

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q

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

For the quarterly period ended April 4, 2010

or

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

Commission File Number 1-11430

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**MINERALS TECHNOLOGIES INC.**

(Exact name of registrant as specified in its charter)

**DELAWARE**

(State or other jurisdiction of  
incorporation or organization)

**25-1190717**  
(I.R.S. Employer  
Identification No.)

**622 Third Avenue, New York, New York 10017-6707**  
(Address of principal executive offices, including zip code)

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

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

YES  **X** NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES  **NO**

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

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

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

YES  **NO**

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

| Class                                 | Outstanding at April 18, 2010 |
|---------------------------------------|-------------------------------|
| <b>Common Stock, \$0.10 par value</b> | <b>18,796,680</b>             |

## MINERALS TECHNOLOGIES INC.

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## PART 1. FINANCIAL INFORMATION

## ITEM 1. Financial Statements

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

| (in thousands, except per share data)                        | Three Months Ended |                |
|--|--------------------|----------------|
|  | April 4, 2010      | March 29, 2009 |
| Net sales  | \$ 253,457         | \$ 208,259     |
| Cost of goods sold   | 202,089            | 175,015        |
| Production margin  | 51,368             | 33,244         |
| Marketing and administrative expenses                        | 22,340             | 20,546         |
| Research and development expenses                            | 5,124              | 4,861          |
| Restructuring and other costs                                | 852                | 549            |
| Income from operations                                       | 23,052             | 7,288          |
| Non-operating deductions, net                                | (49)               | (255)          |
| Income from continuing operations before provision for taxes | 23,003             | 7,033          |
| Provision for taxes on income                                | 6,901              | 1,952          |
| Income from continuing operations, net of tax                | 16,102             | 5,081          |
| Loss from discontinued operations, net of tax                | --                 | (88)           |
| Consolidated net income                                      | 16,102             | 4,993          |
| Less: Net income attributable to non-controlling interests   | 733                | 836            |
| Net income attributable to Minerals Technologies Inc. (MTI)  | \$ 15,369          | \$ 4,157       |
| <b>Earnings per share:</b>                                   |                    |                |
| Basic:   |                    |                |
| Income from continuing operations attributable to MTI        | \$ 0.82            | \$ 0.23        |
| Loss from discontinued operations attributable to MTI        | --                 | (0.01)         |
| Basic earnings per share attributable to MTI                 | \$ 0.82            | \$ 0.22        |
| Diluted:   |                    |                |
| Income from continuing operations attributable to MTI        | \$ 0.82            | \$ 0.23        |
| Loss from discontinued operations attributable to MTI        | --                 | (0.01)         |
| Diluted earnings per share attributable to MTI               | \$ 0.82            | \$ 0.22        |
| Cash dividends declared per common share                     | \$ 0.05            | \$ 0.05        |
| <b>Shares used in computation of earnings per share:</b>     |                    |                |
| Basic  | 18,766             | 18,703         |
| Diluted  | 18,835             | 18,724         |

See accompanying Notes to Condensed Consolidated Financial Statements.

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

| (thousands of dollars)  | ASSETS            |                        |
|---|-------------------|------------------------|
|   | April 4,<br>2010* | December 31,<br>2009** |
| <b>Current assets:</b>  |                   |                        |
| Cash and cash equivalents   | \$ 325,039        | \$ 310,946             |
| Short-term investments, at cost which approximates market   | 10,683            | 8,940                  |
| Accounts receivable, net  | 179,625           | 173,665                |
| Inventories   | 79,962            | 82,483                 |
| Prepaid expenses and other current assets   | 22,749            | 24,679                 |
| Total current assets  | 618,058           | 600,713                |
| Property, plant and equipment, less accumulated depreciation and depletion – April 4, 2010 - \$867,556; December 31, 2009 - \$864,332 | 347,704           | 359,378                |
| Goodwill  | 67,449            | 68,101                 |
| Other assets and deferred charges   | 40,167            | 43,946                 |
| Total assets  | \$ 1,073,378      | \$ 1,072,138           |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                   |                        |
| <b>Current liabilities:</b>   |                   |                        |
| Short-term debt   | \$ 4,975          | \$ 6,892               |
| Current maturities of long-term debt  | 4,600             | 4,600                  |
| Accounts payable  | 83,548            | 74,513                 |
| Restructuring liabilities   | 6,476             | 8,282                  |
| Other current liabilities   | 48,169            | 58,627                 |
| Total current liabilities   | 147,768           | 152,914                |
| Long-term debt  | 92,621            | 92,621                 |
| Other non-current liabilities   | 81,845            | 78,860                 |
| Total liabilities   | 322,234           | 324,395                |
| <b>Shareholders' equity:</b>  |                   |                        |
| Common stock  | 2,894             | 2,888                  |
| Additional paid-in capital  | 317,535           | 318,256                |
| Retained earnings   | 850,492           | 836,062                |
| Accumulated other comprehensive (income) loss   | (7,752)           | 3,193                  |
| Less common stock held in treasury  | (436,238)         | (436,238)              |
| Total MTI shareholders' equity  | 726,931           | 724,161                |
| Non-controlling interest  | 24,213            | 23,582                 |
| Total shareholders' equity  | 751,144           | 747,743                |
| Total liabilities and shareholders' equity  | \$ 1,073,378      | \$ 1,072,138           |

\* Unaudited

\*\* Condensed from audited financial statements

See accompanying Notes to Condensed Consolidated Financial Statements.

## MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

| (thousands of dollars)  | Three Months Ended |                |
|---|--------------------|----------------|
|   | April 4, 2010      | March 29, 2009 |
| <b>Operating Activities:</b>  |                    |                |
| Consolidated net income   | \$ 16,102          | \$ 4,993       |
| Loss from discontinued operations   | --                 | (88)           |
| Income from continuing operations   | 16,102             | 5,081          |
| Adjustments to reconcile net income to net cash provided by operating activities: |                    |                |
| Depreciation, depletion and amortization  | 17,308             | 18,389         |
| Payments relating to restructuring activities                                     | (1,763)            | (1,721)        |
| Other non-cash items  | 1,673              | 692            |
| Net changes in operating assets and liabilities                                   | (151)              | 3,311          |
| Net cash provided by operating activities - continuing operations                 | 33,169             | 25,752         |
| Net cash used in operating activities - discontinued operations                   | --                 | (2,169)        |
| Net cash provided by operating activities   | 33,169             | 23,583         |
| <b>Investing Activities:</b>  |                    |                |
| Purchases of property, plant and equipment  | (8,330)            | (4,546)        |
| Purchases of short-term investments   | (1,906)            | (1,633)        |
| Net cash used in investing activities   | (10,236)           | (6,179)        |
| <b>Financing Activities:</b>  |                    |                |
| Net repayment of short-term debt  | (473)              | (2,266)        |
| Proceeds from issuance of stock under option plan                                 | 147                | --             |
| Cash dividends paid   | (939)              | (935)          |
| Net cash used in financing activities   | (1,265)            | (3,201)        |
| Effect of exchange rate changes on cash and cash equivalents                      | (7,575)            | (4,919)        |
| Net increase in cash and cash equivalents   | 14,093             | 9,284          |
| Cash and cash equivalents at beginning of period                                  | 310,946            | 181,876        |
| Cash and cash equivalents at end of period  | \$ 325,039         | \$ 191,160     |
| <b>Supplemental disclosure of cash flow information:</b>                          |                    |                |
| Interest paid   | \$ 100             | \$ 435         |
| Income taxes paid   | \$ 3,128           | \$ 3,153       |

See accompanying Notes to Condensed Consolidated Financial Statements.



**Note 1. Basis of Presentation**

The accompanying unaudited condensed consolidated financial statements have been prepared by management in accordance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. Therefore, these financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2009. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for a fair presentation of the financial information for the periods indicated, have been included. The results for the three-month period ended April 4, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

**Note 2. Summary of Significant Accounting Policies**
*Use of Estimates*

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

**Note 3. Earnings Per Share (EPS)**

Basic earnings per share are based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share are based upon the weighted average number of common shares outstanding during the period assuming the issuance of common shares for all dilutive potential common shares outstanding.

The following table sets forth the computation of basic and diluted earnings per share:

| Basic EPS<br>(in millions, except per share data)                       | Three Months Ended |                |
|---|--------------------|----------------|
|   | April 4, 2010      | March 29, 2009 |
| Income from continuing operations attributable to MTI                   | \$ 15.4            | \$ 4.3         |
| Loss from discontinued operations attributable to MTI                   | --                 | (0.1)          |
| Net income attributable to MTI  | \$ 15.4            | \$ 4.2         |
| Weighted average shares outstanding                                     | 18.8               | 18.7           |
| Basic earnings per share from continuing operations attributable to MTI | \$ 0.82            | \$ 0.23        |
| Basic loss per share from discontinued operations attributable to MTI   | --                 | (0.01)         |
| Basic earnings per share attributable to MTI                            | \$ 0.82            | \$ 0.22        |

| <b>Diluted EPS</b><br><b>(in millions, except per share data)</b>         | <b>Three Months Ended</b> |                       |
|---|---------------------------|-----------------------|
|   | <b>April 4, 2010</b>      | <b>March 29, 2009</b> |
| Income from continuing operations attributable to MTI                     | \$ 15.4                   | \$ 4.3                |
| Loss from discontinued operations attributable to MTI                     | --                        | (0.1)                 |
| Net income attributable to MTI  | \$ <u>15.4</u>            | \$ <u>4.2</u>         |
| Weighted average shares outstanding                                       | 18.8                      | 18.7                  |
| Dilutive effect of stock options and stock units                          | --                        | --                    |
| Weighted average shares outstanding, adjusted                             | \$ 18.8                   | \$ 18.7               |
| Diluted earnings per share from continuing operations attributable to MTI | \$ 0.82                   | \$ 0.23               |
| Diluted loss per share from discontinued operations attributable to MTI   | --                        | (0.01)                |
| Diluted earnings per share attributable to MTI                            | \$ <u>0.82</u>            | \$ <u>0.22</u>        |

The weighted average diluted common shares outstanding for the three-months ended April 4, 2010 and March 29, 2009 excludes the dilutive effect of 596,914 and 799,716 options, respectively, as such options had an exercise price in excess of the average market value of the Company's common stock during such period.

