MINERALS TECHNOLOGIES INC
Form 10-Q
July 31, 2009

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

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

For the quarterly period ended June 28, 2009

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).1.2

DELAWARE	25-1190717
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

405 Lexington Avenue, New York, New York 10174-0002

(Address of principal executive offices, including zip code)

(212) 878-1800

(Registrant's telephone number, including area code)

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

YES 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

(&#167232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

YES __ **NO ___**

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

Large Accelerated Filer [X]	Accelerated Filer [ ]	Non- accelerated Filer [ ]	Smaller Reporting Company [ ]

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

YES __ **NO 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 July 19, 2009
	18,729,060
Common Stock, $0.10 par value	

MINERALS TECHNOLOGIES INC.

INDEX TO FORM 10-Q

		Page No.
PART I. FINANCIAL INFORMATION		
Item 1.	Financial Statements:	
	Condensed Consolidated Statements of Operations for the three-month and six-month periods ended June 28, 2009 and June 29, 2008 (Unaudited)	3
	Condensed Consolidated Balance Sheets as of June 28, 2009 (Unaudited) and December 31, 2008	4

	Condensed Consolidated Statements of Cash Flows for the six-month periods ended June 28, 2009 and June 29, 2008 (Unaudited)	5
	Notes to Condensed Consolidated Financial Statements (Unaudited)	6
	Review Report of Independent Registered Public Accounting Firm	19
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	20
Item 3.	Quantitative and Qualitative Disclosures about Market Risk	35
Item 4.	Controls and Procedures	36
PART II. OTHER INFORMATION		
Item 1.	Legal Proceedings	36
Item 1A.	Risk Factors	38
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	38
Item 3.	Default Upon Senior Securities	38
Item 4.	Submission of Matters to a Vote of Security Holders	38
Item 5.	Other Information	39
Item 6.	Exhibits	39
Signature		40

PART 1. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	Three Months Ended		Six Months Ended	
(in thousands, except per share data)	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Net sales	$ 208,598	$ 299,794	$ 416,857	$ 577,314
Cost of goods sold	176,192	237,512	351,207	454,297
Production margin	32,406	62,282	65,650	123,017
Marketing and administrative expenses	22,591	26,590	43,137	52,630
Research and development expenses	4,364	6,014	9,225	12,134
Impairment of assets	37,516	--	37,516	--
Restructuring and other costs	9,553	899	10,102	2,331
Income (loss) from operations	(41,618)	28,779	(34,330)	55,922
Non-operating deductions, net	(3,535)	(724)	(3,790)	(2,238)
Income (loss) from continuing operations before provision for taxes	(45,153)	28,055	(38,120)	53,684
Provision (benefit) for taxes on income (loss)	(8,632)	8,653	(6,680)	16,598
Income (loss) from continuing operations, net of tax	(36,521)	19,402	(31,440)	37,086
Income (loss) from discontinued operations, net of tax	(3,524)	4,646	(3,612)	5,022
Consolidated net income (loss)	(40,045)	24,048	(35,052)	42,108
Less: Net income attributable to noncontrolling interests	(862)	(713)	(1,698)	(1,566)
Net income (loss) attributable to Minerals Technologies Inc. (MTI)	$ (40,907)	$ 23,335	$ (36,750)	$ 40,542
Earnings (Loss) per share:				
Basic:				
Income (loss) from continuing operations attributable to MTI	$ (1.99)	$ 0.99	$ (1.77)	$ 1.87

Income (loss) from discontinued operations attributable to MTI	(0.19)	0.24	(0.19)	0.26
Basic earnings (loss) per share attributable to MTI	$ (2.18)	$ 1.23	$ (1.96)	$ 2.13
Diluted:				
Income (loss) from continuing operations attributable to MTI	$ (1.99)	$ 0.98	$ (1.77)	$ 1.86
Income (loss) from discontinued operations attributable to MTI	(0.19)	0.24	(0.19)	0.26
Diluted earnings (loss) per share attributable to MTI	$ (2.18)	$ 1.22	$ (1.96)	$ 2.12
Cash dividends declared per common share	$ 0.05	$ 0.05	$ 0.10	$ 0.10
Shares used in computation of earnings per share:				
Basic	18,728	18,937	18,715	19,006
Diluted	18,728	19,065	18,715	19,114

See accompanying Notes to Condensed Consolidated Financial Statements.

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

(thousands of dollars)	June 28, 2009*	December 31, 2008**
Current assets:		
Cash and cash equivalents	$ 226,735	$ 181,876
Short-term investments, at cost which approximates market	13,960	9,258
Accounts receivable, net	166,110	163,475
Inventories	99,525	133,983
Prepaid expenses and other current assets	27,367	23,281
Assets held for disposal	17,461	19,674
Total current assets	551,158	531,547

Property, plant and equipment, less accumulated depreciation and depletion - June 28, 2009 - $838,800; December 31, 2008 - $894,638	373,976	429,593
Goodwill	67,830	66,414
Prepaid pension costs	552	483
Other assets and deferred charges	21,117	39,583
Total assets	$ 1,014,633	$ 1,067,620

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Short-term debt	$ 9,499	$ 14,984
Current maturities of long-term debt	4,000	4,000
Accounts payable	62,580	67,393
Restructuring liabilities	12,628	6,840
Other current liabilities	46,478	56,902
Liabilities of assets held for disposal	793	734
Total current liabilities	135,978	150,853
Long-term debt	97,221	97,221
Other non-current liabilities	54,434	84,715
Total liabilities	287,633	332,789
Shareholders' equity:		
Common stock	2,887	2,883
Additional paid-in capital	314,785	312,972
Retained earnings	824,981	863,601
Accumulated other comprehensive loss	(4,604)	(31,634)
Less common stock held in treasury	(436,238)	(436,238)
Total MTI shareholders' equity	701,811	711,584
Non-controlling interest	25,189	23,247
Total shareholders' equity	727,000	734,831
Total liabilities and shareholders' equity	$ 1,014,633	$ 1,067,620

* 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)

