MINERALS TECHNOLOGIES INC
Form 10-K
February 22, 2013

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

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

For the fiscal year ended December 31, 2012

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from ________ to _________
Commission file number 1-11430

MINERALS TECHNOLOGIES INC.
(Exact name of registrant as specified in its charter)

Delaware	25-1190717
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
622 Third Avenue	
38th Floor	10017-6707
New York, New York	(Zip Code)
(Address of principal executive office)	

(212) 878-1800
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

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

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes [X] No [ ]

Indicate by check mark if Registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes [ ] No [X]

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

Indicate by check mark whether the Registrant 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 [ ]
(Do not check if smaller reporting company)

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes [ ] No [X]

The aggregate market value of the voting stock held by non-affiliates of the Registrant, based upon the closing price at which the stock was sold as of June 29, 2012, was approximately $983 million. Solely for the purposes of this calculation, shares of common stock held by officers, directors and beneficial owners of 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

As of February 8, 2013, the Registrant had outstanding 35,071,669 shares of common stock, all of one class.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement for its 2013 Annual Meeting of Stockholders are incorporated herein by reference in Part III of this Annual Report on Form 10-K.
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MINERALS TECHNOLOGIES INC.
2012 FORM 10-K ANNUAL REPORT
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PART I
Item 1. Business

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

The Company maintains a research and development focus. The Company's research and development capability for developing and introducing technologically advanced new products has enabled the Company to anticipate and satisfy changing customer requirements, creating market opportunities through new product development and product application innovations.

Specialty Minerals Segment

PCC Products and Markets

The Company's PCC product line net sales were $546.2 million, $560.6 million and $554.6 million for the years ended December 31, 2012, 2011 and 2010, respectively. The Company's sales of PCC have been, and are expected to continue to be, made primarily to the printing and writing papers segment of the paper industry. The Company also produces PCC for sale to companies in the polymer, food and pharmaceutical industries.

PCC Products - Paper

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

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

The Company's Paper PCC product line net sales were $480.3 million, $497.0 million and $496.6 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Approximately 50% of the Company's sales consist of PCC sold to papermakers from "satellite" PCC plants. A satellite PCC plant is a PCC manufacturing facility located near a paper mill, thereby eliminating costs of transporting PCC from remote production sites to the paper mill. The Company believes the competitive advantages offered by improved economics and superior optical characteristics of paper produced with PCC manufactured by the Company's satellite PCC plants resulted in substantial growth in the number of the Company's satellite PCC plants since the first such plant was built in 1986. For information with respect to the locations of the Company's PCC plants as of December 31, 2012, see Item 2, "Properties," below.

The Company currently manufactures several customized PCC product forms using proprietary processes. Each product form is designed to provide optimum balance of paper properties including brightness, opacity, bulk, strength and improved printability. The Company's research and development and technical service staffs focus on expanding sales from its existing and potential new satellite PCC plants as well as developing new technologies for new applications. These technologies include, among others, acid-tolerant ("AT®") PCC, which allows PCC to be introduced to the large wood-containing segment of the printing and writing paper market, OPACARB® PCC, a family of products for paper coating, and our FulFill™ family of products, a system of high-filler technologies that offers papermakers a variety of efficient, flexible solutions which decrease dependency on natural fibers.

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

The Company also sells a range of PCC products to paper manufacturers from production sites not associated with paper mills. These merchant facilities are located at Adams, Massachusetts; Birmingham, England; and Walsum, Germany.

PCC Markets - Paper

Uncoated Wood-Free Printing and Writing Papers – North America. Beginning in the mid-1980's, as a result of a concentrated research and development effort, the Company's satellite PCC plants facilitated the conversion of a substantial percentage of North American uncoated wood-free printing and writing paper producers to lower-cost alkaline papermaking technology. The Company estimates that during 2012, more than 90% of North American uncoated wood-free paper was produced employing alkaline technology. Presently, the Company owns and operates 17 commercial satellite PCC plants located at paper mills that produce uncoated wood-free printing and writing papers in North America.

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

Uncoated Groundwood Paper. The uncoated groundwood paper market, including newsprint, represents approximately 30% of worldwide paper production. Paper mills producing wood-containing paper still generally employ acid papermaking technology. The conversion to alkaline technology by these mills has been hampered by the tendency of wood-containing papers to darken in an alkaline environment. The Company has developed proprietary application technology for the manufacture of high-quality groundwood paper in an acidic environment using PCC (AT® PCC). Furthermore, as groundwood or wood-containing paper mills use larger quantities of recycled fiber, there is a trend toward the use of neutral papermaking technology in this segment for which the Company presently supplies traditional PCC chemistries. The Company now supplies PCC at about 11 groundwood paper mills around the world and licenses its technology to a ground calcium carbonate producer to help accelerate the conversion from acid to alkaline papermaking.

Coated Paper. The Company continues to pursue satellite PCC opportunities in coated paper markets where our products provide unique performance and/or cost reduction benefits to papermakers and printers. Our Opacarb product line is designed to create value to the papermaker and can be used alone or in combination with other coating pigments. PCC coating products are produced at 8 of the Company's PCC plants worldwide.

Specialty PCC Products and Markets

The Company also produces and sells a full range of dry PCC products on a merchant basis for non-paper applications. The Company's Specialty PCC product line net sales were $65.9 million, $63.6 million and $58.0 million for the years ended December 31, 2012, 2011 and 2010, respectively. The Company sells surface-treated and untreated grades of PCC to the polymer industry for use in automotive and construction applications, and to the adhesives and printing inks industries. The Company's PCC is also used by the food and pharmaceutical industries as a source of bio-available calcium in tablets and food applications, as a buffering agent in tablets, and as a mild abrasive in toothpaste. The Company produces PCC for specialty applications from production sites at Adams, Massachusetts and Lifford, England.

Processed Minerals - Products and Markets

The Company mines and processes natural mineral products, primarily limestone and talc. The Company also manufactures lime, a limestone-based product. The Company's net sales of processed mineral products were

$116.0 million, $115.5 million and $110.4 million for the years ended December 31, 2012, 2011 and 2010, respectively. Net sales of talc products were $48.1 million, $46.9 million and $44.0 million for the years ended December 31, 2012, 2011 and 2010, respectively. Net sales of ground calcium carbonate ("GCC") products, which are principally lime and limestone, were $67.9 million, $68.6 million and $66.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

The Company mines and processes GCC products at its reserves in the eastern and western parts of the United States. GCC is used and sold in the construction, automotive and consumer markets.

Lime produced at the Company's Adams, Massachusetts, and Lifford, United Kingdom, facilities is used primarily as a raw material for the manufacture of PCC at these sites and is sold commercially to various chemical and other industries.

The Company mines, beneficiates and processes talc at its Barretts site, located near Dillon, Montana. Talc is sold worldwide in finely ground form for ceramic applications and in North America for paint and coatings and polymer applications. Because of the exceptional chemical purity of the Barretts ore, a significant portion of worldwide automotive catalytic converter ceramic substrates contain the Company's Barretts talc.

The Company's natural mineral products are supported by the Company's limestone reserves located in the western and eastern parts of the United States, and talc reserves located in Montana. The Company estimates these reserves, at current usage levels, to be in excess of 30 years at its limestone production facilities and approximately 20 years at its talc production facility. See Item 2, "Properties," for more information with respect to those facilities.

Our high quality limestone, dolomitic limestone, and talc products are defined primarily by the chemistry and color characteristics of the ore bodies. Ore samples are analyzed by x-ray fluorescence (XRF) and other techniques to determine purity and more generally by Hunter brightness measurement to determine dry brightness and the Hunter yellowness (b) value. We serve multiple markets from each of our operations, each of which has different requirements relating to a combination of chemical and physical properties.

Refractories Segment

Refractory Products and Markets

Refractories Products

The Company offers a broad range of monolithic and pre-cast refractory products and related systems and services. The Company's Refractory segment net sales were $343.4 million, $368.8 million and $337.4 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Refractory product sales are often supported by Company-supplied proprietary application equipment and on-site technical service support. The Company's proprietary application equipment is used to apply refractory materials to the walls of steel-making furnaces and other high temperature vessels to maintain and extend their useful life. Net sales of refractory products, including those for non-ferrous applications, were $264.1 million, $287.4 million and $264.5 million for the years ended December 31, 2012, 2011 and 2010. The Company's proprietary application system, such as its MINSCAN®, allow for remote-controlled application of the Company's refractory products in steel-making furnaces, as well as in steel ladles and blast furnaces. Since the steel-making industry is characterized by intense price competition, which results in a continuing emphasis on increased productivity, these application systems and the technologically advanced refractory materials developed in the Company's research laboratories have been well accepted by the Company's customers. These products allow steel makers to improve their performance through, among other things, the application of monolithic refractories to furnace linings while the furnace is at operating temperature, thereby eliminating the need for furnace cool-down periods and steel-production interruption. The result is a lower overall cost for steel produced by steel makers.

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

Over the past several years the Refractories segment has continued to reformulate its products and application technology to maintain its competitive advantage in the market place. Some of the new products the Company has introduced in the past several years include:

- HOTCRETE®: High durability shotcrete products for applications at high temperatures in ferrous applications such as steel ladles, electric arc furnaces (EAF) and basic oxygen furnaces (BOF) furnaces;
- FASTFIRE®: High durability castable and shotcrete products in the non-ferrous and ferrous industries with the added benefit of rapid dry-out capabilities;
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- OPTIFORM®: A system of products and equipment for the rapid continuous casting of refractories for applications such as steel ladle safety linings;
- ENDURATEQ®: A high durability refractory shape for glass contact applications such as plungers and orifice rings; and
- DECTEQ™: A system for the automatic control of electrical power feeding electrodes used in electric arc steel making furnaces.
- LACAM® Torpedo: A laser scanning system that measures the refractory lining thickness inside a Hot Iron (Torpedo) Ladle. The torpedo ladles transport liquid iron from a blast furnace to the steel plant.
- LACAM®: A new, fourth generation Lacam® laser measurement device for use in the worldwide steel industry that is 17 times faster than the previous version. This new technology provides the fastest and most accurate laser scanning for hot surfaces available today.

Refractories Markets

The principal market for the Company's refractory products is the steel industry. Management believes that certain trends in the steel industry will provide growth opportunities for the Company. These trends include growth and quality improvements in select geographic regions (e.g., China, Middle East, Eastern Europe and India) the development of improved manufacturing processes such as thin-slab casting, the trend in North America to shift production from integrated mills to electric arc furnaces (mini-mills) and the ever-increasing need for improved productivity and longer lasting refractories.

The Company sells its refractory products in the following markets:

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

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

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

Metallurgical Products and Markets

The Company produces a number of other technologically advanced products for the steel industry, including calcium metal, metallurgical wire products and a number of metal treatment specialty products. Net sales of metallurgical products were $79.3 million, $81.4 million and $72.9 million for the years ended December 31, 2012, 2011 and 2010. The Company manufactures calcium metal at its Canaan, Connecticut, facility and purchases calcium in international markets. Calcium metal is used in the manufacture of the Company's PFERROCAL® solid-core calcium wire, and is also sold for use in the manufacture of batteries and magnets. We also manufacture cored wires at our Canaan, Connecticut and Hengelo, Netherlands, manufacturing sites. The Company sells metallurgical wire products and associated wire-injection equipment for use in the production of high-quality steel. These metallurgical wire products are injected into molten steel to improve castability and reduce imperfections. The steel produced is used for high-pressure pipeline and other premium-grade steel applications.

Marketing and Sales

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

The Company works closely with its customers to ensure that their requirements are satisfied, and it often trains and supports customer personnel in the use of the Company's products. The Company oversees domestic marketing and sales activities from Bethlehem, Pennsylvania, and from regional sales offices in the eastern and western United States. The Company's international marketing and sales efforts are directed from regional centers located in Brussels, Belgium; Sao Jose Dos Campos, Brazil; and Shanghai, China. The Company believes its processed minerals are at regional locations that satisfy the stringent delivery requirements of the industries they serve. The Company also believes that its worldwide network of sales personnel and manufacturing sites facilitates the continued international expansion.

Raw Materials

The Company depends in part on having an adequate supply of raw materials for its manufacturing operations, particularly lime and carbon dioxide for the PCC product line, magnesia and alumina for its Refractory operations, and on having adequate access to ore reserves at its mining operations.

The Company uses lime in the production of PCC and is a significant purchaser of lime worldwide. Generally, lime is purchased under long-term supply contracts from unaffiliated suppliers located in close geographic proximity to the Company's PCC plants. Generally, the lime utilized in our business is readily available from numerous sources, including, to a small extent, from our Adams, Massachusetts facility. Carbon dioxide is readily available in exhaust gas from the host paper mills, or other operations at our merchant facilities.