#### Note 4. Discontinued Operations

In the third quarter of 2007, as a result of a change in management and deteriorating financial performance, the Company conducted an in-depth review of all of its operations and developed a new strategic focus. The Company initiated a plan to realign its business operations to improve profitability and increase shareholder value by exiting certain businesses and consolidating some product lines. As a part of this restructuring, during the fourth quarter of 2007, the Company classified its Synsil operations and its plants at Mount Vernon, Indiana and Wellsville, Ohio as discontinued operations. These operations were part of the Company's Specialty Minerals segment. During 2008, the Company sold its idle Synsil facilities in Chester, South Carolina, Woodville, Ohio, and Cleburne, Texas and its facility in Wellsville, Ohio. In the fourth quarter of 2009, the Company sold its operations at Mt. Vernon, Indiana.

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

| <b>Millions of Dollars</b>                    | <b>Three Months Ended</b> |                       |
|---|---------------------------|-----------------------|
|   | <b>April 4, 2010</b>      | <b>March 29, 2009</b> |
| Net sales                                     | \$ --                     | \$ 3.3                |
| Production margin                             | --                        | 0.1                   |
| Expenses                                      | --                        | 0.2                   |
| Restructuring and other costs                 | --                        | --                    |
| Loss from operations                          | \$ --                     | \$ (0.1)              |
| Provision for taxes on income                 | \$ --                     | \$ --                 |
| Loss from discontinued operations, net of tax | \$ <u>--</u>              | \$ <u>(0.1)</u>       |

**Note 5. Income Taxes**

As of April 4, 2010, the Company had approximately \$8.6 million of total unrecognized income tax benefits. Included in this amount were a total of \$6.3 million of unrecognized income tax benefits that, if recognized, would affect the Company's effective tax rate. While it is expected that the amount of unrecognized tax benefits will change in the next 12 months, we do not expect the change to have a significant impact on the results of operations or the financial position of the Company.

The Company's accounting policy is to recognize interest and penalties accrued relating to unrecognized income tax benefits as part of its provision for income taxes. The Company had a net increase of approximately \$0.2 million during the first three months of 2010, and has an accrued balance of \$2.5 million of interest and penalties accrued as of April 4, 2010.

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

**Note 6. Inventories**

The following is a summary of inventories by major category:

| (millions of dollars)  | April 4,<br>2010 | December 31,<br>2009 |
|------------------------|------------------|----------------------|
| Raw materials          | \$ 30,590        | \$ 32,838            |
| Work-in-process        | 6,800            | 6,065                |
| Finished goods         | 23,157           | 24,412               |
| Packaging and supplies | 19,415           | 19,168               |
| Total inventories      | \$ 79,962        | \$ 82,483            |

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

Goodwill and other intangible assets with indefinite lives are not amortized, but instead are tested for impairment, at least annually. The carrying amount of goodwill was \$67.4 million and \$68.1 million as of April 4, 2010 and December 31, 2009, respectively. The net change in goodwill since December 31, 2009 was primarily attributable to the effect of foreign exchange.

Acquired intangible assets subject to amortization as of April 4, 2010 and December 31, 2009 were as follows:

| (millions of dollars)  | April 4, 2010               |                             | December 31, 2009        |                             |
|------------------------|-----------------------------|-----------------------------|--------------------------|-----------------------------|
|                        | Gross<br>Carrying<br>Amount | Accumulated<br>Amortization | Gross Carrying<br>Amount | Accumulated<br>Amortization |
| Patents and trademarks | \$ 6.2                      | \$ 3.2                      | \$ 6.2                   | \$ 3.1                      |
| Customer lists         | 2.7                         | 1.1                         | 2.7                      | 1.1                         |
|                        | \$ 8.9                      | \$ 4.3                      | \$ 8.9                   | \$ 4.2                      |

The weighted average amortization period for acquired intangible assets subject to amortization is approximately 15 years. Estimated amortization expense is \$0.6 million for each of the next five years through 2014.

Also, included in other assets and deferred charges is an intangible asset of approximately \$1.8 million which represents the non-current unamortized amount paid to a customer in connection with contract extensions at seven PCC satellite facilities. The current portion of \$1.0 million is included in prepaid expenses and other current assets. Such amounts will be amortized as a reduction of sales over the remaining lives of the customer contracts. Approximately \$0.3 million was amortized in the first quarter of 2010. Estimated amortization as a reduction of

sales is as follows: remainder of 2010 - \$0.7 million; 2011 - \$0.7 million; 2012 - \$0.5 million; 2013 - \$0.4 million; 2014 - \$0.4 million; with smaller reductions thereafter over the remaining lives of the contracts.

## Note 8. Restructuring Costs

### 2007 Restructuring Program

In the third quarter of 2007, as a result of a change in management and deteriorating financial performance, the Company conducted an in-depth review of all its operations and developed a new strategic focus. The Company initiated a plan to realign its business operations to improve profitability and increase shareholder value by exiting certain businesses and consolidating some product lines. As part of this program, the Company reduced its workforce by approximately 7 percent to better control operating expenses and to improve efficiencies and recorded a pre-tax charge of \$16.0 million for restructuring and other exit costs during the second half of 2007. This charge consists of severance and other employee benefit costs of \$13.5 million, contract termination costs of \$1.8 million and other exit costs of \$0.7 million. Additional restructuring costs of \$9.5 million were recorded in 2008 related to this program, including a pension settlement loss of approximately \$6.8 million related to the distribution of benefits to terminated employees. The restructuring resulted in a total workforce reduction of approximately 250, which has been completed.

A reconciliation of the restructuring liability for this program, as of April 4, 2010, is as follows:

| (millions of dollars)                 | Balance as of<br>December 31, 2009 | Additional<br>Provisions | Cash Expenditures | Balance as of April<br>4,<br>2010 |
|---------------------------------------|------------------------------------|--------------------------|-------------------|-----------------------------------|
| Severance and other employee benefits | \$ 0.1                             | \$ --                    | \$ --             | \$ 0.1                            |
| Contract termination costs            | 1.6                                | --                       | (0.3)             | 1.3                               |
|                                       | <u>\$ 1.7</u>                      | <u>\$ --</u>             | <u>\$ (0.3)</u>   | <u>\$ 1.4</u>                     |

Approximately \$0.3 million in termination costs were paid in the first quarter of 2010. The remaining restructuring liability of \$1.4 million remains will be funded from cash flows from operations and the program is expected to be completed in 2010.

### 2008 Restructuring Program

In the fourth quarter of 2008, as a result of the worldwide economic downturn and the resulting impact on our sales and operating profits, the Company initiated an additional restructuring program by reducing its workforce by approximately 14% through a combination of permanent reductions and temporary layoffs. The Company recorded a charge of \$3.9 million associated with this program.

A reconciliation of the restructuring liability for this program, as of April 4, 2010, is as follows:

| (millions of dollars)                 | Balance as of<br>December 31, 2009 | Additional<br>Provisions | Cash Expenditures | Balance as of April 4,<br>2010 |
|---------------------------------------|------------------------------------|--------------------------|-------------------|--------------------------------|
| Severance and other employee benefits | \$ 0.1                             | \$ --                    | \$ --             | \$ 0.1                         |
| Other exit costs                      | --                                 | --                       | --                | --                             |
|                                       | <u>\$ 0.1</u>                      | <u>\$ --</u>             | <u>\$ --</u>      | <u>\$ 0.1</u>                  |

The remaining liability of \$0.1 million will be funded from cash flow from operations and the program is expected to be completed in 2010.

### 2009 Restructuring Program

In the second quarter of 2009, the Company initiated a program to improve efficiencies through the consolidation of manufacturing operations and reduction of costs.

The restructuring program reduced the workforce by approximately 200 employees worldwide. This reduction in force relates to plant consolidations as well as a streamlining of the corporate and divisional management structures to operate more efficiently.

A reconciliation of the restructuring liability for this program, as of April 4, 2010, is as follows:

| (millions of dollars)                 | Balance as of<br>December 31, 2009 | Additional<br>Provisions | Cash Expenditures | Balance as of April 4,<br>2010 |
|---------------------------------------|------------------------------------|--------------------------|-------------------|--------------------------------|
| Severance and other employee benefits | \$ 5.0                             | \$ 0.1                   | \$ (1.5)          | \$ 3.6                         |
| Contract termination costs            | 0.4                                | --                       | --                | 0.4                            |
| Other exit costs                      | 0.1                                | --                       | --                | 0.1                            |
|                                       | <u>\$ 5.5</u>                      | <u>\$ 0.1</u>            | <u>\$ (1.5)</u>   | <u>\$ 4.1</u>                  |

Approximately \$1.5 million in severance payments was paid in the first quarter of 2010. The remaining liability of \$4.1 million will be funded from cash flows from operations, and the program is expected to be completed in the second half of 2010.

#### *Other Restructuring*

In the fourth quarter of 2009, the Company recorded restructuring charges for the announced closure of the paper mill at its Franklin, Va. satellite facility.

A reconciliation of the restructuring liability for this closure, as of April 4, 2010, is as follows:

| (millions of dollars)                 | Balance as of<br>December 31, 2009 | Additional<br>Provisions | Cash<br>Expenditures | Other           | Balance as of<br>April 4,<br>2010 |
|---------------------------------------|------------------------------------|--------------------------|----------------------|-----------------|-----------------------------------|
| Severance and other employee benefits | \$ 0.1                             | \$ --                    | \$ --                | \$ --           | \$ 0.1                            |
| Contract termination costs            | 0.9                                | --                       | --                   | (0.9)           | 0.0                               |
| Other exit costs                      | 0.0                                | 0.8                      | --                   | --              | 0.8                               |
|                                       | <u>\$ 1.0</u>                      | <u>\$ 0.8</u>            | <u>\$ --</u>         | <u>\$ (0.9)</u> | <u>\$ 0.9</u>                     |

The remaining liability of \$0.9 million will be funded from cash flows from operations, and the program is expected to be completed in the second half of 2010.