	Six Months Ended	
(thousands of dollars)	June 28, 2009	June 29, 2008
Operating Activities:		
Consolidated net income (loss)	$ (35,052)	$ 42,108
Income (loss) from discontinued operations	(3,612)	5,022
Income (loss) from continuing operations	(31,440)	37,086
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	37,105	40,837
Impairment of assets	37,516	--
Payments relating to restructuring activities	(4,339)	(11,800)
Tax benefits related to stock incentive programs	--	1,643
Other non-cash items	(5,190)	4,028
Net changes in operating assets and liabilities	29,742	(35,677)
Net cash provided by continuing operations	63,394	36,117
Net cash provided by (used in) discontinued operations	(561)	2,003
Net cash provided by operating activities	62,833	38,120
Investing Activities:		
Purchases of property, plant and equipment	(9,365)	(19,906)
Proceeds from sale of short-term investments	--	520
Purchases of short-term investments	(3,669)	(4,076)
Net cash used in investing activities - continuing operations	(13,034)	(23,462)
Net cash provided by investing activities - discontinued operations	--	7,440
Net cash used in investing activities	(13,034)	(16,022)
Financing Activities:		
Repayment of long-term debt	--	(16,845)
Net proceeds (repayment) of short-term debt	(3,918)	9,988
Purchase of common shares for treasury	--	(23,717)
Proceeds from issuance of stock under option plan	--	10,921
Excess tax benefits related to stock incentive programs	--	610
Cash dividends paid	(1,871)	(1,904)
Net cash used in financing activities	(5,789)	(20,947)
Effect of exchange rate changes on cash and cash equivalents	849	8,843
Net increase in cash and cash equivalents	44,859	9,994
Cash and cash equivalents at beginning of period	181,876	128,985
Cash and cash equivalents at end of period	$ 226,735	$ 138,979
Supplemental disclosure of cash flow information:		
Interest paid	$ 2,039	$ 2,755
Income taxes paid	$ 5,827	$ 11,378
Non-cash financing activities:		
Treasury stock purchases settled after period-end	$ --	$ 297

See accompanying Notes to Condensed Consolidated Financial Statements.

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

Note 1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared by management in accordance with the rules and regulations of the United States Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. Therefore, these financial statements should be read in conjunction with the consolidated financial statements and notes thereto contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2008. In the opinion of management, all adjustments, consisting solely of normal recurring adjustments necessary for a fair presentation of the financial information for the periods indicated, have been included. The results for the three-month and six-month periods ended June 28, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009.

Note 2. Summary of Significant Accounting Policies

Use of Estimates

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

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		Six Months Ended	
Basic EPS (in millions, except per share data)	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008

Income (loss) from continuing

operations attributable to MTI	$ (37.4)	$ 18.7	$ (33.1)	$ 35.5
Income (loss) from discontinued operations attributable to MTI	(3.5)	4.6	(3.6)	5.0
Net income (loss) attributable to MTI	$ (40.9)	$ 23.3	$ (36.7)	$ 40.5
Weighted average shares outstanding	18,728	18,937	18,715	19,006
Basic earnings (loss) per share from continuing operations attributable to MTI	$ (1.99)	$ 0.99	$ (1.77)	$ 1.87
Basic earnings (loss) per share from discontinued operations attributable to MTI	(0.19)	0.24	(0.19)	0.26
Basic earnings (loss) per share attributable to MTI	$ (2.18)	$ 1.23	$ (1.96)	$ 2.13

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

Diluted EPS (in millions, except per share data)	Three Months Ended June 28, 2009	Three Months Ended June 29, 2008	Six Months Ended June 28, 2009	Six Months Ended June 29, 2008
Income (loss) from continuing operations attributable to MTI	$ (37.4)	$ 18.7	$ (33.1)	$ 35.5
Income (loss) from discontinued operations attributable to MTI	(3.5)	4.6)	(3.6)	5.0
Net income (loss) attributable to MTI	$ (40.9)	$ 23.3	$ (36.7)	$ 40.5
Weighted average shares outstanding	18,728	18,937	18,715	19,006
Dilutive effect of stock options and stock units	--	128	--	108
Weighted average shares outstanding, adjusted	18,728	19,065	18,715	19,114
Diluted earnings (loss) per share from continuing operations attributable to MTI	$ (1.99)	$ 0.98	$ (1.77)	$ 1.86

Diluted earnings (loss) per share from discontinued operations attributable to MTI	(0.19)	0.24)	(0.19)	0.26
Diluted earnings (loss) per share attributable to MTI	$ (2.18)	$ 1.22	$ (1.96)	$ 2.12

The weighted average diluted common shares outstanding for the three-month and six-month periods ended June 28, 2009 excludes stock options and restricted stock, as inclusion of these would be anti-dilutive. During the three-month and six-month periods ended June 28, 2009, approximately 9,000 and 11,000 common equivalent shares, respectively, were not included in the computation of diluted earnings per share because they would have been anti-dilutive. Additionally, options to purchase 773,589 shares of common stock for the three month and six month periods ended June 28, 2009 were not included in the computation of diluted earnings per share. Options to purchase 240,300 shares of common stock for the three month and six month periods ended June 29, 2008 were not included in the computation of diluted earnings per share because they were anti-dilutive, as the exercise prices of the options were greater than the average market price of the common shares.

Note 4. Discontinued Operations

In the third quarter of 2007, as a result of a change in management and deteriorating financial performance, the Company conducted an in-depth review of all of its operations and developed a new strategic focus. The Company initiated a plan to realign its business operations to improve profitability and increase shareholder value by exiting certain businesses and consolidating some product lines. As a part of this restructuring, during the fourth quarter of 2007, the Company classified its Synsil operations and its plants at Mount Vernon, Indiana and Wellsville, Ohio as discontinued operations. These operations were part of the Company's Specialty Minerals segment. The remaining assets of these operations are held for disposal. During the second quarter of 2008, the Company sold two of its idle Synsil operations in Chester, South Carolina and Woodville, Ohio for approximately $7.5 million. This resulted in a pre-tax gain of approximately $6.5 million ($4.3 million after-tax). During the second quarter of 2009 the Company recorded impairment of asset charges of $3.5 million, net of tax, to recognize the lower market value of its Mt. Vernon, Indiana facility. The Company expects the sale of the remaining assets to be completed during 2009. The Company does not anticipate the ongoing operating cash flows of these operations to be significant.

