

MINERALS TECHNOLOGIES INC
Form 10-Q
April 27, 2012

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

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

For the quarterly period ended April 1, 2012

or

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

Commission File Number 1-11430

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MINERALS TECHNOLOGIES INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

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

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

(212) 878-1800

(Registrant's telephone number, including area code)

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

YES X NO _____

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

YES X NO

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

Non- accelerated Filer

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Large Accelerated Filer Accelerated Filer
X] []

Smaller Reporting Company
[]

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

YES NO X

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

| Class | Outstanding at April 13, 2012 |
|--------------------------------|-------------------------------|
| Common Stock, \$0.10 par value | 17,748,531 |

MINERALS TECHNOLOGIES INC.

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PART 1. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

| (thousands, except per share data) | Three Months Ended | |
|--|--------------------|------------------|
| | April 1, 2012 | April 3, 2011 |
| Net sales | \$ 257,138 | \$ 262,520 |
| Cost of goods sold | 202,201 | 209,578 |
| Production margin | 54,937 | 52,942 |
| Marketing and administrative expenses | 22,898 | 23,129 |
| Research and development expenses | 5,047 | 4,869 |
| Restructuring and other costs | 0 | 230 |
| Income from operations | 26,992 | 24,714 |
| Non-operating deductions, net | (598) | (837) |
| Income from continuing operations before provision for taxes | 26,394 | 23,877 |
| Provision for taxes on income | 7,786 | 7,187 |
| Consolidated net income | 18,608 | 16,690 |
| Less: Net income attributable to non-controlling interests | 576 | 909 |
| Net income attributable to Minerals Technologies Inc. (MTI) | \$ 18,032 | \$ 15,781 |
| Earnings per share: | | |
| Basic | \$ 1.02 | \$ 0.86 |
| Diluted | \$ 1.01 | \$ 0.86 |
| Cash dividends declared per common share | \$ 0.05 | \$ 0.05 |
| Shares used in computation of earnings per share: | | |
| Basic | 17,718 | 18,276 |
| Diluted | 17,800 | 18,415 |

See accompanying Notes to Condensed Consolidated Financial Statements.

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

| (thousands of dollars) | Three Months Ended | |
|---|--------------------|------------------|
| | April 1, 2012 | April 3, 2011 |
| Consolidated net income | \$ 18,608 | \$ 16,690 |
| Other comprehensive income, net of tax: | | |
| Foreign currency translation adjustments | 9,099 | 16,992 |
| Pension and postretirement plan adjustments | 1,821 | 1,059 |
| Cash flow hedges: | | |
| Net derivative losses arising during the period | (534) | (942) |
| Comprehensive income | 28,994 | 33,799 |
| Comprehensive income attributable to | | |
| non-controlling interest | (943) | (1,803) |
| Comprehensive income attributable to MTI | \$ 28,051 | \$ 31,996 |

See accompanying Notes to Condensed Consolidated Financial Statements.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS

| (thousands of dollars) | ASSETS | |
|--|-------------------|---------------------------|
| | April 1, 2012* | December 31, 2011** |
| Current assets: | | |
| Cash and cash equivalents | \$ 415,005 | \$ 395,152 |
| Short-term investments, at cost which approximates market | 20,302 | 18,494 |
| Accounts receivable, net | 198,131 | 194,317 |
| Inventories | 89,556 | 90,760 |
| Prepaid expenses and other current assets | 20,531 | 21,566 |
| Total current assets | 743,525 | 720,289 |
| Property, plant and equipment, less accumulated depreciation and depletion – April 1, 2012- \$948,112; December 31, 2011 - \$930,515 | 316,644 | 318,134 |
| Goodwill | 65,788 | 64,671 |
| Other assets and deferred charges | 60,794 | 61,861 |
| Total assets | \$ 1,186,751 | \$ 1,164,955 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Short-term debt | \$ 5,494 | \$ 5,846 |
| Current maturities of long-term debt | 8,555 | 8,552 |
| Accounts payable | 106,979 | 103,354 |
| Restructuring liabilities | 801 | 1,411 |
| Other current liabilities | 52,650 | 61,739 |
| Total current liabilities | 174,479 | 180,902 |
| Long-term debt | 85,455 | 85,449 |
| Accrued Pension and Post-Retirement Benefits | 98,598 | 97,318 |
| Other non-current liabilities | 30,389 | 33,266 |
| Total liabilities | 388,921 | 396,935 |
| Shareholders' equity: | | |
| Common stock | 2,923 | 2,913 |
| Additional paid-in capital | 337,013 | 335,134 |

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| | | |
|--|--------------|--------------|
| Retained earnings | 980,275 | 963,130 |
| Accumulated other comprehensive loss | (35,312) | (45,331) |
| Less common stock held in treasury | (514,234) | (514,234) |
| Total MTI shareholders' equity | 770,665 | 741,612 |
| Non-controlling interest | 27,165 | 26,408 |
| Total shareholders' equity | 797,830 | 768,020 |
| Total liabilities and shareholders' equity | \$ 1,186,751 | \$ 1,164,955 |

* Unaudited

** Condensed from audited financial statements

See accompanying Notes to Condensed Consolidated Financial Statements.

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

| (thousands of dollars) | Three Months Ended | |
|--|--------------------|------------------|
| | April 1, 2012 | April 3, 2011 |
| Operating Activities: | | |
| Consolidated net income | \$ 18,608 | \$ 16,690 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation, depletion and amortization | 13,026 | 14,688 |
| Payments relating to restructuring activities | (620) | (833) |
| Other non-cash items | 1,874 | 1,653 |
| Net changes in operating assets and liabilities | (8,168) | (13,136) |
| Net cash provided by operating activities | 24,720 | 19,062 |
| Investing Activities: | | |
| Purchases of property, plant and equipment | (9,354) | (8,205) |
| Proceeds from sale of short-term investments | 1,484 | 2,764 |
| Purchases of short-term investments | (2,583) | (4,336) |
| Net cash used in investing activities | (10,453) | (9,777) |
| Financing Activities: | | |
| Proceeds from issuance of long-term debt | -- | 1,596 |
| Net issuance (repayment) of short-term debt | (593) | 80 |
| Purchase of common shares for treasury | -- | (9,793) |
| Proceeds from issuance of stock under option plan | 2,084 | 3,902 |
| Cash dividends paid | (887) | (914) |

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| | | |
|--|------------|------------|
| Net cash provided by (used in) financing activities | 604 | (5,129) |
| Effect of exchange rate changes on cash and cash equivalents | 4,982 | 8,821 |
| Net increase in cash and cash equivalents | 19,853 | 12,977 |
| Cash and cash equivalents at beginning of period | 395,152 | 367,827 |
| Cash and cash equivalents at end of period | \$ 415,005 | \$ 380,804 |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | \$ 158 | \$ 51 |
| Income taxes paid | \$ 10,583 | \$ 8,752 |

See accompanying Notes to Condensed Consolidated Financial Statements.