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

The following is a summary of long-term debt:

| (millions of dollars)                                      | April 4,<br>2010 | December 31,<br>2009 |
|--|------------------|----------------------|
| 5.53% Series 2006A Senior Notes                            |                  |                      |
| Due October 5, 2013  | \$ 50,000        | \$ 50,000            |
| Floating Rate Series 2006A Senior Notes                    |                  |                      |
| Due October 5, 2013  | 25,000           | 25,000               |
| Economic Development Authority Refunding                   |                  |                      |
| Revenue Bonds Series 1999 Due 2010                         | 4,600            | 4,600                |
| Variable/Fixed Rate Industrial                             |                  |                      |
| Development Revenue Bonds Due August 1, 2012               | 8,000            | 8,000                |
| Variable/Fixed Rate Industrial                             |                  |                      |
| Development Revenue Bonds Series 1999 Due November 1, 2014 | 8,200            | 8,200                |
| Installment obligations                                    | 1,421            | 1,421                |
| Total  | 97,221           | 97,221               |
| Less: Current maturities                                   | 4,600            | 4,600                |
| Long-term debt   | \$ 92,621        | \$ 92,621            |

As of April 4, 2010, the Company had \$191 million of uncommitted short-term bank credit lines, of which approximately \$5.0 million were in use.

**Note 10. Pension Plans**

The Company and its subsidiaries have pension plans covering substantially all eligible employees on a contributory or non-contributory basis. Disclosures for the U.S. plans have been combined with those outside of the U.S. as the international plans do not have significantly different assumptions, and together represent less than 25% of our total benefit obligation.

**Components of Net Periodic Benefit Cost**

| (millions of dollars)          | Pension Benefits   |                   | Other Benefits     |                   |
|--------------------------------|--------------------|-------------------|--------------------|-------------------|
|                                | Three Months Ended |                   | Three Months Ended |                   |
|                                | April 4, 2010      | March 29,<br>2009 | April 4, 2010      | March 29,<br>2009 |
| Service cost                   | \$ 2.0             | \$ 1.8            | \$ 0.1             | \$ 0.4            |
| Interest cost                  | 2.9                | 3.0               | 0.2                | 0.5               |
| Expected return on plan assets | (3.2)              | (3.6)             |                    | --                |
| Amortization:                  |                    |                   |                    |                   |
| Prior service cost             | 0.4                | 0.4               | (0.8)              | 0.1               |
| Recognized net actuarial loss  | 2.0                | 1.9               | 0.1                | --                |
| Net periodic benefit cost      | \$ 4.1             | \$ 3.5            | \$ (0.4)           | \$ 1.0            |

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

**Employer Contributions**

The Company expects to contribute \$5.0 million to its pension plan and \$1.5 million to its other post retirement benefit plans in 2010. As of April 4, 2010, \$0.4 million has been contributed to the pension fund and approximately \$0.2 million has been contributed to the other post retirement benefit plans.

**Note 11. Comprehensive Income**

The following are the components of comprehensive income:

| (millions of dollars)   | Three Months Ended |                |
|---|--------------------|----------------|
|   | April 4, 2010      | March 29, 2009 |
| Consolidated net income                                       | \$ 16.1            | \$ 5.0         |
| Other comprehensive income, net of tax:                       |                    |                |
| Foreign currency translation adjustments                      | (13.3)             | (15.5)         |
| Pension and postretirement plan adjustments                   | 1.0                | 1.5            |
| Cash flow hedges:   |                    |                |
| Net derivative gains arising during the period                | 1.5                | 0.2            |
| Comprehensive income (loss)                                   | 5.3                | (8.8)          |
| Comprehensive income attributable to non-controlling interest | (0.9)              | (0.8)          |
| Comprehensive income (loss) attributable to MTI               | \$ 4.4             | \$ (9.6)       |

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

| (millions of dollars)                         | April 4, 2010 | December 31, 2009 |
|---|---------------|-------------------|
| Foreign currency translation adjustments      | \$ 42.3       | \$ 55.7           |
| Unrecognized pension costs                    | (51.2)        | (52.2)            |
| Net gain (loss) on cash flow hedges           | 1.2           | (0.3)             |
| Accumulated other comprehensive income (loss) | \$ (7.7)      | \$ 3.2            |

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

The Company records asset retirement obligations for situations in which the Company will be required to incur costs to retire tangible long-lived assets. These are primarily related to its PCC satellite facilities and mining operations. The Company has also recorded the provisions related to conditional asset retirement obligations at its facilities. The Company has recorded asset retirement obligations at all of its facilities except where there are no legal or contractual obligations. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset.

The following is a reconciliation of asset retirement obligations as of April 4, 2010:

| (millions of dollars)                         |         |
|---|---------|
| Asset retirement liability, December 31, 2009 | \$ 14.0 |
| Accretion expense                             | 0.2     |
| Foreign currency translation                  | (0.1)   |
| Asset retirement liability, April 4, 2010     | \$ 14.1 |

Approximately \$0.4 million is included in other current liabilities and \$13.7 million is included in other non-current liabilities in the Condensed Consolidated Balance Sheet as of April 4, 2010.

**Note 13. Legal Proceedings**

Certain of the Company's subsidiaries are among numerous defendants in a number of cases seeking damages for exposure to silica or to asbestos containing materials. The Company currently has 305 pending silica cases and 27 pending asbestos cases. To date, 1,160 silica cases and 4 asbestos cases have been dismissed. One silica case was dismissed in the fourth quarter of 2009. Two new asbestos cases were filed, one in the first quarter of 2010 and another one in April 2010. Most of these claims do not provide adequate information to assess their merits, the

likelihood that the Company will be found liable, or the magnitude of such liability, if any. Additional claims of this nature may be made against the Company or its subsidiaries. At this time management anticipates that the amount of the Company's liability, if any, and the cost of defending such claims, will not have a material effect on its financial position or results of operations.

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

#### *Environmental Matters*

On April 9, 2003, the Connecticut Department of Environmental Protection 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.* The Company has 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 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.* The Company has completed investigations of potential groundwater contamination and has submitted a report on the investigations finding that there is no PCB contamination, but some oil contamination of the groundwater. We expect the regulators to require confirmatory long term groundwater monitoring at the site.
- *Soil.* The Company has completed the investigation of soil contamination and submitted a report characterizing contamination to the regulators. Based on the results of this investigation, we believe that the contamination may be left in place and monitored, pursuant to a site-specific risk assessment, which is underway. However, this conclusion is subject to completion of a phased remediation decision process required by applicable regulations.

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

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

The Company is evaluating options for upgrading the wastewater treatment facilities at its Adams, Massachusetts plant. This work has been undertaken pursuant to an administrative Consent Order originally issued by the Massachusetts Department of Environmental Protection on June 18, 2002. This order was amended on June 1, 2009. The amended Order requires the installation of a groundwater containment system by mid-year 2010, at an estimated capital cost of up to \$3.0 million, to allow continued operation of the wastewater treatment ponds through 2024. The amendment also includes the investigation by January 1, 2022 of options for ensuring that the facility's wastewater treatment ponds will not result in unpermitted discharge to groundwater. Additional requirements of the amendment include the submittal by July 1, 2022 of a plan for closure of a historic lime solids disposal area. Preliminary engineering reviews completed in 2005 indicate that the estimated cost of wastewater treatment upgrades to operate this facility beyond 2024 may be between \$6 million and \$8 million. The Company estimates that the remaining remediation costs would approximate \$400,000, which has been accrued as of April 4, 2010.

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

**Note 14. Non-Operating Deductions, Net**

| (millions of dollars)         | Three Months Ended |                 |
|-------------------------------|--------------------|-----------------|
|                               | April 4, 2010      | March 29, 2009  |
| Interest income               | \$ 0.5             | \$ 0.8          |
| Interest expense              | (0.8)              | (0.9)           |
| Foreign exchange gains        | 0.8                | --              |
| Other deductions              | (0.5)              | (0.2)           |
| Non-operating deductions, net | <u>\$ (0.0)</u>    | <u>\$ (0.3)</u> |

**Note 15 . Noncontrolling interests**

The following is a reconciliation of beginning and ending total equity, equity attributable to MTI, and equity attributable to noncontrolling interests:

| (millions of dollars)                                       | Equity Attributable to MTI |                            |                   |   |                   |                          | Total          |
|---|----------------------------|----------------------------|-------------------|---|-------------------|--------------------------|----------------|
|   | Common Stock               | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock    | Noncontrolling Interests |                |
| <i>Balance as of December 31, 2009</i>                      | <u>\$ 2,888</u>            | <u>318,256</u>             | <u>836,062</u>    | <u>3,193</u>                                  | <u>(436,238 )</u> | <u>23,582</u>            | <u>747,743</u> |
| <b>Comprehensive Income:</b>                                |                            |                            |                   |   |                   |                          |                |
| Net income  | --                         | --                         | 15,369            | --  | --                | 733                      | 16,102         |
| Currency translation adjustment                             | --                         | --                         | --                | (13,537 )                                     | --                | 236                      | (13,301 )      |
| Unamortized pension gains and prior service costs           | --                         | --                         | --                | 1,034   | --                | --                       | 1,034          |
| <b>Cash flow hedge:</b>                                     |                            |                            |                   |   |                   |                          |                |
| Net derivative gains (losses) arising during the year       | --                         | --                         | --                | 1,527   | --                | --                       | 1,527          |
| Reclassification adjustment                                 | --                         | --                         | --                | 31  | --                | --                       | 31             |
| Total comprehensive income (loss)                           | <u>--</u>                  | <u>--</u>                  | <u>15,369</u>     | <u>(10,945)</u>                               | <u>--</u>         | <u>969</u>               | <u>5,393</u>   |
| Dividends declared  | --                         | --                         | (939)             | --  | --                | --                       | (939 )         |
| Dividends to noncontrolling interest                        | --                         | --                         | --                | --  | --                | (338 )                   | (338 )         |
| Employee benefit transactions                               | 6                          | (12 )                      | --                | --  | --                | --                       | (6 )           |
| Income tax benefit arising from employee stock option plans | --                         | 6                          | --                | --  | --                | --                       | 6              |
| Amortization of restricted stock                            | --                         | (1,121 )                   | --                | --  | --                | --                       | (1,121)        |
| Stock option expenses                                       | --                         | 406                        | --                | --  | --                | --                       | 406            |
| <i>Balance as of April 4, 2010</i>                          | <u>\$ 2,894</u>            | <u>317,535</u>             | <u>850,492</u>    | <u>(7,752)</u>                                | <u>(436,238 )</u> | <u>24,213</u>            | <u>751,144</u> |

