UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 2003

Commission file number 1-3295

MINERALS TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

Delaware	**25-1190717**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
The Chrysler Building 405 Lexington Avenue New York, New York	**10174-1901**
(Address of principal executive office)	(Zip Code)

(212) 878-1800

(Registrant's telephone number including area code)

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

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

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

None

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

Indicate by check mark whether the Registrant (1) is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes **X** No ____

The aggregate market value of the voting stock held by non-affiliates of the Registrant, based upon the closing price at which the stock was sold as of June 27, 2003, was approximately $978 million. Solely for the purposes of this calculation, shares of common stock held by officers, directors and beneficial owners of 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 5, 2004, the Registrant had outstanding 20,492,149 shares of common stock, all of one class.

DOCUMENTS INCORPORATED BY REFERENCE

Proxy Statement dated April 5, 2004	Part III

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PART I

Item 1. Business

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

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

Specialty Minerals Segment

PCC Products and Markets

The Company's PCC product line net sales were $436.1 million, $423.0 million, and $396.1 million for the years ended December 31, 2003, 2002 and 2001, respectively. The Company's sales of PCC have been and are expected to continue to be made primarily to the printing and writing papers segment of the paper industry. The Company also produces PCC for sale to companies in the polymer, food and pharmaceutical and paints and coatings industries. Sales to International Paper Company represented approximately 10.0%, 11.5%, and 13.0% of consolidated net sales in 2003, 2002 and 2001, respectively. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

PCC Products -- Paper

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

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

The majority of the Company's sales are of PCC sold to paper makers at "satellite" PCC plants. A satellite PCC plant is a PCC manufacturing facility located within a paper mill, thereby eliminating costs of transporting PCC from remote production sites to the paper mill. The Company believes the competitive advantages offered by improved economics and superior optical characteristics of paper produced with PCC manufactured by the Company's satellite PCC plants resulted in the continued growth in the number of the Company's satellite PCC plants since the first such plant was built in 1986. For information with respect to the locations of the Company's PCC plants at December 31, 2003, see Item 2, "Properties," below.

The Company currently manufactures several customized PCC product forms using proprietary processes. Each product form is designed to provide optimum paper properties including brightness, opacity, bulk, strength and improved printability. The Company's research and development and technical service staffs focus on expanding sales at its existing satellite PCC plants as well as developing new technologies for new applications. These technologies include, among others, acid-tolerant PCC, which allowed PCC to be introduced to the large wood-containing segment of the printing and writing papers market, and OPACARB® PCC, a family of products for coating paper.

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

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

PCC Products -- Paper -- Key Markets

Uncoated Printing and Writing Papers--North America. Beginning in the mid-1980's, as a result of a concentrated research and development effort, the Company's satellite PCC plants facilitated the conversion of a substantial percentage of North American uncoated wood-free printing and writing paper producers to lower-cost alkaline papermaking technology. The Company estimates that during 2003, more than 90% of North American wood-free paper was produced employing alkaline technology. Presently, the Company owns and operates 29 commercial satellite PCC plants located at paper mills that produce wood-free printing and writing papers in North America. The Company anticipates that the aggregate volume of PCC used by these paper mills will increase.

Uncoated Printing and Writing Papers--Outside North America. The Company estimates the amount of uncoated wood-free printing and writing papers produced outside of North America at facilities that can be served by satellite and merchant PCC plants is more than twice as large (measured in tons of paper produced) as the North American uncoated wood-free paper market currently served by the Company. The Company believes that the superior brightness, opacity and bulking characteristics offered by its PCC products allow it to compete with suppliers of ground limestone and other filler products outside of North America. Presently, the Company owns and operates 21 commercial satellite PCC plants located at paper mills that produce wood-free printing and writing papers outside of North America.

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

Coated Paper. The Company is also placing increased emphasis on the use of PCC to coat paper, and expects that its research and development in coating pigment technology will open up a large market for PCC that will build slowly as more paper companies include PCC in their proprietary coating formulations. PCC increases gloss, opacity, brightness and printability of the paper while decreasing its cost per ton. The coated paper market is large, and the Company believes this market will continue to grow at a higher average growth rate than the uncoated paper market and therefore provides a substantial market opportunity for the Company. PCC coating products are produced at 13 of the Company's PCC plants worldwide.

PCC Products -- Non-paper

The Company also produces and sells a full range of slurry and dry PCC products on a merchant basis for non-paper applications. The Company sells surface-treated and untreated grades of PCC to the polymer industry for use in rigid polyvinyl chloride products (pipe and profiles), thermoset polyesters (automotive body parts), sealants (automotive and construction applications), adhesives, printing inks, and the paint and coatings industry. The Company's PCC is also used by the food and pharmaceutical industries as a source of bio-available calcium in tablets and foodstuffs, as a buffering agent in tablets, and as a mild abrasive in

toothpaste. The Company produces PCC for nonpaper applications on a merchant basis from production sites at Adams, Massachusetts; Brookhaven, Mississippi; and Lifford, England.

Processed Minerals -- Products and Markets

The Company mines or purchases and processes natural mineral products, primarily limestone and talc. The Company also manufactures lime, a limestone-based product. The Company's net sales of processed mineral products were $121.0 million, $97.1 million, and $87.2 million for the years ended December 31, 2003, 2002 and 2001, respectively. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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

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

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

The Company also has two mineral processing plants in the Midwest United States, which process high quality mineral ores imported from foreign sources into performance minerals for the plastics, paint, adhesives and sealants, rubber and cosmetic industries. This capability was obtained through the acquisition of the business and assets of Polar Minerals Inc. in the third quarter of 2002.

Refractories Segment

Refractory Products and Markets

Refractory Products

The Company offers a broad range of monolithic and pre-cast refractory products, systems and services. The Company's Refractory segment net sales were $256.6 million, $232.6 million, and $201.1 million for the years ended December 31, 2003, 2002 and 2001, respectively. See Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations."

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

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

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

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

The Company has also expanded its refractories business through selective acquisitions over the past several years. In 2000, the Company acquired Ferrotron Elektronik GmbH, a manufacturer of advanced laser scanning devices, sensors and other instruments designed for the steel industry. In 2001, the Company acquired the refractories business of Martin Marietta Magnesia Specialties Inc. and purchased Rijnstaal B.V., a Netherlands-based producer of cored metal wires used mainly in the steel and foundry industries. These acquisitions have increased the breadth of the product lines in the Refractories segment. In 2002, the Company acquired VisionTech, a Finland-based company that develops and manufactures a refractory lining measuring system. In 2003, the Company acquired the assets of ISA Manufacturing, Inc., a U.S. based company that develops and manufactures pre-cast refractory shapes.

The Company sells its refractory products in the following three markets:

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

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

The Company produces a number of other technologically enhanced products for the steel industry. These include calcium metal, metallurgical wires and a number of metal treatment specialties. The Company manufactures calcium metal at its Canaan, Connecticut, facility and purchases calcium in international markets. Calcium metal is used in the manufacture of the Company's PFERROCAL® solid-core calcium wire, and is sold for use in the manufacture of batteries and magnets. The Company sells metallurgical wires and associated wire-injection equipment for use in the production of high quality steels. The Company's metallurgical wires are injected into molten steel to reduce imperfections. The steel produced is used for high-pressure pipeline and other premium-grade steel applications.

Non-Ferrous. This product line encompasses refractory shapes and linings sold to non-steel refractories consuming industries including glass, cement, aluminum and petrochemicals and other non-steel industries, as well as PYROID® pyrolitic graphite sold primarily to the aerospace and electronics industries.

Key Markets

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

Marketing and Sales

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

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

Raw Materials

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

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

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

Competition

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

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

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

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

Research and Development

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

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

The Company's research and development efforts have also resulted in the invention of *SYNSIL*® products, a family of synthetic silicate products for the glass industry.

For the years ended December 31, 2003, 2002 and 2001, the Company expended approximately $25.1 million, $22.7 million, and $23.5 million, respectively, on research and development. The Company believes that its investment in research and development as a percentage of net sales exceeds comparable industry norms. The Company's research and development spending for 2003 was approximately 3.1% of net sales.

The Company maintains its primary research facilities in Bethlehem and Easton, Pennsylvania. It also has smaller research and development facilities in Finland, Ireland and Japan. Approximately 160 employees worldwide are engaged in research and development. In addition, the Company has access to several of the world's most advanced paper making and paper coating pilot facilities.

Patents and Trademarks

The Company owns or has the right to use approximately 425 patents and approximately 671 trademarks related to its business. The Company believes that its rights under its existing patents, patent applications and trademarks are of value to its operations, but no one patent, application or trademark is material to the conduct of the Company's business as a whole.

Insurance

The Company maintains liability and property insurance and insurance for business interruption in the event of damage to its production facilities and certain other insurance covering risks associated with its business. The Company believes such insurance is adequate for the operation of its business. There is no assurance that in the future the Company will be able to maintain the coverage currently in place or that the premiums therefore will not increase substantially.

Employees

At December 31, 2003, the Company employed approximately 2,425 persons, of whom approximately 825 were employed outside of the United States.

Environmental, Health and Safety Matters

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

Available Information

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

Cautionary Factors That May Affect Future Results

The disclosure and analysis set forth in this report contains certain forward-looking statements, particularly statements relating to future actions, 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," "will" and other words and phrases of similar meaning.

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

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

As permitted by the Private Securities Litigation Reform Act of 1995, the Company is providing the following cautionary statements which identify factors that could cause the Company's actual results to differ materially from historical and expected results. It is not possible to foresee or identify all such factors.

Investors should not consider this list an exhaustive statement of all risks, uncertainties and potentially inaccurate assumptions.

- ***Historical Growth Rate***

  Continuance of the historical growth rate of the Company depends upon a number of uncertain events, including the outcome of the Company's strategies of increasing its penetration into geographic markets such as Asia and Europe; increasing its penetration into product markets such as the market for paper coating pigments and the market for groundwood paper

pigments; increasing sales to existing PCC customers by increasing the amount of PCC used per ton of paper produced; and developing, introducing and selling new products and acquisitions. Difficulties, delays or failures of any of these strategies could cause the future growth rate of the Company to differ materially from its historical growth rate.

- ***Contract Renewals***

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

- ***Consolidation in Paper Industry***

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

- ***Litigation; Environmental Exposures***

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

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

- ***New Products***

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

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

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

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

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

- ***Availability of Raw Materials***

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

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

The majority of the Company's sales are to customers in two industries, paper manufacturing and steel manufacturing, which have historically been cyclical. The Company's exposure to variations in its customers' businesses has been reduced in recent

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

Item 2. Properties

Set forth below is the location of, and the main customer served by, each of the Company's 54 satellite PCC plants at December 31, 2003. Generally, the land on which each satellite PCC plant is located is leased at a nominal amount by the Company from the host paper mill pursuant to a lease, the term of which runs concurrently with the term of the PCC production and sale agreement between the Company and the host paper mill.

Location	Principal Customer
Alabama, Courtland	International Paper Company
Alabama, Jackson	Boise Cascade Corporation
Alabama, Selma	International Paper Company
Arkansas, Ashdown	Domtar Inc.
Brazil, Jacarei	Votorantim Celulose e Papel
Brazil, Luiz Antonio	Votorantim Celulose e Papel
Brazil, Mucuri	Bahia Sul Celulose S.A.
Brazil, Suzano	Cia Suzano de Papel e Celulose
Canada, Cornwall, Ontario	Domtar Inc.
Canada, Dryden, Ontario	Weyerhaeuser Canada Inc.
Canada, St. Jerome, Quebec	Cascades Fine Papers Group Inc.
Canada, Windsor, Quebec	Domtar Inc.
China, Dagang[1]	Asia Pulp and Paper Company Ltd.
Finland, Aanekoski[1]	M-real Corporation
Finland, Anjalankoski[1]	Myllykoski Paper Oy
Finland, Lappeenranta[1,2]	Customer Development
Finland, Tervakoski[1]	Trierenberg Holding
Florida, Pensacola	International Paper Company
France, Alizay	M-real Corporation
France, Docelles	UPM Corporation
France, Saillat Sur Vienne	Aussedat Rey (a subsidiary of International Paper Company)
Germany, Schongau	UPM Corporation
Indonesia, Perawang[1]	PT Indah Kiat Pulp and Paper Corporation
Israel, Hadera	American Israeli Paper Mills, Ltd.
Japan, Shiraoi[1]	Nippon Paper Manufacturing Company Ltd.
Kentucky, Wickliffe	MeadWestvaco Corporation

Louisiana, Port Hudson	Georgia-Pacific Corporation
Maine, Jay	International Paper Company
Maine, Madison	Madison Paper Industries
Maine, Millinocket[3]	Katahdin Paper Company
Malaysia, Sipitang	Sabah Forest Industries
Mexico, Chihuahua	Corporativo Copamex, S.A. de C.V.
Michigan, Quinnesec	International Paper Company
Minnesota, Cloquet	Sappi Ltd.
Minnesota, International Falls	Boise Cascade Corporation
New York, Ticonderoga	International Paper Company
North Carolina, Plymouth	Weyerhaeuser Company
Ohio, Chillicothe	MeadWestvaco Corporation
Ohio, West Carrollton	Appleton Papers Inc.
Poland, Kwidzyn	International Paper Company
Portugal, Figueira da Foz[1]	Soporcel - Sociedade Portuguesa de Papel, S.A.
Slovakia, Ruzomberok	Severoslovenske Celulozky a Papierne a.s.
South Carolina, Eastover	International Paper Company
South Africa, Merebank[1]	Mondi Paper Company Ltd.
Tennessee, Kingsport	Weyerhaeuser Company
Texas, Pasadena	Pasadena Paper Company LP

Thailand, Tha Toom[1]	Advance Agro Public Co. Ltd.
Virginia, Franklin	International Paper Company
Washington, Camas	Georgia Pacific Corporation
Washington, Longview	Weyerhaeuser Company
Washington, Wallula	Boise Cascade Corporation
Wisconsin, Kimberly	Stora Enso Oy
Wisconsin, Park Falls	Fraser Papers Inc.
Wisconsin, Wisconsin Rapids	Stora Enso Oy

[1] These plants are owned through joint ventures.
[2] This PCC plant is not located on-site at the paper mill.
[3] This PCC plant is temporarily shut down.

The Company also owned at December 31, 2003 11 plants engaged in the mining, processing and/or production of lime, limestone, precipitated calcium carbonate, talc and Synsil® products and owned or leased approximately 19 refractory manufacturing facilities worldwide. The Company's corporate headquarters, sales offices, research laboratories, plants and other facilities are owned by the Company except as otherwise noted. Set forth below is certain information relating to the Company's plants and office and research facilities.

Location	**Facility**	**Product Line**
United States		
Arizona, Pima County	Plant; Quarry[1]	Limestone

California, Lucerne Valley	Plant; Quarry	Limestone
Connecticut, Canaan	Plant; Quarry	Limestone, Metallurgical Wire/Calcium
Indiana, Mt. Vernon	Plant	Talc/Limestone
Indiana, Portage	Plant	Monolithic Refractories
Louisiana, Baton Rouge	Plant	Monolithic Refractories
Massachusetts, Adams	Plant; Quarry	Limestone, Lime, PCC
Michigan, River Rouge	Plant	Monolithic Refractories/Shapes
Mississippi, Brookhaven	Plant	PCC
Montana, Dillon	Plant; Quarry	Talc
New Jersey, Old Bridge	Plant	Monolithic Refractories
New York, New York	Headquarters[2]; Sales Offices[2]	All Company Products
Ohio, Bryan	Plant	Monolithic Refractories
Ohio, Dover	Plant	Refractories
Ohio, Wellsville	Plant	Talc/Limestone
Ohio, Woodville	Plant[2]	Synsil®
Pennsylvania, Bethlehem	Research Laboratories; Sales Offices	PCC, Lime, Limestone, Talc, Pyrolytic Graphite
Pennsylvania, Easton	Research Laboratories; Plant	All Company Products
Pennsylvania, Slippery Rock	Plant	Refractory Shapes/Monolithic Refractories

International

Australia, Carlingford	Sales Office[2]	Monolithic Refractories
Belgium, Brussels	Sales Office[2]	Monolithic Refractories/PCC
Belgium, Hermalle-sous-Huy	Plant	PCC
Brazil, Belo Horizonte	Sales Office[2]	Monolithic Refractories
Brazil, Sao Paulo	Sales Office[2]	PCC
Brazil, Volta Redonda	Sales Office[2]	Monolithic Refractories
Canada, Lachine	Plant	Refractory Shapes
China, Huzhou	Plant[3]	Monolithic Refractories
Finland, Kaarina	Research Laboratory	PCC
Finland, Oulu	Plant	Laser Scanning Instrumentation
Germany, Duisburg	Sales Office[2]	Monolithic Refractories
Germany, Moers	Plant	Laser Scanning Instrumentation/Probes
Germany, Walsum	Plant	PCC
Holland, Hengelo	Plant	Metallurgical Wire
Ireland, Cork	Plant; Administrative Office[2]	Monolithic Refractories
Italy, Brescia	Sales Office; Plant	Monolithic Refractories/Shapes
Japan, Gamagori	Plant	Monolithic Refractories/Shapes, Calcium
Japan, Saitami	Sales Office	Laser Scanning Instrumentation
Mexico, Gomez Palacio	Plant[2]	Monolithic Refractories
Singapore	Sales Office[2]	PCC

Spain, Santander	Sales Office[2]	Monolithic Refractories
South Africa, Pietermaritzburg	Plant	Monolithic Refractories
South Korea, Seoul	Sales Office[2]	Monolithic Refractories
South Korea, Yangsan	Plant[4]	Monolithic Refractories
United Kingdom, Lifford	Plant	PCC, Lime
United Kingdom, Rotherham	Plant	Monolithic Refractories/Shapes

[1] This plant is leased to another company.
[2] Leased by the Company. The facilities in Cork, Ireland are operated pursuant to a 99-year lease, the term of which commenced in 1963. The Company's headquarters and sales offices in New York, New York are held under a lease which expires in 2010.
[3] This plant is leased through a joint venture.
[4] This plant is owned through a joint venture.

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

Item 3. Legal Proceedings

On April 9, 2003, the Connecticut Department of Environmental Protection ("DEP") issued an administrative consent order which had been agreed to by Minerals Technologies Inc., Specialty Minerals Inc., and Minteq International Inc. relating to the Canaan, Connecticut, site at which both Minteq and Specialty Minerals have operations. The order settled claims relating to an accidental discharge of machine oil alleged to have contained polychlorinated biphenyls at or above regulated levels, as well as alleged violations of requirements pertaining to stormwater and wastewater discharge and management of underground storage tanks. The order required payment of a civil penalty in the amount of $11,000 and funding of several supplemental environmental projects totaling $330,000. These amounts were paid on April 21, 2003. Cost of remediation at the site remains uncertain.

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

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

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

No matters were submitted to a vote of security holders during the fourth quarter of 2003.

PART II

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

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

Information on market prices and dividends is set forth below:

2003 Quarters	**First**	**Second**	**Third**	**Fourth**
Market Price Range Per Share of Common Stock				
High	$44.25	$50.20	$53.15	$60.75
Low	35.45	37.57	47.09	50.90
Close	37.79	48.14	51.44	59.25
Dividends paid per common share	$0.025	$0.025	$0.025	$0.025

2002 Quarters	**First**	**Second**	**Third**	**Fourth**

Market Price Range Per Share of Common Stock				
High	$53.91	$53.84	$48.99	$46.07
Low	44.06	49.12	33.17	36.38
Close	52.93	49.32	37.07	43.15
Dividends paid per common share	$0.025	$0.025	$0.025	$0.025

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders	1,482,766	$40.85	1,218,592
Equity compensation plans not approved by security holders	--	--	--
Total	1,482,766	$40.85	1,218,592

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 Program	Dollar Value of Shares that May Yet be Purchased Under the Program
September 29 - October 26	--	--		
October 27 - November 23	25,000	$ 52.00		
November 24 - December 31	--	--		
Total	25,000	$ 52.00	149,500	$ 18,983,838

On February 22, 2001, the Company's Board of Directors authorized the Company's Management Committee, at its discretion, to repurchase up to $25 million in additional shares per year over the next three-year period. As of December 31, 2003, the Company had repurchased approximately 619,500 shares under this program at an average price of approximately $40 per share, of which 149,500 had been repurchased in 2003 at an average price of $40.24 per share.

On October 23, 2003, the Company's Board of Directors authorized the Company's Management Committee, at its discretion, to repurchase up to $75 million in additional shares over the next three-year period.

On February 26, 2004, the last reported sales price on the NYSE was $54.15 per share. As of February 26, 2004, there were approximately 212 holders of record of the common stock.

On January 22, 2004, the Company's Board of Directors declared a regular quarterly dividend on its common stock of $0.05 per share. The dividend is an increase from the amount the Company has historically paid, which had been a quarterly dividend of $0.025 per share since it became a publicly owned company in October 1992. No dividend will be payable unless declared by the Board and unless funds are legally available for payment thereof.

Item 6. Selected Financial Data

Thousands, Except Per Share Data

Income Statement Data:	2003	2002	2001	2000	1999
Net sales	$813,743	$752,680	$684,419	$670,917	$662,475
	615,749	567,985	502,525	477,512	466,702

Cost of goods sold	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Marketing and administrative expenses	83,809	74,160	70,495	71,404	72,208
Research and development expenses	25,149	22,697	23,509	26,331	24,788
Bad debt expenses	5,307	6,214	3,930	5,964	1,234
Restructuring charges	3,323	--	3,403	--	--
Write-down of impaired assets	3,202	750	--	4,900	--
Income from operations	77,204	80,874	80,557	84,806	97,543
Income before provision for taxes on income and minority interests	72,344	75,734	72,670	79,772	92,535
Provision for taxes on income	4,116	20,220	21,148	23,735	28,920
Minority interests	1,575	1,762	1,729	1,829	1,499
Income before cumulative effect of accounting change	66,653	53,752	49,793	54,208	62,116
Cumulative effect of accounting change	3,433	--	--	--	--
Net income	$ 63,220	$ 53,752	$ 49,793	$ 54,208	$ 62,116

Earnings Per Share	**2003**	**2002**	**2001**	**2000**	**1999**
Basic:					
Before cumulative effect of accounting change	$ 3.30	$ 2.66	$ 2.54	$ 2.65	$ 2.90
Cumulative effect of accounting change	(0.17)	--	--	--	--
Basic earnings per share	$ 3.13	$ 2.66	$ 2.54	$ 2.65	$ 2.90
Diluted:					
Before cumulative effect of accounting change	$ 3.26	$ 2.61	$ 2.48	$ 2.58	$ 2.80
Cumulative effect of accounting change	(0.17)	--	--	--	--
Basic earnings per share	$ 3.09	$ 2.61	$ 2.48	$ 2.58	$ 2.80
Weighted average number of common shares outstanding					
Basic	20,208	20,199	19,630	20,479	21,394
Diluted	20,431	20,569	20,063	21,004	22,150
Dividends declared per common share	$ 0.10	$ 0.10	$ 0.10	$ 0.10	$ 0.10

Balance Sheet Data:					
Working capital	$ 218,090	$167,028	$ 86,261	$ 81,830	$102,405
Total assets	1,035,500	899,877	847,810	799,832	769,131
Long-term debt	98,159	89,020	88,097	89,857	75,238
Total debt	131,681	120,351	160,031	138,727	88,677
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total shareholders' equity	707,381	594,137	507,819	483,059	483,050

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

Income and Expense Items as a Percentage of Net Sales

Year Ended December 31,	**2003**	**2002**	**2001**
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	75.7	75.5	73.4
Marketing and administrative expenses	10.3	9.9	10.3
Research and development expenses	3.1	3.0	3.4
Bad debt expenses	0.6	0.8	0.6
Restructuring charges	0.4	--	0.5
Write-down of impaired assets	0.4	0.1	--
Income from operations	9.5	10.7	11.8
Income before provision for taxes on income and minority interests	8.9	10.0	10.6
Provision for taxes on income	0.5	2.7	3.1
Minority interests	0.2	0.2	0.2
Income before cumulative effect of accounting change	8.2	7.1	7.3
Cumulative effect of accounting change	0.4	--	--
Net income	7.8%	7.1%	7.3%

Executive Summary

At Minerals Technologies, more than 85% of our sales are to customers in two industries: papermaking and steelmaking. The economic downturn of the past three years has had severe effects on the paper industry, by far our largest customer group, as paper mills have closed or taken significant downtime and the industry has consolidated. The effect on the steel industry has been even more dramatic, with several large steelmakers having sought bankruptcy protection. Although the overall economy began to improve in late 2003 and early 2004, the paper and steel industries have been slow to participate in the recovery, and have reduced their output while maintaining pricing pressure on their suppliers.

Even in this very difficult business environment, our sales increased by 8% from 2002 to 2003, about half of this increase being the favorable effect of foreign exchange. This was despite the loss of approximately 10 customers to bankruptcy, and the effect of an agreement with our largest customer, International Paper, which reduced our sales in the short run, but which we believe will add significant value over the next several years. Our operating income, essentially flat from 2001 to 2002, decreased in 2003 by 5% as a result of charges taken for workforce reductions and asset impairments. Our net income, however, after increasing 8% from 2001 to 2002, increased a further 18% in 2003, primarily because of a one-time reduction in our effective tax rate from about 26.7% to about 5.7%.

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

- In 2001, we recorded restructuring charges of approximately $3.3 million for workforce reductions;
- In 2002, we recorded an impairment charge of $0.8 million related to a satellite PCC plant at a paper mill which was permanently shut down;
- We adopted SFAS No. 143, "Accounting for Asset Retirement Obligations," in the first quarter of 2003, which resulted in a charge to earnings of about $3.4 million, net of tax and annual ongoing costs of approximately $0.04 per share;
- Because of the expiration of the statute of limitations on our U.S. tax returns, we reversed certain tax accruals for earlier years, increasing our net income in 2003 by about $15 million;
- The impact of the revisions to the International Paper contracts reduced earnings by approximately $0.12 per share in 2003;
- In the fourth quarter of 2003, we recorded charges relating to a reduction of approximately 3% in our worldwide workforce; the planned closure of the facility at River Rouge, Michigan, which we acquired in 2001 as part of the refractory business of Martin Marietta Materials; and the retirement of some *SYNSIL*® product manufacturing assets, which had been made obsolete by improvements in the production process. The total effect was to reduce pretax income by about $6.5 million.

We face some significant risks and challenges in the future:

- Our success depends in part on the performance of the industries we serve, particularly papermaking and steelmaking. Our customers continue to face a very difficult business environment, and may experience further shutdowns or bankruptcies;
- The recent wave of consolidations in the paper and steel industries concentrates purchasing power in the hands of fewer customers, increasing pricing pressure on suppliers such as MTI;

- Most of our PCC sales are under long-term contracts with paper companies at whose mills we operate satellite PCC plants; when they reach their expiration dates these contracts may not be renewed, or may be renewed on terms less favorable to us;
- The cost of employee benefits, particularly health insurance and pension expense, has risen significantly in recent years and continues to do so;
- Although the *SYNSIL*® products family has produced favorable reactions from potential customers and we have signed one supply contract, this product line is not yet profitable and its commercial viability cannot be assured; and
- As we expand our operations abroad we face the inherent risks of doing business in many foreign countries, including foreign exchange risk, import and export restrictions, and security concerns.

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

- Increasing our sales of PCC for paper by further penetration of the markets for paper filling at both free sheet and groundwood mills;
- Increasing our sales of PCC for paper coating, particularly from the coating PCC facility under construction in Walsum, Germany, which we expect will be completed in September 2004;
- Continuing research and development activities for new products, in particular our joint project with International Paper to develop and implement a filler-fiber composite technology;
- Achieving market acceptance of the *SYNSIL*® family of synthetic silicate materials for the glass industry;
- Increase market penetration in the Refractories segment through higher value specialty products and application systems.

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

Results Of Operations

Sales

(Dollars in millions) Net Sales	2003	% of Total Sales	Growth	2002	% of Total Sales	Growth	2001	% of Total Sales
U.S..	$499.9	61.4%	3.7%	$482.2	64.1%	8.9%	$442.7	64.7%
International	$313.8	38.6%	16.0%	$270.5	35.9%	11.9%	$241.7	35.3%
PCC Products	$436.1	53.6%	3.1%	$423.0	56.2%	6.8%	$396.1	57.9%
Processed Minerals Products	$121.0	14.9%	24.6%	$ 97.1	12.9%	11.4%	$ 87.2	12.7%
Specialty Minerals Segment	$557.1	68.5%	7.1%	$520.1	69.1%	7.6%	$483.3	70.6%
Refractories Segment	$256.6	31.5%	10.3%	$232.6	30.9%	15.7%	$201.1	29.4%
Net Sales	$813.7	100.0%	8.0%	$752.7	100.0%	10.0%	$684.4	100.0%

Worldwide net sales in 2003 increased 8% from the previous year to $813.7 million. Foreign exchange had a favorable impact on sales of approximately $32.6 million or 4 percentage points of growth. Sales in the Specialty Minerals segment, which includes the PCC and Processed Minerals product lines, increased 7.1% to $557.1 million compared with $520.1 million for the same period in 2002. Sales in the Refractories segment grew 10.3% over the previous year to $256.6 million. In 2002, worldwide net sales increased 10.0% to $752.7 million from $684.4 million in the prior year. Specialty Minerals segment sales increased approximately 7.6% and Refractories segment sales increased approximately 15.7% in 2002.

Worldwide net sales of PCC in 2003 increased 3.1% to $436.1 million from $423.0 million in the prior year. Paper PCC volumes grew slightly for the full year with volumes in excess of 3.4 million tons. In 2003, United States printing and writing paper shipments were down 2.8 percent, and demand for uncoated freesheet, our largest market for PCC was down 1 percent, compared with 2002. Sales of PCC for paper were adversely affected by these decreases in production. In addition, one paper mill at which we have a satellite plant in Millinocket, Maine, has been idled since December 2002. The implementation of the International Paper agreements also had a negative impact on sales. However, the favorable effect of foreign exchange more than

offset these factors. In the third quarter we also began operation of a one-unit PCC plant in Malaysia at a paper mill owned by Sabah Forest Industries Sdn. Bhd. A unit represents between 25,000 to 35,000 tons of annual PCC production capacity. Sales of Specialty PCC decreased slightly because of poor industry conditions and competition in the calcium supplement market from ground calcium carbonate. PCC sales in 2002 increased approximately 6.8% to $423.0 million from $396.1 million in 2001. Paper PCC sales and volumes grew 8% for the full year, even though the paper industry was affected adversely by consolidations, shutdowns and slowdowns.

Net sales of Processed Minerals products in 2003 increased 24.6% to $121.0 million from $97.1 million in 2002. This increase was primarily attributable to the acquisition of Polar Minerals Inc. Full year sales excluding Polar Minerals increased approximately 9% due to strong demand from the residential construction-related industries and from new polymer and health-care applications for our talc products. Processed Minerals net sales in 2002 increased 11.4% to $97.1 million from $87.2 million in 2001.

Net sales in the Refractories segment in 2003 increased 10.3% to $256.6 million from $232.6 million in the prior year. The increase in sales for the Refractories segment was primarily attributable to increased sales of equipment and application systems in Europe and the favorable impact of foreign exchange. In 2002, net sales in the Refractories segment increased 15.7% from the prior year. The increase in sales in 2002 was attributable primarily to the 2001 acquisitions of the Martin Marietta refractories business and Rijnstaal B.V. business, which more than offset unfavorable economic conditions in the worldwide steel industry.

Net sales in the United States was $499.9 million in 2003, approximately 3.7% higher than in the prior year. Increased sales from the acquisitions were partially offset by the aforementioned weakness in the steel and paper industries. International sales in 2003 increased 16.0% primarily as a result of the impact of foreign exchange. In 2002, domestic net sales were 9% higher than the prior year due primarily to acquisitions, and international sales were approximately 12% greater than in the prior year primarily due to the international expansion of our PCC product line and acquisitions.

On May 28, 2003, we reached a two-part agreement with International Paper Company ("IP") that extended eight satellite precipitated calcium carbonate plant supply contracts and gave us an exclusive license to patents held by IP relating to the use of novel fillers, such as PCC-fiber composites. We made a one-time $16 million payment to IP in exchange for the contract extensions and technology license. Approximately $15.8 million of this payment was attributed to the revisions to the contracts, including extensions of their lives, and will be amortized as a reduction of sales over the remaining lives of the extended contracts. The result was a reduction of sales of approximately $1.3 million in 2003, an anticipated overall reduction of approximately $1.8 million per year over the next five years, and smaller reductions thereafter over the remaining lives of the contracts. In addition, prices were adjusted at certain of the IP facilities covered by the contract extensions. The overall impact of the revisions to the IP contracts was to reduce earnings by approximately $0.12 per share in 2003.

In October 2003, we signed our first commercial contract with a major glass manufacturer for use of our *SYNSIL*® products.

Operating Costs and Expenses

Dollars in Millions	**2003**	**Growth**	**2002**	**Growth**	**2001**
Cost of goods sold	$615.7	8.4%	$567.9	13.0%	$502.5
Marketing and administrative	83.8	12.9%	$ 74.2	5.2%	$ 70.5
Research and development	25.1	10.6%	$ 22.7	(3.4%)	$ 23.5
Bad debt expenses	5.3	(14.5%)	$ 6.2	59.0%	$ 3.9
Restructuring charges	3.3	*	$ --	*	$ 3.4
Write-down of impaired assets	3.2	*	$ 0.8	*	$ --

* Percentage not meaningful

Cost of goods sold was 75.7% of sales compared with 75.5% in the prior year. Our production margin increased at approximately the same rate as sales. In the Specialty Minerals segment, production margins increased 2% despite a 7% sales growth. Margins in this segment were affected by the shutdown of the Millinocket satellite PCC plant, continuing development costs in the coating PCC program, the effect of the revisions to the IP contracts, and weakness in the Specialty PCC product line. In the Refractories segment, production margins increased 19%, almost double the sales growth. This was due to an improved product mix, increased equipment sales, and improved manufacturing operations.

Marketing and administrative costs increased 12.9% in 2003 to $83.8 million and represented 10.3% of net sales from 9.9% of net sales in 2002. The Refractories segment increased marketing expenses to support worldwide business development efforts. In addition, we realized higher information technology costs associated with the implementation of a new global enterprise resource planning system, and incurred higher employee benefit costs, particularly pension and medical expenses. In 2002, marketing and administrative costs increased 5.2% to $74.2 million and decreased to 9.9% of net sales from 10.3% of net sales in 2001.

Research and development expenses increased 10.6% to $25.1 million and represented 3.1% of net sales due to increased product development activities in both segments. In 2002, research and development expenses decreased 3.4% and represented 3.0% of sales. This decrease was primarily the result of the restructuring, a decrease in PCC trial activity and a shift of *SYNSIL*® product activities from development to production.

We recorded bad debt expenses of $5.3 million and $6.2 million in 2003 and 2002, respectively. These charges were primarily related to additional provisions associated with potential risks to our customers in the steel, paper and other industries and several customer bankruptcy filings.

During the fourth quarter of 2003, we restructured our operations to reduce operating costs and improve efficiency. This resulted in a fourth quarter restructuring charge of $3.3 million. The restructuring charges relate to workforce reductions from all business units throughout our worldwide operations and the termination of certain leases.

During the fourth quarter of 2003, we recorded a write-down of impaired assets of $3.2 million. The impairment charges are related to the planned closure of our operations in River Rouge, Michigan, in 2004 and the retirement of certain *SYNSIL*® assets that have been made obsolete. In 2002, we recorded a write-down of impaired assets of $0.8 million for a satellite plant that ceased operations.

Income from Operations

Dollars in Millions	**2003**	**Growth**	**2002**	**Growth**	**2001**
Income from operations	$77.2	(4.6%)	$80.9	0.4%	$80.6

Income from operations in 2003 decreased 4.6% to $77.2 million from $80.9 million in 2002. Income from operations decreased to 9.5% of sales as compared with 10.7% of sales in 2002. This decrease was primarily due to the aforementioned restructuring and impairment costs. Excluding these charges, income from operations was 10.3% of net sales and increased 3.5%.

Income from operations for the Specialty Minerals segment decreased 7.7% to $55.4 million and was 9.9% of its net sales. Excluding the restructuring and impairment asset charges, operating income of this segment was 10.6% of its net sales and down 1.4% from the prior year. The margins of this segment continue

to be affected in the near term by the IP agreement and the Millinocket temporary shutdown. Operating income for the Refractories segment increased 4.5% to $21.8 million and was 8.5% of its net sales. Excluding the restructuring and impairment of asset charges, operating income of this segment was 9.6% of its net sales and increased 17.8% from the prior year. The improvement in operating income was primarily due to an improved product mix, increased equipment sales, and more efficient manufacturing operations.

Non-Operating Deductions

Dollars in Millions	2003	Growth	2002	Growth	2001
Non-operating deductions, net	$4.9	(3.9%)	$5.1	(35.4)%	$7.9

Non-operating deductions decreased 3.9% from the prior year. This decrease was due to lower interest expense and lower average borrowings in 2003 when compared with 2002. In 2002, interest expense decreased from 2001 due primarily to lower average borrowings than in 2001.

Provision for Taxes on Income

Dollars in Millions	2003	Growth	2002	Growth	2001
Provision for taxes on income	$4.1	(79.7%)	$20.2	(4.3)%	$21.1

The effective tax rate decreased to 5.7% in 2003 compared with 26.7% in 2002. This decrease was due to the reversal of certain tax accruals during the second half of 2003 as a result of the expiration of the statute of limitations on the U.S. tax returns for certain earlier years. This one-time, non-cash item reduced the 2003 income tax provision by $15 million. The effective tax rate was 29.1% in 2001.

Minority Interests

Dollars in Millions	2003	Growth	2002	Growth	2001
Minority interests	$1.6	(11.1%)	$1.8	5.9%	$1.7

The consolidated joint ventures continue to operate profitably but decreased approximately $0.2 million from the prior year due to higher support costs at our joint venture in Indonesia.

Net Income

Dollars in Millions	2003	Growth	2002	Growth	2001
Net income	$63.2	17.5%	$53.8	8.0%	$49.8

Income before the cumulative effect of an accounting change increased 24.0% to $66.7 million from $53.8 million in 2002. Diluted earnings per common share before the cumulative effect of the accounting change increased 24.9% to $3.26 compared with $2.61 in 2002.

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

Upon adoption of SFAS No. 143, we recorded a non-cash, after-tax charge to earnings of approximately $3.4 million for the cumulative effect of this accounting change related to retirement obligations associated with our PCC satellite facilities and mining properties, both within the Specialty Minerals segment. As a result of this pronouncement, we recorded in cost of goods sold additional depreciation and accretion expenses of approximately $1.0 million in 2003. The pro forma effect on results, assuming that SFAS No. 143 were applied retroactively, would be a non-cash, after-tax charge to earnings of approximately $0.5 million in 2002.

Net income increased 17.5% in 2003 to $63.2 million. In 2002, net income increased 8.0% to $53.8 million. Earnings per common share, on a diluted basis, increased 17.5% to $3.09 in 2003 as compared with $2.61 in the prior year.

Outlook

In 2003, despite pronouncements of economic recovery, we continued to see weakness in the two main industries we serve - paper and steel. However, unlike a number of manufacturers, we continue to show growth in sales and net income. We are hopeful that the improvement in the rest of the U.S. economy will carry through to the paper and steel industries, and feel confident that we have taken the necessary steps to position ourselves for continued growth and improved profitability in the coming year.

We continue to be affected by negative factors in the industries we primarily serve:

- In 2003, the PCC business was affected by paper mill shutdowns, curtailments in production due to weakened demand, and the temporary shutdown of the satellite PCC plant in Maine.
- The steel industry continued to experience difficulties in 2003 as several steel manufacturers ceased operations and eight North American steel companies filed for bankruptcy protection.

However, despite this difficult market environment, we were able to achieve low double-digit operating margins. Our operating margin as a percentage of sales, before restructuring and impairment of asset charges, declined to 10.3% in 2003 as compared with 10.8% in 2002. Reported operating income as a percentage of sales was 9.5% in 2003 as compared with 10.7% in 2002.

In 2004, we plan to continue our focus on the following growth strategies:

- Increase market penetration of PCC in paper filling at both free sheet and groundwood mills.

- Increase penetration of PCC into the paper coating market.
- Emphasize higher value specialty products and application systems to increase market penetration in the Refractories segment.
- Continue selective acquisitions to complement our existing businesses.
- Continue research and development and marketing efforts for new and existing products.

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

In 2003, we added one unit of production capacity for PCC from a satellite plant built at a paper mill owned by Sabah Forest Industries in Malaysia. This plant became operational in the third quarter of 2003. In addition, we added one unit of capacity through an expansion at an existing satellite PCC facility.

In August 2003, we announced that our merchant PCC plant in Walsum, Germany will be operational in September 2004. The project was announced in May 2001, and since then, we have received the necessary regulatory, planning and permitting approvals from state and local agencies. The initial capacity of the modular plant will be 125,000 metric tons of PCC for paper coating.

We also made the following acquisition in 2003:

- On September 15, 2003, the assets of ISA Manufacturing Inc., a company that produces pre-cast shapes primarily for the steel industry.

In 2004, we expect additional expansions at existing satellite PCC plants to occur and also expect to sign contracts for new satellite PCC plants.

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

Our sales of PCC are predominantly pursuant to long-term contracts, initially ten years in length, with paper companies at whose mills we operate satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of the satellite PCC plant. Failure of a number of our customers to renew existing agreements on terms as favorable to us as those currently in effect could cause our future growth rate to differ materially from our historical growth rate, and could also result in impairment of the assets associated with the PCC plant.

There is presently one satellite location at which the contract with the host mill has expired and one location, representing less than one unit of PCC production, at which the host mill has informed us that the contract will not be renewed upon its expiration in 2004. We continue to supply PCC at both of these locations. At the location at which the contract has expired, we hope to reach agreement on a long-term extension of the contract; however, there can be no assurance that these negotiations will be successful.

In addition, Great Northern Paper, Inc. ceased operations at its two paper mills in Millinocket and East Millinocket, Maine, which were served by a PCC plant operated by us. Great Northern Paper filed for bankruptcy protection on January 9, 2003, and on April 29, 2003 the paper mills were sold to Brascan Corporation, the parent company of Nexfor Fraser Papers Inc. The East Millinocket mill has resumed operations, and we are supplying it from other nearby PCC production facilities. Brascan has announced its intention to begin production at the Millinocket mill later in 2004 where our satellite plant is located. If the Millinocket mill does not resume production, we could incur an impairment charge of approximately $10 million.

We have a consolidated interest in two joint venture companies that operate satellite PCC plants at paper mills owned by subsidiaries of Asia Pulp & Paper Company Ltd. ("APP"), one at Perawang, Indonesia, and one at Dagang, China. APP is a multinational pulp and paper company whose current financial difficulties have been widely publicized. While APP is negotiating with its creditors, the Perawang and Dagang facilities have remained in operation at levels consistent with the prior year. Both mills are continuing to use our PCC and to satisfy their obligations to the joint ventures. However, there can be no assurance that our operations at these paper mills will not be adversely affected by APP's financial difficulties in the future. Our net investment in these satellite plants was approximately $4.4 million at December 31, 2003.

Liquidity and Capital Resources

Cash flows in 2003 were provided from operations and proceeds from stock option exercises. The cash was applied principally to fund $52.7 million of capital expenditures and purchases of common shares for treasury. Cash provided from operating activities amounted to $100.1 million in 2003 as compared with $117.8 million in 2002. The reduction in cash from operations was primarily due to the IP payment of $16 million in exchange for customer contract extensions and a technology license. Included in cash flow from operations was pension plan funding of approximately $20.8 million, $20.2 million, and $10.7 million for the years ended December 31, 2003, 2002 and 2001, respectively.

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

On May 31, 2003, we acquired land and limestone ore reserves from the Cushenbury Mine Trust for approximately $17.5 million. Approximately $6.1 million was paid at the closing and $11.4 million was financed through an installment obligation. The average interest rate on this obligation is approximately 4.25%. The principal payments are as follows: 2004 - $0.8 million; 2005 - $0.9 million; 2006 - $0.9 million; 2007 - $0.9 million; 2008 - $6.5 million; 2013 - $1.4 million.

On February 22, 2001, the Board authorized our Management Committee to repurchase, at its discretion, up to $25 million in additional shares per year over the following three years. As of December 31, 2003, we had repurchased approximately 619,500 shares under this program at an average price of approximately $40 per share.

On October 23, 2003, our Board of Directors authorized our Management Committee, at its discretion, to repurchase up to $75 million in additional shares over the next three-year period.

On January 22, 2004, our Board of Directors declared a regular quarterly dividend on our common stock of $0.05 per share. The dividend is an increase from the amount we have historically paid, which had been a quarterly dividend of $0.025 per share since we became a publicly owned company in October 1992. No

dividend will be payable unless declared by the Board and unless funds are legally available for payment thereof.

We have $110 million in uncommitted short-term bank credit lines, of which $30 million was in use at December 31, 2003. We anticipate that capital expenditures for 2004 should approximate $80 million, principally related to the construction of PCC plants and other opportunities that meet our strategic growth objectives. We expect to meet our 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: 2004 - $3.2 million; 2005 - - $3.8 million; 2006 - $54.0 million; 2007 - $2.0 million; 2008 - $7.0 million; thereafter - $31.3 million.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. 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, goodwill and other intangible assets, pension plan assumptions, income taxes, income tax valuation allowances and litigation and environmental liabilities. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that can not readily be determined from other sources. There can be no assurance that actual results will not differ from those estimates.

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

- Revenue recognition: Revenue from sale of products is recognized at the time the goods are shipped and title passes to the customer. In most of our PCC contracts, the price per ton is based upon the total number of tons sold to the customer during the year. Under those contracts, the price billed to the customer for shipments during the year is based on periodic estimates of the total annual volume that will be sold to the customer. Revenues are adjusted at the end of each year to reflect the actual volume sold.

- Allowance for doubtful accounts: Substantially all of our accounts receivable are due from companies in the paper, construction and steel industries. Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. Such allowance is established through a charge to the provision for bad debt expenses. We recorded bad debt expenses of $5.3 million, $6.2 million, and $3.9 million in 2003, 2002 and 2001, respectively. These charges were much higher than historical levels and were primarily related to bankruptcy filings by some of our customers in the paper and steel industries and to additional provisions associated with potential risks in the paper, steel and other industries. In addition to specific allowances established for bankrupt customers, we also analyze the collection history and financial condition of our other customers considering current industry conditions and determine whether an allowance needs to be established or increased.

- Property, plant and equipment, goodwill, intangible and other long-lived assets: Property, plant and equipment are amortized over their useful lives. Useful lives are based on management's estimates of the period that the assets can generate revenue, which does not necessarily coincide with the remaining term of a customer's contractual obligation to purchase products made using those assets. Our sales of PCC are predominantly pursuant to long-term contracts, initially ten years in length, with paper mills at which we operate satellite PCC plants. The terms of many of these agreements have been extended, often

in connection with an expansion of the satellite PCC plant. We also continue to supply PCC at one location at which the PCC contract has expired. Failure of a PCC customer to renew an agreement or continue to purchase PCC from our facility could result in an impairment of assets charge at such facility.

In the third quarter of 2002, we reduced the useful lives of satellite PCC plants at International Paper Company's ("IP") mills due to an increased risk that some or all of these PCC contracts would not be renewed. As a result of this change, we also reviewed the useful lives of the assets at our remaining satellite PCC facilities and other plants. During the first quarter of 2003, we revised the estimated useful lives of machinery and equipment pertaining to our natural stone mining and processing plants and chemical processing plants from 12.5 years (8%) to 15 years (6.67%) and reduced the useful lives of buildings at certain satellite PCC facilities from 25 years (4%) to 15 years (6.67%). We also reduced the estimated useful lives of certain software-related assets due to implementation of a new global enterprise resource planning system. During the second quarter of 2003, we reached an agreement with IP that extended eight PCC supply contracts and therefore extended the useful lives of the satellite PCC plants at those IP mills. The net effect of the changes in estimated useful lives, including the deceleration of depreciation at the IP plants, was an increase to diluted earnings per share of approximately $0.08 in 2003.

- Valuation of long-lived assets, goodwill and other intangible assets: We assess the possible impairment of long-lived assets and identifiable intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill and other intangible assets with indefinite lives are reviewed for impairment at least annually in accordance with the provisions of SFAS No. 142. Factors we consider important that could trigger an impairment review include the following:

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

  - significant changes in the manner of use of the acquired assets or the strategy for the overall business;

  - significant negative industry or economic trends.

  When we determine that the carrying value of intangibles, long-lived assets or goodwill may not be recoverable based upon the existence of one or more of the above indicators of impairment, we measure any impairment by our ability to recover the carrying amount of the assets from expected future operating cash flow on a discounted basis. Net intangible assets, long-lived assets, and goodwill amounted to $621.6 million as of December 31, 2003.

- Accounting for income taxes: As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating actual current tax exposure together with

assessing temporary differences resulting from differing treatments of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income, and to the extent we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we must include an expense within the tax provision in the Statement of Income.

- Pension Benefits: We sponsor pension and other retirement plans in various forms covering substantially all employees who meet eligibility requirements. Several statistical and other factors which attempt to estimate future events are used in calculating the expense and liability related to the plans. These factors include assumptions about the discount rate, expected return on plan assets and rate of future compensation increases as determined by us, within certain guidelines. Our assumptions reflect our historical experience and management's best judgement regarding future expectations. In addition, our actuarial consultants also use subjective factors such as withdrawal and mortality rates to estimate these factors. The actuarial assumptions used by us may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants, among other things. Differences from these assumptions may result in a significant impact to the amount of pension expense/liability recorded by us.

For a detailed discussion on the application of these and other accounting policies, see "Summary of Significant Accounting Policies" in the "Notes to the Consolidated Financial Statements" in Item 15 of this Annual Report on Form 10-K, beginning on page F-6. This discussion and analysis should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this report.

Prospective Information and Factors That May Affect Future Results

The 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 "expects," "plans," "anticipates," "will," and words and terms of similar substance, used in connection with any discussion of future operating or financial performance identify these forward-looking statements.

We cannot guarantee that the outcomes suggested in any forward-looking statement will be realized, although we believe we have been prudent in our plans and assumptions. Achievement of future results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialize, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind as they consider forward-looking statements and should refer to the discussion of certain risks, uncertainties and assumptions under the heading "Cautionary Factors That May Affect Future Results" in Item 1.

Inflation

Historically, inflation has not had a material adverse effect on us. The contracts pursuant to which we construct and operate our satellite PCC plants generally adjust pricing to reflect increases in costs resulting from inflation.

Cyclical Nature of Customers' Businesses

The bulk of our sales are to customers in the paper manufacturing, steel manufacturing and construction industries, which have historically been cyclical. These industries encountered difficulties in 2003. The pricing structure of some of our long-term PCC contracts makes our PCC business less sensitive to declines in the quantity of product purchased. For this reason, and because of the geographical diversification of our business, our operating results to date have not been materially affected by the difficult economic environment. However, we cannot predict the economic outlook in the countries in which we do business, nor in the key industries we serve. There can be no assurance that a recession, in some markets or worldwide, would not have a significant negative effect on our financial position or results of operations.

Recently Issued Accounting Standards

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of FASB Statement No. 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. The FASB recently indicated that they would require stock-based employee compensation to be recorded as a charge to earnings beginning in 2005. We continue to monitor their progress on the issuance of this standard as well as evaluating our position with respect to current guidance.

In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity." This statement establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. We had no such instruments as of December 31, 2003.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in market prices and 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 25% of our bank debt bear interest at variable rates; therefore our results of operations would only be affected by interest rate changes to such bank debt outstanding. An immediate 10 percent change in interest rates would not have a material effect on our results of operations over the next fiscal year.

We are exposed to various market risks, including the potential loss arising from adverse changes in foreign currency exchange rates and interest rates. We do not enter into derivatives or other financial instruments for trading or speculative purposes. When appropriate, we enter into derivative financial instruments, such as forward exchange contracts and interest rate swaps, to mitigate the impact of foreign exchange rate movements and interest rate movements on our operating results. The counterparties are major financial institutions. Such forward exchange contracts and interest rate swaps would not subject us to additional risk from exchange rate or interest rate movements because gains and losses on these contracts would offset losses and gains on the assets, liabilities, and transactions being hedged. We have open forward exchange contracts to purchase approximately $2.2 million of foreign currencies as of December 31, 2003. These contracts mature between January and June of 2004. The fair value of these instruments at December 31, 2003 was an asset of $0.1 million. We entered into three-year interest rate

swap agreements with a notional amount of $30 million that expire in January 2005. These agreements effectively convert a portion of our floating-rate debt to a fixed rate basis. The fair value of these instruments was a liability of approximately $1.0 million at December 31, 2003.

Item 8. Financial Statements and Supplementary Data

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

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

None.

Item 9A. Controls and Procedures

Within the 90 days prior to the date of this report, and under the supervision and with the participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective in timely alerting them to material information relating to the Company (including its consolidated subsidiaries) required to be included in the Company's periodic SEC filings.

Subsequent to the date the Company carried out its evaluation, there have been no significant changes in the Company's internal controls or in other factors which could significantly affect these controls.

PART III

Item 10. Directors and Executive Officers of the Registrant

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

Name	Age	Position
Paul R. Saueracker	61	Chairman of the Board (effective October 18, 2001); President and Chief Executive Officer
Alain Bouruet-Aubertot	47	Senior Vice President and Managing Director, President and Chief Executive Officer, MINTEQ International Inc. (from November 2002)
Howard R. Crabtree	59	Senior Vice President, Technology and Logistics
John A. Sorel	56	Senior Vice President - Finance; Chief Financial Officer and Treasurer
Kenneth L. Massimine	54	Senior Vice President and Managing Director, Paper PCC
Gordon S. Borteck	46	Vice President, Organization and Human Resources
D. Randy Harrison	52	Vice President and Managing Director, Performance Minerals
Michael A. Cipolla	46	Vice President - Controller and Chief Accounting Officer
S. Garrett Gray	65	Vice President, General Counsel and Secretary
William A. Kromberg	58	Vice President, Taxes

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

Alain Bouruet-Aubertot was named Senior Vice President and Managing Director, President and Chief Executive Officer, MINTEQ International Inc. in November 2002. From 1996 to June 2002 he had been President, Gypsum Division and Corporate Senior Vice President of Lafarge North America, a supplier of cement, ready-mixed concrete, construction aggregate and gypsum drywall.

Howard R. Crabtree was elected Senior Vice President, Technology and Logistics in November 2002. Prior to that time he had been President and Chief Executive Officer of MINTEQ International Inc. since January 2002; Vice President, Organization & Human Resources of Minerals Technologies Inc. from January 1997 to December 2001; and Vice President, Human Resources from 1992 to 1996.

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

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

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

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

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

S. Garrett Gray has served as Vice President and Secretary of the Company since 1988. In 1992, Mr. Gray was appointed General Counsel of the Company.

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

The information concerning the Company's Board of Directors required by this Item is incorporated herein by reference to the Company's Proxy Statement.

The information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934 required by this Item is incorporated herein by reference to the Company's Proxy Statement.

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

Item 11. Executive Compensation

The information appearing in the Company's Proxy Statement under the caption "Compensation of Executive Officers," excluding the information under the captions "Performance Graph" and "Report of the Compensation and Nominating Committee on Executive Compensation," is incorporated herein by reference.

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

The information appearing under the caption "Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters as of February 1, 2004" set forth in the Company's Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

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

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

Pfizer and Quigley also agreed to indemnify the Company against any liability arising from on-site remedial waste site claims and for other claims that may be made in the future with respect to waste disposed of prior to the closing of the initial public offering. Further, Pfizer and Quigley agreed to indemnify the Company for 50% of the liabilities in excess of $1 million up to $10 million that may arise or accrue within ten years after the closing of the initial public offering with respect to remediation of on-site conditions existing at the time of the closing of the initial public offering. The Company will be responsible for the first $1 million of such liabilities, 50% of all such liabilities in excess of $1 million up to $10 million, and all such liabilities in excess of $10 million.

Item 14. Principal Accountant Fees and Services

The information appearing under the caption "Principal Accountant Fees and Services" set forth in the Company's proxy statement is incorporated herein by reference.

PART IV

Item 15. Exhibits, Financial Statement Schedule and Reports on Form 8-K

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

1. Financial Statements. The following Consolidated Financial Statements of Minerals Technologies Inc. and subsidiary companies and Independent Auditors' Report are set forth on pages F-2 to F-27.

Consolidated Balance Sheet as of December 31, 2003 and 2002
Consolidated Statement of Income for the years ended December 31, 2003, 2002 and 2001
Consolidated Statement of Cash Flows for the years ended December 31, 2003, 2002 and 2001
Consolidated Statement of Shareholders' Equity for the years ended December 31, 2003, 2002 and 2001
Notes to the Consolidated Financial Statements
Independent Auditors' Report

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

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

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

3.1	- Restated Certificate of Incorporation of the Company
3.2	- Restated By-Laws of the Company (7)
3.3	- Certificate of Designations authorizing issuance and establishing designations, preferences and rights of Series A Junior Preferred Stock of the Company
4	- Rights Agreement, executed effective as of September 13, 1999 (the "Rights Agreement"), between Minerals Technologies Inc. and Chase Mellon Shareholders Services L.L.C., as Rights Agents, including as Exhibit B the forms of Rights Certificate and of Election to Exercise (5)
4.1	- Specimen Certificate of Common Stock
10.1	- Asset Purchase Agreement, dated as of September 28, 1992, by and between Specialty Refractories Inc. and Quigley Company Inc. (2)
10.1(a)	- Agreement dated October 22, 1992 between Specialty Refractories Inc. and Quigley Company Inc., amending Exhibit 10.1 (3)
10.1(b)	- Letter Agreement dated October 29, 1992 between Specialty Refractories Inc. and Quigley Company Inc., amending Exhibit 10.1 (3)
10.2	- Reorganization Agreement, dated as of September 28, 1992, by and between the Company and Pfizer Inc (2)
10.2(a)	- Letter Agreement dated October 29, 1992 between the Company and Pfizer Inc, amending Exhibit 10.2 (3)
10.3	- Asset Contribution Agreement, dated as of September 28, 1992, by and between Pfizer Inc and Specialty Minerals Inc. (2)
10.4	- Asset Contribution Agreement, dated as of September 28, 1992, by and between Pfizer Inc and Barretts Minerals Inc. (2)
10.4(a)	- Agreement dated October 22, 1992 between Pfizer Inc, Barretts Minerals Inc. and Specialty Minerals Inc., amending Exhibits 10.3 and 10.4 (3)
10.5	- Form of Employment Agreement (9), together with schedule relating to executed Employment Agreements (1) (+)
10.5(a)	- Form of Employment Agreement (6), together with schedule relating to executed Employment Agreements (8) (+)
10.6	- Form of Severance Agreement (6), together with schedule relating to executed Severance Agreements (1) (+)
10.7	- Company Employee Protection Plan, as amended August 27, 1999 (4) (+)

10.8	- Company Nonfunded Deferred Compensation and Unit Award Plan for Non-Employee Directors, as amended effective April 24, 2003 (10) (+)
10.9	- 2001 Stock Award and Incentive Plan of the Company, as amended and restated effective October 18, 2001 (9) (+)
10.10	- Company Retirement Plan, as amended and restated effective as of January 21, 2004 (+)
10.11	- Company Nonfunded Supplemental Retirement Plan, as amended effective April 24, 2003 (10) (+)
10.12	- Company Savings and Investment Plan, as amended and restated October 18, 2001, effective January 1, 2001 (9) (+)
10.13	- Company Nonfunded Deferred Compensation and Supplemental Savings Plan, as amended effective April 24, 2003 (10) (+)
10.14	- Company Health and Welfare Plan, effective as of April 1, 2003 (10) (+)
10.15	- Grantor Trust Agreement, dated as of December 29, 1994, between the Company and The Bank of New York, as Trustee (+)
10.16	- Note Purchase Agreement, dated as of July 24, 1996, between the Company and Metropolitan Life Insurance Company with respect to the Company's issuance of $50,000,000 in aggregate principal amount of its 7.49% Guaranteed Senior Notes due July 24, 2006
10.17	- Indenture, dated July 22, 1963, between the Cork Harbour Commissioners and Roofchrome Limited (2)
10.18	- Agreement of Lease, dated as of May 24, 1993, between the Company and Cooke Properties Inc
21.1	- Subsidiaries of the Company
23.1	- Report and Consent of Independent Auditors

31	- Rule 13a-14(a)/15d-14(a) Certifications
32	- Section 1350 Certification

1. Incorporated by reference to exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2002.
2. Incorporated by reference to the exhibit so designated filed with the Company's Registration Statement on Form S-1 (Registration No. 33-51292), originally filed on August 25, 1992.
3. Incorporated by reference to the exhibit so designated filed with the Company's Registration Statement on Form S-1 (Registration No. 33-59510), originally filed on March 15, 1993.
4. Incorporated by reference to the exhibit so designated filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 26, 1999.
5. Incorporated by reference to the exhibit so designated filed with the Company's current report on Form 8-K, filed September 3, 1999.
6. Incorporated by reference to the exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2000.
7. Incorporated by reference to the exhibit so designated filed with the Company's Quarterly Report on Form 10-Q for the quarter ended September 24, 2000.
8. Incorporated by reference to the exhibit so designated filed with the Company's Quarterly Report on Form 10-Q for the quarter ended April 1, 2001.
9. Incorporated by reference to the exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2001.
10. Incorporated by reference to the exhibit so designated filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2003.

(+) Management contract or compensatory plan or arrangement required to be filed pursuant to Item 601 of Regulation S-K.

(b) Reports on Form 8-K

Minerals Technologies Inc. filed the following reports on Form 8-K during the fourth quarter of 2003:

1. A report on Form 8-K dated October 24, 2003 under Item 5, reporting the resignation of William C. Steere Jr. from the Board of Directors, and Item 12, reporting earnings for the quarter ended September 28, 2003.
2. A report on Form 8-K dated December 4, 2003 under Item 5, reporting fourth quarter pre-tax charges for restructuring and impairment of assets.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Minerals Technologies Inc.

By:/s/ Paul R. Saueracker

Paul R. Saueracker
Chairman of the Board and Chief Executive Officer

March 10, 2004

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

SIGNATURE	TITLE	DATE
/s/Paul R. Saueracker Paul R. Saueracker	Chairman of the Board and Chief Executive Officer (principal executive officer)	March 10, 2004
/s/John A. Sorel John A. Sorel	Senior Vice President-Finance and Chief Financial Officer (principal financial officer)	March 10, 2004

/s/Michael A. Cipolla Michael A. Cipolla	Vice President - Controller and Chief Accounting Officer (principal accounting officer)	March 10, 2004

SIGNATURE	TITLE	DATE
/s/John B. Curcio John B. Curcio	Director	March 10, 2004
/s/Duane R. Dunham Duane R. Dunham	Director	March 10, 2004
/s/Steven J. Golub Steven J. Golub	Director	March 10, 2004
/s/Kristina M. Johnson Kristina M. Johnson	Director	March 10, 2004
/s/Paul M. Meister Paul M. Meister	Director	March 10, 2004
/s/Michael F. Pasquale Michael F. Pasquale	Director	March 10, 2004
/s/John T. Reid John T. Reid	Director	March 10, 2004

SIGNATURE	TITLE	DATE
/s/William C. Stivers William C. Stivers	Director	March 10, 2004

/s/Jean-Paul Valles	Director	March 10, 2004

Jean-Paul Valles

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
(thousands of dollars)

	December 31,	
	2003	**2002**
Assets		
Current assets:		
	$ 90,515	$ 31,762

Cash and cash equivalents	$ 30,913	$ 31,762
Accounts receivable, less allowance for doubtful accounts: 2003 - $7,010; 2002 - $7,079	147,600	129,608
Inventories	86,378	82,909
Prepaid expenses and other current assets	15,632	14,770
Total current assets	340,125	259,049
Property, plant and equipment, less accumulated depreciation and depletion	561,588	537,424
Goodwill	52,721	51,291
Prepaid benefit cost	46,251	31,916
Other assets and deferred charges	34,815	20,197
Total assets	$1,035,500	$ 899,877
	=======	=====
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	$ 30,347	$ 30,000
Current maturities of long-term debt	3,175	1,331
Accounts payable	44,217	37,435
Income taxes payable	--	18,176
Accrued compensation and related items	21,710	15,086
Other current liabilities	22,586	21,909
Total current liabilities	122,035	123,937
Long-term debt	98,159	89,020
Accrued postretirement benefits	20,385	19,869
Deferred taxes on income	51,617	48,183
Other noncurrent liabilities	35,923	24,711
Total liabilities	328,119	305,720
Commitments and contingent liabilities		
Shareholders' equity:		
Preferred stock, without par value; 1,000,000 shares authorized; none issued	--	--
Common stock at par, $0.10 par value; 100,000,000 shares authorized; issued 27,422,472 shares in 2003 and 26,937,260 shares in 2002	2,742	2,694
Additional paid-in capital	210,512	190,144
Deferred compensation	(1,220)	--
Retained earnings	739,936	678,740
Accumulated other comprehensive income (loss)	3,814	(35,034)
	955,784	836,544
Less common stock held in treasury, at cost; 6,930,973 shares in 2003 and 6,781,473 shares in 2002	248,403	242,387
Total shareholders' equity	707,381	594,157
Total liabilities and shareholders' equity	$1,035,500	$ 899,877
	=======	======

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

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

	Year Ended December 31,		
	2003	**2002**	**2001**
Net sales	$813,743	$752,680	$684,419
Operating costs and expenses:			
Cost of goods sold	615,749	567,985	502,525
Marketing and administrative expenses	83,809	74,160	70,495

Research and development expenses	25,149	22,697	23,509
Bad debt expenses	5,307	6,214	3,930
Restructuring charges	3,323	--	3,403
Write-down of impaired assets	3,202	750	--
Income from operations	77,204	80,874	80,557
Interest income	836	1,172	835
Interest expense	(5,423)	(5,792)	(7,884)
Other deductions	(273)	(520)	(838)
Non-operating deductions, net	(4,860)	(5,140)	(7,887)
Income before provision for taxes on income and minority interests	72,344	75,734	72,670
Provision for taxes on income	4,116	20,220	21,148
Minority interests	1,575	1,762	1,729
Income before cumulative effect of accounting change	66,653	53,752	49,793
Cumulative effect of accounting change, net of tax benefit of $2,072	3,433	--	--
Net income	$ 63,220	$ 53,752	$ 49,793
Earnings per share:			
Basic:			
Before cumulative effect of accounting change	$ 3.30	$ 2.66	$ 2.54
Cumulative effect of accounting change	(0.17)	--	--
Basic earnings per share	$ 3.13	$ 2.66	$ 2.54
Diluted:			
Before cumulative effect of accounting change	$ 3.26	$ 2.61	$ 2.48
Cumulative effect of accounting change	(0.17)	--	--
Diluted earnings per share	$ 3.09	$ 2.61	$ 2.48

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

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(thousands of dollars)

	Year Ended December 31,		
Operating Activities	**2003**	**2002**	**2001**
Net income	$ 63,220	$ 53,752	$ 49,793
Adjustments to reconcile net income to net cash provided by operating activities:			
Cumulative effect of accounting change	3,433	--	--
Depreciation, depletion and amortization	66,340	68,960	66,518
Reversal of tax liabilities	(15,000)	--	--
Write-down of impaired assets	3,202	750	--
Loss on disposal of property, plant and equipment	1,472	1,301	19
Deferred income taxes	5,085	2,643	(131)
Bad debt expenses	5,307	6,214	3,930
Other	1,270	1,519	1,446
Changes in operating assets and liabilities, net of effects of acquisitions:			
Accounts receivable	(7,946)	1,143	(11,886)

Inventories	767	5,166	(2,182)
Prepaid expenses and other current assets	(12,299)	621	(9,173)
Prepaid benefit costs	(14,335)	(16,486)	(1,447)
Accounts payable	4,706	(5,542)	(1,077)
Income taxes payable	(3,841)	465	(144)
Other	(1,293)	(2,668)	2,661
Net cash provided by operating activities	100,088	117,838	98,327
Investing Activities			
Purchases of property, plant and equipment	(52,665)	(37,107)	(63,078)
Proceeds from disposal of property, plant and equipment	1,874	280	5,193
Acquisition of businesses, net of cash acquired	(1,958)	(34,100)	(37,363)
Net cash used in investing activities	(52,749)	(70,927)	(95,248)
Financing Activities			
Proceeds from issuance of short-term and long-term debt	5,659	154,908	268,684
Repayment of short-term and long-term debt	(6,019)	(194,876)	(248,677)
Purchase of common shares for treasury	(6,016)	(17,332)	(16,000)
Cash dividends paid	(2,024)	(2,026)	(1,960)
Proceeds from issuance of stock under option plan	15,884	29,384	3,158
Net cash provided by (used in) financing activities	7,484	(29,942)	5,205
Effect of exchange rate changes on cash and cash equivalents	3,930	1,747	(1,930)
Net increase in cash and cash equivalents	58,753	18,716	6,354
Cash and cash equivalents at beginning of year	31,762	13,046	6,692
Cash and cash equivalents at end of year	$ 90,515	$ 31,762	$ 13,046
Non-cash Investing and Financing Activities:			
Property, plant and equipment acquired by incurring installment obligations	$ 11,368	$ --	$ --
Property, plant and equipment additions related to asset retirement obligations	$ 6,762	$ --	$ --

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

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
((in thousands)

	Common Stock					Accumulated Other	Treasury Stock		
	Shares	Par Value	Additional Paid-in Capital	Deferred Compensation	Retained Earnings	Comprehensive Income (Loss)	Shares	Cost	Total
Balance as of January 1, 2001	25,853	$2,585	$155,001	$ --	$579,181	$(44,073)	(5,886)	$(209,055)	$483,639
Comprehensive income:									
Net income	--	--	--	--	49,793	--	--	--	49,793
Currency translation adjustment	--	--	--	--	--	(11,896)	--	--	(11,896)
Minimum pension liability adjustment	--	--	--	--	--	500	--	--	500
Net gain on cash flow hedges	--	--	--	--	--	174	--	--	174
Total comprehensive income	--	--	--	--	49,793	(11,222)	--	--	38,571
Dividends declared	--	--	--	--	(1,960)	--	--	--	(1,960)
Employee benefit transactions	109	11	3,147	--	--	--	--	--	3,158
Income tax benefit arising from employee stock option plans	--	--	411	--	--	--	--	--	411
Purchase of common stock for treasury	--	--	--	--	--	--	(462)	(16,000)	(16,000)
Balance as of December 31, 2001	25,962	2,596	158,559	--	627,014	(55,295)	(6,348)	(225,055)	507,819
Comprehensive income:									
Net income	--	--	--	--	53,752	--	--	--	53,752
Currency translation adjustment	--	--	--	--	--	22,137	--	--	22,137
Minimum pension liability adjustment	--	--	--	--	--	(829)	--	--	(829)
Cash flow hedges:									
Net derivative losses arising during the year	--	--	--	--	--	(968)	--	--	(968)
Reclassification adjustment	--	--	--	--	--	(79)	--	--	(79)
Total comprehensive income	--	--	--	--	53,752	20,261	--	--	74,013
Dividends declared	--	--	--	--	(2,026)	--	--	--	(2,026)
Employee benefit transactions	975	98	29,286	--	--	--	--	--	29,384
Income tax benefit arising from employee stock option plans	--	--	2,299	--	--	--	--	--	2,299
Purchase of common stock for treasury	--	--	--	--	--	--	(433)	(17,332)	(17,332)
Balance as of December 31, 2002	26,937	2,694	190,144	--	678,740	(35,034)	(6,781)	(242,387)	594,157
Comprehensive income:									

Net income	--	--	--	--	63,220	--	--	--	63,220
Currency translation adjustment	--	--	--	--	--	39,695	--	--	39,695
Minimum pension liability adjustment	--	--	--	--	--	(1,368)	--	--	(1,368)
Cash flow hedges:									
Net derivative gains arising during the year	--	--	--	--	--	521	--	--	521
Total comprehensive income	--	--	--	--	63,220	38,848	--	--	102,068
Dividends declared	--	--	--	--	(2,024)	--	--	--	(2,024)
Employee benefit transactions	485	48	15,836	--	--	--	--	--	15,884
Income tax benefit arising from employee stock option plans	--	--	3,176	--	--	--	--	--	3,176
Issuance of restricted stock	--	--	1,356	(1,356)	--	--	--	--	--
Amortization of restricted stock	--	--	--	136	--	--	--	--	136
Purchase of common stock for treasury	--	--	--	--	--	--	(150)	(6,016)	(6,016)
Balance as of December 31, 2003	27,422	$2,742	$210,512	$(1,220)	$739,936	$ 3,814	(6,931)	$(248,403)	$707,381

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

MINERALS TECHNOLOGIES AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Use of Estimates

The Company employs accounting policies that are in accordance with generally accepted accounting principles in the United States of America 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 taxes, income tax valuation allowances and litigation and environmental liabilities. Actual results could differ from those estimates.

Business

The Company is a resource- and technology-based company that develops, produces and markets on a worldwide basis a broad range of specialty mineral, mineral-based and synthetic mineral products and related systems and technologies. The Company's products are used in manufacturing processes of the paper and steel industries, as well as by the building materials, polymers, ceramics, paints and coatings, glass and other manufacturing industries.

Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less at the date of purchase to be cash equivalents. Cash equivalents amounted to $1.1 million and $3.8 million at December 31, 2003 and 2002, respectively.

Trade Accounts Receivable

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

Inventories

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

Property, Plant and Equipment

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

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

In the third quarter of 2002, the Company reduced the useful lives of satellite PCC plants at International Paper Company's ("IP") mills due to an increased risk that some or all of these PCC contracts would not be renewed. As a result of this change, the Company also reviewed the useful lives of the assets at its remaining satellite PCC facilities and other plants. During the first quarter of 2003, the Company revised the estimated useful lives of machinery and equipment pertaining to its natural stone mining and processing plants and chemical processing plants from 12.5 years (8%) to 15 years (6.67%) and reduced the useful lives of buildings at certain satellite PCC facilities from 25 years (4%) to 15 years (6.67%). The Company also reduced the estimated useful lives of certain software-

related assets due to implementation of a new global enterprise resource planning system. During the second quarter of 2003, the Company reached an agreement with IP that extended eight PCC supply contracts

and therefore extended the useful lives of the satellite PCC plants at those IP mills. The net effect of the changes in estimated useful lives, including the deceleration of depreciation at the IP plants, was an increase to diluted earnings per share of approximately $0.08 in 2003.

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

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

Accounting for the Impairment of Long-Lived Assets

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

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. On January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 142, goodwill and other intangible assets with indefinite lives are not amortized, but instead tested for impairment at least annually in accordance with the provisions of SFAS No. 142. SFAS No. 142 also requires that intangible assets with estimable useful lives be amortized over their respective estimated useful lives to the estimated residual values, and reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets."

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

Prior to the adoption of SFAS No. 142, goodwill was amortized on a straight-line basis over 20-25 years, and assessed for recoverability by determining whether the amortization of the goodwill balance over its remaining life could be recovered through undiscounted future operating cash flows of the acquired operation. All other intangible assets were amortized on a straight-line basis up to 17 years. The amount of goodwill and other intangible asset impairment, if any, was measured based on the Company's ability to recover the carrying amount from expected future operating cash flows on a discounted basis.

Accounting for Asset Retirement Obligations

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

Derivative Financial Instruments

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

Revenue Recognition

Revenue from sale of products is recognized at the time the goods are shipped and title passes to the customer. In most of the Company's PCC contracts, the price per ton is based upon the total number of tons sold to the customer during the year. Under

those contracts the price billed to the customer for shipments during the year is based on periodic estimates of the total annual volume that will be sold to such customer. Revenues are adjusted at the end of each year to reflect the actual volume sold.

Foreign Currency

The assets and liabilities of most of the Company's international subsidiaries are translated into U.S. dollars using exchange rates at the respective balance sheet date. The resulting translation adjustments are recorded in accumulated other comprehensive loss in shareholders' equity. Income statement items are generally translated at average exchange rates prevailing during the period. Other foreign currency gains and losses are included in net income. International subsidiaries operating in highly inflationary economies translate nonmonetary assets at historical rates, while net monetary assets are translated at current rates, with the resulting translation adjustments included in net income.

Income Taxes

Income taxes are provided for based on the asset and liability method of accounting pursuant to SFAS No. 109, "Accounting for Income Taxes." Under SFAS No. 109, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Under SFAS No. 109, the effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

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

Research and Development Expenses

Research and development expenses are expensed as incurred.

Stock-Based Compensation

The Company has elected to recognize compensation costs on the intrinsic value of the equity instrument awarded as promulgated in Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." The Company has disclosed in Note 2, "Stock-Based Compensation" the pro forma effect of the fair value method on net income and earnings per share.

Pension and Post-retirement Benefits

The Company has defined benefit pension plans covering substantially all of its employees. The benefits are based on years of service.

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

Earnings Per Share

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

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

Reclassifications

Certain reclassifications have been made to prior-year amounts to conform with the current year presentation.

Note 2. Stock-Based Compensation

In December 2002, The FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure, an amendment of SFAS No. 123." This statement amends SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation, and requires additional disclosures in interim and annual financial statements. SFAS No. 123 requires the disclosure of pro forma net income and net income per share as if the Company adopted the fair value method of accounting for stock-based awards. The fair value of stock-based awards to employees was calculated using the Black-Scholes option-pricing model, modified for dividends, with the following weighted average assumptions:

	2003	2002	2001
Expected life (years)	7	7	7
Interest rate	3.74%	3.27%	4.69%
Volatility	30.61%	31.21%	30.41%
Expected dividend yield	0.21%	0.21%	0.28%

As required by SFAS No. 123, the Company has determined that the weighted average estimated fair values of options granted in 2003, 2002 and 2001 were $18.86, $18.30 and $14.36 per share, respectively. Pro forma net income for the fair value of stock options awarded in 2003, 2002 and 2001 were as follows:

(millions of dollars, except per share amounts)	2003	2002	2001
Income before cumulative effect of accounting change, as reported	$ 66.7	$ 53.8	$ 49.8
Add: Stock-based employee compensation included in reported income before accounting change	0.1	--	--
Deduct: Total stock-based employee compensation expense determined under	(2.2)	(2.2)	(5.5)

fair value based method for all awards, net of related tax effects			
Pro forma income before cumulative effect of accounting change	64.6	51.6	44.3
Cumulative effect of accounting change	3.4	--	--
Pro forma net income	$ 61.2	$ 51.6	$ 44.3
Net income, as reported	$ 63.2	$ 53.8	$ 49.8
Basic EPS			
Income before cumulative effect of accounting change, as reported	$ 3.30	$ 2.66	$ 2.54
Pro forma income before cumulative effect of accounting change	3.20	2.55	2.26
Pro forma net income	3.03	2.55	2.26
Net income, as reported	3.13	2.66	2.54
Diluted EPS			
Income before cumulative effect of accounting change, as reported	$ 3.26	$ 2.61	$ 2.48
Pro forma income before cumulative effect of accounting change	3.17	2.51	2.21
Pro forma net income	3.00	2.51	2.21
Net income, as reported	3.09	2.61	2.48

Note 3. Earnings Per Share (EPS)

Thousands of Dollars, Except Per Share Amounts

Basic EPS	**2003**	**2002**	**2001**
Income before cumulative effect of accounting change	$66,653	$53,752	$49,793
Cumulative effect of accounting change	3,433	--	--
Net income	$63,220	$53,752	$49,793
Weighted average shares outstanding	20,208	20,199	19,630
Basic earnings per share before cumulative effect of accounting change	$ 3.30	$ 2.66	$ 2.54
Cumulative effect of accounting change	(0.17)	--	--
Basic earnings per share	$ 3.13	$ 2.66	$ 2.54

Diluted EPS	**2003**	**2002**	**2001**
Income before cumulative effect of change	$66,653	$53,752	$49,793
Cumulative effect of accounting change	3,433	--	--
Net income	$63,220	$53,752	$49,793
Weighted average shares outstanding	20,208	20,199	19,630
Dilutive effect of stock options	223	370	433
Weighted average shares outstanding, adjusted	20,431	20,569	20,063
Diluted earnings per share before cumulative effect of accounting change	$ 3.26	$ 2.61	$ 2.48
Cumulative effect of accounting change	(0.17)	--	--
Diluted earnings per share	$ 3.09	$ 2.61	$ 2.48

The weighted average diluted common shares outstanding for the years ending December 31, 2002 and 2001 excludes the dilutive effect of approximately 445,000, and 376,000 options, respectively, since such options had an exercise price in excess of the average market value of the Company's common stock during such years.

Note 4. Income Taxes

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

Thousands of Dollars	**2003**	**2002**	**2001**
Domestic	$ 32,853	$ 44,768	$ 40,777
Foreign	39,491	30,966	31,893
	$ 72,344	$ 75,734	$ 72,670

Total income before provision for income taxes	$72,344	$78,754	$72,076

The provision for taxes on income consists of the following:

Thousands of Dollars	**2003**	**2002**	**2001**
Domestic			
Taxes currently payable			
Federal	$(12,674)	$ 5,797	$ 8,906
State and local	1,281	179	1,484
Deferred income taxes	4,036	5,873	998
Domestic tax provision	(7,357)	11,849	11,388
Foreign			
Taxes currently payable	10,424	11,601	10,889
Deferred income taxes	1,049	(3,230)	(1,129)
Foreign tax provision	11,473	8,371	9,760
Total tax provision	$ 4,116	$ 20,220	$ 21,148

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

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

Percentages	**2003**	**2002**	**2001**
U.S. statutory tax rate	35.0%	35.0%	35.0%
Depletion	(5.5)	(4.7)	(4.5)
Difference between tax provided on foreign earnings and the U.S. statutory rate	(3.3)	(3.2)	(1.9)
State and local taxes, net of Federal tax benefit	0.8	1.4	1.5
Tax credits and foreign dividends	2.3	(0.9)	(1.4)
Contribution of technology	(2.5)	--	--
Reversal of tax accruals	(20.7)	--	--
Other	(0.4)	(0.9)	0.4
Consolidated effective tax rate	5.7%	26.7%	29.1%

The Company reversed certain tax accruals during the second half of 2003 as a result of the expiration of the statute of limitations on the Company's U.S. tax returns for certain earlier years. This one-time, non-cash item resulted in a reduction to the tax provision for 2003 of approximately $15 million and a reduction to the overall effective tax rate for 2003 from 26.4% to 5.7%.