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

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by management in accordance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. Therefore, these financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2011. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for a fair presentation of the financial information for the periods indicated, have been included. The results for the three-month period ended April 1, 2012 are not necessarily indicative of the results that may be expected for the year ending December 31, 2012.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

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

Note 3. Earnings Per Share (EPS)

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

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

| | Three Months Ended | |
|---|---------------------|---------------------|
| | April 1, 2012 | April 3, 2011 |
| Basic EPS (in millions, except per share data) | | |
| Net income attributable to MTI | \$ 18.0 | \$ 15.8 |
| Weighted average shares outstanding | 17.7 | 18.3 |
| Basic earnings per share attributable to MTI | \$ 1.02 | \$ 0.86 |

Three Months Ended

Diluted EPS

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(in millions, except per share data)

| | April 1, 2012 | April 3, 2011 |
|---|---------------------|---------------------|
| Net income attributable to MTI | \$ 18.0 | \$ 15.8 |
| Weighted average shares outstanding | 17.7 | 18.3 |
| Dilutive effect of stock options and stock units | 0.1 | 0.1 |
| Weighted average shares outstanding , adjusted | \$ 17.8 | \$ 18.4 |
| Diluted earnings per share attributable to MTI | \$ 1.01 | \$ 0.86 |

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MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
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(Unaudited)

The weighted average diluted common shares outstanding for the three-months periods ended April 1, 2012 and April 3, 2011 excludes the dilutive effect of 128,943 and 124,863 options, respectively, as such options had an exercise price in excess of the average market value of the Company's common stock during such period.

Note 4. Income Taxes

As of April 1, 2012, the Company had approximately \$4.1 million of total unrecognized income tax benefits. Included in this amount were a total of \$2.5 million of unrecognized income tax benefits that, if recognized, would affect the Company's effective tax rate. While it is expected that the amount of unrecognized tax benefits will change in the next 12 months, we do not expect the change to have a significant impact on the results of operations or the financial position of the Company.

The Company's accounting policy is to recognize interest and penalties accrued relating to unrecognized income tax benefits as part of its provision for income taxes. The Company had a net increase of approximately \$0.1 million during the first three months of 2012, and had an accrued balance of \$0.7 million of interest and penalties as of April 1, 2012.

The Company operates in multiple taxing jurisdictions, both within and outside the U.S. In certain situations, a taxing authority may challenge positions that the Company has adopted in its income tax filings. The Company, with a few exceptions (none of which are material), is no longer subject to U.S. federal, state, local, and international income tax examinations by tax authorities for years prior to 2006.

Note 5. Inventories

The following is a summary of inventories by major category:

| (millions of dollars) | April 1, 2012 | December 31, 2011 |
|------------------------|------------------|-------------------------|
| Raw materials | \$ 36.6 | \$ 38.5 |
| Work-in-process | 5.9 | 6.0 |
| Finished goods | 26.7 | 26.1 |
| Packaging and supplies | 20.4 | 20.2 |
| Total inventories | \$ 89.6 | \$ 90.8 |

Note 6. Goodwill and Other Intangible Assets

Goodwill and other intangible assets with indefinite lives are not amortized, but instead are tested for impairment, at least annually. The carrying amount of goodwill was \$65.8 million and \$64.7 million as of April 1, 2012 and December 31, 2011, respectively. The net change in goodwill since December 31, 2011 was attributable to the effect of foreign exchange.

Acquired intangible assets subject to amortization as of April 1, 2012 and December 31, 2011 were as follows:

April 1, 2012

December 31, 2011

| (millions of dollars) | Gross Carrying Amount | Accumulated Amortization | Gross Carrying Amount | Accumulated Amortization |
|------------------------|-----------------------|--------------------------|-----------------------|--------------------------|
| Patents and trademarks | \$ 6.2 | 3.9 | 6.2 | 4.0 |
| Customer lists | 2.7 | 1.4 | 2.7 | 1.5 |
| | \$ 8.9 | 5.3 | 8.9 | 5.5 |

The weighted average amortization period for acquired intangible assets subject to amortization is approximately 15 years. Estimated amortization expense is \$0.6 million for each of the next five years through 2016.

Also included in other assets and deferred charges is an intangible asset of approximately \$0.6 million which represents the non-current unamortized amount paid to a customer in connection with contract extensions at seven

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
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PCC satellite facilities. The current portion of \$0.5 million is included in prepaid expenses and other current assets. Such amounts will be amortized as a reduction of sales over the remaining lives of the customer contracts. Approximately \$0.2 million was amortized in the first quarter of 2012. Estimated amortization as a reduction of sales is as follows: remainder of 2012 - \$0.2 million; 2013 - \$0.4 million; 2014 - \$0.4 million; 2015 - \$0.1 million.

Note 7. Restructuring Costs

2007 Restructuring Program

In the third quarter of 2007, as a result of a change in management and deteriorating financial performance, the Company conducted an in-depth review of all its operations and developed a new strategic focus. The Company initiated a plan to realign its business operations to improve profitability and increase shareholder value by exiting certain businesses and consolidating some product lines. The restructuring resulted in a total workforce reduction of approximately 250, which has been completed.

A reconciliation of the restructuring liability for this program, as of April 1, 2012, is as follows:

| (millions of dollars) | Balance as of December 31, 2011 | Additional Provisions | Cash Expenditures | Balance as of April 1, 2012 |
|----------------------------|--|--------------------------|----------------------|--------------------------------------|
| Contract termination costs | 0.8 | -- | (0.3) | 0.5 |
| | \$ 0.8 | \$ -- | \$ (0.3) | \$ 0.5 |

Approximately \$0.3 million in payments were made in the first quarter of 2012. The remaining restructuring liability of \$0.5 million will be funded from cash flows from operations in 2012 and 2013.