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

	Three Months Ended	Six Months Ended

Millions of Dollars	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Net sales	$ 4.5	$ 6.4	$ 7.8	$ 12.7
Production margin	0.2	0.7	0.3	1.5
Expenses	0.2	0.2	0.4	0.5
Impairment of assets	5.6		5.6	
Restructuring and other costs (reversals)	--	(0.2)	--	(0.3)
Gain on sale of assets	--	6.5	--	6.5
Income (loss) from operations	$ (5.6)	$ 7.2	$ (5.7)	$ 7.8
Provision (benefit) for taxes on income	$ (2.1)	$ 2.6	$ (2.1)	$ 2.8
Income (loss) from discontinued operations, net of tax	$ (3.5)	$ 4.6	$ (3.6)	$ 5.0

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

Millions of Dollars	June 28, 2009	Dec. 31, 2008
Assets:		
Accounts receivable	$ 2.4	$ 1.3
Inventories	7.2	7.2
Property, plant and equipment, net	5.0	9.8
Goodwill	--	0.8
Prepaid expense	0.8	0.6
Deferred tax asset	2.1	--
Assets held for disposal	$ 17.5	$ 19.7
Liabilities:		
Accounts payable	$ 0.6	$ 0.6
Accrued liabilities	0.2	0.1
Liabilities of assets held for disposal	$ 0.8	$ 0.7

Note 5. Income Taxes

As of June 28, 2009, the Company had approximately $7.8 million of total unrecognized income tax benefits. Included in this amount were a total of $6.3 million of unrecognized income tax benefits that if recognized would affect the Company's effective tax rate. While it is expected that the amount of unrecognized tax benefits will change in the next 12 months, we do not expect the change to have a significant impact on the results of operations or the financial position of the Company.

The Company's accounting policy prior to the adoption of FIN 48 and upon the adoption of FIN 48 is to recognize interest and penalties accrued, relating to unrecognized income tax benefits as part of its provision for income taxes. The Company accrued approximately $0.1 million and $(0.5) million during the second quarter and first half of 2009, respectively, and has an accrued balance of $2.0 million of interest and penalties accrued as of June 28, 2009.

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

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

Note 6. Inventories

The following is a summary of inventories by major category:

(millions of dollars)	June 28, 2009	December 31, 2008
Raw materials	$ 44.0	$ 67.5
Work-in-process	8.6	10.2
Finished goods	26.5	35.0
Packaging and supplies	20.4	21.3
Total inventories	$ 99.5	$ 134.0

Note 7. Goodwill and Other Intangible Assets

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

The carrying amount of goodwill was $67.8 million, and $66.4 million as of June 28, 2009 and December 31, 2008, respectively. The net change in goodwill since January 1, 2009 was primarily attributable to the effect of foreign exchange.

Acquired intangible assets subject to amortization as of June 28, 2009 and December 31, 2008 were as follows:

	June 28, 2009		December 31, 2008	
(millions of dollars)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents and trademarks	$ 6.9	$ 3.6	$ 7.4	$ 3.2
Customer lists	2.7	1.0	9.2	1.9
	--	--	0.4	0.2

Other				
	$ 9.6	$ 4.6	$ 17.0	$ 5.3

In the second quarter of 2009, the Company recorded a $6.0 million impairment charge for customer list intangible assets from its 2006 acquisition in Turkey.

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 2013.

Included in other assets and deferred charges is an intangible asset of approximately $3.2 million which represents the non-current unamortized amount paid to a customer in connection with contract extensions at eight PCC satellite facilities. In addition, a current portion of $1.5 million is included in prepaid expenses and other current assets. Such amounts will be amortized as a reduction of sales over the remaining lives of the customer contracts. Approximately $0.4 million was amortized in the second quarter of 2009. Estimated amortization as a reduction of sales is as follows: remainder of 2009 - $0.7 million; 2010 - $1.2 million; 2011 - $0.9 million; 2012 - $0.6 million; 2013 - $0.6 million; with smaller reductions thereafter over the remaining lives of the contracts.

Note 8. Restructuring Costs

In the third quarter of 2007, as a result of a change in management and deteriorating financial performance, the Company conducted an in-depth review of all its operations and developed a new strategic focus. The Company initiated a plan to realign its business operations to improve profitability and increase shareholder value by exiting certain businesses and consolidating some product lines. As part of this program, the Company reduced its workforce by approximately 7 percent to better control operating expenses and improve efficiencies and recorded a pre-tax charge of $16.0 million for restructuring and other exit costs during the second half of 2007. This charge consists of severance and other employee benefit costs of $13.5 million, contract termination costs of $1.8 million and other exit costs of $0.7 million. Additional restructuring costs of $9.5 million were recorded in 2008 related to this program, including a pension settlement loss of approximately $6.8 million related to the distribution of benefits to terminated employees. The restructuring resulted in a total workforce reduction of approximately 250, of which 240 reductions have been implemented as of June 28, 2009.

A reconciliation of the restructuring liability for this program, as of June 28, 2009, is as follows:

2007 Restructuring Program

(millions of dollars)	Balance as of December 31, 2008	Additional Provisions	Cash Expenditures	Balance as of June 28, 2009
Severance and other employee benefits	$ 1.7	$ 0.1	$ (0.6)	$ 1.2

Contract termination costs	1.6	--	--	1.6
	$ 3.3	$ 0.1	$ (0.6)	$ 2.8

Approximately $0.6 million and $2.2 million in severance payments were paid in the second quarter of 2009 and 2008, respectively. A restructuring liability of $2.8 million remains at June 28, 2009. Such amounts will be funded from operating cash flows and we expect the program to be completed in 2009.

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

A reconciliation of the restructuring liability for this program, as of June 28, 2009, is as follows:

2008 Restructuring Program

(millions of dollars)	Balance as of December 31, 2008	Additional Provisions	Cash Expenditures	Balance as of June 28, 2009
Severance and other employee benefits	$ 3.5	$ 1.0	$ (3.6)	$ 0.9
Other exit costs	--	0.1	(0.1)	--
	$ 3.5	$ 1.1	$ (3.7)	$ 0.9

Approximately $1.9 million in severance payments was paid in the second quarter of 2009. The remaining liability of $0.9 million will be paid from cash flow from operations and the program is expected to be completed in 2009.

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

A reconciliation of the restructuring liability for this program, as of June 28, 2009, is as follows:

2009 Restructuring Program

(millions of dollars)

	Balance as of December 31, 2008	Additional Provisions	Cash Expenditures	Balance as of June 28, 2009
Severance and other employee benefits	$ --	$ 8.4	$ --	$ 8.4
Contract termination costs	--	0.4	--	0.4
Other exit costs	--	0.1	--	0.1
	$ --	$ 8.9	$ --	$ 8.9

The liability of $8.9 million will be paid from cash flow from operations, and the program is expected to be completed by the second quarter of 2010.

Note 9. 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 also establishes a uniform accounting model for the disposal of long-lived assets. 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. In such instances, 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.