The principal raw materials used in the Company's monolithic refractory products are refractory-grade magnesia and various forms of alumina silicates. The Company purchases a portion of its magnesia requirements from sources in China. The price and availability of bulk raw materials from China are subject to fluctuations that could affect the Company's sales to its customers. In addition, the volatility of transportation costs has also affected the delivered cost of raw materials imported from China to North America and Europe. The Company has developed alternate sources of magnesia over the past few years that have reduced our reliance on China sourced magnesia. The alumina we utilize in our business is readily available from numerous sources. The

Company also purchases calcium metal, calcium silicide, graphite, calcium carbide and various alloys for use in the production of metallurgical wire products and uses lime and aluminum in the production of calcium metal.

Competition

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

With respect to its PCC products, the Company competes for sales to the paper industry with other minerals, such as GCC and kaolin, based in large part upon technological know-how, patents and processes that allow the Company to deliver PCC that it believes imparts gloss, brightness, opacity and other properties to paper on an economical basis. The Company is the leading manufacturer and supplier of PCC to the paper industry.

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

With respect to the Company's refractory products, competitive conditions vary by geographic region. Competition is based upon the performance characteristics of the product (including strength, consistency and ease of application), price, and the availability of technical support.

Research and Development

Many of the Company's product lines are technologically advanced. Our expertise in inorganic chemistry, crystallography and structural analysis, fine particle technology and other aspects of materials science apply to and support all of our product lines. The Company's business strategy for growth in sales and profitability depends, to a large extent, on the continued success of its research and development activities. Among the significant achievements of the Company's research and development efforts have been: the satellite PCC plant concept; PCC crystal morphologies for paper coating; AT® PCC for wood-containing papers; FulFill™ high filler technology systems; the development of FASTFIRE® and OPTIFORM® shotcrete refractory products; LACAM® laser-based refractory measurement systems; the MINSCAN® and HOTCRETE® application systems; and EMforce®, Optibloc® and Titanium Dioxide (TiO2) extenders for the Processed Minerals and Specialty PCC product lines.

Under the FulFill™ platform of products, the Company continues to develop its filler-fiber composite material. The FulFill™ brand High Filler Technology is a portfolio of high-filler technologies that offers papermakers a variety of efficient, flexible solutions that decreases dependency on natural fiber and reduces costs. The FulFill™ E-325 series allows papermakers to increase filler loading levels of precipitated calcium carbonate (PCC), which replaces higher cost pulp, and increases PCC usage. Depending on paper grades, this PCC volume increase may range from 15 to 30 percent. The Company continues to progress in the commercialization of FulFill™ E-325. We have signed agreements with eleven paper mills and are actively engaged with additional paper mill sites for further FulFill™ deployment. We continue product development with other products within this platform.

The Company will also continue to reformulate its refractory materials to be more competitive, and will also continue development of unique calcium carbonates for use in novel biopolymers.

For the years ended December 31, 2012, 2011 and 2010, the Company spent approximately $20.2 million, $19.3 million and $19.6 million, respectively, on research and development. The Company's research and development spending for 2012, 2011 and 2010 was approximately 2.0%, 1.9% and 2.0% of net sales, respectively.

The Company maintains its primary research facilities in Bethlehem and Easton, Pennsylvania. It also has research and development facilities in China, Germany, Ireland, Japan and Turkey. Approximately 79 employees worldwide are engaged in research and development. In addition, the Company has access to some of the world's most advanced papermaking and paper coating pilot facilities.

Patents and Trademarks

The Company owns or has the right to use approximately 248 patents and approximately 875 trademarks related to its business. Our patents expire between 2013 and 2031. Our trademarks continue indefinitely. The Company believes that its rights under its existing patents, patent applications and trademarks are of value to its operations, but no one patent, application or trademark is material to the conduct of the Company's business as a whole.

Insurance

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

Employees

At December 31, 2012, the Company employed 1,992 persons, of whom 999 were employed outside of the United States.

Environmental, Health and Safety Matters

The Company's operations are subject to federal, state, local and foreign laws and regulations relating to the environment and health and safety. Certain of the Company's operations involve and have involved the use and release of substances that have been and are classified as toxic or hazardous within the meaning of these laws and regulations. Environmental operating permits are, or may be, required for certain of the Company's operations and such permits are subject to modification, renewal and revocation. The Company regularly monitors and reviews its operations, procedures and policies for compliance with these laws and regulations. The Company believes its operations are in substantial compliance with these laws and regulations and that there are no violations that would have a material effect on the Company. Despite these compliance efforts, some risk of environmental and other damage is inherent in the Company's operations, as it is with other companies engaged in similar businesses, and there can be no assurance that material violations will not occur in the future. The cost of compliance with these laws and regulations is not expected to have a material adverse effect on the Company.

Laws and regulations are subject to change. See Item 1A, Risk Factors, for information regarding the possible effects that compliance with new environmental laws and regulations, including those relating to climate change, may have on our businesses and operating results.

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

Available Information

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

Financial information concerning our business segments and the geographical areas in which we operate appears in the Notes to the Consolidated Financial Statements. Information related to our executive officers is included in Item 10, "Directors, Executive Officers and Corporate Governance."

Item 1A. Risk Factors

Our business faces significant risks. These risks include those described below and may include additional risks and uncertainties not presently known to us. Our business, financial condition and results of operations could be materially adversely affected by any of these risks. These risks should be read in conjunction with the other information in this Annual Report on Form 10-K.

- Worldwide general economic, business, and industry conditions have had, and may continue to have, an adverse effect on the Company's results.

The global economic instability of the past few years has caused, among other things, declining consumer and business confidence, volatile raw material prices, instability in credit markets, high unemployment, fluctuating interest and exchange rates, and other challenges. The Company's business and operating results have been and may continue to be adversely affected by these global economic conditions. In particular, our operations in Europe continue to be impacted by the uncertain European economy. A currency or financial crisis in Europe could precipitate a significant decline in the European economy, which would likely result in a decrease in demand for our products in Europe. The Company's customers and potential customers may experience deterioration of their businesses, cash flow shortages, and difficulty obtaining financing. As discussed below, the industries we serve, primarily paper, steel, construction and automotive, have been particularly adversely affected by the uncertain global economic climate due to the cyclical nature of their businesses. As a result, existing or potential customers may reduce or delay their growth and investments and their plans to purchase products, and may not be able to fulfill their obligations in a timely fashion. Further, suppliers could experience similar conditions, which could affect their ability to fulfill their obligations to the Company. Adversity within capital markets may also impact the Company's results of operations by negatively affecting the amount of expense the Company records for its pension and other postretirement benefit plans. Actuarial valuations used to calculate income or expense for the plans reflect assumptions about financial market and other economic conditions – the most significant of which are the discount rate and the expected long-term rate of return on plan assets. Such actuarial valuations may change based on changes in key economic indicators. Global economic markets remain uncertain, and there can be no assurance that market conditions will improve in the near future. Future weakness in the global economy could materially and adversely affect our business and operating results.

- The Company's operations are subject to the cyclical nature of its customers' businesses and we may not be able to mitigate that risk.

The majority of the Company's sales are to customers in industries that have historically been cyclical: paper, steel, construction, and automotive. These industries have been particularly adversely affected by the uncertain global economic climate. Our Refractories segment primarily serves the steel industry. In 2012, North American and European steel production was approximately 15% below 2008 levels due to reduced demand and several steel mill closures. In the paper industry, which is served by our Paper PCC product line, production levels for uncoated freesheet within North America and Europe, our two largest markets remain approximately 16% below 2008 levels. The reduced demand for paper industry products has also caused the paper industry to experience a number of recent bankruptcies and paper mill closures, including among our customers. In addition, our Processed Minerals and Specialty PCC product lines are affected by the domestic building and construction markets and the automotive market. Housing starts in 2012 averaged approximately 780 thousand units. Housing starts were at a peak rate of 2.1 million units in 2005. Demand for our products is subject to these trends. In addition, these trends could cause our customers to 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. The Company has taken steps to reduce its exposure to variations in its customers' businesses, including by diversifying its portfolio of products and services; through geographic expansion, and by structuring most of its long-term satellite PCC contracts to provide a degree of protection against declines in the quantity of product purchased, since the price per ton of PCC generally rises as the number of tons purchased declines. In addition, many of the Company's product lines lower its customers' costs of production or increase their productivity, which should encourage them to use its products. However, there can be no assurance that these efforts will mitigate the risks of our dependence on these industries. Continued weakness in the industries we serve has had, and may in the future have, an adverse effect on sales of our products and our results of operations. A continued or renewed economic downturn in one or more of the industries or geographic regions that the Company serves, or in the worldwide economy, could cause actual results of operations to differ materially from historical and expected results.

- The Company's results could be adversely affected if it is unable to effectively achieve and implement its growth initiatives.

Sales and income growth of the Company depends upon a number of uncertain events, including the outcome of the Company's strategies of increasing its penetration into geographic markets such as the BRIC (Brazil, Russia, India, China) countries and other Asian and Eastern European countries; increasing its penetration into product markets such as the market for papercoating pigments and the market for groundwood paper pigments; increasing sales to existing PCC customers by increasing the amount of PCC used per ton of paper produced; developing, introducing and selling new products such as the FulFill™ family of products for the paper industry. Difficulties, delays or failure of any of these strategies could affect the future growth rate of the Company. Our strategy also anticipates growth through future acquisitions. However, our ability to identify and consummate any future acquisitions on terms that are favorable to us may be limited by the number of attractive acquisition targets, internal demands on our resources and our ability to obtain financing. Our success in integrating newly acquired businesses will depend upon our ability to retain key personnel, avoid diversion of management's attention from operational matters, and integrate general and administrative services. In addition, future acquisitions could result in the incurrence of additional debt, costs and contingent liabilities. Integration of acquired operations may take longer, or be more costly or disruptive to our business, than originally anticipated, and it is also possible that expected synergies from future acquisitions may not materialize. We also may incur costs and divert management attention with regard to potential acquisitions that are never consummated.

- The Company's sales of PCC could be adversely affected by our failure to renew or extend long term sales contracts for our satellite operations.

The Company's sales of PCC to paper customers are typically pursuant to long-term evergreen agreements, initially ten years in length, with paper mills where the Company operates satellite PCC plants. Sales pursuant to these contracts represent a significant portion of our worldwide Paper PCC sales, which were $480.3 million in 2012, or approximately 48% of the Company's net sales. The terms of many of these agreements have been extended or renewed in the past, often in connection with an expansion of the satellite plant. However, failure of a number of the Company's customers to renew or extend existing agreements on terms as favorable to the Company as those currently in effect, or at all, could have a substantial adverse effect on the Company's results of operations, and could also result in impairment of the assets associated with the PCC plant.

- The Company's sales could be adversely affected by consolidation in customer industries, principally paper and steel.

Several consolidations in the paper industry have taken place in recent years and such consolidation could continue in the future. These consolidations could result in partial or total closure of some paper mills where the Company operates PCC satellites. In 2011, the Company idled its satellite plant in Anjalankoski, Finland, due to the permanent closure of the paper mill, and the Company's satellite plant in Alizay, France, is temporarily closed. Such closures would reduce the Company's sales of PCC, except to the extent that they resulted in shifting paper production and associated purchases of PCC to another location served by the Company. Similarly, consolidations have occurred in the steel industry. Such consolidations in the two major industries we serve concentrate purchasing power in the hands of a smaller number of papermakers and steel manufacturers, enabling them to increase pressure on suppliers, such as the Company. This increased pressure could have an adverse effect on the Company's results of operations in the future.

· The Company is subject to stringent regulation in the areas of environmental, health and safety, and tax, and may incur unanticipated costs or liabilities arising out of claims for various legal, environmental and tax matters or product stewardship issues.

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

The Company is currently a party in various litigation matters and tax and environmental proceedings and faces risks arising from various unasserted litigation matters, including, but not limited to, product liability, patent infringement, antitrust claims, and claims for third party property damage or personal injury stemming from alleged environmental torts. Failure to appropriately manage safety, human health, product liability and environmental risks associated with the Company's products and production processes could adversely impact the Company's employees and other stakeholders, the Company's reputation and its results of operations. Public perception of the risks associated with the Company's products and production processes could impact product acceptance and influence the regulatory environment in which the Company operates. While the Company has procedures and controls to manage these risks, carries liability insurance, which it believes to be appropriate to its businesses, and has provided reserves for current matters, which it believes to be adequate, an unanticipated liability, arising out of a current matter or proceeding or from the other risks described above, could have a material adverse effect on the Company's financial condition or results of operations.

· Delays or failures in new product development could adversely affect the Company's operations.