2009 Restructuring Program

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

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

A reconciliation of the restructuring liability for this program, as of April 1, 2012, is as follows:

| (millions of dollars) | Balance as of December 31, 2011 | Additional Provisions | Cash Expenditures | Balance as of April 1, 2012 |
|-----------------------|--|--------------------------|----------------------|--------------------------------------|
| | 0.1 | -- | (0.1) | -- |

Severance and other
employee benefits

| | | | |
|--------|-------|----------|-------|
| \$ 0.1 | \$ -- | \$ (0.1) | \$ -- |
|--------|-------|----------|-------|

Other Restructuring

In the fourth quarter of 2011, the Company recorded restructuring charges related to the shutdown of its Anjalankoski, Finland satellite facility in connection with the announced closure of the paper mill at that location.

A reconciliation of other restructuring liabilities as of April 1, 2012, is as follows:

| (millions of dollars) | Balance as of December 31, 2011 | Additional Provisions | Cash Expenditures | Balance as of April 1, 2012 |
|--|--|--------------------------|----------------------|--------------------------------------|
| Severance and other employee benefits | \$ 0.5 | \$ | \$ (0.2) | \$ 0.3 |
| | \$ 0.5 | \$ | \$ (0.2) | \$ 0.3 |

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

Approximately \$0.2 million in payments were made in the first quarter of 2012. The remaining restructuring liability of \$0.3 million will be funded from cash flows from operations in 2012.

Note 8. Long-Term Debt and Commitments

The following is a summary of long-term debt:

| (millions of dollars) | April 1, 2012 | December 31, 2011 |
|---|------------------|-------------------------|
| 5.53% Series 2006A Senior Notes | | |
| Due October 5, 2013 | \$ 50.0 | \$ 50.0 |
| Floating Rate Series 2006A Senior Notes | | |
| Due October 5, 2013 | 25.0 | 25.0 |
| Variable/Fixed Rate Industrial | | |
| Development Revenue Bonds Due August 1, 2012 | 8.0 | 8.0 |
| Variable/Fixed Rate Industrial | | |
| Development Revenue Bonds Series 1999 Due November 1, 2014 | 8.2 | 8.2 |
| Installment obligations | 1.4 | 1.4 |
| Other borrowings | 1.4 | 1.4 |
| Total | 94.0 | 94.0 |
| Less: Current maturities | 8.5 | 8.6 |
| Long-term debt | \$ 85.5 | \$ 85.4 |

As of April 1, 2012, the Company had \$191 million of uncommitted short-term bank credit lines, of which approximately \$5.5 million were in use.

Note 9. Pension Plans

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

Components of Net Periodic Benefit Cost

| (millions of dollars) | Pension Benefits | | Other Benefits | |
|-----------------------|---|---------------------|---|---------------------|
| | Three Months Ended April 1, 2012 | April 3, 2011 | Three Months Ended April 1, 2012 | April 3, 2011 |
| Service cost | \$ 2.3 | \$ 1.8 | \$ 0.2 | \$ 0.2 |
| Interest cost | 3.6 | 2.9 | 0.1 | 0.2 |
| | (4.2) | (3.4) | -- | -- |

Expected return on plan assets

Amortization:

| | | | | |
|-------------------------------|--------|--------|----------|----------|
| Prior service cost | 0.3 | 0.3 | (0.8) | (0.8) |
| Recognized net actuarial loss | 3.4 | 2.0 | -- | 0.1 |
| Net periodic benefit cost | \$ 5.4 | \$ 3.6 | \$ (0.5) | \$ (0.3) |

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

Employer Contributions

The Company expects to contribute approximately \$16 million to its pension plans and \$1.2 million to its other post retirement benefit plans in 2012. As of April 1, 2012, \$0.9 million has been contributed to the pension plans and approximately \$0.2 million has been contributed to the other post retirement benefit plans.

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

Note 10. Comprehensive Income

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

| (millions of dollars) | April 1, 2012 | December 31, 2011 |
|---|------------------|-------------------------|
| Foreign currency translation adjustments | \$ 38.6 | \$ 29.9 |
| Unrecognized pension costs | (75.7) | (77.5) |
| Net gain on cash flow hedges | 1.8 | 2.3 |
| Accumulated other comprehensive income (loss) | \$ (35.3) | \$ (45.3) |

Note 11. Accounting for Asset Retirement Obligations

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

The following is a reconciliation of asset retirement obligations as of April 1, 2012:

(millions of dollars)

| | |
|---|---------|
| Asset retirement liability, December 31, 2011 | \$ 14.7 |
| Accretion expense | 0.2 |
| Payments | (0.1) |
| Foreign currency translation and other | 0.3 |
| Asset retirement liability, April 1, 2012 | \$ 15.1 |

Approximately \$0.4 million is included in other current liabilities and \$14.7 million is included in other non-current liabilities in the Condensed Consolidated Balance Sheet as of April 1, 2012.

Note 12. Legal Proceedings

Certain of the Company's subsidiaries are among numerous defendants in a number of cases seeking damages for exposure to silica or to asbestos containing materials. The Company currently has 77 pending silica cases and 26 pending asbestos cases. To date, 1,389 silica cases and 9 asbestos cases have been dismissed. One asbestos case was dismissed in the first quarter of 2012. Most of these claims do not provide adequate information to

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

The Company has not settled any silica or asbestos lawsuits to date. We are unable to state an amount or range of amounts claimed in any of the lawsuits because state court pleading practices do not require identifying the amount of the claimed damage. The aggregate cost to the Company for the legal defense of these cases since inception was approximately \$0.2 million, the majority of which has been reimbursed by Pfizer Inc pursuant to the terms of certain agreements entered into in connection with the Company's initial public offering in 1992. Our experience has been that the Company is not liable to plaintiffs in any of these lawsuits and the Company does not expect to pay any settlements or jury verdicts in these lawsuits.

Environmental Matters

On April 9, 2003, the Connecticut Department of Environmental Protection issued an administrative consent order relating to our Canaan, Connecticut, plant where both our Refractories segment and Specialty Minerals segment have operations. We agreed to the order, which includes provisions requiring investigation and remediation

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

of contamination associated with historic use of polychlorinated biphenyls ("PCBs") and mercury at a portion of the site. We have completed the required investigations and submitted several reports characterizing the contamination. We are now conducting a site-specific risk assessment required by the regulators.