In the second quarter of 2009, the Company initiated a restructuring program to improve efficiencies through the consolidation of operations and rationalization of certain product lines, and through the reduction of costs. As part of this program, the Company will consolidate its Old Bridge, New Jersey operation into Bryan, Ohio and Baton Rouge, Louisiana, in order to improve operational efficiencies and reduce logistics for key raw materials, which resulted in an impairment of assets charge of $4.3 million; rationalize its North American specialty shapes product line resulting in an impairment of assets charge of $1.5 million; rationalize some of its European operations resulting in an impairment of assets charge of $2.2 million; record further impairment charges of $10.0 million related to its Asian refractory operations as a result of continued difficulties in market penetration as well as consolidate its Asian operations and actively seek a regional alliance to aid in marketing its high value products; recognize impairment charges for refractory application equipment in North America of $3.7 million and Europe of $3.3 million due to customer underutilized assets under depressed volume conditions; an impairment of $6.5 million related to the Company's PCC facility in Millinocket, Maine, which has been idle since September 2008 and where the start-up of the satellite facility is now unlikely. As a result of this realignment, the Company recorded an impairment of assets charge of $37.5 million.

The following table reflects the major components of the impairment of assets charge:

Impairment of assets:

(millions of dollars)	Second Quarter 2009	Remaining Carrying Value of Impaired Assets
Americas Refractories	$ 9.5	$ 0.3

European Refractories	11.5	0.8
Asian Refractories	10.0	11.6
North America Paper PCC	6.5	--
Total impairment	$ 37.5	$ 12.7

Included in the impairment of assets charge for Europe Refractories is a $6.0 million charge for certain intangible assets from its 2006 acquisition of a business in Turkey.

The Company expects to realize, beginning in the third quarter of 2009, annualized pre-tax depreciation savings of approximately $5 million related to the write-down of fixed assets.

Note 10. Long-Term Debt and Commitments

The following is a summary of long-term debt:

(millions of dollars)	June 28, 2009	December 31, 2008
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 2009	4.0	4.0
Economic Development Authority Refunding Revenue Bonds Series 1999 Due 2010	4.6	4.6
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
Total	101.2	101.2
Less: Current maturities	4.0	4.0
Long-term debt	$ 97.2	$ 97.2

As of June 28, 2009, the Company had $171.4 million of uncommitted short-term bank credit lines, of which approximately $9.5 million were in use.

Note 11. Pension Plans

The Company and its subsidiaries have pension plans both in the U.S. and internationally, 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			
	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Service cost	$ 1.6	$ 2.0	$ 3.4	$ 4.2
Interest cost	2.4	2.9	5.4	6.2
Expected return on plan assets	(2.7)	(4.7)	(6.3)	(9.9)
Amortization:				
Prior service cost	0.4	0.4	0.8	0.7
Recognized net actuarial loss	1.8	0.5	3.7	1.1
Net periodic benefit cost	$ 3.5	$ 1.1	$ 7.0	$ 2.3

(millions of dollars)	Other Benefits			
	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Service cost	$ 0.4	$ 0.6	$ 0.7	$ 1.2
Interest cost	0.5	0.6	0.9	1.2
Amortization:				
Prior service cost	--	0.1	--	0.3
Recognized net actuarial loss	(0.2)	0.1	0.1	0.1
Net periodic benefit cost	$ 0.7	$ 1.4	$ 1.7	$ 2.8

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

In the second quarter of 2009, the Company amended its post-retirement plan in the U.S. which reduced its accumulated benefit obligation. As a result, the Company reduced the liability associated with this plan from $41.5 million at December 31, 2008 to $11.9 million at June 28, 2009.

Employer Contributions

The Company expects to contribute $6 million to its pension plan and $1.5 million to its other post retirement benefit plans in 2009. As of June 28, 2009, $1.1 million has been contributed to the pension fund and approximately $0.6 million has been contributed to the post retirement benefit plans.

Note 12. Comprehensive Income

The following are the components of comprehensive income:

	Three Months Ended		Six Months Ended	
(millions of dollars)	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Consolidated net income (loss)	$ (40.1)	$ 24.0	$ (35.1)	$ 42.1
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	23.2	1.6	7.6	20.8
Pension and postretirement plan adjustments	19.8	0.6	21.3	1.2
Cash flow hedges:				
Net derivative gains (losses) arising during the period	(1.3)	(0.1)	(1.1)	0.1
Comprehensive income (loss)	1.6	26.1	(7.3)	64.2
Comprehensive income attributable to noncontrolling interest	(1.5)	(0.7)	(2.4)	(1.6)
Comprehensive income (loss) attributable to MTI	$ (0.1)	$ 25.4	$ (9.7)	$ 62.6

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

(millions of dollars)	June 29, 2009	December 31, 2008
Foreign currency translation adjustments	$ 39.2	$ 32.3
Unrecognized pension costs	(43.7)	(65.0)
Net gain (loss) on cash flow hedges	(0.1)	1.1
Accumulated other comprehensive gain	$ 4.6	$ (31.6)

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

Note 13. Accounting for Asset Retirement Obligations

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

The following is a reconciliation of asset retirement obligations as of June 28, 2009:

(millions of dollars)		
Asset retirement liability, December 31, 2008	$	13.0
Accretion expense		0.3
Foreign currency translation		0.1
Asset retirement liability, June 28, 2009	$	13.4

Approximately $0.4 million is included in other current liabilities and $13.0 million is included in other non-current liabilities in the Condensed Consolidated Balance Sheet as of June 28, 2009.

Note 14. 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 306 pending silica cases and 25 pending asbestos cases. To date, 1,159 silica cases and 4 asbestos cases have been dismissed. One new asbestos case was filed in the second quarter of 2009. Most of these claims do not provide adequate information to assess their merits, the likelihood that the Company will be found liable, or the magnitude of such liability, if any. Additional claims of this nature may be made against the Company or its subsidiaries. At this time management anticipates that the amount of the Company's liability, if any, and the cost of defending such claims, will not have a material effect on its financial position or results of operations.

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

Environmental Matters

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

&#8226Building Decontamination.

We have completed the investigation of building contamination and submitted a report characterizing the contamination. We are awaiting review and approval of this report by the regulators. Based on the results of this investigation, we believe that the contamination may be adequately addressed by means of encapsulation through painting of exposed surfaces, pursuant to the Environmental Protection Agency's ("EPA") regulations and have accrued such liabilities as discussed below. However, this conclusion remains uncertain pending completion of the phased remediation decision process required by the regulations.

&#8226 *Groundwater.* We have completed investigations of potential groundwater contamination and have submitted a report on the investigations finding that there is no PCB contamination, but some oil contamination of the groundwater. We expect the regulators to require confirmatory long term groundwater monitoring at the site.

&#8226 Soil.