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

Thousands of Dollars	**2003**	**2002**
Deferred tax assets:		
State and local taxes	$ 4,218	$ 3,554
Accrued expenses	2,432	3,131
Deferred expenses	5,425	4,244
Net operating loss carry forwards	9,339	7,745
Other	4,520	1,125
Total deferred tax assets	25,934	19,799
Deferred tax liabilities:		
Plant and equipment, principally due to differences in depreciation	66,172	63,590
Pension and post-retirement benefits cost deducted for tax purposes in excess of amounts reported for financial statements	8,441	2,885
Other	2,938	1,507
Total deferred tax liabilities	77,551	67,982
Net deferred tax liabilities	$51,617	$48,183

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

The Company recorded $9.3 million of deferred tax assets arising from tax loss carry forwards which will be realized through future operations. Carry forwards of approximately $0.5 million expire over the next six years, and $8.8 million can be utilized over an indefinite period.

Net cash paid for income taxes were $15.6 million, $14.6 million, and $20.8 million for the years ended December 31, 2003, 2002, and 2001, respectively.

Note 5. Foreign Operations

The Company has not provided for U.S. federal and foreign withholding taxes on $102.8 million of foreign subsidiaries' undistributed earnings as of December 31, 2003 because such earnings, for the most part, are intended to be reinvested overseas. To the extent the parent company has received foreign earnings as dividends, the foreign taxes paid on those earnings have generated tax credits, which have substantially offset related U.S. income taxes. On repatriation, certain foreign countries impose withholding taxes. The amount of withholding tax that would be payable on remittance of the entire amount of undistributed earnings would approximate $3.8 million.

Net foreign currency exchange gains, included in other deductions in the Consolidated Statement of Income, were $476,000, $233,000, and $201,000 for the years ended December 31, 2003, 2002, and 2001, respectively.

Note 6. Inventories

The following is a summary of inventories by major category:

Thousands of Dollars	2003	2002
Raw materials	$34,132	$32,967
Work in process	8,153	7,153
Finished goods	25,998	25,459
Packaging and supplies	18,095	17,330
Total inventories	$86,378	$82,909

Note 7. Property, Plant and Equipment

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

Thousands of Dollars	2003	2002
Land	$ 19,873	$ 21,516
Quarries/mining properties	49,770	27,918
Buildings	151,923	140,550
Machinery and equipment	837,659	801,788
Construction in progress	54,899	39,548
Furniture and fixtures and other	95,826	84,684
	1,209,950	1,116,004
Less: Accumulated depreciation and depletion	(648,362)	(578,580)
Property, plant and equipment, net	$ 561,588	$ 537,424

Note 8. Restructuring Charges

During the fourth quarter of 2003, the Company announced plans to restructure its operations in an effort to reduce operating costs and to improve efficiency. The restructuring resulted in a total workforce reduction of approximately 70 people or three percent of the Company's worldwide workforce. The Company recorded a pre-tax restructuring charge of $3.3 million in the fourth quarter of 2003 to reflect these actions. This charge consisted of severance, other employee benefits, and lease termination costs. As of December 31, 2003 substantially all of the employees identified in the workforce reduction were terminated and $1.0 million of accrued restructuring liability was paid. As of December 31, 2003, the remaining restructuring liability was approximately $2.3 million.

Note 9. Acquisitions

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

In 2002, the Company acquired the following three entities for a total cash cost of $34.1 million:

- On February 6, 2002, the Company purchased a PCC manufacturing facility in Hermalle-sous-Huy, Belgium for approximately $10.2 million. The Company acquired this facility to accelerate the development of its European coating PCC program. The terms of the acquisition also provide for additional consideration of $1.0 million to be paid if certain volumes of coating PCC are produced and shipped from this facility for any six consecutive months within five years following the acquisition.
- On April 26, 2002, the Company acquired for approximately $1.4 million the assets of a company that develops and manufactures a refractory lining monitoring system.
- On September 9, 2002, the Company acquired the business and assets of Polar Minerals Inc., a privately owned producer of industrial minerals in the Midwest United States, for approximately $22.5 million.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of the acquisitions:

Millions of Dollars	**2003**	**2002**
Current assets	$ --	$11.6
Property, plant and equipment	2.0	17.7
Intangible assets	--	0.7
Goodwill	--	5.5
Net operating loss carry forwards	--	3.4
Total assets acquired	2.0	38.9
Liabilities assumed	--	(4.8)
Net cash paid	$ 2.0	$34.1

Note 10. Goodwill and Other Intangible Assets

Effective January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets." Under SFAS No. 142, goodwill and other intangible assets with indefinite lives are not amortized, but instead reviewed for impairment at least annually in accordance with the provisions of SFAS No. 142. This statement also required an initial goodwill impairment assessment in the year of adoption. The Company completed the initial impairment analysis and performed a subsequent impairment analysis in the fourth quarter. These analyses did not result in an impairment charge.

The carrying amount of goodwill was $52.7 million and $51.3 million as of December 31, 2003 and December 31, 2002, respectively. The net change in goodwill since January 1, 2003 was primarily attributable to the effect of foreign exchange.

The following table reconciles previously reported net income as if the provisions of SFAS No. 142 had come into effect in 2001:

(thousands of dollars)	**Year Ended December 31,**		
	2003	**2002**	**2001**
Reported net income	$63,220	$53,752	$49,793
Addback: goodwill amortization	--	--	818
Adjusted net income	$63,220	$53,752	$50,611
Basic earnings per share:			
Reported net income	$ 3.13	$ 2.66	$ 2.54
Goodwill amortization	--	--	0.04
Adjusted net income	$ 3.13	$ 2.66	$ 2.58
Diluted earnings per share:			
Reported net income	$ 3.09	$ 2.61	$ 2.48
Goodwill amortization	--	--	0.04
Adjusted net income	$ 3.09	$ 2.61	$ 2.52

Acquired intangible assets subject to amortization as of December 31, 2003 and December 31, 2002 were as follows:

(millions of dollars)	**December 31, 2003**		**December 31, 2002**	
	Gross Carrying Amount	**Accumulated Amortization**	**Gross Carrying Amount**	**Accumulated Amortization**

Patents and trademarks	$ 5.8	$ 0.9	$ 5.8	$ 0.7
Customer lists	1.4	0.2	1.4	0.1
Other	0.2	0.1	0.2	--
	$ 7.4	$ 1.2	$ 7.4	$ 0.8

The weighted average amortization period for acquired intangible assets subject to amortization is approximately 15 years. Amortization expense was $0.4 million in 2003 and the estimated amortization expense is $0.4 million for each of the next five years through 2008.

Included in other assets and deferred charges is an intangible asset of approximately $13.1 million which represents the non-current unamortized amount paid to a customer in connection with contract extensions at eight PCC satellite facilities. In addition, a current portion of $1.8 million is included in prepaid expenses and other current assets. Such amounts will be amortized as a reduction of sales over the remaining lives of the customer contracts. Approximately $1.3 million was amortized in 2003. Estimated amortization as a reduction of sales is as follows: 2004 - $1.8 million; 2005 - $1.8 million; 2006 - $1.8 million; 2007 - $1.8 million; 2008 - $1.8 million; with smaller reductions thereafter over the remaining lives of the contracts.

Note 11. Accounting for Impairment of Long-Lived Assets

The Company accounts for impairment of long-lived assets in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 establishes a uniform accounting model for disposition of long-lived assets. This Statement also requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If the carrying amount of the asset exceeds its estimated cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. During 2003, the Company recorded a writedown of impaired assets of $3.2 million for the planned closure of a plant and for assets made obsolete by improved technology. During 2002, the Company recorded a write-down of impaired assets of $0.8 million for a precipitated calcium carbonate plant at a paper mill that had ceased operations.

Note 12. Derivative Instruments and Hedging Activities

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

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

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

Based on criteria established by SFAS No. 133, the Company designated its derivatives as a cash flow hedge. During 2001, the Company entered into three-year interest rate swap agreements with notional amounts totaling $30 million that expire in January 2005. These agreements effectively convert a portion of the Company's floating-rate debt to a fixed-rate basis with an interest rate of 4.5%, thus reducing the impact of the interest rate changes on future cash flows and income. The Company uses FEC designated as cash flow hedges to protect against foreign currency exchange rate risks inherent in its forecasted inventory purchases. The Company had 13 open foreign exchange contracts at December 31, 2003.

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

Note 13. Financial Instruments and Concentrations of Credit Risk

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

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

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

Long-term debt: The fair value of the long-term debt of the Company is estimated based on the quoted market prices for that debt or similar debt and approximates the carrying amount.

Forward exchange contracts: The fair value of forward exchange contracts (used for hedging purposes) is estimated by obtaining quotes from brokers. If appropriate, the Company would enter into forward exchange contracts to mitigate the impact of foreign exchange rate movements on the Company's operating results. It does not engage in speculation. Such foreign exchange contracts would not subject the Company to additional risk from exchange rate movements because gains and losses on these contracts would offset losses and gains on the assets, liabilities and transactions being hedged. At December 31, 2003, the Company had open foreign exchange contracts to purchase $2.2 million of foreign currencies. These contracts range in maturity from January 21, 2004 to June 23, 2004. The fair value of these instruments was an asset of $0.1 million on December 31, 2003. There were no open foreign exchange contracts at December 31, 2002.

Interest rate swap agreements: The Company enters into interest rate swap agreements as a means to hedge its interest rate exposure on debt instruments. At December 31, 2003, the Company had two interest rate swaps with major financial institutions that effectively converted variable-rate debt to a fixed rate. One swap has a notional amount of $20 million and the other swap has a notional amount of $10 million. These swap agreements are under three-year terms expiring in January 2005 whereby the Company pays 4.50% and receives a three-month LIBOR rate plus 45 basis points. The fair value of these instruments was determined based on the present value of the estimated future net cash flows using implied rates in the applicable yield curve as of the valuation date. The fair value of these instruments was a liability of approximately $1.0 million and $1.5 million at December 31, 2003 and December 31, 2002, respectively.

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

The Company's bad debt expense for the years ended December 31, 2003, 2002, and 2001was $5.3 million, $6.2 million and $3.9 million, respectively.

Note 14. Long-Term Debt and Commitments

The following is a summary of long-term debt:

(thousands of dollars)	**December 31, 2003**	**December 31, 2002**
7.49% Guaranteed Senior Notes Due July 24, 2006	$ 50,000	$50,000
Yen-denominated Guaranteed Credit Agreement Due March 31, 2007	8,256	8,957
Variable/Fixed Rate Industrial Development Revenue Bonds Due 2009	4,000	4,000
Economic Development Authority Refunding Revenue Bonds Series 1999 Due 2010	4,600	4,600
Variable/Fixed Rate Industrial Development Revenue Bonds Due August 1, 2012	8,000	8,000
Variable/Fixed Rate Industrial Development Revenue Bonds Series 1999 Due November 1, 2014	8,200	8,200
Variable/Fixed Rate Industrial Development Revenue Bonds Due March 31, 2020	5,000	5,000
Installment obligations	11,368	--
Other borrowings	1,910	1,594
	101,334	90,351
Less: Current maturities	3,175	1,331
Long-term debt	$ 98,159	$89,020

On July 24, 1996, through a private placement, the Company issued $50 million of 7.49% Guaranteed Senior Notes due July 24, 2006. The proceeds from the sale of the notes were used to refinance a portion of the short-term commercial bank debt outstanding. No required principal payments are due until July 24, 2006. Interest on the notes is payable semi-annually.

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

The Variable/Fixed Rate Industrial Development Revenue Bonds due 2009 are tax-exempt 15-year instruments issued to finance the expansion of a PCC plant in Selma, Alabama. The bonds are dated November 1, 1994, and provide for an optional put by the holder (during the Variable Rate Period) and a mandatory call by the issuer. The bonds bear interest at either a variable rate or fixed rate, at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 1.18% and 1.57% for the years ended December 31, 2003 and 2002, respectively.

The Economic Development Authority Refunding Revenue Bonds due 2010 were issued on February 23, 1999 to refinance the bonds issued in connection with the construction of a PCC plant in Eastover, South Carolina. The bonds bear interest at either a variable rate or fixed rate, at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 1.16% and 1.51% for the years ended December 31, 2003 and 2002, respectively.

The Variable/Fixed Rate Industrial Development Revenue Bonds due August 1, 2012 are tax-exempt 15-year instruments that were issued on August 1, 1997 to finance the construction of a PCC plant in Courtland, Alabama. The bonds bear interest at either a variable rate or fixed rate, at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 1.16% and 1.56% for the years ended December 31, 2003 and 2002, respectively.

The Variable/Fixed Rate Industrial Development Revenue Bonds due November 1, 2014 are tax-exempt 15-year instruments and were issued on November 30, 1999 to refinance the bonds issued in connection with the construction of a PCC plant in Jackson, Alabama. The bonds bear interest at either a variable rate or fixed rate at the option of the Company. Interest is payable semi-annually under the fixed rate option and monthly under the variable rate option. The Company has selected the variable rate option on these borrowings and the average interest rates were approximately 1.16% and 1.56% for the years ended December 31, 2003 and 2002, respectively.

On June 9, 2000 the Company entered into a twenty-year, taxable, Variable/Fixed Rate Industrial Development Revenue Bond agreement to finance a portion of the construction of a merchant manufacturing facility for the production of Specialty PCC in Mississippi. The Company has selected the variable rate option for this borrowing and the average interest rate was approximately 1.65% and 2.33% for the years ended December 31, 2003 and 2002, respectively.

On May 31, 2003, the Company acquired land and limestone ore reserves from the Cushenbury Mine Trust for approximately $17.5 million. Approximately $6.1 million was paid at the closing and $11.4 million was financed through an installment obligation. The average interest rate on this obligation is approximately 4.25%. The principal payments are as follows: 2004 - $0.8 million; 2005 - $0.9 million, 2006 - $0.9 million; 2007 - $0.9 million; 2008 - $6.5 million; 2013 - $1.4 million.

The aggregate maturities of long-term debt are as follows: 2004 - $3.2 million; 2005 - $3.8 million; 2006 - $54.0 million, 2007 - $2.0 million; 2008 - $7.0 million; thereafter - $31.3 million.

The Company had available approximately $110.0 million in uncommitted, short-term bank credit lines, of which $30.0 million was in use at December 31, 2003. The interest rate for these borrowings was approximately 4.09% for the year ended December 31, 2003.

During 2003, 2002 and 2001, respectively, the Company incurred interest costs of $6.2 million, $6.4 million and $8.8 million including $0.8 million, $0.6 million and $0.9 million, respectively, which were capitalized. Interest paid approximated the incurred interest costs.

Note 15. Benefit Plans

Pension Plans and Other Postretirement Benefit Plans

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

Benefits under defined benefit plans are generally based on years of service and an employee's career earnings. Employees become fully vested after five years.

The Company provides postretirement health care and life insurance benefits for substantially all of its U.S. retired employees. Employees are generally eligible for benefits upon retirement and completion of a specified number of years of creditable service. The Company does not pre-fund these benefits and has the right to modify or terminate the plan in the future.

The Medicare Prescription Drug, Improvement and Modernization Act of 2003 became law in December 2003 and introduced both a Medicare prescription-drug benefit and a federal subsidy to sponsors of retiree health-care plans that provide a benefit at least "actuarially equivalent" to the Medicare benefit. The Company's other postretirement benefits do provide for such prescription-drug benefits. The Company has made a one-time election to defer accounting for the economic effects of the Medicare Act, as permitted by FASB Staff Position 106-1. The FASB plans to issue authoritative guidance on the accounting for the subsidies in 2004. The issued guidance could require the Company to change previously reported information.

The funded status of the Company's pension plans and other postretirement benefit plans at December 31, 2003 and 2002 is as follows:

Obligations and Funded Status

	Pension Benefits	**Other Benefits**

Millions of Dollars	2003	2002	2003	2002
Change in benefit obligation				
Benefit obligation at beginning of year	$125.8	$107.2	$ 24.3	$ 21.6
Service cost	5.7	5.1	1.2	1.1
Interest cost	7.9	7.3	1.6	1.5
Actuarial gain	7.9	7.5	2.2	1.6
Benefits paid	(6.2)	(4.1)	(2.4)	(1.5)
Other	1.6	2.8	--	--
Benefit obligation at end of year	$142.7	$125.8	$ 26.9	$ 24.3

Millions of Dollars	Pension Benefits		Other Benefits	
	2003	2002	2003	2002
Change in plan assets				
Fair value of plan assets at beginning of year	$111.4	$102.7	$ --	$ --
Actual return on plan assets	22.8	(9.2)	--	--
Employer contributions	20.8	20.2	2.4	1.6
Plan participants' contributions	0.2	0.2	--	--
Benefits paid	(7.2)	(4.1)	(2.4)	(1.6)
Other	4.7	1.6	--	--
Fair value of plan assets at end of year	$152.7	$111.4	$ --	$ --
Funded status	$ 10.0	$(14.4)	$(26.9)	$(24.3)
Unrecognized transition amount	(0.1)	--	--	--
Unrecognized net actuarial loss	31.3	42.0	6.4	4.4
Unrecognized prior service cost	4.6	4.7	--	--
Prepaid (accrued) benefit cost	$ 45.8	$ 32.3	$(20.5)	$(19.9)

Amounts recognized in the consolidated balance sheet consist of:

Millions of Dollars	Pension Benefits		Other Benefits	
	2003	2002	2003	2002
Prepaid expenses	$ 4.3	$ --	$ --	$ --
Prepaid benefit cost	46.3	36.1	(20.5)	--
Accrued benefit liabilities	(7.3)	(7.2)	--	(19.9)
Intangible asset	1.1	1.2	--	--
Accumulated other comprehensive loss	1.4	2.2	--	--
Net amount recognized	$ 45.8	$ 32.3	$(20.5)	$(19.9)

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

	December 31,	
	2003	2002
Projected benefit obligation	$ 33.6	$ 31.5
Accumulated benefit obligation	$ 29.3	$ 26.4
Fair value of plan assets	$ 23.8	$ 17.8

The accumulated benefit obligation for all defined benefit pension plans was $131.9 million and $109.8 million at December 31, 2003 and 2002, respectively.

The components of net periodic benefit costs are as follows:

Millions of Dollars	Pension Benefits			Other Benefits		
	2003	2002	2001	2003	2002	2001
Service cost	$ 5.7	$ 5.1	$ 5.2	$ 1.2	$ 1.1	$ 1.1
Interest cost	7.9	7.3	6.9	1.6	1.5	1.4
Expected return on plan assets	(10.1)	(9.0)	(9.5)	--	--	--

Amortization of transition amount	0.1	0.1	0.8	--	--	--
Amortization of prior service cost	0.6	0.5	0.5	0.1	(0.4)	(1.7)
Recognized net actuarial loss (gain)	2.3	0.8	(0.2)	--	--	--
SFAS No. 88 settlement	--	--	1.9	--	--	--
Net periodic benefit cost	$ 6.5	$ 4.8	$ 5.6	$ 2.9	$ 2.2	$ 0.8

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

Under the provisions of SFAS No. 88, lump sum distributions from the Company's Supplemental Retirement Plan caused a partial settlement of such plan, resulting in a charge of $1.9 million in 2001.

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

Additional Information

The weighted average assumptions used in the accounting for the pension benefit plans and other benefit plans as of December 31 are as follows:

	2003	2002	2001
Discount rate	6.25%	6.75%	7.25%
Expected return on plan assets	8.75%	8.75%	9.25%
Rate of compensation increase	3.50%	3.50%	4.00%

The Company considers a number of factors to determine its expected rate of return on plan assets assumptions, including historical performance of plan assets, asset allocation and other third-party studies and surveys. The Company reviewed the historical performance of plan assets over a ten-year period (from 1993 to 2003), the results of which exceed the 8.75% rate of return assumption that the Company ultimately selected for domestic plans. The Company also considered the plan portfolios' asset allocations over a variety of time periods and compared them with third-party studies and surveys of annualized returns of similarly balanced portfolio strategies. The historical return of this universe of similar portfolios also exceeded the return assumption that the Company ultimately selected. Finally, the Company reviewed performance of the capital markets in recent years and, upon advice from various third parties, such as the pension plans' advisers, investment managers and actuaries, selected the 8.75% return assumption used for domestic plans.

For measurement purposes, health care cost trend rates of approximately 10% for pre-age-65 and post-age-65 benefits were used in 2003. These trend rates were assumed to decrease gradually to 5.0% for 2009 and remain at that level thereafter.

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

Thousands of Dollars	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total service and interest cost components	11	(12)
Effect on postretirement benefit obligation	150	(160)

Plan Assets

The Company's pension plan weighted average asset allocations at December 31, 2003 and 2002 by asset category are as follows:

Asset Category	**Plan Assets at December 31,**	
	2003	**2002**
Equity securities	68.9%	68.4%
Fixed income securities	30.1%	30.6%
Real estate	0.4%	0.4%
Other	0.6%	0.6%
Total	100%	100%

The following table presents domestic and foreign pension plan assets information at December 31, 2003, 2002 and 2001 (the measurement date of pension plan assets):

Millions of Dollars	**U.S. Plans**			**International Plans**		
	2003	**2002**	**2001**	**2003**	**2002**	**2001**

Fair value of plan assets	$123.5	$87.6	$77.9	$29.2	$23.7	$24.7

Contributions

The Company expects to contribute $7 million to its pension plan and $10 million to its other postretirement benefit plan in 2004.

Investment Strategies

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

Savings and Investment Plans

The Company maintains a voluntary Savings and Investment Plan for most non-union employees in the U.S. Within prescribed limits, the Company bases its contribution to the Plan on employee contributions. The Company's contributions amounted to $3.0 million, $2.9 million and $2.9 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Note 16. Leases

The Company has several noncancelable operating leases, primarily for office space and equipment. Rent expense amounted to approximately $4.9 million, $4.6 million and $4.4 million for the years ended December 31, 2003, 2002 and 2001, respectively. Total future minimum rental commitments under all noncancelable leases for each of the years 2004 through 2008 and in the aggregate thereafter are approximately $5.4 million, $4.8 million, $3.9 million, $3.0 million, and $4.7 million, respectively and $8.1 million thereafter.

Total future minimum payments to be received under direct financing leases for each of the years 2004 through 2008 and in the aggregate thereafter are approximately $2.8 million, $2.6 million, $2.0 million, $1.3 million, and $1.0 million respectively and $3.3 million thereafter.

Note 17. Litigation

On April 9, 2003, the Connecticut Department of Environmental Protection ("DEP") issued an administrative consent order which had been agreed to by MTI, Specialty Minerals Inc. and Minteq International Inc. relating to the Canaan, Connecticut, site at which both Minteq and Specialty Minerals have operations. The order settled claims relating to an accidental discharge of machine oil alleged to have contained polychlorinated biphenyls at or above regulated levels, as well as alleged violations of requirements pertaining to stormwater and waste water discharge and to management of underground storage tanks. The order required payment of a civil penalty in the amount of $11,000 and funding of several supplemental environmental projects totaling $330,000. These amounts were paid on April 21, 2003. Cost of remediation at the site remains uncertain.

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

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

Note 18. Stockholders' Equity

Capital Stock

The Company's authorized capital stock consists of 100 million shares of common stock, par value $0.10 per share, of which 20,491,499 shares and 20,155,787 shares were outstanding at December 31, 2003 and 2002, respectively, and 1,000,000 shares of preferred stock, none of which were issued and outstanding.

Cash Dividends

Cash dividends of $2.0 million or $0.10 per common share were paid during 2003. In January 2004, a cash dividend of approximately $1.4 million or $0.05 per share, was declared, payable in the first quarter of 2004.

Preferred Stock Purchase Rights

Under the Company's Preferred Stock Purchase Rights Plan, each share of the Company's common stock carries with it one preferred stock purchase right. Subject to the terms and conditions set forth in the plan, the rights will become exercisable if a person or group acquires beneficial ownership of 15% or more of the Company's common stock or announces a tender or exchange offer that would result in the acquisition of 30% or more thereof. If the rights become exercisable, separate certificates evidencing the rights will be distributed, and each right will entitle the holder to purchase from the Company a new series of preferred stock, designated as Series A Junior Preferred Stock, at a predefined price. The rights also entitle the holder to purchase shares in a change-of-control situation. The preferred stock, in addition to a preferred dividend and liquidation right, will entitle the holder to vote on a pro rata basis with the Company's common stock.

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

Stock and Incentive Plan

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

In 2001, the shareholders approved an amendment to increase the number of shares of common stock available under the Plan by an additional 0.5 million.

The following table summarizes stock option activity for the Plan:

		Under Option	
	Shares Available For Grant	Shares	Weighted Average Exercise Price Per Share ($)
Balance January 1, 2001	1,252,989	2,519,214	34.23
Authorized	500,000	--	--
Granted	(252,500)	252,500	34.81
Exercised	--	(109,504)	29.04
Canceled	42,057	(42,057)	38.57
Balance December 31, 2001	1,542,546	2,620,153	34.43
Granted	(285,728)	285,728	46.92
Exercised	--	(977,363)	30.03
Canceled	20,335	(20,335)	50.83
Balance December 31, 2002	1,277,153	1,908,183	38.54
Granted	(82,435)	82,435	47.74
Exercised	--	(483,978)	32.92
Canceled	23,874	(23,874)	39.17
Balance December 31, 2003	1,218,592	1,482,766	40.85

The following table summarizes information concerning Plan options at December 31, 2003:

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding at 12/31/03	Weighted Average Remaining Contractual Term (Years)	Weighted Average Exercise Price	Number Exercisable at 12/31/03	Weighted Average Exercise Price
$30.625 - 34.825	278,043	5.0	$33.00	225,773	$32.57
$36.725 - 39.530	776,167	5.4	$39.52	762,667	$39.53
$42.070 - 53.120	428,556	7.9	$48.40	191,685	$49.07

Note 19. Comprehensive Income

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

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

Currency Translation Adjustment	Minimum Pension Liability	Net Gain (Loss) On Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)

Balance at January 1, 2001	$(43.1)	$(1.0)	$ --	$(44.1)
Current year change	(11.9)	0.5	0.2	(11.2)
Balance at December 31, 2001	(55.0)	(0.5)	0.2	(55.3)
Current year change	22.2	(0.8)	(1.1)	20.3
Balance at December 31, 2002	(32.8)	(1.3)	(0.9)	(35.0)
Current year change	39.7	(1.4)	0.5	38.8
Balance at December 31, 2003	$ 6.9	$(2.7)	$(0.4)	$ 3.8

The income tax expense (benefit) associated with items included in other comprehensive income (loss) was approximately $0.8 million, ($1.1) million, and $0.4 million for the years ended December 31, 2003, 2002 and 2001, respectively.

Note 20. Accounting for Asset Retirement Obligations

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

Upon adoption, the Company recorded a non-cash, after-tax charge to earnings of approximately $3.4 million for the cumulative effect of this accounting change related to retirement obligations associated with the Company's PCC satellite facilities and its mining properties, both within the Specialty Minerals segment. As a result of this pronouncement, the Company recorded additional depreciation and accretion expenses of approximately $1.0 million for full year 2003. Such charge is included in cost of goods sold. The pro forma effect on results, assuming that SFAS No. 143 were applied retroactively, would be a non-cash, after-tax charge to earnings of approximately $0.5 million for the full year 2002.

The following is a reconciliation of asset retirement obligations as of December 31, 2003:

(thousands of dollars)

Asset retirement liability, beginning of period	$8,953
Accretion expense	712
Payments made	(350)
Asset retirement liability, end of period	$9,315

Note 21. Accounting for Costs Associated with Exit or Disposal Activities

Effective January 1, 2003, the Company adopted SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This statement addresses financial accounting and reporting for costs associated with exit or disposal activities. During the first quarter of 2003, the Company paid approximately $660,000 of one-time termination benefits to a group of employees at the Specialty Minerals facility in the United Kingdom. Such charge is included in cost of goods sold.

Note 22. Deferred Compensation

In July 2003, the Company granted to certain corporate officers rights to receive 27,600 shares of the Company's common stock under the Company's 2001 Stock Award and Incentive Plan (the 2001 Plan). The rights will be deferred for a specified

number of years of service, subject to restrictions on transfer and other conditions. Upon issuance of the rights, a deferred compensation expense equivalent to the market value of the underlying shares on the date of the grant was charged to stockholders' equity and is being amortized over the estimated average deferral period of approximately 5 years. The compensation expense amortized with respect to the units during 2003 was approximately $135,600.

Note 23. Segment and Related Information

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

The Company has two operating segments: Specialty Minerals and Refractories. The Specialty Minerals segment produces and sells precipitated calcium carbonate and lime, and mines, processes and sells the natural mineral products limestone and talc. This segment's products are used principally in the paper,

building materials, paints and coatings, glass, ceramic, polymers, food, and pharmaceutical industries. The Refractories segment produces and markets monolithic and shaped refractory materials and services used primarily by the steel, cement and glass industries.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on the operating income of the respective business units. Depreciation expense related to corporate assets is allocated to the business segments and is included in their income from operations. However, such corporate depreciable assets are not included in the segment assets. Specialty Minerals' segment sales to International Paper Company and affiliates represented approximately 10.0%, 11.5% and 13.0% of consolidated net sales in 2003, 2002 and 2001, respectively. Intersegment sales and transfers are not significant.

Segment information for the years ended December 31, 2003, 2002 and 2001was as follows (in millions):

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

	2002		
	Specialty Minerals	**Refractories**	**Total**
Net sales	$520.1	$232.6	$752.7
Income from operations	60.0	20.9	80.9
Bad debt expenses	3.8	2.4	6.2
Writedown of impaired assets	0.8	--	0.8
Depreciation, depletion and amortization	59.0	10.0	69.0
Segment assets	612.7	238.6	851.3
Capital expenditures	27.3	9.7	37.0

	2001		
	Specialty Minerals	**Refractories**	**Total**
Net sales	$483.3	$201.1	$684.4
Income from operations	55.5	25.1	80.6
Restructuring charges	3.0	0.4	3.4
Bad debt expenses	0.6	3.3	3.9
Depreciation, depletion and amortization	55.9	10.6	66.5
Segment assets	587.9	231.4	819.3
Capital expenditures	54.3	8.6	62.9

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

	2003	**2002**	**2001**
Income before provision for taxes on income and minority interests			
Consolidated income from operations	$ 77.2	$ 80.9	$ 80.6
Interest income	0.8	1.1	0.8
Interest expense	(5.4)	(5.8)	(7.9)
Other deductions	(0.3)	(0.5)	(0.8)
Income before provision for taxes on income and minority interests	$ 72.3	$ 75.7	$ 72.7

	2003	**2002**	**2001**
Total assets			

Total segment assets	$ 926.2	$851.3	$819.3
Corporate assets	109.3	48.6	28.5
Consolidated total assets	$1,035.5	$899.9	$847.8

	2003	2002	2001
Capital expenditures			
Total segment capital expenditures	$ 49.5	$ 37.0	$ 62.9
Corporate capital expenditures	3.2	0.1	0.2
Consolidated total capital expenditures	$ 52.7	$ 37.1	$ 63.1

The following is a schedule of amortization expense related to goodwill by segment:

(thousands of dollars)	Amortization of Goodwill Year Ended December 31,		
	2003	2002	2001
Specialty Minerals	$ --	$ --	$ 373
Refractories	--	--	991
Total	$ --	$ --	$1,364

The carrying amount of goodwill by reportable segment as of December 31, 2003 and December 31, 2002 was as follows:

	Goodwill	
(thousands of dollars)	2003	2002
Specialty Minerals	$ 15,682	$ 14,637
Refractories	37,039	36,654
Total	$ 52,721	$ 51,291

The net change in goodwill since December 31, 2002 was primarily attributable to the effect of foreign exchange.

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

Net sales	2003	2002	2001
United States	$499.9	$482.2	$442.7
Canada/Latin America	72.4	68.5	63.6
Europe/Africa	192.6	156.0	129.6
Asia	48.8	46.0	48.5
Total International	313.8	270.5	241.7
Consolidated total net sales	$813.7	$752.7	$684.4

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

Long-lived assets	2003	2002	2001
United States	$402.4	$400.6	$411.1
Canada/Latin America	24.5	21.5	28.5
Europe/Africa	154.7	141.3	115.3
Asia	37.1	31.9	31.4
Total International	216.3	194.7	175.2
	$618.7	$595.3	$586.3

Consolidated total long-lived assets	====	====	====

Note 24. Quarterly Financial Data (unaudited)

Thousands of Dollars, Except Per Share Amounts

2003 Quarters	**First**	**Second**	**Third**	**Fourth**
Net Sales by Product Line				
PCC	$109,252	$106,587	$108,541	$111,711
Processed Minerals	28,523	30,770	30,564	31,201
Specialty Minerals Segment	137,775	137,357	139,106	142,912
Refractories Segment	63,675	65,017	59,128	68,773
Consolidated net sales	201,450	202,374	198,234	211,685
Gross profit	49,767	49,996	47,486	50,745
Income before cumulative effect of accounting change	14,917	14,283	24,251	13,202
Cumulative effect of accounting change	3,433	--	--	--
Net income	$ 11,484	$ 14,283	$ 24,251	$ 13,202
Earnings per share before accounting change:				
Basic	$ 0.74	$ 0.71	$ 1.20	$ 0.65
Diluted	$ 0.74	$ 0.70	$ 1.18	$ 0.64
Earnings per share after accounting change:				
Basic	$ 0.57	$ 0.71	$ 1.20	$ 0.65
Diluted	$ 0.57	$ 0.70	$ 1.18	$ 0.64
Market Price Range Per Share of Common Stock:				
High	$ 44.25	$ 50.20	$ 53.15	$ 60.75
Low	$ 35.45	$ 37.57	$ 47.09	$ 50.90
Close	$ 37.79	$ 48.14	$ 51.44	$ 59.25
Dividends paid per common share	$ 0.025	$ 0.025	$ 0.025	$ 0.025

In the fourth quarter of 2003, the Company recorded a $3.2 million writedown of impaired assets relating to the planned closure of the Company's operations in River Rouge, Michigan and the retirement of certain Synsil® product assets made obsolete by an improved manufacturing process. In addition, the Company recorded restructuring charges of $3.3 million in the fourth quarter of 2003.

The Company reversed certain tax accruals due to the expiration of the statute of limitations in the third quarter of 2003. As a result, the tax provision was decreased by $11.5 million in the third quarter and $3.5 million in the fourth quarter.

2002 Quarters	**First**	**Second**	**Third**	**Fourth**
Net Sales by Product Line				
PCC	$102,876	$103,320	$107,562	$109,230
Processed Minerals	21,439	24,380	24,546	26,726
Specialty Minerals Segment	124,315	127,700	132,108	135,956
Refractories Segment	54,685	59,128	60,026	58,762
Consolidated net sales	179,000	186,828	192,134	194,718
Gross profit	45,576	46,166	46,397	45,806
Net income	$ 13,543	$ 13,997	$ 14,213	$ 11,999

Earnings per share:				
Basic	$ 0.68	$ 0.68	$ 0.70	$ 0.60
Diluted	$ 0.66	$ 0.67	$ 0.70	$ 0.59
Market Price Range Per Share of Common Stock:				
High	$ 53.91	$ 53.84	$ 48.99	$ 46.07
Low	$ 44.06	$ 49.12	$ 33.17	$ 36.38
Close	$ 52.93	$ 49.32	$ 37.07	$ 43.15
Dividends paid per common share	$ 0.025	$ 0.025	$ 0.025	$ 0.025

In the second quarter of 2002, the Company recorded a $0.75 million write-down of impaired assets related to a satellite PCC plant at a paper mill that has ceased operations.

Independent Auditors' Report

The Board of Directors and Shareholders
Minerals Technologies Inc.:

We have audited the accompanying consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of December 31, 2003 and 2002 and the related consolidated statements of income, shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Minerals Technologies Inc. and subsidiary companies as of December 31, 2003 and 2002 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" effective January 1, 2003 and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" effective January 1, 2002.

KPMG LLP

New York, New York
January 22, 2004

Management's Responsibility for Financial Statements and System of Internal Control

The consolidated financial statements and all related financial information herein are the responsibility of the Company's management. The financial statements, which include amounts based on judgments, have been prepared in accordance with accounting principles generally accepted in the United States of America. Other financial information in the annual report is consistent with that in the financial statements.

The Company maintains a system of internal control over financial reporting, which it believes provides reasonable assurance that transactions are executed in accordance with management's authorization and are properly recorded, that assets are safeguarded, and that accountability for assets is maintained. Even an effective internal control system, no matter how well designed, has inherent limitations and, therefore, can provide only reasonable assurance with respect to financial statement preparation. The system of internal control is characterized by a control-oriented environment within the Company, which includes written policies and procedures, careful selection and training of personnel, and audits by a professional staff of internal auditors.

The Company's independent accountants have audited and reported on the Company's consolidated financial statements. Their audits were performed in accordance with auditing standards generally accepted in the United States of America.

The Audit Committee of the Board of Directors is composed solely of outside directors. The Audit Committee meets periodically with our independent auditors, internal auditors and management to review accounting, auditing, internal control and financial reporting matters. Recommendations made by the independent auditors and the Company's internal auditors are considered and appropriate action is taken with respect to these recommendations. Both our independent auditors and internal auditors have free access to the Audit Committee.

Paul R. Saueracker
Chairman of the Board, President and
Chief Executive Officer

John A. Sorel
Senior Vice President, Finance and
Chief Financial Officer

Michael A. Cipolla
Vice President, Corporate Controller and
Chief Accounting Officer

January 22, 2004

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

Description	Balance at Beginning of Period	Additions Charged to Costs, Provisions and Expenses	Deductions (a)(b)	Balance at End of Period
Year ended December 31, 2003				
Valuation and qualifying accounts deducted from assets to which they apply:				
Allowance for doubtful accounts	$7,079	$5,307	$(5,376)	$7,010
Year ended December 31, 2002				

Valuation and qualifying accounts deducted from assets to which they apply:				
Allowance for doubtful accounts	$3,697	$6,214	$(2,832)	$7,079

Year ended December 31, 2001

Valuation and qualifying accounts deducted from assets to which they apply:				
Allowance for doubtful accounts	$2,898	$3,930	$(3,131)	$3,697

(a) Includes impact of translation of foreign currencies.
(b) Uncollectible accounts charged against allowance for doubtful accounts, net of recoveries of $618.

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF MINERALS TECHNOLOGIES INC.

Minerals Technologies Inc., a corporation organized and existing under the laws of the State of Delaware, hereby certifies as follows:

1. The name of the corporation is Minerals Technologies Inc. The name under which it was originally incorporated was Composite Metal Products, Inc. The date of filing its original Certificate of Incorporation with the Secretary of State was February 19, 1968. A certificate of amendment changing its name to Pfizer Specialty Minerals Inc. was filed with the Secretary of State on August 5, 1988. An additional amendment changing its name to Minerals Technologies Inc. was filed with the Secretary of State on August 14, 1992.

2. This Restated Certificate of Incorporation was duly adopted by vote of the stockholders in accordance with Section 245 and Section 242 of the General Corporation Law of Delaware.

3. The text of the Certificate of Incorporation as amended or supplemented heretofore is hereby restated with further amendments or changes to read as herein set forth in full:

FIRST: The name of the Corporation is and shall be Minerals Technologies Inc. (hereinafter in this Restated Certificate of Incorporation called the "Corporation").

SECOND: The registered office and place of business of the Corporation in the State of Delaware is located at 1209 Orange Street, in the City of Wilmington, County of New Castle; and the name and post office address of the registered agent of the Corporation in the State of Delaware is The Corporation Trust Company, 1209 Orange Street, in the City of Wilmington, County of New Castle, Delaware.

THIRD: The nature of the business, or objects or purposes to be transacted, promoted or carried on are as follows:

To engage in, conduct, perform or participate in every kind of commercial, agricultural, mercantile, manufacturing, mining, transportation, industrial or other enterprise, business, work, contract, undertaking, venture or operation.

To buy, sell, manufacture, refine, import, export and deal in all products, goods, wares, merchandise, substances, apparatus, and property of every kind, nature and description, and to construct, maintain, and alter any buildings, works or mines.

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF MINERALS TECHNOLOGIES INC.

To enter into, make and perform contracts of every kind with any person, firm or corporation.

To take out patents, trademarks, trade names and copyrights, acquire those taken out by others, acquire or grant licenses in respect of any of the foregoing, or work, transfer, or do whatever else with them may be thought fit.

To acquire the good-will, property, rights, franchises, contracts and assets of every kind and undertake the liabilities of any person, firm, association or corporation, either wholly or in part, and pay for the same in the stock, bonds or other obligations of the Corporation or otherwise.

To purchase, hold, own, sell, assign, transfer, mortgage, pledge or otherwise dispose of shares of the capital stock of any other corporation or corporations, association or associations, of any state, territory or country, and while owner of such stock, to exercise all the rights, powers and privileges of ownership including the right to vote thereon.

To issue bonds, debentures or obligations of the Corporation, at the option of the Corporation, secure the same by mortgage, pledge, deed of trust or otherwise, and dispose of and market the same.

To purchase, hold and re-issue the shares of its capital stock and its bonds and other obligations.

To do all and everything necessary, suitable, convenient or proper for the accomplishment of any of the purposes or the attainment of one or more of the objects herein enumerated, or of the powers herein named, or which shall at any time appear conducive to or expedient for the protection, or benefit of the Corporation, either as holder of, or interested in, any property or otherwise, to the same extent as natural persons might or could do, in any part of the world.

To conduct any of its business in the State of Delaware and elsewhere, including in the term "elsewhere" any of the states, districts, territories, colonies or dependencies of the United States, and in any and all foreign countries and to have one or more offices, and to hold, purchase, mortgage and convey real and personal property, without limit as to amount, within or (except as and when forbidden by local laws) without the State of Delaware.

To carry on any other business to any extent and in any manner permitted by the laws of Delaware or, where the Corporation may seek to do such business elsewhere, by local laws. The foregoing clauses shall be construed both as objects and powers, but no recitation or declaration of specific or special objects or powers herein enumerated shall be deemed to be exclusive; but in each and every instance it is hereby expressly declared that all other powers, not inconsistent therewith, now or hereafter permitted or granted under the laws of Delaware, or by the laws of any other state or country into which the Corporation may go or seek to do business, are hereby expressly included as if such other or general powers were herein set forth.

FOURTH:

A. Authorized Shares and Classes of Stock.

The total number of shares and classes of stock that the Company shall have authority to issue is one hundred and one million (101,000,000) shares, which shall be divided into two classes, as follows: one million (1,000,000) shares of Preferred Stock, without par value, and (100,000,000) shares of Common Stock of the par value of $.10 per share.

B. Designations, Powers, Preferences and Rights, in Respect of the Shares of Preferred Stock.

(1) Shares of the Preferred Stock may be issued in one or more series at such time or times and for such consideration or considerations as the Board of Directors may determine. All shares of any one series shall be of equal rank and identical in all respects.

(2) Authority is hereby expressly granted to the Board of Directors to fix from time to time, by resolution or resolutions providing for the issue of any series of Preferred Stock, the designation of such series, and the powers, preferences and rights of the shares of such series, and the qualifications, limitations or restrictions thereof, including the following:

(a) The distinctive designation and number of shares comprising such series, which number may (except where otherwise provided by the Board of Directors in creating such series) be increased or decreased (but not below the number of shares then outstanding) from time to time by like action of the Board of Directors;

(b) The dividend rate or rates on the shares of such series and the preferences, if any, over any other series (or of any other series over such series) with respect to dividends, the terms and conditions upon which and the periods in respect of which dividends shall be payable, whether and upon what

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conditions such dividends shall be cumulative and, if cumulative, the date or dates from which dividends shall accumulate;

(c) Whether or not the shares of such series shall be redeemable, the limitations and restrictions with respect to such redemptions, the time or times when, the price or prices at which and the manner in which such shares shall be redeemable, including the manner of selecting shares of such series for redemption if less than all shares are to be redeemed;

(d) The rights to which the holders of shares and such series shall be entitled, and the preferences, if any, over any other series (or of any other series over such series), upon the voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, which rights may vary depending on whether such liquidation, dissolution, distribution or winding-up is voluntary or involuntary, and, if voluntary, may vary at different dates;

(e) Whether or not the shares of such series shall be subject to the operation of a purchase, retirement or sinking fund, and, if so, whether and upon what conditions such purchase, retirement or sinking fund shall be cumulative or noncumulative, the extent to which and the manner in which such fund shall be applied to the purchase or redemption of the shares of such series for retirement or to other corporate purposes and the terms and provisions relative to the operation thereof;

(f) Whether or not the shares of such series shall be convertible into or exchangeable for shares of stock of any other class or classes, or of any other series of the same class and, if so convertible or exchangeable, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of such conversion or exchange;

(g) The voting powers, full and/or limited, if any, of the shares of such series; and whether or not and under what conditions the shares of such series (alone or together with the shares of one or more other series having similar provisions) shall be entitled to vote separately as a single class, for the election of one or more additional directors of the Corporation in case of dividend arrearages or other specified events, or upon other matters;

(h) Whether or not the issuance of any additional shares of such series, or of any shares of any other series, shall be subject to restrictions as to issuance, or as to the powers, preferences or rights of any such other series;

(i) Whether or not the holders of shares of such series shall be entitled, as a matter of right, to subscribe for or purchase any part of any new or additional issue of stock of any class or of securities convertible into stock of any class and, if so entitled, the qualifications, conditions, limitations and restrictions of such right; and

(j) Any other preferences, privileges and powers, and relative, participating, optional or other special rights, and qualifications, limitations or restrictions of such series, as the Board of Directors may deem advisable and as shall not be inconsistent with the provisions of this Certificate of Incorporation.

(3) The shares of each series of Preferred Stock shall entitle the holders thereof to receive, when, as and if declared by the Board of Directors out of funds legally available for dividends, cash dividends at the rate, under the conditions, for the periods and on the dates fixed by the resolution or resolutions of the Board of Directors pursuant to authority granted in this Section B, for each series, and no more, before any dividends on the Common Stock, other than dividends payable in Common Stock, shall be paid or set apart for payment. No dividends shall be paid or declared or set apart for payment on any particular series of Preferred Stock in respect of any period unless dividends shall be or have been paid, or declared and set apart for payment, pro rata on all shares of Preferred Stock at the time outstanding of each other series which ranks equally as to dividends with such particular series, so that the amount of dividends declared on such particular series shall bear the same ratio to the amount declared on each such other series as the dividend rate of such particular series shall bear to the dividend rate of such other series. No dividends shall be deemed to have accrued on any share of Preferred Stock of any series with respect to any period prior to the date of original issue of such share or the dividend payment date immediately preceding or following such date of original issue, as may be provided in the resolution or resolutions creating such series. Accruals of dividends shall not bear interest.

(4) Any redemption of Preferred Stock shall be effected by notice duly given as hereinafter specified and by payment at the redemption price of the Preferred Stock to be redeemed. In case of redemption of a part only of a series of the Preferred Stock at the time outstanding, the selection of shares for redemption may be made either by lot or pro rata or in such other manner as shall be determined by the Board of Directors. Notice of every such redemption, stating the redemption date and price, the place of payment, and the expiration date of then existing rights, if any, of conversion or exchange, shall be given by publication, not less than 30 nor more than 60 days prior to the date fixed for redemption, at least twice in a newspaper customarily published at least once a day for at least five days in each calendar week and of general circulation in New York, New York, whether or not published on Saturdays, Sundays, or holidays. Notice of such redemption may a lso be mailed not less than 30 nor more than 60 days prior to the date fixed for redemption to the holders of record of the shares so to be

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redeemed at their respective addresses as the same shall appear on the books of the Corporation, but no failure to mail such notice or any defect therein or in the mailing thereof shall affect the validity of such redemption proceedings. If

(a) such notice of redemption by publication shall have been duly given or the Corporation shall have given to a bank or trust company in New York, New York designated by the Board of Directors and having capital and surplus of at least Two Million Dollars ($2,000,000), irrevocable authorization promptly to give such notice; and

(b) on or before the redemption date specified in such notice the funds or other property necessary for such redemption shall have been deposited by the Corporation with such bank or trust company, designated in such notice, in trust for the pro rata benefit of the holders of the shares so called for redemption;

then, notwithstanding that any certificate for shares so called for redemption shall not have been surrendered for cancellation, from and after the time of such deposit all shares of the Preferred Stock so called for redemption shall no longer be deemed to be outstanding and all rights with respect to such shares shall forthwith cease and terminate, except only

(i) the right of the holders thereof to receive from such bank or trust company the funds or other property so deposited, without interest, upon surrender (and endorsement, if required by the Board of Directors) of the certificates for such shares, and

(ii) the rights of conversion or exchange, if any, not theretofore expired.

Any funds or other property so deposited and unclaimed at the end of six years from such redemption date shall be released or repaid to the Corporation, after which the holders of the shares so called for redemption shall look only to the Corporation for payment thereof.

(5) Shares of Preferred Stock which have been redeemed or converted, or which have been issued and reacquired in any manner and retired, shall have the status of authorized and unissued Preferred Stock and may be reissued by the Board of Directors as shares of the same or any other series.

(6) In the event of any voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, the holders of the shares of each series of Preferred Stock then outstanding shall be entitled to receive out of the net

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assets of the Corporation, but only in accordance with the preference, if any, provided for such series, before any distribution or payment shall be made to the holders of the Common Stock, the amount per share fixed by the resolution or resolutions of the Board of Directors to be received by the holders of shares of each such series on such voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up, as the case may be. If such payment shall have been made in full, to the holders of all outstanding Preferred Stock of all series, or duly provided for, the remaining assets of the Corporation shall be available for distribution among the holders of the Common Stock. If upon any such liquidation, dissolution, distribution, of assets or winding-up, the net assets of the Corporation available for distribution among the holders of any one or more series of the Preferred Stock which (a) are entitled to a preference over the holders of the Common Stock upon such liquidation, dissolutio n, distribution of assets or winding-up, and (b) rank equally in connection therewith, shall be insufficient to make payment in full of the preferential amount to which the holders of such shares shall be entitled, then such assets shall be distributed among the holders of each such series of the Preferred Stock ratably according to the respective amounts to which they would be entitled in respect of the shares held by them upon such distribution if all amounts payable on or with respect to such shares were paid in full. Neither the consolidation or merger of the Corporation, nor the sale, lease or conveyance of all or part of its assets, shall be deemed a liquidation, dissolution, distribution of assets or winding-up of the Corporation within the meaning of the foregoing provisions.

(7) Unless and except to the extent otherwise required by law or provided in the resolution or resolutions of the Board of Directors pursuant to this Section B, the shares of Preferred Stock shall have no voting power with respect to any matter whatsoever, including, but not limited to, any action to

(a) increase the authorized number of shares of the Preferred Stock or of any series thereof,

(b) create shares of stock of any class ranking prior to or on a parity with any series of the Preferred Stock with respect to any preferences or voting powers, and

(c) authorize a new series of the Preferred Stock having preferences or voting powers ranking prior to or on a parity with any series of the Preferred Stock with respect to any preferences or voting powers.

C. Limitations, Relative Rights and Powers in Respect of Shares of Common Stock.

(1) After the requirements with respect to preferential dividends, if any, on the Preferred Stock (fixed pursuant to Section B) shall have been met and after the

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Corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as purchase, retirement or sinking funds (fixed pursuant to Section B), then and not otherwise the holders of Common Stock shall be entitled to receive such dividends as may be declared from time to time by the Board of Directors.

(2) After distribution in full of the preferential amount, if any, (fixed pursuant to Section B) to be distributed to the holders of Preferred Stock in the event of the voluntary or involuntary liquidation, dissolution, distribution of assets or winding-up of the Corporation, the holders of the Common Stock shall be entitled to receive all the remaining assets of the Corporation of whatever kind available for the distribution to stockholders ratably in proportion to the number of shares of Common Stock held by them respectively.

D. Other Provisions.

(1) Except as may be provided in the resolution or resolutions of the Board of Directors pursuant to Section B with respect to any series of Preferred Stock, no holder of stock of any class of the Corporation shall be entitled as of right to purchase or subscribe for any part of any unissued stock of any class, or of any additional stock of any class of Capital Stock of the Corporation, or to any bonds, certificates of indebtedness, debentures, or other securities convertible into stock of the Corporation, now or hereafter authorized, but any such stock or other securities convertible into stock may be issued and disposed of pursuant to resolution by the Board of Directors to such persons, firms, corporations or associations and upon such terms and for such consideration as the Board of Directors in the exercise of its discretion may determine and as may be permitted by law. Any and all shares of stock so issued for which the considera tion so fixed has been paid or delivered to the Corporation shall be fully paid and not liable to any further call.

(2) The minimum amount of capital with which the Corporation will commence business is $1,000.

(3) Effective at the time of the filing with the Secretary of State of the State of Delaware of the Restated Certificate of Incorporation of the Company setting forth this paragraph, each share of the Company's Common Stock, par value $.10 per share, issued and outstanding immediately prior to such time shall, without any action on the part of the holder thereof, automatically be reclassified into two thousand five hundred (2,500) shares of Common Stock, par value $.10 per share, of the Company's and each stock certificate that, immediately prior to the time of such filing, represented one share of the Company's Common Stock, par value $.10 per share, shall, from and after such time and without the necessity of presenting the same for exchange, represent two thousand five hundred (2,500) shares of Common Stock, par value $.10 per share, until

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such stock certificates are transferred or exchanged.

FIFTH: The private property of the stockholders shall not be subject to the payment of corporate debts to any extent whatever.

SIXTH: The Corporation shall have perpetual existence.

SEVENTH: The following provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation, and it is expressly provided that the same are intended to be in furtherance and not in limitation or exclusion of the powers conferred by statute:

(1) The number of directors of the Corporation (exclusive of directors (the "Preferred Stock Directors") who may be elected by the holders of any one or more series of Preferred Stock which may at any time be outstanding, voting separately as a class or classes) shall not be less than three nor more than twelve, the exact number within said limits to be fixed from time to time solely by resolution of the Board of Directors, acting by not less than a majority of the directors then in office.

(2) The Board of Directors (exclusive of Preferred Stock Directors) shall be divided into three classes, Class I, Class II and Class Ill. The number of directors in each class shall be as nearly equal as possible. The term of office of directors in Class I shall expire at the annual meeting of stockholders in 1993; the term of office of directors in Class II shall expire at the annual meeting of stockholders in 1994; and the term of office of directors in Class III shall expire at the annual meeting of stockholders in 1995. Commencing with the annual meeting of stockholders in 1993, directors of each class the term of which shall then expire shall be elected to hold office for a three-year term and until the election and qualification of their respective successors in office. Election of directors need not be by ballot unless the By-laws so provide.

(3) Subject to the rights of the holders of any one or more series of Preferred Stock then outstanding, newly created directorships resulting from any increase in the authorized number of directors or any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled solely by the Board of Directors, acting by not less than a majority of the directors then in office. Any director so chosen shall hold office until the next election of the class for which such director shall have been chosen and until his successor shall be elected and qualified. No decrease in the number of directors shall shorten the term of any incumbent director.

(4) Subject to the rights of the holders of any one or more series of Preferred Stock then outstanding, any director, or the entire Board of Directors, may be removed from office at any time, but only for cause and only by the affirmative vote of at least 80% of the voting power of all of the outstanding shares of capital stock of the Corporation as are entitled to vote generally in the election of directors ("Voting Stock"), voting together as a single class.

(5) The By-laws may prescribe the number of directors necessary to constitute a quorum and such number may be less than a majority of the total number of directors, but shall not be less than one-third of the total number of directors.

(6) Both stockholders and directors shall have power, if the By-laws of the Corporation so provide, to hold their meetings either within or without the State of Delaware, to have one or more offices in addition to the principal office in the State of Delaware, and to keep the books of the Corporation (subject to the provisions of the statutes) outside of the State of Delaware at such places as may from time to time be designated by them.

(7) The Board of Directors shall have power to determine from time to time whether and if allowed under what conditions and regulations the accounts, and except as otherwise provided by statute or by this Certificate of Incorporation, the books of the Corporation shall be open to the inspection of the stockholders, and the stockholders rights in this respect are and shall be restricted or limited accordingly, and no stockholder shall have any right to inspect any account or book or document of the Corporation except as conferred by statute or by this Certificate of Incorporation, or authorized by the Board of Directors or by a resolution of the stockholders.

(8) The Board of Directors shall have the power to adopt, amend or repeal the By-laws of the Corporation.

(9) The Board of Directors acting by a majority of the whole board shall have power to appoint three or more of their number to constitute an Executive Committee, which Committee shall, when the Board of Directors is not in session and subject to the By-laws, have and exercise any or all of the powers of the Board of Directors in the management of the business and affairs of the Corporation and shall have power to authorize the seal of the Corporation to be affixed to all papers which may require it. The Board of Directors acting by a majority of the whole board shall also have power to appoint any other committee or committees, such committees to have and exercise such powers as shall be conferred by the Board of Directors or be authorized by the By-laws.

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(10) Except as may be otherwise provided by statute or in this Certificate of Incorporation, the business and affairs of this Corporation shall be managed under the direction of the Board of Directors.

(11) Directors, for their services as such, may be paid such compensation as may be fixed from time to time by the Board of Directors.

(12) The Board of Directors shall have power from time to time to fix and determine and vary the amount of the working capital of the Corporation and, subject to any restrictions contained in the Certificate of Incorporation, to direct and determine the use and disposition of any surplus over and above the capital stock paid in, and in its discretion to use and apply any such surplus in purchasing or acquiring property, bonds or other obligations of the Corporation or shares of its own capital stock, to such extent and in such manner and upon such terms as the Board of Directors shall deem expedient, but any shares of such capital stock so purchased or acquired may be resold unless such shares shall have been retired in the manner provided by law for the purpose of decreasing the Corporation's capital stock.

(13) The liability of the Corporation's Directors to the Corporation or its stockholders shall be eliminated to the fullest extent permitted by the Delaware General Corporation Law as amended from time to time. No amendment to or repeal of this paragraph (13) of Article SEVENTH shall apply to or have any effect on the liability or alleged liability of any director of the Corporation for or with respect to any acts or omissions of such director occurring prior to such amendment or repeal.

(14) Notwithstanding any other provision of law which might otherwise permit a lesser vote or no vote, but in addition to any affirmative vote of the holders of any particular class of Voting Stock required by law or this Certificate of Incorporation, the affirmative vote of the holders of at least 80% of all of the then outstanding shares of Voting Stock, voting together as a single class, shall be required to alter, amend or repeal paragraphs (1), (2), (3), (4), (5), (8), (10), (13) or this paragraph (14) of this Article SEVENTH.

(15) Any action required or permitted to be taken by the stockholders of the Corporation must be effected solely at a duly called annual or special meeting of such holders and may not be effected by any consent in writing by such holders.

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IN WITNESS WHEREOF, said Minerals Technologies Inc. has caused this certificate to be signed by Jean-Paul Vallès, the Chairman of its Board of Directors, and attested by S. Garrett Gray, its Secretary, this 29th day of September, 1992.

MINERALS TECHNOLOGIES INC.

By:/s/J. P. Vallès

J. P. Vallès
Chairman of the Board of Directors

Attest:

By:/s/S. Garrett Gray

S. Garrett Gray
Secretary

EXHIBIT 3.3

CERTIFICATE OF DESIGNATIONS

OF

SERIES A JUNIOR PREFERRED STOCK

OF

MINERALS TECHNOLOGIES INC.

Pursuant to Section 151 of the Delaware

General Corporation Law

I, John R. Stack, Vice President - Finance of Minerals Technologies Inc., a corporation organized and existing under the Delaware General Corporation Law (the "Company"), in accordance with the provisions of Section 151 of such law, DO HEREBY CERTIFY that pursuant to the authority conferred upon the Board of Directors by the Amended and Restated Certificate of Incorporation of the Company, the Board of Directors on October 26, 1992 adopted the following resolution which creates a series of 280,000 shares of Preferred Stock designated as Series A Junior Preferred Stock, as follows:

> **RESOLVED**, that pursuant to Section 151(g) of the Delaware General Corporation Law and the authority vested in the Board of Directors of the Company in accordance with the provisions of ARTICLE FOURTH, Section B of the Amended and Restated Certificate of Incorporation of the Company, a series of Preferred Stock of the Company be, and hereby is, created, and the powers, designations, preferences and relative, participating, optional or other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof, be, and hereby are, as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series A Junior Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting such series shall be 280,000.

Section 2. Dividends and Distributions.

(A) Subject to the provisions for adjustment hereinafter set forth, the holders of shares of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for the purpose, (I) cash dividends in an amount per share (rounded to the nearest cent) equal to 100 times the aggregate per share amount of all cash dividends declared or paid on the Common Stock, $0.10 par value per share, of the Company (the "Common Stock") and (ii) a preferential cash dividend (the "Preferential Dividends"), if any, in preference to the holders of any class of Common Stock, on the first day of February, May, August and November of each year (each a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series A Preferred Stock, payable in an amount (except in the case of the first Quarterly Dividend Payment if the date of the first issuance of Series A Preferr ed Stock is a date other than a Quarterly Dividend Payment date, in which case such payment shall be a prorated amount of such amount) equal to $1.00 per share of Series A Preferred Stock less the per share amount of all cash dividends declared on the Series A Preferred Stock pursuant to clause (I) of this sentence since the immediately preceding Quarterly Dividend Payment Date or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series A Preferred Stock. In the event the Company shall, at any time after the issuance of any share or fraction of a share of Series A Preferred Stock, make any distribution on the shares of Common Stock of the Company, whether by way of a dividend or a reclassification of stock, a recapitalization, reorganization or partial liquidation of the Company or otherwise, which is payable in cash or any debt security, debt instrument, real or personal property or any other property (other than cash dividends subje ct to the immediately preceding sentence, a distribution of shares of Common Stock or other capital stock of the Company or a distribution of rights or warrants to acquire any such share, including any debt security convertible into or exchangeable for any such share, at a price less than the Fair Market Value (as hereinafter defined) of such share), then, and in each such event, the Company shall simultaneously pay on each then outstanding share of Series A Preferred Stock of the Company a distribution, in like kind, of 100 times such distribution paid on a share of Common Stock (subject to the provisions for adjustment hereinafter set forth). The dividends and distributions on the Series A Preferred Stock to which holders thereof are entitled pursuant to clause (I) of the first sentence of this paragraph and pursuant to the second sentence of this paragraph are hereinafter referred to as "Dividends" and the multiple of such cash and non-cash dividends on the Common Stock applicable to the determination of the Dividends, which shall be 100 initially buy shall be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Dividend Multiple". In the event the Company shall at any time after November 6, 1992 declare or pay any dividend or make any distribution on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then in each such case the Dividend Multiple thereafter applicable to the determination of the amount of Dividends which holders of shares of Series A Preferred Stock shall be entitled to

receive shall be the Dividend Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately pr ior to such event.

(B) The Company shall declare each Dividend at the same time it declares any cash or non-cash dividend or distribution on the Common Stock in respect of which a Dividend is required to be paid. No cash or non-cash dividend or distribution on the Common Stock in respect of which a Dividend is required to be paid shall be paid or set aside for payment on the Common Stock unless a Dividend in respect of such dividend or distribution on the Common Stock shall be simultaneously paid, or set aside for payment, on the Series A Preferred Stock.

(C) Preferential Dividends shall begin to accrue on outstanding shares of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issuance of any shares of Series A Preferred Stock. Accrued but unpaid Preferential Dividends shall cumulate but shall not bear interest. Preferential Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

Section 3. Voting Rights. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Subject to the provisions for adjustment hereinafter set forth, each share of Series A Preferred Stock shall entitle the holder thereof to 100 votes on all matters submitted to a vote of the stockholders of the Company. The number of votes which a holder of Series A Preferred Stock is entitled to cast, as the same may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Vote Multiple". In the event the Company shall at any time after November 6, 1992 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then in each such case the Vote Multiple thereafter applicable to the determination of the number of votes per share to which holders of shares of Series A Preferred Stock shall be entitled after such event shall be the Vote Multiple immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) Except as otherwise provided herein, in the Amended and Restated Certificate of Incorporation or By-laws, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Company.

(C) In the event that the Preferential Dividends accrued on the Series A Preferred Stock for four or more quarterly dividend periods, whether consecutive or not, shall not have been declared and paid or irrevocably set aside for payment, the holders of record of Preferred Stock of the Company of all series (including the Series A Preferred Stock), other than any series in respect of which such right is expressly withheld by the Amended and Restated Certificate of Incorporation or the authorizing resolutions included in any Certificate of Designations therefor, shall have the right, at the next meeting of stockholders called for the election of directors, to elect two members to the Board of Directors, which directors shall be in addition to the number required by the By-laws prior to such event, to serve until the next Annual Meeting and until their successors are elected and qualified or their earlier resignation, removal or incapacity or until such earlier time as all accrued and unpaid Preferential Div idends upon the outstanding shares of Series A Preferred Stock shall have been paid (or irrevocably set aside for payment) in full. The holders of shares of Series A Preferred Stock shall continue to have the right to elect directors as provided by the immediately preceding sentence until all accrued and unpaid Preferential Dividends upon the outstanding shares of Series A Preferred Stock shall have been paid (or set aside for payment) in full. Such directors may be removed and replaced by such stockholders, and vacancies in such directorships may be filled only by such stockholders (or by the remaining director elected by such stockholders, if there be one) in the manner permitted by law; provided, however, that any such action by stockholders shall be taken at a meeting of stockholders and shall not be taken by written consent thereto.

(D) Except as otherwise required by the Amended and Restated Certificate of Incorporation or By-laws or set forth herein, holders of Series A Preferred Stock shall have no other special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for the taking of any corporate action.

Section 4. Certain Restrictions.

(A) Whenever Preferential Dividends or Dividends are in arrears or the Company shall be in default of payment thereof, thereafter and until all accrued and unpaid Preferential Dividends and Dividends, whether or not declared, on shares of Series A Preferred Stock outstanding shall have been paid or set irrevocably aside for payment in full, and in addition to any and all other rights which any holder of shares of Series A Preferred Stock may have in such circumstances, the Company shall not

(i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration, any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock;

(ii) declare or pay dividends on or make any other distributions on any shares of stock ranking on a parity as to dividends with the Series A Preferred Stock, unless dividends are paid ratably on the Series A Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled if the full dividends accrued thereon were to be paid;

(iii) except as permitted by subparagraph (iv) of this paragraph 4(A), redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock, provided that the Company may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Company ranking junior (both as to dividends and upon liquidation, dissolution or winding up) to the Series A Preferred Stock; or

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock, or any shares of stock ranking on a parity with the Series A Preferred Stock (either as to dividends or upon liquidation, dissolution or winding up), except in accordance with a purchase offer made to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Company shall not permit any Subsidiary (as hereinafter defined) of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner. A "Subsidiary" of the Company shall mean any corporation or other entity of which securities or other ownership interests having ordinary voting power sufficient to elect a majority of the board of directors of such corporation or other entity or other persons performing similar functions are beneficially owned, directly or indirectly, by the Company or by any corporation or other entity that is otherwise controlled by the Company.

(C) The Company shall not issue any shares of Series A Preferred Stock except upon exercise of Rights issued pursuant to that certain Rights Agreement dated as of October 26, 1992 between the Company and Chemical Bank, a copy of which is on file with the Secretary of the Company at its principal executive office and shall be made available to stockholders of record without charge upon written request therefor addressed to said Secretary. Notwithstanding the foregoing sentence, nothing contained in the provisions hereof shall prohibit or restrict the Company from issuing for any purpose any series of Preferred Stock with rights and privileges similar to, different from, or greater than, those of the Series A Preferred Stock.

Section 5. Reacquired Shares. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares upon their retirement and cancellation shall become authorized but unissued shares of Preferred Stock, without designation as to series, and such shares may be reissued as part of a new series of Preferred Stock to be created by resolution or resolutions of the Board of Directors.

6. Liquidation, Dissolution or Winding Up. Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, no distribution shall be made (I) to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock unless the holders of shares of Series A Preferred Stock shall have received, subject to adjustment as hereinafter provided, (A) $100.00 per share plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment or, (B) if greater than the amount specified in clause (I) (A) of this sentence, an amount equal to 100 times the aggregate amount to be distributed per share to holders of Common Stock, as the same may be adjusted as hereinafter provided and (ii) to the holders of stock ranking on a parity upon liquidation, dissolution or winding up with the Series A Preferred Stock, unless simultaneously therewith distribut ions are made ratably on the Series A Preferred Stock and all other shares of such parity stock in proportion to the total amounts to which the holders of shares of Series A Preferred Stock are entitled under clause (I) (A) of this sentence and to which the holders of such parity shares are entitled, in each case upon such liquidation, dissolution or winding up. The amount to which holders of Series A Preferred Stock may be entitled upon liquidation, dissolution or winding up of the Company pursuant to clause (I) (B) of the foregoing sentence is hereinafter referred to as the "Participating Liquidation Amount" and the multiple of the amount to be distributed to holders of shares of Common Stock upon the liquidation, dissolution or winding up of the Company applicable pursuant to said clause to the determination of the Participating Liquidation Amount, as said multiple may be adjusted from time to time as hereinafter provided, is hereinafter referred to as the "Liquidation Multiple". In the event the Compan y shall at any time after November 6, 1992 declare or pay any dividend on Common Stock payable in shares of Common Stock, or effect a subdivision or split or a combination, consolidation or reverse split of the outstanding shares of Common Stock into a greater or lesser number of shares of Common Stock, then, in each such case, the Liquidation Multiple thereafter applicable to the determination of the Participating Liquidation Amount to which holders of Series A Preferred Stock shall be entitled after such event shall be the Liquidation Multiple applicable immediately prior to such event multiplied by a fraction the numerator of which is the number of shares of Common Stock outstanding immediately after such event and the denominator of which is the number of shares of Common Stock that were outstanding immediately prior to such event.

Section 7. Certain Reclassifications and Other Events.

(A) In the event that holders of shares of Common Stock of the Company receive after November 6, 1992 in respect of their shares of Common Stock any share of capital stock of the Company (other than any share of Common Stock of the Company), whether by way of reclassification, recapitalization, reorganization, dividend or other distribution or otherwise (a "Transaction"), then, and in each such event, the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Company of the shares of Series A Preferred Stock shall be adjusted so that after such event the holders of Series A Preferred Stock shall be entitled, in respect of each share of Series A Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such adjustment, to (I) such additional dividends as equal the Dividend Multiple in effect immediately prior to such Transaction multiplied by the additional dividends which the holder of a share of Com mon Stock shall be entitled to receive by virtue of the receipt in the Transaction of such capital stock, (ii) such additional voting rights as equal the Vote Multiple in effect immediately prior to such Transaction multiplied by the additional voting rights which the holder of a share of Common Stock shall be entitled to received by virtue of the receipt in the Transaction of such capital stock and (iii) such

additional distributions upon liquidation, dissolution or winding up of the Company as equal the Liquidation Multiple in effect immediately prior to such Transaction multiplied by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Company by virtue of the receipt in the Transaction of such capital stock, as the case may be, all as provided by the terms of such capital stock.

(B) In the event that holders of shares of Common Stock of the Company receive after November 6, 1992 in respect of their shares of Common Stock any right or warrant to purchase Common Stock (including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for Common Stock) at a purchase price per share less than the Fair Market Value of a share of Common Stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon the liquidation, dissolution or winding up of the Company of the shares of Series A Preferred Stock shall each be adjusted so that after such event the Dividend Multiple, the Vote Multiple and the Liquidation Multiple shall each be the product of the Dividend Multiple, the Vote Multiple and the Liquidation Multiple, as the case may be, in effect immediately prior to such event multiplied by a fraction the numerator of which shall be the number of shares of Common Stock outstandi ng immediately before such issuance of rights or warrants plus the maximum number of shares of Common Stock which could be acquired upon exercise in full of all such rights or warrants and the denominator of which shall be the number of shares of Common Stock outstanding immediately before such issuance of rights or warrants plus the number of shares of Common Stock which could be purchased, at the Fair Market Value of the Common Stock at the time of such issuance, by the maximum aggregate consideration payable upon exercise in full of all such rights or warrants.

(C) In the event that holders of shares of Common Stock of the Company receive after November 6, 1992 in respect of their shares of Common Stock any right or warrant to purchase capital stock of the Company (other than shares of Common Stock), including as such a right, for all purposes of this paragraph, any security convertible into or exchangeable for capital stock of the Company (other than Common Stock), at a purchase price per share less than the Fair Market Value of such shares of capital stock on the date of issuance of such right or warrant, then and in each such event the dividend rights, voting rights and rights upon liquidation, dissolution or winding up of the Company of the shares of Series A Preferred Stock shall each be adjusted so that after such event each holder of a share of Series A Preferred Stock shall be entitled, in respect of each share of Series A Preferred Stock held, in addition to such rights in respect thereof to which such holder was entitled immediately prior to such event , to receive (I) such additional dividends as equal the Dividend Multiple in effect immediately prior to such event multiplied, first, by the additional dividends to which the holder of a share of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction (as hereinafter defined) and (ii) such additional voting rights as equal the Vote Multiple in effect immediately prior to such event multiplied, first, by the additional voting rights to which the holder of a share of Common Stock shall be entitled upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction and (iii) such additional distributions upon liquidation, dissolution or winding up of the Company as equal the Liquidation Multiple in effect immediately prior to such event multiplied, first, by the additional amount which the holder of a share of Common Stock shall be entitled to receive upon liquidation, dissolution or winding up of the Company upon exercise of such right or warrant by virtue of the capital stock which could be acquired upon such exercise and multiplied again by the Discount Fraction. For purposes of this paragraph, the "Discount Fraction" shall be a fraction the numerator of which shall be the difference between the Fair Market Value of a share of the capital stock subject to a right or warrant distributed to holders of shares of Common Stock of the Company as contemplated by this paragraph immediately after the distribution thereof and the purchase price per share for such share of capital stock pursuant to such right or warrant and the denominator of which shall be the Fair Market Value of a share of such capital stock immediately after the distribution of such right or warrant.

(D) For purposes of this Certificate of Designations, the "Fair Market Value" of a share of capital stock of the Company (including a share of Common Stock) on any date shall be deemed to be the average of the daily closing price per share thereof over the 30 consecutive Trading Days (as such term is hereinafter defined) immediately prior to such date; provided, however, that, in the event that such Fair Market Value of any such share of capital stock is determined during a period which includes any date that is within 30 Trading Days after (i) the ex-dividend date for a dividend or distribution on stock payable in shares of such stock or securities convertible into shares of such stock, or (ii) the effective date of any subdivision, split, combination, consolidation, reverse stock split or reclassification of such stock, then, and in each such case, the Fair Market Value shall be appropriately adjusted by the Board of Directors of the Company to take into account ex-dividend or post-effective date tradin g. The closing price for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way (in either case, as reported in the applicable transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange), or, if the shares are not listed or admitted to trading on the New York Stock Exchange, as reported in the applicable transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares are listed or admitted to trading or, if the shares are not listed or admitted to trading on any national securities exchange, the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Sealers, Inc. Automated Quotation System ("NASDAQ") or such other system then in use, or if on any such date the sha res are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the shares selected by the Board of Directors of the Company. The term "Trading Day" shall mean a day on which the principal national securities exchange on which the shares are listed or admitted to trading is open for the transaction of business or, if the shares are not listed or admitted to trading on any national securities exchange, on which the New York Stock Exchange or such other national securities exchange as may be selected by the Board of Directors of the Company is open. If the shares are not publicly held or not so listed or traded on any day within the period of 30 Trading Days applicable to the determination of Fair Market Value thereof as aforesaid, "Fair Market Value" shall mean the fair market value thereof per share as determined in good faith by the Board of Directors of the Company. In either case referred to in the foregoing sen tence, the determination of Fair Market Value shall be described in a statement filed with the Secretary of the Company.

Section 8. Consolidation, Merger, etc. In case the Company shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case each outstanding share of Series A Preferred Stock shall at the same time be similarly exchanged for or changed into the aggregate amount of stock, securities, cash and/or other property (payable in like kind), as the case may be, for which or into which each share of Common Stock is changed or exchanged multiplied by the highest of the Vote Multiple, the Dividend Multiple or the Liquidation Multiple in effect immediately prior to such event.

Section 9. Effective Time of Adjustments.

(A) Adjustments to the Series A Preferred Stock required by the provisions hereof shall be effective as of the time at which the event requiring such adjustments occurs.

(B) The Company shall give prompt written notice to each holder of a share of Series A Preferred Stock of the effect of any adjustment to the voting rights, dividend rights or rights upon liquidation, dissolution or winding up of the Company of such shares required by the provisions hereof. Notwithstanding the foregoing sentence, the failure of the Company to give such notice shall not affect the validity of or the force or effect of or the requirement for such adjustment.

Section 10. No Redemption. The shares of Series A Preferred Stock shall not be redeemable at the option of the Company or any holder thereof. Notwithstanding the foregoing sentence of this Section, the Company may acquire shares of Series A Preferred Stock in any other manner permitted by law, the provisions hereof and the Restated Certificate of Incorporation of the Company.

Section 11. Ranking. Unless otherwise provided in the Amended and Restated Certificate of Incorporation of the Company or a Certificate of Designations relating to a subsequent series of preferred stock of the Company, the Series A Preferred Stock shall rank junior to all other series of the Company's preferred stock as to the payment of dividends and the distribution of assets on liquidation, dissolution or winding up and senior to the Common Stock.

Section 12. Amendment. The provisions hereof and the Amended and Restated Certificate of Incorporation of the Company shall not be amended in any manner which would adversely affect the rights, privileges or powers of the Series A Preferred Stock without, in addition to any other vote of stockholders required by law, the affirmative vote of the holders of two-thirds or more of the outstanding shares of Series A Preferred Stock, voting together as a single class.

IN WITNESS WHEREOF, I have executed and subscribed this Certificate of Designations and do affirm the foregoing as true under the penalties of perjury this 4th day of November, 1992.

/s/ John R. Stack

Name: John R. Stack
Title: Vice President - Finance

ATTEST:

/s/

Secretary

EXHIBIT 4.1

COMMON STOCK
PAR VALUE
$0.10

COMMON STOCK
PAR VALUE
$0.10

SHARES
CUSIP 603158 10 6

[GRAPHIC DESIGN]

See reverse for certain definitions

THIS CERTIFICATE IS TRANSFERABLE
IN BOSTON, MASSACHUSETTS
OR NEW YORK, NEW YORK

MINERALS TECHNOLOGIES INC.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

This certifies that

is the owner of

FULLY-PAID AND NON-ASSESSABLE SHARES OF THE COMMON STOCK OF

Minerals Technologies Inc., transferable on the books of the Corporation by the holder hereof in person or by duly authorized Attorney upon surrender of this Certificate properly endorsed. This Certificate is not valid unless countersigned and registered by the Transfer Agent and Registrar.

Witness the facsimile seal of the Corporation and the facsimile signatures of its duly authorized officers.

DATED:

Countersigned and Registered:

STATE STREET BANK AND TRUST COMPANY
(BOSTON, MASSACHUSETTS)

Transfer Agent and Registrar

By

Authorized Signature

/s/ Chairman

/s/ Secretary

[Minerals Technologies Inc. LOGO]

This certificate also evidences and entitles the holder hereof to the same number of Rights (subject to adjustment) as the number of shares of Common Stock represented by this certificate, such Rights being on the terms provided under the Rights Agreement between Minerals Technologies Inc. and Chemical Bank (the "Rights Agent"), dated as of October 26, 1992, as it may be amended from time to time (The "Rights Agreement"), the terms of which are incorporated herein by reference and a copy of which is on file at the principal executive offices of Minerals Technologies Inc. Under certain circumstances, as set forth in the Rights Agreement, such Rights shall be evidenced by separate certificates and shall no longer be evidenced by this certificate. Minerals Technologies Inc. shall mail to the registered holder of this certificate a copy of the Rights Agreement without charge within five days after receipt of a written request therefor. Under certain circumstances as provided in Section 7(e) of the Rights Agre ement, Rights issued to or Beneficially Owned by Acquiring Persons or their Affiliates or Associates (as such terms are defined in the Rights Agreement) or any subsequent holder of such Rights shall be null and void and may not be transferred to any Person.

MINERALS TECHNOLOGIES INC. RETIREMENT PLAN

(As amended and restated effective as of January 21, 2004,
with certain other effective dates)

January 2004

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Article 1. The Plan

1.1 Background of Plan

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

Effective as of January 1 2002, the Company amended the Retirement Annuity Plan to provide that employees employed on or after January 1, 2002 will accrue benefits under a cash balance formula and that Members who were accruing benefits under the

Retirement Annuity Plan on December 31, 2001 generally will continue to accrue benefits under the career earnings benefit formula that was in effect on December 31, 2001. In connection with such amendment, the name of the Retirement Annuity Plan was changed to the Minerals Technologies Inc. Retirement Plan (the "Plan"), effective as of January 1, 2002.

The Plan, as hereinafter amended and restated, shall be effective as of January 1, 2002, except that certain amendments shall have other effective dates as set forth in the Plan.