We believe that the most likely form of overall site remediation will be to leave the existing contamination in place (with some limited soil removal), encapsulate it, and monitor the effectiveness of the encapsulation. We anticipate that a substantial portion of the remediation cost will be borne by the United States based on its involvement at the site from 1942 – 1964, as historic documentation indicates that PCBs and mercury were first used at the facility at a time of U.S. government ownership for production of materials needed by the military. Though the cost of the likely remediation remains uncertain pending completion of the phased remediation decision process, we have estimated that the Company's share of the cost of the encapsulation and limited soil removal described above would approximate \$0.4 million, which has been accrued as of April 1, 2012.

The Company is evaluating options for upgrading the wastewater treatment facilities at its Adams, Massachusetts plant. This work has been undertaken pursuant to an administrative Consent Order originally issued by the Massachusetts Department of Environmental Protection ("DEP") on June 18, 2002. This order was amended on June 1, 2009 and on June 2, 2010. The amended Order includes the investigation by January 1, 2022 of options for ensuring that the facility's wastewater treatment ponds will not result in unpermitted discharge to groundwater. Additional requirements of the amendment include the submittal by July 1, 2022 of a plan for closure of a historic lime solids disposal area. Preliminary engineering reviews completed in 2005 indicate that the estimated cost of wastewater treatment upgrades to operate this facility beyond 2024 may be between \$6 million and \$8 million. The Company estimates that the remaining remediation costs would approximate \$0.4 million, which has been accrued as of April 1, 2012.

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

Note 13. Non-Operating Deductions, Net

| (millions of dollars) | Three Months Ended | |
|--------------------------------|---------------------|---------------------|
| | April 1, 2012 | April 3, 2011 |
| Interest income | \$ 1.0 | \$ 0.8 |
| Interest expense | (0.8) | (0.8) |
| Foreign exchange gains(losses) | (0.4) | (0.5) |
| Other deductions | (0.4) | (0.3) |
| Non-operating deductions, net | \$ (0.6) | \$ (0.8) |

Note 14 . Noncontrolling interests

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

| (millions of dollars) | Equity Attributable to MTI | | | | | | Non-controlling Interests | Total |
|---|----------------------------|----------------------------------|----------------------|---|-------------------|-------|------------------------------|-------|
| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Income (Loss) | Treasury Stock | | | |
| Balance as of December 31, 2011 | \$ 2.9 | 335.1 | 963.1 | (45.3) | (514.2) | 26.4 | 768.0 | |
| Net income | -- | -- | 18.0 | -- | -- | 0.6 | 18.6 | |
| Other comprehensive income | -- | -- | -- | 10.0 | -- | 0.3 | 10.3 | |
| Dividends declared | -- | -- | (0.8) | -- | -- | -- | (0.8) | |
| Dividends to non-controlling interest | -- | -- | -- | -- | -- | (0.2) | (0.2) | |
| Employee benefit transactions | -- | 2.0 | -- | -- | -- | -- | 2.0 | |
| Income tax benefit arising from employee stock option plans | -- | 0.2 | -- | -- | -- | -- | 0.2 | |
| Stock based compensation | -- | (0.3) | -- | -- | -- | -- | (0.3) | |
| Balance as of April 1, 2012 | \$ 2.9 | 337.0 | 980.3 | (35.3) | (514.2) | 27.1 | 797.8 | |

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

The income attributable to noncontrolling interests for the three-month periods ended April 1, 2012 and April 3, 2011 was from continuing operations. The remainder of the income was attributable to MTI. There were no changes in MTI's ownership interest for the period ended April 1, 2012 as compared with December 31, 2011.

Note 15. Segment and Related Information

Segment information for the three-month periods ended April 1, 2012 and April 3, 2011 was as follows:

| Net Sales (millions of dollars) | Three Months Ended | |
|------------------------------------|--------------------|------------------|
| | April 1, 2012 | April 3, 2011 |
| Specialty Minerals | \$ 167.7 | \$ 173.3 |
| Refractories | 89.4 | 89.2 |
| Total | \$ 257.1 | \$ 262.5 |

| Income from Operations (millions of dollars) | Three Months Ended | |
|---|--------------------|------------------|
| | April 1, 2012 | April 3, 2011 |
| Specialty Minerals | \$ 19.9 | \$ 19.3 |
| Refractories | 9.1 | 6.9 |
| Total | \$ 29.0 | \$ 26.2 |

Included in income from operations for the Specialty Minerals segment for the three-month period ended April 3, 2011 were restructuring costs of \$0.4 million.

Included in income from operations for the Refractories segment for the three-month period ended April 3, 2011 were restructuring cost reversals of \$0.2 million.

The carrying amount of goodwill by reportable segment as of April 1, 2012 and December 31, 2011 was as follows:

| Goodwill (millions of dollars) | Three Months Ended | |
|-----------------------------------|--------------------|----------------------|
| | April 1, 2012 | December 31, 2011 |
| Specialty Minerals | \$ 14.0 | 13.8 |
| Refractories | 51.8 | 50.9 |
| Total | \$ 65.8 | 64.7 |

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

Income from operations before provision for
taxes on income:

| (millions of dollars) | Three Months Ended | |
|--|--------------------|------------------|
| | April 1, 2012 | April 3, 2011 |
| Income from operations for reportable segments | \$ 29.0 | \$ 26.2 |
| Unallocated corporate expenses | (2.0) | (1.5) |
| Consolidated income from operations | 27.0 | 24.7 |
| Non-operating deductions | (0.6) | (0.8) |
| Income from continuing operations before provision for taxes on income | \$ 26.4 | \$ 23.9 |

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

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

| (millions of dollars) | Three Months Ended | |
|--------------------------|--------------------|------------------|
| | April 1, 2012 | April 3, 2011 |
| Paper PCC | \$ 121.7 | \$ 129.2 |
| Specialty PCC | 16.4 | 15.6 |
| Talc | 12.1 | 11.4 |
| Ground Calcium Carbonate | 17.5 | 17.1 |
| Refractory Products | 69.1 | 69.6 |
| Metallurgical Products | 20.3 | 19.6 |
| Net sales | \$ 257.1 | \$ 262.5 |

REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Minerals Technologies Inc.:

We have reviewed the condensed consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of April 1, 2012, and the related condensed consolidated statements of income and comprehensive income for the three-month periods ended April 1, 2012 and April 3, 2011, and the related condensed consolidated statements of cash flows for the three-month periods ended April 1, 2012 and April 3, 2011. These condensed consolidated financial statements are the responsibility of the company's management.