We have completed the investigation of soil contamination and submitted a report characterizing contamination to the regulators. Based on the results of this investigation, we believe that the contamination may be left in place and monitored, pursuant to a site-specific risk assessment, which is underway. However, this conclusion is subject to completion of a phased remediation decision process required by applicable regulations.

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

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

The Company is evaluating options for upgrading the wastewater treatment facilities at its Adams, Massachusetts plant. This work has been undertaken pursuant to an administrative Consent Order originally issued by the Massachusetts Department of Environmental Protection on June 18, 2002. This order was amended on June 1, 2009. The amended Order requires the installation of a groundwater containment system by mid-year 2010. The amendment also includes the investigation by January 1, 2022 of options for ensuring that the facility's wastewater treatment ponds will not result in unpermitted discharge to groundwater. Additional requirements of the amendment include the submittal by July 1, 2022 of a plan for closure of a historic lime solids disposal area. Preliminary engineering reviews completed in 2005 indicate that the estimated cost of wastewater treatment upgrades to operate this facility beyond 2024 may be between $6 million and $8 million. The Company estimates that the remaining remediation costs would approximate $400,000, which has been accrued as of June 28, 2009.

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

Note 15. Non-Operating Income and Deductions

(millions of dollars)	Three Months Ended June 28, 2009	Three Months Ended June 29, 2008	Six Months Ended June 28, 2009	Six Months Ended June 29, 2008
Interest income	$ 0.8	$ 1.0	$ 1.6	$ 2.1
Interest expense	(0.9)	(1.1)	(1.8)	(2.6)
Foreign exchange gains (losses)	(1.3)	(0.3)	(1.2)	(1.1)
Foreign currency translation loss upon liquidation	(2.3)	--	(2.3)	--
Other deductions	0.2	(0.3)	--	(0.6)
Non-operating income (deductions), net	$ (3.5)	$ (0.7)	$ (3.7)	$ (2.2)

During the second quarter of 2009, the Company recognized currency translation losses of $2.3 million upon liquidation of the Company's operations at its facility at Gomez Palacio, Mexico.

Note 16 . Noncontrolling interests

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

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

	Equity Attributable to MTI						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Noncontrolling Interests	Total
Balance as of December 31, 2008	$ 2,883	$ 312,972	$ 863,601	$ (31,634)	$ (436,238)	$ 23,247	$ 734,831
Comprehensive Income:							
Net income	--	--	(36,750)	--	--	1,698	(35,052)

Currency translation adjustment	--	--	--	6,866	--	712	7,578
Unamortized pension gains and prior service costs	--	--	--	21,254			21,254
Cash flow hedge:							
Net derivative gains (losses) arising during the year	--	--	--	(1,187)	--	--	(1,187)
Reclassification adjustment	--	--	--	98	--	--	98
Total comprehensive income (loss)	--	--	(36,750)	27,031	--	2,410	(7,309)
Dividends declared	--	--	(1,871)	--	--	--	(1,871)
Dividends to noncontrolling interest	--	--	--	--	--	(468)	(468)
Opening retained earning adjustment	--	--	--	--	--	--	--
Employee benefit transactions	4	(4)	--	--	--	--	--
Income tax benefit arising from employee stock option plans	--	--	--	--	--	--	--
Amortization of restricted stock	--	788	--	--	--	--	788
Stock option expenses	--	1,029	--	--	--	--	1,029
Purchase of common stock	--	--	--	--	--	--	--
Balance as of June 28, 2009	$ 2,887	$ 314,785	$ 824,981	$ (4,604)	$ (436,238)	$ 25,189	$ 727,000

The income attributable to noncontrolling interests for the six-month periods ended June 28, 2009 and June 29, 2008 was from continuing operations. The remainder of income (loss) from continuing operations as well as all of the income (loss) from discontinued operations are attributable to MTI. There were no changes in MTI's ownership interest for the period ended June 28, 2009 as compared with December 31, 2008.

Note 17 Segment and Related Information

Segment information for the three and six-month periods ended June 28, 2009 and June 29, 2008 were as follows:

	Net Sales			
	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Specialty Minerals	$ 152.0	$ 189.1	$ 295.7	$ 369.9

Refractories	56.6	110.7	121.2	207.4
Total	$ 208.6	$ 299.8	$ 416.9	$ 577.3

	Income (Loss) from Operations			
	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Specialty Minerals	$ 4.3	$ 20.1	$ 14.1	$ 38.5
Refractories	(45.3)	8.9	(47.5)	17.8
Total	$ (41.0)	$ 29.0	$ (33.4)	$ 56.3

Included in income from operations for the Specialty Minerals segment for the three-month and six-month periods ended June 28, 2009 are restructuring costs of $0.1 million as related to the 2007 restructuring program, $0.3 million and $0.5 million, respectively, as related to the 2008 program and $2.0 million as related to the 2009 program. Additionally, included in income from operations for the Specialty Minerals segment is an impairment of asset charge of $6.5 million for the three-month and six-month periods ended June 28, 2009.

Included in income from operations for the Refractories segment for the three-month and six-month periods ended June 28, 2009 are restructuring costs of $0.3 million and $0.6 million, respectively, as related to the 2008 program and $6.9 million as related to the 2009 program. Additionally, included in income from operations for the Refractories segment is an impairment of asset charge of $31.0 million for the three-month and six-month periods ended June 28, 2009.

Included in income from operations for the Specialty Minerals segment for the three-month and six-month periods ended June 29, 2008 are restructuring costs of $0.2 million and $1.3 million, respectively, as related to the 2007 restructuring program.

Included in loss from operations for the Refractories segment for the three-month and six-month periods ended June 29, 2008 are restructuring costs of $0.7 million and $1.1 million, respectively, as related to the 2007 restructuring program.