The income attributable to noncontrolling interests for the three-month periods ended April 4, 2010 and March 29, 2009 was from continuing operations. The remainder of the income from continuing operations, as well as all of the income (loss) from discontinued operations, was attributable to MTI. There were no changes in MTI's ownership interest for the period ended April 4, 2010 as compared with December 31, 2009

**Note 16. Segment and Related Information**

Segment information for the three-month periods ended April 4, 2010 and March 29, 2009 was as follows:

| (millions of dollars) | Three Months Ended |                |
|-----------------------|--------------------|----------------|
|                       | April 4, 2010      | March 29, 2009 |
| Specialty Minerals    | \$ 172.1           | \$ 143.6       |
| Refractories          | 81.4               | 64.7           |

Total

\$

253.5

\$

208.3

| Income (Loss) from Operations<br>(millions of dollars) | Three Months Ended |                |
|--|--------------------|----------------|
|  | April 4, 2010      | March 29, 2009 |
|  | Specialty Minerals | \$ 18.4        |
| Refractories   | 5.8                | (2.2)          |
| Total  | \$ 24.2            | \$ 7.6         |

Included in income from operations for the Specialty Minerals segment for the three-month period ended April 4, 2010 and March 29, 2009 were restructuring costs of \$0.8 million and \$0.3 million, respectively.

Included in income (loss) from operations for the Refractories segment for the three-month period ended April 4, 2010 and March 29, 2009 were restructuring costs of \$0.1million and \$0.2 million, respectively.

The carrying amount of goodwill by reportable segment as of April 4, 2010 and December 31, 2009 was as follows:

| Goodwill<br>(millions of dollars) | Three Months Ended |                   |
|-----------------------------------|--------------------|-------------------|
|                                   | April 4, 2010      | December 31, 2009 |
|                                   | Specialty Minerals | \$ 13.7           |
| Refractories                      | 53.7               | 54.0              |
| Total                             | \$ 67.4            | \$ 68.1           |

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

| Income from continuing operations before provision for taxes on income:<br>(millions of dollars) | Three Months Ended                             |                |
|--|--|----------------|
|  | April 4, 2010                                  | March 29, 2009 |
|  | Income from operations for reportable segments | \$ 24.2        |
| Unallocated corporate expenses   | (1.2)  | (0.3)          |
| Consolidated income from operations  | 23.0   | 7.3            |
| Non-operating deductions   | --   | (0.3)          |
| Income from continuing operations before provision for taxes on income                           | \$ 23.0  | \$ 7.0         |

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

| (millions of dollars)    | Three Months Ended |                |
|--------------------------|--------------------|----------------|
|                          | April 4, 2010      | March 29, 2009 |
|                          | Paper PCC          | \$ 130.7       |
| Specialty PCC            | 14.4               | 10.6           |
| Talc                     | 10.2               | 6.6            |
| Ground Calcium Carbonate | 16.8               | 13.9           |
| Refractory Products      | 62.6               | 53.5           |
| Metallurgical Products   | 18.8               | 11.2           |
| Net sales                | \$ 253.5           | \$ 208.3       |

**REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board of Directors and Shareholders  
Minerals Technologies Inc.:

We have reviewed the condensed consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of April 4, 2010, and the related condensed consolidated statements of income for the three-month periods ended April 4, 2010 and March 29, 2009, and the related condensed consolidated statements of cash flows for the three-month periods ended April 4, 2010 and March 29, 2009. These condensed consolidated financial statements are the responsibility of the company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of December 31, 2009, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 25, 2010, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2009 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

New York, New York  
April 30, 2010

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

Income and Expense Items  
as a Percentage of Net Sales

|                                       | Three Months Ended |                |
|---------------------------------------|--------------------|----------------|
|                                       | April 4, 2010      | March 29, 2009 |
| Net sales                             | 100.0 %            | 100.0 %        |
| Cost of goods sold                    | 79.7               | 84.0           |
| Production margin                     | 20.3               | 16.0           |
| Marketing and administrative expenses | 8.8                | 9.9            |
| Research and development expenses     | 2.0                | 2.3            |
| Restructuring and other costs         | 0.4                | 0.3            |
| Income from operations                | 9.1                | 3.5            |
| Net income attributable to MTI        | 6.1 %              | 2.0 %          |

## Executive Summary

Consolidated sales for the first quarter of 2010 increased 22% from the prior year to \$253.5 million from \$208.3 million. Foreign exchange had a favorable impact on sales of approximately \$9.2 million or 4 percentage points of growth. Income from operations grew 216% to \$23.1 million in the first quarter of 2010 from \$7.3 million in the first quarter of 2009. Included in income from operations for the first quarter of 2010 and 2009 were restructuring costs of \$0.9 million and \$0.5 million, respectively. Net income increased to \$15.4 million as compared to \$4.2 million in the prior year.

The Company continues to see improvement in all of the end markets we serve -- paper, steel, construction and automotive. In the prior year, due to the worldwide economic recession, weakness in these markets caused significant drops in demand for our products, resulting in lower volumes. In the current year, stabilization in the underlying markets and the resulting increase in volumes, coupled with the benefits derived from our announced restructuring programs and productivity improvements have led to improved operating performance in all product lines.

The Company's balance sheet as of April 4, 2010 continues to be very strong. Cash, cash equivalents and short-term investments were more than \$336 million. We have available credit lines of \$186 million, our debt to equity ratio continues to be a low 12%, and our current ratio was 4.1. Our cash flows from operations were approximately \$33 million in the first quarter of 2010.

We face some significant risks and challenges in the future:

- Our global business could be adversely affected by decreases in economic activity.
  - North American and European steel production in Q1 2010 increased 63% and 35%, respectively, from first quarter 2009 levels, however, volumes remains approximately 23% below the pre-recession levels in second quarter of 2008.
  - In the paper industry, production levels for printing and writing papers within North America and Europe, our two largest markets, increased 8% and 5%, respectively, from the prior year, but remain approximately 17% below pre-recession levels of second quarter 2008.
  - Housing starts in 2010 were at a rate of approximately 617 thousand units, 17% above first quarter 2009, but 39% below second quarter 2008 pre-recession levels. Housing starts were at a peak rate of 2.1 million units in 2005. In the automotive industry, North American car and truck production increased 64% in 2010 as compared with the first quarter of 2009 however remains 15% below second quarter 2008 production levels

- The reduced availability of credit in the financial markets could adversely affect the ability of our customers and/or our suppliers to obtain financing.
- The industries we serve, primarily paper, steel, construction and automotive, have been adversely affected by the global economic climate. Some of our customers may still experience further consolidations and shutdowns or may face increased liquidity issues, which could deteriorate the aging of our accounts receivable, increase our bad debt exposure and possibly trigger impairment of assets or realignment of our businesses.
- Consolidations and rationalizations in the paper and steel industries concentrate purchasing power in the hands of fewer customers, increasing pricing pressure on suppliers such as Minerals Technologies Inc.
- Most of our Paper PCC sales are subject to long-term contracts that may be terminated pursuant to their terms, or may be renewed on terms less favorable to us.
- Our filler-fiber composite technology continues in development through customer trials, but has yet to be proven on a long-term commercial scale.
- We are subject to volatility in pricing and supply availability of our key raw materials used in our Paper PCC product line and Refractory product line. Our ability to recover increased costs is uncertain and may become more difficult in this economic environment.
- We continue to rely on China for a significant portion of our supply of magnesium oxide in the Refractories segment which may be subject to uncertainty in availability and cost.
- Fluctuations in energy costs have an impact on all of our businesses.
- Changes in the fair market value of our pension assets, rates of return on assets, and discount rates could have a significant impact on our net periodic pension costs as well as our funding requirements.
- As we expand our operations abroad we face the inherent risks of doing business in many foreign countries, including foreign exchange risk, import and export restrictions, and security concerns.
- The Company's operations, particularly in the mining and environmental areas (discharges, emissions and greenhouse gases), are subject to regulation by federal, state and foreign authorities and may be subject to, and presumably will be required to comply with, additional laws, regulations and guidelines which may be adopted in the future.

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

- Development of the filler-fiber composite program, which continues to undergo large-scale paper machine trials, to increase the fill-rate for uncoated freesheet paper.
- Increasing our sales of PCC for paper by further penetration of the markets for paper filling at both freesheet and groundwood mills, particularly in emerging markets.
- Further growth of the Company's PCC coating product line using the satellite model.
- Leverage the Company's expertise in crystal engineering, especially in helping papermakers customize PCC morphologies for specific paper applications.
- Development of unique calcium carbonates used in the manufacture of novel biopolymers, a new market opportunity.
- Rapid deployment of value-added formulations of refractory materials that not only reduce costs but improve performance.
- Continuing our penetration in emerging markets.
- Further growth of PCC produced for paper filling applications by working with industry partners to develop new methods to increase the ratio of PCC for fiber substitutions.
- Further proliferation of operational excellence principles into all aspects of the organization, including system infrastructure and lean principles.
- Explore selective acquisitions to fit our core competencies in minerals and fine particle technology.