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

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of December 31, 2011, and the related consolidated statements of income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 24, 2012, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2011 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

New York, New York
April 27, 2012

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

Income and Expense Items
as a Percentage of Net
Sales

| | Three Months Ended | |
|--|---------------------|---------------------|
| | April 1, 2012 | April 3, 2011 |
| Net sales | 100.0% | 100.0% |
| Cost of goods sold | 78.6 | 79.8 |
| Production margin | 21.4 | 20.2 |
| Marketing and administrative expenses | 8.9 | 8.8 |
| Research and development expenses | 2.0 | 1.9 |
| Restructuring and other costs | -- | 0.1 |
| Income from operations | 10.5 | 9.4 |
| Net income attributable to MTI | 7.0% | 6.0% |

Executive Summary

Consolidated sales for the first quarter of 2012 decreased 2% from the prior year to \$257.1 million from \$262.5 million. Income from operations grew 9% to \$27.0 million in the first quarter 2012 from \$24.7 million in the first quarter 2011. Net income increased 14% to \$18.0 million as compared to \$15.8 million in the prior year.

We continued to see progress in our major growth strategy of developing and commercializing new products as our FulFill™ platform of technologies of higher filler loading continues to gain momentum. We signed one new agreement for our FulFill™ E-325 technology at our first paper mill in North America. We also announced new product offerings from both the Refractories and Performance Minerals business units.

The Company's balance sheet as of April 1, 2012 continues to be very strong. Cash, cash equivalents and short-term investments were approximately \$435 million. We have available lines of credit of \$191 million, our debt to equity ratio was 11%, and our current ratio was 4.3. Our cash flows from operations were approximately \$25 million in the first quarter 2012.

We face some significant risks and challenges in the future:

The industries we serve, primarily paper, steel, construction and automotive, have been adversely affected by the uncertain global economic climate. Although these markets have stabilized, our global business could be adversely affected by further decreases in

economic activity. Our Refractories segment primarily serves the steel industry. Although North American steel production improved 7% in the first quarter 2012 as compared with the prior year, it remains well below 2008 levels. In Europe, we are starting to see softening in steel production as the EU27 declined 4% versus the first quarter of 2011. In the paper industry, which is served by our Paper PCC product line, production levels for printing and writing papers within North America and Europe, our two largest markets, for the first quarter 2012 were 3% and 6% below the prior year. In addition, our Processed Minerals and Specialty PCC product lines are affected by the domestic building and construction markets and the automotive market. Residential Fixed Investment in the U.S. for the first quarter of 2012 averaged approximately \$356 billion which was up 11% from first quarter 2011 levels. In the automotive industry, North American car and truck production was approximately 18% higher in the first quarter 2012 when compared to the first quarter 2011.

- Some of our customers may experience mill shutdowns due to further consolidations, or may face liquidity issues, or bankruptcy, which could deteriorate the aging of our accounts receivable, increase our bad debt exposure and possibly trigger impairment of assets or realignment of our businesses.
- Consolidations and rationalizations in the paper and steel industries concentrate purchasing power in the hands of fewer customers, increasing pricing pressure on suppliers such as Minerals Technologies Inc.
- Most of our Paper PCC sales are subject to long-term contracts that may be terminated pursuant to their

terms, or may be renewed on terms less favorable to us.

- We are subject to volatility in pricing and supply availability of our key raw materials used in our Paper PCC product line and Refractory product line.
- We continue to rely on China for a portion of our supply of magnesium oxide in the Refractories segment, which may be subject to uncertainty in availability and cost.
- Fluctuations in energy costs have an impact on all of our businesses.
- Changes in the fair market value of our pension assets, rates of return on assets, and discount rates could continue to have a significant impact on our net periodic pension costs as well as our funding status.
- As we expand our operations abroad we face the inherent risks of doing business in many foreign countries, including foreign exchange risk, import and export restrictions, and security concerns.
- The Company's operations, particularly in the mining and environmental areas (discharges, emissions and greenhouse gases), are subject to regulation by federal, state and foreign authorities and may be subject to, and presumably will be required to comply with, additional laws, regulations and guidelines which may be adopted in the future.

During the second quarter of 2011, Metsa Board Corporation announced plans to divest its Alizay paper mill in France. Over the past several months, Metsa Board had been in discussions with a number of paper producers; however none of the candidates have fulfilled Metsa Board's conditions for sale. Although the paper mill is presently not operating, we believe discussions for the sale of the mill continue. If Metsa Board can not sell the facility, the Company would likely shut down its PCC satellite facility permanently and could incur an impairment of assets charge. Under that scenario, the Company could pursue options for mitigation or recovery of assets, including redeployment of assets to other locations to the extent feasible. The net book value of the facility as of April 1, 2012 was \$5.2 million. 2011 annual sales at Alizay were approximately \$7 million.

During the third quarter of 2011, NewPage Corporation filed for Chapter 11 bankruptcy protection. The Company does business with five NewPage mills, including operating three satellite PCC facilities at NewPage locations. At present, the Company continues to supply PCC to these mills. If NewPage is unable to emerge from the bankruptcy process or should these facilities cease operations, the Company could incur an impairment of assets charge of up to \$16 million and may incur additional provisions for bad debt. Annual sales to NewPage locations in 2011 were approximately \$20 million.

The Company has evaluated these facilities for impairment of assets and, based upon the information currently available and probability-weighted cash flows of various potential outcomes, has determined that no impairment charge is required in the first quarter.

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

- Develop multiple high-filler technologies, such as filler-fiber, under the FulfillTM platform of products, to increase the fill rate in freesheet paper and continue to progress with commercial discussions and full-scale paper machine trials.
- Increase our sales of PCC for paper by further penetration of the markets for paper filling at both freesheet and groundwood mills, particularly in emerging markets.
- Expand the Company's PCC coating product line using the satellite model.

Promote the Company's expertise in crystal engineering, especially in helping papermakers customize PCC morphologies for specific paper applications.