The carrying amount of goodwill by reportable segment as of June 28, 2009 and December 31, 2008 was as follows:

Goodwill

	Three Months Ended	
	June 28, 2009	December 31, 2008
Specialty Minerals	$ 14.3	$ 13.4
Refractories	53.5	53.0
Total	$ 67.8	$ 66.4

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 (loss) from continuing operations before provision for taxes:

	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008
Income (loss) from operations for reportable segments	$ (41.0)	$ 29.0	$ (33.4)	$ 56.3
Unallocated corporate expenses	(0.6)	(0.2)	(0.9)	(0.4)
Consolidated income (loss) from operations	(41.6)	28.8	(34.3)	55.9
Non-operating income (deductions) from operations	(3.5)	(0.7)	(3.8)	(2.2)
Income (loss) from continuing operations, before provision for taxes on income	$ (45.1)	$ 28.1	$ (38.1)	$ 53.7

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

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

	Three Months Ended		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008

Paper PCC	$ 115.6	$ 142.2	$ 228.2	$ 280.0
Specialty PCC	12.1	15.8	22.6	31.1
Talc	7.8	9.5	14.5	18.7
Ground Calcium Carbonate	16.5	21.6	30.4	40.1
Refractory Products	46.7	89.8	100.1	168.9
Metallurgical Products	9.9	20.9	21.1	38.5
Net sales	$ 208.6	$ 299.8	$ 416.9	$ 577.3

REVIEW REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Minerals Technologies Inc.:

We have reviewed the condensed consolidated balance sheet of Minerals Technologies Inc. and subsidiary companies as of June 28, 2009 and the related condensed consolidated statements of operations for the three-month and six-month periods ended June 28, 2009 and June 29, 2008, and the related condensed consolidated statements of cash flows for the six-month periods ended June 28, 2009 and June 29, 2008. These condensed consolidated financial statements are the responsibility of the company's management.

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

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

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

/s/ KPMG LLP

New York, New York
July 30, 2009

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		Six Months Ended	
	June 28, 2009	June 29, 2008	June 28, 2009	June 29, 2008

Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of goods sold	84.5	79.2	84.3	78.7
Production margin	15.5	20.8	15.7	21.3
Marketing and administrative expenses	10.8	8.9	10.3	9.1
Research and development expenses	2.1	2.0	2.2	2.1
Impairment of assets	18.0	--	9.0	--
Restructuring and other costs	4.6	0.3	2.4	0.4
Income from operations	(20.0)	9.6	(8.2)	9.7
Income from continuing operations	(17.9)	6.2	(7.9)	6.1
Income (loss) from discontinued operations	(1.7)	1.6	(0.9)	0.9
Net income	(19.6)	7.8 %	(8.8)	7.0 %

Executive Summary

In the second quarter of 2009, as a result of the continuation of the severe downturn in the worldwide steel industry, the Company initiated a restructuring program to improve efficiencies through the consolidation and rationalization of certain manufacturing operations and through the reduction of costs. As a result, the Company recorded an impairment of assets charge of $37.5 million and a restructuring charge of $9.6 million related to this realignment. The Company will reduce its current workforce by approximately 200 employees related to the plant consolidations as well as the streamlining of corporate and divisional management structures to operate more efficiently through the current economic environment. This realignment will allow the Company to better position itself strategically for improved profitability when the economy recovers. The major components of this realignment, which is primarily in the Refractories segment are as follows:

Americas Refractories

&#8226 The Company will consolidate its refractory operations at Old Bridge, New Jersey into its facilities in Bryan, Ohio, and Baton Rouge, Louisiana, thereby improving operating efficiencies and reducing logistics for key raw materials. The Company recorded an impairment charge of $4.3 million for this facility.

&#8226 The Company will rationalize its North American specialty shapes product line and recorded an impairment charge of $1.5 million.

&#8226 The Company also recorded an impairment of assets charge of $3.7 million for refractory application equipment as a result of underutilized assets at customer locations under depressed volume conditions.

Asia Refractories

&#8226 The Company recorded impairment charges of $100 million for its Asian refractory operations as a result of continued difficulties in market penetration from its Chinese and other Asian manufacturing facilities. To take advantage of its strong technological capability in refractories, the Company will consolidate its Asian operations and actively seek a regional alliance to aid in the marketing of its high value products.

Europe Refractories

&#8226 The Company will rationalize some of its European operations and recorded an impairment of assets charge of $2.2 million.

&#8226 The Company also recorded an impairment of assets charge of $3.3 million for refractory application equipment as a result of underutilized assets at customer locations under depressed volume conditions.

&#8226 The Company recorded an impairment of assets charge of $6.0 million for certain intangible assets from its 2006 acquisition of a business in Turkey.

North America Paper PCC

&#8226 In the Paper PCC business, the Company recorded an impairment of asset charge of $6.5 million relating to its satellite PCC facility in Millinocket, Maine. This facility has been idle since September 2008 when the host Paper Company indefinitely shut one of its paper machines due to rising operational costs. The potential for the startup of our satellite at this facility is unlikely.

Other Assets

&#8226 In addition, the Company recorded impairment charges of $5.6 million to recognize the lower market value of its Mt. Vernon, Indiana, operation, which has been held for sale since October of 2007 and is included in discontinued operations.

The Company continues to be affected by weak demand in the end markets we serve - primarily, steel, construction, automotive and paper, which has caused a significant drop in demand for our products. Volume declines in all product lines, under weak market conditions more than offset the benefits derived from our announced restructuring programs and overall expense reduction initiatives.

We continue to face uncertainty in the economic environment as a result of the worldwide recession. However, due to our strong balance sheet and cash flow, the Company believes it is in a strong position to manage through these difficult and uncertain times, particularly as the result of the restructuring initiatives undertaken in 2007 and 2008, coupled with the realignment of our operations in the second quarter of 2009.

We face some significant risks and challenges in the future:

&#8226 Our global business could continue to be adversely affected by a weak economic environment. North American steel production is at its lowest levels since the mid 1980's at an average of approximately 1.1 million tons per week, approximately 50% of production levels experienced in the first three quarters of 2008. In the Paper industry, production levels for printing and writing papers within North America, our largest market, were down 23% as compared with last year. Housing starts are at 24 year lows with the June 2009 annualized rate at 582,000 units, as compared to 2.1 million units in 2005. In the automotive industry, light vehicle sales in the U.S. were down 51% for the first six months of 2009 as compared to the first six months of 2008.

&#8226 The availability of credit in the financial markets could adversely affect the ability of our customers and/or our suppliers to obtain financing.

&#8226 The industries we serve, primarily paper, steel, construction and automotive have been adversely affected by the global economic climate. Some of our customers may experience further consolidations and shutdowns or may face increased liquidity issues, which could deteriorate the aging of our accounts receivable, increase our bad debt exposure and possibly trigger impairment of assets or realignment of our businesses.

&#8226 Consolidations in the paper and steel industries concentrate purchasing power in the hands of fewer customers, increasing pricing pressure on the Company.

&#8226 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.

21

&#8226 Our filler-fiber composite technology continues in development through customer trials, but has yet to be proven on a long-term commercial scale.

&#8226 We are subject to volatility in pricing and availability of our key raw materials used in our Paper PCC product line and Refractory product line. Our ability to recover increased costs is uncertain and may become more difficult in this economic environment.

&#8226 We continue to rely heavily upon Chinese suppliers for the majority of our magnesium oxide in the Refractories segment which may be subject to uncertainty in availability and cost.

