of the Committee, is then maintaining or has custody of such Member, former Member or beneficiary. Such payments shall constitute a full discharge with respect to such payments.
- C. Nothing contained herein or in the Trust Agreement shall entitle any Member, former Member, beneficiary or any other person to the right or privilege of examining or having access to the books or records of the Company, any Associate Company, the Committee or the Trustee; nor shall any such person have any right, legal or equitable, against the Company or an Associate Company, or any director, officer, employee, agent or representative thereof, or against the Committee or the Trustee, except as expressly provided herein.
- D. The Committee shall be fully protected in respect to any action taken or suffered by them in good faith in reliance upon the advice or opinion of any actuary, accountant, legal counsel, appraiser, or physician, and all action so taken or suffered shall be conclusive upon all Members, former Members, beneficiaries, heirs, distributees, personal representatives and any other person claiming under the Plan.
- E. Participation in the Plan shall not be construed as conferring any legal rights upon any Member for a continuation of employment nor shall it interfere with the rights of the Company or any Associate Company to terminate any Member and to treat him without regard to the effect which such treatment might have upon him as a Member.
- F. Notwithstanding any other provision of the Plan to the contrary, an Insider (as defined in Section X. hereof) may not elect to (i) increase his interest in Fund V (whether by direction of future After-Tax or Qualified Deferred Earnings Contributions or by transfer of amounts into Fund V from other Funds pursuant to Section VII.A. hereof) within six (6) months of an election to decrease his interest in Fund V or withdraw from Fund M (or in an investment in Minerals Technologies Inc. common stock under another plan of the Company), or (ii) decrease his interest, if any, in Fund V (whether by direction of future After-Tax Contributions or Qualified Deferred Earnings Contributions or by transfer of amounts out of Fund V to other Funds pursuant to Section VII.A. hereof) or Fund M within six (6) months of an election to increase his interest in Fund V (or in an investment in Mineral Technologies Inc. common stock under another plan of the Company), or (iii) increase his interest in Fund V (whether by direction of future After-Tax Contributions or Qualified Deferred Earnings Contributions or by transfer of amounts into Fund V from other Funds pursuant to Section VII.A. hereof) within six (6) months of (I) a cash withdrawal from his Account (other than a cash withdrawal in connection with such Insider's termination of employment) to the extent that such withdrawal results in a withdrawal of an amount invested in Fund V or Fund M, or (II) a withdrawal from any other plan maintained by the Company (other than a cash withdrawal in connection with such Insider's termination of employment) to the extent that such withdrawal constitutes a withdrawal of Mineral Technologies Inc. common stock. To the extent any provision of the Plan or action of the Plan administrators involving an Insider is deemed not to comply with an applicable condition of Rule 16b-3, it shall

be deemed null and void as to such Insider, to the extent permitted by law and deemed advisable by the Plan administrators.

XXIII. TERMINATION, AMENDMENT OR SUSPENSION OF THE PLAN

- A. The Company expects to continue the Plan indefinitely but reserves the right to amend, suspend or discontinue it in whole or in part at any time and in its sole and absolute discretion of its Board of Directors in accordance with its established rules of procedure. Such amendments or modifications may be retroactive if necessary or appropriate to qualify or maintain the Plan or Trust as a Plan or Trust meeting the requirements of section 401 of the Code, to secure and maintain the tax exemption of the Trust under section 501 of the Code, and in order that the contributions to the Plan be deductible under section 404(a) of the Code or any other applicable provisions of the Code and Treasury regulations issued thereunder.
- B. In the event of suspension of the Plan, all provisions of the Plan shall continue in effect during such period of suspension, except Sections V., VI., and those provisions of Section X. hereof which permit resumption of contributions. Upon continuous suspension of the Plan for a period of three (3) years, the Plan shall terminate.
- C. In the event of termination of the Plan in whole or in part or upon the complete discontinuance of contributions, Accounts of affected Members shall be settled and distributed under the provisions of Section XI.A. hereof as though the termination of employment had occurred on the date of such termination or discontinuance; provided, however, that the amount distributed to affected Member's and beneficiaries shall be the net value of the Member's Account determined as of the Value Determination Date on the date of distribution.
- D. The Committee may make administrative changes to the Plan so as to conform with or take advantage of governmental requirements, statutes or regulations.

XXIV. PLAN MERGERS AND CONSOLIDATIONS

In the event of any merger or consolidation of the Plan with, or transfer in whole or in part of the assets and liabilities of the Trust Fund to another trust fund held under any other plan of deferred compensation maintained or to be established for the benefit of all or some of the Members of this Plan, the assets of the Trust Fund applicable to such Members shall be transferred to the other trust fund only if:

- i. each Member would, if either this Plan or the other plan then terminated, receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer if this Plan had then terminated; and
- ii. the Employer and any new or successor employer of the affected Members shall authorize such transfer of assets.

XXV. CLAIMS PROCEDURE

- A. If an Employee, Member or beneficiary ("Claimant") who had made application for, received a distribution of or has otherwise claimed entitlement to amounts in a Member's Account receives an adverse determination with respect to a claim for benefits which determination results, wholly or partially, in the denial, reduction or termination of benefits under the Plan, or the failure to provide full or partial payment, or if such adverse determination is based upon eligibility, the Vice President -- Organization and Human Resources, Minerals Technologies Inc. (the "Plan Representative") shall provide the Claimant with written notification or electronic notification (in accordance with the requirements of sections 2520.104b-1(c)(1)(i), (iii) and (iv) of the Department of Labor regulations) of the adverse determination with respect to the claim within a reasonable period of time, but not later than ninety (90) days after the claim has been received by the Plan; provided, however, that, in the event of special circumstances, such period may be extended beyond the initial ninety-day period but not later than one hundred and eighty (180) days after the claim has been received by the Plan. In the event of such an extension, the Claimant shall be notified in writing of the extension prior to the expiration of the initial ninety-day period. Such notification shall explain the special circumstances requiring the extension and indicate the date by which the Plan expects to render a determination with respect to the claim.
- B. The notification of the adverse determination with respect to a claim provided to the Claimant shall set forth the following:
 - 1. the specific reason or reasons for the adverse determination;
 - 2. reference to the specific Plan provisions on which the adverse determination is based;
 - 3. a description of any material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary;

4. appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review, including any time limits applicable with respect to such steps; and
 5. a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA following the adverse determination on review with respect to the claim.
- C. Any request for a review must be made in writing to the Plan Representative within sixty (60) days of the date the Plan Representative notifies the Claimant of the adverse determination with respect to the claim. Upon receipt by the Plan of the request for review, the claim will be reviewed by the Committee. A Claimant's request for a review must be given a full and fair review by the Committee. In connection with such request, the Claimant, or his duly authorized representative, may:
1. upon request and free of charge, have reasonable access to all documents, records and other information that is relevant (within the meaning of section 2560.503-1(m)(8) of the Department of Labor regulations) to the claim; and
 2. submit written comments, documents, records and other information relating to the claim.
- D. The review of the claim by the Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial determination.
- If the Committee deems it appropriate, it may hold a hearing with respect to a claim. If a hearing is held, the Claimant shall be entitled to be represented by counsel. The determination of the Committee shall be made within a reasonable period of time, but not later than sixty (60) days after receipt by the Plan of the request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time, in which event such determination shall be rendered not later than one hundred and twenty (120) days after receipt by the Plan of the request for review. If such an extension is required, written notification of the extension shall be furnished to the Claimant prior to the expiration of the initial sixty-day period. Such notification shall explain the special circumstances requiring the extension and indicate the date by which the Plan expects to render a determination with respect to the review of the claim.
- E. The Committee shall provide the Claimant with written notification or electronic notification (in accordance with the requirements of section 2520.104b-1(c)(1)(i), (iii) and (iv) of the Department of Labor regulations) of its determination with respect to its review of the claim. If the adverse determination with respect to the claim is upheld by the Committee, the notification shall set forth:
1. the specific reason or reasons for the adverse determination;
 2. reference to the specific Plan provisions on which the adverse determination is based;
 3. a statement that the Claimant is entitled to receive upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (within the meaning of section 2560.503-1(m)(8) of the Department of Labor regulations) to the adverse determination with respect to the claim; and
 4. a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA following the adverse determination on review with respect to the claim.
- F. All interpretations, determinations and decisions of the Committee with respect to any claim shall be made by the Committee in its sole discretion based on the Plan and documents presented to it and shall be final, conclusive and binding.