The Company's future business success will depend in part upon its ability to maintain and enhance its technological capabilities, to respond to changing customer needs, and to successfully anticipate or respond to technological changes on a cost-effective and timely basis. The Company is engaged in a continuous effort to develop new products and processes in all of its product lines. Difficulties, delays or failures in the development, testing, production, marketing or sale of such new products could cause actual results of operations to differ materially from our expected results.

· The Company's ability to compete is dependent upon its ability to defend its intellectual property against inappropriate disclosure and infringement.

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

· The Company's operations could be impacted by the increased risks of doing business abroad.

The Company does business in many areas internationally. Approximately 44% of our sales in 2012 were derived from outside the United States and we have significant production facilities which are located outside of the United States. We continue to be concerned about the possibility of recessionary conditions in Europe, from which we derived approximately 25% of our sales in 2012. Our sales in Europe decreased from $298.4 million in 2011 to $257.0 million in 2012, and continued weakness in the European market may negatively affect our sales in the future. We have in recent years expanded our operations in emerging markets, and we plan to continue to do so in the future, particularly in China, India, Brazil, and Eastern Europe. Some of our operations are located in areas that have experienced political or economic instability, including Indonesia, Brazil, Thailand, China and South Africa. As the Company expands its operations overseas, it faces increased risks of doing business abroad, including inflation, fluctuation in interest rates, changes in applicable laws and regulatory requirements, export and import restrictions, tariffs, nationalization, expropriation, limits on repatriation of funds, civil unrest, terrorism, unstable governments and legal systems, and other factors. Adverse developments in any of the areas in which we do business could cause actual results to differ materially from historical and expected results. In addition, a significant portion of our raw material purchases and sales outside the United States are denominated in foreign currencies, and liabilities for non-U.S. operating expenses and income taxes are denominated in local currencies. Accordingly, reported sales, net earnings, cash flows and fair values have been and in the future will be affected by changes in foreign currency exchange rates. Our overall success as a global business depends, in part, upon our ability to succeed in differing legal, regulatory, economic, social and political conditions. We cannot assure you that we will implement policies and strategies that will be effective in each location where we do business.

- The Company's operations are dependent on the availability of raw materials and increases in costs of raw materials or energy could adversely affect our financial results.

The Company depends in part on having an adequate supply of raw materials for its manufacturing operations, particularly lime and carbon dioxide for the PCC product line, and magnesia and alumina for its Refractory operations. Purchase prices and availability of these critical raw materials are subject to volatility. At any given time, we may be unable to obtain an adequate supply of these critical raw materials on a timely basis, on price and other terms, or at all. While most such raw materials are readily available, the Company purchases a portion of its magnesia requirements from sources in China. The price and availability of magnesia have fluctuated in the past and they may fluctuate in the future. Price increases for certain other of our raw materials, as well as increases in energy prices, have also affected our business. Our ability to recover increased costs is uncertain. The Company and its customers will typically negotiate reasonable price adjustments in order to recover a portion of these rapidly escalating costs. While the contracts pursuant to which we construct and operate our satellite PCC plants generally adjust pricing to reflect increases in costs resulting from inflation, there is a time lag before such price adjustments can be implemented. In 2012, increased raw materials affected our Specialty Minerals segment by $12 million. These increased raw material costs were partially offset by price increases.

The Company also depends on having adequate access to ore reserves of appropriate quality at its mining operations. There are numerous uncertainties inherent in estimating ore reserves including subjective judgments and determinations that are based on available geological, technical, contract and economic information.

We cannot predict whether, and how much, prices for our key raw materials will increase in the future. Changes in the costs or availability of such raw materials, to the extent we cannot recover them in price increases to our customers, could adversely affect the Company's results of operations.

- The Company operates in very competitive industries, which could adversely affect our profitability.

The Company has many competitors. Some of our principal competitors have greater financial and other resources than we have. Accordingly, these competitors may be better able to withstand changes in conditions within the industries in which we operate and may have significantly greater operating and financial flexibility than we do. As a result of the competitive environment in the markets in which we operate, we currently face and will continue to face pressure on the sales prices of our products from competitors, which could reduce profit margins.

- Production facilities are subject to operating risks and capacity limitations that may adversely affect the Company's financial condition or results of operations.

The Company is dependent on the continued operation of its production facilities. Production facilities are subject to hazards associated with the manufacturing, handling, storage, and transportation of chemical materials and products, including pipeline leaks and ruptures, explosions, fires, inclement weather and natural disasters, mechanical failure, unscheduled downtime, labor difficulties, transportation interruptions, and environmental risks. We maintain property, business interruption and casualty insurance but such insurance may not cover all risks associated with the hazards of our business and is subject to limitations, including deductibles and maximum liabilities covered. We may incur losses beyond the limits, or outside the coverage, of our insurance policies. Further, from time to time, we may experience capacity limitations in our manufacturing operations. In addition, if we are unable to effectively forecast our customers' demand, it could affect our ability to successfully manage operating capacity limitations. These hazards, limitations, disruptions in supply and capacity constraints could adversely affect financial results.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Set forth below is the location of, and the main customer served by, each of the Company's satellite PCC plants in operation as of December 31, 2012. Generally, the land on which each satellite PCC plant is located is leased at a nominal amount by the Company from the host paper mill pursuant to a lease, the term of which generally runs concurrently with the term of the PCC production and sale agreement between the Company and the host paper mill.

Location	Principal Customer
United States	
Alabama, Courtland	International Paper Company
Alabama, Jackson	Boise Inc.
Alabama, Selma	International Paper Company
Arkansas, Ashdown	Domtar Inc.
Florida, Pensacola	Georgia-Pacific Corporation (Koch Industries)
Kentucky, Wickliffe	NewPage Corporation
Louisiana, Port Hudson	Georgia-Pacific Corporation (Koch Industries)
Maine, Jay	Verso Paper Holdings LLC
Maine, Madison	Madison Paper Industries
Michigan, Quinnesec	Verso Paper Holdings LLC
Minnesota, Cloquet	Sappi Ltd.
Minnesota, International Falls	Boise Inc.
New York, Ticonderoga	International Paper Company
Ohio, Chillicothe	P.H. Glatfelter Co.
Ohio, West Carrollton	Appleton Papers Inc.
South Carolina, Eastover	International Paper Company
Washington, Camas	Georgia-Pacific Corporation (Koch Industries)
Washington, Longview	North Pacific Paper Corporation
Washington, Wallula	Boise Inc.
Wisconsin, Kimberly	Appleton Coated
Wisconsin, Park Falls	Flambeau River Papers LLC
Wisconsin, Superior	New Page Corporation
Wisconsin, Wisconsin Rapids	New Page Corporation

Location	Principal Customer
International	
Brazil, Guaiba	Aracruz Celulose S.A.
Brazil, Jacarei	Ahlstrom-VCP Industria de Papeis Especialis Ltda.
Brazil, Luiz Antonio	International Paper do Brasil Ltda.
Brazil, Mucuri	Suzano Papel e Celulose S. A.
Brazil, Suzano	Suzano Papel e Celulose S. A.
Canada, St. Jerome, Quebec	Cascades Fine Papers Group Inc.
Canada, Windsor, Quebec	Domtar Inc.
China, Dagang [1]	Gold East Paper (Jiangsu) Company Ltd.
China, Zhenjiang [1]	Gold East Paper (Jiangsu) Company Ltd.
China, Suzhou[1]	Gold HuaSheng Paper Company Ltd.
Finland, Äänekoski	M-real Corporation
Finland, Tervakoski	Trierenberg Holding
France, Alizay[2]	Double A Paper Company Ltd.
France, Docelles	UPM Corporation
France, Saillat Sur Vienne	International Paper Company
Germany, Schongau	UPM Corporation
India, Ballarshah[1]	Ballarpur Industries Ltd.
India, Dandeli	West Coast Paper Mill Ltd.
India, Gaganapur[1]	Ballarpur Industries Ltd.

India, Saila Khurd	ABC Paper Ltd.
India, Rayagada[1,3]	JK Paper
Indonesia, Perawang[1]	PT Indah Kiat Pulp and Paper Corporation
Japan, Shiraoi[1]	Nippon Paper Group Inc.
Malaysia, Sipitang	Ballarpur Industries Ltd.
Mexico, Anahuac	Copamex, S.A. de C.V.
Poland, Kwidzyn	International Paper – Kwidzyn, S.A
Portugal, Figueira da Foz[1]	Soporcel – Sociedade Portuguesa de Papel, S.A.
Slovakia, Ruzomberok	Mondi Business Paper SCP
South Africa, Merebank[1]	Mondi Paper Company Ltd.
Thailand, Namphong	Phoenix Pulp & Paper Public Co. Ltd.
Thailand, Tha Toom[1]	Double A Paper Company Ltd.
Thailand, Tha Toom 2[1,3]	Double A Paper Company Ltd.

[1] These plants are owned through joint ventures.
[2] This plant is temporarily idled. The mill was sold to Double A Paper Company Ltd. in 2013. The Company is currently negotiating a contract with this customer.
[3] These plants are under construction.

The Company also owned and operated at December 31, 2012, 8 plants engaged in the mining, processing and/or production of lime, limestone, precipitated calcium carbonate and talc, as well as owned or leased and operated 18 manufacturing facilities worldwide within the Refractories segment. The Company's corporate headquarters, sales offices, research laboratories, plants and other facilities are owned by the Company except as otherwise noted. Set forth below is certain information relating to the Company's plants and office and research facilities:

Location	Facility	Product Line
United States		
Arizona, Pima County	Plant; Quarry[1]	Limestone
California, Lucerne Valley	Plant; Quarry	Limestone
Connecticut, Canaan	Plant; Quarry	Limestone, Metallurgical Wire/Calcium
Indiana, Portage	Plant	Refractories/Shapes
Louisiana, Baton Rouge	Plant	Monolithic Refractories
Massachusetts, Adams	Plant; Quarry	Limestone, Lime, PCC
Montana, Dillon	Plant; Quarry	Talc
New York, New York	Headquarters[2]	All Company Products
Ohio, Bryan	Plant	Monolithic Refractories
Ohio, Dover	Plant	Monolithic Refractories/Shapes
Pennsylvania, Bethlehem	Administrative Office; Research laboratories; Sales Offices	All Company Products
Pennsylvania, Easton	Administrative Office; Research laboratories; Plant; Sales Offices	All Company Products
Pennsylvania, Slippery Rock	Plant; Sales Offices	Monolithic Refractories/Shapes
Texas, Bay City	Plant	Talc

Location	Facility	Product Line
International		
Australia, Carlingford	Sales Office[2]	Monolithic Refractories
Belgium, Brussels	Sales Office[2]/Administrative Office	Monolithic Refractories/PCC
Brazil, Sao Jose dos Campos	Sales Office[2]/Administrative Office	PCC
Canada, Pt. Claire	Administrative Office	PCC/Monolithic Refractories
China, Shanghai	Administrative Office/Sales Office	PCC/Monolithic Refractories
China, Suzhou	Plant/Sales Office/Research laboratories	PCC/Monolithic Refractories
Finland, Kaarina	Administrative Office[2]	PCC
Germany, Duisburg	Plant/Sales Office/Research laboratories	Laser Scanning Instrumentation/ Probes/Monolithic Refractories
Germany, Walsum	Plant	PCC
Holland, Hengelo	Plant/Sales Office	Metallurgical Wire
India, Mumbai	Sales Office[2]/Administrative Office	PCC/Monolithic Refractories/ Metallurgical Wire
Ireland, Cork	Plant; Administrative Office[2]/ Research laboratories	Monolithic Refractories
Italy, Brescia	Sales Office	Monolithic Refractories/Shapes

Italy, Nave	Plant	Monolithic Refractories/Shapes
Japan, Gamagori	Plant/Research laboratories	Monolithic Refractories/Shapes, Calcium
Japan, Tokyo	Sales Office	Monolithic Refractories
Singapore	Sales Office[2]/Administrative Office	PCC
Spain, Santander	Sales Office[2]/Administrative Office	Monolithic Refractories
South Africa, Pietermaritzburg	Plant	Monolithic Refractories
South Africa, Johannesburg	Sales Office/Administrative Office[2]	Monolithic Refractories
Turkey, Gebze a	Plant/Research Laboratories	Monolithic Refractories/Shapes/ Application Equipment
Turkey, Istanbul	Sales Office/Administrative Office	Monolithic Refractories
Turkey, Kutahya	Plant	Monolithic Refractories/Shapes
United Kingdom, Lifford	Plant	PCC, Lime

1 This plant and quarry is leased to another company.

2 Leased by the Company. The facilities in Cork, Ireland, are operated pursuant to a 99-year lease, the term of which commenced in 1963. The Company's headquarters in New York, New York, are held under a lease which expires in 2021.

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The following sets forth, for each of the quarries or mines we own or operate, as set forth above, our current estimate as to the amount of reserves such quarry or mine holds, based on the most recent mine plan, and its usage rate in 2012.