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

## Results of Operations

## Sales

| (millions of dollars)       |    | First<br>Quarter<br>2010 | % of Total<br>Sales | Growth | First<br>Quarter<br>2009 | % of Total<br>Sales |
|-----------------------------|----|--------------------------|---------------------|--------|--------------------------|---------------------|
| Net Sales                   |    |                          |                     |        |                          |                     |
| U.S                         | \$ | 136.6                    | 53.9 %              | 22 %   | \$ 112.2                 | 53.9 %              |
| International               |    | 116.9                    | 46.1 %              | 22 %   | 96.1                     | 46.1 %              |
| Net sales                   | \$ | 253.5                    | 100.0 %             | 22 %   | \$ 208.3                 | 100.0 %             |
| Paper PCC                   | \$ | 130.7                    | 51.6 %              | 16 %   | \$ 112.5                 | 54.0 %              |
| Specialty PCC               |    | 14.4                     | 5.7 %               | 36 %   | 10.6                     | 5.1 %               |
| PCC Products                | \$ | 145.1                    | 57.3 %              | 18 %   | \$ 123.1                 | 59.1 %              |
| Talc                        | \$ | 10.2                     | 4.0 %               | 55 %   | \$ 6.6                   | 3.1 %               |
| Ground Calcium<br>Carbonate |    | 16.8                     | 6.6 %               | 21 %   | 13.9                     | 6.7 %               |
| Processed Minerals Products | \$ | 27.0                     | 10.6 %              | 32 %   | \$ 20.5                  | 9.8 %               |
| Specialty Minerals Segment  | \$ | 172.1                    | 67.9 %              | 20 %   | \$ 143.6                 | 68.9 %              |
| Refractory Products         | \$ | 62.6                     | 24.7 %              | 17 %   | \$ 53.5                  | 25.7 %              |
| Metallurgical Products      |    | 18.8                     | 7.4 %               | 68 %   | 11.2                     | 5.4 %               |
| Refractories Segment        | \$ | 81.4                     | 32.1 %              | 26 %   | \$ 64.7                  | 31.1 %              |
| Net sales                   | \$ | 253.5                    | 100.0 %             | 22 %   | \$ 208.3                 | 100.0 %             |

Worldwide net sales in the first quarter of 2010 increased 22% from the previous year to \$253.5 million. Foreign exchange had a favorable impact on sales of approximately \$9.2 million or 4 percentage points of growth. Approximately 7 percentage points of growth was attributable to 6 additional days in the first quarter of 2010 as compared to the first quarter of 2009. Sales in the Specialty Minerals segment, which includes the PCC and Processed Minerals product lines, increased 20% to \$172.1 million compared with \$143.6 million for the same period in 2009. Sales in the Refractories segment for the first quarter of 2010 grew 26% from \$64.7 million in the previous year to \$81.4 million.

Worldwide net sales of PCC, which is primarily used in the manufacturing process of the paper industry, grew 18% in the first quarter to \$145.1 million from \$123.1 million in the prior year. Foreign exchange had a favorable impact on sales of approximately \$5.8 million, or, 5 percentage points of growth. Unit volumes increased in both product lines. Paper PCC sales increased 16% to \$130.7 million in the first quarter of 2010 from \$112.5 million in the prior year. Paper PCC volumes increased 13% with volume growth in all regions. Sales of Specialty PCC increased 36% to \$14.4 million from \$10.6 million in the prior year. Volumes increased 35% in this product line over the prior year.

Net sales of Processed Minerals products grew 32% in the first quarter of 2010 to \$27.0 million from \$20.5 million in the first quarter of 2009. This increase was attributable to 20% higher volumes and favorable product mix as the residential and commercial construction markets and the automotive market recovery from the depressed conditions experienced in the prior year.

Net sales in the Refractories segment in the first quarter of 2010 grew 26% to \$81.4 million from \$64.7 million in the prior year. Foreign exchange had a favorable impact on sales of \$3.4 million, or 5 percentage points of growth. Sales of refractory products and systems to steel and other industrial applications grew 17% to \$62.6 million from \$53.5 million in the prior year as volumes grew 24% but was partially offset by a reduction in equipment sales. Sales of metallurgical products within the Refractories segment increased 68 percent to \$18.8 million as compared with \$11.2 million in the same period last year on volume growth of 64%. The increased sales in all product lines in this segment are driven by significantly higher volumes globally.

Net sales in the United States grew 22% to \$136.6 million in the first quarter of 2010 from \$112.2 million in the prior year. International sales in the first quarter of 2010 grew <BTB>22% to \$116.9 million from \$96.1 million, due to higher worldwide volumes and to the favorable effects of foreign exchange.

| <b>Operating Costs and Expenses<br/>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2010</b> | <b>First Quarter<br/>2009</b> | <b>Growth</b> |
|---|-----------------------------------|-------------------------------|---------------|
| Cost of goods sold  | \$ 202.1                          | \$ 175.0                      | 15 %          |
| Marketing and administrative                                  | \$ 22.3                           | \$ 20.5                       | 9 %           |
| Research and development                                      | \$ 5.1                            | \$ 4.9                        | 4 %           |
| Restructuring and other costs                                 | \$ 0.8                            | \$ 0.5                        | 60 %          |

Cost of goods sold was 79.7% of sales compared with 84.0% of sales in the prior year. Production margin increased 55% as compared with a 22% increase on sales. All product lines experienced increased volumes under improved economic conditions and had favorable leveraging due to increased productivity levels and the benefits derived from our restructuring programs. In the Specialty Minerals segment, production margin increased 49% as compared with a 20% increase in sales. This segment had increased volumes of \$11.0 million as compared to prior year in both the Processed Minerals and PCC product lines, improved profitability due the contractual recovery of raw material cost increases in its Paper PCC product line of \$1.0 million, benefits derived from our announced restructuring programs of \$1.1 million and favorable impacts of foreign exchange of \$1.0 million. This was partially offset by price concessions of approximately \$3.0 million. In the Refractories segment, production margin increased 66% as compared with a 26% increase in sales. This segment's improved profitability was primarily the result of volume increases of \$6.8 million and restructuring savings of \$1.7 million. This was partially offset by lower equipment sales of approximately \$1.0 million.

Marketing and administrative costs increased 9% in the first quarter to \$22.3 million from \$20.5 million in the prior year, primarily due to the additional number of days in the first quarter of this year as compared with prior year. Marketing and administrative costs as a percentage of net sales, however, represented 8.8% of net sales in the current year as compared with 9.9% of net sales in the prior year.

Research and development expenses increased 5% to \$5.1 million from \$4.9 million in the prior year and represented 2.0% of net sales as compared with 2.3% of net sales in the prior year. The higher costs were primarily due to the aforementioned additional days in the quarter.

Restructuring and other costs during the first quarter of 2010 were \$0.9 million and primarily related to railcar lease early termination costs of \$0.8 million associated with the announced plant closures of our Franklin, Va. and Plymouth, NC. satellite facilities and additional provisions for severance and other employee benefits associated with our 2009 restructuring program of \$0.1 million. Restructuring costs were \$0.5 million in the first quarter of the prior year and related to additional provisions for severance and other employee benefits associated with our 2008 and 2007 restructuring programs of \$0.4 million and \$0.1 million, respectively.

The Company expects annualized savings of approximately \$11.0 million relating to its 2008 restructuring program and realized savings of \$2.8 million (\$11.2 million annualized) and \$1.5 million in the first quarter of 2010 and first quarter of 2009, respectively. This program is completed.

The Company expects annualized savings of \$16 million to \$20 million relating to its 2009 restructuring program of which approximately \$10.0 million relates to lower compensation and related expenses and \$5.0 million relates to annualized pretax depreciation savings. The Company realized \$2.8 million (\$11.2 million annualized) in compensation and related expense savings and \$1.2 million (\$5.0 million annualized) in depreciation savings in the first quarter of 2010.

| <b>Income from Operations<br/>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2010</b> | <b>First<br/>Quarter<br/>2009</b> | <b>Growth</b> |
|---|-----------------------------------|-----------------------------------|---------------|
| Income from operations                                  | \$ 23.0                           | \$ 7.3                            | 215%          |

The Company recorded income from operations in the first quarter of 2010 of \$23.0 million, a 215% increase over income from operations of \$7.3 million in the prior year.

Income from operations in the first quarter of 2010 for the Specialty Minerals segment was \$18.4 million, as compared to income from operations of \$9.8 million in the prior year. Operating income for the Refractories segment was \$5.8 million, as compared to an operating loss of \$2.2 million in the prior year.

| <b>Non-Operating Income (Deductions)</b><br><b>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2010</b> | <b>First<br/>Quarter<br/>2009</b> | <b>Growth</b> |
|--|-----------------------------------|-----------------------------------|---------------|
| Non-operating deductions, net  | \$ --                             | \$ (0.3)                          | *%            |

In the first quarter of 2010, net non-operating deductions decreased \$0.3 million from prior year levels. This decrease was primarily attributable to higher foreign exchange gains which were partially offset by lower interest income and higher bank charges.

| <b>Provision for Taxes on Income</b><br><b>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2010</b> | <b>First<br/>Quarter<br/>2009</b> | <b>Growth</b> |
|--|-----------------------------------|-----------------------------------|---------------|
| Provision for taxes on income  | \$ 6.9                            | \$ 2.0                            | 254%          |

The first quarter effective tax rate is 30.0% as compared with 27.8% in the prior year. This increase in rate relates to the decrease in the tax benefit of depletion as a percentage of the increased earnings as well as to a change in the geographic mix of earnings as compared with prior year.

| <b>Income from Continuing Operations, Net of Tax</b><br><b>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2010</b> | <b>First<br/>Quarter<br/>2009</b> | <b>Growth</b> |
|--|-----------------------------------|-----------------------------------|---------------|
| Income from continuing operations,<br>net of tax                                     | \$ 16.1                           | \$ 5.1                            | 217%          |

The Company recorded income from continuing operations, net of tax, of \$16.1 million as compared with \$5.1 million in the prior year.

| <b>Noncontrolling Interests</b><br><b>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2010</b> | <b>First<br/>Quarter<br/>2009</b> | <b>Growth</b> |
|---|-----------------------------------|-----------------------------------|---------------|
| Noncontrolling interests  | \$ 0.7                            | \$ 0.8                            | (12)%         |

The decrease in the income attributable to noncontrolling interests is due to slightly lower profitability in our joint ventures.

| <b>Net Income attributable to MTI</b><br><b>(millions of dollars)</b> | <b>First<br/>Quarter<br/>2010</b> | <b>First<br/>Quarter<br/>2009</b> | <b>Growth</b> |
|---|-----------------------------------|-----------------------------------|---------------|
| Net income attributable to MTI  | \$ 15.4                           | \$ 4.2                            | 270%          |

Net income attributable to MTI was \$15.4 million in the first quarter of 2010 as compared with income of \$4.2 million in the prior year. Diluted earnings per common share were \$0.82 per share in the first quarter of 2010 as compared with earnings per common share of \$0.22 per share in the prior year.