XXVI. TOP-HEAVY RULE

- A. Notwithstanding any provision in the Plan to the contrary, if the Plan is determined by the Committee to be top-heavy, as that term is defined in section 416 of the Code, in any calendar year, then for that calendar year the minimum benefit rule, as set forth below, shall be applicable. Determination of whether the Plan is top-heavy shall be made in accordance with the definition of "top heavy group" as set forth in Section XXVI.B.7. hereof.
- B. Definitions solely applicable to this Section XXVI.
1. "Compensation" shall mean the amount reportable by the Employer for federal income tax purposes as wages paid to the Member for such period.
 2. "Determination Date" the date for determining whether the Plan is top-heavy, shall be the December 31 of the preceding year.
 3. "Key Employee" shall have the same meaning as in section 416(i)(1) of the Code. Where an individual's compensation is a factor in determining whether he is a Key Employee, the term "compensation" shall be as defined in Section VI.E.2.

4. "Non-Key Employee" shall mean an employee other than a Key Employee as defined in Section XXVI.B.3. hereof.
 5. "Valuation Date," for minimum funding purposes, shall be a date within the twelve (12) month period ending on the Determination Date, regardless of whether a valuation for minimum funding purposes is performed in that year.
 6. "Aggregation group" shall consist of a "required aggregation group" of plans that shall include each plan qualified under section 401(a) of the Code which is maintained by the Employer and (1) in which a Key Employee is a participant in the Plan Year that contains the Determination Date, or (2) which enables any other plan in which a Key Employee is a participant to meet the requirements of section 401(a)(4) or 410 of the Code. In addition, at the election of the Committee, an aggregation group may be expanded to include the "permissive aggregation group." A "permissive aggregation group" consists of the plans of the Employer that are required to be aggregated, plus one or more plans of the Employer that are not part of a required aggregation group, but that satisfy the requirements of sections 401(a)(4) and 410 of the Code when considered with the required aggregation group.
 7. "Top heavy group" shall mean any aggregation group for which the sum (as of the determination date) of (I) the present value of the cumulative accrued benefits for key employees under all defined benefit plans included in such group, and (II) the aggregate of the accounts of key employees under all defined contribution plans included in such group, exceeds 60% of a similar sum determined for all employees.
- C. For the purpose of determining whether this Plan is top-heavy, this Plan and the Company's Retirement Plan shall be considered an aggregation group, as defined in Section XXVI.B.6. hereof.
- D. Minimum Benefit solely applicable to this Section XXVI. No Employer Contributions in addition to those made under Section VI. hereof shall be credited the Account of a Non-Key Employee who is a Member of the Plan, if this Plan becomes top-heavy. However, in such event, the actuarial equivalent of the value of all Employer Matching Contributions under this Plan whether or not attributable to years in which the Plan is top-heavy, shall be applied as an offset against the minimum annual benefit provided under Article 13 of the Company's Retirement Plan.

XXVII. LOAN PROVISIONS

Upon the request of a Member in active service and in accordance with rules and procedures approved by the Committee, the Committee shall direct the Trustee to lend to the Member an amount not in excess of the lesser of (i) \$50,000, reduced by the excess, if any, of the highest

outstanding balance of any other such loans to such Member during the previous twelve (12) months, over the outstanding balance of loans from the Plan on the date on which such loan is made, or (ii) one-half (1/2) of the balance of such Member's Account, determined as of the most recent Value Determination Date. In no event shall any loan be made pursuant to this Section XXVII. in an amount less than \$1,000. The terms of any loan granted under this Section XXVII. shall be evidenced by a promissory note signed by the Member. Each loan made hereunder shall be an investment of the Member's Account over which such Member has exercised investment control and any such loan shall be made first from the Member's Qualified Deferred Earnings Contributions and the earnings thereon until they are exhausted, then from his Employer Matching Contributions and the earnings thereon until they are exhausted and finally from his After-Tax Contributions and the earnings thereon.

Except as otherwise provided in this Section XXVII., the terms of any loan granted by the Committee shall be arrived at by mutual agreement between the Member and the Committee; provided, however, that the term of any loan in no event shall exceed five (5) years from the day on which the loan is granted. Notwithstanding the foregoing, loans used to acquire any dwelling unit which is to be used (determined at the time the loan is made) as the principal residence of the Member may be for a term in excess of five (5) years. Repayment of loans shall be made in accordance with a definite repayment schedule as selected by the Member in accordance with the foregoing provisions of this Section XXVII., provided that repayment is made in substantially level amounts, no less frequently than quarterly. Repayments, together with the attendant interest payments, will be credited to the Member's Account and shall be invested in the Funds, in accordance with the Member's then effective investment election, except to the extent that the source of the loan was Employer Matching Contributions (Fund M (the Company Match Fund), or the Pfizer Common Stock Fund as an employer matching contribution), in which case repayments shall be credited to Fund M, to the extent the source of the loan was Employer Matching Contributions. If a Member fails to pay an installment of his loan such loan will be in default as of the date which is ninety (90) days after the date such installment was first due in accordance with the repayment schedule as originally selected by the Member. Upon default, the outstanding loan will be deemed a distribution from the Plan. Notwithstanding any other provision of this Section XXVII. to the contrary, any Member who defaults on a loan from the Plan shall not again be eligible for a loan hereunder.

Any loan granted by the Committee shall be adequately secured by collateral of sufficient value to secure repayment of the principal balance of the loan, plus interest. The collateral may consist of a portion of the Member's interest in his Account, but in no event may more than one-half (1/2) of the Member's interest in his Account be used as collateral for a loan. As additional security for the loan repayment, the Committee shall require the Member to authorize, in writing, the Company to withhold from payments of his salary the amount necessary to discharge the loan. In such case, the Company shall then remit the withheld amounts to the Trustee, and the Trustee shall apply the remittances in reduction of the outstanding obligation of the Member under the loan. If any amount

remains outstanding as an obligation of the Member under the loan when a distribution is to be made from his Account under the Plan, including a distribution on account of termination of employment, then, notwithstanding any provision of the Plan to the contrary, the balance of his Account shall be reduced to the extent necessary to discharge the obligation and such action shall be considered a distribution from the Plan.

All loans shall bear a rate of interest commensurate with the interest rates charged by persons in the business of lending money for loans which would be made under similar circumstances, as determined by the Committee, which rate will remain in effect for the term of the loan. Each loan applicant shall receive a statement clearly setting forth the charges involved in the loan transaction, including the dollar amount and effective annual interest rate.