Millions of tons		
Location	Reserves	2012 Usage
Arizona, Pima County	8.90	0.11
California, Lucerne Valley	47.94	0.79
Connecticut, Canaan	20.87	0.50
Massachusetts, Adams	26.16	0.60
Montana, Dillon	3.56	0.18

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

Item 3. 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 72 pending silica cases and 7 pending asbestos cases. To date, 1,394 silica cases and 32 asbestos cases have been dismissed. No new asbestos cases were filed in the fourth quarter of 2012, and twenty-two were dismissed. 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. Of the 7 pending asbestos cases, all allege liability based on products sold mostly or entirely prior to the initial public offering, and for which the Company is therefore entitled to indemnification pursuant to such agreements. 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 December 31, 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 December 31, 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 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 Annual Report on Form 10-K.

PART II

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

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

Information on market prices and dividends is set forth below. On December 11, 2012, the Company effected a two-for-one stock split in the form of a stock dividend. Accordingly, all share and per share data presented reflects the effect of the stock split. See Note 1 to the consolidated financial statements "Summary of Significant Accounting Policies," for additional information.

2012 Quarters	First	Second	Third	Fourth
Market Price Range Per Share of Common Stock				
High	$33.96	$33.60	$36.99	$39.92
Low	28.78	30.81	30.50	34.25
Close	32.70	31.89	35.46	39.92
Dividends paid per common share	$0.025	$0.025	$0.025	$0.05

2011 Quarters	First	Second	Third	Fourth
Market Price Range Per Share of Common Stock				
High	$34.36	$35.04	$34.31	$29.00
Low	31.23	31.50	24.63	23.37
Close	34.36	33.83	24.63	28.26
Dividends paid per common share	$0.025	$0.025	$0.025	$0.025

Equity Compensation Plan Information

Plan Category	Number of securities to be issued upon exercise of outstanding options	Weighted average exercise price of outstanding options	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders[1]	1,395,520	$ 28.31	1,491,974
Total	1,395,520	$ 28.31	1,491,974

[1] The Company's only equity compensation plan has been approved by the Company's stockholders.

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
October 1 – October 28	7,400	$ 35.00	*	204,715	62,776,742
October 29 – November 19	69,360	$ 35.00	*	274,075	57,921,378
November 20 – November 25	69,600	$ 35.81		343,675	55,429,131
November 26 - December 31	289,900	$ 38.22		633,575	44,349,140
Total	436,260	$ 36.93	*		

* Share prices have been retrospectively adjusted for all periods presented for the two-for-one stock split on December 11, 2012. See Note 1 to the consolidated financial statements, "Summary of Significant Accounting Policies", for additional information.

In 2011, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to $75 million of additional shares over a two-year period. As of December 31, 2012, 633,575 shares have been repurchased under this program for $30.7 million, or an average price of approximately $48.38 per share.

On January 23, 2013, the Company's Board of Directors declared a regular quarterly dividend on its common stock of $0.05 per share. No dividend will be payable unless declared by the Board and unless funds are legally available for payment thereof.

On February 8, 2013, the last reported sales price on the NYSE was $42.12 per share. As of February 8, 2013, there were approximately 171 holders of record of the common stock.

The graph below compares Minerals Technologies Inc.'s cumulative 1-year total shareholder return on common stock with the cumulative total returns of the S&P 500 index, the Dow Jones US Industrials index, the S&P Midcap 400 index, the Dow Jones US Basic Materials index, and the S&P MidCap 400 Materials Sector. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) from 12/31/2011 to 12/31/2012.

	12/11	12/12
Minerals Technologies Inc.	100.00	141.93
S&P 500	100.00	116.00
S&P Midcap 400	100.00	117.88
Dow Jones US Industrials	100.00	117.87
Dow Jones US Basic Materials	100.00	110.49
S&P MidCap 400 Materials Sector	100.00	123.65

The graph below compares Minerals Technologies Inc.'s cumulative 2-year total shareholder return on common stock with the cumulative total returns of the S&P 500 index, the Dow Jones US Industrials index, the S&P Midcap 400 index, the Dow Jones US Basic Materials index, and the S&P MidCap 400 Materials Sector. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) from 12/31/2010 to 12/31/2012.

	12/10	12/11	12/12
Minerals Technologies Inc.	100.00	86.71	123.06
S&P 500	100.00	102.11	118.45
S&P Midcap 400	100.00	98.27	115.84
Dow Jones US Industrials	100.00	99.21	116.94
Dow Jones US Basic Materials	100.00	85.28	94.23
S&P MidCap 400 Materials Sector	100.00	98.77	122.13

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The graph below compares Minerals Technologies Inc.'s cumulative 3-year total shareholder return on common stock with the cumulative total returns of the S&P 500 index, the Dow Jones US Industrials index, the S&P Midcap 400 index, the Dow Jones US Basic Materials index, and the S&P MidCap 400 Materials Sector. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) from 12/31/2009 to 12/31/2012.

	12/09	12/10	12/11	12/12
Minerals Technologies Inc.	100.00	120.53	104.51	148.33
S&P 500	100.00	115.06	117.49	136.30
S&P Midcap 400	100.00	126.64	124.45	146.69
Dow Jones US Industrials	100.00	126.02	125.03	147.37
Dow Jones US Basic Materials	100.00	131.73	112.34	124.12
S&P MidCap 400 Materials Sector	100.00	125.46	123.92	153.23

The graph below compares Minerals Technologies Inc.'s cumulative 5-year total shareholder return on common stock with the cumulative total returns of the S&P 500 index, the Dow Jones US Industrials index, the S&P Midcap 400 index, the Dow Jones US Basic Materials index, and the S&P MidCap 400 Materials Sector. The graph tracks the performance of a $100 investment in our common stock and in each index (with the reinvestment of all dividends) from 12/31/2007 to 12/31/2012.

	12/07	12/08	12/09	12/10	12/11	12/12
Minerals Technologies Inc.	100.00	61.28	82.02	98.86	85.72	121.66
S&P 500	100.00	63.00	79.67	91.67	93.61	108.59
S&P Midcap 400	100.00	63.77	87.61	110.94	109.02	128.51
Dow Jones US Industrials	100.00	60.45	76.21	96.05	95.29	112.32
Dow Jones US Basic Materials	100.00	49.18	81.40	107.23	91.45	101.04
S&P MidCap 400 Materials Sector	100.00	58.16	86.12	108.05	106.72	131.96

Item 6. Selected Financial Data

Dollars in Millions, Except Per Share Data

Income Statement Data:	2012	2011	2010	2009	2008
Net sales	$1,005.6	$1,044.9	$1,002.4	$907.3	$1,112.2
Cost of goods sold	786.2	832.7	793.2	751.5	891.7
Production margin	219.4	212.2	209.2	155.8	220.5
Marketing and administrative expenses	89.2	92.1	90.5	91.1	101.8
Research and development expenses	20.2	19.3	19.6	19.9	23.1
Impairment of assets	--	--	--	39.8	0.2
Restructuring and other costs	--	0.5	0.8	22.0	13.4
Income (loss) from operations	110.0	100.3	98.3	(17.0)	82.0
Non-operating income (deductions), net	(3.0)	(2.6)	0.6	(6.1)	0.3
Income (loss) from continuing operations before Provision (benefit) for taxes on income (loss)	107.0	97.7	98.9	(23.1)	82.3
Provision (benefit) for taxes on income (loss)	30.8	27.5	29.0	(5.4)	24.1
Income (loss) from continuing operations	76.2	70.2	69.9	(17.7)	58.2
Income (loss) from discontinued operations, net of tax	--	--	--	(3.2)	10.3
Consolidated net income (loss)	76.2	70.2	69.9	(20.9)	68.5
Less: Net income attributable to non-controlling interests	(2.1)	(2.7)	(3.0)	(2.9)	(3.2)
Net income (loss) attributable to Minerals Technologies Inc. (MTI)	$74.1	$67.5	$66.9	$(23.8)	$65.3
Earnings Per Share					
Basic:					
Earnings (loss) from continuing operations attributable to MTI	$2.10	$1.87	$1.80	$(0.55)	$1.46
Earnings (loss) from discontinued operations attributable to MTI	--	--	--	(0.09)	0.27
Basic earnings (loss) per share attributable to MTI	$2.10	$1.87	$1.80	$(.064)	$1.73
Diluted:					
Earnings (loss) from continuing operations attributable to MTI	$2.09	$1.86	$1.79	$(0.55)	$1.45
Earnings (loss) from discontinued operations attributable to MTI	--	--	--	(0.09)	0.27
Diluted earnings (loss) per share attributable to MTI	$2.09	$1.86	$1.79	$(0.64)	$1.72
Weighted average number of common shares outstanding:					
Basic	35,340	36,018	37,228	37,448	37,786
Diluted	35,529	36,236	37,386	37,448	37,966

Dividends declared per common share	$0.125	$0.10	$0.10	$0.10	$0.10
Balance Sheet Data:					
Working capital	$514.4	$539.4	$520.3	$447.8	$380.7
Total assets	1,211.2	1,165.0	1,116.1	1,072.1	1,067.6
Long-term debt	8.5	85.4	92.6	92.6	97.2
Total debt	92.6	99.8	97.2	104.1	116.2
Total shareholders' equity	813.7	768.0	782.7	747.7	734.8

Shares and per share amounts have been retrospectively adjusted for all periods presented for the two-for-one stock split on December 11, 2012. See Note 1 to the consolidated financial statements, "Summary of Significant Accounting Policies", for additional information.

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

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 statements 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 this Annual Report on Form 10-K.

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.

Income and Expense Items as a Percentage of Net Sales

Year Ended December 31,	2012	2011	2010
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	78.2	79.7	79.1
Production margin	21.8	20.3	20.9
Marketing and administrative expenses	8.9	8.8	9.0
Research and development expenses	2.0	1.9	2.0
Restructuring charges	--	--	0.1
Income from operations	10.9	9.6	9.8
Income from continuing operations before Provision for taxes	10.6	9.4	9.9
Provision (benefit) for taxes on income	3.0	2.6	2.9
Non-controlling interests	0.2	0.3	0.3
Net income	7.4 %	6.5 %	6.7 %

Executive Summary

The Company reported record earnings per share for 2012 of $2.09 per share, an increase of 12% from 2011. The results reflected continued solid financial performance.

Worldwide sales were $1.01 billion compared with $1.04 billion in 2011, a decrease of 4 percent. Foreign exchange had an unfavorable impact on sales of $26.5 million or 3 percentage points. In addition to the impact of foreign exchange, several temporary and permanent paper and steel mill closures in Europe and North America contributed to the sales decrease, which was partially offset by Paper PCC sales from new satellite facilities and the continued ramp up of satellite facilities that began operations in the past year.

Income from operations grew 10 percent to $110.0 million as compared to $100.3 million in the prior year. This increase was due to a strong operating performance highlighted by 6-percent company-wide productivity improvements, which resulted in savings of $4 million, and a 3 percent decrease, or $4 million savings, in total overhead expenses.

In 2012, the Company continued to advance the execution of its growth strategies of geographic expansion and new product innovation and development. During the year, we began operations in the fourth quarter of two new satellite plants, one in India and one in Thailand. In addition, we signed contracts for two new satellite PCC facilities in China. The two new satellite facilities in China will add approximately 132,000 tons of production capacity and should be operational by the first quarter of 2014. Six more commercial agreements were signed with paper mills for our FulFill™ portfolio of products bringing the total to ten as of December 31, 2012. We presently have eleven commercial contracts for FulFill™. In 2012 the FulFill™ program generated $1.4 million of operating income. We expect the contribution of our FulFill™ program to generate operating income between $2.5 million and $3.0 million in 2013. The Refractory segment introduced a new, fourth generation Lacam® laser measurement system and expect additional Lacam® sales in 2013. We also signed an agreement with United Steel Company B.S.C. (SULB) to perform all refractory maintenance at a greenfield steel mill in Bahrain that started up in the third quarter of 2012. Minteq, working with other refractory companies, is responsible for coordinating refractory maintenance of the steel furnaces and other steel production vessels. We generated approximately $3 million in revenue from this contract in 2012 and we expect to generate between $8 million-$10 million per year of revenue over the 3 year term of the contract.

The Company's balance sheet as of December 31, 2012 continues to be very strong. Cash, cash equivalents and short-term investments at December 31, 2012 were approximately $468 million. Our cash flows from operations were approximately $139 million in 2012. In addition, we had available lines of credit of $183.5 million, our debt to equity ratio was 0.10, and our current ratio was 3.1.