### Liquidity and Capital Resources

Cash provided from operating activities amounted to \$33.1 million in the first quarter of 2010 as compared with \$23.6 million for the same period last year. Cash flows provided from operations in the first quarter of 2010 were principally used to fund capital expenditures, repay short term debt and pay the Company's dividend to common

shareholders. The increase in cash provided from operations was due primarily to higher earnings as compared to prior year.

Working capital is defined as trade accounts receivable, trade accounts payable and inventories. Working capital decreased approximately 3% from December 2009. Total days of working capital decreased to 58 days in the first quarter of 2010 from 59 days in the fourth quarter of 2009. This decrease was primarily attributable to reductions in raw materials inventories and increases in trade payable, partially offset by an increase in our trade receivables. The increase in receivables was primarily due to slightly higher sales levels than in the fourth quarter of the prior year.

On February 22, 2010, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to \$75 million of additional shares over the next two-year period. As of April 4, 2010, no shares have been purchased under this program.

The following table summarizes our contractual obligations as of April 4, 2010:

### Contractual Obligations

| (millions of dollars)         | Total    | Payments Due by Period |           |           |               |
|-------------------------------|----------|------------------------|-----------|-----------|---------------|
|                               |          | Less Than 1 Year       | 1-3 Years | 3-5 Years | After 5 Years |
| Debt                          | \$ 97.2  | \$ 4.6                 | \$ 8.0    | \$ 84.6   | \$ --         |
| Operating lease obligations   | 21.9     | 5.3                    | 5.0       | 4.7       | 6.9           |
| Total contractual obligations | \$ 119.1 | \$ 9.9                 | \$ 13.0   | \$ 89.3   | \$ 6.9        |

The Company had \$190.8 million in uncommitted short-term bank credit lines, of which \$5.0 million were in use at April 4, 2010. The credit lines are primarily in the US, with approximately \$21 million or 11% outside the US. The credit lines are generally one year in term at competitive market rates at large well-established institutions. The Company typically uses its available credit lines to fund working capital requirement or local capital spending needs. We anticipate that capital expenditures for 2010 should be between \$50 million and \$75 million, principally related to the construction of PCC plants and other opportunities that meet our strategic growth objectives. We expect to meet our other long-term financing requirements from internally generated funds, uncommitted bank credit lines and, where appropriate, project financing of certain satellite plants. The aggregate maturities of long-term debt are as follows: remainder of 2010 - \$4.6 million; 2011 - \$0.0 million; 2012 - \$8.0 million; 2013 - \$76.4 million; 2014 - \$8.2 million; thereafter - \$0.0 million.

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

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

Although we believe we have been prudent in our plans and assumptions, we cannot guarantee that the outcomes suggested in any forward-looking statement will be realized. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements and should refer to the discussion of certain risks, uncertainties and assumptions entitled "Cautionary Factors That May Affect Future Results" in Exhibit 99 to this Quarterly Report.

### Recently Issued Accounting Standards

In January 2010, the FASB issued guidance that requires new disclosures, and clarifies existing disclosure requirements, about fair value measurements. The clarifications and the requirement to separately disclose transfers of instruments between level 1 and level 2 of the fair value hierarchy are effective for interim reporting periods

beginning after December 15, 2009; however, the requirement to provide purchases, sales, issuances and settlements in the level 3 rollforward on a gross basis is effective for fiscal years beginning after December 15, 2010.

In October 2009, the FASB amended the accounting and disclosure requirements for revenue recognition. These amendments, effective for fiscal years beginning on or after June 15, 2010, modify the criteria for recognizing revenue in multiple element arrangements and the scope of what constitutes a non-software deliverable. The implementation of this guidance is not expected to have a material impact on our consolidated financial statements.

### **Critical Accounting Policies**

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

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

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

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

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

We have open forward exchange contracts to purchase approximately \$2.4 million of foreign currencies as of April 4, 2010. The contracts mature between April 2010 and July 2010. The fair value of these instruments at April 4, 2010 was a liability of \$0.1 million.

In 2008 the Company entered into forward contracts to sell 30 million Euros as a hedge of its net investment in Europe. These contracts mature in October 2013. The fair value of these instruments at April 4, 2010 was an asset of \$1.3 million.

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

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

As of the end of the period covered by this report, and under the supervision and with participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, the Chief Executive Officer and

Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of April 4, 2010.

The Company is in the process of implementing a global enterprise resource planning ("ERP") system to manage its business operations. As of April 4, 2010 all of our domestic locations were using the new system. The worldwide implementation is expected to be completed over the next few years and involves changes in systems that include internal controls. Although the transition has proceeded to date without material adverse effects, the possibility exists that our migration to the new ERP system could adversely affect the Company's internal controls over financial reporting and procedures. We are reviewing each system as it is being implemented and the controls affected by the implementation of the new systems, and are making appropriate changes to affected internal controls as we implement the new systems. We believe that the controls as modified are appropriate and functioning effectively.

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

There was no change in the Company's internal control over financial reporting (other than the ongoing implementation of the ERP system discussed above) during the quarter ended April 4, 2010 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## **PART II. OTHER INFORMATION**

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

Certain of the Company's subsidiaries are among numerous defendants in a number of cases seeking damages for exposure to silica or to asbestos containing materials. The Company currently has 305 pending silica cases and 27 pending asbestos cases. To date, 1,160 silica cases and 4 asbestos cases have been dismissed. One silica case was dismissed in the fourth quarter of 2009. Two new asbestos cases were filed, one in the first quarter of 2010 and another one in April 2010. Most of these claims do not provide adequate information to assess their merits, the likelihood that the Company will be found liable, or the magnitude of such liability, if any. Additional claims of this nature may be made against the Company or its subsidiaries. At this time management anticipates that the amount of the Company's liability, if any, and the cost of defending such claims, will not have a material effect on its financial position or results of operations.

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

#### *Environmental Matters*

On April 9, 2003, the Connecticut Department of Environmental Protection 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.* The Company has 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 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.** The Company has completed investigations of potential groundwater contamination and has submitted a report on the investigations finding that there is no PCB contamination, but some oil contamination of the groundwater. We expect the regulators to require confirmatory long term groundwater monitoring at the site.
- **Soil.** The Company has completed the investigation of soil contamination and submitted a report characterizing contamination to the regulators. Based on the results of this investigation, we believe that the contamination may be left in place and monitored, pursuant to a site-specific risk assessment, which is underway. However, this conclusion is subject to completion of a phased remediation decision process required by applicable regulations.

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

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

The Company is evaluating options for upgrading the wastewater treatment facilities at its Adams, Massachusetts plant. This work has been undertaken pursuant to an administrative Consent Order originally issued by the Massachusetts Department of Environmental Protection on June 18, 2002. This order was amended on June 1, 2009. The amended Order requires the installation of a groundwater containment system by mid-year 2010, at an estimated capital cost of up to \$3.0 million, to allow continued operation of the wastewater treatment ponds through 2024. The amendment also includes the investigation by January 1, 2022 of options for ensuring that the facility's wastewater treatment ponds will not result in unpermitted discharge to groundwater. Additional requirements of the amendment include the submittal by July 1, 2022 of a plan for closure of a historic lime solids disposal area. Preliminary engineering reviews completed in 2005 indicate that the estimated cost of wastewater treatment upgrades to operate this facility beyond 2024 may be between \$6 million and \$8 million. The Company estimates that the remaining remediation costs would approximate \$400,000, which has been accrued as of April 4, 2010.

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

**ITEM 1A. Risk Factors**

There have been no material changes to our risk factors from those disclosed in our 2009 Annual Report on Form 10-K. For a description of Risk Factors, see Exhibit 99 attached to this report.

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

Issuer Purchases of Equity Securities

| Period                | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of the Publicly Announced Program | Dollar Value of Shares that May Yet be Purchased Under the Program |
|-----------------------|----------------------------------|------------------------------|--|--|
| February 22 - April 4 | --                               | \$ --                        | --   | \$ 75,000,000  |
| Total                 | --                               | \$ --                        |  |  |

On February 22, 2010, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to \$75 million of additional shares over the next two-year period. No shares have yet been purchased under this program.

**ITEM 3. Default Upon Senior Securities**

Not applicable.

**ITEM 5. Other Information**

Not applicable.

**ITEM 6. Exhibits**

| <u>Exhibit No.</u> | <u>Exhibit Title</u>   |
|--------------------|--|
| 10.1               | Amended and Restated Grantor Trust Agreement, dated as of April 1, 2010, by and between the Company and the Wilmington Trust Company |
| 15                 | Letter Regarding Unaudited Interim Financial Information.  |
| 31.1               | Rule 13a-14(a)/15d-14(a) Certification executed by the Company's principal executive officer.  |
| 31.2               | Rule 13a-14(a)/15d-14(a) Certification executed by the Company's principal financial officer.  |
| 32                 | Section 1350 Certifications.   |
| 99                 | Statement of Cautionary Factors That May Affect Future Results.  |



## Exhibit Index

The following exhibits are filed as part of this report.

|      |   |
|------|---|
| 10.1 | <a href="#">Amended and Restated Grantor Trust Agreement, dated as of April 1, 2010, by and between the Company and the Wilmington Trust Company.</a> |
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| 31.2 | <a href="#">Rule 13a-14(a)/15d-14(a) Certification executed by the Company's principal financial officer.</a>   |
| 32   | <a href="#">Section 1350 Certifications.</a>  |
| 99   | <a href="#">Statement of Cautionary Factors That May Affect Future Results.</a>   |



**AMENDED AND RESTATED GRANTOR TRUST AGREEMENT**

This Amended and Restated Grantor Trust Agreement (the "Trust Agreement") is made as of the 1st day of April, 2010 (the "Effective Date"), by and between Minerals Technologies Inc. (the "Company") and Wilmington Trust Company, as successor trustee (the "Trustee").