- Expand PCC produced for paper filling applications by working with industry partners to develop new methods to increase the ratio of PCC for fiber substitutions.
- Develop unique calcium carbonates and talc products used in the manufacture of novel biopolymers, a new market opportunity.
- Deploy new talc, PCC and GCC products in paint, coating and packaging applications.
- Deploy value-added formulations of refractory materials that not only reduce costs but improve performance.
- Expand our solid core wire product line into BRIC, Middle Eastern and other Asian countries.
- Deploy our laser measurement technologies into new applications.
- Deploy operational excellence principles into all aspects of the organization, including system infrastructure and lean principles.
- Explore selective acquisitions to fit our core competencies in minerals and fine particle technology.

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

Results of Operations

Three months ended April 1, 2012 as compared with three months ended April 3, 2011

Sales

| (millions of dollars) | First Quarter 2012 | % of Total Sales | Growth | First Quarter 2011 | % of Total Sales |
|-----------------------------|--------------------------|------------------------|--------|--------------------------|------------------------|
| Net Sales | | | | | |
| U.S | \$ 145.8 | 56.7% | 5% | \$ 139.4 | 53.1% |
| International | 111.3 | 43.3% | (10)% | 123.1 | 46.9% |
| Net sales | \$ 257.1 | 100.0% | (2)% | \$ 262.5 | 100.0% |
| Paper | | | | | |
| PCC | \$ 121.7 | 47.3% | (6)% | \$ 129.2 | 49.2% |
| Specialty | | | | | |
| PCC | 16.4 | 6.4% | 5% | 15.6 | 5.9% |
| PCC Products | \$ 138.1 | 53.7% | (5)% | \$ 144.8 | 55.1% |
| Talc | \$ 12.1 | 4.7% | 6% | \$ 11.4 | 4.4% |
| Ground Calcium | | | | | |
| Carbonate | 17.5 | 6.8% | 2% | 17.1 | 6.5% |
| Processed Minerals Products | \$ 29.6 | 11.5% | 4% | \$ 28.5 | 10.9% |
| Specialty Minerals Segment | \$ 167.7 | 65.2% | (3)% | \$ 173.3 | 66.0% |
| Refractory | | | | | |
| Products | \$ 69.1 | 26.9% | (1)% | \$ 69.6 | 26.5% |
| Metallurgical | | | | | |
| Products | 20.3 | 7.9% | 4% | 19.6 | 7.5% |
| Refractories Segment | \$ 89.4 | 34.8% | 0% | \$ 89.2 | 34.0% |
| Net sales | \$ 257.1 | 100.0% | (2)% | \$ 262.5 | 100.0% |

Worldwide net sales in the first quarter 2012 decreased 2% from the previous year to \$257.1 million from \$262.5 million. Foreign exchange had an unfavorable impact on sales of approximately \$3.2 million or one percentage point. Sales in the Specialty Minerals segment, which includes the PCC and Processed Minerals product lines, decreased 3% to \$167.7 million as compared with \$173.3 million in the prior year. Sales in the Refractories segment grew slightly to \$89.4 million as compared with \$89.2 million in the prior year.

Worldwide net sales of PCC, which is primarily used in the manufacturing process of the paper industry, decreased 5% in the first quarter to \$138.1 million from \$144.8 million in the prior year. Foreign exchange had an unfavorable impact on sales of \$2.4 million or approximately two percentage points. Paper PCC sales decreased 6% to \$121.7 million in the first quarter 2012 from \$129.2 million in the prior year. Sales were affected by the closure of one

satellite PCC facility in Finland, the shutdown of a satellite PCC facility in France, and volume reductions at other facilities due to lower paper production in North America and Europe, our largest markets. Sales of Specialty PCC increased 5% to \$16.4 million from \$15.6 million in the prior year. This increase was primarily due to slightly higher volumes and increased pricing.

Net sales of Processed Minerals products increased 4% in the first quarter 2012 to \$29.6 million from \$28.5 million in the prior year. This increase was due to favorable product mix in the talc product line and higher pricing.

Net sales in the Refractories segment in the first quarter 2012 increased slightly to \$89.4 million from \$89.2 million in the prior year. Foreign exchange had an unfavorable impact on sales of approximately 1 percentage point. Sales of refractory products and systems to steel and other industrial applications decreased 1% to \$69.1 million from \$69.6 million in the prior year primarily due to a 7 percent drop in sales in Europe due to lower volumes as steel production in the EU27 declined 4 percent, partially offset by increased sales in North America of 5 percent. Sales of metallurgical products within the Refractories segment increased 4% to \$20.3 million as compared with

\$19.6 million in the same period last year, primarily attributable to higher volumes in North America as steel production was higher by 7 percent.

Net sales in the United States increased 5% to \$145.8 million in the first quarter of 2012 from \$139.4 million in the prior year. International sales in the first quarter of 2012 decreased 10% to \$111.3 million from \$123.1 million, due to the effects of foreign exchange, to the permanent and temporary PCC satellite closures, to the deconsolidation of our entity in Korea and to lower steel production in Europe which negatively affected our volumes in Refractory products and Metallurgical wire.

| Operating Costs and Expenses (millions of dollars) | First Quarter 2012 | First Quarter 2011 | Growth |
|---|-----------------------|-----------------------|--------|
| Cost of goods sold | \$ 202.2 | \$ 209.6 | (4)% |
| Marketing and administrative | \$ 22.9 | \$ 23.1 | (1)% |
| Research and development | \$ 5.0 | \$ 4.9 | 4% |
| Restructuring and other costs | \$ -- | \$ 0.2 | *% |

*Percentage not meaningful

Cost of goods sold was 78.6% of sales compared with 79.8% of sales in the prior year. Production margin increased \$2.0 million, or 4% as compared with a 2% decrease in sales. In the Specialty Minerals segment, production margin remained flat as sales decreased 3%. This was primarily attributable to the permanent and temporary PCC satellite closures. These closures were partially offset by favorable weather conditions in the Northeast, resulting in lower operating costs, increased pricing and to continued productivity improvements, all in our Processed Minerals product line. In the Refractories segment, production margin increased 10% on the same level of sales. The improved margin was due to price improvements, lower materials costs, and productivity gains from our Operational Excellence program.

Marketing and administrative costs decreased 1% to \$22.9 million from \$23.1 million in the prior year and represented 8.9% of net sales as compared with 8.8% of net sales in the prior year.

Research and development expenses increased 4% to \$5.0 million from \$4.9 million in the prior year and represented 2.0% of net sales as compared with 1.9% of net sales in the prior year. The increased costs were primarily due to Paper PCC trial activity.