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, primarily in Europe. 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 production improved slightly in 2012 as compared with the prior year, we saw declines in European steel production and it remains below 2008 levels. In the paper industry, which is served by our Paper PCC product line, 2012 production levels for printing and writing papers within North America and Europe, our two largest markets were 5% and 4% 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. Housing starts in 2012 averaged approximately 781 thousand units, and were up 28% from 2011 levels. Housing starts were at a peak rate of 2.1 million units in 2005.
- 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 us.
- 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, M-real Corporation announced plans to divest its Alizay paper mill in France. Since that time, the mill has not been operating. In January 2013, Double A Paper Company announced it had acquired the Alizay mill. While there can be no assurance, we expect to negotiate a contract and the paper mill to resume operations in the second half of 2013. In 2011, sales from our Alizay mill were approximately $7 million.

During the third quarter of 2011, NewPage Corporation filed for Chapter 11 bankruptcy protection. In 2012, the Company did business with five NewPage mills, including operating three satellite PCC facilities at NewPage locations. In December 2012, NewPage emerged from the bankruptcy process and the Company continues to supply PCC to these mills. Annual sales to NewPage locations in 2012 were approximately $22 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 was required in the fourth quarter.

Outlook

Looking forward, we remain cautious about the state of the global economy, particularly in Europe, and the impact it will have on our product lines. Although we saw market stabilization and improvement in 2012, there remains uncertainty as to the sustainability of the upturn.

In 2013, the Company will continue to focus on innovation and new product development and other opportunities for sales growth as follows:

- Develop multiple high-filler technologies, such as filler-fiber, under the FulFill™ 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 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.
- Expand our refractory maintenance model to other steel makers globally.
- 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

Sales
(Dollars in millions)

Net Sales	2012	% of Total Sales		Growth		2011	% of Total Sales		Growth		2010	% of Total Sales	
U.S.	$562.5	55.9	%	1	%	$557.5	53.4	%	4	%	$534.3	53.3	%
International	443.1	44.1	%	(9)	%	487.4	46.6	%	4	%	468.1	46.7	%
Net sales	$1,005.6	100.0	%	(4)	%	$1,044.9	100.0	%	4	%	$1,002.4	100.0	%
Paper PCC	$480.3	47.8	%	(3)	%	$497.0	47.5	%	0	%	$496.6	49.5	%
Specialty PCC	65.9	6.5	%	4	%	63.6	6.1	%	10	%	58.0	5.8	%
PCC Products	$546.2	54.3	%	(3)	%	$560.6	53.6	%	1	%	$554.6	55.3	%
Talc	$48.1	4.8	%	3	%	$46.9	4.5	%	7	%	$44.0	4.4	%
GCC	67.9	6.7	%	(1)	%	68.6	6.6	%	3	%	66.4	6.6	%
Processed Minerals Products	$116.0	11.5	%	0	%	$115.5	11.1	%	5	%	$110.4	11.0	%

Specialty Minerals Segment	$662.2	65.8	%	(2)	%	$676.1	64.7	%	2	%	$665.0	66.3	%
Refractory Products	$264.1	26.3	%	(8)	%	$287.4	27.5	%	9	%	$264.5	26.4	%
Metallurgical Products	79.3	7.9	%	(3)	%	81.4	7.8	%	12	%	72.9	7.3	%
Refractories Segment	$343.4	34.2	%	(7)	%	$368.8	35.3	%	9	%	$337.4	33.7	%
Net sales	$1,005.6	100.0	%	(4)	%	$1,044.9	100.0	%	4	%	$1,002.4	100.0	%

Worldwide net sales in 2012 decreased 4% from the previous year to $1.01 billion. Foreign exchange had an unfavorable impact on sales of $26.5 million or 3 percentage points of growth. Sales in the Specialty Minerals segment, which includes the PCC and Processed Minerals product lines, decreased 2% to $662.2 million from $676.1 million in 2011. Sales in the Refractories segment decreased 7% to $343.4 million from $368.8 million in the previous year. In 2011, worldwide net sales increased 4% to $1,044.9 billion from $1,002.4 billion in the prior year. Foreign exchange had a favorable impact on sales of $21.0 million, or less than 2

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percentage points of growth. In 2011, Specialty Minerals segment sales increased 2% and Refractories segment sales increased 9% from 2010 levels.

In 2012, worldwide net sales of PCC, which is primarily used in the manufacturing process of the paper industry, decreased 3% to $546.2 million from $560.6 million in the prior year. Foreign exchange had an unfavorable impact on sales of approximately $17.3 million or 3 percentage points of growth. Worldwide net sales of Paper PCC decreased 3% to $480.3 million from the $497.0 million in the prior year. Volumes for this product line decreased 3 percent, primarily in Europe. Sales were affected by the closure of one satellite PCC facility in Finland, and the temporary shutdown of a satellite PCC facility in France, both of which occurred in the fourth quarter of 2011. There were, however, increased volumes from new satellites which largely offset the volume decline. Sales of Specialty PCC increased 4% to $65.9 million from $63.6 million in 2011. This increase was attributable to higher volumes.

In 2011 worldwide net sale of PCC, which is primarily used in the manufacturing process of the paper industry, increased 1% to $560.6 million from $554.6 million in the prior year. Foreign exchange had a favorable impact on sales of approximately $10.9 million or less than 2 percentage points of growth. Worldwide net sales of Paper PCC were flat at $497.0 million, increasing slightly from the $496.6 million in the prior year. Total Paper PCC volumes decreased 4% from prior year levels with declines in all regions. Volume decreases of approximately $20.7 million were offset by contractual price increases and the effects of foreign exchange. Sales of Specialty PCC increased 10% to $63.6 million from $58.0 million in 2010. This increase was attributable to higher volumes and the effects of foreign exchange.

Net sales of Processed Minerals products in 2012 were relatively flat at $116.0 million as compared to $115.5 million in 2011. GCC products decreased 1% to $67.9 million while talc products increased 3% to $48.1 million. Volume decreases of 2% were offset by price increases.

Net sales of Processed Minerals products in 2011 increased 5% to $115.5 million from $110.4 million in 2010. GCC products and talc products increased 3% and 7% to $68.6 million and $46.9 million, respectively. The increases in the Processed Minerals product line was attributable to increased volumes due to slight improvements in the residential and commercial construction markets and moderate improvements in the automotive market. Volumes increased 7% from the prior year.

Net sales in the Refractories segment in 2012 decreased 7% to $343.4 million from $368.8 million in the prior year. Foreign exchange had an unfavorable impact on sales of $9.3 million, or approximately 3 percentage points. Sales of refractory products and systems to steel and other industrial applications decreased 8% to $264.1 million from $287.4 million. Sales of metallurgical products within the Refractories segment decreased 3% to $79.3 million as compared with $81.4 million last year. The decreases in all product lines within this segment were primarily due to volume reductions in all regions and the effects of foreign exchange.

Net sales in the Refractories segment in 2011 increased 9% to $368.8 million from $337.4 million in the prior year. Foreign exchange had a favorable impact on sales of $10.1 million, or approximately 3 percentage points. Sales of refractory products and systems to steel and other industrial applications increased 9% to $287.4 million from $264.5 million. Sales of metallurgical products within the Refractories segment increased 12% to $81.4 million as compared with $72.9 million last year. The increases in all product lines within this segment were primarily due to price increases and the effects of foreign exchange.

Net sales in the United States grew approximately 1% to $562.5 million in 2012 and represented approximately 55.9% of consolidated net sales. International sales decreased approximately 9% to $443.1 million from $487.4 million. The decrease in sales was primarily due to lower worldwide volumes and the effects of foreign exchange.

Operating Costs and Expenses
(Dollars in millions)

	2012	Growth		2011	Growth		2010
Cost of goods sold	$786.2	(6)	%	$832.7	5	%	$793.2
Marketing and administrative	$89.2	(3)	%	$92.1	2	%	$90.5
Research and development	$20.2	5	%	$19.3	(2)	%	$19.6
Restructuring charges	$--	(100)	%	$0.5	(38)	%	$0.8

Cost of goods sold in 2012 was 78.2% of sales compared with 79.7% in the prior year. Production margin increased $7.2 million, or 3% as compared with a 4% decrease in sales. In the Specialty Minerals segment, production margin increased 6%, or $8.1 million, as compared with a 2% decrease in sales. This increase was primarily attributable to increased pricing of $20 million, lower energy costs $1.3 million, continued productivity improvements and cost improvements of $4 million and combined higher volumes from our new satellite facilities and processed minerals product lines of $7 million. These items were offset by increased material costs of $12 million, the effects of continued permanent and temporary PCC facility closures and other volume declines of $8 million and the effects of foreign exchange of approximately $2.7 million. In the Refractories segment, production margin increased $0.9 million, or 1% as compared with a 7% decrease in sales. This was primarily attributable to lower material costs of $9 million and increased pricing of $1.5 million, which more than offset the combined effect of volume declines and lower equipment sales of $10 million and the effects of foreign exchange.

Cost of goods sold in 2011 was 79.7% of sales compared with 79.1% in the prior year. Production margin increased $3 million, or 1% as compared with a 4% increase in sales. In the Specialty Minerals segment, production margin decreased 1%, or $0.7 million, as compared with a 2% increase in sales. This segment incurred higher raw materials and energy costs that were not fully recovered by price increases. In the Refractories segment, production margin increased $3.7 million, or 5% as compared with a 9% increase in sales. This segment incurred higher raw material costs that were partially offset by price increases, higher equipment sales and the effects of foreign exchange.

Marketing and administrative costs decreased 3% to $89.2 million in 2012 from $92.1 million in the prior year. Marketing and administrative costs as a percentage of net sales however, represented 8.9% of net sales as compared with 8.8% in the prior year. In 2011, marketing and administrative expenses were 1.7% higher than in the prior year.

Research and development expenses increased 5% in 2012 to $20.2 million from $19.3 million and represented 2.0% of net sales. In 2011, research and development expense decreased 2% from 2010 and represented 1.9% of net sales.

Income from Operations (Dollars in millions)	2012	Growth	2011	Growth	2010
Income from operations	$110.0	10 %	$100.3	2 %	$98.3

The Company recorded income from operations in 2012 of $110.0 million as compared with $100.3 million in the prior year. Included in income from operations in 2011 were restructuring charges of $0.5 million.

The Specialty Minerals segment recorded income from operations of $84.1 million in 2012 as compared with $72.8 million in the prior year. Included in income from operations in 2011 were restructuring charges of $1.0 million.

The Refractories segment recorded income from operations of $32.6 million in 2012 as compared to $33.2 million in the prior year. Included in income from operations in 2011 were restructuring reversals of ($0.6) million.

In 2011, the Specialty Minerals segment recorded income from operations of $72.8 million as compared $74.7 million in the prior year. The Refractories segment recorded income from operations of $33.2 million in 2011 as compared with $28.0 million in the previous year.

Non-Operating Income (Deductions) (Dollars in millions)	2012	Growth	2011	Growth	2010
Non-operating income (deductions), net	$(3.0)	15 %	$(2.6)	* %	$0.6

* Percentage not meaningful

The Company recorded non-operating deductions of $3.0 million in 2012 as compared with $2.6 million in the previous year. This increase primarily relates to lower interest income and slightly higher foreign exchange losses.

The Company recorded non-operating deductions of $2.6 million in 2011 as compared with non-operating income of $0.6 million in the previous year. Included in non-operating deductions in 2011 were foreign currency losses of $1.4 million recognized upon the sale of a 50% interest in and deconsolidation of the Company's joint venture in Korea.

Provision for Taxes on Income (Dollars in millions)	2012	Growth	2011	Growth	2010

Provision for taxes on income	$30.8	12	%	$27.5	(5)	%	$29.0

The Company recorded provision for taxes on income of $30.8 million in 2012 as compared with $27.5 million in the previous year. The effective tax rate for 2012 was 28.8% as compared with 28.1% in the prior year. The increase in the tax rate in the current year primarily relates to a prior year favorable United States tax court case settlement and the resulting expiration of the statute of limitations of the tax years related to the tax court case.

The Company recorded provision for taxes on income of $27.5 million in 2011 as compared to $29.0 million in the previous year. The effective tax rate for 2011 was 28.1% as compared with 29.3% in the previous year. The decrease in the tax rate in the current year primarily relates to a favorable United States tax court case settlement.

The factors having the most significant impact on our effective tax rates in recent periods are the rate differential related to foreign earnings indefinitely invested, percentage depletion, and the reversal of tax reserves as a result of a tax court case settlement.

Percentage depletion allowances (tax deductions for depletion that may exceed our tax basis in our mineral reserves) are available to us under the income tax laws of the United States for operations conducted in the United States. The tax benefits from percentage depletion were $4.1 million in 2012, $4.0 million in 2011, and $3.7 million in 2010.