**WHEREAS**, the Company has (1) adopted two nonqualified deferred compensation plans, the Minerals Technologies Inc. Supplemental Savings Plan (the "Supplemental Savings Plan") and the Minerals Technologies Inc. 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 "Cod e") (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 The Bank of New York (the "Former Trustee"), dated December 20, 1994, as amended and restated as of the 23<sup>rd</sup> day of December 2005 (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

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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**, in accordance with the Prior Trust Agreement, the Company has removed the Former Trustee and appoints Wilmington Trust Company as the successor trustee, and Wilmington Trust Company accepts such appointment, all as of the Effective Date; 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; and

**WHEREAS**, the Company represents that no Change of Control has occurred and that the amendment reflected herein is in accordance with Section 12 of the Trust Agreement; and

**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 continue 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 Supplemental 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) the Supplemental Savings Plan, the Supplemental Retirement Plan, or any other 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 for six months by reason of the requirements of Section 409A(a)(2)(B) (i) of the Code (or any successor provisions), or (B) the Supplemental Retirement Plan payments to a participant immediately prior to separation from service are delayed for at least six months after the date such participant separates from service 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 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.

(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 with respect to a Participant's benefit under the Supplemental Retirement Plan that is scheduled to be paid to the Participant within six months of the end of such calendar year, no Additional Funding Amount 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, or in such other form as requested by the Trustee, 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 deliver to the Trustee and to the applicable Plan participant, together with any Payment Schedule, such documentation as the Company deems appropriate to confirm the accuracy of the information contained in such Payment Schedule. Except as otherwise provided herein, the Trustee shall make payments to the Plan participants and their beneficiaries in accordance with such Payment Schedule as directed by the Company within thirty (30) days before such payment is due and payable. 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

(b) 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. Prior to and after a Change of Control, the Trustee may rely conclusively (and shall be fully protected in such reliance) on the written instructions of the Company as to all benefits payment, tax reporting and withholding requirements.

(c) Prior to and after a Change of Control, 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 (which shall not be the Trustee) 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. Prior to or after a Change of Control, the Trustee shall have no responsibility for considering or reviewing any claims for such benefits.

(d) 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.

(e) TRUSTEE'S RESPONSIBILITY REGARDING PAYMENTS TO TRUST BENEFICIARY WHEN THE COMPANY IS INSOLVENT.

(f) 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.

(g) 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

(3) 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.

(4) 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.

(5) 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).

(h) 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

(2) dispute) as they come due in the ordinary course of its business, unless the Trustee has actual knowledge to the contrary.

(3) 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.

(4) 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.

(i) 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

(j) 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 3. 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 4. INVESTMENT AUTHORITY.**

(a) Prior to a Change of Control, the Company shall have the right, at any time and from time to time, in its sole discretion, to direct Trustee as to the investment and reinvestment of all or specified portions of Trust assets and the income therefrom in accordance with the Investment Guidelines set forth in Appendix B to this Agreement, and to appoint an investment manager or investment managers to direct Trustee as to the investment and reinvestment of all or specified portions thereof in accordance with the Investment Guidelines set forth in Appendix B to this Agreement. Prior to a Change of Control, the Company shall be solely responsible for

(b) compliance with the Investment Guidelines, and the Trustee shall have no responsibility to comply with or to monitor Company's compliance with investing in accordance with the Investment Guidelines. The Trustee shall have no responsibility for the selection of investment options, if applicable, under the Plan and shall not render investment advice to any person in connection with the selection of such options. Following a Change of Control, notwithstanding anything herein to the contrary, the Trustee shall have investment authority and shall invest the assets of the Trust in accordance with the Investment Guidelines set forth in Appendix B. The Investment Guidelines set forth in Appendix B may be amended from time to time at the discretion of the Company upon written notice to the Trustee to the extent permitted by Section 12(c).

(c) Unless directed otherwise by Company or a duly-appointed investment manager, the Trustee is specifically authorized to invest idle, or otherwise uninvested cash in the Service class shares of the Wilmington Prime Money Market Portfolio (the "Prime MM Portfolio"), a money market mutual fund managed by an affiliate of the Trustee. Company acknowledges that the Prime MM Portfolio is an entity separate from Wilmington Trust Company; and that shares in the Prime MM Portfolio are not obligations of Wilmington Trust Company, are not deposits and are not insured by the FDIC, the Federal Reserve or any other governmental agency. Wilmington Trust Company or its affiliates are compensated by the Prime MM Portfolio for investment advisory, custodian, shareholder servicing, distribution and other services, and such compensation is described in detail in the prospectus for the Prime MM Portfolio and is in addition to the compensation paid to Trustee hereunder with respect to that portion of the Trust, if any, invested in the Prime MM Portfolio. The Trustee may hold that portion of the Trust as is appropriate for the ordinary administration and for the disbursement of funds in cash, without

(d) liability for interest notwithstanding Trustee's receipt of "float" from such uninvested cash, by depositing the same in any bank (including deposits which bear a reasonable rate of interest in a bank or similar financial institution supervised by the United States or a State, even where a bank or financial institution is the Trustee, or is otherwise a fiduciary of the Plan) subject to the rules and regulations governing such deposits, and without regard to the amount of such deposit. In addition, Trustee is specifically authorized to invest idle, or otherwise uninvested, cash in a money market mutual fund which invests primarily in the obligations of the United States government or any of the agencies thereof, selected by Trustee in its sole discretion, including any money market fund associated with Trustee as described above.

(e) 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 (both prior to and after a Change of Control) with respect to Trust assets will be exercised by the Company.

(f) 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 the following property: direct obligations of the United States Government; repurchase agreements secured by U.S. Government or U.S. agency securities; certificates of deposit; and mutual funds, regardless of diversification and without being limited to investments authorized by law for the investment of trust funds.

(2) To retain any property at any time received by it, including, without limitation, any Company Stock (as defined below) or other securities of the Company deposited in the Trust.

(3) To sell, exchange, convey, transfer or dispose of, 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.

(4) 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.

(5) 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.

(6) To exercise all conversion and subscription rights pertaining to any property, and to do any act with reference thereto, including 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.

(7) 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).

(8) 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

(9) 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.

**SECTION 5. 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 6. 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

(b) 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.

(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 7. 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

(b) 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.

(c) 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.

(d) The Trustee may hire agents, accountants, actuaries, investment advisors, financial consultants or other professionals to assist it in performing any of its duties or obligations hereunder.

(e) 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.

(f) 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.

(g) 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.

(h) 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

- (i) obligation or responsibility with respect to any action required by this Agreement on the part of the Company.

**SECTION 8. COMPENSATION AND EXPENSES OF THE TRUSTEE.**

The Company shall pay all Trust administrative and the Trustee's reasonable expenses (including, without limitation, expenses incurred in accordance with Sections 8(a), 8(b) and 8(c)) 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. Notwithstanding the foregoing, an expense shall be paid by the Company or the Trust only to the extent that it is incurred in accordance with the terms of the Trust Agreement and/or a fee schedule agreed to from time to time between the Trustee and the Company.

**SECTION 9. 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

(e) provisions of Section 11(b) hereof prior to the effective date of the Trustee's resignation or removal.

(f) 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.

(g) 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 10. 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 11. 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) Sections 1(e) and (f) and Section 5(a) 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 12. 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 Delaware 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 Delaware, and

- (d) each party submits to the jurisdiction of such courts. The Company and the Trustee each expressly waive the right to trial by jury.
- (e) For purposes of this Trust Agreement, the following terms shall have the following meanings:

(1) "Change of 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 of 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) 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 (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

(2) 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, 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.

(3) "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 Supplemental 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 Supplemental Savings Plan, plus

(B) an amount that the Company determines 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

(C) beneficiary are entitled pursuant to the terms of the Supplemental Retirement Plan on the date such benefits are scheduled to be paid.

(4) "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 Supplemental 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 Supplemental Savings Plan, plus

(B) an amount that the Company determines 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 are entitled pursuant to the terms of the Supplemental Retirement Plan on the date such benefits are scheduled to be paid.

(5) "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.

(6) "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.

(f) 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.

(g) Communications under this Trust Agreement shall be in writing and shall be sent to the following addresses:

Trustee:                   Wilmington Trust Company  
1100 North Market Street  
Wilmington, DE 19890-0001  
Attention: Nancy Gray, Vice President  
Telephone Number: (302) 651-1900  
Facsimile Number: (302) 651-1312

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

(h) 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 13. COMPANY STOCK PROVISIONS.**

(a) As long as Company Stock (as defined below) is held in the Trust, the provisions of this Section 14 shall apply to such investment.

(b) “Company Stock” means common stock of the Company and any replacement or successor securities.

(c) Retention, No Duty to Diversify: The Trustee is specifically authorized to retain any Company Stock deposited with the Trustee or acquired by the Trustee, and notwithstanding anything otherwise contained in this Trust Agreement or with respect to any duty implied by law or otherwise, the Trustee has no duty to diversify the Trust with respect to such Company Stock. The Trustee shall sell such stock (i) to the extent directed by the Company prior to a Change of Control and (ii) to the extent that the Trust assets shall be comprised only of Company Stock and the Trustee deems it necessary to sell Company Stock in order to pay its fees and/or expenses from the Trust or otherwise to administer the Trust pursuant to the provisions of this Trust Agreement, if required because Company has not timely paid such fees and/or expenses or other amounts. Company Stock held in the Trust and not sold in accordance with the foregoing shall be only available for stock distributions to Plan participants or their beneficiaries.

(d) Voting. With respect to Company Stock held in the Trust, such Trust assets shall be voted by the Company in accordance with Section 5(c) of the Trust Agreement.

(e) Dividends. Dividends shall be invested pursuant to the provisions of this Trust Agreement for the investment of otherwise uninvested cash.

(f) Valuation. The Trustee shall periodically determine the market value of the assets of the Trust or, in the absence of readily ascertainable market values, at such values as the Trustee shall determine in accordance with methods consistently followed and uniformly applied. With respect to assets without readily ascertainable market values, the Trustee may rely for all purposes of this Trust Agreement on the latest valuation and transaction information submitted to it by the person responsible for the investment. The Company shall cause such

(g) person to provide the Trustee with all information needed by the Trustee to discharge its obligations to value such assets and to account under this Trust Agreement. So long as any Company Stock held by the Trust is not registered with the Securities and Exchange Commission (“SEC”) and publicly traded, or is not actively traded in the event the Company Stock is or hereafter becomes registered with the SEC and is publicly traded, the Company shall engage the services of a reputable, independent third party to perform valuations (the “Valuation Firm”) not less frequently than annually, and the Trustee may rely for all purposes of this Trust Agreement on the latest annual valuation provided by the Valuation Firm. The Company represents and warrants to the Trustee that all information provided to such party performing valuations by or on behalf of the Company shall be complete, true and accurate in all material respects and sufficient to enable the Valuation Firm to perform its valuation services and the Trustee to provide an accurate account under Section 7.