1.2 Applicability of Plan

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

1.3 Purpose of Plan

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

Article 2. Definitions

2.1 Definitions

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

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

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

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

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

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

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

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

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

(i) An interest rate assumption of 7½% per annum; and

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

(2) **Benefit Payable Under Career Earnings Formula.** In determining the amount of a benefit payable in the form of an Automatic Joint and Surviving Spouse Annuity under Section 6.2, or a Joint and Contingent Annuitant Option and/or Level Income Option under Section 6.3, and for purposes of determining any adjustment to be made to a Member's Accrued Benefit under Section 6.4(b), actuarial equivalence as of any given date shall be determined using an interest rate assumption of 7½% per annum and the mortality table described in Section 2.1(b)(2)(B). In determining the amount of benefit payable in the form of a lump-sum payment under Section 6.3(b) and for purposes of determining whether the cash-out provisions of Section 7.3 shall be applicable, actuarial equivalence as of any given date shall be determined using--

(A) an interest rate equal to the annual rate of interest on 30-year Treasury securities or the generally accepted proxy therefor, in each case as specified by the Commissioner of the Internal Revenue Service for the full calendar month four months prior to the month in which the Member retires; and

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

(3) **Maximum Benefit Limitations.**

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

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

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

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

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

(1) any corporation while it is a member of the same controlled group of corporations (within the meaning of Code section 414(b)) as the Company,

(2) any other trade or business (whether or not incorporated) while it is under common control with the Company within the meaning of Code section 414(c),

(3) any organization (whether or not incorporated) during any period in which it (along with the Company) is a member of an affiliated service group (within the meaning of Code section 414(m)), and

(4) any entity required to be aggregated with the Company pursuant to Code section 414(o) and the regulations thereunder;

provided that, for purposes of Article 8 (regarding maximum benefit limitations), in determining common control under Code sections 414(b) and (c), the phrase "more than 50 percent" shall be substituted for the phrase "at least 80 percent" each place the latter appears in Code section 1563 (and regulations thereunder) and in regulations under Code section 414(c).

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

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

(1) **Benefits Payable in the Form of an Annuity.** In the case of benefits payable in the form of an annuity, Annuity Starting Date shall mean the first day of the first period for which an amount is payable under the Plan.

(2) **Benefits Payable in the Form of a Lump-Sum Payment.** In the case of a benefit payable in the form of a lump-sum payment, Annuity Starting Date shall mean the date on which all events have occurred which entitle the Member to such benefit, but in no event earlier than the date that benefits become payable to the Member under Section 4.1, 4.2, 4.3, 4.4 or 6.5, whichever is applicable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(ii) the number of consecutive One-Year Breaks in Service equals or exceeds the greater of five or the aggregate number of years of Credited Service completed prior to such One-Year Break in Service; provided, however, that the Creditable Service that such employee had prior to a One-Year Break in Service shall not be disregarded pursuant to this subsection (ii) if the employee completes at least 24 consecutive months of Creditable Service following his reemployment.

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

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

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

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

(s) **"Earnings."**

(1) **Items Included.** Earnings shall mean actual salary, wages, bonus (except as otherwise provided under Section 2.1(s)(2)), and other remuneration earned by an Employee from an Employer for his service with an Employer, as determined by such Employer. Earnings shall include pre-tax contributions under (A) the Company's Savings and Investment Plan, (B) a cafeteria plan under Code section 125 and (C) a transportation fringe benefit plan under Code section 132(f)(4). Earnings shall also include earnings from Pfizer to the extent that Pfizer has transferred the accumulated benefit obligation of such person under the Pfizer Plan to the Company under the terms and conditions of the Reorganization Agreement between Pfizer Inc. and Minerals Technologies Inc. dated as of September 28, 1992.

(2) **Items Excluded.** Earnings shall not include any part of the cost of any employee benefit (other than pre-tax contributions under (A) the Company's Savings and Investment Plan, (B) a cafeteria plan under Code section 125 or (C) under a transportation fringe benefit plan under Code section 132(f)(4)), including without limitation stock options, perquisites and group insurance, matching contributions under the Company's Savings and Investment Plan, or of any expense reimbursement, including, without limitation, relocation costs, or of any remuneration received in the form of salary continuance or lump-sum severance by an Employee while no longer providing services to the Company. No part of any bonus or other remuneration forming part of the compensation of any Employee shall be used to determine benefits under the Plan, if such bonus should cause such benefit to become discriminatory under the applicable provisions of the Code.

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

descendants of the Member who have not attained age 19 before the close of the year. If, as a result of the application of the foregoing family aggregation rules, the applicable dollar amount is exceeded, then the limit shall be prorated among the individuals in proportion to each such individual's Earnings as determined under this section 2.1(s) prior to the application of the limit.

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

(u) **"Eligible Employee"** shall mean a person who (1) is included in a group or class designated by the Company as eligible for membership in the Plan and (2) is in the service of an Employer within the United States of America or is a United States citizen in the service of an Employer outside of the continental limits of the United States of America. Eligible Employee shall not include any person who is included in a unit of employees covered by a collective bargaining agreement that does not provide for the coverage of such person under the Plan if there is evidence that retirement benefits were the subject of good faith bargaining. A person who is a United States citizen and who is employed outside the continental limits of the United States of America in the service of a foreign subsidiary (including foreign subsidiaries of such foreign subsidiary) of the Company shall be considered, for all purposes of the Plan, as employed in the service of the Company if (A) the Company has entered into an agreement under Code section 3121(1) which applies to the foreign subsidiary of which such person is an employee and (B) contributions under a funded plan of deferred compensation, whether or not a plan described in Code section 401(a), 403(a), or 405(a) are not provided by any other person with respect to the remuneration paid to such individual by the foreign subsidiary. The groups and classes designated by the Company are set forth in Schedule A.

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

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

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

(y) **"Hour of Service"**

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

(A) for the performance of duties,

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

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

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

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

(3) **Crediting Hours of Service - Equivalency Method.** Each Employee shall be credited with Hours of Service on the basis of an assumed 190 Hours of Service per month for each month for which the Employee would have received at least one Hour of Service in accordance with this definition to the extent that it does not result in crediting Hours of Service more than once with respect to any period.

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

(z) **"Interest Credits"** shall mean the amounts credited to a Member's Cash Balance Account in accordance with Section 4.1(e).

(aa) **"Leased Employee"** shall mean any person (other than an Employee of the Company or an Associate Company) who pursuant to an agreement between the Company or an Associate Company and any other person ("leasing organization") has performed services for the Company or an Associate Company (or for the Company or an Associate Company and related persons determined in accordance with section 414(n)(6) of the Code) on a substantially full time basis for a period of at least one year, and such services are performed under the primary direction or control of the Company or an Associate Company.

(bb) **"Normal Retirement Age"** shall mean age 65 if the Employee commenced employment on or before July 31, 2002, or the later of the date the Employee attains age 65 or completes five years of Creditable Service, if the Employee commences employment on or after August 1, 2002.

(cc) **"Normal Retirement Date"** shall mean the first day of the calendar month coinciding with or next following the date on which the Member attains Normal Retirement Age.

(dd) **"Member"** shall mean an Employee or former Employee who has become a Member under Article 3. A Member shall continue to be a Member as long as he has an undistributed beneficial interest in the Plan.

(ee) **"One Year Break in Service"** shall mean an Anniversary Year in which a Member is credited with 500 or fewer Hours of Service.

(ff) **"Pfizer Plan"** shall mean the Pfizer Inc. Retirement Annuity Plan.

(gg) **"Plan"** shall mean the Minerals Technologies Inc. Retirement Plan, as set forth in this document and as amended from time to time.

(hh) **"Plan Year"** shall mean the period beginning January 1 and ending December 31.

(ii) **"Primary Social Security Benefit"** shall mean the annual amount available to the Member at age 65, or later if the Member retires after age 65, under the Old Age Insurance provisions of Title II of the Social Security Act in effect at his Severance from Service Date, without regard to any increases in the wage base or benefit levels that take effect after the date of termination of employment, subject to the following:

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

(B) Notwithstanding the foregoing, actual salary history will be used to calculate the Primary Social Security Benefit if this will result in a larger benefit under the Career Earnings Formula for the Member, but only if documentation of such history is provided by the Member within two years after the later of his Severance from Service Date or the date the Member receives notice of his benefits under the Plan.

(jj) **"Retirement Benefit"** shall mean the benefit payment to which a Member is entitled under Section 4.1, 4.2, 4.3 or 4.4, whichever is applicable.

(kk) **"Retirement Committee"** shall mean those individuals designated by the Board of Directors of the Company to serve as Members of the Retirement Committee.

(ll) **"Severance from Service Date"** shall mean the earlier of the following dates:

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

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

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

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

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

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

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

2.2 Gender and Number

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

Article 3. Participation

3.1 Commencement of Participation

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

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

Article 4. Normal Retirement Benefit

4.1 Normal Retirement Benefit

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

(b) **Career Earnings Formula.** The Career Earnings Formula shall be used to determine the Normal Retirement Benefit of each Member who was an Employee of an Employer on December 31, 2001; provided, however, that, in the case of a Member who, following his Severance from Service Date, is reemployed by an Employer on or after January 1, 2002, the Career Earnings Formula shall not be applicable with respect to the Member's period of employment with an Employer which occurs subsequent to the date of the Member's reemployment. The benefit payable at the Normal Retirement Date of an Employee under the Career Earnings Formula, shall be equal to the greater of--

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

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

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

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

(B) the sum of:

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

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

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

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

Except in the case of a person in the service of a corporation which becomes an Associate Company, the Prior Service benefits of any Member who was absent from his Employer during all or part of the calendar year next preceding the date he becomes a Member, because of sickness, Disability, service in the armed forces of the United States, or like reasons beyond his control, and who entered the service of his Employer prior to such calendar year, shall be computed by crediting to him as Earnings for such calendar year the following Earnings:

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

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

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

(1) Annual Pay Credits pursuant to Section 4.1(d); and

(2) Interest Credits pursuant to Section 4.1(e).

(d) **Annual Pay Credits.** As of the first day of each Plan Year, an Annual Pay Credit shall be credited to the Cash Balance Account of each Member whose benefit is determined under the Cash Balance Formula (including each such Member who retired, died, or otherwise terminated during the prior Plan Year), who received Earnings during the prior Plan Year. The Annual Pay Credit shall equal such Member's Earnings for the prior Plan Year multiplied by five percent (5%). Notwithstanding the foregoing, in the final year of a Member's employment, an Annual Pay Credit will be credited to such Member's account, calculated by multiplying such Member's Earnings in the current Plan Year up to the Member's termination date by five percent (5%).

(e) **Interest Credits.** Interest Credits based on the amount of the Member's Cash Balance Account as of the last day of each Plan Year shall be added to the Cash Balance Account of each Member whose benefit is determined under the Cash Balance Formula as of the last day of the Plan Year, prior to the crediting of any Annual Pay Credit or other credit for the following Plan Year. In the final year of employment of each such Member, interest at the same rate as used in determining the Interest Credit on the last day of the Plan Year in which the Member's employment is terminated, shall be credited on a *pro rata* basis up to the date such Member's benefits commence to the Member's Cash Balance Account as of January 1 of the Plan Year in which the Member's employment terminates. Effective January 21, 2004, the preceding sentence shall only apply if the Member elects to receive his benefit prior to the end of the Plan Year in which the Member's employment terminates and no a dditional Interest Credit will be applied as of the end of the Plan Year to any Annual Pay Credit accrued to a Member's Cash Balance Account based on his Earnings in the final year of the Member's employment where the Member elected to receive his benefit prior to the end of the Plan Year in which the Member's employment terminates. Except as provided below, Interest Credits shall cease once benefit payments have commenced to the Member.

If a Member who is currently receiving Retirement Benefits in any form other than a lump-sum payment is re-employed, interest hereunder shall not be credited to the Member's Cash Balance Account used to determine such benefits but shall be credited to a new Cash Balance Account established on behalf of such Member.

Effective for Plan Years beginning on January 1, 2002 through January 1, 2004, the rate of interest used to determine the Interest Credits for a Plan Year shall be the twelve-month average of the 30-year constant maturity Treasury Bond rates (or the generally accepted proxy therefor (as published by the U.S. Federal Reserve Board)) determined for the 12 months ending in November of the immediately preceding Plan Year. Notwithstanding any other provision of the Plan to the contrary, an Employer reserves the right to change the interest rate used to determine Interest Credits at any time prior to the beginning of the Plan Year in which such credit is added to the Member's Cash Balance Account.

Effective for Plan Years beginning after December 31, 2004, the rate of interest used to determine the Interest Credits for a Plan Year shall be the one-year constant maturity Treasury Bond rate (or the generally accepted proxy therefor (as published by the U.S. Federal Reserve Board)) for the month of November of the immediately preceding Plan Year plus one percentage point. Notwithstanding any other provision of the Plan to the contrary, an Employer reserves the right to change the interest rate used to determine Interest Credits at any time prior to the end of the Plan Year in which such credit is added to the Member's Cash Balance Account.

4.2 Vesting and Early Commencement of Retirement Benefit Payments

(a) **Commencement of Vested Retirement Benefits at Normal Retirement Date.** A Member whose Severance from Service Date occurs after he has completed five or more Years of Creditable Service shall be entitled to receive a Retirement Benefit commencing at Normal Retirement Date calculated in accordance with Section 4.1, the monthly amount of which, if such benefit were paid in the form of a Single Life Annuity, shall be equal to the Member's Accrued Benefit at his Annuity Starting Date under the Career Earnings Formula and/or the Actuarial Equivalent of his Cash Balance Account at his Annuity Starting Date. Subject to the provisions of Article 6, any Retirement Benefit payable under this section may be paid in the form of a Single Life Annuity, an Automatic Joint and Surviving Spouse Annuity, or in another optional form of payment provided under Section 6.3.

If, at the Member's Severance from Service Date, a Member's vested Accrued Benefit is zero, he shall be deemed to have received an immediate lump-sum payment of his vested Accrued Benefit.

(b) **Commencement of Vested Retirement Benefits Before Normal Retirement Date.**

(1) **Provisions Applicable to Accrued Benefits Attributable to the Cash Balance Formula.** Subject to the provisions of Article 6, a Member whose Severance from Service Date occurs after he has completed five or more Years of Creditable Service shall be entitled to elect that the Retirement Benefit payable pursuant to the Cash Balance Formula, if any, commence on the first day of the month coincident with or following his Severance from Service Date up to his Normal Retirement Date.

(2) **Provisions Applicable to Commencement of Vested Retirement Benefits Attributable to the Career Earnings Formula.** The Retirement Benefit determined under the Career Earnings Formula of a Member whose Severance from Service Date occurs prior to his Normal Retirement Date shall not commence until the Member's Normal Retirement Date, except as follows:

(A) A Member whose Severance from Service Date occurs on or after the Member's attainment of age 55 and following his completion of 10 Years of Creditable Service may elect to commence his Retirement Benefit as of the first day of any month prior to the Member's Normal Retirement Date. If such a Member elects an Annuity Starting Date that is prior to the Member's Normal Retirement Date, the Retirement Benefit payable as of such date shall equal the Member's Accrued Benefit multiplied by the applicable percentages contained in Schedule B;

(B) A Member whose Severance from Service Date occurs on or after the date as of which the sum of the Member's age and the Member's Years of Creditable Service equal or exceed a total of 90 years may elect to commence his Retirement Benefit as of the first day of any month on or after the Member's attainment of age 55 and prior to the Member's Normal Retirement Date. If such a Member elects an Annuity Starting Date that is prior to the Member's Normal Retirement Date, the Retirement Benefit payable as of such date shall equal the Member's Accrued Benefit multiplied by the applicable percentages contained in Schedule C;

(C) A Member whose Severance From Service Date occurs on or after the date as of which the Member has completed five or more Years of Creditable Service but prior to the date as of which the Member satisfies the requirements of Sections 4.2(b)(2)(A) and (B), such Member may elect to commence his Retirement Benefit as of the first day of any month prior to the Member's Normal Retirement Date on or after the Member has attained age 55. If such a Member elects an Annuity Starting Date that is prior to the Member's Normal Retirement Date, the Retirement Benefit payable as of such date shall equal the Member's Accrued Benefit multiplied by the applicable percentages contained in Schedule D.

(D) The foregoing notwithstanding, the Retirement Benefit of a Member who has completed at least five Years of Creditable Service shall in no event be less than the Retirement Benefit to which the Member would have been entitled had his Severance from Service Date occurred on December 31, 1993, under the terms and conditions of the Plan as then in effect (the "1993 Annuity"). A Member may elect to receive his 1993 Annuity, if any, prior to attaining age 55 but in no event prior to attaining age 50. If such a Member elects an Annuity Starting Date for this 1993 Annuity that is prior to the Member attaining age 55, the benefit payable as of such date shall equal the Member's 1993 Annuity, reduced by 4% for each year (or portion thereof determined on a monthly basis) that it is received prior to age 65, measured from the Annuity Starting Date.

If a Member makes such an election, the remaining portion of his Accrued Benefit, if any, determined as of the date he elects to receive the 199 3 Annuity and expressed as a benefit payable at age 65, shall be the

amount obtained by subtracting the Member's reduced 1993 Annuity from the product of his Accrued Benefit multiplied by the Actuarial Factor. The resulting net benefit amount, if any, is then divided by the Actuarial Factor to obtain the remaining benefit payable at age 65. For purposes of this computation, the "Actuarial Factor" shall mean the product of 40% multiplied by the actuarial equivalent benefit of an annual benefit of $1 commencing at age 55, determined as of the date the Member begins to receive his 1993 Annuity. The remaining portion of the Accrued Benefit so determined shall be payable under the terms and conditions of the Plan in effect at the Member's termination of employment.

A Member who terminates employment with a vested right to his 1993 Annuity may elect to receive the 1993 Annuity in any of the optional forms of benefit available to such Member as in effect under the Plan on December 31, 1993.

4.3 Deferred Retirement

(a) **Amount of Benefit.** A Member who remains an Eligible Employee beyond his Normal Retirement Date shall be entitled to a Deferred Retirement Benefit, calculated in accordance with Section 4.1 and in accordance with the provisions of the Plan as in effect as of his Severance from Service Date. The monthly amount of a Member's benefit payable under this section, if such benefit were payable in the form of a Single Life Annuity, shall be the Actuarial Equivalent of his Cash Balance Account or his Retirement Benefit under the Career Earnings Formula at his Severance from Service Date. Subject to the provisions of Article 6, any benefit payable under this section may be paid in the form of a Single Life Annuity, an Automatic Joint and Surviving Spouse Annuity, or in an optional form of payment under Section 6.3.

(b) **Commencement of Benefit.** Subject to the provisions of Article 6, and except as provided in Sections 4.3(c) and (d), such Deferred Retirement Benefit payments shall commence as of the first day of the calendar month coincident with or next following the Member's Severance from Service Date.

(c) **Limited Service.** Notwithstanding any other provision of the Plan, with respect to the period from his Normal Retirement Date to his Severance from Service Date, the Member shall receive Normal Retirement Benefit payments for each month in which he is compensated for fewer than 40 Hours of Service.

(d) **Suspension of Benefits Notice Procedures.** In the case of a Member who remains an Employee beyond his Normal Retirement Date, Sections 5.2 and 5.3 (suspension of benefits) shall apply for any month commencing after Normal Retirement Date in which he is compensated for 40 or more Hours of Service.

4.4 Disability Retirement

(a) **Effect of Disability Leave Status on Benefits Under the Career Earnings Formula.** Upon becoming Disabled, a Member who has completed at least five years of Creditable Service will be eligible for Disability Leave Status. Such status may be terminated or suspended by the Retirement Committee if at any time before age 65 the Member again engages in regular full-time employment, fails or refuses to undergo any medical examination ordered by the Retirement Committee, or the Retirement Committee determines on the basis of a medical examination that the Member has sufficiently recovered to engage in regular full-time employment. While on Disability Leave Status, a Member will be credited with Creditable Service, and with Earnings at the same rate as he had earned in the calendar year prior to the calendar year in which he became Disabled, until the Member retires, dies, reaches age 65, or his Disability Leave Status is sooner terminated or suspended.

(b) **Effect of Disability on Benefits Under the Cash Balance Formula.** If a Member who has completed at least five years of Creditable Service and who is an Employee suffers a Disability prior to termination, and, for reasons thereof, the Member's status as an Employee ceases, then such Member shall continue to be credited with Annual Pay Credits and Interest Credits during the period of such Disability as described below and as provided in Section 4.1 as if the individual were still actively employed. For the purpose of determining a Disabled Member's Annual Pay Credits for any Plan Year, such Member's Earnings for any period of Disability shall be equal to the Member's Earnings during the full calendar year immediately preceding the date of such Disability (annualized in the event the Member did not receive 12 full months of Earnings). Additionally, Years of Creditable Service (determined on the basis of the Member's regularly scheduled Hours of Service as of the date immed iately preceding the date of such Disability) shall continue to be credited during the period in which credits continue to be credited to the Member's Cash Balance Account. Annual Pay Credits for a Plan Year shall be determined based on the Disabled Member's attained age and Anniversary Years of Service (including the additional service described above) as of the immediately preceding December 31. However, such credits shall cease upon the earliest to occur of:

(1) the day on which the Member's long-term disability plan payments cease;

(2) the day the Member dies;

(3) the date the Member begins to receive benefit payments under the Plan; or

(4) the fifth anniversary of the last day the Member was actively at work prior to such Disability, as determined by the Retirement Committee.

4.5 Adjustment for In-Service Payments

In the case of a Member whose benefit payments commence prior to his Severance from Service Date pursuant to either section 4.3(c) or section 6.4(b) (required commencement at age 70½)--

(a) Retirement Benefits payable under the Career Earnings Formula shall be reduced to reflect the Actuarial Equivalent value of amounts previously paid to the Member as in-service payments; and

(b) the Member's benefit determined under the Cash Balance Formula will be adjusted, if appropriate, in each calendar year beginning after the Member's Annuity Starting Date, to reflect changes in his Normal Retirement Benefit resulting from adjustments to the Member's Cash Balance Account for the next preceding calendar year.

4.6 Transfer of Employment

In the case of a Member who transfers from employment with an Employer to a nonparticipating Affiliated Company, he shall not earn Creditable Service for Anniversary Years during which the Member is employed by the nonparticipating Affiliated Company nor shall the Member's Earnings be recognized with respect to such period. No Annual Pay Credits shall be made to the Member's Cash Balance Account with respect to the period of such Member's employment with a nonparticipating Affiliated Company, however, such Member's Cash Balance Account shall continue to be credited with Interest Credits during such period until the end of the month prior to the month in which payment under the Plan commences.

Article 5. Effect of Continued Employment or Reemployment on Retirement Benefits

5.1 Reemployment After a Member's Annuity Starting Date

In the case of a Member who is reemployed by an Employer or an Affiliate after he has received or begun to receive a benefit under the Plan, such Member's participation in the Plan shall resume as of the date of such Member's reemployment and benefit payments under the Plan shall be suspended during the period of his reemployment with respect to benefits accrued prior to such reemployment. The amount of the Member's Cash Balance Account attributable to the Member's previous employment shall be equal to $0 upon such Member's reemployment and a new Cash Balance Account shall be established with respect to such Member which shall reflect Annual Pay Credits for periods after reemployment and related Interest Credits.

5.2 Reemployment Before a Member's Annuity Starting Date

In the case of a Member who is reemployed by an Employer or an Affiliate before he has begun to receive a benefit, such Member's participation in the Plan shall resume as of the date of such Member's reemployment, provided, however, that any benefits accrued by a Member who is reemployed on or after January 1, 2002 shall be determined under the Cash Balance Formula, pursuant to Section 4.1(c).

5.3 Reemployment or Continuation of Employment After a Member's Normal Retirement Date

In the case of a Member who is reemployed by an Employer or an Affiliate after his Normal Retirement Date or who remains employed by an Employer or an Affiliate after his Normal Retirement Date--

(a) no benefits shall be paid under the Plan for any month in which he is compensated for 40 or more Hours of Service;

(b) for periods of employment or reemployment described in subsection (a) above, Department of Labor regulation section 2530.203-3, including the notice procedures described in Section 5.4, shall be followed; and

(1) benefits paid after a subsequent Break in Service shall not be adjusted on account of payments suspended during periods of employment or reemployment.

5.4 Suspension of Benefits Notice Procedures

In the case of a Member whose benefits are to be suspended after Normal Retirement Age as a result of such Member's continuation of employment with an Employer or an Affiliate, the Retirement Committee shall notify the Member of any such suspension by personal delivery or first class mail during the first calendar month for which payments are withheld. Such notice shall contain--

(a) a general description of the reasons why payments are suspended;

(b) a general description of the Plan provisions relating to the suspension of benefits;

(c) a copy of such Plan provisions;

(d) a statement that applicable Department of Labor regulations may be found in section 2530.203-3 of the Code of Federal Regulations; and

(e) a statement that a review of the suspension may be requested under the claims procedure found in Section 11.10.

If the summary plan description ("SPD") contains information which is substantially the same as the information required by this section, the notification may refer the Member to the relevant pages of the SPD, provided that the Member is informed as to how to obtain a copy of the SPD or the relevant pages, and that requests for information are honored within 30 days.

Article 6. Form of Payment of Retirement Benefits

6.1 Automatic Form of Payment

Subject to Sections 6.2 through 6.5, a Member's benefit shall be paid in the form of a Single Life Annuity (in the case of unmarried Member) and in the form of an Automatic Joint and Surviving Spouse Annuity (in the case of married Members) commencing on the date determined under the provisions of Article 4.

6.2 Automatic Joint and Surviving Spouse Annuity

(a) **General Rule.** The benefit of a Member who has been married to his Spouse throughout the one-year period immediately preceding his Annuity Starting Date and who is entitled to receive monthly annuity payments under the Plan shall be payable in the form of an Automatic Joint and Surviving Spouse Annuity (as defined below), unless he has elected otherwise in accordance with Section 6.2(c).

(b) **Definition.** "Automatic Joint and Surviving Spouse Annuity" shall mean an annuity that is the Actuarial Equivalent of a Single Life Annuity, provides a reduced level monthly benefit to the Member for his lifetime, and upon the Member's death, provides an annuity for the life of his surviving Spouse in a monthly amount equal to 50% of the monthly amount payable to the Member during his life."

(c) **Election Procedures.**

(1) **General Rule.** A married Member may elect in writing, on a form supplied by the Retirement Committee, to waive the Automatic Joint and Surviving Spouse Annuity, and to receive his benefits in the form of a Single Life Annuity or in accordance with an optional form of payment described in Section 6.3. Any election by a Member pursuant to this Section 6.2(c)(1) must be filed with the Retirement Committee within the election period described in Section 6.2(c)(5). For such an election to be effective--

(A) the Member's Spouse must consent in writing to such election;

(B) such election must state the optional form of payment under Section 6.3 which is elected;

(C) such election must designate a Beneficiary (if applicable);

(D) the Member's Spouse must acknowledge the financial consequences of such consent; and

(E) such Spouse's consent must be witnessed by a Plan representative or a notary public.

(2) **Exception to Consent Requirement.** The consent of a Member's Spouse shall not be required where--

(A) the Member has elected the form of payment described in Section 6.3(d) and the Spouse is the Beneficiary thereunder;

(B) the Retirement Committee determines that the required consent cannot be obtained because there is no Spouse or the Member's Spouse could not be located;

(C) the Retirement Committee determines that the Member is legally separated;

(D) the Retirement Committee determines that the Member has been abandoned within the meaning of local law and there is a court order to that effect.

(3) **Revocation and Modification.** An election by a Member, pursuant to Section 6.2(c)(1), to waive an Automatic Joint and Surviving Spouse Annuity may be revoked by the Member, in writing, without the consent of his Spouse at any time during the election period. Any subsequent election by a Member to waive an Automatic Joint and Surviving Spouse Annuity or any subsequent modification of a prior election (other than a revocation of a waiver of an Automatic Joint and Surviving Spouse Annuity or a change in the form of payment or designation of Beneficiary where there is in effect a valid general consent with respect to the form of payment or designated Beneficiary (whichever is applicable)) must comply with the requirements set forth in Section 6.2(c)(1) above. A Spouse's consent shall be considered a "general consent" if the following requirements are satisfied--

(A) the consent permits the Member to waive the Automatic Joint and Surviving Spouse Annuity;

(B) the consent permits the Member to change the optional form of benefit payment and/or the designated Beneficiary without any requirement of further consent by the Spouse; and

(C) the Spouse acknowledges in the consent that--

(i) the Spouse has the right to limit consent to a specific optional form of benefit and/or Beneficiary (as applicable), and

(ii) the Spouse voluntarily relinquishes either or both of such rights (as applicable).

Notwithstanding any other provision of this Article 6 to the contrary, if, at any time subsequent to the Annuity Starting Date of a retirement benefit being paid to a Member in the form of an Automatic Joint and Surviving Spouse Annuity, the Plan receives a domestic relations order determined by the Retirement Committee pursuant to Section 14.3 to be a qualified domestic relations order under Code section 414(p), which order specifically provides that the Member's former Spouse who is the Member's contingent annuitant under the Automatic Joint and Surviving Spouse Annuity is no longer the Member's contingent annuitant for purposes of survivor benefits under the Plan, the Automatic Joint and Surviving Spouse Annuity shall thereupon be cancelled. Upon such cancellation of the Automatic Joint and Surviving Spouse Annuity, the Member shall elect any form of payment as shall be available under the Plan to the Member at the time of the cancellation of the Automatic Joint and Surviving Spouse Annuity; provided, however, that the amount of the retirement benefit payable after the cancellation of the Automatic Joint and Surviving Spouse Annuity shall be the Actuarial Equivalent of the Member's Accrued Benefit as of the Member's Annuity Starting Date reduced to reflect the value of the benefits previously received by the Member in the form of the Automatic Joint and Surviving Spouse Annuity.

(4) **Validity of Spousal Consent.** Any consent or election under this provision shall be valid only with respect to the Spouse who signs the consent or, if the Spouse's consent is excused by the Retirement Committee, the designated Spouse, but shall be irrevocable once made.

(5) **Election Period.** For purposes of this Section 6.2, a Member's "election period" shall be the 90-day period ending on the Annuity Starting Date. If the written notification described in Section 6.2(d) is provided after the Annuity Starting Date, then the election period shall not end until 30 days after the notification is provided.

(d) **Notification.** With regard to an election, the Retirement Committee shall provide each Member within the notice period described below, a written explanation of--

(1) the terms and conditions of the Automatic Joint and Surviving Spouse Annuity;

(2) the Member's right to make, and the effect and financial consequences of, a waiver of the Automatic Joint and Surviving Spouse Annuity;

(3) the relative values of the various optional forms of benefit under the Plan;

(4) the rights of the Member's Spouse regarding a waiver of the Automatic Joint and Surviving Spouse Annuity; and

(5) the right of the Member to revoke a prior waiver of the Automatic Joint and Surviving Spouse Annuity and the effect and financial consequences of such a revocation.

For purposes of this Section 6.2(d), the "notice period" shall be the 60-day period beginning 90 days prior to the Annuity Starting Date; provided, however, that the Retirement Committee may establish uniform procedures to permit a Member with any applicable spousal consent to waive the 30-day period for notice and/or election if the distribution commences more than 7 days after the notification is provided.

6.3 Other Optional Forms of Payment

(a) **In General.**

(1) The optional forms of payment described in Section 6.3(b), (d) and (e) shall not be available to a Member whose Severance From Service Date occurs prior to the date as of which the Member satisfies the requirements of Sections 4.2(b)(2)(A) and (B). Notwithstanding the foregoing, a Member whose Retirement Benefit is determined under the Cash Balance Formula may receive payment of his vested Retirement Benefit in the form of a lump sum payment pursuant to Section 6.3(b).

(2) Subject to Sections 6.1, 6.2 and 6.3(a)(1), a Member may elect in writing to receive his benefit under Section 4.1, 4.2, 4.3, or 4.4 in any optional form of payment described in this section. An optional form of payment shall be the Actuarial Equivalent of the benefit payable to the Member as a Single Life Annuity, except in the case of a Retirement Benefit determined under the Cash Balance Formula that is paid in the form of a lump sum, which lump sum payment shall be in the amount determined pursuant to Section 2.1(b)(1)(A). An election by an unmarried Member to receive payment of his benefit in an optional form shall be valid only if he is furnished with an explanation of the material features and relative values of the optional forms of benefit within the notice period described in Section 6.2(d).

(b) **Lump Sum Option.**

(1) With respect to a Retirement Benefit determined under the Career Earnings Formula, a Member may elect to receive his Retirement Benefit in the form of a lump sum payment; provided, however, that (A) the election to receive such lump sum payment must be made by the Member prior to the Member's Severance from Service Date, and (B) the Annuity Starting Date of such lump sum payment may not be deferred beyond the Annuity Starting Date next following or coincident with the Member's Severance from Service Date. Such lump sum benefit shall be the Actuarial Equivalent of the Member's Accrued Benefit on the Member's Annuity Starting Date.

(2) With respect to a Retirement Benefit determined under the Cash Balance Formula, a Member may elect to receive his Retirement Benefit in the form of a lump sum payment which lump sum payment shall be equal to the amount credited to his Cash Balance Account as of the last day of the month next preceding his Annuity Starting Date.

(c) **Single Life Annuity Options.** A Member may elect to receive an annuity providing equal monthly payments for the lifetime of the Member with no survivor benefits.

(d) **Joint and Contingent Annuity Option.** A Member may elect an annuity providing reduced equal monthly payments for his lifetime, with monthly payments to continue for the lifetime of his Beneficiary in an amount equal to 50% or 100% of the monthly amount payable during the Member's lifetime.

(e) **Level Income Option.** If the Member's benefit is to commence prior to the Member's Normal Retirement Date, the Member may elect to convert the Retirement Benefit otherwise payable to him into a Retirement Benefit of an Actuarial Equivalent value of such amount so that with his expected Social Security benefit, he will receive, so far as possible, the same amount each year before and after such expected Social Security benefit commences. A Member whose Retirement Benefit commences before he reaches age 62 may elect the Level Income Option based on his Social Security benefit as of age 62 or his Social Security benefit as of age 65. A Member whose Retirement Benefit commences after he reaches age 62 may only elect the level income option based on his Social Security benefit as of age 65. Monthly payments shall terminate upon the death of the Member unless the Member elected the Level Income Option in conjunction with the Automatic J oint and Surviving Spouse Annuity or the Joint and Contingent Annuity Option described in Section 6.3(d), in which event payments shall continue pursuant to such election if the Member's Spouse or Beneficiary, as applicable, survives the Member.

6.4 Distribution Requirements

(a) **General Rule.** Notwithstanding anything in Sections 6.1 through 6.3 to the contrary, and unless the Member otherwise elects in writing, distribution to such Member shall not commence later than the sixtieth day after the close of the Plan Year in which occurs the latest of the following events:

(1) the Member attains age 65;

(2) the Member attains the tenth anniversary of the date on which he became a Member under the Plan; or

(3) the Member's Break in Service.

(b) **Latest Allowable Commencement Dates.**

(1) **Basic Rule.** Notwithstanding anything contained in Sections 6.1 through 6.3 to the contrary and except as provided under Section 6.4(b)(3), any Member who is a five percent owner (as such term is defined in Code section 416(i)(1)(B)(i)), with respect to the Plan Year ending with or within the calendar year in which he attains age 70½, shall commence to receive Retirement Benefit payments no later than April 1 following the close of the calendar year in which age 70½ is attained. Retirement Benefit payments to any other Member shall commence no later than April 1 of the calendar year following the later of (1) the calendar year in which such Member attains age 70½ or (2) the calendar year in which such Member Severance from Service Date occurs.

With respect to a Member other than a five percent owner (as such term is defined in Code section 416(i)(1)(B)(i)) whose Severance from Service Date occurs subsequent to April 1 of the close of the calendar year in which the Member attains age 70½ and whose Retirement Benefit is determined under the Career Earnings Formula, the Retirement Benefit of such a Member shall be actuarially adjusted. Such actuarially adjusted Retirement Benefit shall be equal to the Actuarial Equivalent, as of the Member's Annuity Starting Date, of:

(A) the Member's Retirement Benefit determined as of the April 1 following the close of the calendar year in which the Member attained age 70½ plus

(B) any additional Retirement Benefits accrued by the Member during the period beginning on the April 1 following the close of the calendar year in which the Member attained age 70½ and ending on the Member's Severance from Service Date; minus

(C) any distributions made to the Member prior to the Member's Annuity Starting Date.

For purposes of this Section 6.4(b)(2), the actuarial equivalent value of a Member's Retirement Benefit as of the Member's Annuity Starting date shall be determined by using the actuarial assumptions contained in Section 2.1(b)(2).

(2) **Method of Distribution.** All distributions under the Plan shall comply with Code section 401(a)(9) and the Treasury Regulations thereunder, including the minimum distribution incidental death benefit requirement of Code section 401(a)(9)(G) and the Treasury Regulations thereunder, and such provisions shall override any Plan provisions otherwise inconsistent therewith. The Plan will apply the minimum distribution requirements of Code section 401(a)(9) in accordance with the regulations under Code section 401(a)(9) that were proposed on January 17, 2001, notwithstanding any other provision of the Plan to the contrary. This provision shall continue in effect until the end of the last calendar year beginning before the effective date of final regulations under Code section 401(a)(9) or such other date as may be specified in guidance published by the Internal Revenue Service.

(c) **No Change in Form of Payment After Annuity Starting Date.** Except as may otherwise be permitted in Section 6.2(c)(3), a Member may not change the form of benefit payment elected pursuant to this Article 6 for any reason following the Member's Annuity Starting Date.

6.5 Amounts Not Exceeding $5,000

Notwithstanding the foregoing provisions of this Article 6, if the Actuarial Equivalent present value of a Member's vested benefits payable under the Plan (including a benefit payable in a form as described in Section 6.2), determined as of the first day of the Plan Year immediately following the Plan Year in which the Member's Severance from Service Date occurs, does not exceed $5,000, the Retirement Committee shall cause such Member's vested benefits to be paid to him in a single lump-sum payment of Actuarial Equivalent value as soon as practicable thereafter. Payment of such lump sum shall relieve the Plan of all obligations to the Member. In the event a Member is not entitled to any Retirement Benefit at his Severance from Service Date pursuant to Section 4.2(a), he shall be deemed cashed out under the provisions of this Section 6.5 as of his Severance from Service Date. However, if such Member is subsequently reemployed by the Employer or an Affil iated Company, his Retirement Benefit shall be automatically restored.

6.6 Designation of Beneficiary

Subject to the provisions of Sections 6.2 through 6.5, 7.1 and 7.2, each Member who is accruing benefits under the Cash Balance Formula may designate a Beneficiary, including a trust or an estate, to whom survivor's benefits under Article 7 are to be paid upon the Member's death. Each such designation shall be made on a form provided by the Retirement Committee, shall be effective only when filed in writing with the Retirement Committee, and shall revoke, subject to the provisions of Section 6.2, all prior designations. If no Beneficiary is designated, if a designation is revoked, or if no designated Beneficiary survives the Member, the applicable benefit, if any, shall be payable to the Member's surviving Spouse or, if there is no surviving Spouse, to the Member's estate, except as provided in Section 6.7.

6.7 Death of Beneficiary Prior to Member's Separation from Service Date

If the Beneficiary designated by the Member to receive survivor benefits described in Section 6.3(d) dies prior to the Member's Severance from Service Date, the election under Section 6.3 shall be void, and benefits shall be payable under Section 6.1 or 6.2, as applicable, unless and until another Beneficiary is formally designated by the Member pursuant to Section 6.6.

6.8 Optional Direct Rollover of Eligible Rollover Distributions

(a) **In General.** Notwithstanding any provision of the Plan to the contrary, a "Distributee" may elect to have any portion (subject to the limitations provided below of an "Eligible Rollover Distribution" paid directly to an "Eligible Retirement Plan" specified by the "Distributee" in a "Direct Rollover" to the extent permitted by Code section 401(a)(31) and applicable Treasury regulations thereunder. Terms in quotation marks are defined in Section 6.8(b).

(b) **Definitions.**

(1) **"Direct Rollover"** means a payment by the Plan to an Eligible Retirement Plan, in the form of a direct trustee to trustee transfer, as specified by the Distributee.

(2) **"Distributee"** means each of the following persons who may elect a Direct Rollover of an Eligible Rollover Distribution of the Member's Retirement Benefit;

(A) the Member;

(B) the Member's Beneficiary, if the Beneficiary was married to the Member on the date of his death; and

(C) an alternate payee under a qualified domestic relations order, as defined in Code section 414(p), if that person is the Spouse or former Spouse of the Member.

(3) **"Eligible Retirement Plan"** means a qualified plan described in Code section 401(a), provided that the terms of such qualified plan permit acceptance of the Distributee's Eligible Rollover Distribution, an annuity plan described in Code section 403(a), an annuity contract described in Code section 403(b), an individual retirement account described in Code section 408(a), an individual retirement annuity described in Code section 408(b), or an eligible plan under

Code section 457(b) which is maintained by a state, political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from the Plan. However, in the case of an Eligible Rollover Distribution to the surviving Spouse, an "Eligible Retirement Plan" is an individual retirement account or an individual retirement annuity, as such terms are defined in the preceding sentence.

(4) **"Eligible Rollover Distribution"** means any distribution of all or any portion of the Retirement Benefit payable to the Distributee except that an "Eligible Rollover Distribution" does not include:

(A) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee or the Distributee's designated Beneficiary, or for a specified period of 10 years or more;

(B) any distribution to the extent such distribution is required under Code section 401(a)(9); and

(C) the portion of any distribution that is not includible in gross income.

(c) No amount shall be directly rolled over pursuant to this Section 6.8 unless and until it would otherwise be distributed to the Distributee and all consents and written elections required to make the distribution have been obtained. Nothing in this Section 6.8 shall be construed to alter the normal or optional forms of payment of the Retirement Benefit available under the Plan.

(d) The Retirement Committee shall provide notice to each Distributee who will receive an Eligible Rollover Distribution of the Distributee's right to elect a Direct Rollover in accordance with Code section 401(a)(31). The Retirement Committee shall provide such notice at the time and in the manner required by regulations.

(e) The Distributee shall notify the Retirement Committee in writing by such deadline as the Retirement Committee shall prescribe whether or not he wishes to have any part of the Eligible Rollover Distribution directly rolled over. If the Distributee fails to elect a Direct Rollover by the deadline established by the Retirement Committee, then the entire amount of the Eligible Rollover Distribution shall be distributed or paid directly to the Distributee as otherwise provided in the Plan.

(f) A Distributee may elect that the lowest of the following amounts shall be directly rolled over:

(1) The entire amount of the Eligible Rollover Distribution; or

(2) Such portion of the Eligible Rollover Distribution as the Distributee specifies (in accordance with rules established by the Retirement Committee), provided that the amount directly rolled over is not less than $200 or such higher amount as the Retirement Committee may prescribe in accordance with applicable Treasury regulations.

Notwithstanding the foregoing provisions of this Section 6.8(f), a Distributee may not elect a Direct Rollover with respect to his Eligible Rollover Distributions during the year if such Eligible Rollover Distributions are reasonably expected to total less than $200.

(g) A Member may elect to have a direct rollover made with respect to a portion of his distribution, provided the amount of the partial direct rollover equals at least $500.

(h) The Distributee may only request a Direct Rollover to one Eligible Retirement Plan with respect to any Eligible Rollover Distribution.

(i) No amount will be directly rolled over pursuant to this Section 6.8 unless the Distributee provides the Retirement Committee, by such deadline as the Retirement Committee shall prescribe, such information as it shall require--

(1) to determine that the amount directly rolled over will be received by an Eligible Retirement Plan that will accept the Direct Rollover; and

(2) to make the Direct Rollover and make such reports and keep such records as are required under applicable law.

The Retirement Committee may rely on all such information provided by the Distributee and shall not be required to verify any such information.

(j) The Retirement Committee shall select the manner in which to make the Direct Rollover.

(k) Any amount directly rolled over in accordance with this Section 6.8 shall be a distribution from this Plan and shall discharge any liability to the Distributee under this Plan to the same extent as a payment directly to the Distributee.

Article 7. Preretirement Death Benefits

7.1 Unmarried Member

In the case of a Member who has no surviving Spouse and dies after having completed at least five Years of Creditable Service but prior to his Annuity Starting Date, his Retirement Benefit under the Cash Balance Formula shall be payable to his Beneficiary in a single lump-sum cash distribution as soon as practicable following the applicable date described in Section 7.2. Each unmarried Member may designate a Beneficiary or Beneficiaries of his Cash Balance Account. The Member may, from time to time during his lifetime, on a form approved by and filed with the Retirement Committee, change the Beneficiary or Beneficiaries of his Cash Balance Account. In the event that a Member fails to designate a Beneficiary or Beneficiaries of his cash balance Account, or if for any reason such designation shall be legally ineffective, or if all designated Beneficiaries predecease the Member or die simultaneously with him, distribution shall be made to the Member's estate. I n the case of the death of an unmarried Member before his Annuity Starting Date, no benefit shall be payable under the Career Earnings Formula.

7.2 Married Member

(a) **Automatic Preretirement Surviving Spouse Benefit.** In the case of a Member who has a surviving Spouse and dies prior to his Annuity Starting Date, then the preretirement death benefit payable to such Member's surviving Spouse shall be a Single Life Annuity. The amount of such Single Life Annuity under the Cash Balance Formula shall be determined based on the Spouse's life and shall be the Actuarial Equivalent of the benefit that would have been payable to the Member in the form of a lump-sum benefit determined on the date of the Member's death. Such preretirement surviving Spouse benefit shall commence at the end of the month following the month in which the Member would have attained his Normal Retirement Date or earlier, if the Spouse so elects. The amount of such Single Life Annuity under the Career Earnings Formula shall be determined as if (i) the Member's Severance from Service Date had occurred on the day immediately preceding his date of death (if he had not previously incurred a Severance from Service Date); (ii) the Member had survived to the day immediately preceding his earliest possible Annuity Starting Date; (iii) the Member had elected to receive his retirement benefit in the form of an Automatic Joint and Survivor Annuity pursuant to Section 6.2 and (iv) the Member died immediately following such election. Such preretirement surviving Spouse benefit, payable for the life of the surviving Spouse, shall commence at the end of the month following the month in which the Member would have attained his Normal Retirement Date or earlier, if the Spouse so elects, but not earlier than the date the Member first would have reached age 55.

(b) **Lump-Sum Option.** In lieu of an automatic preretirement surviving Spouse benefit under Section 7.2(a), a surviving Spouse may elect to receive a lump-sum benefit equal to the value of the Member's Cash Balance Account as of the last day of the month in which the Member's death occurs, but not less than the amount determined in accordance with the factors in Section 2.1(b)(1).

(c) **Waiver of Preretirement Surviving Spouse Benefit.** With respect to a Member's Accrued Benefit attributable to the Cash Balance Formula, a married Member may waive the automatic preretirement surviving Spouse benefit in accordance with the provisions of this Section 7.2(c).

(1) **Notice Requirements.** The Retirement Committee shall provide each Member with a written explanation with respect to the automatic preretirement surviving Spouse benefit comparable to that required in Section 6.2, regarding the Automatic Joint and Surviving Spouse Annuity, within whichever of the following periods that ends last: (A) the period beginning on the first day of the Plan Year in which the Member attains age 32 and ending on the last day of the Plan Year in which the Member attains age 34; (B) a reasonable period after an Employee becomes a Member; or (C) a reasonable period after the joint and survivor rules become applicable to the Member. A reasonable period described in clauses (B) and (C) is the period beginning one year before and ending one year after the applicable event. If the Member's Severance from Service Date is before the date the Member attains age 35, clauses (A), (B) and (C) shall not apply and the Retirement Committee must provide the w ritten explanation within the period beginning one year before and ending one year after the Member's Severance from Service Date.

(2) **Election Period.** A Member's waiver of the automatic preretirement surviving Spouse benefit is not valid unless (A) the Member makes the waiver election no earlier than the first day of the Plan Year in which he attains age 35 and (B) the Member's Spouse satisfies the consent requirements described in Section 7.2(c)(3). The Spouse's consent to the waiver of the automatic preretirement surviving Spouse benefit shall be irrevocable, unless the Member revokes the waiver election. Irrespective of the time of election requirements described in clause (A) of the first sentence of this Section 7.2(c)(2), if the Member's Severance from Service Date occurs prior to the first day of the Plan Year in which he attains age 35, the Retirement Committee will accept a waiver election with respect to the Member's Retirement Benefit attributable to his service prior to his Severance from Service Date. Furthermore, if a Member who has not separated from service makes a valid waiver e lection, except for the timing requirement of clause (A) of the first sentence of this Section 7.2(c)(2), the Retirement Committee will accept that election as valid, but only until the first day of the Plan Year in which the Member attains age 35.

(3) **Elections.** A Member may elect to waive the automatic preretirement surviving Spouse benefit or revoke such election at any time during the applicable election periods described in Section 7.2(c)(2)(A) and (B). An election shall only be given effect if (i) the Spouse of the Member consents in writing to such election, (ii) such election designates another Beneficiary or Beneficiaries to receive the death benefit in the form of a lump-sum benefit which may not be changed without written spousal consent (or the consent of the Spouse expressly permits designations by the Member without the requirements of further consent by the Spouse), and (iii) the Spouse's consent acknowledges the effect of such election and such consent is witnessed by a Plan representative or a notary public. If it is established to the satisfaction of the Retirement Committee that a Member has no Spouse, that his Spouse may not be located, or that such other circumstances as the Secretary of the Treas ury may prescribe by regulations have occurred, then spousal

consent shall not be required. Any spousal consent or lack of requirement of such consent shall only be effective with respect to such Spouse.

7.3 Amounts Not Exceeding $5,000

Notwithstanding the foregoing provisions of this Article 7, if the Actuarial Equivalent value of a benefit payable under this Article does not exceed $5,000, such benefit shall be paid in a single lump-sum payment of Actuarial Equivalent value as soon as practicable following the death of the Member. A Member's surviving Spouse shall have the right to elect a Direct Rollover of a single lump-sum payment made pursuant to this section, in accordance with Section 6.8. Any such election shall be subject to the limitations and requirements of Section 6.8 and Section 6.8 shall be applied as though the surviving Spouse were the Member.

Article 8. Maximum Benefit Limitations

8.1 General Rule

Notwithstanding any provision of the Plan to the contrary, the annual Normal Retirement Benefit payable to a Member under the Plan as a Single Life Annuity, an Automatic Joint and Surviving Spouse Annuity, or a joint and contingent annuity option under Section 6.3(d) where the surviving annuitant is the Member's Spouse, commencing at age 65, together with benefits payable in the same form under other qualified defined benefit plans maintained by an Employer or an Affiliate, shall in no event exceed the lesser of--

(a) $160,000, or such other amount as shall be determined by the Secretary of the Treasury under Code section 415(d) to reflect cost-of-living adjustments; or

(b) 100 percent of the Member's average Limitation Earnings (as defined in Section 8.7(d)) for the three-consecutive Plan Years that produce the highest average, or during all of the Plan Years in which he was a Member if less than three years.

If the benefit the Member otherwise would accrue in any Plan Year under the Plan and all such plans (if any) would produce a benefit in excess of such maximum amount, the rate of accrual under the Plan will be reduced to the extent necessary to avoid such excess. The limitation amount, as described above, applicable to a Member who terminated his employment with an Employer or any Affiliates and who is, or will be, receiving Plan benefits shall automatically be adjusted annually for increases in the cost of living.

The Retirement Benefit of any Member whose Severance from Service Date occurred prior to January 1, 2002, and whose Retirement Benefit is currently limited as a result of the application of the limitations of Code section 415(b), shall be increased, effective with respect to benefit payments made on and after January 1, 2002, to the amount of Retirement Benefit such Member would have received on his Annuity Starting Date had the limitations described herein been in effect on the Member's Annuity Starting Date. Notwithstanding the foregoing, any increase in the Retirement Benefit of a Member pursuant to this Section 8.1 will not apply with respect to any former Member who has received a distribution of his Retirement Benefit in the form of a lump-sum payment and with respect to whom no additional Retirement Benefits are payable (without regard to any amount that would otherwise be payable to such Member pursuant to this Section 8.1).

8.2 Adjustment for Other Forms of Payment

In the case of benefits payable in a form other than a Single Life Annuity, an Automatic Joint and Surviving Spouse Annuity, or a joint and contingent annuity option under Section 6.3(d), the limitations of Section 8.1 shall be applied to the amount which would be payable under the Plan in the form of a Single Life Annuity, and then converting such reduced benefit into the Actuarial Equivalent optional form.

8.3 Adjustment for Benefits Commencing Before Age 62

In the case of benefits commencing before a Member's attainment of age 62, the applicable dollar limit under Section 8.1(a) shall be the Actuarial Equivalent of the amount payable to the Member at age 62.

8.4 Adjustment for Benefits Commencing After Age 65

In the case of benefits commencing after the Member's attainment of age 65, the applicable dollar limit under Section 8.1(a) shall be the Actuarial Equivalent amount determined as if the Member elected a Single Life Annuity benefit commencing at age 65.

8.5 Adjustment of Limitation for Years of Vesting Service

(a) **Dollar Limitation.** In the case of a Member whose aggregate years of participation in the Plan are fewer than ten, the applicable dollar limit under Section 8.1(a) shall be equal to the amount otherwise applicable times the greater of--

(1) 10 percent, or

(2) a fraction, the numerator of which is the aggregate number (not in excess of ten) of years of participation in the Plan and the denominator of which is ten.

(b) **Earnings Limitation.** In the case of a Member with fewer than ten Years of Creditable Service, the applicable limitation amount under Section 8.1(b) shall be equal to the amount otherwise applicable times the greater of--

(1) 10 percent, or

(2) a fraction, the numerator of which is the total number (not in excess of ten) of Years of Creditable Service credited to the Member, and the denominator of which is ten.

8.6 Limitation Year

For purposes of applying Code section 415 and applicable Treasury regulations, the limitation year for the Plan shall be the calendar year.

8.7 Definitions

For purposes of this Article 8,

(a) **"Annual Addition"** shall mean the sum, credited to a Member's accounts under all qualified defined contribution plans maintained by an Employer or an Affiliate (if any), of--

(1) Employer contributions, including amounts made under cash or deferred arrangements described in Code section 401(k);

(2) forfeitures;

(3) Employee contributions;

(4) amounts allocated to an individual medical benefit account (as defined in Code section 415(l)) which is part of any defined benefit plan maintained by an Employer or an Affiliate; and

(5) amounts (derived from contributions paid after December 31, 1985, in taxable years ending after such date) attributable to post-retirement medical benefits allocated to the separate account of a Key Employee (as defined in Section 13.7(b)) under a welfare benefit fund (as defined in Code section 419(e)) maintained by an Employer or an Affiliate;

provided, however, that Code section 415(c)(1)(B) shall not apply to any amount treated as an Annual Addition under paragraph (4) or (5) hereof. Restored forfeitures, repaid distributions, rollover contributions, and loan payments shall not be treated as Annual Additions. Notwithstanding the foregoing, any contribution made after a Member's termination of employment with the Company and its Affiliates for the purpose of providing medical care (within the meaning of Code section 419A(f)(2)) shall not be treated as an Annual Addition.

(b) **"Limitation Earnings"** shall mean the total of regular, overtime, bonus, and other cash compensation paid or made available to the Employee during the Plan Year, but not including amounts deferred as a result of a salary reduction election under Code section 401(k) or deferrals under a plan maintained under Code section 125, and the items listed in Treasury regulation section 1.415-2(d)(2) (relating to deferred compensation, stock options, and proceeds from the sale of certain securities). The limitation on Earnings contained in Section 2.1(s)(3) shall apply. Effective January 1, 1998, "Limitation Earnings" shall mean a Member's "compensation" as defined in Code section 415(c)(3), including any deferrals under Code section 401(k), 132(f)(4) or 125.

(c) **"Projected Annual Benefit"** shall mean the annual benefit to which the Member would be entitled under the terms of the Plan and all other defined benefit plans maintained by an Employer or an Affiliate, if the Member continued employment until his Normal Retirement Age (or current age, if later) and the Member's Limitation Earnings (as defined in Section 8.7(b)) for the Plan Year and all other relevant factors used to determine such benefit remained constant until Normal Retirement Age (or current age, if later).

Article 9. Amendment and Termination

9.1 Amendment of the Plan

The Board of Directors of the Company, in its sole and absolute discretion, hereby reserves the right to amend, modify, or alter in any respect the Plan at any time and from time to time and retroactively if deemed necessary or appropriate for any reason whatsoever. Further, by adopting the Plan, an Employer hereby delegates to the Board of Directors of the Company, the authority and the right to amend or modify the Plan at any time. The Retirement Committee may make administrative changes to the Plan to qualify or maintain the Plan as a plan meeting the requirements of ERISA and Code section 401(a) and the Treasury regulations issued thereunder.

No amendment of the Plan shall cause any part of the Trust Fund to be used for or diverted to purposes other than the exclusive benefit of the Members, their surviving Spouses, or their Beneficiaries covered by the Plan. No Plan amendment may--

(a) decrease the Accrued Benefit of any Member,

(b) eliminate or reduce an early retirement benefit or a retirement-type subsidy (as defined in Treasury regulations), or

(c) eliminate an optional form of benefit with respect to benefits attributable to service before the amendment,

except as permitted under Code section 411(d)(6) and the Treasury regulations thereunder. Retroactive Plan amendments may not decrease the Accrued Benefit of any Member determined as of the time the amendment was adopted.

9.2 Termination of the Plan

The Board of Directors of the Company may terminate the Plan in whole or in part for any reason at any time in any manner. If the Plan is terminated or partially terminated without termination of the Trust, the Trust will be continued until the Board of Directors of the Company terminates it or until all Trust assets have been fully distributed.

9.3 Vesting on Termination or Partial Termination

Upon a complete or partial termination of the Plan (within the meaning of Treasury regulations section 1.411(d)-2), the right of each affected Member to benefits accrued to the date of such termination or partial termination shall become nonforfeitable to the extent such benefits are funded as of such date.

9.4 Termination of the Trust

If the Plan is terminated or partially terminated, or if contributions are discontinued, the Trust may be terminated by the Board of Directors of the Company at any time. The Trust Fund will then be valued. The Retirement Committee will determine the method and means of distribution of each interest in the Trust Fund and will certify that information to the Trustee. After receiving that certification and after making necessary adjustments to reflect additional earnings, losses, and liquidation expenses, the Retirement Committee shall direct the Trustee to make distribution as promptly as possible. If one Employer, but not others, discontinues contributions or terminates or partially terminates its participation in the Plan, the Board of Directors of the Company may determine whether or not the Trust shall be continued for that Employer's Members and Beneficiaries. If those interests in the Trust are terminated, the Board of Directors of the Company w ill direct their liquidation under this section.

9.5 Distribution on Termination

Upon termination of the Plan, that portion of any assets then held in the Trust Fund shall be allocated, after payment of all expenses of administration or liquidation, in accordance with amendments to the Plan adopted prior to such allocation under section 4044(a) of ERISA; provided, that any assets remaining after the satisfaction of all benefits accrued to the termination date with respect to Members, and their surviving Spouses and Beneficiaries, shall revert to and be distributed to Employers.

9.6 Merger, Consolidation or Transfer

In the case of any merger or consolidation of the Plan with, or any transfer of assets and liabilities of the Plan to, any other plan, provision must be made so that each Member would, if the Plan were then terminated, receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive under the Plan immediately before the merger, consolidation, or transfer if the Plan had then terminated.

9.7 Restrictions on Benefits and Distributions to Certain Members

(a) **Restriction of Benefits.** Notwithstanding any other provisions in the Plan to the contrary, in the event of the termination of the Plan, the benefit of any Highly Compensated Employee (and any Highly Compensated Former Employee) is limited to a benefit that is nondiscriminatory under Code section 401(a)(4). For purposes of this Section 9.7, the following terms shall apply:

(1) **"Total Earnings"** means a Member's compensation as defined in Code section 415(c)(3) as determined by the Retirement Committee, increased by amounts excluded from wages by reason of a Member's election to reduce wages in lieu of benefits under a cafeteria plan under Code section 125, a cash or deferred arrangement under Code section 401(k), a transportation fringe benefit plan under Code section 132(f)(4) or a simplified employee pension arrangement under Code section 408(k).

(2) **"Highly Compensated Employee"** means, any Employee who--

(A) was a 5-percent owner (as determined under Code section 416(i)(1)) at any time during the Plan Year or the preceding Plan Year, or

(B) for the prior Plan Year--

(i) received Total Earnings from Employers and Affiliates in excess of $90,000 (as adjusted by the Secretary of the Treasury pursuant to Code section 415(d), except that the base period shall be the calendar quarter ending September 30, 1996), and

(ii) if the Retirement Committee elects the application of this clause for such preceding year, was in the top-paid group of Employees for such preceding year.

For this purpose, an Employee is in the top-paid group of Employees for any year if such Employee is in the group consisting of the top 20 percent of Employees when ranked on the basis of Earnings during the year.

In determining the Highly Compensated Employees of the Employers, the provisions of this section shall be applied in accordance with the provisions of Code section 414(q) and related guidance, including in the discretion of the Retirement Committee (and pursuant to the appropriate election) any method or election allowed under the Code.

(3) **"Highly Compensated Former Employee"** shall mean any Member who has terminated employment as an Employee in a prior Plan Year and who was a Highly Compensated Employee either when he terminated employment as an Employee or any Plan Year ending on or after his fifty-fifth birthday.

(b) **Restrictions on Distributions.** Notwithstanding any other provisions to the contrary, Highly Compensated Employees and Highly Compensated Former Employees (as defined in Section 9.7(a)), who are among the 25 most highly paid Employees of the Employer shall not be entitled to elect to receive Retirement Benefits in the form of a lump-sum payment under Section 6.3(b). This restriction shall not apply, however, if:

(1) after any payment to the Member of the requested lump-sum amount, the value of Plan assets would continue to equal or exceed 110 percent of the value of the current liabilities of the Plan, as such liabilities are defined in Code section 412(l)(7), or

(2) the lump-sum amount due such Member is less than one percent of the value of the current liabilities of the Plan, as such liabilities are defined in Code section 412(l)(7), or

(3) the Actuarial Equivalent present value of benefits payable to the Member is $5,000 or less, in which case the provisions of Section 6.5 apply.

In the event that two or more Members subject to this Section 9.7(b) have the same Severance from Service Date, the determination of whether the foregoing restrictions apply will be made beginning with the oldest of the Members and proceeding to the youngest, taking into account with each Member any payments to be made to the Members who preceded him.

(c) **Repayment Guarantee.** A Member who is otherwise restricted from receiving a lump-sum payment of his Retirement Benefit because of the provisions of Section 9.7(b), above, may receive a lump-sum payment if, prior to receipt of such lump-sum payment, the Member provides a written guarantee to the Retirement Committee of repayment of the lump-sum payment to the Plan, in the event of the Plan's termination. The amount subject to a guarantee of repayment (the "Excess Amount"), for any Plan Year, is the excess of the amounts distributed to a Member (accumulated with reasonable interest) over the amounts that could have been distributed to the Member under a single life annuity that is the Actuarial Equivalent of the sum of such Member's Accrued Benefit and other benefits under the Plan (accumulated with reasonable interest). The affected Member may guarantee repayment by: (i) depositing in escrow, with an acceptable depository, property having a fair market value equal to at least 125 percent of the Excess Amount, (ii) providing a bank letter of credit in an amount equal to at least 100 percent of the Excess Amount, or (iii) posting a bond equal to at least 100 percent of the Excess Amount. If the Member elects to post bond, the bond must be furnished by an insurance company, bonding company or other surety acceptable for federal bonds.

The escrow arrangement may provide that the Member may withdraw amounts in excess of 125 percent of the Excess Amount. If the market value of the property in an escrow account falls below 110 percent of the Excess Amount, the Member must deposit sufficient additional property to bring the total value of the property held by the depository to 125 percent of the Excess Amount. The escrow arrangement may provide that the Member shall have the right to receive any income from the property placed in escrow, provided that no such payment may be made if the value of the property in the escrow account is less than 125 percent of the Excess Amount or if such payment would cause the value of the property in the escrow account to be less than 125 percent of the Excess Amount. A surety or bank may release any liability on a bond or letter of credit in excess of 100 percent of the Excess Amount. If the Retirement Committee certifies to the depository, surety or bank that a Member (or such Member's estate) is no longer obligated to repay any Excess Amount, the depository may deliver to such Member (or such Member's estate) any property held under an escrow agreement, and a surety or bank may release any liability on such Member's bond or letter of credit.

(d) **Delayed Lump-sum Distribution.** Notwithstanding the above, a Member who, on his Severance from Service Date, is entitled to receive his Retirement Benefit only in an annuity form, because of the provisions of this Section 9.7, may on or before such date make an irrevocable election to receive his Retirement Benefit in the form of an annuity only until such time as it is determined that he is no longer restricted under this Section 9.7, and then to receive a lump sum payment that is the Actuarial Equivalent of the Member's remaining Retirement Benefit. However, if such determination is not made prior to the first day of the Plan Year that is eight years coincident with or subsequent to the Member's Severance from Service Date or if the Member's death occurs prior to such a determination, the Member's Retirement Benefit shall continue in the form of annuity selected by the Member, in accordance with its terms, until the Actuarial Equivalent present value of benefits payable to the Member is $5,000 or less, at which time the Member shall receive a lump sum payment that is the Actuarial Equivalent of the Member's remaining Retirement Benefit. Any such determination shall be made as of the last day of each Plan Year. Payment of such lump sum shall relieve the Plan of all obligations to the Member.

In determining whether, as of a given last day of a Plan Year, two or more Members' Retirement Benefits are no longer restricted, the order in which such determination shall be made with respect to the Members shall be based on the Members' respective Severance from Service Dates. The Member whose Severance from Service Date occurs first shall be the first eligible to receive a lump-sum payment that is the Actuarial Equivalent of such Member's remaining Retirement Benefit; other affected Members shall be considered in sequence, proceeding to the one(s) with the most recent Severance from Service Date, taking into account with each Member any payments to be made to the Members who preceded him. In the event that two or more Members electing delayed lump-sum distribution under this Section 9.7(d) have the same Severance from Service Date, the determination of

eligibility to receive a lump-sum payment of a remaining Retirement Benefit will be made beginning with the oldest of the Members and proceeding to the youngest, taking into account with each Member any payments to be made to the Members who preceded him.

9.8 Plan Participation by Associate Companies

(a) **Adoption of the Plan.** Any Affiliated Company, with the consent of the Company and by taking appropriate corporate action, may become an Associate Company and secure the benefits of the Plan for its Employees by adopting the Plan and by executing the Trust Agreement. As a condition to such Affiliated Company becoming an Associate Company, the Company may require such Affiliated Company to modify or amend any pension plan which such Affiliated Company may then have so as to conform to the provisions of the Plan, or to limit Prior Service, as defined in Section 2.1(p)(2), to service rendered for such corporation on and after a date to be determined by the Company. The Associate Company shall thereafter promptly deliver to the Trustee a certified copy of the resolutions or other documents evidencing its adoption of the Plan and also a written instrument showing the consent by the Company to such adoption.

(b) **Withdrawal from the Plan.** The Company may upon thirty (30) days written notice request an Associate Company to withdraw from the Plan and upon the expiration of such thirty-day period, unless such Associate Company has taken the appropriate corporate action to accomplish such withdrawal, such Associate Company shall be deemed to have withdrawn from the Plan. Any Employer may withdraw from the Plan by giving the Retirement Committee thirty (30) days written notice of its intention to withdraw. In the event any Employer withdraws from the Plan, the Retirement Committee shall thereupon determine, on the basis of actuarial valuation, that portion of the Trust Fund held on account of the Employees of such Employer not yet retired. The Retirement Committee in its discretion shall direct the Trustee either (1) to continue to hold such assets under the Plan on the date of such withdrawals; or (2) to deliver such assets to such trustee or trustees as shall be selected by such w ithdrawing Employer; or (3) to use such assets to purchase an appropriate retirement annuity for each Employee of such withdrawing Employer who was a Member on the date of such withdrawal.

Article 10. Contributions

10.1 Employer Contributions

Each Employer shall make contributions from time to time in such amounts as are necessary to maintain the Plan on a sound actuarial basis and to meet the minimum funding standards of Code section 412. However, an Employer may discontinue its contributions for any reason at any time. Any forfeitures shall be used to reduce the amount of any Employer contributions otherwise payable for succeeding Plan Years and will not be applied to increase the benefits any Member would otherwise receive under the Plan.

10.2 Reversion of Employer Contributions

(a) That portion of a contribution made by an Employer by a mistake of fact shall be returned to an Employer within one year after the payment of the contribution.

(b) An Employer's contributions to the Plan are conditioned upon their deductibility under Code section 404. That portion of a contribution made by an Employer and disallowed by the Internal Revenue Service as a deduction under Code section 404 shall be returned to an Employer within one year after the Internal Revenue Service disallows the deduction.

(c) Earnings attributable to the contributions to be returned under this section shall not be returned to an Employer and any losses attributable to such contributions shall reduce the amount returned.

10.3 Rollover Contributions

The Trustee shall not accept a rollover contribution to the Plan on behalf of an Employee.

Article 11. Administration of the Plan

11.1 Responsibility for Plan and Trust Administration

The Plan shall be administered by the Retirement Committee, which shall be appointed by the Board of Directors of the Company and shall be responsible for the general administration of the Plan. However, the Retirement Committee shall have no responsibility for or control over the investment of Plan assets. The investment of the assets of the Plan shall be managed by the Plan Assets Committee (the "Plan Assets Committee"), which shall be appointed by the Board of Directors of the Company, except to the extent that such responsibility has been allocated or delegated as hereinafter otherwise provided. The Retirement Committee and the Plan Assets Committee are each referred to as a "Committee" in this Article 11. The Trustee shall be responsible for the management of the Plan's assets pursuant to the terms of the Trust Agreement. The Board of Directors of the Company shall have the sole authority to appoint and remove any Trustee or any member of the Committee , and to amend or terminate, in whole or in

part the Plan or the Trust. The Company, through the Committee shall have the responsibility for the administration of the Plan, which is specifically described in the Plan and the related Trust Agreement. Each of the Retirement Committee and the Plan Assets Committee shall be a "named fiduciary" and the Retirement Committee shall be the "plan administrator," for purposes of the Code and ERISA.

11.2 Operation of the Committees

Each Committee shall consist of at least three persons appointed by the Board of Directors of the Company. Members of the Committees may resign at any time upon due notice in writing. The Board of Directors of the Company may remove any member of any Committee at any time, with or without cause. Vacancies in each Committee shall be filled by the Board of Directors of the Company as soon as is reasonably possible after the vacancy occurs. Until a new appointment is made, the remaining member or members of each Committee shall have full authority to act as such Committee. Any member of a Committee may resign by delivering his written resignation to the Secretary of the Company (the "Secretary") and the other members of the Committee. Any such resignation shall become effective upon its receipt by the Secretary or on any other date as is agreed to by the chairman of the Committee and the resigning member. Each Committee shall act by a majority of its members at the time in office, and such action may be taken either by vote at a meeting (including a telephone meeting) or by consent in writing without a meeting. Each Committee shall hold meetings (including telephone meetings) upon such notice and at such times and places as it may from time to time determine. Notice of a meeting need not be given to any member of a Committee who submits a signed waiver of notice before or after the meeting or who attends a meeting (including a telephone meeting). Each Committee may adopt such rules and appoint such subcommittees as it deems desirable for the conduct of its affairs and the administration of the Plan, and may appoint one of its members as its chairman. Each Committee shall elect a Secretary, who need not be a member of the Committee, who shall record the minutes of its proceedings and shall perform such other duties as may from time to time be assigned to him. Any person dealing with a Committee shall be entitled to rely upon a certificate of any memb er of such Committee, or its secretary, as to any act or determination of the Committee. Each Committee may delegate such duties or powers, as it deems necessary to carry out the administration of the Plan.

The Secretary (or other authorized officer of the Company) shall certify to the Trustee the names and authorized signatures of the members of each Committee and, as changes take place in membership, the names and signatures of new members. Each Committee may authorize one or more of its respective members to execute any document or documents on its behalf, in which event the applicable Committee shall notify the Trustee in writing of such action and the name or names of those so designated. The Trustee thereafter shall accept and rely conclusively upon any direction or document executed by such member or members as representing action by the Committee until such time as the Committee shall file with the Trustee a written revocation of such designation.

11.3 Powers and Duties of the Retirement Committee

The members of the Retirement Committee are hereby designated as "named fiduciaries," within the meaning of section 402(a) of ERISA, with respect to the operation and administration of the Plan and, except to the extent otherwise provided herein, jointly shall administer the Plan in accordance with its terms and shall have all powers necessary to carry out its duties hereunder. The Retirement Committee shall determine, in a uniform and nondiscriminatory manner, all questions concerning the administration, interpretation and application of the Plan. Any such determination by the Retirement Committee shall be conclusive and binding on all persons. In addition:

(A) The Retirement Committee will determine the names of Members, surviving Spouses and Beneficiaries and the amounts that are payable to them from the Trust Fund in accordance with the provisions of the Plan.

(B) The Retirement Committee shall keep in convenient form such data as shall be necessary for actuarial valuations of the contingent assets and liabilities of the Plan and for checking the experience thereof.

(C) The Retirement Committee shall determine the manner in which the funds of the Plan shall be dispensed including the form of voucher or waiver to be used in making disbursements and the due notification of persons authorized to approve and sign the same.

(D) The Retirement Committee shall determine whether a judgment, decree or order, including approval of a property settlement agreement, made pursuant to a state domestic relations law, including a community property law, that relates to the provision of child support, alimony payments, or marital property rights of a Spouse, former Spouse, child, or other dependent of the Member is a qualified domestic relations order within the meaning of Code section 414(p), and shall give the required notices and segregate any amounts that may be subject to such order if it is a qualified domestic relations order, and shall administer the distributions required by any such qualified domestic relations order.

(E) The Retirement Committee is authorized to make such rules and regulations as may be necessary to carry out the provisions of the Plan and will determine any questions arising in the administration, interpretation and application of the Plan, which determination shall be conclusive and binding on all parties. The Retirement Committee is also authorized to provide, on a nondiscriminatory basis, for accelerated vesting and to purchase or arrange for payment of an appropriate annuity or any other form of payment or to permit the immediate distribution of Plan benefits in those cases involving groups of Employees involuntarily terminated, including, but not limited to, cases involving groups of Employees who involuntarily cease to render Creditable Service due to a liquidation, sale, or other means of terminating the parent-subsidiary or controlled group relationship with an Employer or the sale or other transfer to a third party of all o r substantially all of the assets used by an Employer in a trade or business conducted by an

Employer, when the Retirement Committee determines that such action is appropriate to prevent inequities with respect to such Employees, and the determination of the Committee in such matters shall be conclusive and binding on all parties. Further, the Retirement Committee, upon the written request of the Company's Vice President-Organization and Human Resources, is authorized, with respect to a Member of the Plan who has five or more years of Creditable Service and who is transferred to the purchaser of a portion of the Company's operations, effective the day after the closing date of the sale, to grant additional Creditable Service and additional credit for age under the Plan, on a nondiscriminatory basis, in each case up to one percent for each year of Creditable Service, and to advance the date through which a Member's Earnings are calculated pursuant to Section 2.1(s) hereof, so as to prevent hardship with resp ect to his participation in said purchaser's pension plan. The Retirement Committee is also authorized, with respect to a Member (i) whose Accrued Benefit is attributable to the Cash Balance Formula and (ii) who has completed at least five years of Creditable Service and (iii) who is transferred to the purchaser of a portion of the Company's operations, effective as of the day after the closing date of the sale, to grant additional Annual Pay Credits and Interest Credits, on a nondiscriminatory basis, so as to prevent hardship with respect to his participation in said purchaser's pension plan. The Retirement Committee is also authorized to waive, either in whole or in part, the percentage reductions for early commencement of retirement benefits set forth in Section 4.2(b)(2), on a nondiscriminatory basis, in those cases where groups of Employees have terminated employment either as a result of a reduction in the work force or for similar economic reasons, and, the determination of the Retirement Committee shall be conclusive and binding on all parties. The Retirement Committee is also authorized to adopt such rules and regulations as it may consider necessary or desirable for the conduct of its affairs and the transaction of its business, including, but not limited to, the power on the part of the Retirement Committee to act without formally convening and to provide that action of the Retirement Committee may be expressed by written instrument signed by a majority of its members. The Retirement Committee may retain legal counsel (who may be counsel for the Company) when and if it is found necessary to do so and may also employ such other assistants, clerical or otherwise, as may be requisite, and expend such monies as may be requisite in their work. All of these expenses of the Retirement Committee and the reasonable expenses of the Trustee in the administration of the trust as well as for actuarial services may be paid out of the Trust Fund to the extent permissible under applicable law. In exercising su ch powers and authorities, the Retirement Committee shall at all times exercise good faith, apply standards of uniform application and refrain from arbitrary action.

11.4 Duties of the Plan Assets Committee

(a) The Plan Assets Committee shall have exclusive authority and fiduciary responsibility under ERISA, (i) to appoint and remove investment advisers, if any, under the Plan and the Trust Agreement, (ii) to direct the segregation of assets of the Trust Fund into an investment adviser account or accounts at any time, and from time to time to add to or withdraw assets from such investment adviser account or accounts as it deems desirable or appropriate and also to direct the Company's contribution or any portion thereof into any of the accounts maintained under the Trust, (iii) to direct the Trustee to enter into an agreement or agreements with an insurance company or companies designated by the Plan Assets Committee as provided in the Trust Agreement, (iv) to establish investment guidelines for areas other than those set forth above and, within such guidelines, to direct the Trustee to purchase and sell securities or to enter int o one or more agreements with one or more companies, partnerships or joint ventures and to transfer assets of the Trust Fund to such entities for purposes of investment therein; provided however, that, except as expressly set forth above, the Plan Assets Committee shall have no responsibility for or control over the investment of the Plan assets held in the Trust Fund established hereunder. In addition, the Plan Assets Committee shall receive the reports and recommendations of the actuary designated by the Company concerning actuarial assumptions to be adopted on subjects including, but not limited to, Employee turnover, rate of mortality, disability rate, ages at actual retirement, rate of pay increases, investment income and size of participant group, and make such recommendations and determinations based upon such reports and recommendations as it may deem necessary or appropriate. The Plan Assets Committee may appoint or employ such persons as it deems necessary to render advice with respect to any res ponsibility of the Plan Assets Committee under the Plan. The Plan Assets Committee may allocate to any one or more of its members any responsibility that it may have under the Plan and may designate any other person or persons to carry out any responsibility of the Plan Assets Committee under the Plan. Any person may serve in more than one fiduciary capacity with respect to the Plan. Members of the Plan Assets Committee may resign at any time upon due notice in writing. The Board of Directors of the Company may remove any Plan Assets Committee members and appoint others in their places. The Plan Assets Committee may act by a majority of its members.

(b) The Plan Assets Committee is authorized to make such rules and regulations as may be necessary to carry out its duties under the Plan. The Plan Assets Committee is also authorized to adopt such rules and regulations as it may consider necessary or desirable for the conduct of its affairs and the transaction of its business, including, but not limited to, the power on the part of the Plan Assets Committee to act without formally convening and to provide that action of the Plan Assets Committee may be expressed by written instrument signed by a majority of its members. The Plan Assets Committee may retain legal counsel (who may be counsel for the Company) when and if it be found necessary to do so and may also employ such other assistants, clerical or otherwise, as may be requisite, and expend such monies as may be requisite in their work. All of these expenses of the Plan Assets Committee as well as expenses for investment counseling may be paid out of the Trust Fund to t he extent permissible under applicable law.

The Retirement Committee may make such rules and regulations in connection with its administration of the Plan as are consistent with the terms and provisions hereof.

11.5 Duties of the Trustee

The Trustee is hereby designated as a "named fiduciary", within the meaning of section 402(a) of ERISA, and shall possess all powers which may be necessary to carry out its duties, as set forth in the Trust Agreement. In addition:

(a) The Trustee may, to the full extent permitted by law, establish procedures for the designation of persons other than named fiduciaries to carry out its fiduciary responsibilities (other than trustee responsibilities) under the Plan. If the Trustee properly allocates any fiduciary responsibility to another person or designates another person to carry out any of its responsibilities, the Trustee shall not be liable for any act or omission of such person in carrying out such responsibility, except as provided in section 405(c) of ERISA.

(b) The Trustee shall act in accordance with any directions issued to it directly by the Plan Assets Committee (or if required by the terms of the applicable Trust Agreement, indirectly by the Retirement Committee) with respect to the Trustee's exercise of any of the powers conferred upon it by the Trust Agreement. Any direction to the Trustee shall be in writing and signed by the secretary or a duly authorized member of the Plan Assets Committee. The Retirement Committee, the Employers, and the Company, and their officers and directors, shall be entitled to rely upon all tables, valuations, certificates, and reports furnished by any enrolled actuary selected by the Retirement Committee, upon all certificates and reports made by any accountant selected by the Retirement Committee, the Company, or the Employers, and upon all opinions given by any legal counsel selected by the Retirement Committee. The Retirement Committee, the Company, and the Employers and their officers and directors, shall be fully protected with respect to any action taken or suffered by them in good faith in reliance upon any such actuary, accountant or counsel, and all action so taken or suffered shall be conclusive upon all persons.

11.6 Standard of Duty

The members of the Retirement Committee and the Plan Assets Committee, as well as the Trustee, shall discharge their duties with respect to the Plan solely in the interests of the Members and their Beneficiaries and in accordance with section 404 of ERISA.

11.7 Funding and Investment Policy

The Plan Assets Committee shall establish an investment policy and funding policy consistent with the objectives of the Plan and the requirements of Title I of ERISA. The Plan Assets Committee shall at least annually review such policy and method. In establishing and reviewing such policy and method, the Plan Assets Committee shall endeavor to determine the Plan's short-term and long-term financial needs, taking into account the need for liquidity to pay benefits and the need for investment growth. The general objective of the funding policy and method shall be at all times to maintain a balance between safety in capital investment and investment return. All actions of the Plan Assets Committee taken to carry out the purposes of this Section 11.7, and the reasons therefor, shall be recorded in the minutes of the Plan Assets Committee and shall be made available to the Board and senior financial officers of the Company. Notwithstanding anything herein to the contrary, the Retirement Committee or the Plan Assets Committee may provide for the funding of the payment of any benefits prescribed by the Plan through the purchase of immediate or deferred annuities, as the case may be, from any governmental agency or insurance company or companies, approved by the Company.

11.8 Compensation and Expenses

The members of the Retirement Committee and the Plan Assets Committee shall serve without compensation for services as such. All expenses of the Retirement Committee and the Plan Assets Committee that are properly allocable to the Plan shall be paid out of the Trust Fund, to the extent permissible under applicable law, unless paid by the Company. Such expenses shall include any expenses incidental to the functioning of the Retirement Committee and the Plan Assets Committee, including, but not limited to, fees of independent accountants, enrolled actuaries, legal counsel, investment advisors and other specialists and other expenses.