We operate in various countries around the world that have tax laws, tax incentives and tax rates that are significantly different than those of the United States. Many of these differences combine to move our overall effective tax rate higher or lower than the United States statutory rate depending on the mix of income relative to income earned in the United States. The effects of foreign earnings and the related foreign rate differentials resulted in a decrease of income tax expense of $5.0 million, $0.9 million and $3.1 million in 2012, 2011 and 2010, respectively. The increase of income tax benefits in 2012 as compared with 2011 results from the change in the mix of earnings in the foreign jurisdictions in 2012, statutory rate changes and a change in the amount of local income and tax adjustments. The decrease of income tax benefits in 2011 as compared with 2010 results from the change in the mix of earnings in the foreign jurisdictions in 2011, statutory tax rate changes, and a change in the amount of local income and tax adjustments.

Income from Continuing Operations (Dollars in millions)	2012	Growth	2011	Growth	2010
Income from continuing operations	$76.3	9 %	$70.3	0 %	$69.9

The Company recognized income from continuing operations of $76.3 million in 2012 as compared to $70.3 million in 2011. In 2010, the company recorded income from operations of $69.9 million.

Non-controlling Interests (Dollars in millions)	2012	Growth	2011	Growth	2010
Non-controlling interests	$2.1	(22) %	$2.7	(10) %	$3.0

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

Net Income attributable to Minerals Technologies Inc. (MTI) (Dollars in millions)	2012	Growth	2011	Growth	2010
Net income attributable to MTI	$74.1	10 %	$67.5	1 %	$66.9

The Company recorded net income of $74.1 million in 2012 as compared to $67.5 million in 2011. Diluted earnings per share were $2.09 as compared with $1.86 in the previous year.

In 2010, the Company recorded net income of $66.9 million and diluted earnings per share of $1.79.

Liquidity and Capital Resources

Cash flows provided from operations in 2012 were used principally to fund $52.1 million of capital expenditures, and repurchase $25.9 million in treasury shares. Cash provided from operating activities totaled $139.9 million in 2012 as compared with $133.7 million in 2011. The increase in cash from operating activities was primarily due to higher net income and lower income tax payments which were partially offset by increased pension plan funding. Included in cash flow from operations was pension plan funding of approximately $17.0 million, $6.6 million and $8.5 million for the years ended December 31, 2012, 2011 and 2010, respectively.

Trade working capital is defined as trade accounts receivable, trade accounts payable and inventories. Our total days of trade working capital increased to 59 days from 55 days in 2011 primarily due to higher receivables and lower payables in our Refractories segment.

The funding status of the Company's pension plans was approximately 66% at December 31, 2012 and we have met all minimum funding requirements. The funding status at December 31, 2011 was 70%. The reduction in our funding status was due to a large increase in the projected benefit obligation from a change in the discount rate.

In 2011, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to $75 million of additional shares over a two-year period. As of December 31, 2012, 633,575 shares have been repurchased under this program for $30.7 million, or an average price of approximately $48.38 per share.

On January 23, 2013, the Company's Board of Directors declared a regular quarterly dividend on its common stock of $0.05 per share. No dividend will be payable unless declared by the Board and unless funds are legally available for payment thereof.

The Company is required to make future payments under various contracts, including debt agreements and lease agreements. The Company also has commitments to fund its pension plans and provide payments for other postretirement benefit plans. A summary of the Company's outstanding contractual obligations as of December 31, 2012 is as follows:

Contractual Obligations

	Payments Due by Period				
(millions of dollars)	Total	2013	2014-2015	2016-2017	After 2017
Debt	$85.5	$77.0	$8.5	$--	$--
Interest related to long term debt	2.7	2.6	0.1	--	--
Estimated pension and post retirement plan funding	29.0	11.0	18.0	--	--
Other long term liabilities	15.1	0.4	--	--	14.7
Operating lease obligations	18.9	3.8	5.2	3.1	6.8
Total contractual obligations	$151.2	94.8	31.8	3.1	21.5

Long-term debt amounts in the preceding table represent the principal amounts of all outstanding long-term debt, including current portion. Maturities for long-term debt extend to 2014. The Company's $75 million of private placement debt will mature in October 2013. The Company expects to refinance these notes.

Interest related to long-term debt is based on interest rates in effect as of December 31, 2012 and is calculated on debt with maturities that extend to 2014. As the contractual interest rates for certain debt are variable, actual cash payments may differ from the estimates provided in the preceding table.

Estimated minimum required pension funding and post-retirement benefits are based on actuarial estimates using current assumptions for discount rates, long-term rate of return on plan assets, rate of compensation increases, and health care cost trend rates. The Company has determined that it is not practicable to present expected pension funding and other postretirement benefit payments beyond 2015 and, accordingly, no amounts have been included in the table beyond such dates.

Other long term liabilities include asset retirement obligations. The Company will be contractually required to retire intangible long-lived assets at its PCC satellite facilities and mining operations.

The Company has several non-cancelable operating leases, primarily for office space and equipment. Operating lease obligations includes future minimum rental commitments under non-cancelable leases.

We have $190.7 million in uncommitted short-term bank credit lines, of which $7.1 million was in use at December 31, 2012. The credit lines are primarily in the US, with approximately $20.7 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 requirements or local capital spending needs. At the present time, we have no indication that the financial institutions would be unable to commit to these lines of credit should the need arise. We anticipate that capital expenditures for 2013 should be between $65 million to $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: 2013 - $77.0 million; 2014 - $8.5 million; 2015 - $-- million; 2016 - $-- million; 2017 - $-- million; thereafter - $-- million.

The Company's debt to capital ratio is 10%, which is well below the only financial covenant ratio in its debt agreements.

The total amount of contingent obligations associated with gross unrecognized tax benefits for uncertain tax positions, including positions impacting only the timing of tax benefits, was $5.8 million at December 31, 2012. Payment of these obligations would result from settlements with taxing authorities. Due to the difficulty in determining the timing of settlements, these obligations are not included in the table above. We do not expect to make a tax payment related to these obligations within the next year that would significantly impact liquidity.

Critical Accounting Policies

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

On an ongoing basis, we evaluate our estimates and assumptions, including those related to revenue recognition, allowance for doubtful accounts, valuation of inventories, valuation of long-term assets, goodwill and other intangible assets, pension plan assumptions, income taxes, asset retirement obligations, income tax valuation allowances, stock-based compensation, 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 cannot readily be determined from other sources. There can be no assurance that actual results will not differ from those estimates.

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

- Revenue recognition: Revenue from sale of products is recognized at the time the goods are shipped and title passes to the customer. In most of our PCC contracts, the price per ton is based upon the total number of tons sold to the customer during the year. Under those contracts, the price billed to the customer for shipments during the year is based on periodic estimates of the total annual volume that will be sold to the customer. Revenues are adjusted at the end of each year to reflect the actual volume sold. There were no significant revenue adjustments in the fourth quarter of 2012 and 2011, respectively. We have consignment arrangements with certain customers in our Refractories segment. Revenues for these transactions are recorded when the consigned products are consumed by the customer. Revenues from sales of equipment are recorded upon completion of installation and receipt of customer acceptance. Revenues from services are recorded when the services are performed.
- Allowance for doubtful accounts: Substantially all of our accounts receivable are due from companies in the paper, construction and steel industries. Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. Such allowance is established through a charge to the provision for bad debt expenses. We recorded bad debt expenses of $1.0 million, $0.9 million and $0.1 million in 2012, 2011 and 2010, respectively. In addition to specific allowances established for bankrupt customers, we also analyze the collection history and financial condition of our other customers considering current industry conditions and determine whether an allowance needs to be established or adjusted.
- Property, plant and equipment, goodwill, intangible and other long-lived assets: Property, plant and equipment are depreciated over their useful lives. Useful lives are based on management's estimates of the period that the assets can generate revenue, which does not necessarily coincide with the remaining term of a customer's contractual obligation to purchase products made using those assets. Our sales of PCC are predominately pursuant to long-term evergreen contracts, initially ten years in length, with paper mills at which we operate satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of the satellite PCC plant. Failure of a PCC customer to renew an agreement or continue to purchase PCC from our facility could result in an impairment of assets or accelerated depreciation at such facility.
- Valuation of long-lived assets, goodwill and other intangible assets: We assess the possible impairment of long-lived assets and identifiable amortizable intangibles whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Goodwill is reviewed for impairment at least annually. Factors we consider important that could trigger an impairment review include the following:

  - Significant under-performance relative to historical or projected future operating results;
  - Significant changes in the manner of use of the acquired assets or the strategy for the overall business;
  - Significant negative industry or economic trends;
  - Market capitalization below invested capital.

The goodwill balance for each reporting unit as of December 31, 2012 and 2011, respectively, was as follows:

($ in millions)	December 31, 2012	December 31, 2011
PCC	$9.5	$9.2
Processed Minerals	4.6	4.6
Refractories	51.7	50.9
Total	$65.8	$64.7

Annually, the Company performs a qualitative assessment for each of its reporting units to determine if the two step process for impairment testing is required. If the Company determines that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, the Company then evaluates the recoverability of goodwill using a two-step impairment test approach at the reporting unit level. Step one involves a) developing the fair value of total invested capital of each reporting unit in which goodwill is assigned; and b) comparing the fair value of total invested capital for each reporting unit to its carrying amount, to determine if there is goodwill impairment. Should the carrying amount for a reporting unit exceed its fair value, then the step one test is failed, and the magnitude of any goodwill impairment is determined under step two. The amount of impairment loss is determined in Step Two by comparing the implied fair value of reporting unit goodwill with the carrying amount of goodwill.

The Company has three reporting units; PCC, Processed Minerals and Refractories. We identify our reporting units by assessing whether the components of our operating segments constitute businesses for which discrete financial information is available and management regularly reviews the operating results of those components.

In the fourth quarter of 2012, the Company performed a qualitative assessment of each of its reporting units and determined it was not more likely than not that the fair value of each of its reporting units was less than their carrying values.

Accounting for income taxes: As part of the process of preparing our consolidated financial statements, we are required to estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating current tax expense together with assessing temporary differences resulting from differing treatments of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included in the consolidated balance sheet. We must then assess the likelihood that our deferred tax assets will be recovered from future taxable income, and to the extent we believe that recovery is not likely, we must establish a valuation allowance. To the extent we establish a valuation allowance or change this allowance in a period, we must include an expense within the tax provision in the Consolidated Statements of Operations.

- Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss. We evaluate the recoverability of these future tax deductions by assessing the adequacy of future expected taxable income from all sources, including reversal of taxable temporary differences and forecasted operating earnings. These sources of income inherently rely heavily on estimates. We use our historical experience and business forecasts to provide insight. Amounts recorded for deferred tax assets, net of valuation allowances, were $47.5 million and $44.4 million at December 31, 2012 and 2011, respectively. Such year-end 2012 amounts are expected to be fully recoverable within the applicable statutory expiration periods. To the extent we do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is established.

The application of income tax law is inherently complex. Laws and regulations in this area are voluminous and are often ambiguous. As such, we are required to make many subjective assumptions and judgments regarding our income tax exposures. Interpretations of and guidance surrounding income tax laws and regulations change over time. As such, changes in our subjective assumptions and judgments can materially affect amounts recognized in the consolidated balance sheets and statements of operations. See Note 4 to the consolidated financial statements, "Income Taxes," for additional detail on our uncertain tax positions.

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

A one percentage point change in our major assumptions would have the following effects:

Effect on Expense

(millions of dollars)	Discount Rate	Salary Scale	Return on Asset
1% increase	$(3.7)	$0.5	$(1.3)
1% decrease	$4.3	$(0.4)	$1.3

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Effect on Projected Benefit Obligation

(millions of dollars)	Discount Rate	Salary Scale
1% increase	$(32.8)	$2.7
1% decrease	$41.1	$(2.4)

The investment strategy for pension plan assets is to maintain a broadly diversified portfolio designed to both preserve and grow plan assets to meet future plan obligations. The Company's average rate of return on assets from inception through December 31, 2012 was over 9%. The Company's assets are strategically allocated among equity, debt and other investments to achieve a diversification level that dampens fluctuations in investment returns. The Company's long-term investment strategy is an investment portfolio mix of approximately 65% in equity securities and 35% in fixed income securities. As of December 31, 2012, the Company had approximately 70% of its pension assets in equity securities and 30% in fixed income securities.
In 2012, a net charge of $12.0 million ($7.7 million after-tax) was recorded in other comprehensive loss, primarily due to a change in discount rates. In 2011, a net charge of $41.4 million ($25.6 million after-tax) was recorded in other comprehensive loss, primarily due to lower discount rates and lower returns on plan assets. In 2010, a net charge of $2.2 million ($1.8 million after-tax) was recorded in other comprehensive loss, primarily due to changes in plan assumptions.