Notwithstanding anything in this Section XXVII. to the contrary, a Member may, at any time and in his sole discretion, repay in full the outstanding amount of any loan previously granted under this Section XXVII. Only one (1) loan may be outstanding at any time.

Notwithstanding the foregoing, a Member who has an outstanding loan and is absent from employment as a result of a qualified leave of absence may elect, in accordance with rules and procedures approved by the Committee, to suspend payments of principal and interest on his loan for a period not to exceed one (1) year. Any such suspension will neither change the total amount of principal and interest due under the original term of the loan nor change the term of the loan as originally selected by the Member. Upon the expiration of the approved period of suspension of payments, installment payments will resume under a revised repayment schedule based on the outstanding principal and interest and the remaining term of the loan.

To the extent required by law and in accordance with rules and procedures approved by the Committee, loans shall be made on a reasonable equivalent basis to any beneficiary or former Member (i) who maintains an Account balance under the Plan and (ii) who is still a party-in-interest (within the meaning of section 3(14) of ERISA) with respect to the Plan.

The costs of administering this loan program shall be borne by the borrowing Members.

Schedule A

Groups or Classes eligible for participation in the Savings and Investment Plan (except in each case employees covered by a collective bargaining agreement that does not provide for coverage of such employees under the Plan if there is evidence that retirement benefits were the subject of good faith bargaining):

1. All employees in the service of Minerals Technologies Inc.
2. All employees in the service of the following Associate Companies:
 - Barretts Minerals Inc.
 - Specialty Minerals Inc.
 - MINTEQ International Inc.
 - Specialty Minerals (Michigan) Inc.
 - Specialty Minerals Mississippi Inc.
 - Synsil Products Inc.

AMENDED AND RESTATED GRANTOR TRUST AGREEMENT

This Amended and Restated Grantor Trust Agreement (the "Trust Agreement") is made this 23rd day of December, 2005, by and between Minerals Technologies Inc. (the "Company") and The Bank of New York (the "Trustee").

WHEREAS, the Company has (1) adopted two nonqualified deferred compensation plans, the Minerals the "Deferred Compensation and Savings Plan") and the Minerals Technologies Inc. Nonfunded Supplemental Retirement Plan (the "Supplemental Retirement Plan"), (2) entered into or maintains compensation and bonus programs and arrangements for the benefit of certain employees and (3) entered into or maintains or may otherwise have obligations with respect to, compensation, bonus, employment and similar plans, programs, arrangements and agreements for the benefit of certain employees, payments and distributions under which may be limited or delayed by reason of limitations imposed by the Internal Revenue Code of 1986, as amended (the "Code") (such plans, programs, arrangements and agreements described in clauses (1), (2) and (3) immediately preceding are referred to herein collectively as the "Plans"); and

WHEREAS, the Company has incurred or expects to incur liability under the terms of such Plans with respect to the individuals participating in such Plans;

WHEREAS, the Company has by that certain Grantor Trust Agreement between the Company and the Trustee, dated December 20, 1994 (the "Prior Trust Agreement"), established a trust (the "Trust"), and it is the intention of the Company to contribute to the Trust assets that shall be held therein, subject to the claims of the Company's creditors in the event of the Company's Insolvency, as defined in Section 3(a), until paid to Plan participants and their beneficiaries in such manner and at such times as specified in the Plans or otherwise in satisfaction of the Company's obligations under the Plans; and

WHEREAS, the Company and the Trustee mutually desire to amend and restate the Prior Trust Agreement in its entirety as set forth in this Trust Agreement;

WHEREAS, it is the intention of the parties that this Trust shall constitute an unfunded arrangement and shall not affect the status of the Plans as unfunded plans maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of the Employee Retirement Income Security Act of 1974, as amended; and

WHEREAS, it is the intention of the Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plans;

NOW THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

SECTION 1. ESTABLISHMENT OF TRUST.

- a. The Company hereby deposits with the Trustee in trust the sum of \$100.00 (one hundred dollars), which shall become the principal of the Trust to be held, administered and disposed of by the Trustee as provided in this Trust Agreement.
- b. The Trust hereby established shall be irrevocable until such time as all liabilities with respect to participants of the Plans and their beneficiaries have been satisfied.
- c. The Trust is intended to be a grantor trust, of which the Company is the grantor, within the meaning of subpart E, part I, subchapter J, chapter 1, subtitle A of the Code, and shall be construed accordingly.
- d. The principal of the Trust, and any earnings thereon, shall be held separate and apart from other funds of the Company and shall be used exclusively for the uses and purposes of Plan participants and general creditors as herein set forth. Plan participants and their beneficiaries shall have no preferred claim on, or any beneficial ownership interest in, any assets of the Trust. Any rights created under the Plans and this Trust Agreement shall be mere unsecured contractual rights of Plan participants and their beneficiaries against the Company. Any assets held by the Trust will be subject to the claims of the Company's general creditors under federal and state law in the event of Insolvency, as defined in Section 3(a) herein.
- e. Subject to Paragraph 12(b) the Company shall make an irrevocable contribution to the Trust in the specified amounts in each of the following circumstances:
 - i. not later than four (4) working days following a Change of Control, as defined in Section 13(d)(1), in an amount equal to the full Funding Amount, as defined in Section 13(d)(2), in respect of all participants of the Deferred Compensation and Savings Plan and the Supplemental Retirement Plan, together with a Payment Schedule, as defined in Section 2(a), with respect to each such participant reflecting such participant's entitlements under the applicable Plan as in effect immediately prior to the Change of Control; and

- ii. in the event that any distributions or payments from or pursuant to (A) a Plan to a participant who is an Officer (as defined in Section 13(d)(5)) on or after such participant's separation from service with the Company are delayed by reason of the requirements of Section 409A(a)(1)(A)(i) and (a)(2)(B)(i) of the Code (or any successor provisions), or (B) the Deferred Compensation and Savings Plan or Supplemental Retirement Plan to a participant who is an Officer immediately prior to retirement are delayed for at least six months after the date such participant retires under the Minerals Technologies Inc. Retirement Plan (the "Retirement Plan") due to the terms of such Plan, in an amount equal to the amount of such distributions or payments so delayed, not later than ten (10) working days after the date of such separation from service or retirement, or as soon as administratively practicable thereafter; and
 - iii. in the event that any bonus or other compensation of an employee of the Company under a Plan is reduced by reason of Section 162(m) of the Code, in an amount equal to the amount of such reduction, not later than ten (10) working days after such reduction is finally determined by the Company, or, if such reduction is so determined on or after January 1, 2005, and prior to the effective date of this Trust Agreement, in accordance with Section 14, not later than ten (10) working days after such effective date.
- f. Notwithstanding anything to the contrary contained herein, within thirty (30) days following the end of each calendar year which ends after an event described in Section 1(e) has occurred, the Company shall make an irrevocable contribution to the Trust in an amount equal to the full Additional Funding Amount, as defined in Section 13(d)(3), in respect of all participants of the Plans with respect to whom one or more contributions to the Trust have previously been made under Section 1(e); provided, however, that in respect of any participant of the Plans who has ceased to be employed by the Company but has not retired under the Retirement Plan, only that portion of the full Additional Funding Amount specified in Section 13(d)(3)(A) shall be contributed.
- g. The Company, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property in trust with the Trustee to augment the principal to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. Neither the Trustee nor any Plan participant or beneficiary shall have any right to compel such additional deposits.
- h. The Trustee shall have no duty to monitor or supervise the compliance of the Company with its obligations to make contributions hereunder.