&#8226 Fluctuations in energy costs have an impact on all of our businesses.

&#8226 Changes in the fair market value of our pension assets, rates of return on assets, and discount rates could have a significant impact on our net periodic pension costs and well as our funding requirements.

&#8226 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.

&#8226 The Company's operations, particularly in the mining and environmental areas (discharges, emissions and greenhouse gases), are subject to heavy regulation by federal, state and foreign authorities; the Company may be subject to, and presumably will be required to comply with, additional laws, regulations and guidelines which may be adopted in the future.

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

&#8226 Development of the filler-fiber composite program, which continues to undergo large-scale paper machine trials, to increase the fill-rate for uncoated freesheet paper.

&#8226 Increasing our sales of PCC for paper by further penetration of the markets for paper filling at both freesheet and groundwood mills, particularly in emerging markets.

&#8226 Further growth of the Company's PCC coating product sales using the satellite model.

&#8226 Leveraging the Company's expertise in crystal engineering, especially in helping papermakers customize PCC morphologies for specific paper applications.

&#8226 Development of unique calcium carbonates used in the manufacture of novel biopolymers, a new market opportunity.

&#8226 Rapid deployment of value-added formulations of refractory materials that not only reduce costs but improve performance.

&#8226 Continuing our penetration in emerging markets.

22

Results of Operations

Three months ended June 28, 2009 as compared with three months ended June 29, 2008.

Sales

(millions of dollars)	Second Quarter 2009	% of Total Sales	Growth	Second Quarter 2008	% of Total Sales
Net Sales					
U.S	$ 110.7	53.1 %	(30) %	$ 158.3	52.8 %
International	97.9	46.9 %	(31) %	141.5	47.2 %
Net sales	$ 208.6	100.0 %	(30) %	$ 299.8	100.0 %
Paper PCC	$ 115.6	55.5 %	(19) %	$ 142.2	47.4 %
Specialty PCC	12.1	5.8 %	(23) %	15.8	5.3 %
PCC Products	$ 127.7	61.3 %	(19) %	$ 158.0	52.7 %
Talc	$ 7.8	3.7 %	(18) %	$ 9.5	3.2 %
Ground Calcium Carbonate	16.5	7.9 %	(24) %	21.6	7.2 %
Processed Minerals Products	$ 24.3	11.6 %	(22) %	$ 31.1	10.4 %
Specialty Minerals Segment	$ 152.0	72.9 %	(20) %	$ 189.1	63.1 %

Refractory Products	$	46.7	22.4 %	(48) %	$	89.8	29.9 %
Metallurgical Products		9.9	4.8 %	(53) %		20.9	7.0 %
Refractories Segment	$	56.6	27.1 %	(49) %	$	110.7	36.9 %
Net sales	$	208.6	100.0 %	(30) %	$	299.8	100.0 %

Worldwide net sales in the second quarter of 2009 decreased 30% from the previous year to $208.6 million. Foreign exchange had an unfavorable impact on sales of approximately $16.2 million or 5 percentage points of decline. Sales in the Specialty Minerals segment, which includes the PCC and Processed Minerals product lines, decreased 20% to $152.0 million compared with $189.1 million for the same period in 2008. Sales in the Refractories segment declined 49% from the previous year to $56.6 million.

Worldwide net sales of PCC, which is primarily used in the manufacturing process of the paper industry, decreased 19% in the second quarter to $127.7 million from $158.0 million in the prior year. Foreign exchange had an unfavorable impact on sales of $11.2 million or approximately 7 percentage points of decline. Paper PCC sales declined 19% to $115.6 million in the second quarter of 2009 from $142.2 million in the prior year. Approximately $9.7 million or 7 percentage points of decline was attributable to the effects of foreign exchange. Paper PCC volumes declined in all regions, but primarily in North America and Europe which accounted for $24.2 million of the decline. This was partially offset by higher prices in those regions of $7.3 million. Sales of Specialty PCC decreased 23% to $12.1 million from $15.8 million in the prior year. This decrease was primarily due to the effect of foreign exchange.

Net sales of Processed Minerals products decreased 22% in the second quarter to $24.3 million from $31.1 million in the second quarter of 2008. This decrease was primarily attributable to the continued weakness in the residential and commercial construction markets and the automotive market. Volumes declined 25% from prior year levels.

Net sales in the Refractories segment in the second quarter of 2009 decreased 49% to $56.6 million from $110.7 million in the prior year. Foreign exchange had an unfavorable impact on sales of $5.0 million or approximately 5 percentage points of decline. Sales of refractory products and systems to steel and other industrial applications decreased 48% to $46.7 million from $89.8 million. Sales of metallurgical products within the Refractories segment decreased 53 percent to $9.9 million as compared with $20.9 million in the same period last year. The declines in all product lines within this segment are driven by lower worldwide volumes as this segment has been severely affected by the downturn in the steel industry.

Net sales in the United States decreased 30% to $ 110.7 million in the second quarter of 2009. International sales in the second quarter of 2009 decreased 31% to $ 97.9 million, primarily due to lower worldwide volumes and the effects of foreign exchange.

Operating Costs and Expenses (millions of dollars)		Second Quarter 2009		Second Quarter **2008**	Growth
Cost of goods sold	$	176.2	$	237.5	(26) %
Marketing and administrative	$	22.6	$	26.6	(15) %
Research and development	$	4.4	$	6.0	(27) %
Impairment of assets		37.5		--	* %
Restructuring and other costs	$	9.6	$	0.9	* %

*

Percentage not meaningful

Production margin decreased $29.9 million from the prior year. This reduction was attributable to lower volumes in all product lines related to the weak market conditions, and was approximately $26.4 million of the decline. Approximately $2.4 million was due to the effect of foreign exchange. In the Specialty Minerals segment, production margin decreased 26% or $9.7 million from the prior year. This was attributable to lower volumes of $9.9 million due to weak market conditions in both the PCC and Processed Minerals product line, and additional volume losses relating to permanent and temporary shutdowns in the Paper PCC product line. In the Refractories segment, production margin declined 80% or $20.1 million from the prior year. This was primarily attributable to volume decreases of approximately $18 million.

Marketing and administrative costs decreased in the second quarter to $22.6 million from $26.6 million in the prior year and represented 10.8% of net sales as compared with 8.9% of net sales in the prior year. This decline was due to the benefits derived from our restructuring program and as well as other cost savings initiatives.

Research and development expenses decreased 27% to $4.4 million and represented 2.1% of net sales as compared with 2.0% of net sales in the prior year.