Restructuring and other costs during the first quarter of 2011 were \$0.2 million and primarily related to additional \$0.9 million of restructuring costs associated with the 2007 restructuring our PCC merchant facility in Germany. This was partially offset by reversals of previously recorded liabilities.

| Income from Operations (millions of dollars) | First Quarter 2012 | First Quarter 2011 | Growth |
|---|-----------------------|-----------------------|--------|
| Income from operations | \$ 27.0 | \$ 24.7 | 9% |

The Company recorded income from operations of \$27.0 million in the first quarter 2012 as compared to \$24.7 million in the prior year. Income from operations represented 10.5% of sales in the first quarter 2012 as compared with 9.4% of sales in the prior year.

Income from operations for the Specialty Minerals segment increased 3% to \$19.9 million from \$19.3 million in the prior year and was 11.9% of net sales as compared with 11.1% in the first quarter of 2011. Operating income for the Refractories segment was \$9.1 million, as compared to income from operations of \$6.9 million in the prior year and represented 10.2% net of sales as compared with 7.7% in the prior year.

| Non-Operating Deductions (millions of dollars) | First Quarter 2012 | First Quarter 2011 | Growth |
|---|--------------------------|--------------------------|--------|
| Non-operating deductions, net | \$ 0.6 | \$ 0.8 | 25% |

In the first quarter of 2012, the Company recorded net non-operating deductions of \$0.6 million as compared to \$0.8 million in the prior year. This decrease was primarily attributable to higher interest income.

| Provision for Taxes on Income (millions of dollars) | First Quarter 2012 | First Quarter 2011 | Growth |
|--|--------------------------|--------------------------|--------|
| Provision for taxes on income | \$ 7.8 | \$ 7.2 | 8% |

Provision for taxes on income during the first quarter 2012 was \$7.8 million as compared to \$7.2 million during the first quarter 2011. The effective tax rate for the first quarter 2012 was 29.5% as compared to 30.0% for the first quarter 2011.

| Consolidated Net Income, net of tax (millions of dollars) | First Quarter 2012 | First Quarter 2011 | Growth |
|---|--------------------------|--------------------------|--------|
| Consolidated net income, net of tax | \$ 18.6 | \$ 16.7 | 11% |

The Company recorded consolidated net income, net of tax, of \$18.6 million as compared with \$16.7 million in the prior year.

| Noncontrolling Interests (millions of dollars) | First Quarter 2012 | First Quarter 2011 | Growth |
|---|--------------------------|--------------------------|--------|
| Noncontrolling interests | \$ 0.6 | \$ 0.9 | (33)% |

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

| Net Income attributable to MTI (millions of dollars) | First Quarter 2012 | First Quarter 2011 | Growth |
|---|--------------------------|--------------------------|--------|
| Net income attributable to MTI | \$ 18.0 | \$ 15.8 | 14% |

Net income attributable to MTI was \$18.0 million in the first quarter of 2012 as compared with income of \$15.8 million in the prior year. Diluted earnings per common share were \$1.01 per share in the first quarter of 2012 as compared with \$0.86 per share in the prior year.

Liquidity and Capital Resources

Cash provided from operating activities in the first quarter 2012 was \$24.7 million as compared with \$19.1 million for the same period last year. Cash flows provided from operations in the first quarter of 2012 were principally used to fund capital expenditures and pay the Company's dividend to common shareholders.

Working capital is defined as trade accounts receivable, trade accounts payable and inventories. Working capital decreased approximately 2% from December 2011. Total average days of working capital increased to 57 days in the first quarter of 2012 from 55 days in the fourth quarter of 2011. This increase was primarily attributable to an increase in days sales outstanding.

In 2011, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to \$75 million of the Company's shares over a two-year period. As of April 1, 2012, 59,615 shares have been repurchased under this program at an average price of approximately \$50.25 per share.

The following table summarizes our contractual obligations as of April 1, 2012:

Contractual Obligations

| (millions of dollars) | Total | Payments Due by Period | | | |
|--------------------------------------|----------------|------------------------|----------------|---------------|---------------|
| | | Less Than 1 Year | 1-3 Years | 3-5 Years | After 5 Years |
| Debt | \$ 94.0 | \$ 8.5 | \$ 85.5 | \$ -- | \$ -- |
| Operating lease obligations | 21.0 | 4.5 | 5.4 | 4.5 | 6.6 |
| Total contractual obligations | \$115.0 | \$ 13.0 | \$ 90.9 | \$ 4.5 | \$ 6.6 |

The Company had \$191 million in uncommitted short-term bank credit lines, of which \$5.5 million were in use at April 1, 2012. The credit lines are primarily in the US, with approximately \$21 million or 11% outside the US. The credit lines are generally one year in term at competitive market rates at large well-established institutions. The Company typically uses its available credit lines to fund working capital requirement or local capital spending needs. We anticipate that capital expenditures for 2012 should be between \$60 million and \$75 million, principally related to the construction of PCC plants and other opportunities that meet our strategic growth objectives. We expect to meet our other long-term financing requirements from internally generated funds, uncommitted bank credit lines and, where appropriate, project financing of certain satellite plants. The aggregate maturities of long-term debt are as follows: 2012 - \$8.5 million; 2013 - \$77.3 million; 2014 - \$8.2 million; 2015 - \$-- million; 2016 - \$-- million thereafter - \$-- million.

Cautionary Statement for “Safe Harbor” Purposes under the Private Securities Litigation Reform Act of 1995

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Company. This report contains statements that the Company believes may be “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, particularly statements relating to the Company’s objectives, plans or goals, 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 “believes,” “expects,” “plans,” “intends,” “anticipates,” and other words and phrases of similar meaning.

Forward-looking statements are necessarily based on assumptions, estimates and limited information available at the time they are made. A broad variety of risks and uncertainties, both known and unknown, as well as the inaccuracy of assumptions and estimates, can affect the realization of the expectations or forecasts in these statements. Many of these risks and uncertainties are difficult to predict or are beyond the Company’s control. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially. Significant factors affecting the expectations and forecasts are set forth under “Item 1A — Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2011, and in Exhibit 99 to this Quarterly Report on Form 10-Q.

The Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances that arise after the date hereof. Investors should refer to the Company's subsequent filings under the Securities Exchange Act of 1934 for further disclosures.

Recently Issued Accounting Standards

We do not expect the adoption of any recent accounting pronouncements to have a material effect on the financial statements of the Company.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles.

The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities.