11.9 Non-Liability and Indemnification

To the extent permitted by law, the Retirement Committee, the Plan Assets Committee, the Boards of Directors of the Employers, and the Employers and their respective officers shall not be liable for the directions, actions or omissions of any agent, legal or other counsel, accountant or any other expert who has agreed to the performance of administrative duties in connection with the Plan or Trust. The Committees, the Boards of Directors of the Employers, and the Employers and their respective officers shall be entitled to rely upon all certificates, reports, data, statistics, analyses and opinions which may be made by such experts and shall be fully protected in respect to any action taken or suffered by them in good faith reliance upon any such certificates, reports, data, statistics, analyses or opinions; all action so taken or suffered shall be conclusive upon each of them and upon all persons having or claiming to have any interest in or under the P lan.

Each member of each of the Retirement Committee, the Plan Assets Committee, and the Board of Directors, shall be indemnified by the Company against all costs and expenses (including counsel fees but excluding any amount representing a settlement unless such settlement be approved by the Board of Directors of the Company) reasonably incurred by or imposed upon him, in connection with or resulting from any action, suit or proceeding, to which he may be made a party by reason of his being or having been a member of the Retirement Committee or the Plan Assets Committee, as applicable (whether or not he continues to be a member of such Committee at the time when such cost or expense is incurred or imposed), to the full extent permitted by law. The foregoing rights of indemnification shall not be exclusive of other rights to which any member of the Retirement Committee or the Plan Assets Committee may be entitled as a matter of law.

11.10 Claims Procedure

If an Employee, Member or Beneficiary ("Claimant") receives an adverse determination with respect to a claim for benefits which determination results, wholly or partially, in the denial, reduction or termination of benefits under the Plan, or the failure to provide full or partial payment, or if such adverse determination is based upon eligibility, the Retirement Committee shall provide the Claimant with written notification or electronic notification (in accordance with the requirements of Department of Labor Regulation section 2520.104b-1(c)(1)(i), (iii) and (iv)) of the adverse determination with respect to the claim within a reasonable

period of time, but not later than 90 days after the claim has been received by the Plan; provided, however, that in the event of special circumstances, such period may be extended beyond the initial 90-day period but not later than 180 days after the claim has been received by the Plan. In the event of such an extensi on, the Claimant shall be notified in writing of the extension prior to the expiration of the initial 90-day period. Such notification shall explain the special circumstances requiring the extension and indicate the date by which the Plan expects to render a determination with respect to the claim.

The notification of the adverse determination with respect to a claim provided to the Claimant shall set forth the following:

(a) the specific reason or reasons for the adverse determination;

(b) reference to the specific Plan provisions on which the adverse determination is based;

(c) a description of any material or information necessary for the Claimant to perfect the claim and an explanation of why such material or information is necessary;

(d) appropriate information as to the steps to be taken if the Claimant wishes to submit the claim for review, including any time limits applicable with respect to such steps; and

(e) a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA following the adverse determination on review with respect to the claim.

Any request for a review must be made in writing to the Retirement Committee within 60 days of the date the Retirement Committee notifies the Claimant of the adverse determination with respect to the claim. Upon receipt by the Plan of the request for review, the claim will be reviewed by the Retirement Committee. A Claimant's request for a review must be given a full and fair review by the Retirement Committee. In connection with such request, the Claimant, or his duly authorized representative, may:

(1) upon request and free of charge, have reasonable access to all documents, records and other information that is relevant (within the meaning of Department of Labor Regulation section 2560.503-1(m)(8)) to the claim; and

(2) submit written comments, documents, records and other information relating to the claim.

The review of the claim by the Retirement Committee shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial determination.

If the Retirement Committee deems it appropriate, it may hold a hearing with respect to a claim. If a hearing is held, the Claimant shall be entitled to be represented by counsel. The determination of the Retirement Committee shall be made within a reasonable period of time, but not later than 60 days after receipt by the Plan of the request for review, unless special circumstances (such as the need to hold a hearing) require an extension of time, in which event such determination shall be rendered not later than 120 days after receipt by the Plan of the request for review. If such an extension is required, written notification of the extension shall be furnished to the Claimant prior to the expiration of the initial 60-day period. Such notification shall explain the special circumstances requiring the extension and indicate the date by which the Plan expects to render a determination with respect to the review of the claim.

The Retirement Committee shall provide the Claimant with written notification or electronic notification (in accordance with the requirements of Department of Labor Regulation section 2520.104b-1(c)(1)(i), (iii) and (iv)) of its determination with respect to its review of the claim. If the adverse determination with respect to the claim is upheld by the Retirement Committee, the notification shall set forth:

(a) the specific reason or reasons for the adverse determination;

(b) reference to the specific Plan provisions on which the adverse determination is based;

(c) a statement that the Claimant is entitled to receive upon request and free of charge, reasonable access to, and copies of, all documents, records and other information relevant (within the meaning of Department of Labor Regulation section 2560.503-1(m)(8)) to the adverse determination with respect to the claim; and

(d) a statement of the Claimant's right to bring a civil action under section 502(a) of ERISA following the adverse determination on review with respect to the claim.

All interpretations, determinations and decisions of the Retirement Committee with respect to any claim shall be made by the Retirement Committee in its sole discretion based on the Plan and documents presented to it and shall be final, conclusive and binding.

Article 12. Trust Arrangements

12.1 Appointment of Trustee
A Trustee for the Plan shall be appointed from time to time by the Board of Directors of the Company and, upon acceptance thereof, the Trustee shall perform the duties and exercise the authority of the Trustee as set forth in the Plan and in the Trust Agreement.

12.2 Removal of Trustee; Appointment of Other Trustee
The Board of Directors of the Company reserves the right to remove the Trustee at any time and to appoint a successor Trustee.

12.3 Change in Trust Agreements
The Board of Directors of the Company may from time to time enter into such further agreements with a Trustee or other parties and make such amendments to Trust Agreements as it may deem necessary or desirable to carry out the Plan; and may take such other steps and execute such other instruments as may be deemed necessary or desirable to put the Plan into effect or to carry it out.

Article 13. Top-Heavy Plan Provisions

13.1 General Rule
In the event that the Plan is top-heavy, or is a member of a top-heavy group, with respect to any Plan Year the provisions of Sections 13.4 through 13.7 shall apply.

13.2 When Plan is Top-Heavy
The Plan shall be top-heavy for a Plan Year if as of the Applicable Determination Date (as defined in Section 13.7(a)), the present value of the cumulative Accrued Benefits under the Plan for Key Employees (as defined in Section 13.7(b)) exceeds 60 percent of the cumulative Accrued Benefits under the Plan for all Employees (other than former Key Employees) under the Plan. Such amounts shall include the value of any distributions made with respect to an Employee during the five-year period ending on the Applicable Determination Date. The Accrued Benefits of individuals who have not performed services for an Employer or the Affiliates at any time during the five-year period ending on the Applicable Determination Date shall not be taken into account. The determination of the foregoing ratio shall be made in accordance with Code section 416(g), which is incorporated herein by this reference. Notwithstanding the foregoing, the Plan shall not be top-heavy i f it is part of any aggregation group of plans, as defined in Section 13.3(a), that is not a top-heavy group.

13.3 When Plan is in Top-Heavy Group
A plan is a member of a top-heavy group with respect to a Plan Year if as of the Applicable Determination Date (as defined in Section 13.8(a)), it is part of a "required aggregation group" of plans which is top-heavy. For purposes of this Article--

(a) An "aggregation group of plans" shall consist of a "required aggregation group" of plans that shall include each plan qualified under Code section 401(a) which is maintained by an Employer or an Affiliate and (1) in which a Key Employee (as defined in Section 13.7(b)) is a participant in the Plan Year that contains the Applicable Determination Date, or any of the four preceding Plan Years, or (2) which enables any other plan in which a Key Employee is a participant to meet the requirements of Code section 401(a)(4) or 410. In addition, at the election of the Retirement Committee, an aggregation group of plans may be expanded to include the "permissive aggregation group." "Permissive aggregation group" consists of the plans of an Employer or an Affiliate that are required to be aggregated, plus one or more plans of an Employer that are not part of a required aggregation group but that satisfy the requirements of Code sections 401(a)(4) and 410 when considered with the requ ired aggregation group; and

(b) an aggregation group of plans shall be a "top-heavy group" with respect to a Plan Year if as of the Applicable Determination Date, the sum of--

(1) the present value of the cumulative Accrued Benefits for Key Employees under all defined benefit plans included in such group, and

(2) the aggregate of the accounts of Key Employees under all defined contribution plans included in such group exceeds 60 percent of a similar sum determined for all Employees (other than former Key Employees) covered under the aggregation group of plans. Cumulative Accrued Benefits and account balances shall be adjusted for any distribution made in the one-year period ending on the Applicable Determination Date and any contribution due but unpaid as of said Applicable Determination Date; provided, however, that in the case of a distribution made to a Member for a reason other than separation from service, death or Disability, this provision shall be applied by substituting "five-year period" for "one-year period." Account balances and Accrued Benefits of individuals who have not performed services for an Employer or any Affiliates at any time during the one-year period ending on the Applicable Determination Date shall not be taken into account. The determination of the fore going ratio, including the extent to which distributions (including distributions from terminated plans), rollovers, and transfers are taken into account, shall be made in accordance with Code section 416 and the regulations thereunder.

13.4 Minimum Benefit

(a) Notwithstanding any other section of the Plan to the contrary, each Member who is not a Key Employee (as defined in Section 13.7(b)) shall accrue a Normal Retirement Benefit for each year that shall not be less than two percent of the Member's average Limitation Earnings (as defined in Section 13.6) for the five consecutive Plan Years for which such Limitation Earnings was the highest. The accrual under this section shall be determined without regard to any Social Security contribution or other Plan provisions for integration with Social Security.

(b) No additional benefit accruals shall be provided under Section 13.4(a) once the total annual benefit payable under the Plan in the form of a Single Life Annuity at age 65 equals or exceeds 20 percent of the Member's highest average Limitation Earnings (as defined in Section 13.6) for the five consecutive years for which such Limitation Earnings was the highest.

(c) If a Member who is not a Key Employee (as defined in Section 13.7(b)) is also a participant under one or more defined contribution plans in an aggregation group of plans maintained by an Employer in any Plan Year in which the Plan is top-heavy, the minimum benefit credited to such Member in accordance with Section 13.4(a) shall be offset by the Actuarial Equivalent of the value of an Employer's contributions to such defined contribution plan or plans on the Non-Key Employee's behalf. Such actuarial equivalent shall be calculated using all accruals derived from Employer contributions, whether or not attributable to years in which the Plan is top-heavy and may be used in determining whether the minimum accrued benefit requirements for a Non-Key Employee has been satisfied.

13.5 Accelerated Vesting

(a) For each Plan Year for which the Plan is top-heavy, or is a member of a top-heavy group, the provisions of Section 4.2(a) shall be changed to provide for vesting of a Member's Accrued Benefit in accordance with the following schedule:

Completed Years of Creditable Service	Vested Percentage
Less than 2 years	0%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

Notwithstanding the foregoing, this subsection (a) shall not apply to the Accrued Benefit of any Member who is not credited with an Hour of Service while the Plan is top-heavy.

(b) In a Plan Year in which the Plan is no longer top-heavy or a member of a top-heavy group, the vesting provisions contained in Section 4.2(a) shall be restored.

Notwithstanding such restoration, the provisions of Section 4.2(a), as modified by Section 14.5(a) above, shall continue to apply in the case of a Member with three or more Years of Creditable Service at the time of such restoration.

13.6 Limitation on Earnings

In determining a Member's benefits for a Plan Year with respect to which the Plan is top-heavy or is a member of a top-heavy group, the maximum amount of Limitation Earnings for each year taken into account to determine Plan benefits with respect to such Plan Year shall be the applicable dollar amount limitation set forth in Section 2.1(s)(3).

13.7 Definitions

For purposes of this Article 13--

(a) **"Applicable Determination Date"** shall mean, with respect to the Plan, the determination date for the Plan Year of reference and, with respect to any other plan, the determination date for any plan year of such plan which falls within such calendar year as of the Applicable Determination Date of the Plan. For purposes of this subsection, the term "determination date" shall mean, with respect to the initial plan year of a plan, the last day of such plan year and, with respect to any other plan year of a plan, the last day of the preceding plan year of such plan. The present value of an Accrued Benefit shall be determined as of the most recent valuation date, used for purposes of Code section 412, which is within the 12-month period ending on the Applicable Determination Date.

(b) **"Key Employee"** shall mean a Member, former Member, or a beneficiary as described in Code section 416(i)(1). Where an individual's compensation is a factor in determining whether he is a Key Employee, Total Earnings (as defined in Section 9.7(a)(1)) shall be used.

Article 14. Miscellaneous

14.1 No Employment Rights Created
Neither the establishment nor the continuation of the Plan, nor anything contained within the Plan, shall be deemed to give any person the right to continued employment by an Employer or its Affiliates, or to affect the right of an Employer or its Affiliates to terminate the employment of any individual.

14.2 Rights to Trust Assets
No Employee or Beneficiary shall have any right to, or interest in, any assets of the Trust Fund upon termination of his employment or otherwise, except as specifically provided under the Plan, and then only to the extent of the benefits payable under the Plan to such Employee or Beneficiary out of the assets of the Trust Fund. All payments of benefits as provided for in the Plan shall be made solely out of assets of the Trust Fund and neither the Company, an Employer, the Affiliates, nor any fiduciary of the Plan shall be liable therefor in any manner.

14.3 Nonalienation of Benefits
Except to the extent permissible under applicable law, benefits payable under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, including any such liability which is for alimony or other payments for the support of a Spouse or former Spouse, or for any other relative of the Employee, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge, or otherwise dispose of any right to benefits payable hereunder, shall be void. The Trust Fund shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any person entitled to benefits hereunder. Notwithstanding the foregoing, a Member's benefits under the Plan may be offset a gainst any amount that the Member is ordered or required to pay to the Plan due to a fiduciary breach or other misconduct effective for judgments or settlement agreements made on or after August 5, 1997, as determined in accordance with the requirements of section 206(d)(4) of ERISA, as amended.

The preceding paragraph shall also apply to the creation, assignment, or recognition of a right to any interest or benefit payable with respect to a Member pursuant to a domestic relations order, unless such order is determined to be a qualified domestic relations order (as defined in Code section 414(p)). The Retirement Committee shall establish reasonable procedures to determine the qualified status of domestic relations orders and to administer distributions under such qualified orders. Any other provision of the Plan to the contrary notwithstanding, if the amount payable to an alternate payee under a qualified domestic relations order is less than or equal to $5,000, such amount shall be paid as soon as practicable following the qualification of the order. If such amount exceeds $5,000, it shall not be payable prior to the Member's "earliest retirement age " (within the meaning of Code section 414(p)(4)(B)).

14.4 Expenses
To the extent permissible under applicable law, all reasonable expenses of the Plan and Trust Fund shall be paid by, and constitute a charge upon, the Trust Fund, except to the extent that such expenses may have been paid by an Employer in its sole and absolute discretion. Such expenses shall include any expenses incident to the functioning of the Plan, including, without limitation, attorneys' fees and the compensation of actuaries and other agents, accounting and clerical charges, expenses, if any, of being bonded as required by ERISA, the premiums of plan termination insurance purchased from the Pension Benefit Guaranty Corporation, and any other costs of administering the Plan.

14.5 Severability
In the event that any provision of the Plan is held invalid or illegal for any reason, such invalidity or illegality shall not affect the remaining parts of the Plan and the Plan shall be enforced and construed as if such provision had never been inserted herein.

14.6 Governing State
The Plan shall be construed in accordance with the laws of the State of New York except where such laws have been preempted by ERISA or other laws of the United States.

14.7 Facility of Payment
If the Retirement Committee shall find that any person to whom a benefit is payable from the Trust Fund is unable to care for his affairs because of illness or accident, any payments due (unless a prior claim therefor shall have been made by a duly appointed guardian, committee, or other legal representative) may be paid to the recipient's Spouse, child, parent, brother or sister, or to any person deemed by the Retirement Committee to have incurred expense for such person otherwise entitled to payment. Any such payment shall be a complete discharge of any liability under the Plan therefor.

14.8 Missing Persons
If the Retirement Committee is unable to locate a proper payee within one year after a benefit becomes payable, the Retirement Committee may treat the benefit as a forfeiture; however, if a claim for benefits is subsequently presented by a person entitled to a payment, the forfeited amount shall be recredited upon verification of the claim, except for those amounts that have been paid pursuant to an escheat or other applicable law.

14.9 Titles
The titles of sections are included only for convenience of reference and shall not be construed as part of the Plan or in any respect affecting or modifying its provisions.

SCHEDULE A

Groups or classes eligible for participation in the Minerals Technologies Inc. Retirement Plan (except in each case employees covered by a collective bargaining agreement that does not provide for coverage of such employees under the Plan, if there is evidence that retirement benefits were the subject of good faith bargaining):

1. All employees in the service of Minerals Technologies Inc.

2. All employees in the service of the following Associate Companies:

Barretts Minerals Inc.
Specialty Minerals Inc.
MINTEQ International Inc.
Minteq Shapes and Services Inc.
Specialty Minerals (Michigan) Inc.
Specialty Minerals Mississippi Inc.
Synsil Products Inc.

SCHEDULE B

Early Retirement Table

The following table sets forth the percentages which will apply at the ages indicated in the computation of early retirement benefits pursuant to Section 4.2(b)(2)(A):

Age	Percentage
65	100
64	96
63	92
62	88
61	84
60	80
59	76
58	72
57	68
56	64
55	60

SCHEDULE C

Alternate Early Retirement Table

The following table sets forth the percentages which will apply at the ages indicated in the computation of early retirement benefits pursuant to Section 4.2(b)(2)(B):

Age	Minimum Years of Service	Percentage
64	26	100
63	27	100
62	28	100
61	29	100
60	30	100
59	31	96

58	32	92
57	33	88
56	34	84
55	35	80

SCHEDULE D

Vested Benefit Table

The following table sets forth the percentages which will apply at the ages indicated in the computation of vested benefits pursuant to Section 4.2(b)(2)(C):

Age That Annuity Payments Commence	Percentage of Vested Annuity
65+	100%
64	94
63	88
62	82
61	76
60	70
59	64
58	58
57	52
56	46
55	40

SCHEDULE E

Other Company Service

A Member's Creditable Service pursuant to Section 2.1(p)(5) shall include service with the following employers as provided herein.

(1) **Service With Zedmark Refractories Corporation and/or Zedmark Inc.** Creditable Service, for purposes of vesting pursuant to Section 4.2(a), shall include each full year of service for the period during which a Member was employed by Zedmark Refractories Corporation and/or Zedmark, Inc. prior to October 3, 1989, except if such Member was covered at such time by a collective bargaining agreement that did not provide for coverage of such Member under the Pfizer Plan. Creditable Service for purposes of benefit accrual under the Career Earnings Formula shall include each full year of service for the period during which a Member was employed by Zedmark Refractories Corporation and/or Zedmark, Inc. prior to October 3, 1989, provided such number of full years of service may not exceed the number of full years of service the Member is employed by the Company after October 3, 1989; and provided, further, such Member was not covered, on October 3, 1989, by a collective bargaining ag reement that did not provide for coverage of such Member under the Pfizer Plan.

(2) **Service With Nalco Chemical Company.** Creditable Service, for purposes of vesting under Section 4.2(a) and eligibility for early retirement under Section 4.2(b)(2)(A) and (B) shall include each full year of service for the period during which a Member was employed by Nalco Chemical Company prior to June 1, 1988, if such Member was a transferred employee, as such term is defined in the Purchase Agreement dated June 1, 1988, between Quigley Company, Inc. and Pfizer Inc., as purchasers and Nalco Chemical Company, as seller.

(3) **Service With Martin Marietta Magnesia Specialties, Inc.** With respect to Members who were employees of Martin Marietta Magnesia Specialties, Inc. on April 30, 2001, who became Employees on May 1, 2001, Creditable Service, for purposes of vesting under Section 4.2(a) and eligibility for early retirement under Section 4.2(b)(2) shall include each full year of service for the period during which a Member was employed by Martin Marietta Magnesia Specialties, Inc. prior to May 1, 2001; provided such Member was not covered, on April 30, 2001, by the terms of a collective bargaining agreement of which Martin Marietta Magnesia Specialties, Inc. was a party.

GRANTOR TRUST AGREEMENT

This Grantor Trust Agreement (the "Trust Agreement") is made this 20th day of December, 1994, by and between Minerals Technologies Inc. (the "Company") and The Bank of New York (the "Trustee").

WHEREAS, the Company has adopted two nonqualified deferred compensation plans, the Minerals Technologies Inc. Nonfunded Deferred Compensation and Supplemental Savings Plan (the "Deferred Compensation and Savings Plan") and the Minerals Technologies Inc. Nonfunded Supplemental Retirement Plan (the "Supplemental Retirement Plan") (such plans collectively, the "Plans"); and

WHEREAS, the Company has incurred or expects to incur liability under the terms of such Plans with respect too the individuals participating in such Plans; and

WHEREAS, the Company wishes to establish a trust (the "Trust") and to contribute to the Trust assets that shall be held therein, subject to the claims of the Company's creditors in the event of the Company's Insolvency, as defined in Section 3(a), until paid to Plan participants and their beneficiaries in such manner and at such times as specified in the Plans; 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

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WHEREAS, it is the intention of the Company to make contributions to the Trust to provide itself with a source of funds to assist it in the meeting of its liabilities under the Plans;

NOW, THEREFORE, the parties do hereby establish the Trust and agree that the Trust shall be comprised, held and disposed of as follows:

SECTION 1. ESTABLISHMENT OF TRUST

(a) The Company hereby deposits with the Trustee in 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 Internal Revenue Code of 1986, as amended (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 right 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 even 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 Plans; and

(ii) in the event that any Plan participant retires under the Minerals Technologies Inc. Retirement Annuity Plan (the "Retirement Annuity Plan"), in an amount equal to the full Funding Amount in respect of such Plan participant, not later than ten (10) working days after the retirement of such Plan participant;

and

(iii) in the event that any Plan participant ceases to be employed by the Company, other than by reason of retirement under the Retirement Annuity Plan, in an amount equal to the full Funding Amount; provided, however, that only that portion of the full Funding Amount specified in Section 13(d)(2)(A) shall be contributed.

(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

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occurred, the Company shall make an irrevocable contribution to the Trust in an amount equal to the full Additional Funding Amount, as defined in Section 13(d)(3), in respect of all participants of the Plans with respect to whom one or more contributions to the Trust have previously been made under Section 1(e); provided, however, that in respect of any participant of the Plans who has ceased to be employed by the Company but has not retired under the Retirement Annuity Plan, only that portion of the full Additional Funding Amount specified in Section 13(d)(3)(A) shall be contributed.

(g) The Company, in its sole discretion, may at any time, or from time to time, make additional deposits of cash or other property in trust with the Trustee to augment the principal to be held, administered and disposed of by the Trustee as provided in this Trust Agreement. Neither the Trustee nor any Plan participant or beneficiary shall have any right to compel such additional deposits.

SECTION 2. PAYMENTS TO PLAN PARTICIPANTS AND THEIR BENEFICIARIES.

(a) The Company shall deliver to the Trustee (with a copy to the applicable Plan participant) a schedule (the "Payment Schedule") in the form of Appendix A to this Trust Agreement consistent with the terms of the Plans that indicates the amounts payable in respect of each Plan participant (and his or her beneficiaries), that provides instructions acceptable to the Trustee for determining the amounts so payable, the form in which such amounts are to be paid (as provided for or available under the Plans), and the time of commencement for payment of such amounts. The Company shall obtain from its actuary for the Supplemental Retirement Plan,

and its administrator for the Deferred Compensation and Savings Plan, or both, as appropriate, certification(s) of the accuracy of the information contained in any Payment Schedule. The Company shall deliver such certification(s) together with any Payment Schedule to the Trustee and to the applicable Plan participant. Except as otherwise provided herein, the Trustee shall make payments to the Plan participants and their beneficiaries in accordance with such Payment Schedule. The Company shall on a timely basis provide the Trustee with written instructions for the reporting and withholding of any federal, state and local taxes that may be required to be reported and withheld with respect to any amount paid under the Trust Agreement and the Trustee shall comply with such written instructions and shall pay any taxes withheld to the appropriate taxing authorities. The Trustee may rely conclusively (and shall be fully protected in such reliance) on the written instructions of the Company as to all tax reporting and withholding requirements.

(b) The entitlement of a Plan participant or his or her beneficiaries to benefits under the Plans shall be determined by the Company or such party as it shall designate under the Plans, and any claim for such benefits shall be considered and reviewed under the procedures set out in the Plans.

(c) The Company may make payment of benefits directly to Plan participants or their beneficiaries as they become due under the terms of the Plans. The Company shall notify the Trustee of its decision to make payment of benefits directly prior to the time amounts are payable to participants or their beneficiaries. In addition, if the principal of the Trust, and any earnings thereon, are not sufficient to make payments of benefits in accordance with the terms of the

Plans, the Company shall make the balance of each such payment as it falls due. The Trustee shall notify the Company if or when such principal and earnings are not so sufficient.

SECTION 3. TRUSTEE'S RESPONSIBILITY REGARDING PAYMENTS TO TRUST BENEFICIARY WHEN THE COMPANY IS INSOLVENT.

(a) The Trustee shall cease payment of benefits to Plan participants and their beneficiaries if the Company is Insolvent. The Company shall be considered "Insolvent" for purposes of this Trust Agreement if (i) the Company is unable to pay its debts as they become due, or (ii) the Company is subject to a pending proceeding as a debtor under the United States Bankruptcy Code.

(b) At all times during the continuance of this Trust, as provided in Section 1(d) hereof, the principal and income of the Trust shall be subject to claims of general creditors of the Company under federal and state law as set forth below.

(1) The Board of Directors and the Chief Executive Officer of the Company shall have the duty to inform the Trustee in writing of the Company's Insolvency. If a person claiming to be a creditor of the Company alleges in a notarized written statement delivered to the Trustee that the Company has become Insolvent, the Trustee shall determine whether the Company is Insolvent and, pending such determination, the Trustee shall discontinue payment of benefits to Plan participants or their beneficiaries.

(2) Unless the Trustee has actual knowledge of the Company's Insolvency, or has received notice from the Company or a person claiming to be a creditor alleging that

the Company is Insolvent, the Trustee shall have no duty to inquire whether the Company is Insolvent. The Trustee may in all events rely on such evidence concerning the Company's solvency as may be furnished to the Trustee and that provides the Trustee with a reasonable basis for making a determination concerning the Company's solvency.

(3) If at any time the Trustee has determined that the Company is Insolvent, the Trustee shall discontinue payments to Plan participants or their beneficiaries and shall hold the assets of the Trust for the benefit of the Company's general creditors. Nothing in this Trust Agreement shall in any way diminish any rights or Plan participants or their beneficiaries to pursue their rights as general creditors of the Company with respect to benefits due under the Plans or otherwise.

(4) The Trustee shall resume the payment of benefits to Plan participants or their beneficiaries in accordance with Section 2 of this Trust Agreement only after the Trustee has determined that the Company is not Insolvent (or is not longer Insolvent).

(c) The Trustee shall determine that the Company is not Insolvent, or is no longer Insolvent, as follows:

(1) If the Trustee has received a notarized written statement from a person claiming to be a creditor of the Company alleging that the Company is Insolvent by reason of failure to pay its debts as they come due, the Trustee may rely on a certification by the Chief Executive Officer and the Chief Financial Officer of the Company that the Company is paying its debts (unless subject to bona fide dispute) as they come due in the ordinary course of its business, unless the Trustee has actual knowledge to the contrary.

(2) If the Company has become Insolvent by virtue of being subject to a pending proceeding as a debtor under the United States Bankruptcy Code, the Trustee shall determine that the Company is no longer Insolvent upon receipt of a copy of an order of such Court dismissing such case, or confirming a plan of reorganization therein.

(3) If the Trustee has received written notice of the type described in paragraph (1) above, but does not receive a certification as described in such paragraph within ten (10) days of its written request therefor, the Trustee shall make a determination as to the Company's solvency based on its own investigation. In making such determination, the Trustee may retain accountants (including the Company's regularly employed independent auditors), counsel and other consultants, as provided in Section 8(c) 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 annual or quarterly balance sheet and income statement supporting schedules filed with any regulator having jurisdiction.

(d) Provided that there are sufficient assets held in the Trust, if the Trustee discontinues the payment of benefits from the Trust pursuant to Section 3(b)(3) hereof and subsequently resumes such payments, the first payment following such discontinuance shall include the aggregate amount of all payments due to Plan participants or their beneficiaries under the terms of the Plans for the period of such

discontinuance, less the aggregate amount of any payments made to Plan participants or their beneficiaries by the Company in lieu of the payments provided for hereunder during any such period of discontinuance. The Trustee shall be entitled to assume that no payments were made by the Company unless prior to making the first payment, it has received written notice from the Company specifying the amount of payments made by the Company to Plan participants or their beneficiaries during the period of discontinuance.

SECTION 4. PAYMENTS TO THE COMPANY.

Except as provided in Section 3 hereof, after the Trust has become irrevocable, the Company shall have no right or power to direct the Trustee to return to the Company or to divert to others any of the Trust assets before all payments of benefits have been made to Plan participants and their beneficiaries pursuant to the terms of the Plans.

SECTION 5. INVESTMENT AUTHORITY.

(a) The Trustee may invest in securities (including stock or rights to acquire stock) or obligations issued by the Company. All rights associated with assets of the Trust shall be exercised by the Trustee or the person designated by the Trustee, and shall in no event be exercisable by or rest with Plan participants, except that voting rights with respect to Trust assets will be exercised by the Company. Notwithstanding anything herein to the contrary, the Trustee shall invest the assets of the Trust in accordance with the Investment Guidelines set forth in

Appendix B to this Agreement, which Investment Guidelines may be amended from time to time at the discretion of the Company upon written notice to the Trustee. The Company shall have the right at any time, and from time to time in its sole discretion, to substitute assets of equal fair market value for any asset held by the Trust. This right is exercisable by the Company in a nonfiduciary capacity without the approval or consent of any person in a fiduciary capacity.

(b) Subject to the provisions of the Trust Agreement, the Trustee shall have, with respect to the Trust, the following investment powers in its discretion:

(1) To invest and reinvest in any property, foreign or domestic, including common and preferred stocks, bonds, notes and debentures (including convertible stocks and securities); certificates of deposit; life insurance and guaranteed annuity contracts, regardless of diversification and without being limited to investments authorized by law for the investment of trust funds.

(2) Subject to the other provisions of Section 5, to use Trust assets to purchase, and pay all premiums and other charges upon, annuity or life insurance contracts ("Contracts"), the rates of return and maturity dates of which may reasonably be expected to yield assets of the Trust sufficient to pay the amounts payable pursuant to the Payment Schedule.

(3) To retain any property at any time received by it.

(4) To sell, exchange, convey, transfer or dispose of, and to grant options for the purchase or exchange with respect to, any property at any time held by it, by public or private sale, for cash or on credit or partly for cash and partly on credit.

(5) To participate in any plan of reorganization, consolidation, merger, combination, liquidation or other similar plan and to consent to or oppose any such plan or any action thereunder, or any contract, lease, mortgage, purchase, sale or other action by any person or corporation or other entity any of the securities of which may at any time be held in the Trust, and to do any act with reference thereto.

(6) To deposit any property with any protective, reorganization or similar committee, to delegate discretionary power to any such committee and to pay and agree to pay part of the expenses and compensation of any such committee and any assessments levied with respect to any property so

deposited.

(7) To exercise all conversion and subscription rights pertaining to any property, and to do any act with reference thereto, including the exercise of options, the making of agreements or subscriptions and the payment of expenses, assessments or subscriptions, which may be deemed necessary or advisable in connection therewith, and to hold and retain any securities or other property which it may so acquire.

(8) To extend the time of payment of any obligation held in the Trust (other than certificates of deposit or demand or time deposits with the Trustee).

(9) To invest and reinvest all or any specified portion of the Trust assets through the medium of any common, collective or commingled trust fund which has been or may hereafter be established and maintained by the Trustee, provided that prior to investing any portion of the Trust for the first time in any such common, collective or commingled trust fund, the Trustee shall advise the Company of its intent to make such

an investment and furnish to the Company any information it may reasonably request with respect to such common, collective or commingled trust fund.

(10) To commingle assets of the Trust, for investment purposes only, with assets of other trust funds established by the Company, provided that the Trustee shall maintain separate records with respect to each such other trust, and further provided that the assets of the Trust shall not be commingled in any fund intended to hold only assets of qualified plans.

(11) To make, execute and deliver, as Trustee, any and all deeds, leases, notes, bonds, guarantees, mortgages, conveyances, contracts, waivers, releases or other instruments in writing necessary or proper for the accomplishment of any of the foregoing powers.

(c) The Trustee, upon the Company's written direction, shall pay from the Trust such sums to such insurance company or companies as the Company may direct for the purpose of procuring Contracts. The Company shall prepare the application for any Contract. The Trustee shall receive and hold in the Trust, subject to the following, all Contracts obtained, the proceeds of any sale, assignment or surrender of any such Contract, and any and all dividends and other payments of any kind received with respect to any such Contract.

(d) The Trustee shall be the complete and absolute owner of Contracts held in the Trust, provided that the Company shall have power, without the consent of any other person, to exercise any and all of the rights, options or privileges that belong to the Trustee as such absolute owner or that are granted by the terms of any such Contract or by the terms of this Agreement, and the Trustee shall not exercise any of the foregoing powers or to take any other action

permitted by any such Contract other than upon the Company's written direction. The Trustee shall have no duty to exercise any of such powers or to take any such action unless and until it receives such direction. The Trustee, upon the written direction of the Company, shall deliver any Contract held in the Trust to such person as is specified in the direction.

(e) Upon the Company's written direction, the Trustee shall pay from the Trust premiums, assessments, dues, charges and interest, if any, upon any Contract held in the Trust. The Trustee shall have no duty to make any such payment unless and until it shall have received such direction.

(f) Anything contained herein to the contrary notwithstanding, to the extent permitted by law, the Trustee shall not be liable for the refusal of any insurance company to issue or change any Contract or to take any other action requested by the Trustee; for the form, terms, genuineness, validity, sufficiency or effect of any Contract held in the Trust; for the act of any person or persons that may render any such Contract null and void; for the failure of any insurance company to pay all the proceeds of any such Contract as and when the same shall become due and payable; for any delay in payment resulting from any provision contained in any such Contract; nor for the fact that for any reason whatsoever (other than the Trustee's own gross negligence or willful misconduct) any Contract shall lapse or otherwise become uncollectible.

SECTION 6. DISPOSITION OF INCOME.

During the term of the Trust, all income received by the Trust, net of expenses and taxes, shall be accumulated and reinvested.

SECTION 7. ACCOUNTING BY THE TRUSTEE

(a) The Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions required to be made, including such specific records as shall be agreed upon in writing between the Company and the Trustee. Within thirty (30) days following the close of each calendar year and within thirty (30) days after the removal or resignation of the Trustee, the Trustee shall deliver to the Company a written account of its administration of the Trust during such year or during the period from the close of the last preceding year to the date of such removal or resignation, setting forth all investments, receipts, disbursements and other transactions effected by it, including a description of all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), and showing all cash, securities and other property held in the T rust at the end of such year or as of the date of such removal or resignation, as the case may be. The records of the Trustee with respect to the Trust shall be open to inspection by the Company, or its representatives, at all reasonable times during normal business hours of the Trustee, and may be audited not more frequently than once each fiscal year, by an independent, certified public accounting firm engaged by the Company.

(b) Except as otherwise provided herein, for purposes of this Trust Agreement, the value of a Contract shall be its cash surrender value. The Trustee, in accounting to the Company, may rely upon any information or valuation given to it by an insurer as to the value of any Contract held in the Trust. Any account, when approved by the Company, will be binding and conclusive on the Company and the Trustee will thereby be released and discharged from any

liability or accountability to the Company with respect to all matters set forth therein. Failure by the Company to object in writing to any specific items in any such account within sixty (60) days after its delivery will constitute approval of the account by the Company.

(c) Nothing contained in this Trust Agreement shall be construed as depriving the Trustee of the rights to have a judicial settlement of its accounts, and upon any proceeding for a judicial settlement of the Trustee's accounts or for instructions the only necessary parties thereto in addition to the Trustee shall be the Company and the Plan participant or his or her beneficiary or estate.

SECTION 8. THE RESPONSIBILITY OF THE TRUSTEE.

(a) The Trustee shall act with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, provided, however, that the Trustee shall incur no liability to any person for any action taken pursuant to a direction, request or approval given by the Company which is contemplated by, and in conformity with, the terms of the Plans or this Trust and is given in writing by the Company. In the event of a dispute between the Company and a party, the Trustee may apply to a court of competent jurisdiction to resolve the dispute.

(b) The Trustee may consult with legal counsel (who may also be counsel for the Company generally) with respect to any of its duties or obligations hereunder.

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

(d) The Trustee shall have, without exclusion, all powers conferred on trustees by applicable law, unless expressly provided otherwise herein, provided, however, that if a commercial annuity, retirement, income or life insurance policy is held as an asset of the Trust, the Trustee shall have no power to name a beneficiary of the annuity or policy other than the Trust, to assign the annuity or policy (as distinct from conversion of the annuity or policy to a different form) other than to a successor trustee, or to loan to any person the proceeds of any borrowing against such annuity or policy.

(e) Notwithstanding any powers granted to the Trustee pursuant to this Trust Agreement or to applicable law, the Trustee shall not have any power that could give this Trust the objective of carrying on a business and dividing the gains therefrom, within the meaning of section 301.7701-2 of the Procedure and Administrative Regulations promulgated pursuant to the Code.

(f) The Trustee will be under no duties whatsoever, except such duties as are specifically set forth as such in this Agreement, and no implied covenant or obligation will be read into this Agreement against the Trustee. The Trustee will not be compelled to take any action toward the execution or enforcement of the Trust or to prosecute or defend any suit in respect thereof, unless indemnified to its satisfaction against loss, costs, liability and expense or there are sufficient assets in the Trust to provide such indemnity; and the Trustee will be under

no liability or obligation to anyone with respect to any failure on the part of the Company to perform any of its obligations under the Plans. Nothing in this Agreement shall be construed as requiring the Trustee to make any payment in excess of amounts held in the Trust at the time of such payment or otherwise to risk its own funds.

(g) The Company shall pay and shall protect, indemnify and save harmless the Trustee and its officers, employees and agents from and against any and all losses, liabilities (including liabilities for penalties), actions, suits, judgments, demands, damages, costs and expenses (including, without limitation, reasonable attorney's fees and expenses) of any nature arising from or relating to any action or any failure to act by the Trustee, its officers, employees and agents or the transactions contemplated by this Agreement, including, but not limited to, any claim made by Plan participants or their beneficiaries or estates with respect to payments made or to be made by the Trustee, or any claim that this Agreement is invalid or ultra vires, except to the extent that any such loss, liability, action, suit, judgment, demand, damage, cost or expense is to be the result of the gross negligence or willful misconduct of the Trustee, its officers, employees or agents. T o 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 be set up reasonable reserves for the payment of such obligations. The Trustee assumes no obligation or responsibility with respect to any action required by this Agreement on the part of the Company.

SECTION 9. COMPENSATION AND EXPENSES OF THE TRUSTEE.

The Company shall pay all Trust administrative and the Trustee's reasonable expenses and the Company shall pay such compensation to the Trustee as shall be agreed to in writing from time to time between the Trustee and the Company. If not so paid, such fees and expenses shall be paid from the Trust. The fees and expenses of the Trustee are set forth in Appendix C to this Trust Agreement, which Appendix may be amended from time to time by mutual agreement to the parties.

SECTION 10. RESIGNATION AND REMOVAL OF THE TRUSTEE.

(a) Notwithstanding the provisions of Section 10(c) below, the Trustee may resign at any time by written notice to the Company, which shall be effective 90 days after receipt of such notice unless the Company and the Trustee agree otherwise.

(b) Subject to Section 10(c) below, the Trustee may be removed by the Company on 90 days' notice or upon shorter notice accepted by the Trustee.

(c) Upon a Change of Control, as defined herein, the Trustee may be not be removed by the Company for three (3) years from the date of such Change of Control.

(d) If the Trustee resigns or is removed within three (3) years from the date of a Change of Control, as defined herein, the Trustee shall select a successor Trustee in accordance with the provisions of Section 11(b) hereof prior to the effective date of the Trustee's resignation or removal.

(e) Upon resignation or removal of the Trustee and appointment of a successor trustee, all assets shall subsequently be transferred to the successor trustee. The transfer shall be completed within thirty (30) days after receipt of notice of resignation, removal or transfer, unless the Company extends the time limit.

(f) If the Trustee resigns or is removed, a successor shall be appointed, in accordance with Section 11 hereof, by the effective date of resignation or removal under paragraphs (a) or (b) of this Section. If no such appointment has been made, the Trustee shall apply to a court of competent jurisdiction for appointment of a successor trustee or for instructions. All reasonable expenses of the Trustee in connection with any such application shall be allowed as administrative expenses of the Trust.

SECTION 11. APPOINTMENT OF SUCCESSOR.

(a) If the Trustee resigns or is removed in accordance with Section 10(a) or (b) hereof, the Company may appoint any third party, such as a bank trust department or other party having or exercising corporate trustee powers under state law, as a successor to replace the Trustee upon the Trustee's resignation or removal. The appointment shall be effective when accepted in writing by the new trustee, who shall have all of the rights, powers and duties of the former trustee, including ownership rights in the Trust assets. The former trustee shall execute any instrument necessary or reasonably requested by the Company or the successor trustee to evidence the transfer, and the former trustee shall transfer and deliver the Trust assets to the successor trustee.

(b) If the Trustee resigns or is removed pursuant to the provisions of Section 10(d) hereof and selects a successor trustee, the Trustee may appoint any third party, such as a bank trust department or other party having or exercising corporate trustee powers under state law. The appointment of a successor trustee shall be effective when accepted in writing by the new trustee. The new trustee shall have all the rights and powers of the former trustee, including ownership rights in Trust assets. The former trustee shall execute any instrument necessary or reasonably requested by the successor Trustee to evidence the transfer.

(c) The successor trustee need not examine the records and acts of any prior trustee and may retain or dispose of existing Trust assets, subject to Sections 7 and 8.

SECTION 12. AMENDMENT OR TERMINATION.

(a) This Trust Agreement may be amended, in whole or in part, by a written instrument executed by the Trustee and the Company. Notwithstanding the foregoing, it shall be solely the Company's responsibility to ensure that no such amendment shall conflict with the terms of the Plans or shall make the Trust revocable after it has become irrevocable in accordance with Section 1(b), unless such amendment is required by applicable law. Any amendment that may adversely affect a current Plan participant shall not become effective until sixty (60) days after a copy of such amendment has been delivered by registered mail to such Plan participant. If the Company or the Trustee receive written objections to such amendment from such Plan participant so objecting to the amendment unless such amendment is required by applicable law.

(b) The Trust shall not terminate until the date on which Plan participants and their beneficiaries are no longer entitled to benefits pursuant to the terms of the Plans. Upon termination of the Trust any assets remaining in the Trust shall be returned to the Company.

(c) Paragraphs (e) and (f) of Section 1 may not be amended by the Company for three (3) years following the date of a Change of Control, as defined herein.

SECTION 13. MISCELLANEOUS.

(a) Any provision of this Trust Agreement prohibited by law shall be ineffective to the extent of any such prohibition, without invalidating the remaining provisions hereof.

(b) Benefits payable to Plan participants and their beneficiaries under this Trust Agreement may not be anticipated, assigned (either at law or in equity), alienated, pledged, encumbered 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 laws of the State of New York, without giving effect to conflict of law provisions thereof, unless and to the extent such laws are preempted by the laws of the United States.

(d) For purposes of this Trust Agreement, the following terms shall have the following meanings:

(1) "Change of Control" shall mean the occurrence of any of the following events: (A) one-third or more of the Company's Board of Directors shall be other than "Continuing Directors" (which term shall mean directors of the Company who either were

directors at the date of this Trust Agreement or who subsequently became directors and whose election, or nomination for election by the stockholders of the Company, was approved by a majority of the then Continuing Directors); or (B) any Person shall have acquired beneficial ownership (as determined for purposes of Rule 13d-3 under the Securities Exchange Act of 1934) of shares of common stock of the Company having 15% or more of the voting power of all outstanding shares of capital stock of the Company; or (C) a merger or consolidation shall take place in which outstanding shares of common stock of the Company are converted into shares of another company or other securities or cash or other property; or (D) all, or substantially all, of the Company's assets shall be sold; or (E) the stockholders of the Company shall approve a plan

or complete liquidation of the Company; or (F) any Person shall commence, or announce an intention to commence, a tender offer or exchange offer the consummatio n of which would result in the ownership of 30% or more of the Company's outstanding voting stock (even if no shares are actually purchased pursuant to such offer), provided, however, that for purposes of any liability of the Trustee under this Trust Agreement, no Change of Control shall be deemed to have occurred unless and until the Trustee has actual knowledge from a "reliable source," not including a Participant or a Beneficiary acting in his or her capacity as such, of such Change of Control. A "reliable source" shall mean (i) a filing made with the Securities and Exchange Commission, (ii) a public statement issued by the Company and delivered to the Trustee, (iii) an article or "tombstone" notice appearing in The New York Times or The Wall Street Journal, or (iv) a written statement by the Company delivered to the Trustee certifying that a Change of

Control has occurred and signed by the Chief Executive Officer, Chief Financial Officer or General Counsel of the Company or by the Chairman of the Board of Directors of the Company.

(2) "Funding Amount" shall mean with respect to a Plan participant the sum of:

(A) the total amount credited to the Plan participant's account under the Deferred Compensation and Savings Plan, less the fair market value of the assets (if any) at the time held in the Trust with respect to such Plan participant's account under the Deferred Compensation and Savings Plan, plus,

(B) an amount that will be, when aggregated with the fair market value of the assets then held in the Trust with respect to such Plan participant, and after taking into account the earnings thereon, sufficient to pay the Plan participant and his or her beneficiary benefits to which such Plan participant and his or her beneficiary would be entitled pursuant to the terms of the Supplemental Retirement Plan, as of the date on which the applicable event described in Section 1 (e) occurred.

(3) "Additional Funding Amount" shall mean with respect to a Plan participant the sum of:

(A) the total amount credited to the Plan participant's account under the Deferred Compensation and Savings Plan, as of the end of the relevant calendar year, less the fair market value of the assets then held in the Trust with respect to such Plan participant's account under the Deferred Compensation and Savings Plan, plus

(B) an amount that will be, when aggregated with the fair market value of the assets then held in the Trust with respect to such Plan participant, and after taking into

account the earnings thereon, sufficient to pay such Plan participant and his or her beneficiary benefits to which such Plan participant and his or her beneficiary would be entitled pursuant to the terms of the Supplemental Retirement Plan, determined as of the end of the relevant calendar year.

(4) "Person" shall mean any "person" or "group" as determined for purposes of Section 13(d)(3) of the Securities 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.

(e) In calculating a Funding Amount or Additional Funding Amount for any purpose under this Trust Agreement, the determination of the actuary retained from time to time by the Company in connection with the Supplemental Retirement Plan shall be final and binding.

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

Trustee:	The Bank of New York Attention: Division Head	Worldwide Master Trust/Master Custody Division 1 Wall Street, 7th Floor New York, New York 10286 Telephone: (212) 635-8124 Facsimile: (212) 635-8096
Company:	Minerals Technologies Inc. Attention: Assistant Secretary	Christopher Dee, Assistant General Counsel The Chrysler Building 405 Lexington Avenue New York, New York 10174-1901 Telephone: (212) 878-1856 Facsimile: (212) 878-1804

(g) This Trust Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which shall together constitute only one agreement.

(h) In the event that any Plan participant is determined to be subject to Federal income tax on any amount contributed to the Trust with respect to such participant prior to the time such amounts are distributed to such participant, the entire amount determined to be so taxable shall, if directed by the Company, be distributed by the Trustee to such participant, provided, however, that the Trustee, in making such distributions at the direction of the Company, shall be as fully protected, and may rely to the same extent, as its protection and reliance with respect to the payment directions contemplated under Section 2 hereof. Such amounts shall be determined to be subject to Federal income tax upon the earliest of (i) a final determination by the United States Internal Revenue Service (the "Service") addressed to the Plan participant which is not contested in court; (ii) a final determination by the United States Tax Court or any other Federal court of competent jurisd iction affirming such determination by the Service; or (iii) an opinion of counsel to the Company, that such amounts are subject to Federal income tax prior to payment. The Company shall undertake at its sole expense to defend any tax claims described herein which are asserted by the Service against any Plan participant, and shall have the sole authority to determine whether or not to appeal any determination made by the Service or by any court. Any distributions from the Trust to a Plan participant pursuant to this Section 13(h) shall be applied in accordance with the provisions of the Plans, and shall reduce the Company's liability to such Plan participant under the Plans.

SECTION 14. EFFECTIVE DATE.

The effective date of this Trust Agreement shall be January 1, 1995.

IN WITNESS WHEREOF, the Company and the Trustee have caused this Trust Agreement to be executed by their duly authorized representatives as of the date first above written.

MINERALS TECHNOLOGIES INC.	THE BANK OF NEW YORK
By:_____	By: _____
Name: John R. Stock	Name: John V. Stenerson
Title: V.P. of Finance	Title: Vice President

Attachments:

Appendix A - Payment Schedule
Appendix B - Investment Guidelines
Appendix C - Fees and Expenses of Trustee

APPENDIX A-1

FORM OF PAYMENT SCHEDULE

MINERALS TECHNOLOGIES INC.
NONFUNDED SUPPLEMENTAL RETIREMENT PLAN

Pursuant to Section 2(a) of the Grantor Trust Agreement, dated as of December _____ , 1994, between Minerals Technologies Inc. (the "Company") and The Bank of New York, as Trustee, under the Minerals Technologies Inc. Nonfunded Supplemental Retirement Plan (the "Supplemental Retirement Plan"), the Company provides the following Payment Schedule with respect to the indicated participant in the Supplemental Retirement Plan:

Name:

Address:

Social Security Number:

1. The present value of the benefits payable to the participant in the Supplemental Retirement Plan under the terms thereof as of [the last day of 19___ [1]will be] [the date of the event qualifying him/her for payment was] $_____ .

2. The maximum amount that may be paid from the Trust to the Supplemental Retirement Plan to fund the amount described in 1. above is $_____ .

3. The amount payable from the Trust to the participant shall be paid in the following form:

_____ . In one lump sum payment.

_____ . In _____ annual installments.

4. The date on which, in accordance with the terms of the Supplemental Retirement Plan, the lump sum payment is to be made, or annual installment payments are to commence, is as follows:

_____

[1]Insert the year in which the Payment Schedule is delivered.

5. 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: _____

APPENDIX A-2

FORM OF PAYMENT SCHEDULE

MINERALS TECHNOLOGIES INC.
NONFUNDED DEFERRED COMPENSATION
AND SUPPLEMENTAL SAVINGS PLAN

Pursuant to Section 2(a) of the Grantor Trust Agreement, dated as of December, ____ 1994, between Minerals Technologies Inc. (the "Company") and The Bank of New York, as Trustee, under the Minerals Technologies Inc. Nonfunded Deferred Compensation and Supplemental Savings Plan (the "Supplemental Savings Plan"), the Company provides the following Payment Schedule with respect to the indicated participant in the Supplemental Savings Plan:

Name:

Address:

Social Security Number:

1. The amount of the benefits payable to the participant in the Supplemental Savings Plan under the terms thereof as of the date hereof is $_____.

2. The amount payable from the Trust to the participant shall be paid in the following form:

_____ . In one lump sum payment.

_____ . In _____ annual installments.

3. The date on which, in accordance with the terms of the Supplemental Savings Plan, the lump sum payment is to be made, or annual installment payments are to commence, 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: _____

APPENDIX B

INVESTMENT GUIDELINES

The Trustee shall invest the assets of the Trust in the following types of investment vehicles:

1. Direct obligations of the United States Government. 2. Repurchase agreements secured by U.S. Government or U.S. agency securities.

3. Certificates of deposit and time deposits issued by commercial banks with a short-term debt rating of at least A- or the equivalent thereof.

4. Commercial paper rated at least A-1 or the equivalent thereof.

5. Mutual funds having the investment objective of tracking the performance of the S & P 500, Russell 2000 or similar broad-based market indices.

6. Common Stock of Minerals Technologies Inc., to the extent deemed prudent by the Trustee for the purpose of meeting the Company's liabilities under the Supplemental Savings Plan with respect to "units" pursuant to paragraph 2 of such Plan.

APPENDIX C

FEES AND EXPENSES OF TRUSTEE

Fees will be rendered quarterly.

I. "PRE-FUNDING" FEES

The following applies until such time as the Company makes allocable contributions.

Administration Fee:	$7,500.00 annually per trust.

II. "POST-FUNDING" ADMINISTRATIVE FEES

Custodian and Reporting Fees:	$10,000.00 annually per trust.
plus	
Special Asset Fees	$3,500.00 per annum for the first insurance contract investment option, mutual fund, etc. held as an asset per issuer. $2,000.00 for each additional asset for an existing carrier.
plus	
Payment to Participants	
Conversion to Pay Status	$100.00 per participant
Periodic Payments	$ 1.25 per check (plus postage)
Lump Sum/Expense Payments	$ 7.50 per check (plus postage)
Wire Transfers (outgoing)	$ 15.00 per transfer
Overnight Delivery	As incurred

III. SPECIAL TRANSACTION FEES

Change of Control	$10,000.00 per event
Insolvency	$10,000.00 per event
Legal fees/out of pocket expenses	As incurred

Fees subject to periodic increase at rate not less than inflation rate as measured by the Consumer Price Index.

IV. INVESTMENT MANAGEMENT FEE

Based on the combined market value of assets at the close of the period:

1% on the 1st $1,000,000
1/2 of 1% on the next $9,000,000
3/8 of 1% on the next $10,000,000
1/4 of 1% on the next $30,000,000
1/8 of 1% on the remaining balance

Minimum annual Investment Management Fee: $6,250.00

EXHIBIT 10.16

MINERALS TECHNOLOGIES INC.

NOTE PURCHASE AGREEMENT

Dated as of July 24, 1996

$50,000,000 7.49% Guaranteed Senior Notes
Due July 24, 2006

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NOTE PURCHASE AGREEMENT

$50,000,000 7.49% GUARANTEED SENIOR NOTES
DUE JULY 24, 2006

Dated as of July 24, 1996

Metropolitan Life Insurance Company
One Madison Avenue
New York, New York 10010

Ladies and Gentlemen:

Each of MINERALS TECHNOLOGIES INC. (together with its successors and assigns, the "Company"), a Delaware corporation, and SPECIALTY MINERALS INC., a Delaware corporation, MINTEQ INTERNATIONAL INC., a Delaware corporation and BARRETTS MINERALS INC., a Delaware corporation (the last three together with their respective successors and assigns, being referred to collectively herein as the "Guarantors" and individually as a "Guarantor"), hereby agrees with you as follows:

1. PURCHASE AND SALE OF NOTES

1.1 Issue of Notes.

The Company has authorized the issuance of Fifty Million Dollars ($50,000,000) in aggregate principal amount of its seven and forty-nine one-hundredths percent (7.49%) Guaranteed Senior Notes due July 24, 2006(the "Notes"). Each Note shall:

(a) bear interest (computed on the basis of a 360-day year of twelve 30-day months) on the unpaid principal balance thereof from the date of such Note at the rate of

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seven and forty-nine one-hundredths percent (7.49%) per annum, payable semi-annually on the 24th day of each July and the 24th day of each January in each year commencing on January 24, 1997,until the principal amount thereof shall be due and payable, and

(b) bear interest, payable on demand, on any overdue principal (including any overdue prepayment of principal) and Make-Whole Amount, if any, and (to the extent permitted by applicable law) on any overdue installment of interest, at a rate equal to the lesser of

(i) the highest rate allowed by applicable law or

(ii) eight and forty-nine one-hundredths percent (8.49%) per annum,

(c) mature on July 24, 2006 and

(d) otherwise be in the form of the Note set out in Exhibit A hereto.

1.2 The Closing.

(a) Purchase and Sale of Notes. The Company hereby agrees to sell to you and you hereby agree to purchase from the Company, on the Closing Date, in accordance with the provisions hereof, the principal amount of Notes set forth opposite your name on Annex 1.2 hereto (in the amount or amounts set forth therein) at one hundred percent (100%) of the principal amount thereof.

(b) The Closing. The closing (the "Closing") of the Company's sale of Notes shall be held on July 24, 1996 (the "Closing Date"), at 10:00 a.m., at the offices of Skadden, Arps,Slate, Meagher & Flom, your special counsel, or at such other time and place as you and the Company shall agree in writing. At the Closing, the Company shall deliver to you one or more Notes(as set forth opposite your name on Annex 1.2 hereto), in the denominations indicated on Annex 1.2 hereto, in the aggregate principal amount of your purchase, dated the Closing Date and payable to you or payable as indicated on Annex 1.2 hereto, against payment by federal funds wire transfer in immediately available funds of the purchase price

thereof, as directed by the Company on Annex 1.2 hereto.

1.3 Representations of the Purchaser.

(a) Purchase Other Than For Resale. You represent to the Company that you are purchasing the Notes listed on Annex 1.2 hereto opposite your name for your own account or for the account of one or more separate accounts maintained by you, with no present intention of distributing the Notes or any part thereof, but without prejudice to your right at all times to

(i) sell or otherwise dispose of all or any part of the Notes in a transaction which complies with theregistration requirements, if any, of the Securities Act, or in a transaction exempt from the registrationrequirements of the Securities Act, and

(ii) have control over the disposition of all of your assets and sell or otherwise dispose of assets to the fullest extent required by any applicable insurance law.

It is understood that, in making the representations set out in Section 2.16 and Section 2.17 hereof, the Company is relying, to the extent applicable, upon your representation as aforesaid.

(b) ERISA. You further represent (and each subsequent transferee, by acceptance of a replacement Note, shall be deemed to represent) that either

(i) you are acquiring the Notes for your own account with your general corporate assets and that no part of such assets constitutes assets of an "employee benefit plan" (as defined in this Section 1.3(b)) or a "plan" (as defined in this Section 1.3(b)), or

(ii) you are acquiring the Notes for your own account with general corporate assets and the purchase will be exempt under the provisions of the Department of Labor Prohibited Transaction Class Exemption 95-60, issued July 12, 1995 (60 FR 35925).

As used in this Section 1.3(b), the term "employee benefit plan" has the meaning specified in section 3(3) of ERISA, and the term "plan" has the meaning specified in section 4975(e)(1) of the IRC.

1.4 Failure To Deliver, Failure of Conditions.

If at the Closing the Company fails to tender to you the Notes to be purchased by you thereat, or if the conditions specified in Section 3 hereof to be fulfilled prior to or at such Closing have not been fulfilled, you may thereupon elect to be relieved of all further obligations hereunder. Nothing in this Section 1.4 shall operate to relieve the Company or any of the Guarantors from any of their obligations hereunder or to waive any of your rights against the Company or the Guarantors.

1.5 Expenses.

(a) Generally. Whether or not the Notes are sold, the Company shall promptly (and in any event within thirty (30) days of receiving any statement or invoice therefor) pay all fees, expenses and costs relating hereto, including but not limited to:

(i) the cost of reproducing this Agreement and the Notes;

(ii) the reasonable fees and disbursements of your special counsel in an amount not to exceed $25,000;

(iii) the cost of delivering to your home office or custodian bank, insured to your satisfaction, the Notes purchased by you at the Closing;

(iv) the fees, expenses, costs and disbursements incurred complying with each of the conditions to closing set forth in Section 3 hereof without duplication of any fees or disbursements included in Section 1.5(a)(ii) above; and

(v) the fees, expenses, costs and disbursements relating to the consideration, negotiation, preparation or execution of any amendments,

waivers or consents requested by the Company or occasioned by the occurrence of a Default or Event of Default pursuant to the provisions hereof (including, without

limitation, the reasonable fees and disbursements of your special counsel and the allocated cost of your counsel who are your employees or your affiliates' employees), whether or not any such amendments, waivers or consents are executed.

(b) Counsel. Without limiting the generality of the foregoing, it is agreed and understood that the Company will pay, at the Closing, the reasonable fees and disbursements of your special counsel, in an amount not to exceed $25,000, pursuant to an estimate thereof presented at least three days prior to such Closing, and the Company will also pay upon receipt of any statement thereof, any additional reasonable fees and additional disbursements of your special counsel pursuant to a statement thereof rendered after the Closing.

(c) Survival. The obligations of the Company under this Section 1.5 (and the Guarantors under Section 10 hereof in respect of this Section 1.5) shall survive the payment or prepayment of the Notes and the termination hereof.

2. REPRESENTATIONS AND WARRANTIES

To induce you to enter into this Agreement and to purchase the Notes designated to be purchased by you on Annex 1.2, the Company and the Guarantors jointly and severally warrant and represent, as of the date hereof, as follows:

2.1 Nature of Business.

The Company has delivered to you complete and correct copies of its annual report on Form 10-K for the fiscal year ended December 31, 1994 and 1995 (the "Forms 10-K"). The Forms 10-K correctly describe the general nature of the business and principal Properties of the Company, such Guarantors and the Subsidiaries of the Company as of their respective dates.

2.2 Financial Statements; Debt; Material Adverse Change.

(a) Financial Statements. The Consolidated Balance Sheet of the Company and Subsidiary Companies as of December 31, 1995 and 1994, and the related Consolidated Statements of Income, Shareholders' Equity and Cash Flows for each of the years in the three-year period ended December 31, 1995, all accompanied by the opinion thereon by KPMG Peat Marwick, independent certified public accountants, have been delivered to you, were prepared in accordance with generally accepted accounting principles consistently applied, and present fairly, in all material respects, the consolidated financial position of the Company and its Subsidiary Companies as of such dates and the results of their operations and their cash flows for such periods. All such financial statements include the accounts of the Company, the Guarantors and all Subsidiaries of the Company for the respe ctive periods during which a subsidiary relationship has existed.

(b) Neither the Company nor any Guarantors nor any Subsidiary is liable for the repayment of any Debt other than the Debt listed on Annex 2.2 as being outstanding on the date hereof nor in an amount, as to any item or class of Debt in excess of the amount set forth in Annex 2.2.

(c) Material Adverse Change. Since December 31, 1995, there has been no change in the business, prospects, profits, Properties or condition (financial or otherwise) of the Company, any of the Guarantors or any of their respective Subsidiaries except changes in the ordinary course of business that, individually and in the aggregate, have not had a Material Adverse Effect; on the date hereof the fair saleable value of the assets of the Company exceeds its liabilities and the Company is meeting current obligations as they mature in the ordinary course of business.

2.3 Subsidiaries and Affiliates.

Annex 2.3 hereto completely and accurately states,

(a) the name of each of the Subsidiaries of the Company, its jurisdiction of incorporation and the percentage of its Voting Stock owned by the Company and/or each of the other Subsidiaries of the Company, and

(b) the name of each of the Affiliates that are corporations, partnerships or joint ventures (other than Subsidiaries of the Company), the percentage of its Voting Stock or other voting Securities owned by the Company, such Guarantors and/or the other Subsidiaries of the Company, if any, and the nature of the affiliation.

Each of the Company and the Subsidiaries of the Company has good and marketable title to (i) all of the shares it purports to own of the Capital Stock of each of their respective Subsidiaries, free and clear in each case of any Lien, and (ii) the Securities of any Affiliate it purports to own, free and clear in each case of any Lien. Except as set forth in Annex 2.3, all such shares and/or Securities have been duly issued and are fully paid and non-assessable. Except as set forth in Annex 2.3, fair saleable value of the assets of each Subsidiary exceeds its liabilities and each Subsidiary is meeting current liabilities as they mature in the ordinary course of business.

2.4 Pending Litigation.

There are no proceedings, actions or investigations pending or, to the knowledge of the Company or any of the Guarantors, threatened against or affecting the Company, any Guarantor or any of the Subsidiaries of the Company in any court or before any Governmental Authority or arbitration board or tribunal that, individually or in the aggregate, could have a Material Adverse Effect and the Company has no knowledge of any basis for any of the foregoing. Neither the Company, any Guarantor nor any of the Subsidiaries of the Company is in default with respect to any judgment, order, writ, injunction, or decree of any court, Governmental Authority or arbitration board or tribunal that, individually or in the aggregate, could have a Material Adverse Effect.

2.5 Properties; Insurance.

Individually or collectively, each of the Company, the Guarantors and the Subsidiaries of the Company has good and marketable title in fee simple to all real Property, and good title to all of the other Property which is material to the business or operations of the Company and its Subsidiaries, reflected in the most recent audited balance sheet referred to in Section 2.2 hereof or purported to have been acquired since that date (except as sold or otherwise disposed of in the ordinary course of business), free from Liens not otherwise permitted by Section 7.9 hereof.

The Company, each Guarantor and each Subsidiary maintains or causes to be maintained with financially sound and reputable insurers, insurance with respect to its Property and business against such casualties and contingencies, of such types including, without limitation, insurance with respect to losses arising out of Property loss or damage, public liability, workers' compensation, business interruption, larceny, embezzlement or other criminal misappropriation) and in such amounts as is customary in the case of corporations of established reputation engaged in the same or a similar business and similarly situated.

2.6 Patents, Trademarks, Licenses, etc.

Each of the Company and the Subsidiaries of the Company, owns, possesses or has the unrestricted right to use all of the patents, trademarks, service marks, trade names, copyrights, licenses, and rights with respect thereto, necessary for the conduct of its business as presently conducted or presently proposed to be conducted, without any known conflict with the rights of others.

2.7 Taxes.

(a) Returns Filed; Taxes Paid. All tax returns required to be filed by each of the Company, each Guarantor and each of the Subsidiaries of the Company or any other Person insofar as such Person is a Person with which the Company, any Guarantor or any such Subsidiary files or has filed a consolidated return in any jurisdiction have in fact been filed on a timely basis, and all taxes, assessments,

fees and other governmental charges upon each of the Company, each Guarantor, each such Subsidiary and any such Person, and upon any of their respective Properties, income or franchises, that are due and payable (i) have been paid or (ii) are being contested in good faith through appropriate proceedings and no judgment has been entered or lien filed in respect thereof. Neither the Company nor any Guarantor knows of any material proposed additional tax assessment against it or any such Person.

(b) Book Provisions Adequate. The amount of the liability for taxes reflected in the consolidated balance sheet of the Company as of December 31, 1995 referred to in Section 2.2 hereof is an adequate provision for taxes (including without limitation, any payment due pursuant to any tax sharing agreement) as are or may become payable by any one or more of the Company, the Guarantors and their respective consolidated Subsidiaries in respect of all tax periods ending on or prior to such date.

2.8 Full Disclosure.

Except as set forth in Annex 2.8, the Company has timely filed all reports required to be filed by it pursuant to the Securities Exchange Act of 1934. Such reports and the financial statements referred to in Section 2.2 hereof do not, nor does this Agreement or any written statement furnished by or on behalf of the Company or the Guarantors to you in connection with the negotiation of the sale of the Notes, contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein not misleading. There is no fact that the Company or any Guarantor has not disclosed to you in writing that has had or, so far as the Company or such Guarantors can now reasonably foresee, will have a Material Adverse Effect.

2.9 Corporate Organization and Authority.

Each of the Company, the Guarantors and the Subsidiaries of the Company,

(a) is a corporation duly incorporated, validly existing and in good standing under the laws of its jurisdiction of incorporation,

(b) has all legal and corporate power and authority to own and operate its Properties and to carry on its business as now conducted and as presently proposed to be conducted,

(c) has all licenses, certificates, permits, franchises and other governmental authorizations necessary to own and operate its Properties and to carry on its business as now conducted and as presently proposed to be conducted, except where the failure to have such licenses, certificates, permits, franchises and other governmental authorizations, individually or in the aggregate, would not have a Material Adverse Effect, and

(d) has duly qualified or has been duly licensed, and is authorized to do business and is in good standing, as a foreign corporation, in each state where such qualification, licensing and authorization is required by law, except where the failure to be so qualified, licensed or authorized, individually or in the aggregate, would not have a Material Adverse Effect.

2.10 Restrictions on the Company, Guarantors and Subsidiaries of the Company.

Neither the Company, any Guarantor nor any of the Subsidiaries of the Company:

(a) is a party to any contract or agreement, or subject to any charter or other corporate restriction that could have a Material Adverse Effect,

(b) is a party to any contract or agreement, other than this Agreement and the agreements listed on Annex 2.10 hereto, that restricts the right or ability of such corporation to incur Debt, and no contract or agreement to which the Company or any of its Subsidiaries is a party is violated by the issuance of the Notes by the Company or the execution and delivery of, or compliance with, this Agreement by the Company and the Guarantors, or

(c) has agreed or consented to cause or permit in the future (upon the happening of a contingency or otherwise) any of its Property, whether now owned or hereafter acquired, to be subject to a Lien not permitted by Section 7.9 hereof.

2.11 Compliance with Law.

Neither the Company, any Guarantor nor any of the Subsidiaries of the Company is in violation of any law, ordinance, governmental rule or regulation to which it is subject, which violations, individually or in the aggregate, could have a Material Adverse Effect.

2.12 ERISA.

(a) Relationship of Vested Benefits to Pension Plan Assets. Except as described in Annex 2.12,

(i) the present value of all benefits, determined as of the most recent valuation date for such benefits as provided in Section 7.10 hereof, vested under each Pension Plan does not exceed the value of the assets of such Pension Plan allocable to such vested benefits, determined as of such date as provided in Section 7.10 hereof, and (ii) no Welfare Plan provides benefits, including without limitation death or medical benefits (whether or not insured), with respect to current or former employees after retirement or other termination of service (other than (i) coverage mandated by applicable law, (ii) death benefits or retirement benefits under any "employee pension

plan," as that term is defined in section 3 of ERISA, (iii) benefits accrued as liabilities on the books of the Company or any ERISA Affiliate, or (iv)benefits, the full cost of which is borne by the current or fo rmer employee (or such employee's beneficiary).

(b) ERISA Requirements. Each of the Company, the Guarantors and the ERISA Affiliates

(i) has fulfilled all obligations under the minimum funding standards of ERISA and the IRC with respect to each Pension Plan,

(ii) has satisfied all of its respective obligations under the minimum funding standards of ERISA and the IRC in respect of, and all of its other respective contribution obligations provided for in, each Multiemployer Plan,

(iii) is in compliance in all material respects with all other applicable provisions of ERISA and the IRC with respect to each Pension Plan, Welfare Plan and each Multiemployer Plan, and (iv) has not incurred any liability under Title IV of ERISA to the PBGC (other than in respect of required insurance premiums, all of which that are due having been paid), with respect to any Pension Plan, any Multiemployer Plan or any trust established thereunder.

No Pension Plan, or trust created thereunder, has incurred any "accumulated funding deficiency" (as such term is defined in section 302 of ERISA), whether or not waived, as of the last day of the most recently ended plan year of such Pension Plan.

(c) Prohibited Transactions.

(i) The purchase of the Notes by you will not constitute a "prohibited transaction" (as such term is defined in section 406 of ERISA or section 4975 of the IRC)that could subject any Person to the penalty or tax on prohibited transactions imposed by section 502 of ERISA or section 4975 of the IRC, and neither the Company, nor any Guarantor nor any ERISA Affiliate, nor any "employee benefit plan" (as such term is defined in this Section 2.12(c)) of the Company, any Guarantor or any ERISA Affiliate or any trust created thereunder or any trustee or administrator thereof, has engaged in any "prohibited transaction" that could subject any such Person, or any other party dealing with such employee benefit plan or trust, to any

material penalty or tax. The representation by the Company and the Guarantors in the preceding sentence is made in reliance upon and subject to the accuracy of the representations in Section 1.3(b) hereof as to the source of funds used by you.

(ii) Annex 2.12 hereto completely lists, as of the Closing Date, all ERISA Affiliates and all employee benefit plans, other than those which are of the type described in Section 4(b)(4) of ERISA, with respect to which the Company, any Guarantor or any "affiliate" of either (as such term is defined in this Section 2.12(c)) is a "party-in-interest" (as such term is defined in this Section 2.12(c)) or in respect of which the Notes could constitute an "employer security" (as such term is defined in this Section 2.12(c)).

As used in this Section, the terms "employee benefit plan" and "party-in-interest" have the meanings specified in section 3 of ERISA and "affiliate" and "employer security" have the meanings specified in section 407(d) of ERISA.

(d) Reportable Events. No Pension Plan or trust created thereunder has been terminated, and there have been no "reportable events" (as such term is defined in section 4043 of ERISA), with respect to any Pension Plan or trust created thereunder, which reportable event or events will or could result in the termination of such Pension Plan or give rise to a liability of the Company, any Guarantor or any ERISA Affiliate in respect thereof.

(e) Multiemployer Plans. Neither the Company nor any Guarantor nor any ERISA Affiliate is, or has ever been, an employer required to contribute to any Multiemployer Plan.

(f) Multiple Employer Pension Plans. Except as set forth in Annex 2.12 to this Agreement, neither the Company nor any Guarantor nor any ERISA Affiliate is a "contributing sponsor" (as such term is defined in section 4001 of ERISA) in any Multiple Employer Pension Plan and neither the Company nor any Guarantor nor any ERISA Affiliate has incurred

(without fully satisfying the same), or reasonably expects to incur, withdrawal liability in respect of any such Multiple Employer Pension Plan listed in Annex 2.12 to this Agreement, which withdrawal liability could have a Material Adverse Effect.

(g) Foreign Pension Plan. Except as set forth in Annex 2.12 hereof, the present value of all benefits vested under each Japanese Foreign Pension Plan and each other material Foreign Pension Plan, determined as of the most recent valuation date in respect thereof does not exceed the value of the assets of such Foreign Pension Plan, and all required payments in respect of funding such Foreign Pension Plan have been made.

2.13 Certain Laws.

(a) Investment Company Act. Neither the Company nor any Guarantor nor any of the Subsidiaries of the Company is, or is directly or indirectly controlled by, or acting on behalf of any Person which is, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(b) Holding Company Status. Neither the Company nor any Guarantor nor any of the Subsidiaries of the Company is a "holding company" or an "affiliate" of a "holding company," or a "subsidiary company" of a "holding company," or a "public utility" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

(c) Absence of Foreign or Enemy Status. Neither the Company nor any Guarantor nor any Subsidiary of the Company is an "enemy" or an "ally of the enemy" within the meaning of section 2 of the Trading with the Enemy Act (50 U.S.C. App. Sections 1 et seq.), as amended. Neither the Company nor any Guarantor nor any Subsidiary of the Company is in violation of, and neither the issue and sale of the Notes by the Company nor its use of the proceeds thereof as contemplated by this Agreement, will violate, the Trading with the Enemy Act, as amended, or any executive orders, proclamations or regulations issued pursuant thereto, including, without limitation, regulations administered by the Office of Foreign Asset Control

of the Department of the Treasury (31 C.F.R., Subtitle B, Chapter V).

2.14 Environmental Compliance.

Except as set forth in Annex 2.14 hereto:

(a) Compliance -- each of the Company, the Guarantors and the Subsidiaries of the Company is in compliance with all Environmental Protection Laws in effect in each jurisdiction where each is presently doing business, and in which the failure so to comply could be reasonably expected to have a Material Adverse Effect.

(b) Liability -- neither the Company nor any Guarantor nor any of the Subsidiaries of the Company is subject to any liability under any Environmental Protection Laws that, individually or in the aggregate, could be reasonably expected to have a Material Adverse Effect; and

(c) Notices -- neither the Company nor any Guarantor nor any of the Subsidiaries of the Company has received any

(i) notice from any Governmental Authority by which any real Property presently or previously owned or leased by it has been designated, listed, or identified in any manner by any Governmental Authority charged with administering or enforcing any Environmental Protection Law as a Hazardous Substance disposal or removal site, "Super Fund" clean-up site, or candidate for removal or closure pursuant to any Environmental Protection Law,

(ii) notice of any Lien arising under or in connection with any Environmental Protection Law that has attached to any revenues of, or to, any of its owned or leased real Properties, or

(iii) summons, citation, notice, directive, letter, or other communication, written or oral, from any Governmental Authority concerning any intentional or unintentional action

or omission by the Company, any Guarantor or any Subsidiary in connection with its ownership or leasing of any real Property and involving the releasing, spilling, leaking, pumping, pouring, emitting, emptying, dumping, or other use, storage or disposition of any Hazardous Substance resulting in violation of any Environmental Protection Law, if the effect thereof could be reasonably expected to have a Material Adverse Effect.

2.15 Sale is Legal and Authorized; Obligations are Enforceable.

(a) Sale is Legal and Authorized. Each of the issuance, sale and delivery of the Notes by the Company, the issuance, execution and delivery of the Guaranty of each Guarantor herein and in the Notes, the execution and delivery of this Agreement by the Company and the Guarantors, the compliance by the Company and each Guarantor with all of the provisions hereof and the compliance by the Company and each Guarantor with all the provisions of the Notes:

(i) is within the corporate powers of each of the Company and such Guarantors, as the case may be; and

(ii) is legal and does not conflict with, result in any breach in any of the provisions of, constitute a default under, or result in the creation of any Lien upon any Property of the Company, any Guarantor or any of the Subsidiaries of the Company under the provisions of, any agreement, charter instrument, bylaw or other instrument to which any of the Company, any Guarantor or any such Subsidiary is a party or by which any of the Company, the Guarantors or such Subsidiaries or any of their respective Property, may be bound.

(b) Obligations are Enforceable. This Agreement has been duly authorized by all necessary action on the part of each of the Company and the Guarantors, has been executed and delivered by duly authorized officers of each of the Company and the Guarantors, and constitutes a legal, valid

and binding obligation of the Company and of each Guarantor, enforceable in accordance with its terms, and the Notes and the Guaranty have been duly authorized by all necessary action on the part of the Company and the Guarantors, as the case may be, have been executed and delivered by duly authorized officers of the Company, and constitute a legal, valid and binding obligation of the Company, enforceable in accordance with their terms, except, in each case, that the enforceability of this Agreement and of the Notes may be:

(i) limited by applicable bankruptcy, reorganization, arrangement, insolvency, moratorium, or other similar laws affecting the enforceability of creditors' rights generally; and

(ii) subject to the availability of equitable remedies.

2.16 Governmental Consent.

Neither the legal nature of the Company, any Guarantor or any of the Subsidiaries of the Company, or of any of their respective businesses or Properties, nor any relationship between the Company, any Guarantor or any of the Subsidiaries of the Company and any other Person, nor any circumstance in connection with the offer, issue, sale or delivery of the Notes, the issuance, execution and delivery of the Guaranty of each Guarantor herein and in the Notes, and the execution and delivery of this Agreement, is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority on the part of the Company or any Guarantor as a condition to the execution and delivery of this Agreement or the offer, issue, sale or delivery of the Notes.

2.17 Private Offering.

Neither the Company nor any Guarantor has offered any of the Notes or the guaranties of any Guarantors or any similar Security of the Company or any Guarantor for sale to, or solicited offers to buy any thereof from, or otherwise approached or negotiated with respect thereto with, any prospective purchaser, other than you.

2.18 No Defaults.

(a) The Notes. No event has occurred and no condition exists that, upon the execution and delivery of this Agreement and the issuance and delivery of the Notes pursuant hereto and the Guaranty of each Guarantor herein and in the Notes, would constitute a Default or an Event of Default.

(b) Charter Instruments, Other Agreements. Neither the Company nor any Guarantor nor any of the Subsidiaries of the Company is in violation in any respect of any term of any charter instrument or bylaw and neither the Company nor any Guarantor nor any such Subsidiary is in violation in any material respect of any term in any material agreement or other instrument to which it is a party or by which it or any of its Property may be bound. Except as set forth in Annex 2.18, all agreements relating to the ownership or operation of satellite precipitated calcium carbonate facilities of the Company and its Subsidiaries (the "PCC Agreements") are in full force and effect and no default by the Company or any Subsidiary has occurred and is continuing under any thereof. Since October 30, 1992 neither the Company nor any Subsidiary has requested or received any mat erial waiver or consent (other than consents delivered to you in connection with the execution and delivery of this Agreement) in respect of any PCC agreement or any agreement pursuant to which any Debt of the Company or a Subsidiary was issued.

2.19 Use of Proceeds.

(a) Use of Proceeds. The Company shall apply the proceeds from the sale of the Notes to refinance commercial bank debt outstanding and the balance for capital expenditures and for general corporate purposes of the Company and the Guarantors.

(b) Margin Securities. None of the transactions contemplated herein and in the Notes (including, without limitation, the use of the proceeds from the sale of the Notes) violates, will violate or will result in a violation of section 7 of the Exchange Act, including, without limitation, Regulations G, T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R.,

Chapter II. Neither the Company nor any Guarantor nor any of the Subsidiaries of the Company owns, or with the proceeds of the sale of the Notes intends to own, carry or purchase, or refinance borrowings that were used to own, carry or purchase, any Margin Security, including Margin Securities originally issued by the Company, any Guarantor or any such Subsidiary. The obligations of the Guarantors under this Agreement and their respective Guaranties and the Company under this Agreement and the Notes are not and will not be secured by any Margin Security, and no Notes are being sold on the basis of any such collateral.

2.20 Relationship of Company, Subsidiaries and Guarantors.

The Guarantors acknowledge that they will receive a direct economic and financial benefit from the transactions contemplated by this Agreement, and such transactions are in the best interest of the Company, the Guarantors and the Subsidiaries of the Company. In recognition and confirmation thereof, each Guarantor, by specific resolution of its Board of Directors, has caused itself to become obligated in the manner set forth in Section 10 hereof. Neither the Company nor any of its Subsidiaries is bound or affected by any contract other than this Agreement which prohibits, or upon the occurrence of an event or the passage of time or both would prohibit the declaration or payment of dividends or the return of capital by a Subsidiary to the Company.