In the third quarter of 2007, the Company initiated a plan to realign its business operations to improve profitability and increase shareholder value by exiting certain businesses and consolidating some product lines. As part of this program, the Company reduced its workforce by approximately 7 percent to better control operating expenses and improve efficiencies and recorded a pre-tax charge of $16.0 million for restructuring and other exit costs during the second half of 2007.

Restructuring costs incurred in the second quarter of 2009 and 2008 relating to the 2007 restructuring program were as follows:

Restructuring and other costs (2007 program):

		Second Quarter 2009		Second Quarter 2008
Severance and other employee benefits	$	--	$	0.9
Other exit costs		--		--
	$	--	$	0.9

The Company expects incremental annualized savings in 2009 of $2 million from this program over 2008. The total expected annualized savings in 2009 is approximately $13 million from this program and we realized savings of $11 million in 2008. Approximately $0.6 million and $2.2 million in severance payments were paid in the second quarter of 2009 and 2008, respectively. A restructuring liability of $2.8 million remains at June 28, 2009 and will be paid in 2009. Such amounts will be funded from operating cash flows.

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

Restructuring costs incurred in the second quarter of 2009 relating to the 2008 restructuring program were as follows:

Restructuring and other costs (2008 program):

	Second Quarter 2009
Severance and other employee benefits	$ 0.6
Other exit costs	0.1
	$ 0.7

The Company expects annualized savings of between $6 million to $8 million as it relates to this program. The Company realized compensation and related expense savings of approximately $2.0 million in the second quarter of 2009 which was as expected. Approximately $1.9 million in severance payments was paid in the second quarter of 2009. The remaining liability of $0.9 million will be paid in 2009 from cash flow from operations.

In the second quarter of 2009, as a result of the continuation of the severe downturn in the worldwide steel industry, the Company initiated a restructuring program, primarily in the Refractories segment, to improve efficiencies through consolidation of manufacturing operations and reduction of costs. This realignment resulted in impairment of asset charges and restructuring charges in the second quarter of 2009 as follows:

Restructuring and other costs (2009 program):

(millions of dollars)	Second Quarter 2009
Severance and other employee benefits	$ 8.4
Contract termination costs	0.4
Other exit costs	0.1
	$ 8.9

The restructuring program will reduce the current workforce by approximately 200 employees worldwide. This reduction in force relates to plant consolidations as well as a streamlining of corporate and divisional management structures to operate more efficiently. The Company expects to realize annualized pre-tax cost savings of approximately $10 million upon completion of the program as a result of lower compensation and related expenses. The Company expects severance amounts to be paid in 2009. The payments will be funded from operating cash flows.

Impairment of asset charges:

(millions of dollars)	Second Quarter 2009
Americas Refractories	9.5
Europe Refractories	11.5
Asia Refractories	10.0
North America Paper PCC	6.5
	$ 37.5

The impairment of assets charge includes a write-down of $6.0 million for certain intangible assets related to our 2006 acquisition in Turkey.

The Company expects to realize, beginning in the third quarter of 2009, annualized pre-tax depreciation savings of approximately $5 million related to the write down of fixed assets.

Income (Loss) from Operations (millions of dollars)	Second Quarter 2009	Second Quarter 2008	Growth
Income (loss) from operations	$ (41.6)	$ 28.8	* %

Loss from operations in the second quarter of 2009 was $41.6 million as compared with income from operations of $28.8 million in the prior year. Income from operations represented 9.6% of net sales in the second quarter of 2008.

Income from operations for the Specialty Minerals segment declined 79% to $4.3 million from $20.1 million in the prior year and was 2.9% of its net sales as compared with 10.6% in the second quarter of 2008. Loss from operations for the Refractories segment was $45.4 million as compared with income from operations of $8.9 million in the prior year.

Non-Operating Deductions (millions of dollars)	Second Quarter 2009	Second **Quarter 2008**	Growth
Non-operating deductions, net	$ (3.5)	$ (0.7)	* %

In the second quarter of 2009, net non-operating deductions increased to $3.5 million from $0.7 million in the prior year. Included in non-operating deductions is a $2.3 million foreign currency translation loss recognized upon the Company's liquidation of its plant in Gomez Palacio, Mexico.

Provision (Benefit) for Taxes on Income (millions of dollars)	Second Quarter 2009	Second **Quarter 2008**	Growth
Provision (benefit) for taxes on income	$ (8.6)	$ 8.7	* %

Benefit for taxes on income during the second quarter of 2009 was $8.6 million as compared to a provision for taxes of $8.7 million during the second quarter of 2008. The effective tax rate for the second quarter of 2009 was 19% compared to 31% for the second quarter of 2008. This decrease primarily relates to the reduction in income taxes resulting from a change in the earnings in the foreign jurisdictions and the related foreign tax rates, the increase in the tax benefit of depletion as a percentage of the decreased earnings and the effect of the restructuring and impairments. The tax benefit on the restructuring and impairment of assets charge was $9.0 million or an effective tax benefit of 18.5% on such charge.

Income (Loss) from Continuing Operations, net of tax (millions of dollars)	Second Quarter 2009	Second **Quarter 2008**	Growth
Income (loss) from continuing operations, net of tax	$ (36.5)	$ 19.4	*%

Loss from continuing operations was $36.5 million as compared with income from continuing operations of $19.4 million in the prior year.

Income (Loss) from Discontinued Operations (millions of dollars)	Second Quarter 2009	Second **Quarter 2008**	Growth
Income (loss) from discontinued operations	$ (3.5)	$ 4.6	* %

*

Percentage not meaningful

In the second quarter of 2009 the Company recognized a loss from discontinued operations of $ 3.5 million as compared with income of $4.6 million in the prior year. Included in loss from operations in the second quarter of

2009 are impairment of asset charges of $3.5 million, net of tax. The Company recorded an impairment of assets charge to reflect the lower market value of its Mt. Vernon, Indiana facility. Included in income from discontinued operations for 2008 is a gain of approximately $4.3 million, net of tax, for the sale of our idle Woodville and Chester facilities.

Net Income (Loss) Attributable to MTI (million of dollars)	Second Quarter 2009	Second **Quarter 2008**	Growth
Net income (loss)	$ (40.9)	$ 23.3	* %

Net loss in the second quarter of 2009 was $40.9 million as compared with net income of $23.3 million in the prior year. Diluted loss per common share was $2.18 per share in the second quarter of 2009 as compared with earnings per share of $1.22 per share in the prior year.

Six months ended June 28, 2009 as compared with six months ended June 29, 2008

(millions of dollars)	First Half 2009	% of Total Sales	Growth