(h) Sales/Distributions/Compliance with Rule 144/Etc. The provisions of this Section 14 shall control all matters concerning the acquisition, disposition and holding of Company Stock. The Company hereby represents, warrants and covenants that the Company is and shall be the sole legal and beneficial owner of all Company Stock that is transferred to or acquired by the Trustee from time to time, and the Company has and shall have all requisite power and authority to issue, transfer and deliver any such Company Stock to the Trustee. All shares of Company Stock delivered to the Trustee shall be validly issued, fully paid and non-assessable and free and clear of any liens, security interests or other interests by any other person or entity other than the Trustee, the Company and the creditors of Company as provided pursuant to the terms of this Trust Agreement. The Company hereby represents, warrants and covenants that: (i) the Company shall at all times comply with all applicable laws, regulations, restrictions

(i) and reporting requirements relating to or affecting the Company Stock from time to time, including, without limitation, federal and state securities laws, and the rules of any applicable exchange; and (ii) each sale or distribution of the Trust's Company Stock shall be directed by the Company in accordance with all applicable federal and state securities laws, including without limitation Rule 144 of the 1933 Act for sales by affiliates of the issuer ("Rule 144") or any successor SEC rule, and the rules of any applicable exchange. The Company shall cause its counsel to prepare a Notice of Proposed Sale of Securities Pursuant to Rule 144 as specified in Rule 144 ("Form 144") on behalf of the Trust and submit the Form 144 to the Trustee for review not less than 10 days prior to the initial sale of Company Stock that the Company plans to direct or as otherwise provided for by Section 14(c) of this Trust Agreement (and not less than 5 days prior to any subsequent sale of Company Stock requiring a new or amended Form 144). The Company and its counsel shall be solely responsible for identifying and communicating to the Trustee in writing: (i) any other sales of Company Stock that must be aggregated with the sales or distributions by the Trust, (ii) all applicable "black out" periods, if any, (iii) the applicable holding periods, if any, for the Company Stock held by the Trustee, and (iv) information regarding the appropriate tax reporting by the Trustee with respect to any sales or distributions of Company Stock (or the proceeds thereof) to any participant or beneficiary. As applicable, the Company may direct the brokers or dealers through which Company Stock is to be sold and the Trustee shall have no responsibility or liability with respect to any broker or dealer designated by the Company. If not so designated by the Company, the Trustee may select such brokers or dealers. The Trustee shall be responsible for signing and filing the agreed upon Form 144. The Company shall confirm to the Trustee if Company Stock is to be sold pursuant to Section 14(c) of this Trust Agreement, and as applicable Company shall not direct any sale of

(j) Company Stock without confirming, that there is an accurate and effective Form 144 in place with respect to such sale. The Company further covenants and agrees to furnish or cause to be furnished to the Trustee, from time to time, such certifications, legal opinions and additional information as the Trustee may reasonably request in connection with the Company Stock or any sale or distribution thereof.

(k) Regulatory Reports. In the event the number of shares of Company Stock held by the Trust, if any, meets or exceeds any applicable reporting threshold for the Trust or the Trustee, the Company agrees to provide written notice to the Trustee that the Trust has reached or exceeds the reporting threshold; to prepare and file such reports unless the Trustee provides notice that it shall prepare and file such reports or unless the Trustee shall be required to prepare and file such reports due to the Company's failure to timely do so; to timely provide copies of the same to the Trustee for its review prior to filing; and to reimburse the Trustee for its out-of-pocket costs and expenses associated with reviewing, preparing and/or filing any regulatory report required to be filed by the Trustee, such as, by way of example, Forms 3, 4, 5 or Form 13G filed with the SEC. To the extent not paid by the Company, such costs and expenses may be deducted by the Trustee from the Trust.

**SECTION 14. EFFECTIVE DATE.**

The effective date of this Trust Agreement shall be as set forth above.

**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.

WILMINGTON TRUST COMPANY, as Trustee

By: /s/ Thomas Meek  
Name: Thomas Meek  
Title: Vice President and General Counsel

By: /s/ Dan Hamilton  
Name: Dan Hamilton  
Title: Vice President

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Attachments:

Appendix A – Payment Schedule  
Appendix B – Investment Guidelines

FORM OF PAYMENT SCHEDULE

MINERALS TECHNOLOGIES INC.

SUPPLEMENTAL RETIREMENT PLAN

Pursuant to Section 2(a) of the Amended and Restated Grantor Trust Agreement, dated as of April 1, 2010, between Minerals Technologies Inc. (the "Company") and Wilmington Trust Company, as Trustee, in accordance with the Minerals Technologies Inc. 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\_\_<sup>1</sup> will be] [the date of the event qualifying him/her for payment was] \$\_\_\_\_\_.<sup>2</sup>

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:\_\_\_\_\_

<sup>1</sup> Insert the year in which the Payment Schedule is delivered.

<sup>2</sup> Such amount may be an estimated amount in the event the Trust is funded upon an event set forth in Section 1(e)(i). In such event, the Company shall provide the Trustee with an amended Payment Schedule with a final amount as soon as reasonably practicable thereafter.

FORM OF PAYMENT SCHEDULE

MINERALS TECHNOLOGIES INC.

SUPPLEMENTAL SAVINGS PLAN

Pursuant to Section 2(a) of the Amended and Restated Grantor Trust Agreement, dated as of April 1, 2010, between Minerals Technologies Inc. (the "Company") and Wilmington Trust Company, as Trustee, in accordance with the Minerals Technologies Inc. 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 \$\_\_\_\_\_.

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: \_\_\_\_\_



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 April 1, 2010, between Minerals Technologies Inc. (the "Company") and Wilmington Trust Company, 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 [\$\_\_\_\_\_] [\_\_\_\_\_ shares of Company Stock].

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 \$\_\_\_\_\_]  
[By the transfer of \_\_\_\_\_ shares of Company Stock][, less amounts withheld as set forth below]

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, the proper method of payment, and the proper method of reporting such payment to the taxing authorities, is as follows:

Dated: MINERALS TECHNOLOGIES INC.

By:\_\_\_\_\_



## 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. Funds which invest primarily in obligations of the United States government or any of the agencies thereof.

Any Company Stock or other securities of the Company deposited in the Trust shall be held in an account of the Trust until distributed in accordance with the Agreement. Unless the Trust Agreement and/or these guidelines are amended to permit the same, no further investments shall be made in Company Stock.



ACCOUNTANTS' ACKNOWLEDGEMENT

Board of Directors  
Minerals Technologies Inc.:

Re: Registration Statement Nos. 333-160002, 33-59080, 333-62739 and 333-138245

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated April 30, 2010, related to our review of interim financial information.

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

/s/ KPMG LLP

New York, New York  
April 30, 2010

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

I, Joseph C. Muscari, certify that:

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

Date: April 30, 2010

By:

**/s/Joseph C. Muscari**

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

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

I, John A. Sorel, certify that:

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

Date: April 30, 2010

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

**SECTION 1350 CERTIFICATIONS**

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

The Quarterly Report on Form 10-Q for the quarter ended April 4, 2010 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 30, 2010

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

Date: April 30, 2010

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

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

## RISK FACTORS

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

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

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

As permitted by the Private Securities Litigation Reform Act of 1995, the Company is providing the following cautionary statements which identify factors that could cause the Company's actual results to differ materially from historical and expected results.

### ***Adverse General Economic, Business, and Industry Conditions***

The Company's business and operating results have been and may in the future be adversely affected by the current US recession and other global economic conditions, including declining consumer and business confidence, volatile raw material prices, instability in credit markets, high unemployment, fluctuating interest rates and exchange rates, and other challenges that could affect the global economy. The Company's customers and potential customers may experience deterioration of their businesses, cash flow shortages, and difficulty obtaining financing. As a result, existing or potential customers may reduce or delay their growth and investments and their plans to purchase products, and may not be able to fulfill their obligations in a timely fashion. Further, suppliers could experience similar conditions, which could impact their ability to fulfill their obligations to the Company. Adversity within capital markets may impact future return on pension assets, thus resulting in greater future pension costs that impact the company's results. Accordingly, a continued adverse economic climate in the U.S. or abroad could result in decreases in the Company's net revenue and profitability.

### ***Growth Rate***

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

### ***Contract Renewals***

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

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

Several consolidations in the paper industry have taken place in recent years. These consolidations could result in partial or total closure of some paper mills where the Company operates PCC satellites. Such closures would reduce the Company's sales of PCC, except to the extent that they resulted in shifting paper production and associated purchases of PCC to another location served by the Company. Similarly, 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.

### ***Regulation and Litigation; Environmental Exposures***

The Company's operations are subject to international, federal, state and local governmental environmental, health and safety, 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 to or modifications of interpretations of existing laws and regulations, or enforcement policies, or further investigation or evaluation of the potential environmental impacts of operations or health hazards of certain products, may give rise to additional compliance and other costs that could have a material adverse effect on the Company. State, national, and international governments and agencies have been evaluating climate-related legislation and regulation that would restrict emissions of greenhouse gases in areas in which we conduct business, and some such legislation and regulation have already been enacted or adopted. Enactment of climate-related legislation or adoption of regulation that restrict emissions of greenhouse gases in areas in which we conduct business could have an adverse effect on our operations or demand for our products. Our manufacturing processes, particularly the manufacturing process for PCC, use a significant amount of energy and, should energy prices increase as a result of such legislation or regulation, we may not be able to pass these increased costs on to purchasers of our products. We cannot predict if or when currently proposed or additional laws and regulations regarding climate change or other environmental or health and safety concerns will be enacted or adopted.

### ***New Products***

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

**·*Competition; Protection of Intellectual Property***

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

**·*Risks of Doing Business Abroad***

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

**·*Availability and Cost of Raw Materials***

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

**·*Cyclical Nature of Customers' Businesses***

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