SECTION 2. PAYMENTS TO PLAN PARTICIPANTS AND THEIR BENEFICIARIES.

- a. The Company shall deliver to the Trustee (with a copy to the applicable Plan participant) a schedule (the "Payment Schedule") in the form of Appendix A to this Trust Agreement consistent with the terms of the Plans that indicates the amounts payable in respect of each Plan participant (and his or her beneficiaries), that provides instructions acceptable to the Trustee for determining the amounts so payable, the form in which such amounts are to be paid (as provided for or available under the Plans), and the time of commencement for payment of such amounts. The Company shall obtain from its actuary for the Supplemental Retirement Plan, and its administrator for the Deferred Compensation and Savings Plan, or both, as appropriate, certification(s) of the accuracy of the information contained in any Payment Schedule. The Company shall deliver such certification(s) together with any Payment Schedule to the Trustee and to the applicable Plan participant. Except as otherwise provided herein, the Trustee shall make payments to the Plan participants and their beneficiaries in accordance with such Payment Schedule. The Company shall on a timely basis provide the Trustee with written instructions for the reporting and withholding of any federal, state and local taxes that may be required to be reported and withheld with respect to any amount paid under the Trust Agreement and the Trustee shall comply with such written instructions and shall pay any taxes withheld to the appropriate taxing authorities. The Trustee may rely conclusively (and shall be fully protected in such reliance) on the written instructions of the Company as to all tax reporting and withholding requirements.
- b. The entitlement of a Plan participant or his or her beneficiaries to benefits under the Plans shall be determined by the Company or such party as it shall designate under the Plans, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plans.
- c. The Company may make payment of benefits directly to Plan participants or their beneficiaries as they become due under the terms of the Plans. The Company shall notify the Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to participants or their beneficiaries, if the Company has previously made a contribution to the Trust with respect to such participant or beneficiary. In such a case where the Company has previously made a contribution to the Trust with respect to such participant or beneficiary, any applicable Form of Payment Schedule shall be disregarded, subject to Section 12(d) and (e). In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the Plans, the Company shall make the balance of each such payment as it falls due. The Trustee shall notify the Company if or when such principal and earnings are not so sufficient.

SECTION 3. TRUSTEE'S RESPONSIBILITY REGARDING PAYMENTS TO TRUST BENEFICIARY WHEN THE COMPANY IS INSOLVENT.

- a. The Trustee shall cease payment of benefits to Plan participants and their beneficiaries if the Company is Insolvent. The Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) the Company is unable to pay its debts as they become due, or (ii) the Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.
- b. At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of the Company under federal and state law as set forth below.

1. The Board of Directors and the Chief Executive Officer of the Company shall have the duty to inform the Trustee in

writing of the Company's Insolvency. If a person claiming to be a creditor of the Company alleges in a notarized written statement delivered to the Trustee that the Company has become Insolvent, the Trustee shall determine whether the Company is Insolvent and, pending such determination, the Trustee shall discontinue payment of benefits to Plan participants or their beneficiaries. The Trustee need not make any determination that the Company is no longer Insolvent unless it receives a certification so stating from the independent accounting firm regularly auditing the books of the Company.

2. Unless the Trustee has actual knowledge of the Company's Insolvency, or has received notice from the Company or a person claiming to be a creditor alleging that the Company is Insolvent, the Trustee shall have no duty to inquire whether the Company is Insolvent. The Trustee may in all events rely on such evidence concerning the Company's solvency as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination concerning the Company's solvency.
3. If at any time the Trustee has determined that the Company is Insolvent, the Trustee shall discontinue payments to Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of the Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights of Plan participants or their beneficiaries to pursue their rights as general creditors of the Company with respect to benefits due under the Plans or otherwise.
4. The Trustee shall resume the payment of benefits to Plan participants or their beneficiaries in accordance with Section 2 of this Trust Agreement only after the Trustee has determined that the Company is not Insolvent (or is no longer Insolvent).

c. The Trustee shall determine that the Company is not Insolvent, or is no longer Insolvent, as follows:

1. If the Trustee has received a notarized written statement from a person claiming to be a creditor of the Company alleging that the Company is Insolvent by reason of failure to pay its debts as they come due, the Trustee may rely on a certification by the Chief Executive Officer and the Chief Financial Officer of the Company that the Company is paying its debts (unless subject to bona fide dispute) as they come due in the ordinary course of its business, unless the Trustee has actual knowledge to the contrary.
2. If the Company has become Insolvent by virtue of being subject to a pending proceeding as a debtor under the United States Bankruptcy Code, the Trustee shall determine that the Company is no longer Insolvent upon receipt of a copy of an order of such Court dismissing such case, or confirming a plan of reorganization therein.
3. If the Trustee has received written notice of the type described in paragraph (1) above, but does not receive a certification as described in such paragraph within ten (10) days of its written request therefor, the Trustee shall make a determination as to the Company's solvency based on its own investigation. In making such determination, the Trustee may retain accountants (including the Company's regularly employed independent auditors), counsel and other consultants, as provided in Sections 8(e) and 8(d); and the Trustee may rely on, and shall be fully protected in relying on, any advice or opinion furnished to it by any such person. In making such determination, the Trustee may also rely on, and shall be fully protected in relying on, information as to the Company's financial condition contained in any written statement from the Company's independent auditors as well as the Company's annual or quarterly balance sheet and income statement and supporting schedules filed with any regulator having jurisdiction.

- d. Provided that there are sufficient assets held in the Trust, if the Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b)(3) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plans for the period of such discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries by the Company in lieu of the payments provided for hereunder during any such period of discontinuance. The Trustee shall be entitled to assume that no payments were made by the Company unless prior to making the first payment, it has received written notice from the Company specifying the amount of payments made by the Company to Plan participants or their beneficiaries during the period of discontinuance.

SECTION 4. PAYMENTS TO THE COMPANY.

Except as provided in Section 3 hereof, after the Trust has become irrevocable, the Company shall have no right or power to direct the Trustee to return to the Company or to divert to others any of the Trust assets before all payments of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plans.

SECTION 5. INVESTMENT AUTHORITY.