3. CLOSING CONDITIONS

Your obligation to purchase and pay for the Notes to be delivered to you at the Closing is subject to the following conditions precedent:

3.1 Opinions of Counsel.

You shall have received from

(a) S. Garrett Gray, Esq., General Counsel for the Company and counsel for the Guarantors, and

(b) Skadden, Arps, Slate, Meagher & Flom, your special counsel,

closing opinions, each dated as of the Closing Date, and in the case of the opinion of S. Garrett Gray, Esq., substantially in the form set forth in Annex 3.1 hereto, and as to such other matters as you may reasonably request. This Section 3.1 shall constitute direction by the Company and each Guarantor to such counsel named in the foregoing clause (a) to deliver such closing opinion to you.

3.2 Representations and Warranties True; No Prohibited Action.

(a) Representations and Warranties True. The representations and warranties contained herein shall be true on the Closing Date with the same effect as though made on and as of that date.

(b) No Prohibited Action. On and as of the Closing Date, neither the Company nor any Guarantor nor any of the Subsidiaries of the Company shall have taken any action or permitted any condition to exist that would have been prohibited by Section 7.5 through Section 7.16, inclusive, hereof, had such Sections been binding and effective at all times during the period from December 31, 1995 to and including the Closing Date.

3.3 Officers' Certificates.

You shall have received

(a) a certificate dated the Closing Date and signed by the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company, substantially in the form of Exhibit B1 hereto certifying, among other things, that the conditions specified in Sections 3.2 and 3.9 hereof have been fulfilled,

(b) certificates dated the Closing Date and signed by the President or a Vice-President and the Vice President Finance of each Guarantor substantially in the form of Exhibit B2 hereto certifying, among other things, that the conditions specified in Sections 3.2 and 3.9 hereof have been fulfilled,

(c) a certificate dated the Closing Date and signed by the Secretary or an Assistant Secretary of the Company, substantially in the form of Exhibit C1 hereto, with respect to the matters therein set forth, and

(d) certificates dated the Closing Date and signed by the Secretary or an Assistant Secretary of each Guarantor, substantially in the form of Exhibit C2 hereto, with respect to the matters therein set forth.

3.4 Legality.

The Notes shall on the Closing Date qualify as a legal investment for you under applicable insurance law (without regard to any "basket" or "leeway" provisions) and you shall have received such evidence as you may reasonably request to establish compliance with this condition.

3.5 Private Placement Number.

The Company shall have obtained or caused to be obtained a private placement number for the Notes from the CUSIP Service Bureau of Standard & Poor's and you shall have been informed of such private placement number.

3.6 Expenses.

All fees and disbursements required to be paid pursuant to Section 1.5 hereof shall have been paid in full.

3.7 Proceedings Satisfactory.

All proceedings taken in connection with the issuance and sale of the Notes and all documents and papers relating thereto shall be satisfactory to you and your special counsel. You and your special counsel shall have received copies of such documents and papers as you or they may reasonably request in connection therewith or in connection with your special counsel's closing opinion, all in form and substance satisfactory to you and your special counsel.

3.8 Compliance with this Agreement.

Each of the Company, the Guarantors and the Subsidiaries of the Company shall have performed and complied with all agreements and conditions contained herein that are required to be performed or complied with by the Company, such Guarantor or any Subsidiary on or prior to the Closing Date, and such performance and compliance shall remain in effect on the Closing Date.

3.9 No Dissolution, Merger or Change in Control.

After the date hereof and through the Closing Date, (a) neither the Company nor any Guarantor shall have dissolved, nor shall any of them have consolidated or merged with, or sold, leased, transferred or otherwise disposed of all or substantially all of its properties and assets to, any Person, whether or not permitted by Section 7.4, and (b) no Change in Control with respect to the Company shall have occurred; and you shall have received on the Closing Date a certificate dated the Closing Date and signed by the President of the Company to such effect and to the effect that no corporate action shall have been taken to initiate or to carry out any of the foregoing.

3.10 [Reserved].

4. SPECIAL RIGHTS OF INSTITUTIONS

4.1 Direct Payment.

Notwithstanding anything to the contrary herein or in the Notes, the Company shall pay all amounts payable with respect to each Note held by an Institutional Investor (without any presentment of such Notes and without any notation of such payment having been made thereon) by crediting, by federal funds bank wire transfer of immediately available funds, the account of such Institutional Investor in any bank in the United States of America as may be designated in writing by such Institutional Investor, or in such other manner as may be reasonably directed or to such other address in the United States of America as may be reasonably designated in writing by such Institutional Investor. Your address on Annex 1.2 hereto shall be deemed to constitute notice, direction or designation (as appropriate) to the Company with respect to direct

payments as aforesaid. In all other cases, all amounts payable with respect to each Note shall be made by check mailed and addressed to the registered holder of each Note at the address shown in the register maintained by the Company pursuant to Section 6.1 hereof.

Each holder of Notes agrees that in the event it shall sell or transfer any Note

(a) it shall, prior to the delivery of such Note (unless it shall have already done so), make a notation thereon of all principal, if any, prepaid on such Note and shall also note thereon the date to which interest shall have been paid on such Note, and

(b) it shall promptly notify the Company of the name and address of the transferee of any such Note so transferred and the effective date of such transfer.

4.2 Delivery Expenses.

If any holder of Notes surrenders any Note to the Company pursuant hereto, the Company shall pay the cost of delivering to or from such holder's home office or custodian bank from or to the Company, insured to the reasonable satisfaction of such holder, the surrendered Note and any Note issued in substitution or replacement for the surrendered Note.

4.3 Issue Taxes.

The Company and the Guarantors shall pay all taxes in connection with the issuance and sale of the Notes, the execution and delivery of the Guaranties of the Notes pursuant to Section 10 hereof and in connection with any modification of this Agreement, the Notes or the Guaranty of the Notes pursuant to Section 10 hereof, and shall save each holder of Notes harmless without limitation as to time against any and all liabilities with respect to all such taxes. The obligations of the Company and such Guarantors under this Section 4.3 shall survive the payment or prepayment of the Notes and the termination hereof.

5. PREPAYMENTS

5.1 Offer to Prepay upon Change in Control.

(a) Notice and Offer. In the event of a Change in Control, and whether pursuant to Section 7.4 or otherwise as permitted by this Agreement, then the Company and each Guarantor having knowledge

of such Change in Control will, within three (3) Business Days of such Change in Control give written notice of such Change in Control to each holder of Notes by registered mail (with a copy thereof sent via an overnight courier of national reputation) and, simultaneously with the sending of such written notice, give telephonic advice of such Change in Control to an investment officer or other similar representative or agent of each such holder specified on Annex 1.2 to this Agreement at the telephone number specified thereon, or to such other Person at such other telephone number as any holder of a Note may specify to the Company and the Guarantors in writing. Such notice shall be dated the date on which it is given. In the event of a Change in Control, such written notice shall contain, and such written notice shall constitute, an irrevocable offer to prepay all, but not less than all, of the Notes held by such holder on a date specified in such notice (the "Control Prepayment Date") that is not less than fifteen (15) days and not more than forty-five (45) days after the date of such notice. (If the Control Prepayment Date shall not be specified in such notice, the Control Prepayment Date shall be the fifteenth (15th) day after the date of such notice.) If the Company shall not have received a written response to such notice from each holder of Notes within ten (10) days after the date of posting of such notice to such holder of Notes, then a second written notice shall be immediately sent (via an overnight courier of national reputation) to each such holder of Notes who shall have not previously respon ded to the Company.

(b) Acceptance and Payment. To accept such offered prepayment, a holder of Notes shall cause a notice of such acceptance to be delivered to the Company not later than one day prior to the Control Prepayment Date and shall designate in such notice the principal amount of its Notes that it has elected to

have prepaid. If so accepted by such holder, such offered prepayment in respect of such principal amount of such Notes shall be due and payable on the Control Prepayment Date. Such offered prepayment shall be made at one hundred percent (100%) of the principal amount of such Notes so elected to be prepaid, together with interest on the Notes then being prepaid accrued to the Control Prepayment Date.

(c) Officer's Certificate. Each offer to prepay the Notes pursuant to this Section 5.1 will be accompanied by an officer's certificate, executed by the President or a Vice President of the Company and dated the date of such offer, specifying:

(i) the Control Prepayment Date;

(ii) the principal amount of each Note offered to be prepaid;

(iii) the interest to be paid on each such Note, accrued to the Control Prepayment Date; and

(iv) in reasonable detail, the nature of the Change in Control.

5.2 Optional Prepayments. The Company may prepay the principal amount of the Notes in whole or in part at any time in multiples of One Million Dollars ($1,000,000) (or, if the aggregate outstanding principal amount of the Notes is less than One Million Dollars ($1,000,000) at such time, then such principal amount), together with

(i) an amount equal to the Make-Whole Amount in respect of the principal amount of the Notes being so prepaid, and

(ii) interest on such principal amount then being prepaid accrued to the prepayment date.

5.3 Notice of Optional Prepayment.

The Company will give notice of any optional prepayment of the Notes to each holder of the Notes not less than thirty (30) days or more than sixty (60) days before the date fixed for prepayment, specifying:

(a) such prepayment date;

(b) that the prepayment is being made pursuant to Section 5.2 hereof;

(c) the principal amount of each Note to be prepaid on such date;

(d) the interest to be paid on each such Note, accrued to the date fixed for prepayment; and

(e) the Company's calculation of an estimated Make-Whole Amount, if any, (assuming the date of prepayment was the date of such notice) due in connection with such prepayment, accompanied by a copy of any applicable documentation used in connection with determining the Make-Whole Discount Rate in respect thereof.

Such notice of prepayment shall also certify all facts that are conditions precedent to any such prepayment. Notice of prepayment having been so given, the aggregate principal amount of the Notes specified in such notice, together with the Make-Whole Amount, if any, and accrued interest thereon shall become due and payable on the specified prepayment date. Contemporaneously with such prepayment, the Company shall deliver to each holder of Notes, as of the specified prepayment date, the determination of the Make-Whole Amount referred to in the definition of "Make-Whole Amount" in Section 11.1 hereof (and previously delivered to the Company as provided for in such definition), accompanied by a copy of any applicable documentation likewise previously delivered to the Company and used in connection with determining the Make-Whole Discount Rate in respect of such prepayment. Interest on any overdue prepayment and on any "Make-Whole Amount" to be paid in connection therewith, shall be due to th e date of payment, at the rate set forth in Section 1.1(b).

5.4 Partial Prepayment Pro Rata.

If at the time any optional prepayment is due under Section 5.2 hereof and there is more than one Note outstanding immediately prior to, as well as after giving effect to, such prepayment, the aggregate principal amount of each optional partial prepayment of the Notes shall be allocated among the holders of the Notes at the time outstanding in proportion, as nearly as practicable, to the.

respective unpaid principal amounts of the Notes outstanding immediately prior to such prepayment, with adjustments, to the extent practicable, to equalize for any prepayments not in such proportion.

5.5 Notation of Notes on Prepayment.

Upon any partial prepayment of a Note, the holder thereof may (but such holder shall not be compelled to) require that such Note be

(a) surrendered to the Company pursuant to Section 6.2 hereof in exchange for a new Note in a principal amount equal to the principal amount remaining unpaid on the surrendered Note,

(b) made available to the Company for notation thereon of the portion of the principal so prepaid, or

(c) marked by such holder with a notation thereon of the portion of the principal so prepaid.

If any Note is surrendered to the Company pursuant to this Section 5.5 or otherwise hereunder, such Note shall be cancelled and shall not be reissued and no new Note shall be reissued in respect of any principal amount of a surrendered Note that shall have been previously paid. This Section 5.5 shall not limit or restrict the Company's obligation to effect payment of any partial prepayment of Notes in accordance with requirements of Section 4.1 hereof.

5.6 No Other Optional Prepayments.

Except as provided in Section 5.2 hereof or in accordance with an offer made in compliance with Section 5.1 or pursuant to Section 7.4(c) or Section 7.15(c)(ii) hereof, the Company may not make, without the prior written consent of all holders of Notes, any optional prepayment (whether directly or indirectly by purchase or other acquisition) in respect of the Notes.

6. REGISTRATION; SUBSTITUTION OF NOTES

6.1 Registration of Notes.

The Company shall cause to be kept at its office, maintained pursuant to Section 7.3 hereof, a register for the registration and transfer of Notes. The name and address of each holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in the register. The Person in whose name any Note shall be registered shall be deemed and treated as the owner and holder thereof for all purposes hereof, and neither the Company nor any Guarantor shall be affected by any notice or knowledge to the contrary. The Company shall deem such subsequent holder to have made the representations and warranties set forth in Section 1.3 hereof and will promptly furnish to any such subsequent holder, upon request made prior to or subsequent to a transfer, the type of information described in Section 2.12(c)(ii) hereof.

6.2 Exchange of Notes.

Upon surrender of any Note at the office of the Company maintained pursuant to Section 7.3 hereof duly endorsed or accompanied by a written instrument of transfer duly executed by the registered holder of such Note or such holder's attorney duly authorized in writing, the Company shall execute and deliver, at the Company's expense (except as provided below), new Notes in exchange therefor, in denominations of at least Fifty Thousand Dollars ($50,000) (except as may be necessary to reflect any principal amount not evenly divisible by Fifty Thousand Dollars ($50,000)), in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such holder may request and shall be substantially in the form of Exhibit A hereto. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered No te if no interest shall have been paid thereon. The Company may require payment of a sum sufficient to cover any stamp tax or governmental charge imposed in respect of any such transfer of Notes.

6.3 Replacement of Notes.

Upon receipt by the Company of evidence reasonably satisfactory to it of the ownership of and the loss, theft, destruction or mutilation of any Note and

(a) in the case of loss, theft or destruction, of indemnity reasonably satisfactory to it (provided that if the holder of such Note is an Institutional Investor, such holder's own unsecured agreement of indemnity shall be deemed to be satisfactory), or

(b) in the case of mutilation, upon surrender and cancellation thereof,

the Company at its own expense shall execute and deliver, in lieu thereof, a new Note, dated and bearing interest from the date to which interest shall have been paid on such lost, stolen, destroyed or mutilated Note or dated the date of such lost, stolen, destroyed or mutilated Note if no interest shall have been paid thereon.

6.4 Guarantors' Responsibility in respect of New Notes.

Each Guarantor agrees to execute each new Note, as provided for in the form thereof attached hereto as Exhibit A, being exchanged or delivered in accordance with Section 6.2 and Section 6.3 hereof.

7. COMPANY BUSINESS COVENANTS

The Company covenants that on and after the Closing Date and so long as any of the Notes shall be outstanding:

7.1 Payment of Taxes and Claims.

The Company will, and will cause each of its Subsidiaries to, pay before they become delinquent,

(a) all taxes, assessments and governmental charges or levies imposed upon it or its Property, and

(b) all claims or demands of materialmen, mechanics, carriers, warehousemen, landlords and other like Persons that, if unpaid, might result in the creation of a Lien upon its Property,

provided, that items in clause (a) and clause (b) above need not be paid

(x) while being contested in good faith and by appropriate proceedings as long as adequate book reserves (as required by GAAP) have been established and maintained and exist with respect thereto, and

(y) so long as the title of the Company or any of its Subsidiaries (as the case may be) to, and its right to use, such Property, is not materially adversely affected thereby.

7.2 Maintenance of Properties and Corporate Existence.

The Company will, and will cause each of its Subsidiaries to,

(a) Property -- maintain its Property in good condition, ordinary wear and tear excepted, and make all necessary renewals, replacements, additions, betterments and improvements thereto;

(b) Insurance -- maintain, with financially sound and reputable insurers, insurance with respect to its Property and business against such casualties and contingencies, of such types (including, without limitation, insurance with respect to losses arising out of Property loss or damage, public liability, workers' compensation, business interruption, larceny, embezzlement or other criminal misappropriation) and in such amounts as is customary in the case of corporations of established reputation engaged in the same or a similar business and similarly situated;

(c) Financial Records -- keep true books of records and accounts in which full and correct entries shall be made of all its business transactions and which will permit the preparation of accurate and complete consolidated financial statements in accordance with GAAP;

(d) Corporate Existence and Rights -- do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises, subject

to Section 7.4 hereof, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect;

(e) Compliance with Law -- not be in violation of any law, ordinance or governmental rule or regulation to which it is subject and not fail to obtain any license, certificate, permit, franchise or other governmental authorization necessary to the ownership of its Properties or to the conduct of its business if such violation or failure to obtain could be reasonably expected to have a Material Adverse Effect; and

(f) Rule 144A Eligibility -- not take or omit to take any action which would cause the Notes not to be eligible for resale pursuant to Rule 144A(d)(3) and (4) as the same may be amended from time to time.

7.3 Payment of Notes and Maintenance of Office.

The Company will punctually pay, or cause to be paid, the principal of and interest (and Make-Whole Amount, if any) on, the Notes, as and when the same shall become due according to the terms hereof and of the Notes, and will maintain an office at the address of the Company set forth in Section 12.1 hereof where notices, presentations and demands in respect hereof or of the Notes may be made upon it. Such office will be maintained at such address until such time as the Company will notify the holders of the Notes of any change of location of such office, which will in any event be located within the United States of America.

7.4 Merger; Acquisition; Sale of Assets.

(a) Merger and Consolidation. The Company will not, and will not permit any of its Subsidiaries to, merge with or into, consolidate with, or sell, lease as lessor, transfer or otherwise dispose of all or substantially all of its Property to, any other Person or permit any other Person to merge with or into or consolidate with it (except that a Subsidiary of the Company may merge with or into, consolidate with, or sell, lease, transfer or otherwise dispose of all or substantially all of its assets to, the Company or a Wholly-Owned Subsidiary); provided that the foregoing restriction does not apply to the merger or consolidation

of the Company with or into, or the sale, lease, transfer or other disposition by the Company of all or substantially all of its Property to, another corporation, if:

(i) the corporation that results from such merger or consolidation or that purchases, leases, or acquires all or substantially all of such Property (the "Surviving Corporation") shall be organized under the laws of, and have substantially all of its Property located in, the United States of America or any jurisdiction thereof;

(ii) the due and punctual payment of the principal of and Make-Whole Amount, if any, and interest on all of the Notes, according to their tenor, and the due and punctual performance and observance of all the covenants contained herein and in the Notes to be performed and observed by the Company, shall be expressly assumed by the Surviving Corporation pursuant to such agreements or instruments as shall be satisfactory to the Required Holders;

(iii) each Guarantor shall have reconfirmed its obligations hereunder in writing;

(iv) the Company shall have caused to be delivered to each holder of Notes an opinion of independent counsel (which opinion and counsel are satisfactory in form and substance to the Required Holders) to the effect that (i) such agreements, reconfirmations and instruments are enforceable in accordance with their terms, (ii) no taxable event or consequence will result to any holder of Notes solely by virtue of such merger, consolidation, purchase, lease or acquisition and the assumption by the Surviving Corporation of the obligations of he Company hereunder and under the Notes, and (iii) the obligations of the Guarantors are in full force and effect; and

(v) immediately prior to, and immediately after the consummation of such transaction, and after giving effect thereto,

(A) no Default or Event of Default shall exist, and

(B) the Surviving Corporation would be permitted to incur at least One Dollar ($1.00) of additional Funded Debt pursuant to Section 7.7 hereof.

(b) Acquisition of Stock. The Company will not, and will not permit any of its Subsidiaries to, acquire any stock of any corporation if upon completion of such acquisition such corporation would be a Subsidiary of the Company, or acquire all of the assets of, or such of the assets as would permit the transferee to continue any one or more integral business operations of, any Person unless, immediately after the consummation of such acquisition, and after giving effect thereto, no Default or Event of Default exists or would exist and the Company would be permitted to incur at least One Dollar ($1.00) of additional Funded Debt pursuant to Section 7.7 hereof and a Subsidiary of the Company would be permitted to incur at least One Dollar ($1.00) of additional Debt pursuant to Section 7.6 hereof. Upon any corporation becoming a Subsidiary of the Company, all of its then existing Debt and Liens securing such Debt shall be deemed incurred for purposes of Section 7.6, Section 7.7 and Section 7.9 hereof.

(c) Sale of Assets. The Company will not, and will not permit any of its Subsidiaries to, sell, lease, abandon or otherwise dispose of any of its assets (except for sales and leases in the ordinary course of business, including sales and leases to customers and dispositions of plant and equipment in connection with normal closures) unless, immediately after giving effect to such proposed disposition, the assets so disposed of by the Company and its Subsidiaries during the then current fiscal year of the Company shall have an aggregate net book value (determined as to particular assets as of the end of the immediately preceding fiscal year), not in excess of ten percent (10%) of Consolidated Net Worth at the end of the immediately preceding fiscal year. In determining such aggregate value, there shall be included the value of any assets disposed of through dispositions of shares pursuant to Section 7.4(a) or

Section 7.15 but there shall be excluded the value of assets disposed of to the extent that, after giving effect to such sale or lease no Default or Event of Default shall exist and either (i) the Company or such Subsidiary at the time of such disposition either has previously acquired or is simultaneously acquiring, in contemplation of such disposition, substantially similar assets, or has previously entered into, or is simultaneously entering into, a binding purchase or lease agreement or agreements to acquire or lease substantially similar assets, which assets are acquired or leased within one hundred eighty (180) days of such disposition or (ii) the Company or such Subsidiary shall, within such period of one hundred eighty (180) days, use the proceeds from the disposition to repay Debt of the Company or such Subsidiary, in which event the Company shall offer to prepay, at par and in the manner provided in Section 5.5 h ereof, a principal amount of Notes which bears the same ratio to the aggregate outstanding amount of all Notes outstanding as other Debt to be repaid bears to the aggregate outstanding amount of such issues or series of Debt.

7.5 Restricted Payments and Restricted Investments.

(a) Limitation on Restricted Payments. The Company will not make or incur and will not suffer or permit any of its Subsidiaries to make or incur (i) any liability to declare or make any Restricted Payment in respect of its Capital Stock or the Capital Stock of any of its Subsidiaries or any Guarantor or (ii) any Restricted Investment or any undertaking or agreement to make a Restricted Investment unless immediately after giving effect to any proposed Restricted Payment or Restricted Investment,

(A) the aggregate amount of all Restricted Investments and Restricted Payments declared, made or authorized after December 31, 1992 does not exceed the sum of

(I) seventy-five percent (75%) of the aggregate Consolidated Net Income (or, in case such aggregate Consolidated Net Income shall be a

deficit, minus 100% of such deficit) for the period commencing on January 1, 1993 and ending on the date of such proposed transaction; plus

(II) Twenty-Five Million Dollars ($25,000,000);

(B) no Default or Event of Default exists or would, after giving effect to such Restricted Payment or Restricted Investment, as the case may be, exist; and

(C) the Company would be permitted to incur at least One Dollar ($1.00) of additional Funded Debt pursuant to Section 7.7 hereof and a Subsidiary of the Company would be permitted to incur at least One Dollar ($1.00) of additional Debt pursuant to Section 7.6 hereof.

(b) Time of Payment. The Company will not authorize a Distribution on its Capital Stock that is not payable within sixty (60) days of authorization.

7.6 Subsidiary Debt.

The Company will not at any time permit any of its Subsidiaries to create, incur, issue, assume, guarantee or otherwise become liable in respect of any Debt, other than Debt owing to the Company or a Wholly-Owned Subsidiary, unless, (i) immediately after giving effect thereto, Total Subsidiary Debt does not exceed ten percent (10%) of Consolidated Net Worth at such time, and (ii) immediately prior to, and immediately after the consummation of such transaction, and after giving effect thereto, no Default or Event of Default exists or would exist and the Company would be permitted to incur at least One Dollar ($1.00) of additional Funded Debt pursuant to Section 7.7.

7.7 Consolidated Funded Debt to Consolidated Total Capitalization.

The Company will not, and will not permit any of its Subsidiaries to, create, incur, issue, assume, guarantee or otherwise become liable in respect of any Funded Debt (other than the Notes) at any time, unless, (i) immediately after giving

effect thereto, Consolidated Funded Debt does not exceed forty percent (40%) of Consolidated Total Capitalization at such time, and (ii) immediately prior to, and immediately after the consummation of such transaction, and after giving effect thereto, no Default or Event of Default exists or would exist.

7.8 Consolidated Net Worth.

The Company will not permit Consolidated Net Worth at the end of any fiscal quarter of the Company to be less than the sum of (i) Three Hundred Twenty-five Million Dollars ($325,000,000) and (ii) twenty-five percent (25%) of Consolidated Net Income earned after December 31, 1995.

7.9 Liens.

(a) Negative Pledge. The Company will not, nor will it permit any of its Subsidiaries to, grant, incur, assume, create or cause or permit to exist, or agree or consent to grant, incur, assume, create or cause or permit to exist in the future (upon the happening of a contingency or otherwise), a Lien upon any of its Property (including, without limitation, any Capital Stock of the Subsidiaries of the Company owned by the Company or any other Subsidiary of the Company), whether now owned or hereafter acquired, except:

(i) Liens securing the claims or demands of materialmen, mechanics, carriers, warehousemen, landlords and other like Persons, provided that the payment thereof is not at the time required by Section 7.1 hereof;

(ii) Liens incurred or deposits made in the ordinary course of business

(A) in connection with workers' compensation, unemployment insurance, social security and other like laws, and (B) to secure the performance of letters of credit, bids, tenders, sales contracts, leases, statutory obligations, surety and performance bonds (of a type other than set forth in Section 7.9(a)(iii)

hereof) and other similar obligations not incurred in connection with the borrowing of money, the obtaining of advances or the payment of the deferred purchase price of Property;

(iii) Liens

(A) arising from judicial attachments and judgments,

(B) securing appeal bonds or supersedeas bonds, and

(C) arising in connection with court proceedings (including, without limitation, surety bonds and letters of credit or any other instrument serving a similar purpose),

provided that (1) the execution or other enforcement of such Liens is effectively stayed, (2) the claims secured thereby are being actively contested in good faith and by appropriate proceedings, (3) adequate reserves (in accordance with GAAP) have been established and maintained in respect thereof and (4) the existence of the judgment or attachment giving rise to the Lien shall not constitute an Event of Default;

(iv) Liens on Property of a Subsidiary of the Company, provided that such Liens secure only obligations owing to the Company;

(v) Liens in the nature of reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other similar title exceptions or encumbrances affecting real Property, provided that such Liens do not individually or in the aggregate materially detract from the value of said Properties or materially interfere with the use by the Company or its Subsidiaries of such Property in the ordinary conduct of the business of the Company and such Subsidiaries;

(vi) Liens on Property arising in connection with Capital Leases so long as each such

Lien encumbers only Property that is the subject of the related Capital Lease and no other Property of the Company or any of its Subsidiaries and immediately before, and after giving effect thereto, no Default or Event of Default exists or would exist and (A) the Company would be permitted to incur at least One Dollar ($1.00) of additional Funded Debt pursuant to Section 7.7 hereof and (B) a Subsidiary of the Company would be permitted to incur at least One Dollar ($1.00) of additional Debt pursuant to Section 7.6 hereof; (vii) Liens in existence on the Closing Date securing Debt and listed on Annex 7.9 hereto; and

(viii) Purchase Money Liens, if, after giving effect thereto and to any concurrent transactions:

(A) each such Purchase Money Lien secures Debt of the Company or any of its Subsidiaries in an amount not exceeding one hundred percent (100%) of the cost of acquisition of the particular Property to which such Debt relates (or, in the case of a Lien existing on any Property of any corporation at the time it becomes a Subsidiary of the Company, one hundred percent (100%) of the Fair Market Value of such Property at such time);

(B) no Default or Event of Default would exist and (I) the Company would be permitted to incur at least One Dollar ($1.00) of additional Funded Debt pursuant to Section 7.7 hereof and (II) a Subsidiary of the Company would be permitted to incur at least One Dollar ($1.00) of additional Debt pursuant to Section 7.6 hereof;

(ix) Liens incurred in connection with the sale by the Company or a Subsidiary of accounts receivable of the Company or a Subsidiary (a "receivables sale") permitted by Section 7.4(c) or the borrowing of money by the Company or a

Subsidiary permitted by Section 7.6 and Section 7.7 and the repayment of which is secured by accounts receivable of the Company or a Subsidiary (a "receivables financing"), including such amount of accounts receivable as may be in excess of the sale price or the amount borrowed, provided that: (A) the Property subject to such Lien shall consist solely of accounts receivable of the Company or a Subsidiary, the obligor of which is a Person other than the Company or a Subsidiary; (B) the purchaser of the accounts receivable or the lender (the repayment of whose loan is secured by such accounts receivable, as the case may be) shall have no recourse to the Company or any Subsidiary or to any Property of the Company or any Subsidiary other than such accounts receivable for any liability arising out of the receivables financing or receivables sale; and (C) the accounts receivable which are subject to the Lien permitted hereby shall be identified at the time the receivables sale or receivables financing is consummated and additional receivables shall not thereafter be subjected to the Lien created at that time; and

(x) other Liens on Property of the Company or a Subsidiary provided that the Debt or other obligations secured by such Liens shall not at any time exceed ten percent (10%) of Consolidated Net Worth.

(b) Equal and Ratable Lien; Equitable Lien. In case any Property shall be subjected to a Lien in violation of this Section 7.9, the Company will forthwith make or cause to be made, to the fullest extent permitted by applicable law, provision whereby the Notes will be secured equally and ratably with all other obligations secured thereby, pursuant to such agreements and instruments as shall be approved by the Required Holders, and the Company will cause to be delivered to each holder of a Note an opinion of independent counsel (in form and substance satisfactory to the Required Holders) to the effect that such agreements and instruments are enforceable in accordance with their terms, and in any such case the Notes shall have the benefit, to the full extent that, and with such priority as, the holders of Notes may be

entitled under applicable law, of an equitable Lien on such Property securing the Notes. Such violation of this Section 7.9 constitutes an Event of Default hereunder, whether or not any such provision is made pursuant to this Section 7.9(b).

(c) Financing Statements. The Company will not, and will not permit any of its Subsidiaries to, sign or file a financing statement under the Uniform Commercial Code (or similar statute) of any jurisdiction that names the Company or such Subsidiary as debtor, or sign any security agreement authorizing any secured party thereunder to file any such financing statement, except, in any such case, a financing statement filed or to be filed to perfect or protect a security interest that the Company or such Subsidiary is entitled to create, assume or incur, or permit to exist, under the foregoing provisions of this Section 7.9 or to evidence for informational purposes a lessor's interest in Property leased to the Company or any such Subsidiary.

7.10 ERISA.

(a) Compliance. The Company will, and will cause each ERISA Affiliate, at all times with respect to each Pension Plan and Multiemployer Plan, to make timely payment of contributions required to meet the minimum funding standard in respect of such Person set forth in ERISA or the IRC with respect thereto, and to comply with all other applicable provisions of ERISA.

(b) Relationship of Vested Benefits to Pension Plan Assets. Except as, to the extent and for the period of time described in Annex 2.12, the Company will not at any time permit the present value of all employee benefits vested under each Pension Plan to exceed the assets of such Pension Plan allocable to such vested benefits at such time, in each case determined pursuant to Section 7.10(c) hereof, except to the extent that the Company could, at such time, incur Debt in the amount of such excess in compliance with Section 7.6 and Section 7.7 and otherwise complies with this Section 7.10.

(c) Valuations. All assumptions and methods used to determine the actuarial valuation of vested

employee benefits under Pension Plans and the present value of assets of Pension Plans will be reasonable in the good faith judgment of the Company and will comply with all requirements of law.

(d) Prohibited Actions. The Company will not, and will not permit any ERISA Affiliate to:

(i) engage in any "prohibited transaction" (as such term is defined in section 406 of ERISA or section 4975 of the IRC) that would result in the imposition of a tax or penalty;

(ii) incur with respect to any Pension Plan any "accumulated funding deficiency" (as such term is defined in section 302 of ERISA), whether or not waived;

(iii) terminate any Pension Plan in a manner that could result in

(A) the imposition of a Lien on the Property of the Company or any of its Subsidiaries pursuant to section 4068 of ERISA, or

(B) the creation of any liability under section 4062 of ERISA;

(iv) fail to make any payment required by section 515 of ERISA; or

(v) except as disclosed on Annex 2.12 hereto, be an "employer" (as such term is defined in section 3 of ERISA) required to contribute to any Multiemployer Plan or a "substantial employer" (as such term is defined in section 4001 of ERISA) required to contribute to any Multiple Employer Pension Plan.

7.11 Transactions with Affiliates.

The Company will not, and will not permit any of its Subsidiaries to, enter into any transaction, including, without limitation, the purchase, sale or exchange of Property or the rendering of any service, with any Affiliate, except in the ordinary course of and pursuant to the

reasonable requirements of the Company's or such Subsidiary's business and upon fair and reasonable terms no less favorable to the Company or such Subsidiary than would be obtained in a comparable arm's-length transaction with a Person not an Affiliate.

7.12 Pro-Rata Offers.

The Company will not, nor will it permit any of its Subsidiaries or any Affiliate to, directly or indirectly, acquire or make any offer to acquire any Notes other than as permitted by Section 5.7 and then only if the Company or such Subsidiary or Affiliate shall have offered to acquire Notes, pro rata, from all holders of the Notes and upon the same terms. In case the Company acquires any Notes, such Notes will thereafter be cancelled and no Notes will be issued in substitution therefor.

7.13 Private Offering.

The Company will not, nor will it permit any Person acting on its behalf to, offer the Notes or any part thereof or any similar Securities for issue or sale to, or solicit any offer to acquire any of the same from, any Person so as to bring the issuance and sale of the Notes within the provisions of section 5 of the Securities Act.

7.14 Environmental Compliance.

(a) Compliance. The Company will at all times be, and will at all times cause its Subsidiaries to be, in compliance with all Environmental Protection Laws in effect in each jurisdiction where each such Person is doing business, if the failure to comply with which could reasonably be expected to have a Material Adverse Effect.

(b) Liability. The Company will not permit itself, nor will it permit any of its Subsidiaries, to be subject to any liability under any Environmental Protection Laws that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

7.15 Sales of Subsidiary Stock.

The Company will not at any time, and will not at any time permit any of its Subsidiaries to, sell or otherwise dispose of any shares of Capital Stock (or any options or warrants to purchase Capital Stock or other Securities exchangeable for or convertible into Capital Stock) of a Subsidiary of the Company (said

Capital Stock, options, warrants and other Securities herein called "Subsidiary Stock"), nor will any Subsidiary of the Company issue, sell or otherwise dispose of any shares of its own Subsidiary Stock to any Person other than the Company or a Wholly-Owned Subsidiary; provided that the foregoing restrictions do not apply to:

(a) the issue of directors' qualifying shares;

(b) the sale for an all cash consideration to a Person (other than directly or indirectly to an Affiliate) of the entire Investment (whether represented by stock, debt, claims or otherwise) of the Company and its other Subsidiaries in any Subsidiary, if all of the following conditions are met:

(i) in the good faith opinion of the Board of Directors of the Company, the sale is for Fair Market Value and is in the best interests of the Company;

(ii) the Subsidiary being disposed of has no continuing Investment (x) in any other Subsidiary not being simultaneously disposed of in a transaction which meets the conditions set forth in this Section 7.15(b) or (y) in the Company; and

(iii) the aggregate book value of all such Voting Stock (or of the Property or other assets of the Subsidiary if greater) disposed of by the Company and its Subsidiaries during the then current fiscal year of the Company, when added to the aggregate net book value of assets disposed of pursuant to Section 7.4(c) during such fiscal year, shall not exceed ten percent (10%) of Consolidated Net Worth and immediately after the consummation of the transaction, and after giving effect thereto, no Default or Event of

Default would exist, and (A) the Company would be permitted to incur at least One Dollar ($1.00) of additional Funded Debt pursuant to Section 7.7 hereof and (B) a Subsidiary of the Company would be permitted to incur at least One Dollar ($1.00) of additional Debt pursuant to Section 7.6 hereof; and

(c) the sale for an all cash consideration to a Person (other than directly or indirectly to an Affiliate) of the entire Investment (whether represented by stock, debt, claims or otherwise) of the Company and its other Subsidiaries in any Subsidiary, if all of the following conditions are met:

(i) the conditions set forth in Section 7.15(b)(i) and (ii) are met;

(ii) the entire consideration received by the Company shall be used, within one hundred eighty (180) days of the date of such sale (A) to acquire Property or assets useful, in the opinion of the Board of Directors of the Company, in the business of the Company and being acquired, in the opinion of the Board of Directors, at not more than the fair market value thereof or (B) to repay Debt of the Company or its Subsidiaries (in which event the Company shall offer to prepay, at par and in the manner provided in Section 5.5 hereof, a principal amount of Notes which bears the same ratio to the aggregate outstanding amount of all Notes outstanding as the principal amount of other Debt to be repaid bears to the aggregate outstanding principal amount of all such other Debt); and

(iii) prior to the consummation of such sale, the Company shall have furnished to each holder of Notes a detailed description of the proposed action, together with a certificate of the President of the Company attesting to the action of the Board of Directors as set forth above.

(d) the participation by the Company or a Subsidiary of the Company in joint ventures or other

commercial endeavors, whether by creation of a minority interest in the Voting Stock of a Subsidiary or by contribution of Voting Stock of a Subsidiary to such venture or endeavor provided that after giving effect to each such transaction (i) there shall not have occurred a Default or Event of Default, (ii) the Company shall be in compliance with the provisions of Section 7.5 and (iii) the aggregate bookvalue of all such Voting Stock (or of the Property or other assets of the Subsidiary attributable to such interest, if greater) shall not exceed ten percent (10%) of Consolidated Net Worth.

Without limiting the foregoing, the Company will not permit any Subsidiary to issue or have outstanding any Preferred Stock if such Preferred Stock is to be held by a Person other than the Company or a Wholly-Owned Subsidiary and the Company shall not sell, or permit any Subsidiary to sell, any Preferred Stock of any Subsidiary to any Person other than to the Company or to a Wholly-Owned Subsidiary.

7.16 Pari Passu Ranking of Notes.

The Company warrants that its obligations under this Agreement and the Notes do, and undertakes that the same will continue to, rank at least pari passu with all its other present and future unsecured senior obligations.

8. INFORMATION AS TO COMPANY

8.1 Financial and Business Information.

The Company shall deliver to each holder of Notes:

(a) Quarterly Statements -- as soon as practicable after the end of each quarterly fiscal period in each fiscal year of the Company (other than the last quarterly fiscal period of each such fiscal year), and in any event within sixty (60) days thereafter, duplicate copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such quarter, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows

of the Company and its Subsidiaries for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter;

(provided that so long as the Company shall continue to file on a timely basis required reports on Form 10-Q, such reports may be furnished in satisfaction of the requirements of this Section 8.1(a)), setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, and certified as complete and correct, subject to changes resulting from year-end adjustments, by a principal financial officer of the Company, and accompanied by the certificate required by Section 8.2 hereof;

(b) Annual Statements -- as soon as practicable after the end of each fiscal year of the Company, and in any event within ninety (90) days thereafter, duplicate copies of:

(i) a consolidated balance sheet of the Company and its Subsidiaries, as at the end of such year, and

(ii) consolidated statements of income, changes in shareholders' equity and cash flows of the Company and its Subsidiaries for such year,

setting forth in comparative form the figures for the previous year in the case of the balance sheets referred to in clause (i) and for the previous two fiscal years in the case of the consolidated statements referred to in clause (ii), all in reasonable detail, prepared in accordance with GAAP, and accompanied by

(x) in the case of such consolidated statements, an opinion thereon of the accountants named in Section 2.2 hereof or other independent certified public accountants of recognized national standing selected by the Company, which opinion shall, without qualification (including, without limitation,

any qualification with respect to the scope of any audit), state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances,

(y) a certification by a principal financial officer of the Company that such consolidated statements are complete and correct, and

(z) the certificates required by Section 8.2 and Section 8.3 hereof;

(c) Audit Reports -- promptly upon receipt thereof, a copy of each other report (including, without limitation, any reports to management on internal controls) submitted to the Company or any of its Subsidiaries by independent accountants in connection with any annual, interim or special audit made by them of the books of the Company or any such Subsidiary;

(d) SEC and Other Reports -- promptly upon their becoming available one copy of each financial statement, report, notice or proxy statement sent by the Company or any of its Subsidiaries to stockholders generally, and of each regular or periodic report and any registration statement, offering circular, prospectus or written communication (other than transmittal letters), and each amendment thereto, in respect thereof filed by the Company or any of its Subsidiaries with, or received by, such Person in connection therewith from, the National Association of Securities Dealers, any securities exchange or the Securities and Exchange Commission or any successor agency;

(e) ERISA -- as soon as possible, and in any event within ten (10) Business Days after, becoming aware of the occurrence of any

(i) "reportable event" (as such term is defined in section 4043 of ERISA) as to which the 30-day notice requirement has not been waived by the PBGC or

(ii) "prohibited transaction" (as such term is defined in section 406 or section 4975 of the IRC)

in connection with any Pension Plan or any trust created thereunder, a written notice specifying the nature thereof, what action the Company is taking or proposes to take with respect thereto, and, when known, any action taken by the IRS, the Department of Labor or the PBGC with respect thereto;

(f) ERISA Waivers -- prompt written notice of and a description of any request pursuant to section 303 of ERISA or section 412 of the IRC for, or notice of the granting pursuant to said section 303 or said section 412 of, a waiver in respect of all or part of the minimum funding standard set forth in ERISA or the IRC, as the case may be, of any Pension Plan, and, in connection with the granting of any such waiver, the amount of any waived "funding deficiency" (as such term is defined in said section 303 or said section 412) and the terms of such waiver, in each of the cases specified in this clause (f), where the effect of such conditions or events or of events or conditions related thereto would reasonably be expected to have a Material Adverse Effect;

(g) Other ERISA Notices -- prompt written notice of and, where applicable, a description of

(i) any notice from the PBGC in respect of the commencement of any proceedings pursuant to section 4042 of ERISA to terminate any Pension Plan or for the appointment of a trustee to administer any Pension Plan,

(ii) any distress termination notice delivered to the PBGC under section 4041 of ERISA in respect of any Pension Plan, and any determination of the PBGC in respect thereof,

(iii) the placement of any Multiemployer Plan in reorganization status under Title IV of ERISA,

(iv) any Multiemployer Plan becoming "insolvent" (as such term is defined in section 4245 of ERISA),

(v) the whole or partial withdrawal of the Company or any ERISA Affiliate from any Multiemployer Plan and the withdrawal liability incurred in connection therewith, and

(vi) the withdrawal of the Company or any ERISA Affiliate from any Multiple Employer Pension Plan and the withdrawal liability under ERISA incurred in connection therewith;

in each of the cases specified in the foregoing clauses (i) through (vi), inclusive, where the effect of such conditions or events or of events or conditions related thereto would reasonably be expected to have a Material Adverse Effect,

(h) Notice of Default or Event of Default -- immediately upon becoming aware of the existence of any condition or event which constitutes a Default or an Event of Default, a written notice specifying the nature and period of existence thereof and what action the Company is taking or proposes to take with respect thereto;

(i) Notice of Claimed Default -- immediately upon becoming aware that the holder of any evidence of indebtedness or other Security of the Company or any of its Subsidiaries shall have given notice or taken any other action with respect to a claimed event of default or default thereunder a written notice specifying the notice given or action taken by such holder and the nature of the claimed event of default or default and what action the Company is taking or proposes to take with respect thereto;

(j) Rule 144A Information -- with reasonable promptness, such data and information as from time to time may be reasonably requested to comply with 17 C.F.R. Section 230.144A, as amended from time to time; and

(k) Other Requested Information -- with reasonable promptness, such other data and information as from time to time may be reasonably requested by any Purchaser or by any other Institutional Investor which is a holder of Notes.

8.2 Officers' Certificates.

Each set of financial statements delivered to each holder of Notes pursuant to Section 8.1(a) or Section 8.1(b) hereof shall be Accompanied by a certificate of the President or a Vice-President and the Treasurer or an Assistant Treasurer of the Company setting forth:

(a) Covenant Compliance -- the information (including detailed calculations) required in order to establish whether the Company was in compliance with the requirements of Section 7.4 through Section 7.16 hereof, inclusive, during the fiscal period covered by the income statement then being furnished (including with respect to each such Section, where applicable, the calculations of the maximum or minimum amount, ratio or percentage, as the case may be, permissible under the terms of such Sections, and the calculation of the amounts, ratio or percentage then in existence); and

(b) Event of Default -- a statement that the signers have reviewed the relevant terms hereof and have made, or caused to be made, under their supervision, a review of the transactions and conditions of the Company and its Subsidiaries from the beginning of the accounting period covered by the income statements being delivered therewith to the date of the certificate and that such review shall not have disclosed the existence during such period of any condition or event which constitutes a Default or an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Company shall have taken or proposes to take with respect thereto.

8.3 Accountants' Certificates.

Each set of annual financial statements delivered pursuant to Section 8.1(b) hereof shall be accompanied by a certificate of the

accountants who certify such financial statements, stating that they have reviewed this Agreement and stating further, whether, in making their audit, such accountants have become aware of any condition or event which then constitutes a Default or an Event of Default, and, if such accountants are aware that any such condition or event then exists, specifying the nature and period of existence thereof.

8.4 Inspection.

The Company shall permit the representatives of any Purchaser or any other Institutional Investor which is the holder of at least One Million Dollars ($1,000,000) aggregate principal amount of Notes (at the expense of such Person unless a Default or Event of Default shall have occurred and be continuing and then at the expense of the Company and without regard to the aggregate principal amount of Notes held by such holder) upon at least twenty-four (24) hours' prior notice to the Chief Financial Officer of the Company, to visit and inspect any of the Properties of the Company or any of its Subsidiaries, to examine all their

respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants (and by this provision the Company authorizes said accountants so to discuss its finances and affairs and the finances and affairs of its Subsidiaries) all at such reasonable times and as often as may be reasonably requested and subject to the provisions of Section 12.9.

8.5 Report to NAIC.

Concurrently with the delivery to you of each annual statement required by Section 8.1(b) hereof, the Company shall deliver a copy thereof to: Securities Valuation Office, National Association of Insurance Commissioners, 195 Broadway, New York, New York 10007.

9. EVENTS OF DEFAULT

9.1 Nature of Events.

An "Event of Default" shall exist if any of the following occurs and is continuing:

(a) Principal or Make-Whole Amount Payments -- the Company shall fail to make any payment of principal or Make-Whole Amount on any Note on or before the date such payment is due;

(b) Interest Payments -- the Company shall fail to make any payment of interest on any Note on or before five (5) Business Days after the date such payment is due;

(c) Default of Guaranty -- the Guaranty set forth in Section 10 hereof or in the Notes or any provision thereof, shall cease to be in full force and effect, or any Guarantor shall deny or disaffirm all or any portion of its obligations under such Guaranty;

(d) Other Defaults -- the Company or any of its Subsidiaries shall (i) fail to give any notice required to be given pursuant to Section 8.1(h) or (ii) fail to perform or observe any other covenant or to comply with any other provision hereof, and, in the case of clause (ii) hereof, such failure continues for more than thirty (30) days;

(e) Warranties or Representations -- any warranty, representation or other statement by or on behalf of the Company or any Guarantor contained herein or in any instrument furnished in compliance with or in reference hereto shall have been false or misleading in any material respect when made;

(f) Default on Indebtedness or Other Security -- (i) the Company, any Guarantor or any of the Subsidiaries of the Company shall fail to make any payment on any Debt when due; or (ii) any event shall occur or any condition shall exist in respect of any Debt or any Security of the Company, any Guarantor or any of the Subsidiaries of the Company, or under any agreement securing or relating to such Debt or Security, that immediately or with any one or more of the passage of time, the giving of notice or the expiration of waivers or modifications

granted in respect of such event or condition:

(A) causes (or permits any one or more of the holders thereof or a trustee therefor to cause) any such Debt in excess, in the aggregate, of Ten Million Dollars ($10,000,000) to become due prior to its stated maturity or prior to its regularly scheduled date or dates of payment; or

(B) permits any one or more of the holders thereof or a trustee therefor to require the Company, any Guarantor or any such Subsidiary to repurchase such Debt or such Security from such holder.

(g) Involuntary Bankruptcy Proceedings --

(iii) a receiver, liquidator, custodian or trustee of the Company, any Guarantor or any of the Subsidiaries of the Company, or of all or any of the Property of any thereof, shall be appointed by court order and such order remains in effect for more than ninety (90) days; or an order for relief shall be entered with respect to the Company, any Guarantor or any of the Subsidiaries of the Company, or the Company, any Guarantor or any of the Subsidiaries of the Company shall be adjudicated a bankrupt or insolvent; or

(iv) any of the Property of the Company, any Guarantor or any of the Subsidiaries of the Company shall be sequestered by court order and such order remains in effect for more than ninety (90) days; or

(v) a petition shall be filed against the Company, any Guarantor or any of the Subsidiaries of the Company under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and shall not be dismissed within ninety (90) days after such filing;

(h) Voluntary Petitions -- the Company, any Guarantor or any o the Subsidiaries of the Company shall file a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or shall consent to the filing of any petition against it under any such law;

(i) Assignments for Benefit of Creditors, etc. -- the Company, any Guarantor or any of the Subsidiaries of the Company shall make an assignment for the benefit of its creditors, or admits in writing its inability, or fails, to pay its debts generally as they become due, or shall consent to the appointment of a receiver, liquidator or trustee of the Company, any Guarantor or any of the Subsidiaries of the Company or of all or any part of the Property of any thereof; or

(j) Undischarged Final Judgments -- a final judgment or final judgments for the payment of money aggregating in excess of Twenty-Five Million Dollars ($25,000,000) is or are outstanding against one or more of the Company, the Guarantors and the Subsidiaries of the Company and any one of such judgments shall have been outstanding for more than thirty (30) days from the date of its entry and shall not have been discharged in full or stayed.

9.2 Default Remedies.

(a) Acceleration on Event of Default.

(i) If an Event of Default specified in clause (g), (h) or (i) of Section 9.1 hereof shall exist, all of the Notes at the time outstanding shall automatically become immediately due and payable together with interest accrued thereon without presentment, demand, protest or notice of any kind or any other action whatsoever, all of which are hereby expressly waived, and the Company shall forthwith pay to the holder or holders of all the Notes then outstanding the entire principal of, and interest accrued on, the Notes and, to the extent permitted

by law, the Make-Whole Amount with respect to such principal amount of such Notes and,

(ii) If an Event of Default other than those specified in clause (g), (h) or (i) of Section 9.1 hereof shall exist, the holder or holders of at least twenty-five percent (25%) in principal amount of the Notes then outstanding (exclusive of Notes then owned by any one or more of the Company, any Guarantor, any Subsidiary of the Company or any Affiliate) may exercise any right, power or remedy permitted to such holder or holders by law, and shall have, in particular, without limiting the generality of the foregoing, the right to declare the entire principal of, and all interest accrued on, all the Notes then outstanding to be, and such Notes shall thereupon become, forthwith due and payable, without any presentment, demand, protest or other notice of any kind or other action whatsoever, all of which are hereby expressly waived, and the Company shall forthwith pay to the holder or holders of all the Notes then outstanding the entire principal of, and interest accrued on, the Notes and, to the extent permitted by law, the Make-Whole Amount with respect to such principal amount of such Notes.

(b) Acceleration on Payment Default. During the existence of an Event of Default described in Section 9.1(a) or Section 9.1(b) hereof, and irrespective of whether the Notes then outstanding shall have been declared to be due and payable pursuant to Section 9.2(a)(ii) hereof, and notwithstanding any action taken by holders of the Notes pursuant to Section 9.3 hereof, any holder of Notes who or which shall have not consented to any waiver with respect to such Event of Default may, at its option, by notice in writing to the Company, declare the Notes then held by such holder to be, and such Notes shall thereupon become, forthwith due and payable together with all interest accrued thereon, without any presentment, demand, protest or other notice of any kind or any other action whatsoever, all of which are hereby expressly waived, and the Company shall forthwi th

pay to such holder the entire principal of and interest accrued on such Notes and, to the extent permitted by law, the Make-Whole Amount with respect to such principal amount of such Notes.

(c) Valuable Rights. The Company acknowledges, and the parties hereto agree, that the right of each holder to maintain its investment in the Notes free from prepayment by the Company (except as herein specifically provided for) is a valuable right and that the provision for payment of a Make-hole Amount by the Company in the event that the Notes are prepaid or are accelerated as a result of an Event of Default is intended to provide compensation for the deprivation of such right under such circumstances.

(d) Other Remedies. During the existence of an Event of Default and irrespective of whether the Notes then outstanding shall have been declared to be due and payable pursuant to Section 9.2(a)(ii) hereof and irrespective of whether any holder of Notes then outstanding shall otherwise have pursued or be pursuing any other rights or remedies, any holder of Notes may proceed to protect and enforce its rights hereunder and under such Notes by exercising such remedies as are available to such holder in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any agreement contained herein or in aid of the exercise of any power granted herein, provided that the maturity of such holder's Notes may be accelerated only in accordance with Section 9.2(a) and Section 9.2(b) hereof.

(e) Nonwaiver and Expenses. No course of dealing on the part of any holder of Notes nor any delay or failure on the part of any holder of Notes to exercise any right shall operate as a waiver of such right or otherwise prejudice such holder's rights, powers and remedies. If the Company or any Guarantor shall fail to pay when due any principal of, or Make-Whole Amount or interest on, any Note, or shall fail to comply with any other provision hereof, the Company and each such Guarantor shall pay to each holder of Notes, to the extent permitted by law, such further amounts as shall be sufficient

to cover the costs and expenses, including but not limited to reasonable attorneys' fees, incurred by such holder in collecting any sums due on such Notes or in otherwise assessing, analyzing or enforcing any rights or remedies that are or may be available to it.

9.3 Annulment of Acceleration of Notes.

If a declaration is made pursuant to Section 9.2(a)(ii) hereof, then and in every such case, the holders of at least sixty-five (65%) in aggregate principal amount of the Notes then outstanding (exclusive of Notes then owned by any one or more of the Company, any Guarantor, any of the Subsidiaries of the Company and any Affiliates) may, by written instrument filed with the Company or any Guarantor, rescind and annul such declaration, and the consequences thereof, provided that at the time such declaration is annulled and rescinded:

(a) no judgment or decree shall have been entered for the payment of any moneys due on or pursuant hereto or the Notes;

(b) all arrears of interest upon all the Notes and all other sums payable hereunder and under the Notes (except any principal of, or interest or Make-Whole Amount on, the Notes which shall have become due and payable by reason of such declaration under Section 9.2(a)(ii) hereof) shall have been duly paid; and

(c) each and every other Default and Event of Default shall have been waived pursuant to Section 12.5 hereof or otherwise made good or cured,

and provided further that no such rescission and annulment shall extend to or affect any subsequent Default or Event of Default or impair any right consequent thereon or effect any holders' rights under Section 9.1(a) and Section 9.1(b).

9.4 Application of Acceleration Payments.

Any payments received by any holder of Notes pursuant to, or in respect of, Section 9.2 hereof shall, at the time of the receipt thereof, be applied by such holder (i) first, to all unpaid expenses

of such holder under Section 1.5, Section 9.2(e) and Section 10.5 hereof, (ii) second, to all accrued and unpaid interest on such holder's Notes, (iii) third, to any Make-Whole Amount payable to such holder in respect of its Notes and (iv) fourth, to the aggregate principal amount of the Notes of such holder then outstanding.

10. GUARANTY AND OTHER RIGHTS AND UNDERTAKINGS OF GUARANTORS.

10.1 Guaranteed Obligations.

Each Guarantor hereby irrevocably and unconditionally guarantees, as and for its own debt, until final and indefeasible payment has been made, the due and punctual payment of the principal and interest and Make-Whole Amount, if any, on all Notes at any time outstanding and the due and punctual payment of all moneys payable, and all other indebtedness owing, by the Company under the Note Purchase Agreement (collectively, the "Guaranteed Obligations") in each case when and as the same shall become due and payable, whether at maturity, pursuant to optional prepayment, by acceleration or otherwise, all in accordance with the terms and provisions thereof; it being the intent of the Guarantors that the guaranty set forth in this Section 10 shall be a guaranty of payment and not a guaranty of collection. Each Guarantor hereby further unconditionally guarantees the punctual and faithful performance, keeping, observance and fulfillment by the Company of all duties, agree ments, covenants and obligations of the Company contained in the Notes and in the Note Purchase Agreement. In the event the Company fails to make, on or before the due date thereof, any payment to be made of any principal amount of, or interest or Make-Whole Amount (if any) on, or in respect of, the Notes or of any other amounts due under the Notes and/or the Note Purchase Agreement or if the Company shall fail to perform, keep, observe or fulfill any such obligation as aforesaid in the manner provided in any one or more of the Notes and/or the Note Purchase Agreement, each Guarantor shall cause forthwith to be paid the moneys to be paid and shall cause to be performed, kept, observed or fulfilled the obligations to be performed, kept, observed or fulfilled as if such payment or performance, as the case may be, were being made under the Notes or the Note Purchase Agreement, as appropriate.

10.2 Performance by Guarantors.

Each Guarantor agrees that its liability under this Section 10 shall be immediate and shall not be contingent upon the exercise or enforcement by any holder of Notes of whatever remedies it may have against the Company or any other guarantor or the enforcement of any Lien or realization upon any security such holder may at any time possess or have available for its benefit.

The Guaranty set forth in this Section 10 is a primary and original joint and several obligation of the Guarantors and is an absolute, unconditional, continuing and irrevocable guaranty of payment and shall remain in full force and effect without respect to future changes in conditions, including change of law, or any invalidity or irregularity with respect to the issuance of any obligations (including, without limitation, any of the Notes) of the Company, or with respect to the execution and delivery of any agreement (including, without limitation, any of the Note Purchase Agreement or the Notes) between the Company and any one or more of the holders of Notes, or with respect to the genuineness, validity, regularity or enforceability of any of the Guaranteed Obligations.

10.3 Waivers; Subrogation; Offsets.

Each Guarantor does hereby waive: notice of acceptance hereof; notice of any purchase of Notes issued under the Note Purchase Agreement or the extension of credit from time to time given by any holder of Notes to the Company and the creation, existence or acquisition of any of the Guaranteed Obligations; notice of the amount of the Guaranteed Obligations, subject, however, to such Guarantor's right to make inquiry of any holder of Notes to ascertain the amount of the Guaranteed Obligations held by such holder at any reasonable time; notice of adverse change in the financial condition of the Company or of any other fact which might increase such Guarantor's risk; notice of presentment for payment, demand, protest and notice thereof as to the Notes or any other instrument; notice of default (including any Default or Event of Default hereunder); all defenses, offsets and counterclaims which a Guarantor may at any time have to any claim of any holder of Notes agains t the Company; and all other notices and demands to which such

Guarantor might otherwise be entitled. Each Guarantor further waives the rights by statute or otherwise to require any holder of Notes to institute suit against the Company or to exhaust its rights and remedies against the Company or any other guarantor, such Guarantor being bound to the payment of each and all Guaranteed Obligations in respect of each holder of Notes, whether now existing or hereafter accruing, as fully as if such Guaranteed Obligations were directly owing to each such holder of Notes by such Guarantor. Each Guarantor further waives any defense arising by reason of any disability or other defense of the Company or by reason of the cessation from any cause whatsoever of the liability of the Company in respect of the Guaranteed Obligations.

Until all of the Guaranteed Obligations shall have been indefeasibly paid in full and subject to Section 10.5 and Section 10.13 hereof, no Guarantor shall have any right of subrogation, reimbursement or indemnity whatsoever and no right of recourse to or with respect to any assets or Property of the Company. Nothing shall discharge or satisfy the liability of such Guarantor hereunder except the full and final performance and indefeasible payment of the Guaranteed Obligations.

Each holder of Notes shall have, to the fullest extent permitted by law, the right of set-off in respect of any and all credits and any and all other Property of each Guarantor, now or at any time whatsoever with, or in the possession of, such holder for any and all obligations of such Guarantor hereunder.

10.4 Releases.

Each Guarantor consents and agrees that, without notice to such Guarantor and without affecting or impairing the obligations of such Guarantor hereunder, any holder of Notes may, in the manner provided in the Notes or the Note Purchase Agreement, by action or inaction, directly or indirectly, compromise or settle, extend the period of duration or the time for the payment or discharge or performance of, or may refuse to, or otherwise not, enforce, or may, by action or inaction, release all or any one or more parties to, any one or more of the Notes or the Note Purchase Agreement, or may grant other indulgences to the Company in respect thereof, or may amend or modify in any manner and at any time (or from time to time)

any one or more of the Notes and the Note Purchase Agreement, or may, by action or inaction, release or substitute any one or more of the endorsers or guarantors of the Guaranteed Obligations whether parties hereto or not, or may exchange, enforce, waive or release, by action or inaction, directly or indirectly, any security for, the guaranty in this Section 10 or any Guaranteed Obligation. Further, no holder of Notes shall have any obligation to, and shall have any liability for failing to, obtain or perfect or to maintain, or cause to be obtained, perfected or maintained, the perfection of any security interest or other Lien on Property to secure the Guaranteed Obligations or the obligations of any guarantor in respect thereof.

10.5 Marshaling; Revival of Obligations.

Each Guarantor consents and agrees that no holder of Notes shall be under any obligation to marshall any assets in favor of any Guarantor, or against or in payment of any or all of the Guaranteed Obligations. Each Guarantor agrees to pay all expenses incurred by each holder of Notes in connection with the evaluation, protection, assertion or enforcement of its rights under the Note Purchase Agreement and the guaranty set forth in this Section 10, including, without limitation, court costs, collection charges and reasonable attorneys' fees and disbursements.

Each Guarantor further agrees that to the extent the Company makes a payment or payments to any holder of Notes, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required, for any of the foregoing reasons or for any other reason, to be repaid or paid over to a custodian, trustee, receiver or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then to the extent of such payment or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made and the Guarantors shall be primarily, jointly and severally liable for such obligation.

10.6 Subordination.

In the event that for any reason whatsoever, the Company is now or hereafter becomes indebted to a Guarantor, such Guarantor agrees that the amount of such indebtedness and all interest thereon shall at all times be subordinate as to time of payment and in all other respects to all the Guaranteed Obligations, and that such Guarantor shall not be entitled to enforce or receive payment thereof until all sums then due and owing to the holders of Notes in respect of the Guaranteed Obligations shall have been paid in full. If any payment shall have been made to a Guarantor by the Company on any said indebtedness during any time that there are Guaranteed Obligations outstanding, such Guarantor shall hold in trust all such payments for the benefit of the holders of Notes and shall make said payment to such holders to be credited and applied against obligations of the Company in accordance with the discretion of, and pursuant to instructions from, the Required Holders.< /font>

10.7 No Election.

Each holder of Notes shall (individually or collectively with the other holders) have the right to seek recourse against any one or more of the Guarantors to the full extent provided for in this Section 10, and against the Company to the full extent provided for in the Notes and the Note Purchase Agreement. No election to proceed in one form of action or proceeding, or against any party, or on any obligation, shall

constitute a waiver of the right of such holder of Notes, to proceed in any other form of action or proceeding or against other parties unless such holder of Notes has expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by any holder of Notes against the Company under any document or instrument evidencing Guaranteed Obligations shall serve to diminish the liability of any Guarantor under this Section 10 except to the extent that such holder finally and unconditionally sha ll have realized payment by such action or proceeding, notwithstanding the effect of any such action or proceeding upon such Guarantor's right of subrogation against the Company. Each Guarantor is fully aware of the financial condition of the Company. Each Guarantor is executing and delivering this guaranty based solely upon its own independent investigation and in no part upon any representation or

statement of any one or more of the holders of Notes with respect thereto. Each Guarantor is in a position to obtain, and hereby assumes full responsibility for obtaining, any additional information concerning the financial condition of the Company as such Guarantor may deem material to its obligations hereunder, and such Guarantor is not relying upon, nor expecting, any holder of Notes to furnish it any information concerning the financial condition of the Company.

10.8 Severability.

Subject to Section 9 hereof, each of the rights and remedies granted under this Section 10 to each holder of Notes in respect of the Notes held by such holder may be exercised by such holder without notice to, or the consent of or any other action by, any other holder of Notes.

10.9 Other Enforcement Rights.

Each holder of Notes may proceed, as provided in Section 10.8 hereof, to protect and enforce the guaranty of the Guarantors under this Section 10 by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement contained herein (including, without limitation, in this Section 10) or in execution or aid of any power herein granted; or for the recovery of judgment for or in respect of the Guaranteed Obligations or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

10.10 Delay or Omission; No Waiver.

No course of dealing on the part of any holder of Notes and no delay or failure on the part of any such Person to exercise any right under the Note Purchase Agreement (including, without limitation, this Section 10) shall impair such right or operate as a waiver of such right or otherwise prejudice such Person's rights, powers and remedies hereunder. Every right and remedy given in or by this Section 10 or by law to any holder of Notes may be exercised from time to time as often as may be deemed expedient by such Person.

10.11 Restoration of Rights and Remedies.

If any holder of Notes shall have instituted any proceeding to enforce any right or remedy in this Section 10, otherwise than under the Note Purchase Agreement or under any Note held by such holder and such proceeding shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such holder, then and in every such case each such holder, the Company and each Guarantor shall, except as may be limited or affected by any determination in such proceeding, be restored severally and respectively to its respective former positions hereunder and thereunder, and thereafter the rights and remedies of such holder shall continue as though no such proceeding had been instituted.

10.12 Cumulative Remedies.

No remedy under the Note Purchase Agreement (including, without limitation, this Section 10) or the Notes is intended to be exclusive of any other remedy, but each and every remedy shall be cumulative and in addition to any and every other remedy given thereunder.

10.13 Miscellaneous.

Each Guarantor (to the fullest extent that it may lawfully do so) expressly waives any claim of any nature arising out of any right of indemnity, contribution, reimbursement or any similar right in respect of any payment made under this Section 10 or in connection with this Section 10, or any claim of subrogation arising in connection with respect to any payment made under this Section 10, against the Company or the estate of the Company (including Liens on the Property of the Company or the estate of the Company), in each case if, and for so long as, the Company is the subject of any proceeding brought under Title 11 of the United States Code, or any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and further agrees that it will not file any claims against the Company or the estate of the Company in the course of such proceeding in respect of the ri ghts referred to in this paragraph, and further agrees that each holder of Notes may specifically enforce the provisions of this paragraph.

If an Event of Default exists, then the holders of Notes (as provided in Section 9 hereof) shall have the right to declare all of the Guaranteed Obligations to be, and such Guaranteed Obligations shall thereupon become, forthwith due and payable, without any presentment, demand, protest or other notice of any kind, all of which have been expressly waived by the Company and each Guarantor, and notwithstanding any stay, injunction or other prohibition preventing such declaration (or such Guaranteed Obligations from becoming automatically due and payable) as against the Company. In any such event, the holders of Notes shall have immediate recourse to the Guarantors to the fullest extent set forth herein.

10.14 Continuing Guaranty.

The Guarantors' obligations in this Section 10 are continuing obligations and shall apply to all Guaranteed Obligations whenever arising.

10.15 Inspection.

Each Guarantor shall permit the representatives of any Purchaser or any other Institutional Investor which is the holder of at least One Million Dollars ($1,000,000) aggregate principal amount of Notes (at the expense of such Person unless a Default or Event of Default shall have occurred and be continuing and then at the expense of the Guarantor), upon at least twenty-four (24) hours' prior written notice to the Guarantor in care of the Chief Financial Officer of the Company to visit and inspect any of the Properties of such Guarantor or any of its Subsidiaries, to examine all their respective books of account, records, reports and other papers, to make copies and extracts therefrom, and to discuss their respective affairs, finances and accounts with their respective officers, employees and independent public accountants (and by this provision each Guarantor authorizes said accountants to discuss its finances and affairs and the finances and affairs of its Subsi diaries) all at such reasonable times and as often as may be reasonably requested.

10.16 Maintenance of Properties and Corporate Existence.

Each Guarantor will

(a) Property -- maintain its Property in good condition, ordinary wear and tear excepted, and make all necessary renewals, replacements, additions, betterments and improvements thereto;

(b) Financial Records -- keep true books of records and accounts in which full and correct entries shall be made of all its business transactions and which will permit the provision of accurate and complete financial statements in accordance with GAAP;

(c) Corporate Existence and Rights -- do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence, rights (charter and statutory) and franchises; and

(d) Compliance with Law -- not be in violation of any law, ordinance or governmental rule or regulation to which it is subject and not fail to obtain any license, certificate, permit, franchise or other governmental authorization necessary to the ownership of its Properties or to the conduct of its business if such violation or failure to obtain could be reasonably expected to have a Material Adverse Effect.

10.17 Merger; Acquisition.

No Guarantor will merge into, consolidate with, or sell, lease, transfer or otherwise dispose of all or substantially all of its Property to, any other Person or permit any other Person to consolidate with or merge into it (except that the Company may merge with a Guarantor if the Company is the surviving corporation); provided that the foregoing restriction does not apply to the merger or consolidation of a Guarantor with another corporation, if:

(a) the corporation that results from such merger or consolidation or that purchases, leases,

or acquires all or substantially all of such Property (the "Guarantor Surviving Corporation") is organized under the laws of the United States of America or any jurisdiction thereof;

(b) the due and punctual payment of all the Guaranteed Obligations and all other obligations of such Guarantor hereunder and the punctual performance and observance of all the covenants herein to be performed or observed by such Guarantor are expressly and effectively assumed by such Guarantor Surviving Corporation pursuant to such agreements and instruments as shall be approved by the Required Holders, and such Guarantor

will cause to be delivered to each holder of Notes an opinion of independent counsel to the effect that (i) such agreements and instruments are enforceable in accordance with their terms and (ii) no taxable event or consequence will result to any holder of Notes solely by virtue of such merger, consolidation, purchase, lease or acquisition and the assumption by such Guarantor Surviving Corporation of the obligations of such Guarantor hereunder; an d

(c) immediately prior to, and immediately after the consummation of the transaction, and after giving effect thereto, no Default or Event of Default exists or would exist under any provision hereof.

10.18 Pro-Rata Offers.

No Guarantor will, nor will it permit any of its Subsidiaries or any Affiliate, directly or indirectly, to acquire or make any offer to acquire any Notes other than as set forth in Section 7.12.

10.19 Private Offering.

Each Guarantor will not, nor will it permit any Person acting on its behalf to, take any action so as to bring the issuance and sale of the Notes or the Guaranty within the provisions of section 5 of the Securities Act.

10.20 Pari Passu Ranking of Guaranty.

Each Guarantor warrants that its obligations under this Section 10 do, and undertakes that the same will continue to, rank at least pari passu with all its other present and future unsecured senior obligations.

11. INTERPRETATION OF THIS AGREEMENT

11.1 Terms Defined.

As used herein, the following terms have the respective meanings set forth below or set forth in the Section hereof following such term:

Acceptable Bank -- means any bank or trust company which (a) is organized under the laws of and located in the United States of America or any State thereof, Canada, Japan or a country which is a member of the European Common Market (b) has capital, surplus and undivided profits aggregating at least One Hundred Million Dollars ($100,000,000) and (c) whose long-term unsecured debt obligations (or the long-term unsecured debt obligations of the bank holding company owning all of the capital stock of such bank or trust company) shall have received one of the two highest ratings issued by Moody's Investors Service, Inc. or by Standard & Poor's Corporation or, if neither of such rating agencies is in existence at the time, comparable ratings issued by any other rating agency of national standing and reputation.

Acceptance -- means, with respect to any Person (the "Obligor"), (a) any outstanding and unpaid sight or time draft maturing not more than three (3) years from the date of its issuance drawn by the Obligor on a bank or trust company and accepted by such bank or trust company, (b) any outstanding and unpaid sight or time draft maturing not more than three (3) years from the date of its issuance drawn by any Person selling goods or providing services to the Obligor on a bank or trust company which shall have issued a letter of credit to such person for the account of the Obligor, provided that if such bank or trust company shall have paid such sight or time draft and the Obligor shall not have reimbursed such bank or trust company for such payment, the obligation owing from the Obligor to such bank or trust company in respect of such reimbursement shall be deemed to be an Acceptance under this definition, and (c) any outstanding and unpaid sight or time draft drawn by any Person selling goods or providing services to the Obligor on the Obligor and accepted by the Obligor.

Affiliate -- means, at any time, a Person (other than a Subsidiary of the Company):

(a) that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Company,

(b) that beneficially owns or holds ten percent (10%) or more of any class of the Voting Stock of the Company, or

(c) ten percent (10%) or more of the Voting Stock (or in the case of a Person that is not a corporation, five percent (5%) or more of the equity interest) of which is beneficially owned or held by the Company or a Subsidiary of the Company, at such time.

As used in this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

Agreement, this -- means this agreement, as it may be amended and restated from time to time.

Board of Directors -- means, at any time, with respect to the Company or a Guarantor, the board of directors of such Person or any committee thereof that, in the instance, shall have the lawful power to exercise the power and authority of such board of directors.

Business Day -- means, at any time, a day other than a Saturday, a Sunday or, in the case of any Note with respect to which the provisions of Section 4.1 hereof are applicable, a day on which the bank designated (by the holder of such Note) to receive (for such holder's account) payments on such Note is required by law (other than a general banking moratorium or holiday for a period exceeding four (4) consecutive days) to be closed.

Capital Lease -- means, at any time, a lease or any conditional sale or other title retention agreement with respect to which the lessee or the purchaser thereof is required under GAAP to recognize the acquisition of an asset and the incurrence of a liability.

Capital Stock -- means any and all shares, interests, participations or other equivalents (however designated) of capital stock of any corporation, including, without limitation, Preferred Stock and Voting Stock of such corporation.

Change in Control -- means any Acquisition by any Person, or related Persons constituting a "group" for purposes of Section 13(d) of the Securities Exchange Act of 1934, of (a) the power to elect, appoint or cause the election or appointment of at least a majority of the members of the Board of Directors of the Company, or (b) beneficial ownership of thirty percent (30%) of the Voting Stock of the Company or otherwise; provided, however, that a Change in Control shall not be deemed to have occurred if an Acquisition of Voting Stock is made as the result of a public offering by the Company of its shares which is registered under the Securities Act of 1933 and effected in accordance with the rules of each national securities exchange on which the Voting Stock of the Company is listed for trading. For the purposes of this definition, "Acquisition" of the power stated in the preceding sentence means the earlier of (i) the actual possession thereof and (ii) the taking of any corporate or other action or the consummation of any transaction or of the first of a series of related actions or transactions which, with the passage of time, will give such Person or Persons the actual possession thereof.

Closing -- Section 1.2 hereof.

Closing Date -- Section 1.2 hereof.

Company -- introductory sentence hereof.

Consolidated Funded Debt -- means, at any time, the aggregate amount of Funded Debt of the Company and its Subsidiaries determined on a consolidated basis for such Persons at such time.

Consolidated Net Income -- means, with respect to any fiscal period, net earnings (or loss) after income taxes of the Company and its Subsidiaries determined on a consolidated basis for such Persons for such period in accordance with GAAP but, in any event, excluding:

(a) Any gains or losses (after giving effect to the tax effect thereof) arising from the sale or other disposition of investments or fixed or capital assets;

(b) any extraordinary or nonrecurring gains or losses (after giving effect to the tax effect thereof);

(c) any gain resulting from any reappraisal, revaluation or write-up of assets;

(d) net earnings and losses of any Subsidiary of the Company accrued prior to the date it became a Subsidiary of the Company;

(e) net earnings and losses of any Person, substantially all the assets of which have been acquired in any manner by the Company or any of its Subsidiaries, realized by such other Person prior to the date of such acquisition;

(f) net earnings of any Person (other than a Subsidiary of the Company) in which the Company or any of its Subsidiaries shall have an ownership interest unless such net earnings shall have actually been received by the Company or such Subsidiary in the form of cash distributions;

(g) any portion of the net earnings of any Subsidiary of the Company that, by reason of any contract or charter restriction or applicable law or regulation (or in the good faith judgment of the Board of Directors for any other reason), is unavailable for payment of dividends to the Company or any other Subsidiary of the Company;

(h) the earnings and losses of any Person to which assets of the Company or any of its Subsidiaries shall have been sold, transferred or disposed of, or into which the Company or any of its Subsidiaries shall have been merged, prior to the date of such merger or consolidation;

(i) any income resulting from the acquisition by the Company or a Subsidiary of the Company of the equity interests, Capital Stock or assets of another

Person, in each case where such income is attributable to the fact that the net book value of the equity investment of the Company or such Subsidiary in such Person exceeds the amount invested by the Company or such Subsidiary in such Person;

(j) any gain or loss arising from the acquisition of any Securities of the Company or any of its Subsidiaries; (k) any portion of the net earnings of the Company or any of its Subsidiaries that cannot be freely converted into United States dollars; (l) any gain or loss resulting from the receipt of any proceeds of any insurance policy; and

(m) any restoration during such period to income of any contingency reserve, except to the extent that provision for such reserve was made during such period out of income accrued during such period.

Consolidated Net Worth -- means, at any time, the shareholders equity in the Company and its Subsidiaries, determined in accordance with GAAP.

Consolidated Total Capitalization -- means, at any time, the sum of

(a) Consolidated Net Worth, plus

(b) Consolidated Funded Debt, determined in each case at such time.

Control Prepayment Date -- Section 5.2 hereof.

Current Debt -- with respect to any Person means, at any time, without duplication

(a) its liabilities for borrowed money,

(b) liabilities secured by any Lien existing on Property owned by such Person (whether or not such liabilities have been assumed),

(c) its liabilities in respect of Capital Leases,

(d) its liabilities under any other obligations for borrowed money (including, without limitation, any liabilities in respect of Acceptances and so-called "take or pay" obligations), and

(e) its liabilities under Guaranties of obligations described above in clause (a), clause (b), clause (c) and/or clause (d) above of other Persons,

provided that, in each such case, such liability is either payable on demand or within one (1) year from the creation thereof and is not renewable or extendible at the option of such Person to a date more than one (1) year from the date of creation thereof. Any such liability

(x) which is renewable or extendible at the option of such Person to a date more than one (1) year from the date of creation thereof, or

(y) which, for any reason (including any renewals or extensions thereof), shall in fact have been outstanding for a period ending at such time of more than three hundred sixty-five (365) consecutive days,

shall, in each case, be deemed to be Funded Debt and not Current Debt. If any indebtedness in respect of any of the foregoing liabilities is expressed to mature more than one (1) year from the date of its creation but, as of any date of determination, has principal due and payable within one (1) year of such date of determination, "Current Debt" shall not include such principal payable within such one (1) year period but rather the same shall be included in "Funded Debt." Notwithstanding the foregoing, any Acceptance of such Person shall always be classified as Current Debt under this Agreement.

Debt -- means, with respect to any Person, at any time, without duplication, all Funded Debt and Current Debt of such Person at such time.

Default -- means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

Environmental Protection Law -- means any federal, state, county, regional or local law, statute, or regulation (including, without limitation, CERCLA, RCRA and SARA) enacted in connection with or relating to the protection or regulation of the environment, including, without limitation, those laws, statutes, and regulations regulating the disposal, removal, production, storing, refining, handling, transferring, processing, or transporting of Hazardous Substances, and any regulations issued or promulgated in connection with such statutes by any Governmental Authority, and any orders, decrees or judgments issued by any court of competent jurisdiction in connection with any of the foregoing.

As used in this definition:

CERCLA -- means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended from time to time (by SARA or otherwise), and all rules and regulations promulgated in connection therewith;

RCRA -- means the Resource Conservation and Recovery Act of 1976, as amended, and any rules and regulations issued in connection therewith; and

SARA -- means the Superfund Amendments and Reauthorization Act of 1986, as amended from time to time, and all rules and regulations promulgated in connection therewith.

ERISA -- means the Employee Retirement Income Security Act of 1974, as amended from time to time.

ERISA Affiliate -- means any corporation or trade or business that

(i) is a member of the same controlled group of corporations (within the meaning of section 414(b) of the IRC) as the Company or any Guarantor, or

(ii) is under common control (within the meaning of section 414(c) of the IRC) with the Company or any Guarantor.

Event of Default -- Section 9.1 hereof.

Exchange Act -- means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated pursuant thereto.

Fair Market Value -- means, at any time with respect to any Property, the sale value of such Property that would be realized in an arm's-length sale at such time between an informed and willing buyer, and an informed and willing seller, under no compulsion to buy or sell, respectively.

Foreign Pension Plan -- means any plan, fund or other similar program

(a) established or maintained outside of the United States of America by any one or more of the Company, any Guarantor or any of the Subsidiaries of the Company primarily for the benefit of the employees (substantially all of whom are aliens not residing in the United States of America) of the Company, any Guarantor or such Subsidiaries which plan, fund or other similar program provides for retirement income for such employees or results in a deferral of income for such employees in contemplation of retirement and

(b) not otherwise subject to ERISA.

Funded Debt -- means, with respect to any Person, at any time, Without duplication,

(a) its liabilities for borrowed money, other than Current Debt;

(b) liabilities secured by any Lien existing on Property owned by such Person (whether or not such liabilities have been assumed), other than Current Debt;

(c) its liabilities in respect of Capital Leases, other than Current Debt;

(d) its liabilities under any other obligations for borrowed money (including, without limitation, any so-called "take or pay" obligations), other than Current Debt; and

(e) its liabilities under Guaranties of liabilities of the type set forth in clause (a), clause (b), clause (c) and/or clause (d) above of other Persons.

GAAP -- means accounting principles as promulgated from time to time in statements, opinions and pronouncements by the American Institute of Certified Public Accountants and the Financial Accounting

Standards Board and in such statements, opinions and pronouncements of such other entities with respect to financial accounting of for-profit entities as shall be accepted by a substantial segment of the accounting profession in the United States of America.

Governmental Authority -- means

(a) the government of

(i) the United States of America and any state or political subdivision thereof, or other

(ii) any other jurisdiction (y) in which any of the Company, the Guarantors or any of the Subsidiaries of the Company conducts all or any part of their respective businesses or (z) that asserts jurisdiction over the conduct of the affairs or Properties of any such Person, or

(b) any entity exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, any such government.

Guaranteed Obligation -- Section 10.1 hereof.