We recognized pension expense of $20.9 million in 2012 as compared to $15.3 million in 2011, due primarily to higher amortization of recognized actuarial losses. Accounting guidance on retirement benefits requires companies to discount future benefit obligations back to today's dollars using a discount rate that is based on high-quality fixed-income investments. A decrease in the discount rate increases the pension benefit obligation, while an increase in the discount rate decreases the pension benefit obligation. This increase or decrease in the pension benefit obligation is recognized in Accumulated other comprehensive income (loss) and subsequently amortized into earnings as an actuarial gain or loss. The guidance also requires companies to use an expected long-term rate of return on plan assets for computing current year pension expense. Differences between the actual and expected returns are also recognized in Accumulated other comprehensive income (loss) and subsequently amortized into earnings as actuarial gains and losses. At the end of 2012, total actuarial losses recognized in Accumulated other comprehensive income (loss) for pension plans were $93.8 million, as compared to $84.7 million in 2011. The majority of the actuarial losses were due to decreases in the discount rate in 2011 and 2012 and lower actual rates of return on assets than expected during the financial crisis of 2008.

Actuarial losses for pensions will be impacted in future periods by actual asset returns, discount rate changes, actual demographic experience and other factors that impact these expenses. These losses, reported in Accumulated other comprehensive income (loss), will generally be amortized as a component of net periodic benefit cost on a straight-line basis over the average remaining service period of active employees expected to receive benefits under the benefit plans. At the end of 2012, the average remaining service period of active employees or life expectancy for fully eligible employees was 12 years. We expect our amortization of net actuarial losses to increase by approximately $1.0 million in 2013 as compared to 2012, primarily due to a decrease in the discount rate. We expect our pension expense to be approximately $23 million in 2013.

Asset Retirement Obligations: We currently record the obligation for estimated asset retirement costs at fair value in the period incurred. Factors such as expected costs and expected timing of settlement can affect the fair value of the obligations. A revision to the estimated costs or expected timing of settlement could result in an increase or decrease in the total obligation which would change the amount of amortization and accretion expense recognized in earnings over time.
A one-percent increase or decrease in the discount rate would change the total obligation by approximately $0.1 million.

A one-percent increase or decrease in the inflation rate would change the total obligation by approximately $0.1 million.

Stock Based Compensation: The Company uses the Black-Scholes option pricing model to determine the fair value of stock options on their date of grant. This model is based upon assumptions relating to the volatility of the stock price, the life of the option, risk-free interest rate and dividend yield. Of these, stock price volatility and option life require greater levels of judgment and are therefore critical accounting estimates.

We used a stock price volatility assumption based upon the historical and implied volatility of the Company's stock. We believe this is a good indicator of future, actual and implied volatilities. For stock options granted in the period ended December 31, 2012, the Company used a volatility assumption of 31.26%.

The expected life calculation was based upon the observed and expected time to post-vesting forfeiture and exercise. For stock options granted during the fiscal year ended December 31, 2012, the Company used a 6.86 year life assumption.

The Company believes the above critical estimates are based upon outcomes most likely to occur. If we were to simultaneously increase or decrease the option life by one year and the volatility by 100 basis points, recognized compensation expense would have changed approximately $0.1 million in either direction for the year ended December 31, 2012.

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

Inflation

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

Cyclical Nature of Customers' Businesses

The bulk of our sales are to customers in the paper manufacturing, steel manufacturing and construction industries, which have historically been cyclical. The pricing structure of some of our long-term PCC contracts makes our PCC business less sensitive to declines in the quantity of product purchased. However, we cannot predict the economic outlook in the countries in which we do business, nor in the key industries we serve.

Recently Issued Accounting Standards

Changes to accounting principles generally accepted in the United States of America (U.S. GAAP) are established by the Financial Accounting Standards Board (FASB) in the form of accounting standards updates (ASU's) to the FASB's Accounting Standards Codification.

The Company considers the applicability and impact of all ASU's. ASU's not listed below were assessed and determined to be either not applicable or are expected to have minimal impact on our consolidated financial position and results of operations.

In May 2011, the FASB issued amendments to disclosure requirements for common fair value measurement. These amendments, effective for the interim and annual periods beginning on or after December 15, 2011 (early adoption was prohibited), resulted in a common definition of fair value and common requirements for measurement of and disclosure requirements between U.S. GAAP and International Financial Reporting Standards. Consequently, the amendments change some fair value measurement principles and disclosure requirements. The Company adopted this guidance effective January 1, 2012. The implementation of the amended accounting guidance has not had a material impact on our consolidated financial position or results of operations.

In June 2011, the FASB issued amendments to disclosure requirements for presentation of comprehensive income. This guidance, effective retrospectively for the interim and annual periods beginning on or after December 15, 2011 (early adoption was permitted), requires presentation of total comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. In December 2011, the FASB issued an amendment to defer the presentation on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income and other comprehensive income for annual and interim financial statements. The implementation of the amended accounting guidance has not had a material impact on our consolidated financial position or results of operations. In February 2013, the FASB issued amendments to disclosure requirements for presentation of comprehensive income. The standard requires presentation (either in a single note or parenthetically on the face of the financial statements) of the effect of significant amounts reclassified from each component of accumulated other comprehensive income based on its source and the income statement line items affected by the reclassification. If a component is not required to be reclassified to net income in its entirety, a cross reference to the related footnote for additional information will be required. The amendments are effective prospectively for reporting periods beginning after December 15, 2012 (early adoption was permitted). The Company adopted this guidance effective January 1, 2012. The implementation of the amended accounting guidance is not expected to have a material impact on our consolidated financial position or results of operations.

In September 2011, the FASB issued amendments to the goodwill impairment guidance which provides an option for companies to use a qualitative approach to test goodwill for impairment if certain conditions are met. The amendments are effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 (early adoption was permitted). The Company early adopted this guidance effective September 15, 2011. The implementation of the amended accounting guidance has not had a material impact on our consolidated financial position or results of operations.

In July 2012, the FASB issued amendments to the indefinite-lived intangible asset impairment guidance which provides an option for companies to use a qualitative approach to test indefinite-lived intangible assets for impairment if certain conditions are met. The amendments are effective for annual and interim indefinite-lived intangible asset impairment tests performed for fiscal years beginning after September 15, 2012 (early adoption is permitted). The Company will adopt this guidance effective January 1, 2013. The implementation of the amended accounting guidance is not expected to have a material impact on our consolidated financial position or results of operations.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may have an impact on our financial position, results of operations or cash flows due to adverse changes in market prices and foreign currency and interest rates. We are exposed to market risk because of changes in foreign currency exchange rates as measured against the U.S. dollar. We do not anticipate that near-term changes in exchange rates will have a material impact on our future earnings or cash flows. However, there can be no assurance that a sudden and significant change in the value of foreign currencies would not have a material adverse effect on our financial condition and results of operations. Approximately 44% of our bank debt bears interest at variable rates; therefore our results of operations would only be affected by interest rate changes to such bank debt outstanding. An immediate 10% change in interest rates would not have a material effect on our results of operations over the next fiscal year.

We do not enter into derivatives or other financial instruments for trading or speculative purposes. When appropriate, we enter into derivative financial instruments, such as forward exchange contracts and interest rate swaps, to mitigate the impact of foreign exchange rate movements and interest rate movements on our operating results. The counterparties are major financial institutions. Such forward exchange contracts and interest rate swaps would not subject us to additional risk from exchange rate or interest rate movements because gains and losses on these contracts would offset losses and gains on the assets, liabilities, and transactions being hedged. We had open forward exchange contracts to purchase approximately $0.8 million and $0.2 million of foreign currencies as of December 31, 2012 and 2011, respectively. These contracts matured in January and February of 2013 and January 2012, respectively. The fair value of these instruments at December 31, 2012 and December 31, 2011 was an asset of less than $0.1 million and a liability of less than $0.1 million, respectively.

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 December 31, 2012 was an asset of $3.2 million. The fair value of these instruments at December 31, 2011 was an asset of $3.5 million.

Item 8. Financial Statements and Supplementary Data

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

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

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

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

December 31, 2012.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, we have included a report of management's assessment of the design and operating effectiveness of our internal controls as part of this report. Management's report is included in our consolidated financial statements beginning on page F-1 of this report under the caption entitled "Management's Report on Internal Control Over Financial Reporting."

The Company has substantially completed the upgrade and implementation of a global enterprise resource planning ("ERP") system to manage its business operations and all of our domestic and European locations are using the new systems. The transition to the new system has proceeded to date without any adverse effects to internal controls. We believe that the controls as modified are appropriate and functioning effectively.

Changes in Internal Control Over Financial Reporting

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

Item 9B. Other Information

None

PART III

Item 10. Directors, Executive Officers and Corporate Governance

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

Name	Age	Position
Joseph C. Muscari	66	Chairman of the Board and Chief Executive Officer
Douglas T. Dietrich	43	Senior Vice President, Finance and Treasury, Chief Financial Officer
Douglas W. Mayger	55	Senior Vice President, Performance Minerals and MTI Supply Chain
Thomas J. Meek	55	Senior Vice President, General Counsel and Secretary, Chief Compliance Officer
D.J. Monagle, III	50	Senior Vice President and Managing Director, Paper PCC
Michael A. Cipolla	55	Vice President, Corporate Controller and Chief Accounting Officer
Jonathan J. Hastings	50	Vice President, Corporate Development
Johannes C. Schut	48	Vice President and Managing Director, Minteq International

Joseph C. Muscari was elected Chairman of the Board and Chief Executive Officer effective March 1, 2007. Prior to that, he was Executive Vice President and Chief Financial Officer of Alcoa Inc. He has served as a member of the Board of Directors since 2005.

Douglas T. Dietrich was elected Senior Vice President, Finance and Treasury, Chief Financial Officer effective January 1, 2011. Prior to that, he was appointed Vice President, Corporate Development and Treasury effective August 2007. He had been Vice President, Alcoa Wheel Products since 2006 and President, Latin America Extrusions and Global Rod and Bar Products since 2002.

Douglas W. Mayger was elected Senior Vice President, Performance Minerals and Supply Chain in June 2011. Prior to that, he was Vice President and Managing Director, Performance Minerals which encompasses the Processed Minerals product line and the Specialty PCC product line, effective October 1, 2008. Prior to that, he was General Manager- Carbonates West, Performance Minerals and Business Manager - Western Region. Before joining the Company as plant manager in Lucerne Valley in 2002, he served as Vice President of Operations for Aggregate

Industries.

Thomas J. Meek was elected Senior Vice President, General Counsel, Corporate Secretary and Chief Compliance Officer in October 2011. Prior to that, he was Vice President, General Counsel and Secretary of the Company effective September 1, 2009. Prior to that, he served as Deputy General Counsel at Alcoa. Before joining Alcoa in 1999, Mr. Meek worked with Koch Industries, Inc. of Wichita, Kansas, where he held numerous supervisory positions. His last position there was Interim General Counsel. From 1985 to 1990, Mr. Meek was an Associate/Partner in the Wichita, Kansas law firm of McDonald, Tinker, Skaer, Quinn & Herrington, P.A.

D.J. Monagle, III was elected Senior Vice President and Managing Director, Paper PCC, effective October 1, 2008. In November 2007, he was appointed Vice President and Managing Director - Performance Minerals. He joined the Company in January of 2003 and held positions of increasing responsibility including Vice President, Americas, Paper PCC and Global Marketing Director, Paper PCC. Before joining the Company, Mr. Monagle worked for the Paper Technology Group at Hercules between 1990 and 2003, where he held sales and marketing positions of increasing responsibility. Between 1985 and 1990, he served as an aviation officer in the U.S. Army's 11th Armored Cavalry Regiment, leaving the service as a troop commander with a rank of Captain.

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

Jonathan J. Hastings was elected Vice President, Corporate Development effective September 2011. Prior to that, he was Senior Director of Strategy and New Business Development- Coatings, Global at The Dow Chemical Company. Prior to that he held positions of increasing responsibility at Rohm and Haas, including Vice President & General Manager—Packaging and Building Materials—Europe.

Johannes C. Schut was elected Vice President and Managing Director, Minteq International in March 2011. He joined the Company in 2004 as Director of Finance- Europe. In 2006, he was named Vice President, Minteq – Europe including Middle East and India. Before joining Minerals Technologies Inc., Mr. Schut held positions of increasing responsibility with Royal Phillips Electronics and Royal FrieslandCampina – DMV International.

The information concerning the Company's Board of Directors required by this item is incorporated herein by reference to the Company's Proxy Statement, under the captions "Committees of the Board of Directors" and "Item 1- Election of Directors."

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

The Board has established a code of ethics for the Chief Executive Officer, the Chief Financial Officer, and the Chief Accounting Officer entitled "Code of Ethics for the Senior Financial Officers," which is available on our website, www.mineralstech.com, under the links entitled Corporate Responsibility, Corporate Governance and Policies and Charters.