- a. The Trustee may invest in securities (including stock or rights to acquire stock) or obligations issued by the Company. All rights associated with assets of the Trust shall be exercised by the Trustee or the person designated by the Trustee, and shall in no event be exercisable by or rest with Plan participants, except that voting rights with respect to Trust assets will be exercised by the Company. Notwithstanding anything herein to the contrary, the Trustee shall invest the assets of the Trust in accordance with the Investment Guidelines set forth in Appendix B to this Agreement, which Investment Guidelines may be amended from time to time at the discretion of the Company upon written notice to the Trustee. The Company shall have the right at any time, and from time to time in its sole discretion, to substitute assets of equal fair market value for any asset held by the Trust. This right is exercisable by the Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

- b. Subject to the provisions of this Trust Agreement, the Trustee shall have, with respect to the Trust, the following investment powers in its discretion:
1. To invest and reinvest in any property, foreign or domestic, including but not limited to common and preferred stocks, bonds, notes and debentures (including convertible stocks and securities); certificates of deposit; mutual funds; life insurance and guaranteed annuity contracts, regardless of diversification and without being limited to investments authorized by law for the investment of trust funds.
 2. Subject to the other provisions of Section 5, to use Trust assets to purchase, and pay all premiums and other charges upon, annuity or life insurance contracts ("Contracts"), the rates of return and maturity dates of which may reasonably be expected to yield assets of the Trust sufficient to pay the amounts payable pursuant to the Payment Schedule.
 3. To retain any property at any time received by it.
 4. To sell, exchange, convey, transfer or dispose of, and to grant options for the purchase or exchange with respect to, any property at any time held by it, by public or private sale, for cash or on credit or partly for cash and partly on credit.
 5. To participate in any plan of reorganization, consolidation, merger, combination, liquidation or other similar plan and to consent to or oppose any such plan or any action thereunder, or any contract, lease, mortgage, purchase, sale or other action by any person or corporation or other entity any of the securities of which may at any time be held in the Trust, and to do any act with reference thereto.
 6. To deposit any property with any protective, reorganization or similar committee, to delegate discretionary power to any such committee and to pay and agree to pay part of the expenses and compensation of any such committee and any assessments levied with respect to any property so deposited.
 7. To exercise all conversion and subscription rights pertaining to any property, and to do any act with reference thereto, including the exercise of options, the making of agreements or subscriptions and the payment of expenses, assessments or subscriptions, which may be deemed necessary or advisable in connection therewith, and to hold and retain any securities or other property which it may so acquire.
 8. To extend the time of payment of any obligation held in the Trust (other than certificates of deposit or demand or time deposits with the Trustee).
 9. To invest and reinvest all or any specified portion of the Trust assets through the medium of any common, collective or commingled trust fund which has been or may hereafter be established and maintained by the Trustee, provided that prior to investing any portion of the Trust for the first time in any such common, collective or commingled trust fund, the Trustee shall advise the Company of its intent to make such an investment and furnish to the Company any information it may reasonably request with respect to such common, collective or commingled trust fund.
 10. To commingle assets of the Trust, for investment purposes only, with assets of other trust funds established by the Company, provided that the Trustee shall maintain separate records with respect to each such other trust, and further provided that the assets of the Trust shall not be commingled in any fund intended to hold only assets of qualified plans.
 11. To make, execute and deliver, as Trustee, any and all deeds, leases, notes, bonds, guarantees, mortgages, conveyances, contracts, waivers, releases or other instruments in writing necessary or proper for the accomplishment of any of the foregoing powers.
- c. The Trustee, upon the Company's written direction, shall pay from the Trust such sums to such insurance company or companies as the Company may direct for the purpose of procuring Contracts. The Company shall prepare the application for any Contract. The Trustee shall receive and hold in the Trust, subject to the following, all Contracts obtained, the proceeds of any sale, assignment or surrender of any such Contract, and any and all dividends and other payments of any kind received with respect to any such Contract.
- d. The Trustee shall be the complete and absolute owner of Contracts held in the Trust, provided that the Company shall have power, without the consent of any other person, to exercise any and all of the rights, options or privileges that belong to the Trustee as such absolute owner or that are granted by the terms of any such Contract or by the terms of this Agreement, and the Trustee shall not exercise any of the foregoing powers or take any other action permitted by any such Contract other than upon the Company's written direction. The Trustee shall have no duty to exercise any of such powers or to take any such action unless and until it receives such direction. The Trustee, upon the written direction of the Company, shall deliver any Contract held in the Trust to such person as is specified in the direction.
- e. Upon the Company's written direction, the Trustee shall pay from the Trust premiums, assessments, dues, charges and interest, if any, upon any Contract held in the Trust. The Trustee shall have no duty to make any such payment unless and until it shall have received such direction.
- f. Anything contained herein to the contrary notwithstanding, to the extent permitted by law, the Trustee shall not be liable for the refusal of any insurance company to issue or change any Contract or to take any other action requested by the Trustee; for the form, terms, genuineness, validity, sufficiency or effect of any Contract held in the Trust; for the act of any person or persons that may render any such Contract null and void; for the failure of any insurance company to pay the proceeds of any such Contract as and when the same

shall become due and payable; for any delay in payment resulting from any provision contained in any such Contract; nor for the fact that for any reason whatsoever (other than the Trustee's own gross negligence or willful misconduct) any Contract shall lapse or otherwise become uncollectible.

SECTION 6. DISPOSITION OF INCOME.

During the term of the Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

SECTION 7. ACCOUNTING BY THE TRUSTEE.

- a. The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee. Within thirty (30) days following the close of each calendar year and within thirty (30) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the Trust at the end of such year or as of the date of such removal or resignation, as the case may be. The records of the Trustee with respect to the Trust shall be open to inspection by the Company, or its representatives, at all reasonable times during normal business hours of the Trustee, and may be audited not more frequently than once each fiscal year, by an independent, certified public accounting firm engaged by the Company.
- b. Except as otherwise provided herein, for purposes of this Trust Agreement, the value of a Contract shall be its cash surrender value. The Trustee, in accounting to the Company, may rely upon any information or valuation given to it by an insurer as to the value of any Contract held in the Trust. Any account, when approved by the Company, will be binding and conclusive on the Company and the Trustee will thereby be released and discharged from any liability or accountability to the Company with respect to all matters set forth therein. Failure by the Company to object in writing to any specific items in any such account within sixty (60) days after its delivery will constitute approval of the account by the Company.
- c. Nothing contained in this Trust Agreement shall be construed as depriving the Trustee of the rights to have a judicial settlement of its accounts, and upon any proceeding for a judicial settlement of the Trustee's accounts or for instructions the only necessary parties thereto in addition to the Trustee shall be the Company and the Plan participant or his or her beneficiary or estate.

SECTION 8. RESPONSIBILITY OF THE TRUSTEE.

- a. The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by the Company which is contemplated by, and in conformity with, the terms of the Plans or this Trust and is given in writing by the Company. In the event of a dispute between the Company and a party, the Trustee may apply to a court of competent jurisdiction to resolve the dispute. Neither the Trustee nor the Company shall be liable for punitive or consequential damages or for losses caused beyond their control. The Company shall be solely responsible for compliance with Section 409A of the Code, or any successor legislation.
- b. The Trustee may consult with legal counsel (who may also be counsel for the Company generally) with respect to any of its duties or obligations hereunder.
- c. The Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist in performing any of its duties or obligations hereunder.
- d. The Trustee shall have, without exclusion, all powers conferred on trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if a commercial annuity, retirement, income or life insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the annuity or policy other than the Trust, to assign the annuity or policy (as distinct from conversion of the annuity or policy to a different form) other than to a successor trustee, or to loan to any person the proceeds of any borrowing against such annuity or Policy.
- e. Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or to applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Code.
- f. The Trustee will be under no duties whatsoever, except such duties as are specifically set forth as such in this Agreement, and no implied covenant or obligation will be read into this Agreement against the Trustee. The Trustee will not be compelled to take any action toward the execution or enforcement of the Trust or to prosecute or defend any suit in respect thereof, unless indemnified to its satisfaction against loss, costs, liability and expense or there are sufficient assets in the Trust to provide such indemnity; and the Trustee will be under no liability or obligation to anyone with respect to any failure on the part of the Company to perform any of its obligations under the Plans. Nothing in this Agreement shall be construed as requiring the Trustee to make any payment in excess of amounts held in the Trust at the time of such payment or otherwise to risk its own funds.