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

ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in market prices and foreign currency and interest rates. We are exposed to market risk because of changes in foreign currency exchange rates as measured against the U.S. dollar. We do not anticipate that near-term changes in exchange rates will have a material impact on our future earnings or cash flows. However, there can be no assurance that a sudden and significant decline in the value of foreign currencies would not have a material adverse effect on our financial condition and results of operations. Approximately 48% of our bank debt bears interest at variable rates; therefore our results of operations would only be affected by interest rate changes to such outstanding bank debt. An immediate 10 percent change in interest rates would not have a material effect on our results of operations over the next fiscal year.

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

We had open forward exchange contracts to purchase approximately \$1.9 million of foreign currencies as of April 1, 2012. The contracts mature between April 2012 and July 2012. The fair value of these instruments at April 1, 2012 was a liability of less than \$0.1 million.

In 2008 the Company entered into forward contracts to sell 30 million Euros as a hedge of its net investment in Europe. These contracts mature in October 2013. The fair value of these instruments at April 1, 2012 was an asset of \$2.7 million.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, and under the supervision and with participation of the Company's management, including the Chief Executive Officer and the Chief Financial Officer, the Company carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, pursuant to Exchange Act Rule 13a-15(b). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of April 1, 2012.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting during the quarter ended April 1, 2012 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

Certain of the Company's subsidiaries are among numerous defendants in a number of cases seeking damages for exposure to silica or to asbestos containing materials. The Company currently has 77 pending silica cases and 26 pending asbestos cases. To date, 1,389 silica cases and 9 asbestos cases have been dismissed. One asbestos case was dismissed in the first quarter of 2012. Most of these claims do not provide adequate information to assess their merits, the likelihood that the Company will be found liable, or the magnitude of such liability, if any. Additional claims of this nature may be made against the Company or its subsidiaries. At this time management anticipates that the amount of the Company's liability, if any, and the cost of defending such claims, will not have a material effect on its financial position or results of operations.

The Company has not settled any silica or asbestos lawsuits to date. We are unable to state an amount or range of amounts claimed in any of the lawsuits because state court pleading practices do not require identifying the amount of the claimed damage. The aggregate cost to the Company for the legal defense of these cases since inception was approximately \$0.2 million, the majority of which has been reimbursed by Pfizer Inc pursuant to the terms of certain agreements entered into in connection with the Company's initial public offering in 1992. Our experience has been that the Company is not liable to plaintiffs in any of these lawsuits and the Company does not expect to pay any settlements or jury verdicts in these lawsuits.

Environmental Matters

On April 9, 2003, the Connecticut Department of Environmental Protection issued an administrative consent order relating to our Canaan, Connecticut, plant where both our Refractories segment and Specialty Minerals segment have operations. We agreed to the order, which includes provisions requiring investigation and remediation of contamination associated with historic use of polychlorinated biphenyls ("PCBs") and mercury at a portion of the site. We have completed the required investigations and submitted several reports characterizing the contamination. We are now conducting a site-specific risk assessment required by the regulators.

We believe that the most likely form of overall site remediation will be to leave the existing contamination in place (with some limited soil removal), encapsulate it, and monitor the effectiveness of the encapsulation. We anticipate that a substantial portion of the remediation cost will be borne by the United States based on its involvement at the site from 1942 – 1964, as historic documentation indicates that PCBs and mercury were first used at the facility at a time of U.S. government ownership for production of materials needed by the military. Though the cost of the likely remediation remains uncertain pending completion of the phased remediation decision process, we have estimated that the Company's share of the cost of the encapsulation and limited soil removal described above would approximate \$0.4 million, which has been accrued as of April 1, 2012.

The Company is evaluating options for upgrading the wastewater treatment facilities at its Adams, Massachusetts plant. This work has been undertaken pursuant to an administrative Consent Order originally issued by the Massachusetts Department of Environmental Protection ("DEP") on June 18, 2002. This order was amended on June 1, 2009 and on June 2, 2010. The amended Order includes the investigation by January 1, 2022 of options for ensuring that the facility's wastewater treatment ponds will not result in unpermitted discharge to groundwater. Additional requirements of the amendment include the submittal by July 1, 2022 of a plan for closure of a historic lime solids disposal area. Preliminary engineering reviews completed in 2005 indicate that the estimated cost of wastewater

treatment upgrades to operate this facility beyond 2024 may be between \$6 million and \$8 million. The Company estimates that the remaining remediation costs would approximate \$0.4 million, which has been accrued as of April 1, 2012.

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

ITEM 1A. Risk Factors

There have been no material changes to our risk factors from those disclosed in our 2011 Annual Report on Form 10-K. For a description of Risk Factors, see Exhibit 99 attached to this report.

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

Issuer Purchases of Equity Securities

| Period | Total Number of Shares Purchased | Average Price Paid Per Share | Total Number of Shares Purchased as Part of the Publicly Announced Program | Dollar Value of Shares that May Yet be Purchased Under the Program |
|----------------------------------|---|---------------------------------|--|---|
| J a n u a r y 1 - A p r i l 1 | -- | \$ -- | 59,615 | \$ 72,004,201 |
| Total | -- | \$ -- | | |

In 2011, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to \$75 million of the Company's shares over a two-year period. As of April 1, 2012, 59,615 shares have been repurchased under this program at an average price approximately of \$50.25 per share.

ITEM 3. Default Upon Senior Securities

Not applicable.

ITEM 4. Mine Safety Disclosures

The information concerning mine safety violations or other regulatory matters required by Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K is included in Exhibit 95 to this Quarterly Report on Form 10-Q.

ITEM 5. Other Information

None

ITEM 6. Exhibits

Exhibit No. Exhibit Title

| | |
|---------|---|
| 15 | Letter Regarding Unaudited Interim Financial Information. |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification executed by the Company's principal executive officer. |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification executed by the Company's principal financial officer. |
| 32 | Section 1350 Certifications. |
| 95 | Information concerning Mine Safety Violations |
| 99 | Risk Factors |
| 101.INS | XBRL Instance Document |
| 101.SCH | XBRL Taxonomy Extension Schema |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase |

SIGNATURE

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

Minerals Technologies
Inc.

By: /s/Douglas T.
Dietrich
Douglas T.
Dietrich
Senior Vice
President-Finance
and Treasury,
Chief Financial
Officer
(principal
financial officer)

April 27, 2012

EXHIBIT INDEX

The following documents are filed as part of this report:

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