Guarantor -- the introductory sentence hereof.

Guarantor Surviving Corporation - Section 10.17 hereof.

Guaranty -- means with respect to any Person (for the purposes of this definition, the "General Guarantor") any obligation (except the endorsement in the ordinary course of business of negotiable instruments for deposit or collection) of the General Guarantor guaranteeing or in effect guaranteeing any indebtedness, dividend or other obligation of any other Person (the "Primary Obligor") in any manner, whether directly or indirectly, including (without limitation) obligations incurred through an agreement, contingent or otherwise, by the General Guarantor:

(a) to purchase such indebtedness or obligation or any Property or assets constituting security therefor;

(b) to advance or supply funds

(i) for the purpose of payment of such indebtedness or obligation, or

(ii) to maintain working capital or other balance sheet condition or any income statement condition of the Primary Obligor or otherwise to advance or make available funds for the purchase or payment of such indebtedness or obligation;

(c) to lease Property or to purchase Securities or other Property or services primarily for the purpose of assuring the owner of such indebtedness or obligation of the ability of the Primary Obligor to make payment of the indebtedness or obligation; or

(d) otherwise to assure the owner of the indebtedness or obligation of the Primary Obligor against loss in respect thereof.

For purposes of computing the amount of any Guaranty in connection with any computation of indebtedness or other liability, it shall be assumed that the indebtedness or other liabilities that are the subject of such Guaranty are direct obligations of the issuer of such Guaranty.

Hazardous Substances -- means any and all pollutants, contaminants, toxic or hazardous wastes or any

other substances that might pose a hazard to health or safety, the removal of which may be required or the generation, manufacture, refining, production, processing, treatment, storage, handling, transportation, transfer, use, disposal, release, discharge, spillage, seepage, or filtration of which is or shall be restricted, prohibited or penalized by any applicable law (including, without limitation, asbestos, urea formaldehyde foam insulation and polychlorinated biphenyls).

Institutional Investor -- means the Purchasers, any affiliate of any of the Purchasers, and any holder of Notes that is a bank (including but not limited to a commercial bank or an investment bank), trust company, insurance company, pension fund or other similar institutional investor or an entity whose security holders consist solely of Institutional Investors.

IRC -- means the Internal Revenue Code of 1986, together with all rules and regulations promulgated pursuant thereto, as amended from time to time.

IRS -- means the Internal Revenue Service and any successor agency.

Investment -- means any investment, made in cash or by delivery of Property, by the Company or any of its Subsidiaries (a) in any Person, whether by acquisition of stock, indebtedness or other obligation or Security, or by loan, Guaranty, advance or capital contribution, or otherwise, or (b) in any Property.

Lien -- means any interest in Property securing an obligation owed to, or a claim by, a Person other than the owner of the Property, whether such interest is based on the common law, statute or contract, and including but not limited to the security interest lien arising from a mortgage, encumbrance, pledge, conditional sale or trust receipt or a lease, consignment or bailment for security purposes, and the filing of any financing statement under the Uniform Commercial Code of any jurisdiction, or an agreement to give any of the foregoing. The term "Lien" includes reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases and other title exceptions and encumbrances affecting real Property and includes, with respect to stock, stockholder agreements, voting trust agreements,

buy-back agreements and all similar arrangements. For the purposes hereof, the Company and each of its Subsidiaries is deemed to be the owner of any Property that it shall have acquired or holds subject to a conditional sale agreement, Capital Lease or other arrangement pursuant to which title to the Property has been retained by or vested in some other Person for security purposes, and such retention or vesting is deemed a Lien. The term "Lien" does not include negative pledge clauses in agreements relating to the borrowing of money.

Make-Whole Amount -- means, at any time, with respect to a principal amount of Notes being prepaid (in whole or in part) or accelerated, the greater of

(a) Zero Dollars ($0), and

(b) the remainder of

(i) the sum of the present values of the then remaining scheduled payments of principal and interestthat would be payable but for the prepayment or acceleration of such principal amount of Notes being prepaid or accelerated, minus

(ii) the aggregate principal amount of the Notes so prepaid or accelerated.

In determining such present values, a discount rate equal to the Make-Whole Discount Rate divided by two (2), and a discount period of six (6) months of thirty (30) days each, shall be used.

The Required Holders shall calculate the Make-Whole Amount in respect of any prepayment under Section 5.2 hereof and shall, immediately prior to the effecting of such prepayment, deliver a copy of such calculation to the holder of each Note being prepaid and to the Company and the Guarantors. Such calculation of the Make-Whole Amount shall be made on the Business Day immediately preceding the date of such prepayment and shall be binding upon the Company and the Guarantors absent manifest error.

The Required Holders in respect of the acceleration of all of the Notes under Section 9.2(a) hereof shall

calculate the Make-Whole Amount in respect of any such acceleration as of the Business Day immediately preceding the date of payment of such accelerated amount and shall deliver a copy of such calculation to each holder of Notes, the Company and the Guarantors immediately prior to the effecting of the payment of such accelerated amount. Each calculation referred to in this paragraph shall be binding upon the Company and the Guarantors absent manifest error.

Each holder of Notes accelerating its Note under Section 9.2(b) hereof shall calculate the Make-Whole Amount in respect of any such acceleration as of the Business Day immediately preceding the date of payment of such accelerated amount and shall deliver a copy of such calculation to the Company and the Guarantors immediately prior to the effecting of payment of such accelerated amount. Each calculation referred to in this paragraph shall be binding upon the Company and the Guarantors absent manifest error.

The Required Holders hereby appoint the holder of Notes with the highest aggregate principal amount outstanding, determined as of the date on which any calculation required under this definition is to be made, to effect such calculation on behalf of the Required Holders and to deliver the results of such calculation to the Company, the Guarantors and each other holder of Notes. Each calculation referred to in this paragraph shall be binding upon the Company, the Guarantors and each other holder absent manifest error. If any such holder shall decline to discharge the undertakings in this paragraph (and each such holder may elect to so decline), the Required Holders shall, at their option, act collectively in discharging such undertakings, appoint another holder to effect the same or authorize the Company to make such calculations.

Any failure for any reason whatsoever of any holder of Notes or the Required Holders to deliver a calculation required under this definition to the Company, the Guarantors and/or any other holder of Notes shall not excuse, release or discharge the Company or the Guarantors from their respective payment

obligations hereunder and under the Notes, including, without limitation, paying any Make-Whole Amount that may be payable in connection with any prepayment or acceleration of all or some of the

Notes. The Company and the Guarantors shall cooperate with the holders of Notes in making the calculations required in this definition and in coordinating the distribution of such calculations and the effecting of the payments or prepayments referred to above.

Make-Whole Discount Rate -- means, with respect to the calculation of a Make Whole Amount in respect of any prepayment or acceleration of the Notes the sum of (a) one half of one percent (0.5%) plus (b) the Treasury Rate determined in respect of such calculation.

Margin Security -- means "margin stock" within the meaning of Regulations G, T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R., Chapter II, as amended from time to time.

Material Adverse Effect -- means a material adverse effect on the business, prospects, profits, Properties or condition (financial or otherwise) of the Company, the Guarantors and the Subsidiaries of the Company, taken as a whole, or the ability of the Company or any Guarantor to perform its obligations set forth herein or the ability of the Company to perform its obligations set forth in the Notes.

Multiemployer Plan -- means any multiemployer plan (as defined in section 3(37) of ERISA) in respect of which the Company, any Guarantor or any ERISA Affiliate is an "employer" (as such term is defined in section 3 of ERISA).

Multiple Employer Pension Plan -- means any employee benefit plan within the meaning of section 3(3) of ERISA (other than a Multiemployer Plan), subject to Title IV of ERISA, to which the Company, any Guarantor or any ERISA Affiliate and an employer (as such term is defined in section 3 of ERISA) other than the Company, any Guarantor or an ERISA Affiliate contribute.

Notes -- Section 1.1 hereof.

Note Purchase Agreement -- Section 1.2 hereof.

PBGC -- means the Pension Benefit Guaranty Corporation and any successor corporation or governmental agency.

Pension Plan -- means, at any time, any "employee pension benefit plan" (as such term is defined in section 3 of ERISA) maintained at such time by the Company, any Guarantor or any ERISA Affiliate for employees of the Company, any Guarantor or such ERISA Affiliate, excluding any Multiemployer Plan, but including, without limitation any Multiple Employer Pension Plan.

Person -- means an individual, partnership, joint venture, corporation, trust, unincorporated organization or other form of legal entity and shall include a government or agency or political subdivision thereof.

Preferred Stock -- means, with respect to any corporation, capital stock of such corporation which shall be entitled to preference or priority over any other capital stock of such corporation in respect of either or both of the payment of dividends or the distribution of assets upon liquidation or distribution.

Property -- means any interest in any kind of property or asset, whether real, personal or mixed, and whether tangible or intangible.

Purchase Money Lien -- means

(a) a Lien held by any Person (whether or not the seller of such assets) on real or personal Property acquired or constructed by the Company or any of its Subsidiaries, which Lien secures all or a portion of the related purchase price or construction costs of such Property and was created not more than one hundred eighty (180) days after such Property was acquired or its construction completed, provided that such Purchase Money Lien

(i) encumbers only the Property being so purchased or constructed, and

(ii) is not thereafter extended to any other Property, and

(b) any Lien existing on real or personal Property of any corporation at the time it becomes a Subsidiary of the Company, provided that

(i) no such Lien shall extend to or cover any Property other than the Property subject to such Lien at the time of any such transaction, and

(ii) such Lien was not created in contemplation of any such transaction.

For purposes of this definition and Section 7.9(a)(viii) hereof, a Lien on real Property which also encumbers fixtures and other items of personal Property used in connection with such real Property shall be deemed to be a Lien on real Property.

Purchaser -- means you, Metropolitan Life Insurance Company.

Required Holders -- means, at any time, the holders of sixty-six and two-thirds percent (66 2/3%) or more in principal amount of the Notes at the time outstanding (exclusive of Notes then owned by any one or more of the Company, any Guarantor any of the Subsidiaries of the Company, any Affiliate and any officer or director of any thereof).

Restricted Investments -- means, at any time, all Investments except the following:

(a) Investments in one or more of the Company's Subsidiaries or any corporation that concurrently with such Investment becomes a Subsidiary of the Company;

(b) receivables arising from the sale of goods and services, and Investments in Property to be used, in each case in the ordinary course of business of the Company or the Company's Subsidiary making such Investment;

(c) Investments in direct obligations of the United States of America, or any agency thereof, or obligations guaranteed by the United States of America, provided that such obligations mature within three (3) years from the date of acquisition thereof;

(d) Investments in marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof maturing within three (3) years from the date of acquisition thereof and having as at any date of determination one of the two highest ratings obtainable from either Standard & Poor's Corporation or Moody's Investors Service, Inc. or, if neither of such rating agencies is in existence at the time, comparable ratings issued by any other rating agency of national standing and reputation.

(e) Investments in certificates of deposit, time deposits or banker's Acceptances issued by Acceptable Banks, provided that such obligations mature within three (3) years from the date of acquisition thereof; and (f) Investments in commercial paper rated "A-1" or higher by Standard & Poor's Corporation or "P-1" or higher by Moody's Investors Service, Inc. (or any future comparable ratings issued by Moody's Investors Service, Inc. or by Standard & Poor's Corporation), provided that such obligations mature within two hundred seventy (270) days from the date of creation thereof.

(g) Investments entered into prior to and existing on the date of this Agreement, as and to the extent now outstanding, all as described in Annex 7.5.

(h) Investments not permitted by clauses (a) through

(g) above; provided that Investments made pursuant to this clause (h) shall not exceed, in the aggregate and valued at the higher of cost or fair market value, 10% of Consolidated Net Worth.

Restricted Payment -- means

(a) any dividend or other distribution, direct or indirect, on account of Capital Stock of the Company (except dividends payable solely in shares of such Capital Stock) or on account of the Capital Stock of any Guarantor or any Subsidiary of the Company (except to the extent paid to the Company), and

(b) any redemption, retirement, purchase or other acquisition, direct or indirect, of any Capital Stock of the Company, any of its Subsidiaries or any Guarantor, or of any warrants, rights or other options to acquire any shares of such Capital Stock.

Securities Act -- means the Securities Act of 1933, as amended.

Security -- means "security" as defined in section 2(l) of the Securities Act.

Subsidiary -- means, with respect to any Person, a corporation of which such Person owns, directly or indirectly, more than fifty percent (50%) of the Voting Stock.

Subsidiary Stock -- Section 7.15 hereof.

Surviving Corporation -- Section 7.4 hereof.

Total Subsidiary Debt -- means, at any time, the aggregate amount of Debt of all Subsidiaries of the Company determined at such time other than Debt owed to the Company or any Wholly-Owned Subsidiary.

Treasury Rate -- means, with respect to the calculation of a Make Whole Amount in respect of any prepayment or acceleration of the Notes (a) the yield reported as of 10:00 a.m., New York City time, on the Business Day on which such calculation is being made, on the display page on the Telerate Service (page five hundred (500), Offer Side) or such other display on the Telerate Service as shall replace such page five hundred (500) providing the most current yields for actively traded "On The Run" United States Treasury securities with maturities corresponding most closely to the remaining Weighted Average Life to Maturity of the principal amount of the Notes then being prepaid or accelerated (such Weighted Average Life to Maturity being determined as of the date of such calculation and rounded to the nearest month), or (b) if and only if such Telerate Service ceases to exist or fails to report such yield, such yield as reported on a reasonably comparable electronic service as may be designated

by the Required Holders, or (c) if and only if such Telerate Service ceases to exist or fails to report such yield and the Required Holders shall fail to agree upon a comparable electronic service, such yield reported under the heading "This Week" and under the caption "Treasury Constant Maturities" of the maturity corresponding to the remaining Weighted Average Life to Maturity of the principal amount of the Notes then being prepaid or accelerated (such Weighted Average Life to Maturity being determined as of the date of such calculation and rounded to the nearest month) as most recently published and made available to the public in the statistical release designated "H.15(519)" or any successor publication that is published weekly by the Federal Reserve System and that establishes yields on actively traded United States Treasury securities or if no such successor publication is available, then any other source of current information in respect of interest rates on securities of the United States of America that is generally available and, in the judgment of the Required Holders, provides information reasonably comparable to the H.15(519) report. If no maturity exactly corresponds to such rounded Weighted Average Life to Maturity, yields for the two most closely corresponding published maturities next above and below the rounded Weighted Average life to Maturity of the Notes shall be calculated pursuant to the immediately preceding sentence and the Treasury Rate shall be interpolated from such yields on a straight-line basis, rounding with respect to each such relevant period to the nearest month.

As used in this definition:

Weighted Average Life to Maturity -- means, at any time, with respect to a principal amount of Notes being prepaid or accelerated, the number of years obtained by dividing the then Remaining Dollar-Years of such principal amount by such principal amount; and

Remaining Dollar-Years -- means, at any time, with respect to a principal amount of Notes being prepaid or accelerated the result obtained by

(a) multiplying

(i) an amount equal to the remainder of (1) the amount of principal that would have become due on each scheduled payment date and at maturity if such prepayment or acceleration had not been made, minus (2) the amount of principal on the Notes scheduled to become due on each such date after giving effect to such prepayment or acceleration and the application thereof in accordance with the provisions of this Agreement, by

(ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such time and the date each such scheduled principal payment would be due if such prepayment or acceleration had not occurred, and

(b) calculating the summation of each of the products obtained in the preceding subsection (a).

Voting Stock -- means capital stock of any class or classes of a corporation the holders of which (a) are ordinarily, in the absence of contingencies, entitled to elect corporate directors (or Persons performing similar functions) and (b) are not otherwise limited in the exercise of the voting rights in respect of such capital stock.

Welfare Plan -- means, at any time, any "employee welfare benefit plan" (as such term is defined in section 3 of ERISA) maintained at such time by the Company, any Guarantor or any ERISA Affiliate for employees of the Company or any Subsidiaries, including any multiple employer welfare arrangements (as such term is defined in section 3 of ERISA).

Wholly-Owned Subsidiary -- means, at any time, any Subsidiary of the Company one hundred percent (100%) of all of the Capital Stock (except directors' qualifying shares) of which are owned by any one or more of the Company and the Company's other Wholly-Owned Subsidiaries at such time.

11.2 Directly or Indirectly.

Where any provision herein refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Person, including actions taken by or on behalf of any partnership in which such Person is a general partner.

11.3 Section Headings; Table of Contents; Construction.

(a) Section Headings and Table of Contents, etc. The titles of the Sections and the Table of Contents appear as a matter of convenience only, do not constitute a part hereof and shall not affect the construction hereof. The words "herein," "hereof," "hereunder" and "hereto" refer to this Agreement as a whole and not to any particular Section or other subdivision.

(b) Construction. Each covenant contained herein shall be construed (absent an express contrary provision herein) as being independent of each other covenant contained herein, and compliance with any one covenant shall not (absent such an express contrary provision) be deemed to excuse compliance with one or more other covenants.

11.4 Governing Law.

THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAW OF THE STATE OF NEW YORK.

12. MISCELLANEOUS

12.1 Communications.

(a) Method; Address. All communications hereunder or under the Notes (i) shall be in writing, (ii) shall be both (A) hand delivered, deposited into the United States mail (registered or certified mail), postage prepaid, or sent by overnight courier of national standing and (B) electronically "telecopied" or "faxed", and (iii) shall be addressed,

(i) if to the Company,

405 Lexington Avenue
Chrysler Building
20th Floor
New York, N.Y. 10174
Attn: General Counsel
Fax: (212) 878-1804

if to one or more of the Guarantors,

c/o Minerals Technologies Inc.
405 Lexington Avenue
Chrysler Building
20th Floor
New York, N.Y. 10174
Attn: General Counsel
Fax: (212) 878-1804

or at such other address as the Company and/or a Guarantor shall have furnished in writing to all holders of the Notes at the time outstanding, and

(ii) if to any of the holders of the Notes,

(A) if such holders are the Purchaser, at the address set forth on Annex 1.2 hereto, and further including any parties referred to on such Annex 1.2 that are required to receive notices in addition to such holders of the Notes, and

(B) if such holders are not the Purchaser, at their respective addresses set forth in the register for the registration and transfer of Notes maintained pursuant to Section 7.3 hereof, or to any such party at such other address as such party may designate by notice duly given in accordance with this Section 12.1 to the Company and the Guarantors (which other address shall be entered in such register).

(b) When Given. Any communication so addressed and deposited in the United States mail,

postage prepaid, by registered or certified mail (in each case, with return receipt requested) shall be deemed to be received on the third (3rd) succeeding Business Day after the day of such deposit (not including the date of such deposit). Any notice so addressed and otherwise delivered shall be deemed to be received when actually received at the address of the addressee.

12.1 Reproduction of Documents.

This Agreement and all documents relating thereto, including, without limitation,

(a) consents, waivers and modifications that may hereafter be executed,

(b) documents received by you at the Closing (except the Notes themselves), and

(c) inancial statements, certificates and other information previously or hereafter furnished to you or any other holder of Notes,

may be reproduced by any holder of Notes by any photographic, photostatic, microfilm, micro-card, miniature photographic, digital or other similar process and each holder of Notes may destroy any original document so reproduced. The Company and the Guarantors agree and stipulate that any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made by such holder of Notes in the regular course of business) and that any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. Nothing in this Section 12.2 shall prohibit the Company, any Guarantor or any holder of Notes from contesting the accuracy of any such reproduction.

12.3 Survival.

All warranties, representations, certifications, statements and covenants made by the Company and/or the Guarantors herein or in any certificate or other instrument delivered by any of them or on their behalf hereunder

or otherwise made for your benefit in connection herewith shall be considered to have been relied upon by you and shall survive the delivery to you of the Notes regardless of any investigation made by you or on your behalf. All such statements shall constitute warranties and representations by the Company and/or such Guarantor hereunder.

12.4 Successors and Assigns.

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto. The provisions hereof are intended to be for the benefit of all holders, from time to time, of Notes, and shall be enforceable by any such holder, whether or not an express assignment to such holder of rights hereunder shall have been made by you or your successor or assign.

12.5 Amendment and Waiver.

(a) Requirements. This Agreement may be amended, and the observance of any term hereof may be waived, with (and only with) the written consent of the Company, the Guarantors and the Required Holders; provided that no such amendment or waiver of any of the provisions of Section 1 through Section 4 hereof, inclusive, or of Section 6, or any defined term to the extent used in any of the foregoing Sections, shall be effective as to any holder of Notes unless consented to by such holder in writing; and provided further that no such amendment or waiver shall, without the written consent of the holders of all Notes (exclusive of Notes held by the Company, such Guarantors, any of the Subsidiaries of the Company or any Affiliate) at the time outstanding,

(i) subject to Section 9.3 hereof, change the amount or time of any prepayment or payment of principal or Make-Whole Amount or the rate or time of payment of interest,

(ii) amend Section 5.6, Section 9 or Section 10 hereof,

(iii) amend the definition of "Required Holders," or

(iv) amend this Section 12.5.

The holder of any Note may specify that any such written consent executed by it shall be effective only with respect to a portion of the Notes held by it (in which case it shall specify, by dollar amount, the aggregate principal amount of Notes with respect to which such consent shall be effective) and in the event of any such specification such holder shall be deemed to have executed such written consent only with respect to the portion of the Notes so specified.

(b) Solicitation of Noteholders.

(i) Solicitation. Neither the Company nor any Guarantor shall, and the Company shall not permit any of its Subsidiaries to, solicit, request or negotiate for or with

respect to any proposed waiver or amendment of any of the provisions hereof or the Notes unless each holder of the Notes (irrespective of the amount of Notes then owned by it) shall be informed thereof by the Company or such Guarantor with sufficient information to enable it to make an informed decision with respect thereto. Executed or true and correct copies of any waiver or consent effected pursuant to the provisions of this Section 12.5 shall be delivered by the Company to each holder of outstanding Notes forthwith following the date on which the same shall have been executed and delivered by all holders of outstanding Notes required to consent or agree to such waiver or consent.

(ii) Payment. Neither the Company nor any Guarantor shall, and the Company shall not permit any of its Subsidiaries, directly or indirectly, to pay or cause to be paid any remuneration, whether by way of supplemental or additional interest, fee or otherwise, or grant any security, to any holder of Notes as consideration for or as an inducement to the entering into by any holder of Notes of any waiver or amendment of any of the terms and provisions

hereof unless such remuneration is concurrently paid, or security is concurrently granted, on the same terms, ratably to the holders of all Notes then outstanding.

(iii) Scope of Consent. Any consent made pursuant to this Section 12.5 by a holder of Notes that has transferred or has agreed to transfer its Notes to the Company, a Guarantor, any of the Subsidiaries of the Company or any Affiliate and has provided or has agreed to provide such written consent as a condition to such transfer shall be void and of no force and effect except solely as to such holder, and any amendments effected or waivers granted or to be effected or granted that would not have been or would not be so effected or granted but for such consent (and the consents of all other holders of Notes that were acquired under the same or similar conditions) shall be void and of no force and effect, retroactive to the date such amendment or waiver initially took or takes effect, except solely as to such holder.

(c) Binding Effect. Except as provided in Section 12.5 hereof, any amendment or waiver consented to as provided in this Section 12.5 shall apply equally to all holders of Notes and shall be binding upon them and upon each future holder of any Note and upon the Company and the Guarantors whether or not such Note shall have been marked to indicate such amendment or waiver. No such amendment or waiver shall extend to or affect any obligation, covenant, agreement, Default or Event of Default not expressly amended or waived or impair any right consequent thereon.

12.6 Payments, When Received.

(a) Payments Due on Non-Business Days. If any payment due on, or with respect to, any Note shall fall due on a day other than a Business Day, then such payment shall be made on the first Business Day following the day on which such payment shall have so fallen due; provided that if all or any portion of such payment shall consist of a payment of interest, for purposes of calculating such interest, such interest shall accrue to (but not including) the originally

scheduled day of its payment notwithstanding that it shall be payable on such first following Business Day, and the amount of the next succeeding interest payment shall be accrued from (and including) such originally scheduled day of payment as if all interest and principal originally scheduled to be paid on such day had been paid thereon. If any payment is to be made on the first Business Day following the day on which the same shall have fallen due, as provided in this paragraph, and is not so paid on such first Business Day, interest shall accrue thereon (to the extent permitted by applicable law) at the rate of eight and forty-nine one-hundredths percent (8.49%) per annum from the originally scheduled day of its payment.

(*b) Payments, When Received.* Any payment to be made to the holders of Notes hereunder or under the Notes shall be deemed to have been made on the Business Day such payment actually becomes available to such holder at such holder's bank prior to 11:00 a.m. (local time of such bank).

12.7 Entire Agreement.

This Agreement constitutes the final written expression of all of the terms hereof and is a complete and exclusive statement of those terms.

12.8 Duplicate Originals, Execution in Counterpart.

Two or more duplicate originals hereof may be signed by the parties, each of which shall be an original but all of which together shall constitute one and the same instrument. This Agreement may be executed in two or more counterparts and shall be effective when at least one counterpart shall have been executed by each party hereto, and each set of counterparts which, collectively, show execution by each party hereto shall constitute one duplicate original.

12.9 Confidentiality.

Each holder shall use reasonable efforts to ensure that any information concerning the Company or any of its Subsidiaries which is designated in writing by the Company or such Subsidiary as being proprietary and confidential and which is in good faith disclosed to or learned by the representatives of such holder during the course of inspections pursuant to Section 8.4 or Section 10.15 is not (without the prior written consent of the

Company) disclosed to any person not a party to this Agreement unless such information: (a) has become generally available to the public through no action or fault of such holder, (b) is included or referred to in good faith in a report, statement or testimony submitted to any municipal, state, Canadian provincial or federal regulatory body having or claiming to have jurisdiction over any holder or submitted to the National Association of Insurance Commissioners, the Office of the Superintendent of Financial Institutions or similar organizations or their successors in which case it shall continue to be subject to any protective order or order of confidentiality which may be imposed by such body, (c) is disclosed in response to any summons or subpoena or in connection with any litigation in which case it shall continue to be subject to any protective order or order of confidentiality which may be imposed by the court in which such litigation is pending, (d) is disclosed by any holder in good faith to a third party who had an independent contractual right to obtain such information, (e) is believed by any holder to be appropriately disclosed in order to protect its investment in the Notes (provided that in the case of confidential information with respect to proprietary processes or formulae of the Company, this exception shall apply only if a Default or Event of Default shall have occurred or be threatened or if disclosure is required in order to avoid potential liability under applicable state, federal or Canadian provincial securities laws), or in order to comply with any law, order regulation or ruling applicable to it, (f) is disclosed to a prospective transferee in connection with any contemplated transfer of the Notes if such prospective transferee agrees to abide by confidentiality provisions substantially the same as set forth in this Section 12.9 or (g) was known to such holder at the time of disclosure by the Company or any of its Subsidiaries or becomes known to such holder from a Pe rson (other than the Company or a Subsidiary of the Company) not, to the knowledge of such holder, in violation of any confidentiality agreement between such Person and the Company or one of its Subsidiaries. Each holder shall be free to disclose such information to and discuss it with such holder's retained or employed accountants, attorneys and similar consultants and experts when such disclosure is, in the holder's good faith judgment, necessary to the performance of services being furnished to the holder by any such Person, if such service provider agrees to abide by confidentiality provisions substantially the same as those set forth in this Section 12.9.

[Remainder of Page Intentionally Blank. Next page is signature page.]

If this Agreement is satisfactory to you, please so indicate by signing the acceptance at the foot of a counterpart hereof and returning such counterpart to the Company, whereupon this Agreement shall become binding between us in accordance with its terms.

Very truly yours,

MINERALS TECHNOLOGIES INC.

By /S/John R. Stack
Name: John R. Stack
Title: Vice President-Finance

SPECIALTY MINERALS INC., as
Guarantor

By /S/John R. Stack
Name: John R. Stack
Title: Vice President-Finance

MINTEQ INTERNATIONAL INC., as
Guarantor

By /S/John R. Stack
Name: John R. Stack
Title: Vice President-Finance

BARRETTS MINERALS INC.,
as Guarantor

By /S/John R. Stack
Name: John R. Stack
Title: Vice President-Finance

The foregoing Agreement

is hereby agreed to as of the

date hereof.

METROPOLITAN LIFE INSURANCE COMPANY
Purchaser

By:/s/ Joseph A. Augustin
Name: Joseph A. Augustin
Title: Vice President

ORIGINAL
Number 4
of 6 Executed
Counterparts

AGREEMENT OF LEASE

between

COOKE PROPERTIES INC., Landlord,

and

MINERALS TECHNOLOGIES INC., Tenant.

PREMISES:

The Chrysler Building
405 Lexington Avenue
New York, New York 10174
The Entire 19th and 20th Floors

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Article Page

AGREEMENT OF LEASE, made as of the 24th day of May, 1993, between Landlord and Tenant.

W I T N E S S E T H :

The parties hereto, for themselves, their legal representatives, successors and assigns, hereby, covenant as follows.

ARTICLE 1

DEMISE. PREMISES. TERM. RENT, LANDLORD'S WORK

Section 1.1 Landlord hereby leases to Tenant and Tenant hereby hires from Landlord the Premises for the Term to commence on the date (the "Commencement Date") that Landlord shall substantially complete Landlord's Preliminary Work (as described in Section 1.2 hereof) and, subject to Section 1.3, to end on February 28, 2010 (the "Fixed Expiration Date"), at an annual rent (the "Fixed Rent") of:

(i) One Million Sixty-Six Thousand Dollars ($1,066,000.00) per year, ($88,833.33 per month) for the period commencing on the date which is thirty (30) months after the Commencement Date (the "Rent Commencement Date") and ending on February 28, 2000 (subject to Section 1.3);

(ii) One Million One Hundred Eighty-Nine Thousand Dollars ($1,189,000.00) per year, ($99,083.33 per month) for the period commencing March 1, 2000 and ending on February 28, 2005 (subject to Section 1.3);

(iii) One Million Three Hundred Twelve Thousand Dollars ($1,312,000.00) per year, ($109,333.33 per month) for the period commencing on March 1, 2005 and ending on the Fixed Expiration Date (subject to Section 1.3);

which Tenant agrees to pay in lawful money of the United States which shall be legal tender in payment of all debts and dues, public and private, at the time of payment, in equal monthly installments in advance, on the first (1st) day of each calendar month during the Tern commencing on the Rent Commencement Date, at the office of Landlord or such other place as Landlord may designate, without any set-off, offset, abatement or deduction whatsoever.

Section 1.2 Landlord shall exercise all reasonable efforts to complete the work in the Premises which is described on Exhibit C hereto and hereinafter referred to as "Land-lord's Work" by the earliest possible date. Tenant acknowledges that only certain items of Landlord's Work are required to be completed prior to the Commencement Date (such work being herein referred to as "Landlord's Preliminary Work") and that other items of Landlord's Work shall be completed by Landlord during the course of Tenant's Initial Alterations, Landlord and Tenant agreeing to cooperate with each other with respect to the scheduling of their.respective work so that the balance of Landlord's Work other than Landlord's Preliminary Work may be substantially competed without interfering or delaying the Initial Alterations. Landlord shall not be obligated to undertake any other work or to furnish any installations, facilities, material or other items to the Premises (including, without limitation, to the existing restrooms currently located therein), it being understood and agreed that all such other work, installations, facilities and materials necessary or desirable to prepare the Premises for Tenant's occupancy shall be Tenant's sole responsibility and shall be part of Tenant's Initial Alterations.

Section 1.3 The Premises shall be deemed ready for occupancy by Tenant on the date that Landlord's Preliminary Work in the Premises shall have been substantially completed. Landlord's Work (including Landlord's Preliminary Work) shall be deemed to have been substantially completed notwithstanding the fact that minor or insubstantial details of construction, mechanical adjustment, or decoration remain to be performed, the then uncompleted condition of which and the subsequent work of completion of which do not materially interfere with Tenant's Initial Alterations. Subject to Unavoidable Delays and to the occurrence of a Tenant's Delay (as hereinafter defined), if Landlord's Preliminary Work is not substantially completed by July 1, 1993, then, at any time thereafter, but prior to substantial completion of Landlord's Preliminary work, Tenant shall have the right at its election, to terminate this Lease by giving to Landlord n otice of its intention to do so. If Tenant gives to Landlord notice of its intention to terminate this lease as aforesaid, then, unless Landlord shall substantially complete Landlord's Preliminary Work by July 15, 1993, this Lease shall terminate and be of no further force or effect as of July 15, 1993 and neither party shall any claims against the other with respect to the Lease, it being agree that Tenant's right to so terminate this Lease is Tenant's sole and exclusive remedy in the event of Landlord's failure to substantially complete Landlord's Preliminary Work by July 15, 1993. If Landlord actually substantially completes Landlord's Preliminary Work by July 15, 1993, Tenant's notice shall be null, void and of no further force or effect and this Lease shall continue in full force and effect. Without limiting the foregoing, if Tenant does not elct to send to Landlord a notice terminating this Lease as aforesaid, if Landlord fails to substantially complete Landlord's Preliminary Work by July 15, 1993, the n the Rent Commencement Date shall be extended two (2) days for each day between July 15, 1993 and the date that Landlord's Preliminary Work shall be substantially completed. If Landlord's Work (excluding Landlord's Preliminary Work) shall be delayed due to any act or omission of Tenant or any of its employees, agents, representatives or contractors (a "Tenant's Delay"), then Landlord's Work shall be deemed to have been substantially completed on the date when same would have been substantially completed but for such Tenant's Delay. Landlord shall notify Tenant within five (5) Business Days of the occurrence of any act or omission of Tenant or any of its employees, agents, representatives or contractors which, in Landlord's opinion, constitutes a Tenant's Delay. When Tenant shall take actual possession of the Premises, it shall be conclusively presumed that the same were in satisfactory condition and that Landlord's Preliminary Work was satisfactorily completed as of the date of such taking of possession, un less within seven (7) days after such date of actual possession, Tenant

shall give Landlord a written certification by Tenant's architect (who shall have been approved by Landlord

as set forth in Section 3.1) specifying in detail all respects in which Landlord's Preliminary Work was not substantially completed. Without limiting the foregoing, the balance of Landlord's Work shall be conclusively presumed to have been satisfactorily completed unless within seven (7) days after the completion of the balance of Landlord's Work and Landlord's notice to Tenant thereof, Tenant's architect, as aforesaid, shall give to Landlord a written certification specifying, in reasonable detail, all respects in which the balance of Landlord's Work was not satisfactorily completed.

Section 1.4 When the Commencement Date shall be determined, Landlord and Tenant shall both execute and exchange a written instrument to confirm the Commencement Date and the Rent Commencement Date.

ARTICLE 2

USE AND OCCUPANCY

Section 2.1 Tenant shall use and occupy the Premises as general and executive offices, uses incidental thereto and for no other purpose.

Section 2.2

(a) Tenant shall not use the Premises or any part thereof, or permit the Premises or any part thereof to be used by the United States Government, the City or the State of New York, any foreign government, the United Nations or any agency or department of any of the foregoing or any other Person having sovereign or diplomatic immunity.

(b) Tenant shall not use or permit the use of the Premises or any part thereof in any way which would violate any of the covenants, agreements, terms, provisions and conditions of this Lease or any Requirements or for any unlawful purposes or in any unlawful manner or in violation of the certificate of occupancy for the Premises or the Building (Landlord being obligated to maintain the certificate of occupancy so as to permit the use of the Premises by Tenant in accordance with the provisions hereof). Tenant shall not suffer or permit the Premises or any part thereof to be used in any manner or anything to be done therein or anything to be brought into or kept therein which, in the reasonable judgment of the Landlord, shall in any way impair or interfere with any of the Building services or with the use of any of the other areas of the Building by Landlord or any of th e other tenants or occupants of the Building.

(c) In connection with, and incidental to, Tenant's use of the Premises for general and executive offices as provided in this Article 2, Tenant, at its sole cost and expense and upon compliance with all applicable Requirements, may install in the Premises up to four (4) "dwyer" or similar units per each full floor of the Premises for the purpose of warming food

for the employees and guests of Tenant (but not for use as a public restaurant), provided that Tenant shall obtain all permits required by any Governmental Authorities for the operation thereof and such installation shall comply with the provisions of this Lease, including, without limitation, Article 3 hereof. Tenant may also install, at its sole cost and expense and subject to and in compliance with the provisions of Articles 3 and 4 hereof, vending machines for the exclusive use of the officers, employees and guests of Tenant. Each vending machine which dispenses any beverages or other liquids or refrigerates shall have a waterproof pan located thereunder, connected to a drain.

(d) Simultaneously herewith, Landlord and Tenant have entered into a "Communications Equipment License Agreement" dated as of even date herewith, a copy of which is annexed hereto as Appendix 1.

Section 2.3 If any governmental license or permit shall be required for the proper and lawful conduct of Tenant's business or other activity carried on in the Premises (as distinct from the certificate of occupancy permitting the use of the Premises for the purpose set forth in Section 2.1, which shall be the responsibility of Landlord), and if the failure to secure such license or permit, might or would, in any way, affect Landlord, then Tenant, at Tenant's expense, shall duly procure and thereafter maintain such license or permit and submit the same for inspection by Landlord. Tenant, at Tenant's expense, shall, at all times, comply with the requirements of each such license or permit.

ARTICLE 3

ALTERATIONS

Section 3.1

(a) Tenant shall not make any Alterations without Landlord's prior consent. Landlord shall not unreasonably withhold or delay its consent to any proposed interior, nonstructural Alterations, provided that such Alterations (i) are not visible from the outside of the Premises or the streets outside of the Building, (ii) do not adversely affect any part of the Building other than the Premises, (iii) do not adversely affect any service required to be furnished by Landlord to Tenant or to any other tenant or occupant of the Building, and (iv) do not affect the proper functioning of any Building System other than to a de minimis extent. Tenant may not make any structural Alteration of any nature. The restrictions against Tenant making any structural alterations shall not apply to the installation by Tenant as part of Tenant's Initial Alterations, of an interior staircase bet ween the 19th and 20th floors. If Tenant elects to install such interior staircase, the provisions of Section 3.01(b)(i) shall be applicable as if such Alteration was a non-structural Alteration.

(b) (i) Prior to making any Alterations, including, without limitation, the Initial Alterations, Tenant shall (A) submit to Landlord detailed plans and specifications (including layout, architectural, mechanical and structural drawings) for each proposed Alteration and shall not commence any such Alteration without first obtaining Landlord's approval of such plans and specifications [Landlord agreeing to respond within the time periods set forth in clause (ii) of this Section 3. 1(b)], which, in the case of nonstructural Alterations which meet the criteria set forth in Section 3. 1(a) above, shall not be unreasonably withheld or delayed, (B) at Tenant's expense, obtain all permits, approvals and certificates required by any Governmental Authorities, it being agreed that all filings with Governmental Authorities to obtain such permits, approv als and certificates shall be made, at Tenant's expense, by a Person designated by Tenant and reasonably acceptable to Landlord and (C) furnish to Landlord duplicate original policies or certificates thereof of worker's compensation (covering all persons to be employed by Tenant, and Tenant's contractors and subcontractors in connection with such Alteration) and comprehensive public liability (including property damage coverage) insurance in such form, with such companies, for such periods and in such amounts as Landlord may reasonably approve, naming Landlord and its agents, any Lessor and any Mortgagee, as additional insureds. Upon completion of such Alteration, Tenant, at Tenant's expense, shall obtain certificates of final approval of such Alteration required by any Governmental Authority and shall furnish Landlord with copies thereof, together with the plans and specifications as filed with New York City and "as-built" plans and specifications for such Alterations (Landlord agreeing to accept "shop dra wings" in lieu of the "as-built" plans with respect to minor deviations from the plans as filed with New York City). All Alterations shall be made and performed substantially in accordance with the plans and specifications therefor as approved by Landlord, all Requirements, the Rules and Regulations, and all rules and regulations relating to Alterations promulgated by Landlord in its reasonable judgment. All materials and equipment to be incorporated in the Premises as a result of

any Alterations or a part thereof shall be first quality and no such materials or equipment (other than Tenant's Property) shall be subject to any lien, encumbrance, chattel mortgage or title retention or security agreement. All Alteration(s) requiring the consent of Landlord shall be performed only under the supervision of an independent licensed architect approved by Landlord, which approval shall not be unreasonably withheld.

(ii) Landlord agrees to use all reasonable efforts to respond to Tenant's request for approval of the detailed plans and specifications with respect to Tenant's Initial Alterations within seven (7) Business Days following Landlord's receipt of such detailed plans and specifications. If Landlord fails to respond within said seven (7) Business Day period, unless Landlord shall respond within an additional five *(5)* Business Days, Landlord shall be deemed to have approved said detailed plans and specifications for Tenant's Initial Alterations. As to Alterations subsequent to Tenant's Initial Alterations, Landlord agrees to use all reasonable efforts to respond to Tenant's request for approval of the detailed plans and specifications therefor within fifteen (15) Business Days following Landlord's receipt of such detailed plans and specif ications. If Landlord fails to respond within said fifteen (15) Business Day period, unless Landlord shall respond within an additional five *(5)* Business Days, Landlord shall be

deemed to have approved the detailed plans and specifications for such Alteration. Landlord reserves the right to disapprove any plans and specifications in part, to reserve approval of items shown thereon pending its review and approval of other plans and specifications, and to condition its approval upon Tenant making revisions to the plans and specifications or supplying additional information. If Landlord shall disapprove, in whole or in part, any plans or specifications, Landlord shall specify, in reasonable detail, the minimum respects in which said plans and specifications must be revised in order to be approved. Any review or approval by Landlord of any plans and specifications with respect to any Alteration is without any representation or warranty whatsoever to Tenant or any other Person with respect to the adequacy, correctness or efficiency thereof or otherwise.

(c) Tenant shall be permitted to perform Alterations at any time, including without limitation, during the hours of 8:00 A.M. to 5:00 P.M. on Business Days, provided that such work shall not interfere with or interrupt the operation and maintenance of the Building, other than to a de minimis extent, or unreasonably interfere with or interrupt the use and occupancy of the Building by other tenants in the Building. If such interruption or interference occurs, Alterations shall be performed at such times and in such manner as Landlord may from time-to-time reasonably designate. AU Tenant's Property installed by Tenant and all Alterations in and to the Premises (except for that portion of Tenant's Initial Alterations for which Landlord has supplied payment in the form of the Tenant Fund) which may be made by Tenant at its own cost and expense prior to and during the Term, shall remain the property of Tenant. Upon the Expiration Date, Tenant shall remove from the Premises Tenant's Property and Tenant shall repair and restore in a good and workmanlike manner to good condition any damage to the Premises or the Building caused by such removal.

(d) (i) All Alterations (other than Landlord's Work) shall be performed, at Tenant's sole cost and expense, by Landlord's contractor(s) or by contractors, subcontractors or mechanics approved by Landlord (which approval shall not be unreasonably withheld or delayed). Prior to making an Alteration subsequent to Tenant's Initial Alterations, at Tenant's request, Landlord shall furnish Tenant with a list of contractors, subcontractors or mechanics who may perform Alterations to the Premises on behalf of Tenant. Landlord has provided Tenant with a list of such approved parties with respect to Tenant's Initial Alterations. If Tenant engages any contractors, subcontractors or mechanics set forth on such list, Tenant shall not be required to obtain Landlord's consent for such party unless, prior to the date that Tenant shall enter into a contract with such party, Landlord shall notify Tenant that such contractor, subcontractor or mechanic has been removed from the list. If Tenant shall enter into a contract with any contractor, subcontractor or mechanic set forth on the list, Landlord's consent to such party shall be deemed to have been granted. Landlord reserves the right to change the list of approved contractors, subcontractors or

mechanics, from time-to-time provided, however, that if Landlord changes the list after the date that Tenant shall have entered into a contract with any party theretofore on the list, Landlord's consent to such party shall be deemed granted notwithstanding removal of such party from the approved contractor list. At Tenant's request,

Landlord shall advise Tenant of any changes to the approved contractor list. In addition to the foregoing, Tenant shall have the right to submit to Landlord for Landlord's approval, the names of contractors, subcontractors or mechanics which Tenant desires to use in connection with an Alteration and, in such event, Landlord shall not unreasonably withhold or delay its consent to Tenant's use of such contractors, subcontractors or mechanics.

(ii) Notwithstanding the foregoing, with respect to any Alteration affecting any Building System (merely tying into a Building System shall not be deemed to "affect" it for such purposes), (A) Tenant shall select a contractor from a list of approved contractors furnished by Landlord to Tenant (containing at least three (3) contractors), and (B) the Alteration shall be designed by Landlord's engineer for the relevant Building System, at Tenant's reasonable cost and expense (which shall not be greater than the cost if Tenant were not required to use Landlord's engineer).

(e) Any mechanic's lien filed against the Premises or the Real Property for work claimed to have been done for, or materials claimed to have been furnished to, Tenant shall be discharged by Tenant within thirty (30) days after Tenant shall have received notice thereof (or such shorter period as Landlord may advise Tenant is required by the terms of any Superior Lease or Mortgage), at Tenant's expense, by payment or filing the bond required by law. Tenant shall not, at any time prior to or during the Term, directly or indirectly employ, or permit the employment of, any contractor, mechanic or laborer in the Premises, whether in connection with any Alteration or otherwise, if such employment would interfere or cause any conflict with other contractors, mechanics or laborers engaged in the construction, maintenance or operation of the Building by Landlord, Tenant or others, or of any adjacent property owned by Landlord. In the event of any such interference or conflict, Tenant upon demand of Landlord, shall cause all contractors, mechanics or laborers causing such interference or conflict to leave the Building immediately.

Section 3.2 Tenant shall reimburse Landlord on demand as additional rent, Land-lord's reasonable out-of-pocket expenses for professional fees of its architects and/or engineers for reviewing any plans and specifications of Tenant for Alterations, including those relating to Tenant's Initial Alterations provided, however, that Tenant's reimbursement to Landlord with respect to Tenant's Initial Alterations shall not exceed Five Thousand Dollars ($5,000.00). In addition, Tenant shall pay any reasonable out-of-pocket expenses incurred by the Lessor under the presently existing Superior Lease or by any Mortgagee in connection with their respective outside professional engineers or architects reviewing the plans and specifications of such Alterations (including the Initial Alterations) or inspecting the progress of completion of the same.

Section 3.3 Upon the request of Tenant, Landlord, at Tenant's cost and expense, shall join in any applications for any permits, approvals or certificates required to be obtained by Tenant in connection with any permitted Alteration (provided that the provisions of the

applicable Requirement shall require that Landlord join in such application) and shall otherwise cooperate with Tenant in connection therewith, provided that Landlord shall not be obligated to incur any cost or expense, including, without limitation, attorneys' fees and disbursements, or suffer any liability in connection therewith.

Section 3.4

(a) Subject to the provisions of this Section 3.4, Landlord shall contribute an amount not to exceed Eight Hundred Ninety Five Thousand Dollars ($895,000.00) (the "Tenant Fund") toward the so-called "hard" costs for labor and materials for the performance of Tenant's Initial Alterations. Property paid for from the Tenant Fund shall be deemed Landlord's property. Promptly following the approval by Landlord of the plans and specifications for Tenant's Initial Work, Landlord and Tenant shall confirm in writing those items in connection with the performance of Tenant's Initial Alterations which shall be deemed Landlord's property. Provided, however, that the ownership of such property by Landlord shall not, in any way, affect the respective repair obligations of either Landlord or Tenant as set forth in Article 4.

(b) Landlord shall disburse successive portions of the Tenant Fund to Tenant from time-to-time, within thirty (30) days after receipt of the items set forth in Section 3.4(c) hereof, provided that on the date of disbursement from the Tenant Fund, no Event of Default shall have occurred and be continuing. Disbursements from the Tenant Fund shall not be made more frequently than monthly, and shall be in respective amounts equal to the aggregate amounts theretofore paid or payable (as certified by Tenant's independent licensed architect) to Tenant's contractors, subcontractors and materialmen, which have not been the subject of a previous disbursement from the Tenant Fund.

(c) Landlord's obligation to make each successive disbursement from the Tenant Fund shall be subject to Landlord's receipt of each of the following in respect of each such disbursement: (i) a request for such disbursement from Tenant, (ii) the certificate of Tenant's independent licensed architect as required by Section 3.4(b) hereof, and (iii) a certificate of Tenant's independent licensed architect stating that, in his or her opinion, the portion of the Tenant's Initial Alterations theretofore completed and for which the disbursement is requested was substantially in accordance with the final detailed plans and specifications for Tenant's Initial Alterations, as approved by Landlord.

(d) In no event shall the aggregate amount paid by Landlord to Tenant under this Section 3.4 exceed the amount of the Tenant Fund. Tenant shall complete Tenant's Initial Alterations, at its sole cost and expense, whether or not the Tenant Fund is sufficient to fund such completion.

(e) Within sixty (60) days after completion of Tenant's Initial Alterations, Tenant shall deliver to Landlord general releases and waivers of lien from all contractors, subcontractors and materialmen involved in the performance of Tenant's Initial Alterations and the materials furnished in connection therewith, and a certificate from Tenant's independent licensed architect certifying that, in his or her opinion, Tenant's Initial Alterations have been completed in accordance with the final detailed plans and specifications for Tenant's Initial Alterations as approved by Landlord.

ARTICLE 4

REPAIRS-FLOOR LOAD

Section 4.1 Landlord shall operate, maintain and make all necessary repairs (both structural and nonstructural) to the part of Building Systems which provide service to the Premises (but not to the distribution portions of such Building Systems located within the Premises) and the public portions of the Building, both exterior and interior, in conformance with standards applicable to "class A" office buildings in midtown Manhattan.

Section 4.2 Tenant, at Tenant's sole cost and expense, shall take good care of the Premises and the fixtures, equipment and appurtenances therein and the distribution systems (other than those portions of the Building Systems which Landlord is required to maintain such as the fan rooms for the HVAC System) and shall make all nonstructural repairs thereto as and when needed to preserve them in good working order and condition, except for reasonable wear and tear, obsolescence and damage for which

Tenant is not responsible pursuant to the provisions of Article 10 hereof. In addition, notwithstanding the provisions of Section 4. 1, all damage or injury to any part of the Building other than the Premises and to the Building Systems, or to Building's fixtures, equipment and appurtenances, whether requiring structural or nonstructural repairs, caused by or resulting from carelessness, omission, neglect or improper conduct of Tenant (except damage for which Tenant is not responsible pursuant to the provi sions of Article 10 hereof), or Alterations made by, Tenant, Tenant's agents, employees, invitees or licensees, shall be repaired by Landlord, at Tenant's sole cost and expense. All repairs by Tenant shall be of first quality and of a class consistent with midtown Manhattan "class A" office building work or construction and shall be made in accordance with the provisions of Article 3 hereof. If Tenant fails after ten (10) days' notice (or such shorter period as Landlord may be permitted pursuant to any Superior Lease or Mortgage or such shorter period as may be required due to an emergency) to proceed with due diligence to make repairs required to be made by Tenant, the same may be made by Landlord at the expense of Tenant, and the expenses thereof incurred by Landlord, with interest thereon at the Applicable Rate, shall be forthwith paid to Landlord as additional rent after rendition of a bill or statement therefor. Tenant shall, promptly after becoming aware of same, give Landlord notice of any defective c ondition in the Building or of any Building System, located in, servicing or passing through the Premises.

Section 4.3 Tenant shall not place a load upon any floor of the Premises exceeding the "live load" limitations set forth in the certificate of occupancy for the Premises. Tenant shall not move any safe, heavy machinery, heavy equipment, business machines, freight, bulky matter or fixtures into or out of the Building without Landlord's prior consent, which consent shall not be unreasonably withheld, and shall make payment to Landlord of Landlord's reasonable out-of-pocket costs in connection therewith. If such safe, machinery, equipment, freight, bulky matter or fixtures requires special handling, Tenant shall employ only persons holding a Master Rigger's license to do said work. All work in connection therewith shall comply with all Requirements and the Rules and Regulations, and shall be done during such hours as Landlord may reasonably designate. Business machines and mechanical equipment shall be placed and maintained by Tenant at Tenant's expense in settings sufficient in Landlord's reasonable judgment to absorb and prevent vibration, noise and annoyance.

Section 4.4 Except as expressly provided in this Lease, there shall be no allowance to Tenant for a diminution of rental value and no liability on the part of Landlord by reason of inconvenience, annoyance or injury to business arising from Landlord, Tenant or others making, or failing to make, any repairs, alterations, additions or improvements in or to any portion of the Building or the Premises, or in or to fixtures, appurtenances or equipment thereof.

Section 4.5 Landlord, when making any repairs, alterations, additions or improvements, shall use reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises ; provided, however, that Landlord shall have no obligation to employ contractors or labor at so-called overtime or other premium pay rates or to incur any other overtime costs or expenses whatsoever, except that Landlord, at its expense but subject to recoupment of Tenant's Operating Share pursuant to Article 27 hereof, shall employ contractors or labor at so-called overtime or other premium pay rates if necessary to make any repair required to be made by it hereunder to remedy any condition that either (a) results in a denial of access to the Premises, (b) threatens the health or safety of any occupant of the Premises, or (c) subject to the provisions of Article 10, materially interferes with Tenant's ability to conduct its business in the Premises.

Section 4.6 Both the design and decoration of the elevator areas and the public corridors of any floor of the Premises occupied by more than one (1) occupant (for any reason, including, without limitation, as a result of a subletting or occupancy arrangement, if any, in accordance with Article 12 hereof) shall be subject to Landlord's approval, which approval shall not be unreasonably withheld, and such elevator areas and public corridors shall be maintained and kept clean by Landlord pursuant to the cleaning specifications referred to in Section 28.4 hereof.

ARTICLE 5

WINDOW CLEANING

Section 5.1 Tenant shall not clean, nor require, permit, suffer or allow any window in the Premises to be cleaned from the outside in violation of Section 202 of the Labor Law, or any other Requirement, or of the rules of the Board of Standards and Appeals, or of any other board or body having or asserting jurisdiction.

ARTICLE 6

REQUIREMENTS OF LAW

Section 6.1

(a) Tenant, at its sole cost and expense, shall comply with all Requirements applicable to Tenant's manner of use and occupancy of the Premises (other than, and as distinguished from, mere use as general offices) including, without limitation, those applicable to the making of any Alterations (including Tenant's Initial Alterations) therein, including but not limited to local laws #5, #16 and #58 and the Americans With Disabilities Act. Tenant shall not do or permit to be done any act or thing upon the Premises which will invalidate or be in conflict with a standard "all-risk" insurance policy; and shall not do, or permit anything to be done in or upon the Premises, or bring or keep anything therein, except as now or hereafter permitted by the New York City Fire Department, New York Board of Fire Underwriters, the Insurance Services Office or other authority having jurisdiction, or use the Premises in a manner (as opposed to mere use as general "offices") which shall increase the rate of fire insurance on the Building, in effect on the Commencement Date. If by reason of Tenant's failure to comply with the provisions of this Article, the fire insurance rate shall be higher than it otherwise would be, then Tenant shall desist from doing or permitting to be done any such act or thing and shall reimburse Landlord, as additional rent hereunder, for that part of all fire insurance premiums thereafter paid by Landlord which shall have been charged because of such failure by Tenant, and shall make such reimbursement upon demand by Landlord which demand shall be accompanied by information in reasonable detail explaining any such increase. In any action or proceeding wherein Landlord and Tenant are parties, a schedule or "make up" of rates for the Building or the Premises issued by the Insurance Services Office, or other body fixing such fire insurance rates, shall be conclusive evidence of the facts therein stated and of th e several items and charges in the fire insurance rates then applicable to the Building.

(b) Landlord, at its sole cost and expense (but subject to recoupment of Tenant's Operating Share thereof as provided in Article 27 hereof), shall comply with all other Requirements applicable to the Premises and the Building, subject to Landlord's right to contest the applicability or legality thereof.

Section 6.2 Tenant, at its sole cost and expense and after notice to Landlord, may contest by appropriate proceedings prosecuted diligently and in good faith, the legality or applicability of any Requirement affecting the Premises, provided that (a) Landlord (or any Indemnitee) shall not be subject to prosecution for a crime, nor shall the Real Property or any part thereof be subject to being condemned or vacated, nor shall the certificate of occupancy for the Premises or the Building be suspended or threatened to be suspended by reason of noncompliance or by reason of such contest; (b) before the commencement of such contest, if Landlord (or any Indemnitee) may be subject to any civil fines or penalties or criminal penalties or if Landlord may be liable to any independent third party as a result of such noncompliance, Tenant shall furnish to Landlord either (i) a bond of a surety company satisfactory to Landlord, in form and substance reasonably satisfactory to Landlord, and in an amount equal t o one

hundred twenty percent (120%) of the sum of (A) the cost of such compliance, (B) the criminal or civil penalties or fines that may accrue by reason of such noncompliance (as reasonably estimated by Landlord), and (C) the amount of such liability to independent third parties (as reasonably estimated by Landlord), and shall indemnify Landlord (and any Indemnitee) against the cost of such compliance and liability resulting from or incurred in connection with such contest or non-compliance (except that Tenant shall not be required to furnish such bond to Landlord if it has otherwise furnished any similar bond required by law to the appropriate Governmental Authority and Landlord is protected thereby) or (ii) other security reasonably satisfactory in all respects to Landlord; (c) such noncompliance or contest shall not constitute or result in a violation (either with the giving of notice or the passage of time or both) of the terms of any Mortgage or Superior Lease, or if such Superior Lease or Mortgage sha ll condition such non-compliance or contest upon the taking of action or furnishing of security by Landlord, such action shall be taken or such security shall be furnished at the expense of Tenant; and (d) Tenant shall keep Landlord regularly advised as to the status of such proceedings. Without limiting the applicability of the foregoing, Landlord (or any Indemnitee) shall be deemed subject to prosecution for a crime if Landlord (or any Indemnitee), a Lessor, a Mortgagee or any of their officers, directors, partners, shareholders, agents or employees is subject to prosecution for a crime of any kind whatsoever, unless such charges are withdrawn ten (10) days before Landlord (or any Indemnitee), such Lessor or such Mortgagee or such officer, director, partner, shareholder, agent or employee, as the case may be, is required to plead or answer thereto.

ARTICLE 7

SUBORDINATION

Section 7.1 This Lease shall be subject and subordinate to each Superior Lease and each Mortgage, subject to non-disturbance of Tenant by the holders thereof, as to the Ground Lease in accordance with its terms, and as to the Lessor under any Superior Lease entered into after the date of execution of this Lease and the holder of each and every Mortgage, on and subject to terms and conditions substantially the same as the terms and conditions contained in the non-disturbance and attornment agreement annexed hereto as Exhibit D. In

confirmation of the foregoing, Tenant and the holder of each Mortgage entered into after the date hereof, shall execute and deliver to each other a non-disturbance and attornment agreement in the form of the agreement annexed hereto as Exhibit D and Tenant and the Lessor under each Superior Lease entered into after the date hereof shall execute and deliver to each other an agreement substantially in the same form as the agreement annexed hereto as Exhibit D. Subject to the foregoing, the subordination of this Lease to each Superior Lease and to each Mortgage shall be self-operative. If the holder of a Mortgage or Lessor under a Superior Lease shall agree to execute and deliver an agreement substantially in the form annexed hereto as Exhibit D, and Tenant shall fail or refuse to do so, Tenant shall be deemed to have executed such agreement and this Lease shall be subject and subordinate to such Superior Lease or Mortgage. Subject to the foregoing, Landlord represents to Tenant that there are not now and ag rees that there shall not in the future be any provisions in any Superior Lease or Mortgage, which would be violated by any act or omission by Tenant unless such act or omission is expressly provided herein to be a default by Tenant hereunder. If, in connection with the financing of the Real Property, the Building or the interest of the lessee under any Superior Lease, or if in connection with the entering into of a Superior Lease, any lending institution or Lessor shall request reasonable modifications of this Lease that do not increase Tenant's monetary obligations under this Lease, or adversely affect or diminish the rights (except to a de minimis extent), or increase any non-monetary obligations, of Tenant under this Lease, Tenant shall make such modifications.

Section 7.2 If at any time prior to the expiration of the Term, any Superior Lease shall terminate or be terminated for any reason or any Mortgagee comes into possession of the Real Property or the Building or the estate created by any Superior Lease by receiver or other-wise, Tenant shall attorn to any such Person acquiring the

interest of Landlord as a result thereof, upon the then executory terms and conditions of this Lease, subject to the provisions of the non-disturbance agreement entered into by the parties (both in the case of a Mortgagee or a Lessor), Section 7.1 hereof and this Section 7.2, for the remainder of the Term, provided that such Person shall then be entitled to possession of the Premises and provided further that such Person, or anyone claiming by, through or under such Person, shall not be:

(a) liable for any act or omission of any prior landlord (including, without limitation, the then defaulting landlord), or

(b) subject to any defense or offsets which Tenant may have against any prior landlord (including, without limitation, the then defaulting landlord), or

(c) bound by any payment of Rental which Tenant may have made to any prior landlord (including, without limitation, the then defaulting landlord) more than thirty (30) days in advance of the date upon which such payment was due, or

(d) bound by any obligation to perform any work or to make improvements to the Premises, except for (i) repairs and maintenance pursuant to the

provisions of Article 4, (ii) repairs to the Premises or any part thereof as a result of damage by fire or other casualty pursuant to Article 10 hereof, but only to the extent that such repairs can be made from the net proceeds of any insurance actually made available to such owner, Lessor or Mortgagee, and (iii) repairs to the Premises as a result of a partial condemnation pursuant to Article 11 hereof, but only to the extent that such repairs can be made from the net proceeds of any award made available to such owner, Lessor or Mortgagee, or

(e) bound by any amendment or modification of this Lease made without its consent, or

(f) bound to return Tenant's security deposit, if any, until such deposit has come into its actual possession and Tenant would be entitled to such security deposit pursuant to the terms of this Lease.

The provisions of this Article 7 shall enure to the benefit of Tenant and any such owner, Lessor or Mortgagee, shall be self-operative, and no further instrument shall be required to give effect to said provisions. Tenant, upon demand of any such owner, Lessor or Mortgagee, shall execute, at Tenant's expense, from time-to-time, instruments, in recordable form, in confirmation of the foregoing provisions of this Section 7.2, satisfactory to any such owner, Lessor or Mortgagee, acknowledging such attornment and setting forth the terms and conditions of its tenancy.

Section 7.3 From time-to-time, within ten (10) Business Days next following request by Landlord, any Mortgagee or any Lessor, Tenant shall deliver to Landlord, such Mortgagee or such Lessor a written statement executed by Tenant in form reasonably satisfactory to Landlord, such Mortgagee or such Lessor, and from time-to-time within ten (10) Business Days next following request by Tenant, Landlord shall deliver to Tenant a written statement executed by Landlord, in form reasonably satisfactory to Tenant: (1) stating that this Lease is then in full force and effect and has not been modified (or if modified, setting forth all modifications), (2) setting forth the date to which the Fixed Rent, additional rent and other items of Rental have been paid, (3) stating whether or not, to the best knowledge of the party which issues the statement, it or the other party is in default under this Lease, and, if it claims that it or the other party or it is in default, setting forth the specific nature of all suc h defaults, and (4) as to any other matters reasonably requested by the party requesting same. Tenant acknowledges that any statement delivered by Tenant pursuant to this Section 7.3 may be relied upon by any purchaser or owner of the Real Property or the Building, or Landlord's interest in the Real Property or the Building or any Superior Lease, or by any Mortgagee, or by an assignee of any Mortgagee, or by any Lessor. Landlord acknowledges that any statement delivered by it pursuant to this Section 7.3 may be relied on by Tenant, any permitted sublessee or assignee of Tenant and any banking institution or other lender which requests in writing such statement from Landlord

and which indicates, in its request to Landlord, that it requires same in connection with a then existing or prospective loan to, or business relationship with, Tenant. Section 7.4 While any Superior Lease or Mortgage shall exist, if by reason of any act or omission of Landlord Tenant shall have a right to seek to terminate this Lease, Tenant shall not seek to so terminate this Lease by reason of any such act or omission of Landlord until Tenant shall have given written notice of such act or omission to all Lessors and Mortgagees at such addresses as shall have been furnished to Tenant by such Lessors and Mortgagees provided that any such Lessor or Mortgagee, shall notify Tenant within thirty (30) days following receipt of such notice that it shall remedy such act or omission, and within a reasonable period of time thereafter, due consideration being given to the necessity for such Lessor or Mortgagee to obtain possession of the Building, the Lessor or Mortgagee commences to cure same and prosecutes such cure to completion with diligence and continuity and, in such event, so long as such Lessor or Mortgagee shall be diligently and continually prosecuting such cure, Tenant shall not and shall not have the right to terminate this Lease.

ARTICLE 8

RULES AND REGULATIONS

Section 8.1 Tenant and Tenant's contractors, employees, agents, visitors, invitees and licensees shall comply with the Rules and Regulations. In case of any conflict or inconsistency between the provisions of this Lease and any of the Rules and Regulations, the provisions of this Lease shall control. Nothing in this Lease contained shall be construed to impose upon Landlord any duty or obligation to enforce the Rules and Regulations or terms, covenants or conditions in any other lease against any other tenant, and Landlord shall not be liable to Tenant for violation of the same by any other tenant, its employees, agents, visitors or licensees, except that Landlord shall not enforce any Rule or Regulation against Tenant unless Landlord shall enforce it against all other office tenants in the Building. If there is a conflict between the manner of enforcement of any future Rules and Regulations and the provisions of this Lease relating thereto, this Lease shall prevail.

ARTICLE 9

INSURANCE. PROPERTY LOSS OR DAMAGE REIMBURSEMENT

Section 9.1

(a) Any Building employee to whom any property shall be entrusted by or on behalf of Tenant shall be deemed to be acting as Tenant's agent with respect to such property and Landlord and its agents shall neither be liable for any damage to property of Tenant or of

others entrusted to employees of the Building, nor for the loss of or damage to any property of Tenant by theft or otherwise. Neither Landlord nor its agents shall be liable for any injury (or death) to persons or damage to property, or interruption of Tenant's business, resulting from fire or other casualty; nor shall Landlord or its agents be liable to Tenant for any such injury (or death) to persons or damage caused by other tenants or persons in the Building or caused by construction of any private, public or quasi-public work; nor shall Landlord be liable for any injury (or death) to persons or damage to property or improvements, or interruption of Tenant's business, resulting from any latent defect in the Premises or in the Building. Tenant shall not be liable to Landlord for injury (or death) to persons or damage to property resulting from fire or other casualty which shall be covered by the then standard form of "all risk"

insurance policy, regardless of whether such insurance policy is then in ef fect (unless same was cancelled due to the acts or omissions of Tenant or any party claiming by, through or under Tenant).

(b) If at any time a significant number of the windows of the Premises are temporarily closed, darkened or bricked-up for a period not exceeding three (3) consecutive months by reason of repairs, maintenance, alterations, or improvements to the Building, Landlord shall not be liable for any damage Tenant may sustain thereby and Tenant shall not be entitled to any compensation therefor, nor abatement or diminution of Fixed Rent or any other item of Rental, nor shall the same release Tenant from its obligations hereunder, nor constitute an actual or constructive eviction, in whole or in part, by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business, or otherwise, nor impose any liability upon Landlord or its agents. Without limiting the foregoing, if a significant numbers of windows of the Premises are darkened or bricked up even if for a period exceeding three (3) consecuti ve months if due to a Requirement, Landlord shall not be liable for any damage Tenant may sustain thereby. If at any time the windows of the Premises are temporarily closed, darkened or bricked-up, as aforesaid, Landlord shall perform such repairs, maintenance, alterations or improvements and comply with the applicable Requirements with reasonable diligence and otherwise take such action as may be reasonably necessary to minimize the period during which such windows are temporarily closed, darkened, or bricked-up.

(c) Tenant shall, immediately upon its knowledge thereof, notify Landlord of any fire or accident in the Premises.

Section 9.2 Tenant shall, on or before the Commencement Date obtain, and thereafter keep in full force and effect during the Term (a) an "all risk" fire and casualty insurance policy with extended coverage for Tenant's Specialty Alterations and Tenant's Property at the Premises, and (b) a policy of commercial general liability and property damage insurance on an occurrence basis, with a broad form contractual liability endorsement. Such policies shall provide that Tenant is named as the insured. Landlord, Landlord's managing agent, and any Lessors and any Mortgagees (whose names shall have been furnished to Tenant) shall be added as additional insureds, as their respective interests may appear with respect to the insurance required to be carried pursuant to clause (a) above, and only to the extent of the

named insured's negligence with respect to the insurance required to be carried pursuant to clause (b) above. Such policy with respect to clause (b) above shall include a provision under which the insurer agrees to indemnity and hold Landlord, Landlord's managing agent, and such Lessors and Mortgagees harmless from and against, subject to the limits of liability set forth in this Section 9.2, all cost, expense and liability arising out of, or based upon, any and all claims, accidents, injuries and damages mentioned in Article 35. In addition, the policy required to be carried pursuant to clause (b) above shall contain a provision that (i) no act or omission of Tenant shall affect or limit the obligation of the insurer to pay the amount of any loss sustained, and (ii) the policy shall be non-cancellable with respect to Landlord, Landlord's managing agent, and such Lessors and Mortgagees (to the extent that their names and addresses shall have been furnished to Tenant) unless thirty (30) days' prior written notice shall have been given to Landlord by certified mail, return receipt requested, which notice shall contain the policy number and the names of the insured and additional insureds. In addition, upon receipt by Tenant of any notice of cancellation or any other notice from the insurance carrier which may adversely affect the coverage of the insureds under such policy of insurance, Tenant shall immediately deliver to Landlord and any other additional insured hereunder a copy of such notice. The minimum amounts of liability under the policy of insurance required to be carried pursuant to clause (b) above shall be a combined single limit with respect to each occurrence in an amount not less than Three Million Dollars ($3,000,000) for injury (or death) to persons and damage to property, which amount shall be increased from time-to-time to that amount of insurance which is then being customarily carried by prudent tenants of comparable premises in comparable "class A" office buildings in midtown Manhattan. All insurance required to be carried by Tenant (and Landlord) pursuant to the terms of this Lease shall be effected under valid and enforceable policies issued by reputable and independent insurers permitted to do business in the State of New York, and rated in

Best's Insurance Guide, or any successor thereto (or if there be none, an organization having a national reputation) as having a general policyholder rating of "A" and a financial rating of at least "XII", or a comparable rating from a successor or alternative organization.

Section 9.3 On or prior to the Commencement Date, Tenant shall deliver to Landlord and Landlord shall deliver to Tenant appropriate certificates of insurance, including evidence of waivers of subrogation or consent to waivers of rights of recovery required pursuant to Section 10.6 hereof, required to be carried pursuant to this Article 9. Evidence of each renewal or replacement of a policy shall be delivered to the party entitled to receive same at least thirty (30) days prior to the expiration of such policy.

Section 9.4

(a) Tenant acknowledges that Landlord shall not carry insurance on, and shall not be responsible for damage to, Tenant's Property or Specialty Alterations (other than those Specially Alterations which were part of Tenant's Initial Alterations), and that Landlord

shall not carry insurance against, or be responsible for any loss suffered by Tenant due to interruption of Tenant's business.

(b) Landlord shall, during the term of this Lease, maintain an "all risk" policy fire and casualty insurance with extended coverage, in an amount equal to at least 80% of the then full insurable value (that is actual replacement cost without deduction for physical depreciation, exclusive of the cost of excavations, foundations, footings, underground pipes, conduits, flues and drains) of the Building, but in any event in an amount sufficient to prevent Landlord from becoming a co-insurer under the provisions of the applicable policy.

ARTICLE 10

DESTRUCTION, FIRE OR OTHER CAUSE

Section 10.1

(a) If the Premises (including Alterations, but only to the extent provided for in Section 10.7), shall be damaged by fire or other casualty, and if Tenant shall give prompt notice thereof to Landlord, the damage shall be diligently repaired by and at the expense of Landlord to substantially the condition prior to the damage, and until such repairs which are required to be performed by Landlord shall be substantially completed (of which substantial completion Landlord shall promptly notify Tenant) (i) the Fixed Rent and Space Factor shall be reduced in the proportion which the ratio between the area of the part of the Premises which is not usable by Tenant, bears to the total area of the Premises immediately prior to such casualty, and (ii) Tenant's Operating Share and Tenant's Tax Share shall be redetermined based upon the ratio which the rentable area of the Premises remaining after such casualty bears to the rentable area of the Building remaining after such casualty; provided, however, that if fifty percent (50 %) or more of any entire floor within the Premises shall be wholly untenantable such that Tenant or any Person claiming by, through or under Tenant may not reasonably occupy, and is unable to conduct its usual and customary business in, the remainder of the floor and Tenant and all Persons claiming by, through or under Tenant in fact do not occupy, and do not conduct their usual and customary business in, the remainder of the floor, then the entire floor shall, for purposes of this Section 10.1, be considered untenantable and the adjustments provided for in clauses (i) and (ii) above shall be effected accordingly. Landlord shall have no obligation to repair any damage to, or to replace, any Specialty Alterations (other than Specially Alterations which were part of Tenant's Initial Alterations) or any of Tenant's Property. In addition, Landlord shall not be obligated to repair any damage to, or to replace , any Alterations unless Tenant shall have theretofore notified Landlord of the completion of such Alterations and the cost thereof, and shall have maintained adequate records with

respect to such Alterations, it being the intention of the parties that Tenant shall cause its contractors, subcontractors or mechanics to obtain and maintain in full force and effect so-called "builder's risk" insurance which shall cover the costs to repair or to replace any such Alterations. Landlord shall use its

reasonable efforts to minimize interference with Tenant's use and occupancy in making any repairs pursuant to this Section 1O.1(a). No damages, compensation or claim shall be payable by Landlord for inconvenience, loss of business or annoyance arising from any repair or restoration of any portion of the Premises or of the Building pursuant to this Article 10. Landlord shall use its best efforts to effect such repair or restoration promptly and in such manner as not unreasonably to interfere with Tenant's use and occupancy. Anything contained herein to the contrary notwithstanding, if the Premises (including any Alterations) are damaged by fire or other casualty at any time prior to the completion of Tenant's Initial Alterations, Landlord's obligation to repair the Premises (and any Alterations) shall be limited to repair of (w) the part of the Building Systems serving the Premises on the Commencement Date, but not the distribution portions of such Building Systems located within the Premises, (x) th e floor and ceiling slabs of the Premises, (y) the exterior walls of the Premises, and (z) to the extent not included in the foregoing, those items constituting Landlord's Work, all to substantially the same condition which existed on the Commencement Date, it being the intention of the parties that Tenant shall cause its contractors, subcontractors or mechanics to obtain and maintain in full force and effect so-called "builder's risk" insurance which shall cover the costs to repair or to replace Tenant's Initial Alterations until notice to Landlord of the completion thereof.

(b) Prior to the substantial completion of Landlord's repair obligations set forth in Section 10.1(a) hereof, Landlord shall provide Tenant and Tenant's contractor, subcontractors and mechanics access to the Premises to perform repairs which Landlord is not obligated to perform (but not to occupy the same for the conduct of business), on the following terms and conditions:

(i) Tenant shall not commence work in any portion of the Premises until the date specified in a notice from Landlord to Tenant stating that the repairs required to be made by Landlord have been or will be completed to the extent reasonably necessary, in Landlord's discretion, to permit the commencement of the repairs which Landlord is not obligated to perform (or Alterations, if Landlord is not obligated to repair same pursuant to the provisions hereof) then prudent to be performed in accordance with good construction practice in the portion of the Premises in question without material interference with, and consistent with the performance of, the repairs remaining to be performed by Landlord.

(ii) Such access by Tenant shall be deemed to be subject to all of the applicable provisions of this Lease.

(iii) If Landlord shall be prevented from substantially completing the repairs it is required to perform under this Article 10 due to any acts of, or work by, Tenant, its agents, servants, employees or contractors, by reason of Tenant's failure or refusal to comply or to cause its architects, engineers, designers and contractors to comply with any of Tenant's obligations described or referred to in this Lease, in either event within such reasonable time as may be specified for that purpose in a written notice to Tenant, or if such repairs are not

completed because under good construction scheduling practice such repairs should be performed after completion of any work Tenant is obligated to perform, then such repairs shall be deemed substantially complete on the date when the repairs would have been substantially completed but for such delay and the expiration of the abatement of the Tenant's obligations hereunder shall not be postponed by reason of such delay. Any additional costs to Landlord to complete any repairs occasioned by such delay shall be paid by Tenant to Landlord as additional rent within ten (10) days after demand, which

demand shall be accompanied by reasonably detailed statement describing such additional costs.

(c) If any casualty damage to the Premises occurs during the period prior to the Rent Commencement Date, other than casualty damage caused by or resulting from neglect or improper conduct of Tenant, Tenant's agents, employees, contractors, subcontractors, mechanics, subtenants, invitees or licensees, the Rent Commencement Date shall be delayed by a period equal to the period it shall take Landlord (or in the case of work by Tenant, the period it would take, acting with diligence and continuity) to restore the Premises to their condition immediately prior to the occurrence of such casualty.

Section 10.2 Anything contained in Section 10.1 hereof to the contrary notwithstanding, if (a) all or substantially all of the Building or the Premises shall be damaged or destroyed by fire or other casualty, or (b) the Building shall be so damaged or destroyed by fire or other casualty (whether or not the Premises have been so damaged or destroyed) as to require a reasonably estimated expenditure for the repair or restoration thereof of more than forty percent (40%) of the full insurable value of the Building immediately prior to the casualty, then, in either of such events, Landlord, at Landlord's option, may, if a similar notice of termination is given to all other tenants of the Building, not later than ninety (90) days following the damage, give Tenant a notice in writing terminating this Lease. If Landlord elects to terminate this Lease, the Term shall expire upon a date set by Landlord in such notice, but not sooner than the tenth (10th) day after such notice is given, and Tenant shall vac ate the Premises and surrender the same to Landlord in accordance with the provisions of Article 20 hereof. Upon the termination of this Lease under the conditions provided for in this Section 10.2, the Fixed Rent and Escalation Rent shall be apportioned and any prepaid portion of Fixed Rent and Escalation Rent for any period after such date shall be refunded by Landlord to Tenant. Except as expressly set forth in this Section 10.2, and in Section 10.3, Landlord shall have no options to terminate this Lease under this Article 10.

Section 10.3

(a) Within forty-five (45) days after notice to Landlord of any damage described in Section 10.1 hereof, Landlord shall deliver to Tenant a statement prepared by a reputable contractor setting forth such contractor's estimate as to the time required to repair such damage, exclusive of time required to repair any items which are Tenant's obligation to repair. If the estimated time period exceeds nine and two-thirds (9 2/3) months from the date of such

statement, Tenant may elect to terminate this Lease by notice to Landlord not later than twenty (20) days following receipt of such statement. If Tenant makes such election, the Term shall expire upon the later of the twentieth (20th) day after notice of such election is given by Tenant, and the date that Tenant shall vacate the Premises and surrender the same to Landlord in accordance with the provisions of Article 20 hereof. If Tenant shall not terminate this Lease pursuant to this Article 10 (or is not entitled to terminate this Lease pursuant to this Article 10), the damage shall be diligently repaired by and at the expense of Landlord as set forth in Section 10.1 hereof. Except as expressly set forth in this Section 10.3, Tenant shall have no options to terminate this Lease under this Article 10.

(b) If the Premises shall be substantially damaged during the last two (2) years of the Term, Landlord and Tenant shall each have the right to elect by notice, given within thirty (30) days after the occurrence of such damage, to terminate this Lease and if either makes such election, the Term shall expire upon the later of the thirtieth (30th) day after notice of such election is given and the date that Tenant shall vacate the Premises and surrender the same to Landlord in accordance with the provisions of Article 20 hereof.

Section 10.5 If Landlord does not terminate this Lease in accordance with the provisions of Section 10.2 or Section 10.3, or Tenant shall not terminate this Lease pursuant to Section 10.3, the damage to the Building or the Premises (exclusive of Tenant's Property or items which are required to be repaired by Tenant pursuant to this

Lease) shall be diligently repaired by and at the expense of Landlord as set forth in Section 10.1 hereof.

Section 10.6 This Article 10 constitutes an express agreement governing any case of damage or destruction of the Premises or the Building by fire or other casualty, and Section 227 of the Real Property Law of the State of New York, which provides for such contingency in the absence of an express agreement, and any other law of like nature and purpose now or hereafter in force shall have no application in any such case.

Section 10.7 The parties hereto shall procure an appropriate clause in, or endorsement on, any fire or extended coverage insurance covering the Premises, the Building and personal property, fixtures and equipment located thereon or therein, pursuant to which the insurance companies waive subrogation or consent to a waiver of right of recovery and will not make any claim against or seek to recover from the other for any loss or damage to its property or the property of others resulting from fire or other "all risk" extended coverage hazards. Tenant acknowledges that Landlord shall not carry insurance on and shall not be responsible for damage to, Tenant's Property, Specialty Alterations (other than Specialty Alterations which were part of Tenant's Initial Alterations), or any other Alteration (including Tenant's Initial Alterations) prior to (a) the completion thereof, (b) notice to Landlord of the completion thereof, and (c) delivery to Landlord of complete "as-built" plans and specifications (or shop drawings if permitted by this Lease) therefor, and that Landlord shall not carry insurance against, or be responsible for any loss suffered by Tenant due to, interruption of Tenant's business.