- g. The Company shall pay and shall protect, indemnify and save harmless the Trustee and its officers, employees and agents from and against any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, damages, costs and expenses (including, without limitation, reasonable attorney's fees and expenses) of any nature arising from or relating to any action or any failure to act by the Trustee, its officers, employees and agents or the transactions contemplated by this Agreement, including, but not limited to, any claim made by Plan participants or their beneficiaries or estates with respect to payments made or to be made by the Trustee, or any claim that this Agreement is invalid or ultra vires, except to the extent that any such loss, liability, action, suit, judgment, demand, damage, cost or expense is to be the result of the gross negligence or willful misconduct of the Trustee, its officers, employees or agents. To the extent that the Company has not fulfilled its obligations under the foregoing provisions of this Section, the Trustee shall be reimbursed out of the assets of the Trust or may set up reasonable reserves for the payment of such obligations. The Trustee assumes no obligation or responsibility with respect to any action required by this Agreement on the part of the Company.

SECTION 9. COMPENSATION AND EXPENSES OF THE TRUSTEE.

The Company shall pay all Trust administrative and the Trustee's reasonable expenses and the Company shall pay such compensation to the Trustee as shall be agreed to in writing from time to time between the Trustee and the Company. If not so paid, such fees and expenses shall be paid from the Trust. The fees and expenses of the Trustee are set forth in Appendix C to this Trust Agreement, which Appendix may be amended from time to time by mutual agreement of the parties.

SECTION 10. RESIGNATION AND REMOVAL OF THE TRUSTEE.

- a. Notwithstanding the provisions of Section 10(c) below, the Trustee may resign at any time by written notice to the Company, which shall be effective 90 days after receipt of such notice unless the Company and the Trustee agree otherwise.
- b. Subject to Section 10(c) below, the Trustee may be removed by the Company on 90 days' notice or upon shorter notice accepted by the Trustee.
- c. Upon a Change of Control, as defined herein, the Trustee may not be removed by the Company for three (3) years from the date of such Change of Control.
- d. If the Trustee resigns or is removed within three (3) years from the date of a Change of Control, as defined herein, the Trustee shall select a successor Trustee in accordance with the provisions of Section 11(b) hereof prior to the effective date of the Trustee's resignation or removal.
- e. Upon resignation or removal of the Trustee and appointment of a successor trustee, all assets shall subsequently be transferred to the successor trustee. The transfer shall be completed within thirty (30) days after receipt of notice of resignation, removal or transfer, unless the Company extends the time limit.
- f. If the Trustee resigns or is removed, a successor shall be appointed in accordance with Section 11 hereof, by the effective date of resignation or removal under paragraphs (a) or (b) of this Section. If no such appointment has been made, the Trustee shall apply to a court of competent jurisdiction for appointment of a successor trustee or for instructions. All reasonable expenses of the Trustee in connection with any such application shall be allowed as administrative expenses of the Trust.

SECTION 11. APPOINTMENT OF SUCCESSOR.

- a. If the Trustee resigns or is removed in accordance with Section 10(a) or (b) hereof, the Company may appoint any third party, such as a bank trust department or other party having or exercising corporate trustee powers under state law, as a successor to replace the Trustee upon the Trustee's resignation or removal. The appointment shall be effective when accepted in writing by the new trustee, who shall have all of the rights, powers and duties of the former trustee, including ownership rights in the Trust assets. The former trustee shall execute any instrument necessary or reasonably requested by the Company or the successor trustee to evidence the transfer, and the former trustee shall transfer and deliver the Trust assets to the successor trustee.
- b. If the Trustee resigns or is removed pursuant to the provisions of Section 10(d) hereof and selects a successor trustee, the Trustee may appoint any third party, such as a bank trust department or other party having or exercising corporate trustee powers under state law. The appointment of a successor trustee shall be effective when accepted in writing by the new trustee. The new trustee shall have all the rights and Powers of the former trustee, including ownership rights in Trust assets. The former trustee shall execute any instrument necessary or reasonably requested by the successor Trustee to evidence the transfer.
- c. The successor trustee need not examine the records and acts of any prior trustee and may retain or dispose of existing Trust assets, subject to Sections 7 and 8.

SECTION 12. AMENDMENT OR TERMINATION.

- a. This Trust Agreement may be amended, in whole or in part, by a written instrument executed by the Trustee and the Company. Notwithstanding the foregoing, it shall be solely the Company's responsibility to ensure that no such amendment shall conflict with the terms of the Plans or shall make the Trust revocable after it has become irrevocable in accordance with Section 1(b), unless such amendment is required by applicable law. Any amendment that may adversely affect a current Plan participant shall not become effective until sixty (60) days after a copy of such amendment has been delivered by registered mail to such Plan participant. If the Company or the Trustee receive written objections to such amendment from such Plan participant, such amendment shall be ineffective and void in respect of the Plan participant so objecting to the amendment unless such amendment is required by applicable

law.

- b. The Trust shall not terminate until the date on which Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plans. Upon termination of the Trust any assets remaining in the Trust shall be returned to the Company.
- c. Paragraphs (e) and (f) of Section 1 may not be amended by the Company for three (3) years following the date of a Change of Control, as defined herein.
- d. No Payment Schedule delivered to the Trustee in accordance with Section 1(e)(i) may be amended without the prior written consent of any affected Plan participants.
- e. In the event of a Change of Control, the Company shall have no power to thereafter add or substitute Plans or Payment Schedules hereunder without first obtaining written consent of all affected Plan participants, except in accordance with Section 1(e)(i).
- f. For purposes of Section 12(d) and 12(e), the Company shall be solely responsible for obtaining such consents.

SECTION 13. MISCELLANEOUS.

- a. Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.
- b. Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered or subjected to attachment, garnishment, levy, execution or other legal or equitable process. Notwithstanding the foregoing, the Trust shall at all times remain subject to the claims of the general creditors of the Company in the event the Company is Insolvent.
- c. This Trust Agreement shall be governed by and construed in accordance with the laws of the State of New York, without giving effect to conflict of law provisions thereof, unless and to the extent such laws are preempted by the laws of the United States. All actions and proceedings brought by the Company or the Trustee relating to or arising from, directly or indirectly, this Agreement may be litigated in courts located within the State of New York, and each party submits to the jurisdiction of such courts. The Company and the Trustee each expressly waive the right to trial by jury.
- d. For purposes of this Trust Agreement, the following terms shall have the following meanings:
 - 1. "Change of Control" shall mean the occurrence of any of the following events: (A) one-third or more of the Company's Board of Directors shall be other than "Continuing Directors" (which term shall mean directors of the Company who either were directors at the date of this Trust Agreement or who subsequently became directors and whose election, or nomination for election by the stockholders of the Company, was approved by a majority of the then Continuing Directors); or (B) any Person shall have acquired beneficial ownership (as determined for purposes of Rule 13d-3 under the Securities Exchange Act of 1934) of shares of common stock of the Company having 15% or more of the voting power of all outstanding shares of capital stock of the Company; or (C) a merger or consolidation shall take place in which outstanding shares of common stock of the Company are converted into shares of another company or other securities or cash or other property; or (D) all, or substantially all, of the Company's assets shall be sold; or (E) the stockholders of the Company shall approve a plan of complete liquidation of the Company; or (F) any Person shall commence, or announce an intention to commence, a tender offer or exchange offer the consummation of which would result in the ownership of 30% or more of the Company's outstanding voting stock (even if no shares are actually purchased pursuant to such offer), provided, however, that for purposes of any liability of the Trustee under this Trust Agreement, no Change of Control shall be deemed to have occurred unless and until the Trustee shall receive a written statement by the Company delivered to the Trustee certifying that a Change of Control has occurred and signed by the Chief Executive Officer, Chief Financial Officer or General Counsel of the Company or by the Chairman of the Board of Directors of the Company.
 - 2. "Funding Amount" shall mean with respect to a Plan participant the sum of:
 - A. the total amount credited to the Plan participant's account under the Deferred Compensation and Savings Plan, less the fair market value of the assets (if any) at the time held in the Trust with respect to such Plan participant's account under the Deferred Compensation and Savings Plan, plus
 - B. an amount that will be, when aggregated with the fair market value of the assets then held in the Trust with respect to such Plan participant, and after taking into account the earnings thereon, sufficient to pay the Plan participant and his or her beneficiary benefits to which such Plan participant and his or her beneficiary would be entitled pursuant to the terms of the Supplemental Retirement Plan, as of the date on which the applicable event described in Section 1(e) occurred.
 - 3. "Additional Funding Amount" shall mean with respect to a Plan participant the sum of:
 - A. the total amount credited to the Plan participant's account under the Deferred Compensation and Savings Plan, as of the end of the relevant calendar year, less the fair market value of the assets then held in the Trust with respect to such Plan participant's account under the Deferred Compensation and Savings Plan, plus

- B. an amount that will be, when aggregated with the fair market value of the assets then held in the Trust with respect to such Plan participant, and after taking into account the earnings thereon, sufficient to pay such Plan participant and his or her beneficiary benefits to which such Plan participant and his or her beneficiary would be entitled pursuant to the terms of the Supplemental Retirement Plan, determined as of the end of the relevant calendar year.
4. "Person" shall mean any "person" or "group" as determined for purposes of Section 13(d)(3) of the Security Exchange Act of 1934, except any subsidiary of the Company or any employee benefit plan of the Company or any trust or investment manager thereunder.
5. "Officer" shall mean an employee of the Company who is a "specified employee" of the Company within the meaning of Section 409A(a)(2)(B)(i) of the Code.
- e. In calculating a Funding Amount or Additional Funding Amount for any purpose under this Trust Agreement, the determination of the actuary retained from time to time by the Company in connection with the Supplemental Retirement Plan shall be final and binding.
- f. Communications under this Trust Agreement shall be in writing and shall be sent to the following addresses:
- Trustee: The Bank of New York
Attention: Division Head: Worldwide Master Trust/Master Custody Division
1 Wall Street, 7th Floor
New York, New York 10286

Telephone Number: (212) 635-8124
Facsimile Number: (212) 635-8096
- Company: Minerals Technologies Inc.
Attention: General Counsel
The Chrysler Building
405 Lexington Avenue
New York, New York 10174-0002

Telephone Number: (212) 878-1800
Facsimile Number: (212) 878-1804
- g. This Trust Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which shall together constitute only one agreement.

SECTION 14. EFFECTIVE DATE.

The effective date of this Trust Agreement shall be December 23, 2005.

IN WITNESS WHEREOF, the Company and the Trustee have caused this Amended and Restated Grantor Trust Agreement to be executed by their duly authorized representatives as of the date first above written.

MINERALS TECHNOLOGIES INC.

THE BANK OF NEW YORK

By: _____
Name:
Title:

By: _____
Name:
Title:

Attachments:

Appendix A -- Payment Schedule

Appendix B -- Investment Guidelines

Appendix C -- Fees and Expenses of Trustee

FORM OF PAYMENT SCHEDULE
MINERALS TECHNOLOGIES INC.
NONFUNDED SUPPLEMENTAL RETIREMENT PLAN

Pursuant to Section 2(a) of the Amended and Restated Grantor Trust Agreement, dated as of December 23, 2005, between Minerals Technologies Inc. (the "Company") and The Bank of New York, as Trustee, under the Minerals Technologies Inc. Nonfunded Supplemental Retirement Plan (the "Supplemental Retirement Plan"), the Company provides the following Payment Schedule with respect to the indicated participant in the Supplemental Retirement Plan:

Name:

Address:

Social Security Number:

1. The amount of the benefits payable to the participant in the Supplemental Retirement Plan under the terms thereof as of [the last day of 20__¹ will be] [the date of the event qualifying him/her for payment was] \$_____.

2. The amount payable from the Trust to the participant shall be paid in the following form:

In one lump sum payment of \$_____.

3. The date on which, in accordance with the terms of the Supplemental Retirement Plan, the lump sum payment is to be made, is as follows:

4. The proper amount or method of calculation of federal, state and local taxes to be withheld from the amounts to be paid to the participant from the Trust, and the proper method of reporting such payment to the relevant taxing authorities, is as follows:

Dated:

MINERALS TECHNOLOGIES INC.

By:

¹ Insert the year in which the Payment Schedule is delivered.

FORM OF PAYMENT SCHEDULE
MINERALS TECHNOLOGIES INC.
NONFUNDED DEFERRED COMPENSATION
AND SUPPLEMENTAL SAVINGS PLAN

Pursuant to Section 2(a) of the Amended and Restated Grantor Trust Agreement, dated as of December 23, 2005, between Minerals Technologies Inc. (the "Company") and The Bank of New York, as Trustee, under the Minerals Technologies Inc. Nonfunded Deferred Compensation and Supplemental Savings Plan (the "Supplemental Savings Plan"), the Company provides the following Payment Schedule with respect to the indicated participant in the Supplemental Savings Plan:

Name:

Address:

Social Security Number:

1. The amount of the benefits payable to the participant in the Supplemental Savings Plan under the terms thereof as of the date hereof is \$_____.

2. The amount payable from the Trust to the participant shall be paid in the following form:

In one lump sum payment of \$_____.

3. The date on which, in accordance with the terms of the Supplemental Savings Plan, the lump sum payment is to be made is as follows:

4. The proper amount or method of calculation of federal, state and local taxes to be withheld from the amounts to be paid to the participant from the Trust and the proper method of reporting such payment to the taxing authorities, is as follows:

Dated:

MINERALS TECHNOLOGIES INC.

By: _____

APPENDIX A-3

FORM OF PAYMENT SCHEDULE

MINERALS TECHNOLOGIES INC. COMPENSATION ARRANGEMENT

Pursuant to Section 2(a) of the Amended and Restated Grantor Trust Agreement, dated as of December 23, 2005, between Minerals Technologies Inc. (the "Company") and The Bank of New York, as Trustee, the Company provides the following Payment Schedule with respect to the following participant:

Name:

Address:

Social Security Number:

1. Pursuant to [DESCRIBE ARRANGEMENT], (the "Arrangement"), the above-named participant (the "Participant") is entitled to certain payments. The total amount of the payments payable to the Participant under the terms of the Arrangement as of the date hereof is \$_____.

2. The amount payable under the Arrangement from the Trust to the Participant shall be paid in the following form:

In one lump sum payment of \$_____.

3. The date on which, in accordance with the terms of the Arrangement, the lump sum payment is to be made is as follows:

4. The proper amount or method of calculation of federal, state and local taxes to be withheld from the amounts to be paid to the Participant from the Trust, and the proper method of reporting such payment to the taxing authorities, is as follows:

Dated:

MINERALS TECHNOLOGIES INC.