ARTICLE 11

EMINENT DOMAIN

Section 11.1 If the whole of the Real Property, the Building or the Premises shall be acquired or condemned for any public or quasi-public use or purpose, this Lease and the Term shall end as of the date of the vesting of title with the same effect as if said date were the Expiration Date. If only a part of the Real Property and not the entire Premises shall be so acquired or condemned then, (a) except as hereinafter provided in this Section 11.1, this Lease and the Term shall continue in force and effect, but, if a part of the Premises is included in the part of the Real Property so acquired or condemned, from and after the date of the vesting of title, (i) the Fixed Rent and the Space Factor shall be reduced in the proportion which the area of the part of the Premises so acquired or condemned bears to the total area of the Premises immediately prior to such acquisition or condemnation, (ii) Tenant's Operating Share shall be redetermined based upon the proportion in which the ratio between the r entable area of the Premises remaining after such acquisition or condemnation bears to the rentable area of the Building remaining after such acquisition or condemnation and (iii) Tenant's Tax Share shall be redetermined based upon the proportion in which the ratio between the rentable area of the Premises remaining after such acquisition or condemnation bears to the rentable area of the Building remaining after such acquisition or condemnation; (b) whether or not the Premises shall be affected thereby, Landlord, at Landlord's option, may give to Tenant, within sixty (60) days next following the date upon which Landlord shall have received notice of vesting of title, a thirty (30) days' notice of termination of this Lease if Landlord shall elect to terminate leases (including this Lease), affecting at least twenty-five percent (25%) of the rentable area of the Building (excluding any rentable area leased by Landlord or its Affiliates); and (c) if the part of the Real Property so acquired or condemned shall c ontain more than fifteen percent (15%) of the total area of the Premises immediately prior to such acquisition or condemnation, or if, by reason of such acquisition or condemnation, Tenant no longer has reasonable means of access to the Premises, Tenant, at Tenant's option, may give to Landlord, within sixty (60) days next following the date upon which Tenant shall have received notice of vesting of title, a thirty (30) days' notice of termination of this Lease. If any such thirty (30) days' notice of termination is given by Landlord or Tenant, this Lease and the Term shall come to an end and expire upon the expiration of said thirty (30) days with the same effect as if the date of expiration of said thirty (30) days were the Expiration Date. If a part of the Premises shall be so acquired or condemned and this Lease and the Term shall not be terminated pursuant to

the foregoing provisions of this Section 11.1, Landlord, at Landlord's expense, shall restore that part of the Premises not so acquired or c ondemned to a self-contained rental unit inclusive of Tenant's Alterations other than Specialty Alterations (provided, however, that Landlord shall not be obligated to restore or replace any Alterations unless Tenant shall have theretofore notified Landlord of the completion of such Alterations and the cost thereof, and shall have maintained adequate records with respect to such Alterations), except that if such acquisition or condemnation occurs prior to completion of the Initial Alterations, Landlord shall only be required to restore that part of the Premises not

so acquired or condemned to a self-contained rental unit exclusive of Tenant's Alterations. Upon the termination of this Lease and the Term pursuant to the provisions of this Section 11. 1, the Fixed Rent and Escalation Rent shall be apportioned and any prepaid portion of Fixed Rent and Escalation Rent for any period after such date shall be refunded by Landlord to Tenant.

Section 11.2 In the event of any such acquisition or condemnation of all or any part of the Real Property, Landlord shall be entitled to receive the entire award for any such acquisition or condemnation, including any award made for the value of the estate vested in Tenant by, or the unexpired term of, this Lease, Tenant shall have no claim against Landlord or the condemning authority for the value of any unexpired portion of the Term and Tenant hereby expressly assigns to Landlord all of its right in and to any such award. Nothing contained in this Section 11.2 shall be deemed to prevent Tenant from making a separate claim in any condemnation proceedings for the then value of any Tenant's Property included in such taking, and for any moving expenses.

Section 11.3 If the whole or any part of the Premises shall be acquired or condemned temporarily during the Term for any public or quasi-public use or purpose, Tenant shall give prompt notice thereof to Landlord and the Term shall not be reduced or affected in any way and Tenant shall continue to pay in full all items of Rental payable by Tenant hereunder without reduction or abatement, and Tenant shall be entitled to receive for itself any award or payments for such use, provided, however, that:

(a) if the acquisition or condemnation is for a period not extending beyond the Term and if such award or payment is made less frequently than in monthly installments, the same shall be paid to and held by Landlord as a fund which Landlord shall apply from time-to-time to the Rental payable by Tenant hereunder, except that, if by reason of such acquisition or condemnation changes or alterations are required to be made to the Premises which would necessitate an expenditure to restore the Premises, then a portion of such award or payment considered by Landlord as appropriate to cover the expenses of the restoration shall be retained by Landlord, without application as aforesaid, and applied toward the restoration of the Premises as provided in Section 11.1 hereof, or

(b) if the acquisition or condemnation is for a period extending beyond the Term, such award or payment shall be apportioned between Landlord and Tenant as of the Expiration Date; Tenant's share thereof, if paid less frequently than in monthly installments, shall be paid to Landlord and applied in accordance with the provisions of clause (a) above, provided, however, that the amount of any award or payment allowed or retained for restoration of the Premises shall remain the property of Landlord if this Lease shall expire prior to the restoration of the Premises.

ARTICLE 12

ASSIGNMENT. SUBLETTING. MORTGAGE, ETC.

Section 12.1

(a) Without the prior consent of Landlord in each instance, which consent, in the case of clauses (i), (iii) or (iv) below (and subject to compliance by Tenant with the provisions of Sections 12.6, 12.7 and 12.8 below), shall not be unreasonably withheld or delayed, Tenant shall not (i) assign its rights or delegate its duties under this Lease (whether by operation of law, transfers of interests in Tenant or otherwise), (ii) mortgage or encumber its interest in this Lease, in whole or in part, (iii) sublet, or permit the subletting of, the Premises or any part thereof, or (iv) permit the Premises or any part thereof to be occupied or used for desk space, mailing privileges or otherwise, by any Person other than Tenant.

(b) Notwithstanding the provisions of Section 12. 1(a), provided that no Event of Default shall have occurred and be continuing, Tenant shall have the right, without Landlord's consent (but upon not less than ten (10) Business Day's prior written notice to Landlord as hereinafter set forth), to assign this Lease or to sublease all or a portion or portions of the Premises (for uses permitted to Tenant under Article 2) to any "Affiliate" (hereinafter defined) of Tenant, but only for such period as such Affiliate remains an Affiliate of Tenant. For the purposes of this Article 12, an "Affiliate" of Tenant shall mean a corporation, partnership or other entity which controls, or is controlled by, or is under common control with, Tenant. If Tenant shall assign this Lease or sublease all or any part of the Premises to any Affiliate of Tenant in accordance with this Section 12.1(b), the notice to Lan dlord as set forth above shall be accompanied by proof in reasonable detail that such person is an Affiliate of Tenant and by the Tenant Statement required by Section 12.6, or the Assignment Statement required by Section 12.7, as appropriate, together with a copy of either the sublease or the assignment agreement, as appropriate. Any such assignment to or sublease with an Affiliate of Tenant shall be subject to the terms and conditions of Sections 12.6 and 12.7 as to a sublease and Section 12.8 as to an assignment.

(c) If this Lease is assigned to any person or entity pursuant to the provisions of the Bankruptcy Code, any and all monies or other consideration payable or otherwise to be delivered in connection with such assignment shall be paid or delivered to Landlord, shall be and remain the exclusive property of Landlord and shall not constitute property of Tenant or of the estate of Tenant within the meaning of the Bankruptcy Code. Any and all monies or other consideration constituting Landlord's property under the preceding sentence not paid or delivered to Landlord shall be held in trust for the benefit of Landlord and shall be promptly paid to or turned over to Landlord.

Section 12.2

(a) If Tenant's interest in this Lease is assigned in violation of the provisions of this Article 12, such assignment shall be void and of no force and effect against Land-lord; provided, however, that Landlord may collect an amount equal to the then Fixed Rent plus any other item of Rental from the assignee as a fee for its use and occupancy, and shall apply the net amount collected to the Fixed Rent and other items of Rental reserved in this Lease. If the Premises or any part thereof are sublet to, or occupied by, or used by, any Person other than Tenant, whether or not in violation of this Article 12, Landlord, after default by Tenant under this Lease, including, without limitation, a subletting or occupancy in violation of this Article 12, may collect any item of Rental or other sums paid by the subtenant, user or occupant as a fee for its use and occupancy, and shall apply the net amount collected to the Fixed Rent and other items of Rental reserved in this Lease. No such assignment, subletting, occupancy or use, whether with or without Landlord's prior consent, nor any such collection or application of Rental or fee for use and occupancy, shall be deemed a waiver by Landlord of any term, coven-ant or condition of this Lease or the acceptance by Landlord of such assignee, subtenant, occupant or user as tenant hereunder. The consent by Landlord to any assignment, subletting, occupancy or use shall not relieve Tenant from its obligation to obtain the express prior consent of Landlord to any further assignment, subletting, occupancy or use.

(b) Tenant shall, subject to the following sentence, reimburse Landlord on demand for any reasonable out-of-pocket expenses that may be incurred by Landlord in connection with any proposed assignment of Tenant's interest in this Lease

or any proposed subletting of the Premises or any part thereof (as distinct from and in addition to the reimbursement to Landlord of its out-of-pocket expenses in connection with the review by Landlord of plans and specifications in connection with any Tenant's Alterations in connection with the occupancy of the subtenant or assignee), including, without limitation, any reasonable attorneys' fees and disbursements. In the case of any particular assignment or subletting, such reimbursement shall not exceed Two Thousand Dollars ($2,000.00) during the first year of the term of this Lease, which sum shall increase during each subsequent year by increases in the Cons umer Price Index.

(c) Neither any assignment of Tenant's interest in this Lease nor any subletting, occupancy or use of the Premises or any part thereof by any Person other than Tenant, nor any collection of Rental by Landlord from any Person other than Tenant as provided in this Section 12.2, nor any application of any such Rental as provided in this Section 12.2 shall, in any circumstances, relieve Tenant of its obligations under this Lease on Tenant's part to be observed and performed.

(d) Any Person to which this Lease is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Lease on and after the date of such assignment. Any such assignee shall execute and deliver to Landlord upon demand an instrument confirming such assumption.

No assignment of this Lease shall relieve Tenant of its obligations hereunder and, subsequent to any assignment, Tenant's liability hereunder shall continue notwithstanding any subsequent modification or amendment hereof or the release of any subsequent tenant hereunder from any liability, to all of which Tenant hereby consents in advance.

Section 12.3

(a) If Tenant assumes this Lease and proposes to assign the same pursuant to the provisions of the Bankruptcy Code to any Person who shall have made an offer to accept an assignment of this Lease on terms acceptable to Tenant, then notice of such proposed assignment shall be given to Landlord by Tenant no later than twenty (20) days after receipt by Tenant, but in any event no later than ten (10) days prior to the date that Tenant shall make application to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption. Such notice shall set forth (i) the name and address of such Person, (ii) all of the terms and conditions of such offer, and (iii) adequate assurance of future performance by such Person under the Lease as set forth in Paragraph (B) below, including, without limitation, the assurance referred to in Section 365(b) (3) of the Bankruptcy Code. Landlord shall have the prior right and option, to be exercised by notice to Tenant given at any time prior to the effective date of such proposed assignment, to accept an assignment of this Lease upon the same terms and conditions and for the same consideration, if any, as the offer made by such Person, less any brokerage commissions which would otherwise be payable by Tenant out of the consideration to be paid by such Person in connection with the assignment of this Lease.

(b) The term "adequate assurance of future performance" as used in this Lease shall mean that any proposed assignee shall, among other things, (i) deposit with Land-lord on the assumption of this Lease a sum equal to one half of the then annual Fixed Rent as security for the faithful performance and observance by such assignee of the terms and obligations of this Lease, which sum shall be held by Landlord, (ii) furnish Landlord with a financial statement of such assignee for the prior fiscal year of such proposed assignee, as finally determined after an audit and certified as correct by a certified public accountant, together with a financial statement covering the period from the end of the prior fiscal year to and including the month prior to the month in which notice is given to Landlord pursuant to Section 12.3(a), each of which financial statements shall show a net worth of at least six (6) times the then annual Fixed Rent for each of such year, and (iii) provide such other information or take such action as Landlord, in its reasonable judgment shall determine is necessary to provide adequate assurance of the performance by such assignee of its obligations under the Lease.

Section 12.4 Either a transfer (including the issuance of treasury stock or the creation and issuance of new stock or a new class of stock) of a controlling interest in the shares of stock of Tenant (if Tenant is a corporation or trust) or a transfer of a majority of the interests in or Control of Tenant (if Tenant is a partnership or other entity) at any one time or over a period of time through a series of transfers, shall be deemed an assignment of this Lease and

shall be subject to all of the provisions of this Article 12, including, without limitation, the requirement that Tenant obtain Landlord's prior consent thereto. The transfer of shares of Tenant (if Tenant is a corporation or trust) for purposes of this Section 12.4 shall not include the sale of shares by persons other than those deemed "insiders" within the meaning of the Securities Exchange Act of 1934, as amended, which sale is effected through the "over-the-counter market" or through any recognized stock exchange.

Section 12.5 If, at any time after the originally named Tenant herein shall have assigned Tenant's interest in this Lease, this Lease shall be disaffirmed or rejected in any proceeding of the types described in paragraph (e) of Section 16.1 hereof, or in any similar proceeding, or in the event of termination of this Lease by reason of any such proceeding or by reason of lapse of time following notice of termination given pursuant to said Article 16 based upon any of the Events of Default set forth in such paragraph, any prior Tenant, including, without limitation, the originally named Tenant, upon request of Landlord given within thirty (30) days next following any such disaffirmance, rejection or termination (and actual notice thereof to Landlord in the event of a disaffirmance or rejection or in the event of termination other than by act of Landlord), shall (a) pay to Landlord all Fixed Rent, Escalation Rent and other items of Rental due and owing by the assignee to Landlord under this Lease to and including the date of such disaffirmance, rejection or termination, and (b) as "tenant", enter into a new lease with Landlord of the Premises for a term commencing on the effective date of such disaffirmance, rejection or termination and endin g on the Expiration Date, unless sooner terminated as in such lease provided, at the same Fixed Rent and upon the then executory terms, covenants and condi-tions as are contained in this Lease, except that (i) Tenant's rights under the new lease shall be subject to the possessory rights of the assignee under this Lease and the possessory rights of any person claiming through or under such assignee or by virtue of any statute or of any order of any court, (ii) such new lease shall require all defaults existing under this Lease to be cured by Tenant with due diligence, and (iii) such new lease shall require Tenant to pay all Escalation Rent reserved in this Lease which, had this Lease not been so disaffirmed, rejected or terminated, would have accrued under the provisions of Article 27 hereof after the date of such disaffirmance, rejection or termination with respect to any period prior thereto. If any such prior Tenant shall default in its obligation to enter into said new lease for a period of ten (10) days next following Landlord's request therefor, then, in addition to all other rights and remedies by reason of such default, either at law or in equity, Landlord shall have the same rights and remedies against such Tenant as if such Tenant had entered into such new lease and such new lease had thereafter been terminated as of the commencement date thereof by reason of such Tenant's default thereunder.

Section 12.6

(a) As a condition to the effectiveness of any sublease, every subletting hereunder is subject to the following conditions:

(i) no Event of Default shall have occurred and be continuing both at the time that Tenant shall have requested Landlord's consent to the subletting and at the commencement of the term of the proposed sublease;

(ii) on the day Tenant delivers the Tenant Statement to Landlord and upon the date immediately preceding the commencement date of any sublease

approved by Landlord, the proposed subtenant shall have a financial standing which is reasonable in comparison with the obligations of the subtenant contemplated under the sublease and shall be of good character;

(iii) the Premises shall not have been listed or otherwise advertised in a manner which would reflect detrimentally on the Building or Landlord;

(iv) the proposed subtenant (or any Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, the proposed subtenant) shall not be a tenant, subtenant or occupant of any space in the Building or the Kent Building, nor shall the proposed subtenant (or any Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, the proposed subtenant) be a Person with whom Landlord is negotiating or discussing the lease of space in the Building or the Kent Building; if Tenant shall propose to sublease space and is about to commence negotiations with a tenant, subtenant, occupant or prospective subtenant, Tenant shall advise Landlord of the identity of such prospective subtenant and Landlord shall promptly advise Tenant if the execution of a sublease with such tenant, subtenant, occupan t or prospective subtenant would violate the provisions of this clause (iv);

(v) the sublease shall expressly provide that (and whether or not the sublease shall so provide, it shall be deemed that) it is subject to all of the terms, covenants, conditions and obligations on Tenant's part to be observed and performed under this Lease (including the provisions of Article 2) and the further condition and restriction that the sublease shall not be modified without the prior written consent of Landlord, which consent, as to non-material modifications, shall not be unreasonably withheld, or assigned, encumbered or otherwise transferred or the subleased premises further sublet by the subtenant in whole or in part, or any part thereof suffered or permitted by the subtenant to be used or occupied by others, without the prior written consent of Landlord in such instance;

(vi) an executed copy of the proposed sublease shall have been submitted to Landlord together with the Tenant Statement required by Section 12.6(b);

(vii) at no time shall there be more than six (6) occupants, including Tenant, in the entire Premises; and

(viii) the sublease shall expressly provide that (and whether or not the sublease shall so provide, it shall be deemed that) in the event of termination, re-entry or dispossess of Tenant by Landlord under this Lease, Landlord may, at its option, take over all of the right, title and interest of Tenant, as sublessor under such sublease, and such subtenant, at Landlord's option, shall attorn to Landlord pursuant to the then executory provisions of such sublease, except that Landlord shall not be:

(1) liable for any act or omission of Tenant under such sublease, or

(2) subject to any defense or offsets which such subtenant may have against Tenant, or

(3) bound by any previous payment which such subtenant may have made to Tenant of more than thirty (30) days in advance of the date upon which such payment was due, unless previously approved by Landlord, or

(4) bound by any obligation to make any payment to or on behalf of such subtenant, or

(5) bound by any obligation to perform any work or to make improvements to the Premises, or portion thereof demised by such sublease, or

(6) bound by any amendment or modification of such sublease made without its consent, or

(7) bound to return such subtenant's security deposit, if any, until such deposit has come into its actual possession and such subtenant would be entitled to such security deposit pursuant to the terms of such sublease.

If Tenant proposes to sublet a portion of the Premises then, unless the context otherwise requires, references in this Section 12.6 to the Premises shall be deemed to refer to the portion of the Premises proposed to be sublet by Tenant.

(b) At least fifteen (15) Business Days prior to the proposed commencement date of any proposed subletting of all or any portion of the Premises, Tenant shall submit a statement to Landlord (a "Tenant Statement") containing the following information: (i) the name and address of the proposed subtenant, (ii) a description of the portion of the Premises to be sublet, (iii) the terms and conditions of the proposed subletting, including, without limitation, the rent payable and the value of any improvements (including any demolition to be performed) to the Premises for occupancy by such subtenant [which requirement may be satisfied by Tenant submitting to Landlord a copy of the proposed sublease provided that such

sublease has all of the terms and conditions of the proposed subletting as required by this clause (iii)], (iv) the nature and character of the business of the proposed subtenant, and (v) any other information that Landlord may reasonably request, together with a statement specifically directing Landlord's attention to the provisions of this Section 12.6(b) requiring Landlord to respond to Tenant's request within fifteen (15) Business Days after Landlord's receipt of the Tenant Statement. Landlord shall respond in writing to Tenant's request within fifteen (15) Business Days after Landlord's receipt of the Tenant Statement, advising whether Landlord consents to the proposed subletting. If Landlord shall fail to notify Tenant within said fifteen (15) Business Day period of Landlord's consent to or disapproval of the proposed subletting, Tenant shall have the right to sublease that portion of the Premises to such proposed subtenant on the same terms and conditions set forth in the Tenant Statement. If Tenan t shall not enter into such sublease within sixty (60) days after the delivery of the Tenant Statement to Landlord, then the provisions of Section 12.1 hereof and this Section 12.6 shall again be applicable to such unconsummated sublease and any other proposed subletting.

Section 12.7

(a) In connection with any subletting of all or any portion of the Premises, Tenant shall pay to Landlord, sums in respect of Sublease Profit derived therefrom, as follows:

(i) Landlord shall not be entitled to the payment of any Sublease Profit derived from a subletting of (or sublettings totalling in the aggregate) ten thousand two hundred fifty (10,250) rentable square feet or less;

(ii) at such time as there shall be in existence, sublettings which, in the aggregate, are for more than ten thousand two hundred fifty (10,250) square feet and less than or equal to twenty thousand five hundred (20,500) square feet, Landlord shall be entitled to payment of an amount equal to thirty-seven and one-half percent (37 1/2%) of all Sublease Profit derived from all such sublettings; and

(iii) at such time as there shall be in existence, sublettings which, in the aggregate, exceed twenty thousand five hundred (20,500) square feet, Landlord shall be entitled to payment of an amount equal to fifty percent (50%) of all Sublease Profit derived from all such sublettings.

All sums payable hereunder by Tenant shall be calculated on an annualized basis, but shall be paid to Landlord, as additional rent, within five (5) days after receipt thereof by Tenant. Tenant shall use all reasonable efforts to collect all rent and additional rent from any subtenants. For the purposes of this Section 12.7(a), Tenant's "reasonable efforts" shall include, under those circumstances where it is reasonable and prudent, the institution of legal actions or proceedings;

(b) For purposes of this Lease:

(i) **"Rent Per Square Foot"** shall mean the sum of the then Fixed Rent and Escalation Rent divided by the Space Factor;

(ii) **"Sublease Profit"** shall mean the product of (x) the Sublease Rent Per Square Foot less the Rent Per Square Foot, and (y) the number of rentable square feet constituting the portion of the Premises sublet by Tenant;

(iii) **"Sublease Rent"** shall mean any rent or other consideration paid to Tenant (no amount shall be included therein in respect of free rent periods) directly or indirectly by any subtenant or any other amount received by Tenant from or in connection with any subletting, including, but not limited to, sums paid for the sale or rental, or consideration received on account of any contribution, of Tenant's Property or sums paid in connection with the supply of electricity or HVAC less the Sublease Expenses;

(iv) **"Sublease Expenses"** shall mean: (A) in the event of a sale of Tenant's Property, the then fair market value thereof, (B) the actual reasonable out-of-pocket costs and expenses of Tenant in making such sublease, such as brokers' fees, attorneys' fees, and advertising fees paid to unrelated third parties (which costs and expenses shall not exceed the cost and expenses which are then usual and customary in Manhattan for subleases of comparable space), (C) any sums paid to Landlord pursuant to Section 12.2(b) hereof, (D) the cost of improvements or alterations made by Tenant expressly and solely for the purpose of preparing that portion of the Premises for such subtenancy if not used by Tenant subsequent to the expiration of the term of the sublease (other than for a de minimis period of time), (E) any other commercially reasonable and m arketing costs (which are usual and customary in connection with the marketing of comparable space) incurred by Tenant in connection with a subletting, and (F) the then fair rental value of any Tenant's Property leased to and used by such subtenant. In determining Sublease Rent, the costs set forth in clauses (B), (C) and (D) shall be amortized on a straight-line basis over the period of time same is required to be amortized by Tenant for federal income tax purposes and the costs set forth in clause (E) shall be amortized on a straight line basis over the shorter of the period of time required to be amortized by Tenant for federal income tax purposes and the term of the sublease;

(v) **"Sublease Rent Per Square Foot"** shall mean the Sublease Rent divided by the rentable square feet of the space demised under the sublease in question;

(c) Sublease Profit shall be recalculated from time-to-time to reflect any corrections in a prior calculation thereof due to (A) subsequent payments received or made by Tenant, (B) the final adjustment of payments to be made by or to Tenant, and (C) mistake. Promptly after receipt or final adjustment of any such payments or discovery of any such mistake, Tenant shall submit to Landlord a recalculation of the Sublease Profit, and an adjustment

shall be made between Landlord and Tenant, on account of prior payments made or credits received pursuant to this Section 12.7. In addition, if Sublease Expenses utilized for the purpose of calculating Sublease Profit included an amount attributable to the cost of the improvements made by Tenant expressly and solely for the purpose of preparing the Premises or a portion thereof for the occupancy of the subtenant and subsequent to the expiration of the sublease such improvements and/or alterations were not demolished and/or removed, Sublease Profits shall be recalculated as if the cost of such improvements and/or alterations were not, to the extent of the value thereof then remaining, incurred by Tenant and Tenant promptly shall pay to Landlord the applicable percentage of the additional amount of such Sublease Profit, resulting from such recalculation.

Section 12.8

(a) As a condition to the effectiveness of any assignment of this Lease, every assignment of this Lease is subject to the following conditions:

(i) no Event of Default shall have occurred and be continuing both at the time that Tenant shall have requested Landlord's consent to the assignment and on the effective date of such assignment;

(ii) on the day Tenant delivers the Assignment Statement to Landlord and upon the date immediately preceding the effective date of any assignment approved by Landlord, the proposed assignee shall have a financial standing which is reasonable in comparison with the obligations of the proposed assignee under this Lease and shall be of good character;

(iii) the Premises shall not have been listed or otherwise advertised in a manner which would reflect detrimentally on the Building or Landlord;

(iv) the proposed assignee (or any Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, the proposed assignee) shall not be a tenant, subtenant or occupant of any space in the Building or the Kent Building, nor shall the proposed assignee (or any Person who, directly or indirectly, Controls, is Controlled by, or is under common Control with, the proposed subtenant) be a Person with whom Landlord is negotiating or discussing the lease of space in the Building or the Kent Building at the time of receipt of an Assignment Statement. If Tenant shall propose to assign this Lease and is about to commence negotiations with a prospective assignee, Tenant shall advise Landlord of the identity of such prospective assignee and Landlord shall promptly (but in no event more than five (5) days after being so advised) , advise Tenant whether Landlord is then so negotiating with such prospective assignee;

(v) an executed copy of the proposed assignment and assumption agreement shall have been submitted to Landlord along with the Assignment Statement required by Section 12.8(b); and

(vi) the proposed assignment and assumption agreement shall expressly provide that (and whether or not the proposed assignment and assumption agreement shall so provide, it shall be deemed that) the assignee shall agree to assume all of the obligations of Tenant under this Lease from and after the date of the assignment.

(b) (i) At least fifteen (15) Business Days prior to the effective date of any proposed assignment, Tenant shall submit a statement to Landlord (the "Assignment Statement") containing the following information; (A) the name and address of the proposed assignee, (B) the essential terms and conditions of the proposed assignment, including, without limitation, the consideration payable for such assignment and the value of any improvements (including any demolition to be performed) to the Premises proposed to be made by Tenant to prepare the Premises for occupancy by such assignee, Landlord agreeing that Tenant may satisfy such obligation by submitting a copy of the proposed assignment and assumption agreement (provided that the proposed assignment and assumption agreement contains all of the terms and conditions required by this clause 12.8(b)(i)(B)), (C) the nature and character of the business of the proposed assignee, and (D) any other information that Landlord may reasonably request, together with a statement specifically directing Landlord's attention to the provisions of this Section 12.8(b) requiring Landlord to respond to Tenant's request with in fifteen (15) Business Days after Landlord's receipt of the Assignment Statement. The Assignment Statement shall be executed by Tenant and the proposed assignee and shall indicate both parties' intent (but not necessarily binding obligation) to enter into an assignment agreement conforming to the terms and conditions of the Assignment Statement and on such other terms and conditions to which the parties may agree which are not inconsistent with the essential terms set forth in the Assignment Statement.

(ii) Landlord shall respond in writing to Tenant within fifteen (15) Business Days after Landlord's receipt of the Assignment Statement,

advising whether Landlord consents to the proposed assignment.

(iii) If Landlord shall fail to notify Tenant within said fifteen (15) Business Day period of Landlord's consent to or disapproval of the proposed assignment, or if Landlord shall consent to such assignment as provided in Section 12.8(a) hereof, Tenant shall have the right to assign this Lease to such proposed assignee on the same terms and conditions set forth in the Assignment Statement. If Tenant shall not enter into such assignment within sixty (60) days after the delivery of the Assignment Statement to Landlord, then the provisions of this Section 12.8 shall again be applicable in their entirety to any proposed assignment.

(iv) If Tenant shall assign this Lease, Tenant shall deliver to Landlord, within five (5) days after execution thereof, (A) a duplicate original instrument of assignment

in form and substance reasonably satisfactory to Landlord, duly executed by Tenant, and (B) an instrument in form and substance reasonably satisfactory to Landlord, duly executed by the assignee, in which such assignee shall assume observance and performance of, and agree to be bound by, all of the terms, covenants and conditions of this Lease on Tenant's part to be observed and performed.

(v) Tenant shall pay to Landlord, upon Tenant's receipt thereof, an amount equal to fifty percent (50%) of all Assignment Proceeds. For purposes of this paragraph (v), "Assignment Proceeds" shall mean all consideration payable to Tenant, directly or indirectly, by any assignee, or any other amount received by Tenant from or in connection with any assignment (including, but not limited to, sums paid for the sale or rental, or consideration received on account of any contribution, of Tenant's Property) after deducting therefrom: (A) in the event of a sale (or contribution) of Tenant's Property, the then fair market value thereof, (B) the reasonable out-of-pocket costs and expenses of Tenant in making such assignment, such as brokers' fees, attorneys' fees, and advertising fees paid to unrelated third parties (which costs and expenses shall not exc eed the cost and expenses which are then usual and customary for assignments of leases of comparable space in class A office buildings in midtown Manhattan), (C) any payments required to be made by Tenant in connection with the assignment of its interest in this Lease pursuant to Article 31-B of the Tax Law of the State of New York or any real property transfer tax of the United States or the City or State of New York (other than any income tax), (D) any sums paid by Tenant to Landlord pursuant to Section 12.2(B) hereof, (E) the reasonable cost of improvements or alterations made by Tenant expressly and solely for the purpose of preparing the Premises for such assignment (provided that such costs are both reasonable and customary in connection with leases then being entered into for comparable space in class A office buildings in midtown Manhattan), (F) the unamortized or undepreciated cost of any Tenant's Property leased to and used by such assignee, and (G) any other commercially reasonably marketing costs (which costs and expenses shall not exceed the cost and expenses which are then usual and customary in Manhattan for subleases of comparable space) incurred by Tenant in connection with Tenant's assignment of the Lease. If the consideration paid to Tenant for any assignment shall be paid in installments, then the expenses specified in this paragraph (vi) shall be amortized over the period during which such installments shall be payable. With respect to the costs amortized pursuant to clause (F) above, the unamortized or undepreciated costs shall be determined on a straight-line basis utilizing the method of amortization used by Tenant for federal income tax purposes.

(c) Landlord shall have the right to require that the assignee deposit with Landlord, in the manner contemplated by Article 31 hereof, a security deposit in the amount of two (2) monthly installments of the Fixed Rent due and payable as of the effective date of the proposed assignment.

Section 12.9 Tenant shall not occupy any space in the Building or the Kent Building (by assignment, sublease or otherwise) other than the Premises, except with the prior written consent of Landlord in each instance.

ARTICLE 13

ELECTRICITY

Section 13.1

(a) Tenant shall at all times comply with the rules, regulations, terms and conditions applicable to service, equipment, wiring and requirements of the public utility company supplying electricity to the Building. The risers serving the Premises shall be capable of supplying seven (7) watts of electricity per rentable square foot of the Premises (exclusive of power for HVAC service through the Building Systems), and Tenant shall not use any electrical equipment which, in Landlord's reasonable judgment, would exceed such capacity or interfere with the electrical service to other tenants of the Building.

(b) If Tenant's electrical requirements exceed seven (7) watts per rentable square foot to such an extent as, in Landlord's reasonable judgment, would necessitate installation of an additional riser, risers or other proper and necessary equipment, Landlord shall so notify Tenant of same. Within five *(5)* Business Days after receipt of such notice, Tenant shall either cease such use of such additional electricity or shall request that additional electrical capacity (specifying the amount requested) be made available to Tenant. Landlord, in Landlord's sole (but reasonable) judgment, shall determine whether to make available such additional electrical capacity to Tenant and the amount of such additional electrical capacity to be made available. If Landlord shall agree to make available additional electrical capacity and the same necessitates installation of an additional riser, risers or o ther proper and necessary equipment, including, without limitation, any switch-gear, the option which is least expensive to Tenant shall be installed by Landlord. Any such installation shall be made at Tenant's sole cost and expense, and shall be chargeable and collectible as additional rent and paid within thirty (30) days after the rendition of a bill to Tenant therefor. Landlord shall not be liable in any way to Tenant for any failure or defect in the supply or character of electric service furnished to the Premises by reason of any requirement, act or omission of the utility company serving the Building or for any other reason not attributable to the gross negligence or willful malfeasance of Landlord, whether electricity is provided by public or private utility company or by any electricity generation system owned and operated by Landlord.

Section 13.2

(a) Unless Landlord elects or is required to have Tenant obtain electricity from the public utility company furnishing electricity to the Building pursuant to the provisions of Section 13.4 hereof, electricity shall be supplied by Landlord to the Premises and, for the

period from and after the Rent Commencement Date, Tenant shall pay to Landlord, as additional rent for such service, the amounts (the "Electricity Additional Rent") as determined by a meter or submeter (installed by Landlord as part of Landlord's Work for the purpose of measuring such consumption) at the Cost Per Kilowatt Hour under the service classification in effect pursuant to which Landlord purchases electricity, plus an amount equal to three percent (3%) of the Electricity Additional Rent as Landlord's administrative charge for overhead and supervision. In no event shall Tenant be required to pay any Electricity Additional Rent or administrative charge thereon for the period from the Commencement Date to the Rent Commencement Date.

(b) Where more than one meter measures the electricity supplied to Tenant, the electricity rendered through each meter may be computed and billed separately in accordance with the provisions of Section 13.2(a). Bills for the Electricity Additional Rent and the administrative charge based thereon shall be

rendered to Tenant from time to time at such times as Landlord may elect, and Tenant shall pay the amount shown thereon to Landlord within ten (10) days after receipt of such bill. Upon Tenant's request, Landlord shall provide to Tenant a copy of the utility bill utilized by Landlord to determine the Costs Per Kilowatt Hour which was, in turn, utilized to determine the Electricity Additional Rent for the then current bill therefor.

(c) If electricity shall hereafter be supplied to the Building on a "primary service" basis from the public utility company, Tenant shall not be required to pay to Landlord, as Escalation Rent or otherwise, any portion of the costs incurred by Landlord in converting the Building to such "primary service," and in such event, the 3% charge provided for in Section 13.2 (a) above shall no longer apply.

Section 13.3

(a) If Tenant shall, in good faith, believe that the electrical meters or submeters servicing the Premises are not accurately measuring Tenant's electricity consumption in the Premises, Tenant shall have the right, upon written notice to Landlord, to have a reputable, licensed and independent electrical consultant inspect the meters or submeters, at Tenant's sole expense, to determine the accuracy of such meters or submeters. If Tenant's consultant determines that the meters or submeters are not accurately measuring Tenant's electricity consumption in the Premises, Tenant shall immediately give written notice thereof to Landlord, which notice shall be accompanied by a written report and certification by Tenant's electrical consultant specifying in detail all respects in which the electric meters or submeters are not accurately (to ANSI standards) measuring Tenant's electrical consumption in t he Premises and any specific deficiencies in the meters or submeters. Upon receipt of Tenant's electrical consultant's report and certification, Landlord shall have the right to have Landlord's reputable, licensed and independent electrical consultant inspect, at Landlord's sole expense, the electric meters and submeters servicing the Premises. Upon completion of the inspection by

Landlord's electrical consultant, Landlord shall provide to Tenant a copy of the written report and certification of Landlord's consultant. If the reports and certifications of the two electrical consultants do not agree, they shall together promptly seek to resolve any differences. If the two consultants cannot resolve their differences, they shall choose a third reputable, licensed and independent electrical consultant, the cost of which shall be shared equally by Landlord and Tenant, to make a similar inspection of the electric meters and submeters, and the determination of the third electrical consultant (which shall be made by means of a similar written report and certification) shall be binding upon Landlord and Tenant.

(b) If pursuant to Section 13.3(a) it shall be determined that the electric meters or submeters servicing the Premises are not accurately (to ANSI standards) measuring Tenant's electricity consumption in the Premises, Landlord shall, at its cost and expense, make such repairs (or replacements) to the electric meters or submeters as shall be necessary so that such meters or submeters are accurate to ANSI standards. Until the date that such repairs (or replacements) are completed, Tenant shall continue to pay to Landlord the Electricity Additional Rent and administrative charge as billed by Landlord to Tenant pursuant to Section 13.2(a). Following completion of such repairs, Landlord and Tenant shall adjust the payments of Electricity Additional Rent and the administrative charge for the period from the date of Tenant's notice to Landlord (given pursuant to Section 13.3(a)), to and including th e date of completion of the repairs (or replacements) to the electric meters or submeters, and the amount of any overpayment by Tenant shall be automatically credited against the next succeeding installments of Electricity Additional Rent thereafter due. In no event shall Tenant be entitled to any adjustment for Electricity Additional Rent for any period prior to the date of Tenant's notice to Landlord.

Section 13.4 If Landlord shall be required to discontinue furnishing electricity to Tenant (which it shall only do if it is required to do so and only if it shall simultaneously discontinue furnishing electricity to all other tenants of the Building), Landlord shall give Tenant notice thereof and this Lease shall continue in full force and effect and shall be unaffected thereby, except that from and after the

effective date of such discontinuance, Landlord shall not be obligated to furnish electricity to Tenant and Tenant shall not be obligated to pay the Electricity Additional Rent. Landlord shall not discontinue furnishing electricity to the Premises until Tenant shall be able to obtain electricity directly from the public utility company and any necessary installations to enable Tenant to do so have been made. If Landlord so discontinues furnishing electricity to Tenant, Tenant shall make all necessary arrangements to obtain electric energy directly from the public utility company furnishing e lectric service to the Building. The costs of such service shall be paid by Tenant directly to such public utility. Such electricity may be furnished to Tenant by means of the existing electrical facilities serving the Premises, at no charge, to the extent the same are available, suitable and safe for such purposes as determined by Landlord. All meters and all additional panel boards, feeders, risers, wiring and other conductors and equipment which may be required for Tenant to obtain electricity directly shall be installed by Landlord and the actual, reasonable out-of-pocket costs incurred by Landlord so

doing shall be shared equally by Landlord and Tenant (should any such feeders, risers, wiring and other conductors and equipment service other premises in addition to the Premises, the costs thereof shall be allocated pro rata to each of the premises serviced thereby, including the Premises, and the portion of such costs which are allocated to the Premises shall be shared equally by Landlord and Tenant, as aforesaid), Tenant's portion thereof being payable to Landlord as additional rent within thirty (30) days following demand therefore, which demand shall be accompanied by reasonably satisfactory evidence of such costs.

ARTICLE 14

ACCESS TO PREMISES

Section 14.1

(a) Tenant shall permit Landlord, Landlord's agents, representatives, con-tractors and employees and public utilities servicing the Building to erect, use and maintain, concealed ducts, pipes and conduits in and through the Premises. Landlord, Landlord's agents, representatives, contractors, and employees and the agents, representatives, contractors, and employees of public utilities servicing the Building shall have the right to enter the Premises at all reasonable times upon reasonable prior notice (except in the case of an emergency in which event Landlord and Landlord's agents, representatives, contractors, and employees may enter without prior notice to Tenant), which notice may be oral, to examine the same, to show them to prospective purchasers, or prospective or existing Mortgagees or Lessors, and to make such repairs, alterations, improvements, additions or restorations (i) as Landlord may deem necessary to the Premises or to any other portion of the Building, or (ii) which Landlord may elect to perform following ten (10) days after notice, except in the case of an emergency (in which event Landlord and Landlord's agents, representatives, contractors, and employees may enter without prior notice to Tenant), following Tenant's failure to make repairs or perform any work which Tenant is obligated to make or perform under this Lease after any applicable notice and/or grace period herein provided, or (iii) for the purpose of complying with any Requirements, a Superior Lease or a Mortgage, and Landlord shall be allowed to take all material into and upon the Premises that may be required therefor without the same constituting an eviction or constructive eviction of Tenant in whole or in part and the Fixed Rent (and any other item of Rental) shall in no way abate while said repairs, alterations, improvements, additions or restorations are being made (except if the Premises are thereby rendered wholly untenantable and then only to the extent specifically set forth in this Lease), nor shall Landlord be liable to Tenant by reason of loss or interruption of business of Tenant, or otherwise. In connection with entry to the Premises, Landlord shall use all reasonable eff orts to minimize any interference with Tenant's use and occupancy of the Premises and its business operations therein.

(b) Any work performed or installations made pursuant to this Article 14 shall be made with reasonable diligence and otherwise pursuant to the provisions of Section 4.3 hereof.

(c) Except as hereinafter provided, any pipes, ducts, or conduits installed in or through the Premises pursuant to this Article 14 shall be concealed behind, beneath or within partitioning, columns, ceilings or floors located or to be located in the Premises. Notwithstanding the foregoing, any such pipes, ducts, or conduits may be furred at points immediately adjacent to partitioning columns or ceilings located or to be located in the Premises, provided that the same are completely furred and that the installation of such pipes, ducts, or conduits, when completed, shall not reduce the usable area of the Premises or the height of the ceiling of the Premises beyond a de minimis amount.

Section 14.2 During the twelve (12) month period immediately preceding the Expiration Date or the expiration of any renewal or extended term, Landlord may exhibit the Premises to prospective tenants thereof on reasonable advance notice to Tenant.

Section 14.3 If Tenant shall not be present when entry into the Premises shall be necessary, Landlord or Landlord's agents, representatives, contractors or employees may enter the same without rendering Landlord or such agents liable therefor if during such entry Landlord or Landlord's agents shall accord reasonable care under the circumstances to Tenant's Property, and without in any manner affecting this Lease. Nothing herein contained, however, shall be deemed or construed to impose upon Landlord any obligation, responsibility or liability whatsoever, for the care, supervision or repair of the Building or any part thereof, other than as herein provided.

Section 14.4 Landlord also shall have the right at any time, without the same constituting an actual or constructive eviction and without incurring any liability to Tenant therefor, to change the arrangement or location of entrances or passageways, doors and doorways, and corridors, elevators, stairs, toilets, or other public parts of the Building and to change the name, number or designation by which the Building is commonly known, provided any such change does not (a) materially reduce, interfere with or deprive Tenant of access to the Building or the Premises or (b) reduce the usable area of the Premises, except by a de minimis amount. If Tenant's access to the Building or the Premises shall be materially affected by work of a nature contemplated by this Section 14.4, Landlord shall give to Tenant reasonable advance notice of such work, except under emergency circumstances. All parts (except surfaces facing the interior of the Premises) of all walls, windows and doors bounding the Premises (in cluding exterior Building walls, exterior core corridor walls, exterior doors and entrances), all balconies, terraces and roofs adjacent to the Premises, all space in or adjacent to the Premises used for shafts, stacks, stairways, chutes, pipes, conduits, ducts, fan rooms, heating, air cooling, plumbing and other mechanical facilities, service closets and other Building facilities are not part of the Premises, and Landlord shall have the use thereof, as well as access thereto through the

Premises for the purposes of operation, maintenance, alteration and repair, provided that in connection with any such access, Landlord shall use all reasonable efforts to minimize interference with Tenant's use and occupancy of the Premises and its business operations therein. Neither this Lease nor any use by Tenant shall give Tenant any easement or other right in or to the use, if any, of any door or any passage or any concourse or any plaza connecting the Building with any subway or any other building or to any public conveniences, and the use of such doors, passages, concourses, plazas and conveniences may without notice to Tenant be regulated or discontinued at any time by Landlord.

Section 14.5 For purposes of this Article 14, the term "Landlord" shall include the Lessors, the Mortgagees, and Landlord's managing agent for the Building.

ARTICLE 15

CERTIFICATE OF OCCUPANCY

Section 15.1 Tenant shall not at any time use or occupy the Premises in violation of the certificate of occupancy at such time issued for the Premises or for the Building and in the event that any Governmental Authority shall hereafter contend or declare by notice, violation, order or in any other manner whatsoever that the Premises are used for a purpose which is a violation of such certificate of occupancy, Tenant, upon five *(5)* Business Days' written notice from Landlord or any Governmental Authority, shall immediately discontinue such use of the Premises. Landlord represents that a copy of the Building's certificate of occupancy in effect as of the date of this Lease is attached hereto as Exhibit E and that Landlord shall maintain a certificate of occupancy in effect for the Building throughout the term of this Lease, which certificate of occupancy will permit the Premises to be used for the use permitted by Section 2 .1 hereof, provided, however, neither such certificate, nor any provision of this Lease, nor any act or omission of Landlord, shall be deemed to constitute a representation or warranty that the Premises, or any part thereof, lawfully may be used or occupied for any particular purpose or in any particular manner, in contradistinction to mere "office" use.

ARTICLE 16

DEFAULT

Section 16.1 Each of the following events shall be an "Event of Default" hereunder:

(a) If Tenant shall default in the payment when due of any installment of Fixed Rent and such default shall continue for ten (10) days after notice of such default is given to Tenant, or in the payment when due of any other item of Rental and such default shall continue for ten (10) days after notice of such default is given to Tenant, except that if Landlord

shall have given two (2) such notices in any twelve (12) month period, Tenant shall not be entitled to any further notice of its delinquency in the payment of Rental until such time as twelve (12) consecutive months shall have elapsed without Tenant having defaulted in any such payment; or

(b) if the Premises are deserted or abandoned; or

(c) if all or substantially all of the Premises shall be vacant for a period in excess of 120 more or less consecutive days, except if such vacancy (i) is occasioned by casualty damage to the Premises as contemplated by Article 10, a "taking" of space in the Premises as contemplated by Article 11, or the interruption of any "Essential Services" as defined in Section 28.7(b), or (ii) under circumstances where Tenant shall be actively marketing the Premises and using its best efforts to obtain a subtenant of the Premises or assignee of the Lease (in accordance with the provisions of Article 12 hereof); or

(d) if Tenant's interest or any portion thereof in this Lease shall devolve upon or pass to any person, whether by operation of law or otherwise, except as expressly permitted under Article 12 hereof; or

(e) (i) if Tenant shall admit in writing its inability to generally pay its debts as they become due; or

(ii) if Tenant shall commence or institute any case, proceeding or other action (A) seeking relief on its behalf as debtor, or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property; or

(iii) if Tenant shall make a general assignment for the benefit of creditors; or

(iv) if any case, proceeding or other action shall be commenced or instituted against Tenant (A) seeking to have an order for relief entered against it as debtor or to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, or (B) seeking appointment of a receiver, trustee, custodian or other similar official for it or for all or any substantial part of its property, which in either of such cases (i) results in any such entry of an order for relief, adjudication of

bankruptcy or insolvency or such an appointment or the issuance or entry of any other order having a similar effect or (ii) remains undismissed for a period of ninety (90) days; or

(v) if any case, proceeding or other action shall be commenced or instituted against Tenant seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its property which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within ninety (90) days from the entry thereof; or

(vi) if Tenant shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clauses (ii), (iii), (iv) or (v) above; or

(vii) if a trustee, receiver or other custodian is appointed for any substantial part of the assets of Tenant which appointment is not vacated or stayed within seven (7) Business Days; or

(f) if Tenant shall fail more than two (2) times during any twelve (12) month period to pay any installment of Fixed Rent or any item of Rental when due, after receipt of the notice and the expiration of the applicable grace period pursuant to the provisions of paragraph (a) above, if such notice and grace period are then required; or

(g) if Tenant shall fail to pay any installments of Fixed Rent or items of Rental when due, after receipt of the notice and the expiration of the applicable grace period pursuant to the provisions of paragraph (a) above, and Landlord shall bring more than one (1) summary dispossess proceeding during any twelve (12) month period; or

(h) if Tenant shall default in the due keeping, observing or performance of any covenant, agreement, provision or condition of Section 2.1 or subsections 2.2(a) and 2.2(b) hereof on the part of Tenant to be kept, observed or performed and if such default shall continue and shall not be remedied by Tenant within forty eight (48) hours after Landlord shall have given to Tenant a notice specifying the same; or

(i) if Tenant shall default in the observance or performance of any other term, covenant or condition of this Lease on Tenant's part to be observed or performed and Tenant shall fail to remedy such default within thirty (30) days after notice by Landlord to Tenant of such default, or if such default is of such a nature that it cannot with due diligence be completely remedied within said period of thirty (30) days and Tenant shall not commence within said period of thirty (30) days, or shall not thereafter diligently prosecute to completion, all steps necessary to remedy such default.

Section 16.2

(a) This Lease and the term and estate hereby granted are subject to the limitation that if an Event of Default (i) described in Section 16.1(e) hereof shall occur, or (ii) described in Sections 16. 1(a), (b), (c), (d), (f), (g), (h) or (i) shall occur, Landlord, at any time thereafter, at its option, may give written notice to Tenant stating that this Lease and the Term shall expire and terminate on the date specified in such notice (which date shall not be less than three (3) days after the date of such notice), then this Lease and the Term and all rights of Tenant under this Lease shall expire and terminate as if the date on which the Event of Default described in clause (i) above occurred or the date set forth in such notice, pursuant to clause (ii) above, as the case may be, were the Fixed Expiration Date and Tenant immediately shall quit and surrender the Premises, but Tenant shall none theless be liable for all of its obligations hereunder, as provided for in Articles 17 and 18 hereof. Anything contained herein to the contrary notwithstanding, if such termination shall be stayed by order of any court having jurisdiction over any proceeding described in Section 16.1(e) hereof, or by federal or state statute, then, following the expiration of any such stay, or if the trustee appointed in any such proceeding, Tenant or Tenant as debtor-in-possession shall fail to assume Tenant's obligations under this Lease within the period prescribed therefor by law or within one hundred twenty (120) days after entry of the order for relief or as may be allowed by the court, or if said trustee, Tenant or Tenant as debtor-in-possession shall fail to provide adequate protection of Landlord's right, title and interest in and to the Premises or adequate assurance of the complete and continuous future performance of Tenant's obligations under this Lease as provided in Section 12.3(b), Landlord, to the extent per mitted by law or by leave of the court having jurisdiction over such proceeding, shall have the right, at its election, to terminate this Lease on five *(5)* days' notice to Tenant, Tenant as debtor-in-possession or said trustee and upon the expiration of said five *(5)* day period this Lease shall cease and expire as aforesaid and Tenant, Tenant as debtor-in-possession or said trustee shall immediately quit and surrender the Premises as aforesaid.

(b) If this Lease shall be terminated as provided in Section 16.2(a) hereof, Landlord, without notice, may reenter and repossess the Premises using such force for that purpose as may be necessary without being liable to indictment, prosecution or damages therefor and may dispossess Tenant by summary proceedings or otherwise.

Section 16.3 If at any time, (a) Tenant shall comprise two (2) or more Persons, or (b) Tenant's obligations under this Lease shall have been guaranteed by any Person other than Tenant, or (c) Tenant's interest in this Lease shall have been assigned, the word "Tenant", as used in Section 16.1(e), shall be deemed to mean only the Persons primarily liable for Tenant's obligations under this Lease. For the purposes of the proceeding sentence, a guarantor or surety of a Person who shall then be the tenant under this Lease shall be deemed to be a Person "primarily liable" for Tenant's obligations under this Lease. Any monies received by Landlord from or on behalf of Tenant during the pendency of any proceeding of the types referred to in

Section 16. 1(e) shall be deemed paid as compensation for the use and occupation of the Premises and the acceptance of any such compensation by Landlord shall not be deemed an acceptance of Rental or a waiver on the part of Landlord of any rights under Section 16.2.

ARTICLE 17

REMEDIES AND DAMAGES

Section 17.1

(a) If there shall occur any Event of Default, and this Lease and the Term shall expire and come to an end as provided in Article 16 hereof:

(i) Tenant shall quit and peacefully surrender the Premises to Landlord, and Landlord and its agents may immediately, or at anytime after such default or after the date upon which this Lease and the Term shall expire and come to an end, re-enter the Premises or any part thereof, without notice, either by summary proceedings, or by any other applicable action or proceeding, or by force or otherwise (without being liable to indictment, prosecution or damages therefor), and may repossess the Premises and dispossess Tenant and any other persons from the Premises and remove any and all of their property and effects from the Premises; and

(ii) Landlord, at Landlord's option (but without any obligation to do so), may relet the whole or any portion or portions of the Premises from time-to-time, either in the name of Landlord or otherwise, to such tenant or tenants, for such term or terms ending before, on or after the Expiration Date, at such rental or rentals and upon such other conditions,

which may include concessions and free rent periods, as Landlord, in its sole discretion, may determine; provided, however, that Landlord shall have no obligation to relet the Premises or any part thereof and shall in no event be liable for refusal or failure to relet the Premises or any part thereof, or, in the event of any such reletting, for the refusal or failure to collect any rent due upon any such reletting, and no such refusal or failure shall operate to relieve Tenant of any liability under this Lease or otherwise affect any such liability, and Landlord, at Landlord's option, may make such repairs, replacements, alterations, additions, improvements, decorations and other physical changes in and to the Premises as Landlord, in its sole discretion, considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Tenant of any liability under this Lease or otherwise affecting any such liability.

(b) Tenant hereby waives the service of any notice of intention to reenter or to institute legal proceedings to that end which may otherwise be required to be given under any present or future law. Tenant, on its own behalf and on behalf of all persons claiming through or under Tenant, including all creditors, does further hereby waive any and all rights which Tenant and all such persons might otherwise have under any present or future law to

redeem the Premises, or to re-enter or repossess the Premises, or to restore the operation of this Lease, after (i) Tenant shall have been dispossessed by a judgment or by warrant of any court or judge, or (ii) any re-entry by Landlord, or (iii) any expiration or termination of this Lease and the Term, whether such dispossess, re-entry, expiration or termination shall be by operation of law or pursuant to the provisions of this Lease. The words "re-enter," "re-entry" and "re-entered" as used in this Lease shall not be deemed to be restricted to their technical legal meanings. In the event of a breach or threatened breach by Tenant, or any persons claiming through or under Tenant, of any term, covenant or condition of this Lease, Landlord shall have the right to enjoin such breach and the right to invoke any other remedy allowed by law or in equity as if re-entry, summary proceedings and other special remedies were not provided in this Lease for such breach. The right to invoke the remedies hereinbefore se t forth are cumulative and shall not preclude Landlord from invoking any other remedy allowed at law or in equity.

Section 17.2

(a) If this Lease and the Term shall expire or if Landlord shall re-enter the Premises as hereinabove provided, then, in either of said events:

(i) Tenant shall pay to Landlord all Fixed Rent, Escalation Rent and other items of Rental payable under this Lease by Tenant to Landlord to the date upon which this Lease and the Term shall have expired or to the date of re-entry upon the Premises by Landlord, as the case may be;

(ii) Tenant also shall be liable for and shall pay to Landlord, as damages, any deficiency (referred to as "Deficiency") between the Rental for the period which otherwise would have constituted the unexpired portion of the Term and the net amount, if any, of rents collected under any reletting effected pursuant to the provisions of clause (ii) of Section 17.1(a) for any part of such period (first deducting from the rents collected under any such reletting all of Landlord's expenses in connection with the termination of this Lease, Landlord's re-entry upon the Premises and with such reletting, including, but not limited to, all reasonable repossession costs, brokerage commissions, legal expenses, attorneys' fees and disbursements, alteration costs, contribution to work and other expenses of preparing the Premises for such reletting); any such Def iciency shall be paid in monthly installments by Tenant on the days specified in this Lease for payment of installments of Fixed Rent, Landlord shall be entitled to recover from Tenant each monthly Deficiency as the same shall arise, and no suit to collect the amount of the Deficiency for any month shall prejudice Landlord's right to collect the Deficiency for any subsequent month by a similar proceeding; and

(iii) whether or not Landlord shall have collected any monthly Deficiency as aforesaid, Landlord shall be entitled to recover from Tenant, and Tenant shall pay to Landlord, on demand, in lieu of any further Deficiency as and for liquidated and agreed final damages with respect to the Rentals due hereunder, a sum equal to the amount by which the

Rental for the period which otherwise would have constituted the unexpired portion of the Term exceeds the then fair and reasonable rental value of the Premises for the same period, both discounted to present worth at the Base Rate less the aggregate amount of Deficiencies theretofore collected by Landlord pursuant to the provisions of clause (a) (ii) of this Section 17.2 for the same period; if, before presentation of proof of such liquidated damages to any court, commission or tribunal, the Premises, or any part thereof, shall have been relet by Landlord for the period which otherwise would have constituted the unexpired portion of the Term, or any part thereof, the amount of rent reserved upon such reletting shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting.

(b) If the Premises, or any part thereof, shall be relet together with other space in the Building, the rents collected or reserved under any such reletting and the expenses of any such reletting shall be equitably apportioned for the purposes of this Section 17.2. Tenant shall in no event be entitled to any rents collected or payable under any reletting, whether or not such rents shall exceed the Fixed Rent reserved in this Lease. Solely for the purposes of this Article 17, the term "Escalation Rent" as used in Section 17.2 (a) shall mean the Escalation Rent in effect immediately prior to the Expiration Date, or the date of reentry upon the Premises by Landlord, as the case may be, adjusted to reflect any increase pursuant to the provisions of Article 27 hereof for the Operating Year immediately preceding such event. Nothing contained in Article 16 hereof or this Article 17 shall be deemed t o limit or preclude the recovery by Landlord from Tenant of the maximum amount allowed to be obtained as damages by any statute or rule of law, or of any sums or damages to which Landlord may be entitled in addition to the damages set forth in this Section 17.2.

Section 17.3 Suit or suits for the recovery of damages, or any installments thereof, may be brought by Landlord from time-to-time at its election, and nothing contained herein shall be deemed to require Landlord to postpone suit until the date when the Term would have expired if it had not been so terminated under the provisions of Article 16, or under any provision of law, or had Landlord not re-entered the Premises. Nothing herein contained shall be construed to limit or preclude recovery by Landlord against Tenant for any sums of damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant. Nothing herein contained shall be construed to limit or

prejudice the right of Landlord to prove for and obtain for the default of Tenant under this Lease, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved whether or not such amount be greater, equal to, or less than any of the sums referred to in Section 17.2.

ARTICLE 18

LANDLORD FEES AND EXPENSES

Section 18.1 If Tenant shall be in default under this Lease or if Tenant shall do or permit to be done any act or thing upon the Premises which would cause Landlord to be in default under any Superior Lease or Mortgage, Landlord may (a) as provided in Section 14.1 hereof, perform the same for the account of Tenant, or (b) make any reasonable expenditure or incur any reasonable obligation for the payment of money, including, without limitation, reason-able attorneys' fees and disbursements in instituting, prosecuting or defending any action or pro-ceeding, and the cost thereof, with interest thereon at the Applicable Rate, shall be deemed to be additional rent hereunder and shall be paid by Tenant to Landlord within thirty (30) days of rendition of any bill or statement to Tenant therefor, and if the term of this Lease shall have expired at the time of making of such expenditures or incurring of such obligations, such sums shall be recoverable by Landlord as damages.

Section 18.2 If Tenant shall fail to pay any installment of Fixed Rent, Escalation Rent or any other item of Rental within ten (10) days of the date such payment was due, Tenant shall pay to Landlord, in addition to such installment of Fixed Rent, Escalation Rent or other item of Rental, as the case may be, as a late charge and as additional rent, a sum equal to interest at the Applicable Rate on the amount unpaid, computed from the date such payment was due to and including the date of payment.

ARTICLE 19

NO REPRESENTATIONS BY LANDLORD

Section 19.1 Landlord and Landlord's agents and representatives have made no representations or promises with respect to the Building, the Real Property or the Premises except as herein expressly set forth, and no rights, easements or licenses are acquired by Tenant by implication or otherwise except as expressly set forth herein. Tenant shall accept possession of the Premises in the condition which shall exist on the Commencement Date "as is" (subject to the provisions of Section 1.3 hereof), and Landlord shall have no obligation to perform any work or make any installations in order to prepare the Premises for Tenant's occupancy other than Landlord's Work. All references in this Lease to the consent or approval of Landlord shall be deemed to mean the written consent or approval of Landlord and no consent or approval of Landlord shall be effective for any purpose unless such consent or approval is set forth in a written ins trument executed by Landlord.

ARTICLE 20

END OF TERM

Section 20.1 Upon the expiration or other termination of this Lease, Tenant shall quit and surrender to Landlord the Premises, vacant, broom clean, in good order and condition, ordinary wear and tear and damage for which Tenant is not responsible under the terms of this Lease excepted, and otherwise in compliance with the provisions of Article 3 hereof. If the last day of the Term or any renewal thereof falls on Saturday or Sunday, this Lease shall expire on the Business Day immediately preceding. Tenant expressly waives, for itself and for any person claiming through or under Tenant, any rights which Tenant or any such person may have to a "stay" under the provisions of Section 2201 of the New York Civil Practice Law and Rules and of any successor law of

like import then in force in connection with any holdover summary proceedings which Landlord may institute to enforce the foregoing provisions of this Article 20. Tenant acknowledges that possession of the Premises must be surrendered to L andlord on the Expiration Date. Tenant agrees to indemnify and save Landlord harmless from and against all claims, losses, damages, liabilities, costs and expenses (including, without limitation, attorneys' fees and disbursements) resulting from delay by Tenant in so surrendering the Premises, including, without limitation, any claims made by any succeeding tenant founded on such delay. The parties recognize and agree that the damage to Landlord resulting from any failure by Tenant to timely surrender possession of the Premises as aforesaid will be extremely substantial, will exceed the amount of the monthly installments of the Fixed Rent and Escalation Rent theretofore payable hereunder, and will be impossible to measure accurately. Tenant therefore agrees that if possession of the Premises is not surrendered to Landlord within twenty-four (24) hours after the Expiration Date, in addition to any other rights or remedies Landlord may have hereunder or at law, and without in any manner limiting Landlord's rig ht to demonstrate and collect any damages suffered by Landlord and arising from Tenant's failure to surrender the Premises as provided herein, Tenant shall pay to Landlord on account of use and occupancy of the Premises for each month and for each portion of any month during which Tenant holds over in the Premises after the Expiration Date, a sum equal to two (2) times the aggregate of that portion of the Fixed Rent, Escalation Rent and other items of Rental which were payable under this Lease during the last month of the Term. Nothing herein contained shall be deemed to permit Tenant to retain possession of the Premises after the Expiration Date or to limit in any manner Landlord's right to regain possession of the Premises through summary proceedings, or otherwise, and no acceptance by Landlord of payments from Tenant after the Expiration Date shall be deemed to be other than on account of the amount to be paid by Tenant in accordance with the provisions of this Article 20. The provisions of this Article 2 0 shall survive the Expiration Date.

ARTICLE 21

QUIET ENJOYMENT

Section 21.1 Provided no Event of Default has occurred and is continuing, Tenant may peaceably and quietly hold, occupy and enjoy the Premises subject, nevertheless, to the terms and conditions of this Lease.

ARTICLE 22

FAILURE TO GIVE POSSESSION

Section 22.1 Except to the extent specifically set forth in Article 1 of this Lease, and only to such extent, Tenant waives any right to rescind this Lease under Section 223-a of the New York Real Property Law or any successor statute of similar nature and purpose then in force, and further waives the right to recover any damages which may result from Landlord's failure for any reason to deliver possession of the Premises on the date set forth in Section 1.1 hereof for the commencement of the Term.

ARTICLE 23

NO WAIVER

Section 23.1 No act or thing done by Landlord or Landlord's agents during the Term shall be deemed an acceptance of a surrender of the Premises, and no agreement to accept such surrender shall be valid unless in writing signed by Landlord. No employee of Landlord or of Landlord's agents shall have any power to accept the keys to the Premises prior to the termination of this Lease. The delivery of keys to any employee of Landlord or of Landlord's agents shall not operate as a termination of this Lease or a surrender of the Premises. In the event Tenant at any time desires to have Landlord sublet the Premises for Tenant's account, Landlord or Landlord's agents are

authorized to receive said keys for such purpose without releasing Tenant from any of the obligations under this Lease, and Tenant hereby relieves Landlord of any liability for loss of or damage to any of Tenant's effects in connection with such subletting.

Section 23.2 The failure of Landlord to seek redress for violation of, or to insist upon the strict performance of, any covenant or condition of this Lease, or any of the Rules and Regulations shall not prevent a subsequent act, which would have originally constituted a violation of the provisions of this Lease, from having all of the force and effect of an original violation of the provisions of this Lease. The receipt by Landlord of Fixed Rent, Escalation Rent or any other item of Rental with knowledge of the breach of any covenant of this Lease shall not be deemed a waiver of such breach. The failure of Landlord to enforce any of the Rules and Regulations against Tenant or any other tenant in the Building shall not be deemed

a waiver of any such Rules and Regulations (but Landlord shall not discriminate against Tenant in the enforcement of Rules and Regulations). No provision of this Lease shall be deemed to have been waived by Landlord, unless such waiver is in writing and signed by Landlord. No payment by Tenant or receipt by Landlord of a lesser amount than the monthly Fixed Rent or other item of Rental herein stipulated shall be deemed to be other than on account of the earliest stipulated Fixed Rent or other item of Rental, or as Landlord may elect to apply same, nor shall any endorsement or statement on any check or any letter accompanying any check or payment as Fixed Rent or other item of Rental be deemed an accord and satisfaction, and Landlord may accept such check or payment without prejudice to Landlord's right to recover the balance of such Fixed Rent or other item of Rental or to pursue any other remedy provided in this Lease.

ARTICLE 24

WAIVER OF TRIAL BY JURY

Section 24.1 The respective parties hereto shall and they hereby do waive trial by jury in any action, proceeding or counterclaim brought by either of the parties hereto against the other (except for personal injury or property damage) on any matters whatsoever arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises, or for the enforcement of any remedy under any statute, emergency or otherwise. If Landlord commences any summary proceeding against Tenant, Tenant will not interpose any counterclaim of whatever nature or description in any such proceeding (unless failure to interpose such counterclaim would preclude Tenant from asserting in a separate action the claim which is the subject of such counterclaim), and will not seek to consolidate such proceeding with any other action which may have been or will be brought in any other court by Tenant.

ARTICLE 25

INABILITY TO PERFORM

Section 25.1 This Lease and the obligation of Tenant to pay Rental hereunder and to perform all of the other covenants and agreements hereunder on the part of Tenant to be performed shall, except as otherwise specifically herein provided, in no wise be affected, impaired or excused because Landlord is unable to fulfill any of its obligations under this Lease expressly or impliedly to be performed by Landlord or because Landlord is unable to make, or is delayed in making any repairs, additions, alterations, improvements or decorations or is unable to supply or is delayed in supplying any equipment or fixtures, if Landlord is prevented or delayed from so doing by reason of strikes or labor troubles or by accident, or by any cause whatsoever beyond Landlord's control, including, but not limited to, force majeure, laws, governmental preemption in connection with a national emergency or by reason of any

Requirements of any Governmental Authority or by reason of failure of the HVAC, electrical, plumbing, or other Building Systems in the Building, or by reason of the conditions of supply and demand which have been or are affected by war or other emergency (collectively, "Unavoidable Delay").

Section 25.2 Without limiting the provisions of Section 25. 1, in any case where either party hereto is required to do any act (other than make a payment of money), delays caused by Unavoidable Delays shall not be counted in determining the time when the performance of such act must be completed, whether such time be designated by a fixed time, a fixed period of time or a "reasonable time." In any case where work is to be paid for out-of-insurance proceeds or condemnation awards, due allowance shall be made, both to the party required to perform such work and to the party required to make such payment, for delays in the collection of such proceeds and awards.

ARTICLE 26

BILLS AND NOTICES

Section 26.1 Except as otherwise expressly provided in this Lease (including without limitation Section 37.10), any bills, statements, consents, notices, demands, requests or other communications given or required to be given under this Lease shall be in writing and shall be deemed sufficiently given or rendered if delivered by hand (against a signed receipt) or if sent by registered or certified mail (return receipt requested) addressed:

(a) if to Tenant (i) at Tenant's address set forth in this Lease, Attention: General Counsel, if given prior to Tenant's taking possession of the Premises, or (ii) at the Building, Attention: General Counsel, if given subsequent to Tenant's taking possession of the Premises, or (iii) at any place where Tenant or any agent or employee of Tenant may be found if given subsequent to Tenant's vacating, deserting, abandoning or surrendering the Premises; and

(b) if to Landlord at Landlord's address set forth in this Lease, Attn.: Mr. Michael R. Dillow; and

(c) if to each Mortgagee and Lessor which shall have requested same, by notice given in accordance with the provisions of this Article 26, at the address(es) designated by such Mortgagee or Lessor; or to such other address(es) as Landlord, Tenant or any Mortgagee or Lessor may designate as its new address(es) for such purpose by notice given to the other in accordance with the provisions of this Article 26. Any such bill, statement, consent, notice, demand, request or other communication shall be deemed to have been rendered or given on the date when it shall have been

personally delivered or, in the case of mailed items, the earlier of the date upon which the addressee shall have first failed or refused to accept delivery thereof as specified in the official return receipt and two (2) Business Days from when it shall have been mailed as provided in this Article 26. Anything contained herein to the contrary notwithstanding, any Operating Statement, Tax Statement or any other bill, statement, consent, notice, demand, request or other communication from Landlord to Tenant with respect to any item of Rental (other than any "default notice" if required hereunder) or given to all tenants or other occupants of the Building may be sent to Tenant by regular United States mail or hand delivered without obtaining a receipt therefor.

ARTICLE 27

ESCALATION

Section 27.1 For the purposes of this Article 27, the following terms shall have the meanings set forth below.

(a) **"Assessed Valuation"** shall mean the amount for which the Real Property is assessed pursuant to applicable provisions of the New York City Charter and of the Administrative Code of the City of New York for the purpose of determining Taxes.

(b) **"Base Operating Expenses"** shall mean the Operating Expenses for the Base Operating Year.

(c) **"Base Operating Year"** shall mean the calendar year ending December 31, 1994.

(d) **"Base Taxes"** shall mean Taxes payable for the Tax Year commencing July 1, 1993 and ending June 30, 1994.

(e) **"Building"** shall mean the Building and, only for the purposes of determining Operating Expenses pursuant to this Article 27, the Kent Building.

(f) **"Operating Expenses"** shall mean the aggregate of those costs and expenses (and taxes, if any, thereon, including without limitation, sales and value added taxes) paid or incurred by or on behalf of Landlord (whether directly or through independent contractors) in respect of the Operation of the Combined Property which, are properly chargeable to the Operation of the Combined Property together with and including (without limitation) the costs of gas, oil, steam, water, sewer rental, electricity for the "non-tenant" portions of the Combined Property (i.e. the areas thereof not leased to or occupied by others and available and intended for rental and occupancy), HVAC and other utilities furnished to the Building and utility taxes, and the expenses incurred in connection with the Operation of the

Combined Property such as Labor Costs for employees of Landlord or Landlord's managing agent who are engaged in the Operation of the Combined Property, insurance premiums, attorneys' fees and disbursements (exclusive of any such fees and disbursements incurred in applying for any reduction of Taxes), auditing, consulting and other professional fees and expenses, repair and maintenance for the Building Systems, cleaning and window cleaning, management fees for Landlord and/or Landlord's managing agent, protection and security, lobby decorations, interior and exterior landscape repair and maintenance, trash removal and snow removal, painting of "non-tenant" areas of the Building (i.e. areas not leased to or occupied by others and available and intended for rental and occupancy), dues or fees for associations, and telephone usage, but specifically excluding:

(1) Taxes,

(2) interest on and amortization of debts, late charges, penalty interest or other similar charges in connection with debts, mortgages or otherwise,

(3) leasing commissions,

(4) the cost of any item which is, or should in accordance with generally accepted accounting principles, consistently applied, be, capitalized on the books of Landlord, except that the cost of any labor or cost saving capital improvements with respect to the Operating Expenses shall be included in the Operating Expenses in an annual amount equal to the amount determined by dividing the cost thereof (including reasonable financing costs actually incurred) by either the years of useful life of the labor or cost saving improvements, or the number of years as shall be required to absorb the actual savings resulting from such item (provided that the portion of the costs of any such item to be included

in Operating Expenses for any Operating Year shall not exceed the labor or cost savings effected for such Operating Year),

(5) the cost of electrical energy furnished to Tenant and other tenants of or tenantable space (i.e. space leased to or occupied by others or available and intended for rental and occupancy) in the Building,

(6) the cost of tenant installations including, without limitation, any incurred in connection with preparing space for a new tenant,

(7) Labor Costs of personnel above the grade of building manager and any general or administrative overhead of Landlord,

(8) rent paid under Superior Leases, except that "Operating Expenses" shall include all increases in the rent payable under the Ground Lease (adjustments are scheduled for calendar years 1995 and 2005) in excess of the rent payable under the Ground Lease for the calendar year 1994, provided, however, that in no event shall Tenant's Operating Share with respect to each of the two scheduled increases (and any increase in the renewal term, if applicable) exceed twenty-five cents ($0.25) per each square foot of the Premises per year (i.e. the cumulative increases during the original term could be no more than fifty cents ($0.50) per each square foot of the Premises per year),

(9) any expense for which Landlord is otherwise compensated through the proceeds of insurance or is otherwise compensated by any tenant (including Tenant) of the Building (except pursuant to provisions similar to this Article 27) for services in excess of the services Landlord is obligated to furnish to Tenant hereunder,

(10) legal fees incurred in connection with any negotiation of, or disputes arising out of, any space lease in the Building,

(11) depreciation, except as provided herein,

(12) Landlord's advertising and promotional costs for the Building,

(13) brokerage commissions, origination fees, points, mortgage recording taxes, title charges and other costs or fees incurred in connection with any conveyance, financing or refinancing,

(14) payments to Landlord or Landlord's affiliates for goods and services, to the extent that such payments exceed the amounts customarily paid for goods and services of like kind in the absence of such relationship,

(15) fines or penalties payable by Landlord with respect to compliance with Requirements that Landlord is required to comply with,

(16) attorneys' fees and disbursements and other costs in connection with any judgment, settlement or arbitration resulting from any tort liability and the amount of such settlement or judgment,

(17) the costs of constructing any addition which adds leasable area to the Combined Property after the Term Commencement Date,

(18) litigation and arbitration expenses (other than with respect to actions which are for the benefit of tenants in the Building generally, esg, actions against adjoining land-owners for creating a nuisance),

(19) rent, additional rent or other charges under any lease or sublease to or assumed by Landlord,

(20) costs in connection with the acquisition of "air" or "development" rights,

(21) costs and expenses (including attorneys' fees and disbursements) incurred by Landlord in connection with any obligation of Landlord to indemnify Tenant pursuant to this Lease,

(22) supervision and administrative costs with respect to tenant improvements,

(23) costs incurred in connection with a systematic one-time program for the removal, encapsulation or other remedial treatment of all or substantially all asbestos containing material in the Building,

(24) costs of curing violations of law and other requirements of public authorities existing on the date hereof,

(25) damages awarded to a tenant of the Building against Landlord by reason of Landlord's breach of such tenant's lease,

(26) any compensation paid by Landlord to induce operators of commercial concessions to operate in the Building,

(27) costs and expenses that relate exclusively to retail space in the Building,

(28) the portion of any expenses otherwise includable in Operating Expenses which are fairly allocable to any other properties of Landlord or an affiliate other than the Combined Property, e.g. the portion of the premiums for any insurance under "blanket" or similar policies to the extent allocable to any property other than the Combined Property,

(29) the costs of purchasing or leasing objects of art for display in the public areas of the Building,

(30) the cost of a one-time systematic (as opposed to occasional) program to repair or replace all or substantially all of the Building's exterior windows (subject, however, to Landlord's right to include a portion thereof if same is properly includable under subsection 27.1(f)(4) above),

(31) the fees of any appraiser or of any attorney engaged in connection with litigation with tenants of the Building, and

(32) the cost of operating and maintaining any "health club", studio or other similar specialty facility in the Building;

except, however, that if Landlord is not furnishing any particular work or service (the cost of which if performed by Landlord would constitute an Operating Expense) to a tenant who has undertaken to perform such work or service in lieu of the performance thereof by Landlord, Operating Expenses shall be deemed to be increased by an amount equal to the additional

Operating Expenses which reasonably would have been incurred during such period by Landlord if it had at its own expense furnished such work or services to such tenant. Any costs incurred in performing work or furnishing services for any tenant (including Tenant) whether at such tenant's or Landlord's expense, to the extent that such work or service is in excess of any work or service that Landlord is obligated to furnish to Tenant at Landlord's expense shall be deducted from Operating Expenses otherwise chargeable to the Operation of the Combined Property. Any insurance proceeds received with respect to any item previously included as an Operating Expense shall be deducted from Operating Expenses for the Operating Year in which such proceeds are received; provided, however, to the extent any insurance proceeds are received by Landlord in any Operating Year with respect to any item which was included in Operating Expenses during the Base Operating Year, the amount of insurance proceeds so received shall b e deducted from Base Operating Expenses and (1) the Base Operating Expenses shall be retroactively adjusted to reflect such deduction and (2) all retroactive Operating Payments resulting from such retroactive adjustment shall be due and payable when billed by Landlord. Until such time as the electricity supplied to each floor of the Building and the common and public areas of the Building (including, without limitation, the Building Systems) shall be separately metered or sub-metered, Operating Expenses shall include an amount equal to (x) (i) Landlord's Cost Per Kilowatt Hour (utilizing the electrical rates applicable to the Building including energy charges, demand charges, time-of-day charges, fuel adjustment charges, rate adjustment charges, sales tax and any other factors used by the public utility company in computing its charges to Landlord) of furnishing electric current to the entire Building, multiplied by (ii) the number of kilowatt hours of electric current furnished to the public and commo n areas of the Building (including, without limitation, the Building Systems and the building systems of the Kent Property) and other areas not available for occupancy as determined by a survey prepared by an independent, reputable electrical engineer selected by Landlord, plus (y) an amount equal to three percent (3%) of the amount determined pursuant to clause (x), as Landlord's administrative charge for overhead and supervision.

In determining the amount of Operating Expenses for the Base Operating Year or any Operating Year, if less than all of the Building rentable area shall have been occupied by tenant(s) at any time during the Base Operating Year or any such Operating Year, Operating Expenses shall be determined for the Base Operating Year or such Operating Year to be an amount equal to the like expenses which would normally be expected to be incurred had all such areas been occupied throughout the Base Operating Year or such Operating Year, as applicable.

(g) **"Operating Statement"** shall mean a statement in reasonable detail setting forth a comparison of the Operating Expenses for an Operating Year with the Base Operating Expenses and the Escalation Rent for the preceding Operating Year pursuant to the provisions of this Article 27.

(h) **"Operating Year"** shall mean the calendar year within which the Commencement Date occurs and each subsequent calendar year for any part or all of which Escalation Rent shall be payable Pursuant to this Article 27.

(i) **"Taxes"** shall me an the aggregate amount of real estate taxes (ie., the amount determined by multiplying the Assessed Valuation by the real property tax rate applicable to the Borough of Manhattan for such Tax Year) and any general or special assessments imposed upon the Real Property (including, without limitation, (1) any fee, tax or charge imposed by any Governmental Authority for any vaults, vault space or other space within or outside the boundaries of the Real Property, and (2) any taxes or assessments levied after the date of this lease in whole or in part for public benefits to the Real Property or the Building) without taking into account any discount that Landlord may receive by virtue of any early payment of Taxes; provided, that if because of any change in the taxation of real estate, any other tax or assessment, however denominated (including, without limitation, any franchise, income, profit, sales, use, occupancy, gross receipts or rental tax) is imposed upon Landlord or the owner of the Real Property or the Building, or the occupancy, rents or income therefrom, in substitution for or in addition to any of the foregoing Taxes, such other tax or assessment shall be deemed part of Taxes computed as if Landlord's sole asset were the Real Property. With respect to any Tax Year, all reasonable expenses, including attorneys' fees and disbursements, experts' and other witnesses' fees, incurred in contesting the validity or amount of any Taxes or in obtaining a refund of Taxes shall be considered as part of the Taxes for such Tax Year. Anything contained herein to the contrary notwithstanding, Taxes shall not be deemed to include (w) any taxes on Landlord's income, (x) franchise taxes, (y) estate or inheritance taxes or (z) any similar taxes imposed on Landlord, unless such taxes are levied, assessed or imposed in lieu of or as a substitute for or in addition to the whole or any part of the taxes, assessments, levies, impositions which now constitute Taxes.

(j) **"Tax Statement"** shall mean a statement in reasonable detail setting forth a comparison of the Taxes for a Tax Year with the Base Taxes.

(k) **"Tax Year"** shall mean the period July 1 through June 30 (or such other period as hereinafter may be duly adopted by the Governmental Authority then imposing taxes as its fiscal year for real estate tax purposes), any portion of which occurs during the Term.

Section 27.2

(a) If the Taxes payable for any Tax Year (any part or all of which falls within the Term) shall represent an increase above the Base Taxes, then Tenant shall pay as additional rent for such Tax Year and continuing thereafter until a new Tax Statement is rendered to Tenant, Tenant's Tax Share of such increase (the "Tax Payment") as shown on the Tax Statement with respect to such Tax Year. The Taxes shall be computed initially on the basis of the Assessed Valuation in effect at the time the Tax Statement is rendered (as the Taxes

may have been settled or finally adjudicated prior to such time), regardless of any then pending application, proceeding or appeal respecting the reduction of any such Assessed Valuation, but shall be subject to subsequent adjustment as provided in Section 27.3(a) hereof. Tenant hereby waives any rights that Tenant may have to be exempt from the payment of Taxes or the Tax Payment by virtue of diplomatic status or otherwise. Notwithstanding the foregoing, Tenant hereby specifically acknowledges that due to the tax exempt status of the Lessor of the Ground Lease, in lieu of the payment of real estate taxes to the Lessor (or on the Lessor's behalf, to the City of New York), Landlord is obligated by the Ground Lease to make a tax equivalent payment or payment in lieu of Taxes. Tenant shall pay Tenant's Tax Payment pursuant to this Section 27.2 notwithstanding the amount or amounts Landlord pays or is obligated to pay pursuant to the Ground Lease.

(b) Within a reasonable period of time after all necessary information shall be available to Landlord to determine Tenant's Tax Share, Landlord shall render to Tenant a Tax Statement or Statements showing (i) a comparison of the Taxes for the Tax Year with the Base Taxes and (ii) the amount of the Tax Payment resulting from such comparison. Tenant shall pay to Landlord, in two (2) equal installments, in advance, on January 1st and July 1st of each year, the Tax Payment shown thereon. If Taxes are required to be paid on any other date or dates than as presently required by the Governmental Authority imposing the same, then the due date of the installments of the Tax Payment shall be correspondingly accelerated or revised so that the Tax Payment (or the two (2) installments thereof) is due at least thirty (30) days prior to the date the corresponding payment is due to the Governmental Authority . If the Tax Year established by the applicable Governmental Authority shall be changed, any Taxes for the Tax Year prior to such change which are included within the new Tax Year and which were the subject of a prior Tax Statement shall be apportioned for the purpose of calculating the Tax Payment payable with respect to such new Tax Year. Landlord's failure to render a Tax Statement during or with respect to any Tax Year shall not prejudice Landlord's right to render a Tax Statement during or with respect to any subsequent Tax Year, and shall not eliminate or reduce Tenant's obligation to make Tax Payments for such Tax Year. Landlord shall use all reasonable efforts to render to Tenant a Tax Statement or Statements at least annually.