By: _____

APPENDIX B

INVESTMENT GUIDELINES

The Trustee shall invest the assets of the Trust in the following types of investment vehicles:

1. Direct obligations of the United States Government.
2. Repurchase agreements secured by U.S. Government or U.S. agency securities.
3. Certificates of deposit and time deposits issued by commercial banks with a short-term debt rating of at least A- or the equivalent thereof.
4. Commercial paper rated at least A-1 or the equivalent thereof.
5. Mutual funds having the investment objective of tracking the performance of the S & P 500, Russell 2000 or similar broad-based market indices, or funds which invest primarily in obligations of the United States government or any of the agencies thereof or any State governments of the U.S.; or bond funds primarily investing in U.S. corporate bonds having a rating of at least A by Standard & Poor's or its equivalent; or money market funds rated at least Aa by Moody's or the equivalent.
6. Common Stock of Minerals Technologies Inc., to the extent deemed prudent by the Trustee for the purpose of meeting the Company's liabilities under the Supplemental Savings Plan with respect to "units" pursuant to paragraph 2 of such Plan.

APPENDIX C

FEES AND EXPENSES OF TRUSTEE

Fees will be rendered quarterly.

I. "PRE-FUNDING" FEES

The following applies until such time as the Company makes allocable contributions.

Administration Fee: \$7,500.00 annually per trust.

II. "POST-FUNDING" ADMINISTRATIVE FEES

Custodian and Reporting Fees: \$10,000.00 annually per trust.

plus

Special Asset Fees \$3,500.00 per annum for the first insurance contract investment option, mutual fund, etc. held as an asset per issuer.

\$2,000.00 for each additional asset for an existing carrier.

plus

Payment to Participants

Conversion to Pay Status	\$100.00 per participant
Periodic Payments	\$ 1.25 per check (plus postage)
Lump Sum/Expense Payments	\$ 7.50 per check (plus postage)
Wire Transfers (outgoing)	\$ 15.00 per transfer
Overnight Delivery	As incurred

III. SPECIAL TRANSACTION FEES

Change of Control	\$10,000.00 per event
Insolvency	\$10,000.00 per event
Legal fees/out-of-pocket expenses	As incurred

Fees subject to periodic increase at rate not less than inflation rate as measured by the Consumer Price Index.

IV. INVESTMENT MANAGEMENT FEE

Based on the combined market value of assets at the close of the period:

- 1% on the 1st \$1,000,000
- 1/2 of 1% on the next \$9,000,000
- 3/8 of 1% on the next \$10,000,000
- 1/4 of 1% on the next \$30,000,000
- 1/8 of 1% on the remaining balance

Minimum annual Investment Management Fee: \$6,250.00

EXHIBIT 21.1

SUBSIDIARIES OF THE COMPANY

<u>Name of the Company</u>	<u>Jurisdiction of Organization</u>
APP China Specialty Minerals Pte Ltd.	Singapore
Barretts Minerals Inc.	Delaware
ComSource Trading Ltd.	Delaware
Ferrotron Technologies GmbH	Germany
Gold Lun Chemicals (Zhenjiang).	China
Gold Sheng Chemicals (Zhenjiang) Co., Ltd.	China
Gold Zuan Chemicals (Suzhou).	China
Hi-Tech Specialty Minerals Company, Limited	Thailand
Minerals Technologies do Brasil Comercio e Industria de Minerai s Ltda.	Brazil
Minerals Technologies Europe N.V.	Belgium
Minerals Technologies Holdings Ltd.	United Kingdom
Minerals Technologies Mexico Holdings, S. de R. L. de C.V.	Mexico
Minerals Technologies South Africa (Pty) Ltd.	South Africa
Mintech Canada Inc.	Canada
Mintech Japan K.K.	Japan
Minteq Australia Pty Ltd.	Australia
Minteq B.V..	The Netherlands
Minteq Europe Limited.	Ireland
Minteq International GmbH	Germany
Minteq International Inc.	Delaware
Minteq International (Suzhou) Co.,Ltd.	China
Minteq Italiana S.p.A.	Italy
Minteq Korea Inc.	Korea
Minteq Kosovo LLC.	Kosovo
Minteq Magnesite Limited	Ireland
Minteq Metallurgical Materials (Suzhou) Co., Ltd.	China
Minteq Shapes and Services Inc.	Delaware
Minteq UK Limited.	United Kingdom
MTI Holdings GmbH	Germany

MTX Finance Inc.	Delaware
MTX Finance Ireland	Ireland
PT Sinar Mas Specialty Minerals	Indonesia
Rijntaal U.S.A., Inc.	Pennsylvania
RL Vision Tech OY	Finland
SMI Poland Sp. z o.o.	Poland
Specialty Minerals Benelux	Belgium
Specialty Minerals FMT K.K.	Japan
Specialty Minerals France s.p.a.s.	France
Specialty Minerals GmbH	Germany
Specialty Minerals Inc.	Delaware
Specialty Minerals International Inc.	Delaware
Specialty Minerals Israel Limited	Israel
Specialty Minerals Malaysia Sdn. Bhd.	Malaysia
Specialty Minerals (Michigan) Inc.	Michigan
Specialty Minerals Mississippi Inc.	Delaware
Specialty Minerals Nordic Oy Ab	Finland
Specialty Minerals (Portugal) Especialidades Minerais, S.A.	Portugal
Specialty Minerals S.A. de C.V.	Mexico
Specialty Minerals Servicios S. de R. L. de C.V.	Mexico
Specialty Minerals Slovakia spol. sr.o.	Slovakia
Specialty Minerals South Africa (Pty.) Limited	South Africa
Specialty Minerals (Thailand) Limited	Thailand
Specialty Minerals UK Limited	United Kingdom
Synsil Products Inc.	Delaware
Tecnologias Minerales de Mexico, S.A. de C.V.	Mexico

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Minerals Technologies Inc.:

We consent to the incorporation by reference in the registration statements (No. 33-59080, 33-65268, 33-96558, and 333-52739) on Form S-8 of Minerals Technologies Inc. of our reports dated March 2, 2006, with respect to the consolidated balance sheets as of December 31, 2005 and 2004, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2005, and the related financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2005 and the effectiveness of internal control over financial reporting as of December 31, 2005, which reports appear in the December 31, 2005 annual report on Form 10-K of Minerals Technologies Inc.

Our report refers to the adoption in 2003 of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations."

KPMG LLP

New York, New York
March 2, 2006

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

I, Paul R. Saueracker, certify that:

1. I have reviewed this Annual Report on Form 10-K 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: March 2, 2006

/s/ **Paul R. Saueracker**



Paul R. Saueracker

Chairman of the Board, President
and Chief Executive Officer

I, John A. Sorel, certify that:


1. I have reviewed this Annual Report on Form 10-K 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: March 2, 2006

/s/ **John A. Sorel**


John A. Sorel

Senior Vice President - Finance and
Chief Financial Officer

SECTION 1350 CERTIFICATION

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 Annual Report on Form 10-K for the year ended December 31, 2005 (the "Form 10-K") 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-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 2, 2006

/s/ Paul R. Saueracker


Paul R. Saueracker

Chairman of the Board, President
and
Chief Executive Officer

Dated: March 2, 2006

/s/ John A. Sorel


John A. Sorel

Senior Vice President-Finance and
Chief 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.