Section 27.3

(a) Only Landlord shall be eligible to institute tax reduction or other proceedings to reduce the Assessed Valuation. In the event that after a Tax Statement has been sent to Tenant, an Assessed Valuation which had been utilized in computing the Taxes for a Tax Year is reduced (as a result of settlement, final determination of legal proceedings or otherwise), and as a result thereof a refund of Taxes is actually received by or on behalf of Landlord, then, promptly after receipt of such refund, Landlord shall send Tenant a Tax Statement adjusting the Taxes for such Tax Year (taking into account the expenses mentioned in Section 27.1 (h) hereof) and setting forth Tenant's Tax Share of such refund and Tenant shall be entitled to receive such Share either, at Landlord's option, by way of a credit against the Fixed Rent next becoming due

after the sending of such Tax Statement or by a refund to the extent no further Fixed Rent is due; provided, however, that Tenant's Tax Share of such refund shall be limited to the portion of the Tax Payment, if any, which Tenant had theretofore paid to Landlord attributable to increases in Taxes for the Tax Year to which the refund is applicable on the basis of the Assessed Valuation before it had been reduced.

(b) In the event that, after a Tax Statement has been sent to Tenant, the Assessed Valuation which had been utilized in computing the Base Taxes is reduced (as a result of settlement, final determination of legal proceedings or otherwise) then, and In such event: (i) the Base Taxes shal1 be retroactively adjusted to reflect such reduction, and (ii) all retroactive Tax Payments resulting from such retroactive adjustment shall be due and payable when billed by Landlord. Landlord promptly shall send to Tenant a statement setting forth the basis for such retroactive adjustment and Tax Payments.

Section 27.4

(a) If t Operating Expenses for any Operating Year (any part or all of which fills within the Term from and after the first anniversary of the Commencement Date) shall be greater than the Base Operating Expenses, then Tenant shall pay as additional rent for such Operating Year and continuing thereafter until a new Operating Statement is rendered to Tenant, Tenant's Operating Share of such increase (the "Operating Payment') as hereinafter provided.

(b) Within a reasonable time following the end of each Operating Year during the Term, and within a reasonable time after the Expiration Date, Landlord shall render to Tenant an Operating Statement or Statements showing (i) a comparison of the Operating Expenses for the Operating Year In, question with the Base Operating Expenses, and (Hi) the amount of the Operating Payment resulting from such comparison.

Landlord's failure to render an Operating Statement during or with respect to any Operating Year shall not prejudice Landlord's right to render an Operating Statement with respect to such Operating Year or during or with respect to any subsequent Operating Year, and shall not eliminate or reduce Tenant's obligation to pay Operating Payments which are due pursuant to this Article 27 for any Operating Year.

(c) On the first day of the month following the furnishing to Tenant of an Operating Statement, Tenant shall pay to Landlord a sum equal to 1/12th of the Operating Payment shown thereon to be due for the preceding Operating Year multiplied by the number of months (and any fraction thereof) of the Term then elapsed since the commencement of the then current Operating Year in which such Operating Statement is delivered, less the total of the monthly installments of the Operating Payment theretofore made by Tenant for the then current Operating Year and thereafter, commencing with the then current monthly installment of Fixed Rent and continuing monthly thereafter until rendition of the next succeeding Operating

Statement, Tenant shall pay on account of the Operating Payment for such Operating Year an amount equal to 1/12th of the Operating Payment shown thereon to be due for the preceding Operating Year. Any Operating Payment shall be collectible by Landlord in the same manner as Fixed Rent.

(d) (i) As used in this Section 27.4, (A) "Tentative Monthly Escalation Charge" shall mean a sum equal to 1/12th of the product of (a) Tenant's Operating Share, and (b) the difference between (x) the Base Operating Expenses and (y), Landlord's estimate of Operating Expenses for the Current Year, and (B) "Current Year" shall mean the Operating Year in which a demand is made upon Tenant for payment of a Tentative Monthly Escalation Charge.

(ii) At any time in any Operating Year, Landlord, at its option, in lieu of the payments required under Section 27.4(c) hereof, may demand and collect from Tenant, as additional rent, a sum equal to the Tentative Monthly Escalation Charge multiplied by the number of months in the Current Year preceding the demand and reduced by the sum of all payments theretofore made under Section 27.4(c) with respect to the Current Year, and thereafter, commencing with the month in which the demand is made and continuing thereafter for each month remaining in the Current Year, the monthly installments of Fixed Rent shall be deemed increased by the Tentative Monthly Escalation Charge. Any amount due to Landlord under this Section 27.4(d) may be included by Landlord in any Operating Statement rendered to Tenant as provided in Section 27.4(b) hereof.

(e) (i) After the end of the Current Year and at any time that Landlord renders an Operating Statement or Statements to Tenant as provided in Section 27.4(b) hereof with respect to the comparison of the Operating Expenses for said Operating Year or Current Year, with the Base Operating Expenses, as the case may be, the amounts, if any, collected by Landlord from Tenant under Section 27.4(b) or (d) on account of the Operating Payment or the Tentative Monthly Escalation Charge, as the case may be, shall be adjusted, and, if the amount so collected is less than or exceeds the amount actually due under the Operating Statement for the applicable Operating Year, a reconciliation shall be made as follows: Tenant shall be debited with any Operating Payment shown on such Operating Statement and credited with the amounts, if any, paid by Tenant on account in accordance with the provisions of subsection (c) and subsection (d) (ii) of this Section 27.4 for the Operating Year in question. Tenant shall pay any net debit balance to Landlord within fifteen (15) days next following rendition by Landlord of an invoice for such net debit balance; any net credit balance shall be applied against the next accruing monthly installments of Fixed Rent. Provided that no Event of Default shall have occurred and shall be continuing, any amount determined to be owed to Tenant after the Expiration Date shall be paid to Tenant within thirty (30) days after a final determination has been made of the amount due to Tenant.

(ii) If the sum of the Tentative Monthly Escalation Charges and payments made by Tenant in accordance with subsection (c) of this Section 27.4 for any Operating Year shall have exceeded the Operating Payment for such Operating Year by more than ten percent (10%), interest at the Applicable Rate on the overpayment determined as of the respective dates of such payments by Tenant and calculated from such respective dates to the dates on which such amounts are credited against the monthly installments of Fixed Rent, shall be so credited. Any amount owing to Tenant subsequent to the Term shall be paid to Tenant within ten (10) Business Days after a final determination has been made of the amount due to Tenant. Provided that this Lease was not sooner terminated due to the occurrence of an Event of Default, or that upon the Fixed Expiration Date, a mon etary Event of Default shall not exist, any amount determined to be owed to Tenant after the Expiration Date shall be paid to Tenant within thirty (30) days after a final determination has been made of the amount due to Tenant.

Section 27.5 Any Operating Statement sent to Tenant shall be conclusively binding upon Tenant unless, within one (1) year after such Statement is sent, Tenant shall send a written notice to Landlord objecting to such Statement and specifying the respects in which such Statement is disputed. If Tenant shall timely send such notice, time being of the essence, Tenant (together with its independent certified public accountants, which need not be Tenant's regular auditors, but which shall be a reputable accounting firm which shall be reasonably acceptable to Landlord) may examine Landlord's books and records relating to the Operation of the Combined Property to determine the accuracy of the Operating Statement. Tenant recognizes the confidential nature of such books and records and agrees to maintain (and shall cause its independent accounts who shall be examining Landlord's books to agree in writing to maintain) the information obtained from such examination in strict confidence. If after such examin ation, Tenant still disputes such Operating Statement, either party may give notice to the other requesting arbitration and the parties hereto agree to allow the then President of the Real Estate Board of New York, Inc. (or any successor organization serving a similar function) to designate one of the so-called "big-six" public accounting firms to resolve the dispute, and the decision of such accountants shall be conclusively binding upon the parties. The fees and expenses involved in such decision shall be borne by the unsuccessful party (and if both parties are partially successful, such fees and expenses shall be apportioned between Landlord and Tenant in inverse proportion to the amount by which such decision is favorable to each party). The independent public accounting firm selected to arbitrate the dispute shall be bound to render a decision solely in accordance with the terms of this Lease and shall not by such award or decision, increase, decrease or limit the obligations of the parties hereunder. P ending the resolution of any such dispute, Tenant shall pay to Landlord when due the amount shown on any such Operating Statement, as provided in Section 27.4 hereof.

Section 27.6 The expiration or termination of this Lease during any Operating Year or Tax Year shall not affect the rights or obligations of the parties hereto respecting any Payments of Operating Payments for such Operating Year and any payments of Tax Payments for such Tax Year, and any Operating Statement relating to such Operating Payment and any

Tax Statement relating to such Tax Payment, may be sent to Tenant subsequent to, and all such rights and obligations shall survive, any such expiration or termination. In determining theamount of the Operating Payment for the Operating Year or the Tax Payment for the Tax Year in which the Term shall expire, the payment of the Operating Payment for such Operating Year or the Tax Payment for the Tax Year shall be prorated based on the number of days of the Term which fall within such Operating Year or Tax Year, as the case may be. Any payments due under such Operating Statement or Tax Statement shall be payable within twenty (20) days after such Statement is sent to Tenant.

ARTICLE 28

SERVICES

Section 28.1

(a) Landlord shall provide passenger elevator service to the Premises, on Business Days from 8:00 A.M. to 6:00 P.M. ("Business Hours"), and have an elevator subject to call at all other times, in each instance, so as to provide passenger elevator service comparable to similar "class A" office buildings in midtown Manhattan.

(b) There shall be one (1) freight elevator serving the Premises and the entire Building on call on a "first come, first served" basis on Business Days from 8:00 A.M. to 4:45 P.M. (except for the Period from 12:00 noon to 1:00 P.M.), and on a reservation, "first come, first served" basis from 4:45 P.M. to 8:00 A.M. on Business Days and at any time on days other than Business Days. If Tenant shall use the freight elevators serving the Premises between 4:45 P.M. and 8:00 A.M. on Business Days or at any time on any other days, Tenant shall pay Landlord, as additional rent for such use, the standard rates then fixed by Landlord for the Building. The Overtime Period charges for use of the freight elevators as of the date of this Lease are set forth on Exhibit F.

(c) Landlord shall not be required to furnish any freight elevator services during the hours from 4:45 P.M. to 8:00 A.M. on Business Days and at any time on days other than Business Days unless Landlord has received advance notice from Tenant requesting such services prior to 2:00 P.M. of the day upon which such service is requested or by 2:00 P.M. of the preceding Business Day if such periods are to occur on a day other than a Business Day.

(d) Anything to the contrary appearing in the foregoing subsections (a), (b) and (c) notwithstanding:

(i) During and in connection with Tenant's Initial Alterations, Tenant shall have the use of the freight elevators and Tenant shall not be required to pay for such freight elevator use, or for elevator operators, loading dock workers or other Building workers

in connection therewith. Provided that Tenant has made a reservation in accordance with Section 28.1 (c), and dependent upon the needs of other tenants of the Building, as well as Landlord's requirements with respect to the operation of the Building, Landlord shall use reasonable efforts to have both freight elevators available to accommodate Tenant's needs during Overtime Periods during the course of Tenant's Initial Alterations.

(ii) During and in connection with Tenant's initial move into the Premises, provided that Tenant shall have given Landlord at least three (3) Business Day's notice prior to the move-in date, Tenant shall have the use of both of the freight elevators and, further provided that Tenant shall take steps reasonably satisfactory to Landlord to protect the interior surfaces of the passenger elevators from any damage resulting from Tenant's use and that Tenant uses the passenger elevators solely for cartons and other "lighter" items which do not exceed the load limitations of the passenger elevator cars (such items to be subject to Landlord's reasonable direction and control), the use of two passenger elevators. Tenant shall not be required to pay for such freight elevator or passenger elevator use, or for elevator operators, loading dock workers or oth er Building workers in connection with Tenant's initial move into the Premises. Subject to the foregoing, provided that Tenant's move occurs during Overtime Periods, Landlord shall use reasonable efforts to have at least one freight elevator available for Tenant's exclusive use during the move-in.

Section 28.2 Landlord, at Landlord's expense (but subject to recoupment of Tenant's Operating Share thereof pursuant to Article 27 hereof), shall furnish to trunk lines from the interior fan rooms and Building system and by means of the perimeter fan coil units of the HVAC System (for distribution by Tenant within the Premises) on a year round basis during Business Hours on Business Days HVAC service which will be sufficient for a properly designed and constructed distribution system to provide HVAC service to the Premises which shall meet the specifications set forth in Schedule B annexed hereto (assuming Tenant's due compliance with the last sentence of this Section 28.2 and the applicable Rules and Regulations with respect thereto). Landlord, throughout the Term, shall have free access to any and all mechanical installations of Landlord, including, but not limited to, air-condition, fan, ventilating and machine rooms and electrical

closets; Tenant shall not construct partitions or other obstru ctions which may interfere with Landlord's free access thereto, or interfere with the moving of Landlord's equipment to and from the enclosures containing said installations. Neither Tenant, nor its agents, employees or contractors shall at any time enter the said enclosures or tamper with, adjust or touch or otherwise in any manner affect said mechanical installations. Tenant shall draw and close the draperies or blinds for the windows of the Premises whenever the HVAC System is in operation and the position of the sun so required and shall at all times cooperate fully with Landlord and abide by all of the Regulations and Requirements which Landlord may prescribe for the proper functioning and protection of the HVAC System.

Section 28.3 The Fixed Rent does not reflect or include any charge to Tenant for the furnishing of any HVAC to the Premises as provided in Section 28.1 during periods other

than on Business Days during Business Hours (any period other than on Business Days during Business Hours being herein referred to as "Overtime Periods"). Accordingly, if Landlord shall furnish HVAC to the Premises at the request of Tenant during Overtime Periods, Tenant shall pay Landlord, as additional rent for such use, the standard rates then fixed by Landlord for the Building. The rate for HVAC service to the Premises during Overtime Periods as of the date of this Lease is set forth on Exhibit F). Landlord shall not be required to furnish any such services during any Overtime Periods unless Landlord has received advance notice from Tenant requesting such services prior to 2:00 P.M. of the day upon which such services are requested or by 2:00 P.M. of the preceding Business Day if such Overtime Periods are to occur on a day other than a Business Day. If Tenant fails to give Landlord such advance notice, then, failure by Landlord to furnish or distribute any such services during such Overtime Periods sh all not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rental, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business or otherwise.

Section 28.4

(a) Landlord, at Landlord's expense (but subject to recoupment of Tenant's Operating Share thereof pursuant to Article 27 hereof), shall cause the Premises, including, at no extra cost to Tenant, the handicap-access bathrooms (one per each floor of the Premises) and the "dwyer" units referenced in Article 2 of this Lease (but not any coffee stations, appliances, dishes, cups, cutlery or similar items associated with the use of such "dwyer" units), but otherwise excluding any portions thereof used for the storage, preparation, service or consumption of food or beverages, to be cleaned in accordance with the cleaning specifications annexed hereto as Schedule C. Tenant shall pay to Landlord on demand the actual out-of-pocket costs incurred by Landlord for (a) extra cleaning work in the Premises required because of (i) misuse or neglect on the part of Tenant or its employees or visitors, (ii) use of portions of the Premises for preparation, serving or consumption of food or beverages, private lavatories or toilets or (iii) other special purposes requiring greater or more difficult cleaning work than office areas, and (b) cleaning services used by Tenant on days other than Business Days. Landlord, its cleaning contractor and their employees shall have access to the Premises during Overtime Periods and the use (at Tenant's expense) of light, power and water in the Premises as reasonably required for the purpose of cleaning the Premises in accordance with Landlord's obligations hereunder. Tenant, at Tenant's sole cost and expense, shall cause all portions of the Premises used for the storage, preparation, service or consumption of food or beverages to be cleaned daily in a manner reasonably satisfactory to Landlord, and to be exterminated against infestation by vermin, rodents or roaches regularly and, in addition, whenever there shall be evidence of any infestation. Any such exterminating shall be done at Tenant's sole cost and expense, in a manner reasonably satisfactory to Landlord, and by persons reasonably approved by Landlord. If Tenant shall perform any cleaning services in addition to the services provided by Landlord as aforesaid, Tenant shall employ the cleaning contractor providing cleaning

services to the Building on behalf of Landlord or such other cleaning contractor as shall be reasonably approved by Landlord. Tenant shall comply with any recycling program and/or refuse disposal program (including, without limitation, any program related to the recycling, separation or other disposal of paper, glass or metals) which Landlord shall impose on all Tenants of the Building or which shall be required pursuant to any Requirements.

(b) Landlord shall, upon request by Tenant from time-to-time, change light bulbs and ballasts and Tenant shall pay Landlord its standard Building rates for same. Tenant shall not be obligated to obtain such services from Landlord, but may perform such services for itself or through others.

Section 28.5 If the New York Board of Fire Underwriters or the Insurance Services Office or any Governmental Authority, department or official of the state or city government shall require or recommend that any changes, modifications, alterations or additional sprinkler heads or other equipment be made or supplied by reason of Tenant's particular use or manner of use of the Premises (as opposed to mere "office" use), or the location of the partitions, trade fixtures, or other contents of the Premises, Landlord, at Tenant's cost and expense, shall promptly make and supply such changes, modifications, alterations, additional sprinkler heads or other equipment.

Section 28.6 Landlord shall provide to the Premises hot and cold water for ordinary drinking, cleaning and lavatory purposes and for the "dwyer" units referred to in Article 2 and 4.1 and a shower which might be installed by Tenant in the Premises. If Tenant consumes water for any other purpose, Landlord may install a water meter and thereby measure Tenant's water consumption for all such additional purposes. In such event (a) Tenant shall pay Landlord for the actual reasonable cost of the meter and the installation thereof and through the duration of Tenant's occupancy Tenant shall keep said meter and equipment in good working order and repair at Tenant's own cost and expense; (b) Tenant shall pay, as additional rent, the cost for water consumed as shown on said meter, at the rates payable by Landlord for such water, and on default in making such payment Landlord may pay such charges and collect the same from Tenant; and (c) Tenant shall pay the sewer rent, charge or any other tax, rent, levy or charge which now or hereafter is assessed, imposed or shall become a lien upon the Premises or the Real Property of which they are a part pursuant to any Requirement made or issued in connection with any such metered use, consumption, maintenance or supply of water, water system, or sewage or sewage connection or system. Any bill rendered by Landlord for the above shall be based upon Tenant's consumption and shall be payable by Tenant as additional rent within ten (10) days after rendition.

Section 28.7

(a) Landlord reserves the right to stop service of the HVAC System or the elevator, electrical, plumbing or other Building Systems when and to the extent necessary, by

reason of accident or emergency, or for repairs, additions, alterations, replacements or improvements which, in the reasonable judgment of Landlord, are necessary or desirable, until said repairs, alterations, replacements or improvements shall have been completed (which repairs, additions, alterations, replacements and improvements shall be performed with a minimum of interference with Tenant's use and occupancy of the Premises and its business operations therein). Landlord shall have no responsibility or liability for interruption, curtailment or failure to supply HVAC, elevator, electrical, plumbing or other Building Systems when prevented by Unavoidable Delays or by any Requirement of any Governmental Authority or, except as is specifically set forth in Section 28.7(b), due to the exercise of its right to stop service as provided in this Article 28. The exercise of such right or such failure by Landlord shall not constitute an actual or constructive eviction, in whole or in part, or, except as is spec ifically set forth in Section 28.7(b), entitle Tenant to any compensation or to any abatement or diminution of

Rental or, under any circumstances, relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business, or otherwise.

(b) If any one or more of the electrical, elevator, water or heat utility or service (each an "Essential Service" and collectively, the "Essential Services") to the Premises are interrupted and, as a direct and proximate result thereof, Tenant is prevented from occupying the entire Premises and conducting its usual and customary business therein in substantially the same manner in which same was conducted immediately prior to the interruption of an Essential Service and, in fact, Tenant does not occupy the entire Premises or conduct its usual and customary business therein, then the following shall apply:

(i) if an Essential Service was interrupted by reason of an Unavoidable Delay and same shall continue to be interrupted for a period of seven (7) consecutive Business Days after the date that both the Unavoidable Delay shall have ceased and Landlord shall no longer be prevented from restoring same by reason of an Unavoidable Delay, or

(ii) if an Essential Service was interrupted by reason of a cause or causes within Landlord's control and such interruption shall continue for a period of seven (7) consecutive Business Days, then, in either event, as Tenant's sole and exclusive remedy, the Rentals payable by Tenant under this Lease shall be abated one day for each day after the appropriate seven (7) consecutive Business Day period until such time as the affected Essential Service to the Premises shall have been sufficiently restored to permit Tenant to resume its occupancy of the Premises and conduct its usual and customary business therein in substantially the same manner as same was conducted immediately prior to the interruption of the Essential Service. Notwithstanding the foregoing, if the interruption of the Essential Service is due to an Unavoidable Delay and Landlord is prevented by reason of an Unavoidable Delay from restoring same, Tenant shall not be entitled to any abatement or diminution of the Rental payable hereunder, Landlord shall have no

responsibility or liability for such interruption, such interruption shall not constitute an actual or constructive eviction, in whole or in part, entitle Tenant to any compensation or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord or its agents by reason of inconvenience or annoyance to Tenant, or injury to or interruption of Tenant's business, or otherwise.

Section 28.8 Landlord shall, at the request of Tenant and at Tenant's expense, maintain listings on the Building directory of the names of Tenant, the names of Tenant's officers or employees and the names of Tenant's three main U.S. Affiliates. Tenant shall be entitled to listings for not less than nineteen (19) names provided, however, that if the size of the Premises shall increase, the number of listings to which Tenant shall be entitled shall be equal to that proportion of the capacity of the Building directory which the aggregate number of square feet of rentable area of the Premises bears to the aggregate number of square feet of rentable area of the Building, but in no event less than nineteen (19). The listing of any name other than that of the Tenant (and as to the Building Directory, those other Persons specifically permitted by this Section 28.8), whether on the doors of the Premises, on the Building directory, or otherwise shall not operate to vest any right or interest in this Lease or in the Premises or be deemed to be the written consent of the Landlord, it being expressly understood that any such other listing shall be deemed a privilege extended by Landlord revocable at will by written notice to Tenant. Notwithstanding the foregoing, Landlord shall not have the right to revoke Tenant's (as opposed to any third party's) privilege to have listings on the Building directory unless Landlord shall revoke such privilege for all other tenants of the Building.

Section 28.9 Annexed hereto as Exhibit F and made a part hereof is a schedule of Landlord's rates, as of the date of this Lease for "extra" Building charges, including certain charges for Overtime Periods referred to in this Article 29. Landlord agrees that for a period of thirty (30) months after the Commencement Date, Landlord

shall not increase such charges to Tenant in excess of the charges set forth on said Exhibit F.

Section 28.10 The provisions of this Article 28 shall be considered express agreements governing the services to be furnished by Landlord, and Tenant agrees that any Requirements, now or hereafter in force, shall have no application in connection with any enlargement of Landlord's obligations with respect to such services.

ARTICLE 29

[RESERVEDl

ARTICLE 30

VAULT SPACE

Section 30.1 Notwithstanding anything contained in this Lease or indicated on any sketch, blueprint or plan, any vaults, vault space or other space outside the boundaries of the Real Property are not included in the Premises. Landlord makes no representation as to the location of the boundaries of the Real Property. All vaults and vault space and all other space outside the boundaries of the Real Property which Tenant may be permitted to use or occupy are to be used or occupied under a revocable license, and if any such license shall be revoked, or if the amount of such space shall be diminished or required by any Governmental Authority or by any public utility company, such revocation, diminution or requisition shall not constitute an actual or constructive eviction, in whole or in part, or entitle Tenant to any abatement or diminution of Rental, or relieve Tenant from any of its obligations under this Lease, or impose any liability upon Landlord. Any fee, tax or charge imposed by any Government al Authority for any such vaults, vault space or other space occupied by Tenant shall be paid by Tenant.

ARTICLE 31

SECURITY DEPOSIT

Section 31.1 Subject to Section 31.2 below, Tenant has deposited with Landlord the sum of **ZERO DOLLARS ($00.00)** as security for the faithful performance and observance by Tenant of the terms, provisions, covenants and conditions of this Lease; it is agreed that in the event of an assignment of this Lease, the assignee's deposit of security as elsewhere in this Lease provided, and such assignee's default beyond the expiration of applicable notice, grace or cure periods in respect of any of the terms, provisions, covenants and conditions of this Lease, including, but not limited to, the payment of Rental, Landlord may use, apply or retain the whole or any part of the security so deposited to the extent required for the payment of any Rental or any other sum as to which Tenant (the term "Tenant," as used in this Article 31, meaning only any such assignee) is in default or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default beyond the expiration of applicable notice, grace or cure periods in respect of any of the terms, provisions, covenants and conditions of this Lease, including but not limited to, any damages or deficiency accrued before or after summary proceedings or other re-entry by Landlord. In the event that Tenant shall fully and faithfully comply with all of the terms, provisions, covenants and conditions of this Lease, the security shall be refunded to Tenant after the date fixed as the end of the term of this Lease and after delivery of entire

possession of the Premises to Landlord as provided hereunder. Tenant further covenants that it will not assign or encumber or attempt to assign or encumber the monies deposited herein as security and that neither Landlord nor its successors or assigns shall be bound by any such assignment, encumbrance, attempted assignment or attempted encumbrance. In the event Landlord applies or retains any portion or all of the security depo sited, Tenant shall forthwith restore the amount so applied or retained so that at all times

the amount deposited shall be the full amount of the security deposit required at the relevant time. The security shall be deposited in an interest-bearing account in a bank selected by Landlord, and interest earned on the account (less an administrative fee allowed by law which may be retained by Landlord) shall, provided Tenant is not in default hereunder beyond the expiration of applicable notice, grace or cure periods, be paid to Tenant upon request but no more frequently than annually.

Section 31.2 In lieu of the cash security deposit referred to in Section 31.1 above, Tenant may deliver to Landlord, and shall maintain in effect at all times during the term following delivery thereof, a clean, unconditional and irrevocable letter of credit, in substantially the form annexed hereto as Exhibit B in the amount of **ZERO DOLLARS ($00.00)** issued by a banking corporation ("Bank") reasonably satisfactory to Landlord and which is a member of the New York Clearing House Association or successor thereto. Such letter of credit shall have an expiration date no earlier than the first anniversary of the date of issuance thereof and it shall be automatically renewed from year-to-year unless terminated by the Bank by notice to Landlord given not less than sixty (60) days prior to the then expiration date therefor. It is agreed that in the event Tenant defaults in respect of any of the terms, covenants or provisions of this Lease, including, but not limited to, the payment of any Rental, a nd such default continues beyond the applicable grace or cure period, if any, or if any letter of credit is terminated by the Bank and is not replaced within thirty (30) days prior to its expiration date that (i) Landlord shall have the right to require the Bank to make payment to Landlord of so much of the entire proceeds of the letter of credit as shall be reasonably necessary to cure the default (or the entire proceeds if notice of termination is given as aforesaid and the letter of credit is not replaced as aforesaid), and (ii) Landlord may apply said sum so paid to it by the Bank to the extent required for the payment of any Rental or any other sum as to which Tenant is in default beyond applicable grace and cure periods or for any sum which Landlord may expend or may be required to expend by reason of Tenant's default beyond applicable grace and cure periods in respect of any of the terms, covenants and conditions of this Lease, including, but not limited to, any damages or deficiency in the reletting of the Premises, whether such damages or deficiency accrues before or after summary proceedings or other re-entry by Landlord, without thereby waiving any other rights or remedies of Landlord with respect to such default. If Landlord applies any part of the proceeds of a letter of credit, Tenant, upon demand, shall deposit with Landlord promptly the amount so applied or retained (or increase the amount of the letter of credit) so that the Landlord shall have the full deposit on hand at all times during the term of this Lease. If a letter of credit is drawn upon, any proceeds received by Landlord which are not applied to the curing of the default shall be held by Landlord subject to the provision of Section 31.1 above. If Tenant shall fully and faithfully comply with all of the terms, covenants and provisions of this Lease, any letter of credit, or any remaining portion of any sum collected by Landlord hereunder from the Bank, together with any other portion or sum held by Landlord as security shall be refund ed to Tenant within thirty (30) days after the expiration date of this Lease and after delivery of the entire possession of the Premises to Landlord. Tenant shall have the right to substitute one letter

of credit for another provided that at all times the letter of credit shall meet the requirements of this Section 31.2.

Section 31.3 In the event of an assignment by Landlord of its interest under this Lease, Landlord shall have the right to transfer the security to the assignee, and Landlord shall thereupon be released by Tenant from all liability for the return of such security. In such event, Tenant agrees to look solely to the new landlord for the return of said security. The provisions hereof shall apply to every transfer or assignment made of the security to a new landlord.

Section 31.4 Tenant acknowledges that, as a condition to Landlord's consent to an assignment of this Lease as contemplated by Section 12.8(a), Landlord shall have the right to require that the assignee deposit with Landlord, in the manner contemplated by this Article 31, a security deposit in the amount of two (2) monthly installments of the Fixed Rent due and payable as of the effective date of the proposed assignment.

ARTICLE 32

CAPTIONS

Section 32.1 The captions are inserted only as a matter of convenience and for reference and in no way define, at or describe the scope of this Lease nor the intent of any provision thereof.

ARTICLE 33

PARTIES BOUND

Section 33.1 The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective legal representatives, successors, and, except as otherwise provided in this Lease, their assigns.

ARTICLE 34

BROKER

Section 34.1 Landlord and Tenant covenant, represent, and warrant, each to the other, that it has had no dealings or negotiations with any broker, or agent other than Cushman & Wakefield, Inc. in connection with the consummation of this Lease. Landlord and Tenant covenant and agree to indemnify, defend and hold harmless the other party from and against any and all costs, expenses (including reasonable attorneys' fees and disbursements) claims or liability for any compensation, commissions or charges claimed with respect to this Lease or the negotiation thereof, by any broker or agent other than Cushman & Wakefield, Inc. due to a

breach of this representation. Landlord will pay any commissions due to Cushman & Wakefield, Inc., in connection with this Lease based upon the terms of the Agency Agreement between Cooke Properties Inc and Cushman & Wakefield, Inc.

ARTICLE 35

INDEMNITY

Section 35.1 Tenant shall not do or permit any act or thing to be done upon the Premises which may subject Landlord to any liability or responsibility for injury, damages to persons or property or to any liability by reason of any violation of any Requirement, and shall exercise such control over the Premises as to fully protect Landlord against any such liability. Tenant shall indemnify and save the Indemnitees harmless from and against (a) all claims of whatever nature against the Indemnitees

arising from any act, omission or negligence of Tenant, its contractors, licensees, agents, servants, employees, invitees or visitors, (b) all claims against the Indemnitees arising from any accident, injury or damage whatsoever caused to any person or to the property of any person and occurring during the Term in or about the Premises, (c) all claims against the Indemnitees arising from any accident, injury or damage occurring outside o f the Premises but anywhere within or about the Real Property, where such accident, injury or damage results or is claimed to have resulted from an act, omission or negligence of Tenant or Tenant's contractors, licensees, agents, servants, employees, invitees or visitors, and (d) any breach, violation or non-performance of any covenant, condition or agreement in this Lease set forth and contained on the part of Tenant to be fulfilled, kept, observed and performed. This indemnity and hold harmless agreement shall include indemnification of the Indemnitees from and against any and all liability, fines, suits, demands, costs and expenses of any kind or nature (including, without limitation, attorneys' fees and disbursements) incurred in or in connection with any such claim or proceeding brought thereon, and the defense thereof, except (i) with respect to claims in connection with bodily injury or death, Tenant's indemnity shall be limited to the extent any insurance proceeds collectible by Landlord under polici es owned by Landlord or such injured party with respect to such damage or injury are insufficient to satisfy same and (ii) with respect to claims in connection with property damage which is covered by policies of "all risk" insurance with extended coverage as set forth in Article 10 hereof.

Section 35.2 If any claim, action or proceeding is made or brought against Landlord, which claim, action or proceeding Tenant shall be obligated to indemnify Landlord against pursuant to the terms of this Lease, then, upon demand by Landlord, Tenant, at its sole cost and expense, shall resist or defend such claim, action or proceeding in Landlord's name, if necessary, by such attorneys as Landlord shall approve, which approval shall not be unreasonably withheld. Attorneys for Tenant's insurer are hereby deemed approved for purposes of this Section 35.2. Notwithstanding the foregoing, Landlord may retain its own attorneys to defend or assist in defending any claim, action or proceeding involving potential liability of Three Million Dollars ($3,000,000) or more, and Tenant shall pay the reasonable fees and

disbursements of such attorneys. The provisions of this Article 35 shall survive the expiration or earlier termination of this Lease.

ARTICLE 36

ADJACENT EXCAVATION-SHORING

Section 36.1 If an excavation shall be made upon land adjacent to the Premises, or shall be authorized to be made, Tenant, upon reasonable advance notice, shall afford to the person causing or authorized to cause such excavation, a license to enter upon the Premises for the purpose of doing such work as said person shall deem necessary to preserve the wall or the Building from injury or damage and to support the same by proper foundations, without any claim for damages or indemnity against Landlord, or diminution or abatement of Rental, provided that Tenant shall continue to have access to the Premises and the Building.

ARTICLE 37

MISCELLANEOUS

Section 37.1 This Lease is offered for signature by Tenant and it is understood that this Lease shall not be binding upon Landlord or Tenant unless and until Landlord and Tenant shall have executed and unconditionally delivered a fully executed copy of this Lease to each other.

Section 37.2 The obligations of Landlord under this Lease shall not be binding upon Landlord named herein after the sale, conveyance, assignment or transfer by

such Landlord (or upon any subsequent landlord after the sale, conveyance, assignment or transfer by such subsequent landlord) of its interest in the Building or the Real Property, as the case may be, and in the event of any such sale, conveyance, assignment or transfer, Landlord shall be and hereby is entirely freed and relieved of all covenants and obligations of Landlord hereunder. The partners, shareholders, directors, officers and principals, direct and indirect, of Landlord (collectively, the "Parties") shall not be liable for the performance of Landlord's obligations under this Lease. Tenant shall look solely to Landlord to enforce Landlord's obligations hereunder and shall not seek any damages against any of the Parties. The liability of Landlord for Landlord's obligations under this Lease shall be limited to Landlord's interest in the Real Property and Tenant shall not look to any other property or assets of Landlord or the property or assets of any of the Parties in seeking either to enforce Landlord's obligations under this Lease or to satisfy a judgment for Landlord's failure to perform such obligations.

Section 37.3 Notwithstanding anything contained in this Lease to the contrary, all amounts payable by Tenant to or on behalf of Landlord under this Lease, whether or not

expressly denominated Fixed Rent, Escalation Rent, additional rent or Rental, shall constitute rent for the purposes of Section 502 (b) (7) of the Bankruptcy Code.

Section 37.4 Tenant's liability for all items of Rental shall survive the Expiration Date.

Section 37.5 Tenant shall reimburse Landlord as additional rent, within ten (10) days after rendition of a statement, for all expenditures made by, or damages or fines sustained or incurred by, Landlord, due to any default by Tenant under this Lease, with interest thereon at the Applicable Rate.

Section 37.6 Neither this Lease nor a memorandum of this Lease shall be recorded.

Section 37.7 Tenant shall not, except with the prior written consent of Landlord, use or permit to be used the words "Chrysler Building" or any combination or simulation thereof for any purpose whatsoever including, but not limited to, as or for any corporate, firm or trade name, trademark or designation or description of merchandise or services, provided, however, that nothing contained in this Section 37.7 shall restrict Tenant's use of the words "Chrysler Building" solely as part of Tenant's address or as part of an address.

Section 37.8 This Lease contains the entire agreement between the parties, supersedes all prior understandings, if any, with respect thereto and all prior negotiations and agreements, if any, are merged herein. Any executory agreement hereafter made shall be ineffective to change, modify, discharge or effect an abandonment of this Lease in whole or in part unless such executory agreement is in writing and executed by both parties.

Section 37.9 [Reserved]

Section 37.10 Unless Landlord shall render written notice to Tenant to the contrary in accordance with the provisions of Article 26 hereof, Cushman & Wakefield, Inc. is authorized to act as Landlord's agent in connection with the performance of this Lease, including, without limitation, the receipt and delivery of any and all notices and consents in accordance with Article 26. Tenant shall direct all correspondence and requests to, and shall be entitled to rely upon correspondence received from, Cushman & Wakefield, Inc., as agent for the Landlord in accordance with Article 26. Tenant acknowledges that Cushman & Wakefield, Inc. is acting solely as agent for Landlord in connection with the foregoing, and neither Cushman & Wakefield, Inc. nor any of its direct or indirect partners, officers, shareholders, directors or employees shall have any liability to Tenant in connection with the performance of Landlord's obligations under this Lease and Tenant waives any and all claims against any such party arising out of, or in any way connected with, this Lease or the Real Property.

Section 37.11

(a) All of the Schedules and Exhibits attached hereto are incorporated in and made a part of this Lease, but, in the event of any inconsistency between the terms and provisions of this Lease and the terms and provisions of the Schedules and Exhibits hereto, the terms and provisions of this Lease shall control. Wherever appropriate in this Lease, personal pronouns shall be deemed to include the other genders and the singular to include the plural. All Article and Section references set forth herein shall, unless the context otherwise specifically requires, be deemed references to the Articles and Sections of this Lease.

(b) If any term, covenant, condition or provision of this Lease, or the application thereof to any person or circumstance, shall ever be held to be invalid or unenforceable, then in each such event the remainder of this Lease or the application of such term, covenant, condition or provision to any other Person or any other circumstance (other than those as to which it shall be invalid or unenforceable) shall not be thereby affected, and each term, covenant, condition and provision hereof shall remain valid and enforceable to the fullest extent permitted by law.

Section 37.12 Tenant, on behalf of itself and any and all persons claiming through or under Tenant, including creditors of all kinds, does hereby waive and surrender all right and privilege which they or any of them might have under or by reason of any present or future law, to redeem the Premises or to have a continuance of this Lease for the term hereby demised after being dispossessed or ejected therefrom by process of law or under the terms of this Lease or after the termination of this Lease as herein provided.

ARTICLE 38

DEFINITIONS

"Additional Space" shall have the meaning set forth in Section 41.1 hereof.

"Additional Space Commencement Date" shall have the meaning set forth in Section 41.1 hereof.

"Additional Space Notice" shall have the meaning set forth in Section 41.1 hereof.

"Additional Space Sublease" shall have the meaning set forth in Section 41.5 hereof.

"Affiliate" of a Person shall mean a Person which shall (1) Control, (2) be under the Control of, or (3) be under common Control with the Person in question.

"Alterations" shall mean installations, improvements, additions or other physical changes (other than decorations which shall include the installation of wall coverings or floor coverings and painting) in or about the Premises.

"Appraiser" shall have the meaning set forth in Section 40.3 hereof.

"Applicable Rate" shall mean the lesser of (x) two (2) percentage points above the then current Base Rate, and (y) the maximum rate permitted by applicable law.

"Assessed Valuation" shall have the meaning set forth in Section 27.1 hereof.

"Assignment Proceeds" shall have the meaning set forth in Section 12.8 hereof.

"Assignment Statement" shall have the meaning set forth in Section 12.8 hereof.

"Bankruptcy Code" shall mean 11 U.S.C. Section 101 et seq., or any statute of similar nature and purpose.

"Base Amount" shall have the meaning set forth in Section 31.4 hereof.

"Base Operating Expenses" shall have the meaning set forth in Section 27.1 hereof.

"Base Operating Year" shall have the meaning set forth in Section 27.1 hereof.

"Base Rate" shall mean the rate of interest publicly announced from time-to-time by The Chase Manhattan Bank, N.A., or its successor, as its "prime lending rate" (or such other term as may be used by The Chase Manhattan Bank, N.A., from time-to-time, for the rate presently referred to as its "prime lending rate").

"Base Taxes" shall have the meaning set forth in Section 27.1 hereof.

"Broker" shall have the meaning set forth in Article 34 hereof.

"Building" shall mean all the buildings, equipment and other improvements and appurtenances of every kind and description now located or hereafter erected, constructed or placed upon the land and any and all alterations, and replacements thereof, additions thereto and substitutions therefor, known by the address of 405 Lexington Avenue, New York, New York 10174.

"Building Systems" shall mean the mechanical, gas, electrical, sanitary heating, air conditioning, ventilating, elevator, escalator, plumbing, life-safety and other service systems of the Building.

"Business Days" shall mean all days, excluding Saturdays, Sundays and all days observed by either the State of New York or the Federal Government and by the labor unions servicing the Building as legal holidays.

"Combined Property" shall mean the Real Property and Kent Property.

"Commencement Date" shall have the meaning set forth in Section 1.1

"Consumer Price Index" shall mean the Consumer Price Index for All Urban Consumers published by the Bureau of Labor Statistics of the United States Department of Labor, New York, N.Y. - Northeastern N.J. Area, All Items (1982-84 = 100), or any successor index thereto, appropriately adjusted. In the event that the Consumer Price Index is converted to a different standard reference base or otherwise revised, the determination of adjustments provided for herein shall be made with the use of such conversion factor, formula or table for converting the Consumer Price Index as may be published by the Bureau of Labor Statistics or, if said Bureau shall not publish the same, then with the use of such conversion factor, formula or table as may be published by Prentice Hall, Inc., or any other nationally recognized publisher of similar statistical information. If the Consumer Price Index ceases to be published, and there is no successor thereto, such other index as Landlord and Tenant shall agree upon in writing shall be substituted for the Consumer Price Index. If Landlord and Tenant are unable to agree as to such substituted index, such matter shall be submitted to the American Arbitration Association or any successor organization for determination in accordance with the regulations and procedures thereof then obtaining for commercial arbitration.

"Control" or **"control"** shall mean ownership of more than fifty percent (50%) of the outstanding voting stock of a corporation or other majority equity and control interest if not a corporation and, in either case, the possession of power to direct or

cause the direction of the management and policy of such corporation or other entity, whether through the ownership of voting securities, by statute or according to the provisions of a contract.

"Cost per Kilowatt Hour" shall mean the total cost for electricity incurred by Landlord to service the Building (including all applicable surcharges, demand charges, energy charges, fuel adjustment charges, time of day charges, taxes and other sums payable in respect thereof) divided by the total kilowatt hours purchased by Landlord.

"Current Year" shall have the meaning set forth in Section 27.4 hereof. **"Deficiency"** shall have the meaning set forth in Section 17.2 hereof.

"Electricity Additional Rent" shall have the meaning set forth in Section 13.2 hereof.

"Electricity Fee" shall have the meaning set forth in Section 13.3 hereof.

"Electricity Inclusion Charge" shall have the meaning set forth in Section 13.3 hereof.

"Escalation Rent" shall mean, individually or collectively, the Tax Payment and the Operating Payment.

"Essential Services" shall have the meaning set forth in Section 28.7 hereof.

"Event of Default" shall have the meaning set forth in Section 16.1 hereof.

"Expiration Date" shall mean the Fixed Expiration Date, as may be extended pursuant to Article 40 hereof, or such earlier date on which the Term shall sooner end pursuant to any of the terms, conditions or covenants of this Lease or pursuant to law.

"Existing Subtenant" shall have the meaning set forth in Section 41.5 hereof.

"Exchange Sublease" shall have the meaning set forth in Section 41.5 hereof.

"Fair Rental Value of Premises" shall have the meaning set forth in Section 40.3.

"Fixed Expiration Date" shall have the meaning set forth in Section 1.1 hereof.

"Fixed Rent" shall have the meaning set forth in Section 1.1 hereof.

"Governmental Authority (Authorities)" shall mean the United States of America, the State of New York, The City of New York, any political subdivision thereof and any agency, department, commission, board, bureau or instrumentality of any of the foregoing, or any quasi-governmental authority, now existing or hereafter created, having jurisdiction over the Real Property or any portion thereof.

"Ground Lease" shall mean that certain lease dated as of May 1, 1953, originally between The Cooper Union For the Advancement of Science and Art, as lessor, and W.P. Chrysler Building Corporation, as tenant, the lessee's interest of which is currently owned by Landlord.

"Ground Rent" shall mean any ground rent payable by Landlord pursuant to the Ground Lease.

"HVAC" shall mean heat, ventilation and air conditioning.

"IHVAC Systems" shall mean the Building Systems providing HVAC.

"Indemnitees" shall mean Landlord or Tenant, as the case may be, and its respective shareholders, officers, directors, employees, agents and contractors.

"Initial Alterations" shall mean the Alterations to be made by Tenant to initially prepare the Premises for Tenant's occupancy including, without limitation, any Alterations in the existing restrooms in the Premises.

"Kent Building" shall mean the building located at 666 Third Avenue, New York, New York 10017, known as the Kent Building.

"Kent Property" shall mean the building known as the Kent Building together with the plot of land upon which it stands.

"Labor Costs" shall mean, without limitation, the cost and expense of salaries, wages, payroll taxes and other so-called "fringe" benefits which include, without limitation, medical benefits, surgical benefits, general welfare benefits, group insurance benefits, retirement plans, pension plans, vacation pay, sick pay.

"Landlord" on the date as of which this Lease is made, shall mean ***Cooke Properties Inc,*** a California corporation, having an office at 405 Lexington Avenue, New York, New York 10174, but thereafter, "Landlord" shall mean only the owner of the lessee's interest under the Ground Lease at the time in question.

"Landlord's Determination" shall have the meaning set forth in Section 40.3 hereof.

"Landlord's Preliminary Work" shall have the meaning set forth in Section 1.3 hereof.

"Landlord's Work" shall have the meaning set forth in Section 1.3 hereof.

"Lease" shall mean this Agreement of Lease.

"Lessor(s)" shall mean a lessor under a Superior Lease.

"Mortgage(s)" shall mean any trust indenture or mortgage which may now or hereafter affect the Real Property, the Building or any Superior Lease and the leasehold interest created thereby, and all renewals, extensions, supplements, amendments, modifications, consolidations and replacements thereof or thereto, substitution therefor, and advances made thereunder.

"Mortgagee(s)" mean any trustee, mortgagee or holder of a Mortgage.

"Mutual Determination" shall have the meaning set forth in Section 40.3 hereof.

"Non-disturbance Agreement" shall have the meaning set forth in Section 7.1 hereof.

"Operating Expenses" shall have the meaning set forth in Section 27.1 hereof.

"Operating Payment" shall have the meaning set forth in Section 27.4 hereof.

"Operating Year" shall have the meaning set forth in Section 27.1 hereof.

"Operation of the Combined Property" shall mean the maintenance, repair and management of the Combined Property and the plazas, curbs, sidewalk and areas adjacent thereto.

"Option Tenant" shall have the meaning set forth in Section 41.4 hereof.

"Overtime Periods" shall have the meaning set forth in Section 28.3 hereof.

"Parties" shall have the meaning set forth in Section 37.2 hereof.

"Person(s) or person(s)" shall mean any natural person or persons, a partnership, a corporation and any other type of legal entity.

"Premises" shall mean, subject to the provisions of Section 14.4 hereof, the entire rentable area on the nineteenth (19th) floor and the twentieth (20th) floor of the Building, as denoted on the floor plan attached hereto and made a part hereof as Exhibit "A".

"Real Property" shall mean the Building, together with the plot of land upon which it stands.

"Recapture Space" shall have the meaning set forth in Section 41.5 hereof.

"Recapture Sublease" shall have the meaning set forth in Section 41.5 hereof.

"Renewal Notice" shall have the meaning set forth in Section 40.1 hereof.

"Renewal Option" shall have the meaning set forth in Section 40.1 hereof.

"Renewal Term" shall have the meaning set forth in Section 40.1 hereof.

"Rent Commencement Date" shall have the meaning set forth in Section 1.1 hereof.

"Rent Notice" shall have the meaning set forth in Section 40.3 hereof.

"Rent Per Square Foot" shall have the meaning set forth in Section 12.7 hereof.

"Rental" shall mean and be deemed to include Fixed Rent, Escalation Rent, all additional rent and any other sums payable by Tenant hereunder.

"Requirements" shall mean all present and future laws, rules, orders, ordinances, regulations, statutes, requirements, codes and executive orders, extraordinary as well as ordinary, of all Governmental Authorities now existing or hereafter created, and of any and all of their departments and bureaus, and of any applicable fire rating bureau, or other body exercising similar functions, affecting the Real Property, or any street, avenue or sidewalk comprising a part of or in front thereof or any vault in or under the same, or requiring removal of any encroachment, or affecting the maintenance, use or occupation of the Real Property.

"Rules and Regulations" shall mean the rules and regulations annexed hereto and made a part hereof as Schedule A, and such other and further rules and regulations and modifications thereto as Landlord may from time-to-time adopt for general applicability to tenants of the Building and communicate on reasonable notice to tenants.

"Second Additional Space" shall have the meaning set forth in Section 41.4 hereof.

"Space Factor" shall mean forty one thousand (41,000) square feet, as the same may be increased or decreased pursuant to the terms hereof.

"Specialty Alterations" shall mean Alterations consisting of kitchens, raised computer floors, computer installations, vaults, libraries, internal staircases, dumbwaiters, and other Alterations of a similar character.

"Sublease Expenses" shall have the meaning set forth in Section 12.7 hereof.

"Sublease Profit" shall have the meaning set forth in Section 12.7 hereof.

"Sublease Rent" shall have the meaning set forth in Section 12.7 hereof.

"Sublease Rent Per Square Foot" shall have the meaning set forth in Section 12.7 hereof.

"Superior Lease(s)" shall mean the Ground Lease and all ground or underlying leases of the Real Property or the Building heretofore or hereafter made by Landlord and all renewals, extensions, supplements, amendments and modifications thereof.

"Taxes" shall have the meaning set forth in Section 27.1 hereof.

"Tax Payment" shall have the meaning set forth in Section 27.2 hereof.

"Tax Statement" shall have the meaning set forth in Section 27.1 hereof.

"Tax Year" shall have the meaning set forth in Section 27.1 hereof.

"Tenant" on the date as of which this Lease is made, shall mean Minerals Technologies, Inc., a Delaware corporation, having an office at 235 East 42nd Street, New York, New York 10017, but thereafter "Tenant" shall mean only the tenant under this Lease at the time in question.

"Tenant's Acceptance Notice" shall have the meaning set forth in Section 41.1 hereof.

"Tenant's Delay" shall have the meaning set forth in Section 1.5 hereof.

"Tenant's Determination" shall have the meaning set forth in Section 40.3 hereof.

"Tenant Fund" shall have the meaning set forth in Section 3.4 hereof.

"Tenant Statement" shall have the meaning set forth in Section 12.6 hereof.

"Tenant's Operating Share" shall mean three percent (3 %), as the same may be increased or decreased pursuant to the terms hereof.

"Tenant's Property" shall mean Tenant's movable fixtures and movable partitions, telephone and other equipment, furniture, furnishings, decorations and other items of personal property.

"Tenant's Tax Share" shall mean four and thirty-seven one hundredths percent (4.37%), as the same may be increased or decreased pursuant to the terms hereof.

"Tentative Monthly Escalation Charge" shall have the meaning set forth in Section 27.4 hereof.

"Term" shall mean a term which shall commence on the Commencement Date and shall expire on the Expiration Date.

"Unavoidable Delays" shall have the meaning set forth in Article 25 hereof.

ARTICLE 39

CONSTRUCTION OF TERMS

Section 39.1 The terms include, including, and such as shall each be construed as if followed by the phrase "without being limited to".

Section 39.2 The term obligations of this Lease, and words of like import, shall mean the covenants to pay rent and additional rent under this Lease and all of the other covenants and conditions contained in this Lease. Any provision in this Lease that one party or the other or both shall do or not do or shall cause or permit or not cause or permit a particular act, condition or circumstance shall be deemed to mean that such party so covenants or both parties so covenant, as the case may be.

Section 39.3 The term Tenant's obligations hereunder, and words of like import, and the term Landlord's obligations hereunder, and words of like import, shall mean the obligations of this Lease which are to be performed or observed by Tenant, or by Landlord, as the case may be. Reference to performance of either party's obligations under this Lease shall be construed as "performance and observance".

Section 39.4 Reference to Landlord as having no liability to Tenant or being without liability to Tenant shall mean that Tenant is not entitled to terminate this Lease, or to claim actual or constructive eviction, partial or total, or to receive any abatement or diminution of rent, or to be relieved in any manner of any of its other obligations hereunder, or to be compensated for loss or injury suffered or to enforce any other kind of liability whatsoever against Landlord under or with respect to this Lease or with respect to Tenant's use or occupancy of the Premises.

Section 39.5 The term repair shall be deemed to include restoration and replacement as may be necessary to achieve and/or maintain good working order and condition.

Section 39.6 Reference to termination of this Lease includes expiration or earlier termination of the Term or cancellation of this Lease pursuant to any of the provisions of this Lease or to law. Upon a termination or expiration of this Lease, the Term and estate granted by this Lease shall end at noon of such date of termination or expiration and neither party shall have any further obligation or liability to the other after such termination (i) except as shall be expressly provided for in this Lease, or (ii) except for such obligation as by its nature or under the circumstances can only be, or by the provisions of this Lease, may be, performed after such termination, and, in any event, unless expressly otherwise provided in this Lease, any liability for a payment which shall have accrued to or with respect to any period ending at the time of termination shall survive the termination of this Lease.

Section 39.7 Words and phrases used in the singular shall be deemed to include the plural and vice versa, and nouns and pronouns used in any particular gender shall be deemed to include any other gender.

Section 39.8 The rule of ejusdem generis shall not be applicable to limit a general statement following or referable to an enumeration of specific matters to matters similar to the matters specifically mentioned.

ARTICLE 40

OPTION TO RENEW

Section 40.1 Tenant shall have the option (the "Renewal Option") to extend the term of this Lease for one (1) additional period of five (5) years (the "Renewal Term"), which Renewal Term shall commence on the date immediately succeeding the Fixed Expiration Date and end on the fifth (5th) anniversary of the Fixed Expiration Date, provided that on the date Tenant gives Landlord written notice (the "Renewal Notice") of Tenant's election to exercise the Renewal Option and on the first day of the Renewal Term (a) this Lease shall be in full force and effect, (b) no Event of Default shall have occurred and be continuing (including on the Fixed Expiration Date), and (c) Tenant shall itself occupy and be conducting business in at least seventy-five percent (75 %) of the Premises. Such Renewal Option may be exercised with respect to the entire Premises only and shall be exercisable by Tenant delivering the Renewal Notice to Landlord at least one (1) year prior to the Fixed Expiration Date. Time is of the essence with respect to the giving of the Renewal Notice whether or not Landlord shall

have taken any action in reliance upon Tenant's failure to deliver said Renewal Notice. Upon the giving of the Renewal Notice, Tenant shall have no further right or option to extend or renew the Term.

Section 40.2 If Tenant exercises the Renewal Option, the Renewal Term shall be upon the same terms, covenants and conditions as those contained in this Lease, except that (a) the Fixed Rent shall be deemed to mean the Fixed Rent as determined pursuant to Section 40.3

hereof, (b) the provisions of Section 40.1 relative to Tenant's right to renew the Term of this Lease shall not be applicable during the Renewal Tern, and the provisions of Sections 1.2, 1.3, 1.4 and 3.4 shall not be applicable to the Renewal Tern.

Section 40.3 For the Renewal Term, the Fixed Rent shall be determined as follows:

(a) The Fixed Rent for the Premises for the Renewal Term shall be an amount equal to ninety-five percent (95 %) of the annual fair rental value of the Premises (the "Fair Rental Value of the Premises") as of the first day of the Renewal Term. The Fair Rental Value of the Premises shall be determined on the basis of the highest and best use of the Premises as offices assuming that the Premises are free and clear of all leases and tenancies (including this Lease), that the Premises are available in the then rental market for comparable first class office buildings in midtown Manhattan, that Landlord has had a reasonable time to locate a tenant willing to enter into a lease for the Premises, that neither Landlord nor the prospective tenant is under any compulsion to rent, and taking into account all relevant factors concerning the Premises and the rental market at the time (but without the requi rement that the same be specifically identified or enumerated in the determination) including without limitation:

(i) the fact that (x) the Base Taxes shall be the Taxes payable for the second half of the Tax Year commencing July 1, 2009 and ending June 30, 2010 (i.e. January 1, 2010 - June 30, 2010) and the first half of the Tax Year commencing July 1, 2010 and ending June 30, 2011 (i.e. July 1, 2010 - Dec. 31, 2010) for the purpose of calculating Tenant's Tax Payment, and (y) the Base Operating Year shall be the calendar year 2010 for the purpose of calculating Tenant's Operating Expense Payment, both of which payments shall continue to be made during the Renewal Term;

(ii) the fact that as of the first day of the Renewal Tern, Tenant shall not be required to pay, the Escalation Rent presently provided for under this Lease, or other escalation payments which Landlord is then charging tenants under other leases or offers for leases in the Building or such other escalation payments which other landlords are then charging tenants under leases or offers for leases in other office buildings which are similar in character or location to the Building;

(iii) the fact that Tenant shall have no further right to renew this Lease; and

(iv) the fact that Landlord is obligated to pay a brokerage commission with respect to the Renewal Term to Cushman & Wakefield, Inc., based upon the terms of the Agency Agreement between Cooke Properties Inc and Cushman & Wakefield, Inc.

(b) For purposes of determining the Fair Rental Value of the Premises, the following procedure shall apply:

(i) Landlord and Tenant shall each contemporaneously deliver to the other, at Landlord's office, a written notice (each a "Rent Notice"), on a date mutually to be agreed upon, but in no event later than one hundred eighty (180) days prior to the Fixed Expiration Date, and if no date is mutually agreed upon, then on the

one hundred eightieth (180th) day prior to the Fixed Expiration Date, which Rent Notice shall set forth each of their respective determinations of the Fair Rental Value of the Premises (Landlord's determination of the Fair Rental Value of the Premises is referred to as "Landlord's Determination" and Tenant's determination of the Fair Rental Value of the Premises is referred to as "Tenant's Determination").

(ii) If Landlord's Determination and Tenant's Determination are not equal, Landlord and Tenant shall attempt to agree upon the Fair Rental Value of the Premises. If Landlord and Tenant shall mutually agree upon the determination (the "Mutual Determination") of the Fair Rental Value of the Premises their determination shall be the Fixed Rent for the Renewal Term, and shall be final and binding upon the parties. If Landlord and Tenant shall be unable to reach a Mutual Determination within ten (10) Business Days after delivery of the respective Determinations to each party, Landlord and Tenant shall jointly select an independent real estate broker, consultant or appraiser (the "Appraiser") whose fee shall be borne equally by Landlord and Tenant and whose determination shall be binding on both. The Appraiser appointed pursuant to this Article shall be an independent real estate appraiser, broker or consultant with at least ten (10) years' experience in leasing and valuation of properties which are similar in character to the Building, and a member of either the American Institute of Appraisers, the National Association of Real Estate Boards, or the Society of Real Estate Appraisers. If Landlord and Tenant shall be unable to jointly agree on the designation of the Appraiser within five (5) Business Days after they are requested to do so by either party, then the parties agree to allow the president of the Real Estate Board of New York, Inc., or any successor organization serving a similar function, to designate the Appraiser and have the Appraiser determine the Fair Rental Value of the Premises in accordance with the provisions of this Lease, such determination to be conducted pursuant to the rules, regulations and/or procedures then obtaining of the American Arbitration Association or any successor organization. Each party shall have the right t o submit the matter to the president of the Real Estate Board of New York, Inc. for designation of the Appraiser and a determination of the Fair Rental Value of the Premises, which determination shall be binding on the parties.

(iii) The Appraiser shall conduct such hearings and investigations as he or she may deem appropriate and shall, within thirty (30) days after the date of designation of the Appraiser, choose either Landlord's or Tenant's Determination or make a determination of the Fair Rental Value of the Premises which determination shall be an amount between Landlord's Determination or Tenant's Determination, and such choice by the Appraiser shall be

conclusive and binding upon Landlord and Tenant. Each party shall pay its own counsel fees and expenses, if any, in connection with any arbitration or appraisal under this Article. The Appraiser shall not have the power to add to, modify or change any of the provisions of this Lease.

(c) After a determination has been made of the Fair Rental Value of the Premises for the Renewal Term, the parties shall execute and deliver to each other an instrument setting forth the Fixed Rent for the Renewal Term as hereinabove determined.

(d) If the final determination of the Fair Rental Value of the Premises shall not be made on or before the first day of the Renewal Term in accordance with the provisions of this Article, pending, such final determination Tenant shall continue to pay, as the Fixed Rent for such Renewal Term, an amount equal to the Fixed Rent then payable by Tenant as of the Fixed Expiration Date. If, based upon the final determination of the Fair Rental Value of the Premises pursuant to this Article 40, the payments made by Tenant on account of the Fixed Rent for such portion of the Renewal Term were greater or lower than the Fixed Rent determined to be payable for the Renewal Term, the amount of any overpayment shall be automatically credited against the next succeeding installment(s) of Fixed Rent thereafter becoming due or the amount of any underpayment shall become due and payable with the next succeeding installment of Fixed Rent thereafter becoming due.

ARTICLE 41

ADDITIONAL SPACE OPTION

Section 41.1

(a) Provided that (i) Minerals Technologies, Inc. is the Tenant, (ii) Tenant shall itself then occupy and shall be conducting its business in at least seventy-five (75 %) of the Premises, and (iii) no Event of Default shall have occurred and then be continuing hereunder, subject to Section 41.4, during the original term of this Lease only (and not during the Renewal Term), if all or any part of the space on the 21st floor of the Building, which is shown on the floor plan of the 21st floor of the Building annexed hereto as Exhibit G and denoted thereon as the "Additional Space" (and, for the purposes of this Article 41, the term "Additional Space" shall mean the entire Additional Space or such portions of the Additional Space as may, from time-to-time during the original term of the Lease become vacant and available for occupancy as contemplated by this Article 41), becomes vacant and avai lable for occupancy, then prior to entering into a lease for such Additional Space with any other Person, Landlord shall give to Tenant a notice ("Additional Space Notice") that the Additional Space is available for leasing by Tenant on the same terms and conditions as set forth in this Lease, except as otherwise provided in this Article 41.

(b) Landlord's Additional Space Notice shall set forth the date upon which the Additional Space is expected to be available for occupancy by Tenant ("Additional Space Commencement Date") and a recalculation of Tenant's Operating Share and Tenant's Tax Share based upon the addition of the Additional Space to the Premises (the Base Operating Year, Base Operating Expenses and Base taxes with respect to the Additional Space being as set forth in Article 27 of this Lease). Tenant shall have the right to inspect the Additional Space upon receipt of the Additional Space Notice. If Tenant desires to lease all, but not less than all, of the Additional Space to which Landlord's Additional Space Notice shall apply, Tenant shall notify Landlord in writing to that effect ("Tenant's Acceptance Notice") within five (5) Business Days after Tenant receives Landlord's Additional Space Notice. Time shall be of the essence with respect to Tenant's delivery of Tenant's Acceptance Notice to Landlord. Under no circumstances shall Tenant have the right to lease less then all of the Additional Space to which Landlord's Additional Space Notice shall apply.

(c) If Tenant elects to lease the Additional Space, as of the Additional Space Commencement Date, (i) the Additional Space shall be added to and be deemed to be part of the Premises for all purposes of this Lease, except as otherwise set forth in this Article 41, (ii) the Fixed Rent under the Lease shall be increased by an amount equal to the Fixed Rent for the Additional Space as determined pursuant to Section 41.3 hereof, (iii) the Fixed Rent under the Lease as increased by the operation of this Article 41 shall be payable commencing on the Additional Space Commencement Date and within five (5) Business Days thereafter, Tenant shall pay to Landlord the difference between the Fixed Rent payable prior to the Additional Space Commencement Date and the Fixed Rent payable commencing as of the Additional Space Commencement Date, (iv) the Additional Space shall be delivered to and accepted by Tena nt in its then "as-is" condition. Tenant expressly acknowledges and agrees that Landlord shall not be obligated to perform any work or to furnish any installations, facilities, material or other items to the Additional Space, any and all such work, installations, facilities and materials necessary or desirable to prepare the Additional Space for Tenant's occupancy shall be Tenant's sole responsibility, and that Tenant shall not be entitled to any credit or abatement against the Fixed Rent with respect to the Additional Space.

(d) If Tenant shall fail to give to Landlord Tenant's Acceptance Notice within the ten (10) Business Day period, time being of the essence, or if Tenant shall notify Landlord within such ten (10) Business Day period that it elects not to lease such Additional Space, then, in either event, Tenant shall have no further rights hereunder with respect to such Additional Space, Landlord shall have the right to lease such Additional Space on any terms and conditions that Landlord, in its sole discretion, shall determine, without any limitation or restriction whatsoever, and Tenant's option with respect to such Additional Space shall be null, void and of no further force or effect.

Section 41.2 If an Additional Space Notice provided by Landlord shall apply to less than all of the Additional Space, the provisions of Section 41.1 shall, in the first instance,

be applicable only to that portion of the Additional Space which is the subject of Landlord's Additional Space Notice and Tenant's rights with respect to the balance of the Additional Space shall continue in accordance with the provisions of Section 41.1.

Section 41.3 The Fixed Rent for any Additional Space added to the Premises as set forth in Section 41.1 shall be an amount equal to the annual fair rental value of the Additional Space (which shall be determined in the same manner as the "Fair Rental Value of the Premises" is determined pursuant to Article 40 of this Lease. Once the Fixed Rent for the Additional Space shall be determined, it shall be deemed part of the Fixed Rent of the Premises for all purposes of the Lease and shall increase from time-to-time throughout the term of the Lease as if the Additional Space were originally part of the Premises. If the determination of the fair rental value of the Additional Premises shall not be made on or before the Additional Space Commencement Date, pending such determination, Tenant shall pay an amount equal to the Fixed Rent equal to the product of (a) the Fixed Rent payable with respect to the Premises on the date Tenant delivers Tenant's Acceptance Notice, divided by the square footage comprisi ng the Premises on the date that Tenant delivers Tenant's Acceptance Notice and (b) the square footage comprising the Additional Space which is subject to Tenant's Acceptance Notice. If, based upon the final determination of the annual fair rental value of the Additional Space pursuant to this Section 41.3, the payments made by Tenant on account of Fixed Rent for the period after the Additional Space Commencement Date were greater or lower than the Fixed Rent determined to be payable for such period, the amount of any overpayment shall be automatically credited against the next succeeding installment(s) of Fixed Rent thereafter becoming due hereunder and the amount of any underpayment shall become due and payable with the next succeeding installment of Fixed Rent thereafter becoming due.

Section 41.4 The portion of the Additional Space which is cross-hatched on Exhibit G and denoted thereon as the "Second Additional Space" is subject to a first right and option in favor of the current tenant on the 21st floor (the "Option Tenant") whose premises are denoted on Exhibit G as the "Option Tenant". If and only to the extent that the Option Tenant does not exercise its right and option with respect to the Second Additional Space, the Second Additional Space shall, as and when same shall become vacant and available for occupancy, be deemed part of the Additional Space and shall then be subject to the provisions of this Article 41.

Section 41.5

(a) Notwithstanding the provisions of Article 12 or any other provision of this Lease to the contrary, Tenant shall not, and shall not have the right, to sublet any portion of the Additional Space, except as may be specifically set forth in this Section 41.5.

(b) Notwithstanding the provisions of Section 41.5(c), Tenant shall be permitted to sublease any portion of the Additional Space to a then subtenant of a portion of the

19th or 20th floors of the Premises ("Existing Subtenant") pursuant to an existing sublease (made in compliance with Article 12) between Tenant and such Existing Subtenant solely to accomplish an exchange of space with the Existing Subtenant, immediately after which exchange Tenant shall itself occupy the space previously occupied by the Existing Subtenant (such sublease with the Exchange Subtenant being herein referred to as an "Exchange Sublease"). If Tenant desires to enter into an Exchange Sublease, Tenant shall give to Landlord not less than fifteen (15) Business days prior written notice of its intention to effect such Exchange Sublease, which notice shall be accompanied by a copy

of the proposed Exchange Sublease and any other documents or instruments which will impact upon, implement or otherwise affect the Exchange Sublease. Each Exchange Sublease shall comply with the provisions of clauses (v) and (viii) of Section 12.6(a) and shall in all respects be made and entered into in compliance with the provisions Section 12.6(a) (other than clause (iv) thereof) and Section 12.7 of this Lease.

(c) Except for an Exchange Sublease or Recapture Sublease (as hereinafter defined), any sublease of all or any portion of the Additional Space ("Additional Space Sublease") shall be subject to, and shall be made solely in compliance with, the provisions of Sections 12.1, 12.2, 12.6(a) and 12.7 and, in addition thereto, the provisions of this Section 41.5(c). The provisions of Section 12.6(b) shall not be applicable to any Additional Space Sublease and, in lieu thereof, the following shall apply (but not in the case of an Exchange Sublease for which the provisions of Section 41.5(b) shall apply):

(i) At least fifteen (15) Business Days prior to the effective date of Additional Space Sublease, Tenant shall submit to Landlord a Tenant Statement complying with the requirements of Section 12.6(b). Landlord shall have the right, exercisable within fifteen (15) Business Days after Landlord's receipt of the Tenant Statement, to sublet (in its own name or that of its designee) that portion of the Additional Space intended to be sublet by Tenant as provided in the Tenant Statement ("Recapture Space") from Tenant on the terms and conditions set forth in the Tenant Statement, subject to the further provisions of this Section 41.5(c). Landlord shall respond in writing to Tenant's request within fifteen (15) Business Days after Landlord's receipt of the Tenant Statement, advising whether Landlord intends to exercise its "recapture" rights pursuant to this Section 41.5(c) or of Landlord's consent to or disapproval of the proposed Additional Space Sublease pursuant to the Tenant Statement. If Landlord shall fail to notify Tenant within said fifteen (15) Business Day period of Landlord's intention to exercise its rights pursuant to this Section 41.5(c) or of Landlord's consent to or disapproval of the proposed Additional Space Sublease pursuant to the Tenant Statement, Tenant shall have the right to sublease that portion of the Additional Space to such proposed subtenant on the same terms and conditions set forth in the Tenant Statement, subject to the terms and conditions of this Lease, including, without limitation, those in Section 12.6(a) and Section 4.7. If Tenant shall not enter into such Additional Space Sublease within sixty (60) days after the delivery of the Tenant Statement to Landlord, then the provisions of Section 12.1 of this Lease and this Section 41.5(c) shall again be applicable to any other proposed Additional Space Sublease. If Tenant s hall enter into such Additional Space Sublease within said sixty (60) day period, as aforesaid, Tenant shall deliver a true, complete and fully executed counterpart of such Additional Space Sublease to Landlord within five (5) days after execution thereof.

(ii) If Landlord exercises its option to sublet the Recapture Space, such sublease to Landlord or its designee as subtenant (each, a "Recapture Sublease") shall:

(1) be at a rental equal to the lesser of (A) the sublease rent set forth in the Tenant Statement and (B) the Fixed Rent and Escalation Rent then payable pursuant to this Lease, and otherwise be upon the same terms and conditions as those contained in this Lease (as modified by the Tenant Statement), except such as are irrelevant or inapplicable and except as otherwise expressly set forth to the contrary in this clause (ii);

(2) give the subtenant the unqualified and unrestricted right, without Tenant's permission, to assign such sublease and to further sublet the Recapture Space or any part thereof and to make any and all changes, alterations, and improvements in the Recapture Space;

(3) provide in substance that any such changes, alterations, and improvements made in the Recapture Space by Landlord or its subtenant in connection with the Recapture Sublease may be removed, in whole or in part, prior to or upon the expiration or other termination of the Recapture Sublease provided that any material damage and injury caused thereby shall be repaired by Landlord or such subtenant;

(4) provide that (A) the parties to such Recapture Sublease expressly negate any intention that any estate created under such Recapture Sublease be merged with any other estate held by either of said parties, (B) prior to the commencement of the term of the Recapture Sublease, Tenant, at its sole cost and expense (unless the Tenant Statement provides otherwise), shall make such alterations as may be required or reasonably deemed necessary by the subtenant to physically separate the Recapture Space, if such Space constitutes a portion of the Additional Space, from the balance of the Additional Space and to provide appropriate means of ingress to and egress thereto and to the public portions of the balance of the floor such as toilets, janitor's closets, telephone and electrical closets, fire stairs, elevator lobbies, etc., and (C) at the expiration of the term of such Recapture Sublease, Tenant shall accept the Recapture Space in its then existing condition, broom clean; and

(5) provide that the subtenant or occupant may use and occupy the Recapture Space for any lawful purpose (without regard to any limitation set forth in the Tenant Statement).

(iii) Performance by Landlord, or its designee, under a Recapture Sublease shall be deemed performance by Tenant of any similar obligation under this Lease, and Tenant shall not be liable for any default under this Lease or deemed to be in default hereunder if such default is occasioned by or arises from any act or omission of the subtenant under the Recapture Sublease or is occasioned by or arises from any act or omission of any occupant under the Recapture Sublease.

(iv) If Landlord is unable to give Tenant possession of the Recapture Space at the expiration of the term of the Recapture Sublease by reason of the holding over or retention of possession of any tenant or other occupant, then (1) Landlord shall continue to pay all charges previously payable, and comply with all other obligations, under the Recapture Sublease until the date upon which Landlord shall give Tenant possession of the Recapture Space free of occupancies, (2) neither the Expiration Date nor the validity of this Lease shall be affected, (3) Tenant waives any rights under Section 223-a of the Real Property Law of New York, or any successor statute of similar import, to rescind this Lease and further waives the right to recover any damages from Landlord which may result from the failure of Landlord to deliver possession of the Recapture S pace at the end of the term of the Recapture Sublease, and (4) Landlord, at Landlord's expense, shall use its reasonable efforts to deliver possession of the Recapture Space to Tenant and in connection therewith, if necessary, shall institute and diligently and in good faith prosecute holdover and any other appropriate proceedings against the occupant of the Recapture Space.

(v) Notwithstanding the foregoing provisions of this Section 41.5(c), if the proposed Additional Space Sublease is for a term which is equal to substantially the balance of the Term of this Lease, Landlord shall have the right to recapture the Recapture Space from Tenant by notice given within the time period set forth in subsection 41.5(c)(i) in which event, from and after the effective date of such notice, Tenant shall surrender the Recapture Space to Landlord in the manner required by this Lease and, thereupon, the Recapture Space shall no longer be a part of the Premises and Fixed Rent and additional rent payable hereunder shall be adjusted accordingly.

Section 41.6

(a) If Landlord is unable to give possession to Tenant of all or any portion of the Additional Space on the date set forth in Landlord's Additional Space Notice as the Additional Space Commencement Date because of the holding over or retention of possession of any tenant or occupant thereof, Landlord shall not be subject to any liability for such failure, the validity of this Lease shall not be impaired under such circumstances and such failure shall not be construed to extend the term of this Lease. Without limiting the generality of the foregoing, Tenant waives the right to recover any damages which may result from the failure of Landlord to deliver possession of the Additional Space and agrees that the provisions of this Section 41.6 shall constitute "an express provision to the contrary" within the meaning of Section 223(a) of the New York Real Property Law and the Additional Space Co mmencement Date shall be postponed until five (5) Business Days after Landlord shall give Tenant notice that such Additional Space is vacant and available to Tenant's occupancy.

(b) If Landlord is unable to deliver possession of any Additional Space to Tenant within six (6) months after the date set forth in Landlord's Additional Space Notice as the Additional Space Commencement Date, Tenant, by notice to Landlord given within ten (10) Business Days after the expiration of said six (6) month period, may terminate its lease for such

Additional Space. Time shall be of the essence with respect to Tenant's right to terminate its lease of such Additional Space. If Tenant shall elect in a timely manner to so terminate its lease of such Additional Space as aforesaid, then, as Tenant's sole remedy, Tenant's Acceptance Notice shall be deemed rescinded immediately, and in such event, Landlord and Tenant shall be released and discharged of all rights, liabilities and obligations with respect to such Additional Space and Tenant shall have no further right to lease such Additional Space pursuant to this Article 41. If Tenant shall fail to timely terminate its lease to such Additional Space, Tenant shall be deemed to have waived its right to do so and said Additional Space shall be delivered to Tenant and added to the Premises in accordance with the terms and conditions of this Article 41.

Section 41.7 In addition to such other provisions of this Lease as are specifically made inapplicable to the Additional Space, the following provisions of this Lease shall not be applicable to the Additional Space: Section 1.2, 1.3, 1.4 and 3.4.

IN WITNESS WHEREOF, Landlord and Tenant have each executed and delivered this Lease as of the day and year first above written.

COOKE PROPERTIES INC.

By: /s/Michael R. Dillow
Name: Michael R. Dillow
Title: Vice President

MINERALS TECHNOLOGIES INC.

By: /s/Howard R. Crabtree
Name: Howard R. Crabtree
Title: Vice President

EXHIBIT 21.1

SUBSIDIARIES OF THE COMPANY

Name of the Company	Place of Incorporation
APP China Specialty Minerals Pte Ltd.	Singapore
Barretts Minerals Inc.	Delaware
ComSource Trading Ltd.	Delaware
Ferrotron Technologies GmbH	Germany
Gold Sheng Chemicals (Zhenjiang) Co., Ltd.	China
Hi-Tech Specialty Minerals Company, Limited	Thailand
Huzhou Minteq Refractory Co. Ltd.	China
Minerals Technologies do Brasil Comercio e Industria de Minerais Ltda.	Brazil
Minerals Technologies Europe N.V.	Belgium
Minerals Technologies Holdings Ltd.	United Kingdom
Minerals Technologies Mexico Holdings, S. de R. L. de C.V.	Mexico
Minerals Technologies South Africa (Pty) Ltd.	South Africa
Mintech Canada Inc.	Canada
Mintech Japan K.K.	Japan
Minteq B.V..	The Netherlands
Minteq Australia Pty Ltd.	Australia
Minteq Europe Limited.	Ireland
Minteq International GmbH	Germany
Minteq International Inc.	Delaware
Minteq Italiana S.p.A.	Italy
Minteq Korea Inc.	Korea
Minteq Magnesite Limited	Ireland
Minteq Metallurgical Materials (Suzhou) Co., Ltd.	China
Minteq Shapes and Services Inc.	Delaware
Minteq UK Limited.	United Kingdom
MTI Holdings GmbH	Germany
MTX Finance Inc.	Delaware
MTX Finance Ireland	Ireland
PT Sinar Mas Specialty Minerals	Indonesia
Rijnstaal U.S.A., Inc.	Pennsylvania
RL Vision Tech OY	Finland
SMI Poland Sp. z o.o.	Poland
Specialty Minerals Benelux	Belgium
Specialty Minerals FMT K.K.	Japan
Specialty Minerals France S.p.a.S.	France
Specialty Minerals GmbH	Germany
Specialty Minerals Inc.	Delaware
Specialty Minerals International Inc.	Delaware
Specialty Minerals Israel Limited	Israel
Specialty Minerals Malaysia Sdn. Bhd.	Malaysia
Specialty Minerals (Mauritius) Private Limited	Mauritius
Specialty Minerals (Michigan) Inc.	Michigan
Specialty Minerals Mississippi Inc.	Delaware
Specialty Minerals Nordic Oy Ab	Finland
Specialty Minerals (Portugal) Especialidades Minerais, S.A.	Portugal
Specialty Minerals, S.A. de C.V.	Mexico
Specialty Minerals Servicios, S. de R. L. de C.V.	Mexico
Specialty Minerals Slovakia, spol. sr.o.	Slovakia
Specialty Minerals South Africa (Pty.) Limited	South Africa
Specialty Minerals (Thailand) Limited	Thailand
Specialty Minerals UK Limited	United Kingdom
Synsil Products Inc.	Delaware
Tecnologias Minerales de Mexico, S.A. de C.V.	Mexico

EXHIBIT 23.1

REPORT AND CONSENT OF INDEPENDENT AUDITORS

The Board of Directors and Shareholders
Minerals Technologies Inc.:

We consent to the incorporation by reference in the registration statements (Nos. 33-59080, 33-65268, 33-96558, and 333-52739) on Form S-8 of Minerals Technologies Inc. our report dated January 22, 2004 with respect to the consolidated balance sheets as of December 31, 2003 and 2002 and the related consolidated statements of income, shareholders' equity, and cash flows for the three years in the three-year period December 31, 2003, and all related financial statement schedules, which report appears in the December 31, 2003, annual report on Form 10-K of Minerals Technologies Inc. Our report refers to the adoption in 2003 of Statement of Financial Accounting Standards No. 143, "Accounting for Asset Retirement Obligations" and the adoption in 2002 of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

KPMG LLP

New York, New York
March 10, 2004

EXHIBIT 31

RULE 13a-14(a)/15d-14(a) CERTIFICATIONS

I, Paul R. Saueracker, certify that:

1. I have reviewed this Annual Report on Form 10-K of Minerals Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2004

/s/ Paul R. Saueracker
Paul R. Saueracker
Chairman of the Board, President
and Chief Executive Officer

I, John A. Sorel, certify that:

1. I have reviewed this Annual Report on Form 10-K of Minerals Technologies Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and

internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 10, 2004

/s/ John A. Sorel

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

EXHIBIT 32

SECTION 1350 CERTIFICATION

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

The Annual Report on Form 10-K for the year ended December 31. 2003 (the "Form 10-K") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and information contained in the Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 10, 2004

/s/Paul R. Saueracker

Paul R. Saueracker
Chairman of the Board, President and
Chief Executive Officer

Dated: March 10, 2004

/s/John A. Sorel

John A. Sorel
Senior Vice President-Finance and
Chief Financial Officer

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