Item 11. Executive Compensation

The information appearing in the Company's Proxy Statement under the captions "Compensation Discussion and Analysis," "Report of the Compensation Committee" and "Compensation of Executive Officers and Directors" is incorporated herein by reference.

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

The information appearing in the Company's Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management" is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

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

The Board has established Corporate Governance principles which include guidelines for determining Director independence, which is available on our website, www.mineralstech.com, under the links entitled Corporate Responsibility, Corporate Governance and Policies and Charters. The information appearing in the Company's Proxy Statement under the caption "Corporate Governance – Director Independence" is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

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

PART IV

Item 15. Exhibits and Financial Statement Schedules

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

1. Financial Statements. The following Consolidated Financial Statements of Mineral Technologies Inc. and subsidiary companies and Reports of Independent Registered Public Accounting Firm are set forth on pages F-2 to F-33.

Consolidated Balance Sheets as of December 31, 2012 and 2011
Consolidated Statements of Income for the years ended December 31, 2012, 2011 and 2010
Consolidated Statements of Comprehensive Income for the years ended December 31, 2012, 2011 and 2010
Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011 and 2010
Consolidated Statements of Shareholders' Equity for the years ended December 31, 2012, 2011 and 2010
Notes to the Consolidated Financial Statements
Reports of Independent Registered Public Accounting Firm
Management's Report on Internal Control Over Financial Reporting

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

		Page
Schedule II -	Valuation and	S-1

Qualifying Accounts

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

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

3.1	-	Restated Certificate of Incorporation of the Company (1)
3.2	-	By-Laws of the Company as amended and restated effective May 25, 2005 (2)
3.3	-	Certificate of Designations authorizing issuance and establishing designations, preferences and rights of Series A Junior Preferred Stock of the Company (1)
4.1	-	Specimen Certificate of Common Stock (1)
10.1	-	Asset Purchase Agreement, dated as of September 28, 1992, by and between Specialty Refractories Inc. and Quigley Company Inc. (3)
10.1(a)	-	Agreement dated October 22, 1992 between Specialty Refractories Inc. and Quigley

		Company Inc., amending Exhibit 10.1 (4)
10.1(b)	-	Letter Agreement dated October 29, 1992 between Specialty Refractories Inc. and Quigley Company Inc., amending Exhibit 10.1 (4)
10.2	-	Reorganization Agreement, dated as of September 28, 1992, by and between the Company and Pfizer Inc (3)
10.3	-	Asset Contribution Agreement, dated as of September 28, 1992, by and between Pfizer Inc and Specialty Minerals Inc. (3)
10.4	-	Asset Contribution Agreement, dated as of September 28, 1992, by and between Pfizer Inc and Barretts Minerals Inc. (3)
10.4(a)	-	Agreement dated October 22, 1992 between Pfizer Inc, Barretts Minerals Inc. and Specialty Minerals Inc., amending Exhibits 10.3 and 10.4 (4)
10.5	-	Employment Agreement, dated November 27, 2006, between the Company and Joseph C. Muscari (5) (+)
10.5(a)	-	Second to Employment Agreement, dated

		July 21, 2010, between the Company and Joseph C. Muscari (6) (+)
10.6	-	Form of Employment Agreement between the Company and each of Michael A. Cipolla, Douglas T. Dietrich, Jonathan J. Hastings, Douglas W. Mayger, Thomas J. Meek and D.J. Monagle, III (7) (+)
10.6(a)	-	Form of amendment to Employment Agreement between the Company and each of Joseph C. Muscari, Michael A. Cipolla, Douglas T. Dietrich, Jonathan J. Hastings, Douglas W. Mayger, Thomas J. Meek, D.J. Monagle III and Johannes C. Schut (8) (+)
10.7	-	Form of Severance Agreement between the Company and each of Joseph C. Muscari, Michael A. Cipolla, Douglas T. Dietrich, Jonathan J. Hastings, Douglas W. Mayger, Thomas J. Meek, D.J. Monagle and

		Johannes C. Schut(9) (+)
10.7(a)	-	Form of amendment to Severance Agreement between the Company and each of Joseph C. Muscari, Michael A. Cipolla, Douglas T. Dietrich, Jonathan J. Hastings, Douglas W. Mayger, Thomas J. Meek and D.J. Monagle, III (10) (+)

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10.8	-	Form of Indemnification Agreement between the Company and each of Joseph C. Muscari, Michael A. Cipolla, Douglas T. Dietrich, Jonathan J. Hastings, Douglas W. Mayger, Thomas J. Meek, D.J. Monagle, Johannes C. Schut and each of the Company's non-employee directors III (11) (+)
10.9	-	Company Employee Protection Plan, as amended August 27, 1999 (12) (+)
10.10	-	Company Nonfunded Deferred Compensation and Unit Award Plan for Non-Employee Directors, as amended and restated effective January 1, 2008 (13) (+)
10.10(a)	-	First Amendment to the Company Nonfunded Deferred Compensation and Unit Award Plan for Non-Employee Directors, dated January 18, 2012 (14) (+)
10.11	-	2001 Stock Award and Incentive Plan of the Company, as amended and restated as of March 18, 2009 (15) (+)
10.12	-	Company Retirement Plan, as amended and restated, dated December 21, 2012 (*)

10.13	-	Company Supplemental Retirement Plan, amended and restated effective December 31, 2009 (16) (+)
10.14	-	Company Savings and Investment Plan, as amended and restated, dated December 21, 2012 (*)
10.15	-	Company Supplemental Savings Plan, amended and restated effective December 31, 2009 (17) (+)
10.15(a)	-	Amendment to the Company Supplemental Savings Plan, dated December 28, 2011 (18)(+)
10.16	-	Company Health and Welfare Plan, effective as of April 1, 2003 and amended and restated as of January 1, 2006 (19)(+)
10.16(a)	-	Amendment to the Company Health and Welfare Plan, dated May 19, 2009 (20) (+)
10.17	-	Company Retiree Medical Plan, effective as of January 1, 2011 (21)(+)
10.18	-	Amended and Restated Grantor Trust Agreement, dated as of April 1, 2010, by and between the Company and the

		Wilmington Trust Company (22)(+)
10.19	-	Note Purchase Agreement, dated as of October 5, 2006, among the Company, Metropolitan Life Insurance Company and MetLife Insurance Company of Connecticut with respect to the Company's issuance of $75,000,000 in aggregate principal amount of senior unsecured notes due October 5, 2013 (23)
10.20	-	Indenture, dated July 22, 1963, between the Cork Harbour Commissioners and Roofchrome Limited (3)
21.1	-	Subsidiaries of the Company (*)
23.1	-	Consent of Independent Registered Public Accounting Firm (*)
24	-	Power of Attorney (*)
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 Certification (*)
95		Information Concerning Mine Safety Violations (*)

(1)

	Incorporated by reference to the exhibit so designated filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2003.
(2)	Incorporated by reference to the exhibit so designated filed with the Company's Current Report on Form 8-K filed on May 27, 2005.
(3)	Incorporated by reference to the exhibit so designated filed with the Company's Registration Statement on Form S-1 (Registration No. 33-51292), originally filed on August 25, 1992.
(4)	Incorporated by reference to the exhibit so designated filed with the Company's Registration Statement on Form S-1 (Registration No. 33-59510), originally filed on March 15, 1993.
(5)	Incorporated by reference to exhibit 10.1 filed with the Company's Current Report on Form 8-K/A filed on December 1, 2006.
(6)	Incorporated by reference to the exhibit 10.1 filed with the Company's Current Report on form 8-K filed on July 27, 2010
(7)	Incorporated by reference to exhibit 10.5 filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2006.
(8)	Incorporated by reference to exhibit 10.6(a) filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2009.
(9)	Incorporated by reference to exhibit 10.6 filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2005.
(10)	Incorporated by reference to exhibit 10.7(a) filed with the Company's Annual Report on Form 10-K for the year ended

	December 31, 2009.
(11)	Incorporated by reference to exhibit 10.1 filed with the Company's Current Report on Form 8-K filed on May 8, 2009.
(12)	Incorporated by reference to exhibit 10.7 filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

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(13) Incorporated by reference to exhibit 10.8 filed with the Company's Quarterly Report on Form 10-Q for the quarter ended March 30, 2008.

(14) Incorporated by reference to exhibit 10.11(a) filed with the Company's Annual Report on Form 10-K forf the year ended December 31, 2011

(15) Incorporated by reference to exhibit 10.1 filed with the Company's Current Report on Form 8-K filed on May 11, 2009.

(16) Incorporated by reference to exhibit 10.13 filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

(17) Incorporated by reference to exhibit 10.15 filed with the Company's

Annual Report on Form 10-K for the year ended December 31, 2009.

(18) Incorporated by reference to exhibit 10.16(a) filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

(19) Incorporated by reference to exhibit 10.14 filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2006.

(20) Incorporated by reference to exhibit 10.16(a) filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

(21) Incorporated by reference to exhibit 10.17 filed with the Company's Annual Report on Form 10-K for the year

ended December 31, 2010.

(22) Incorporated by reference to exhibit 10.1 filed with the Company's Quarterly Report on Form 10-Q for the period ended April 4, 2010.

(23) Incorporated by reference to the exhibit 10.1 filed with the Company's Current Report on Form 8-K filed on October 11, 2006.

(*) Filed herewith.

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

SIGNATURES

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

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

February 22, 2013

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

SIGNATURE	TITLE	DATE
/s/ Joseph C. Muscari Joseph C. Muscari	Chairman of the Board and Chief Executive Officer (principal executive officer)	February 22, 2013
/s/ Douglas T. Dietrich Douglas T. Dietrich	Senior Vice President-Finance and Treasury, Chief Financial Officer (principal financial officer)	February 22, 2013
/s/ Michael A. Cipolla Michael A. Cipolla	Vice President - Controller and Chief Accounting Officer (principal accounting officer)	February 22, 2013

SIGNATURE	TITLE	DATE
* Paula H. J. Cholmondeley	Director	February 22, 2013
* Robert L. Clark	Director	February 22, 2013
* Duane R. Dunham	Director	February 22, 2013
* Steven J. Golub	Director	February 22, 2013
* Michael F. Pasquale	Director	February 22, 2013
* Marc E. Robinson	Director	February 22, 2013
* Barbara Smith	Director	February 22, 2013

* By: /s/ Thomas J. Meek
Thomas J. Meek
Attorney-in-Fact

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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

	December 31, 2012	2011
Assets		
Current assets:		
Cash and cash equivalents	$454,092	$395,152
Short-term investments, at cost which approximates market	14,178	18,494
Accounts receivable, less allowance for doubtful accounts: 2012 - $3,837; 2011 - $3,008	193,328	194,317
Inventories	84,569	90,760
Prepaid expenses and other current assets	18,318	21,566
Total current assets	764,485	720,289
Property, plant and equipment, less accumulated depreciation and depletion	317,669	318,134
Goodwill	65,829	64,671
Other assets and deferred charges	63,206	61,861
Total assets	$1,211,189	$1,164,955
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	$7,111	$5,846
Current maturities of long-term debt	76,977	8,552
Accounts payable	98,371	103,354
Income taxes payable	8,862	5,334
Accrued compensation and related items	33,603	33,026
Restructuring liabilities	318	1,411
Other current liabilities	24,856	23,379
Total current liabilities	250,098	180,902
Long-term debt	8,478	85,449
Accrued pension and postretirement benefits	108,035	97,318
Other non-current liabilities	30,859	33,266
Total liabilities	397,470	396,935
Commitments and contingent liabilities (Notes 15 and 16)		
Shareholders' equity:		
Preferred stock, without par value; 1,000,000 shares authorized; none issued	--	--
Common stock at par, $0.10 par value; 100,000,000 shares authorized;		

Issued 47,002,939 shares in 2012 and 46,751,260 shares in 2011	4,700	4,675
Additional paid-in capital	345,929	333,372
Retained earnings	1,032,869	963,130
Accumulated other comprehensive loss	(51,198)	(45,331)
Less common stock held in treasury, at cost; 12,053,319 shares in 2012 and 11,479,279 shares in 2011	(541,889)	(514,234)
Total MTI shareholders' equity	790,411	741,612
Non-controlling interest	23,308	26,408
Total shareholders' equity	813,719	768,020
Total liabilities and shareholders' equity	$1,211,189	$1,164,955

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

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

	Year Ended December 31,		
	2012	2011	2010
Net sales	$1,005,619	$1,044,853	$1,002,354
Cost of goods sold	786,245	832,657	793,161
Production margin	219,374	212,196	209,193
Marketing and administrative expenses	89,161	92,058	90,474
Research and development expenses	20,172	19,330	19,577
Restructuring and other costs	--	470	865
Income from operations	110,041	100,338	98,277
Interest income	3,168	3,907	2,765
Interest expense	(3,221)	(3,254)	(3,336)
Foreign exchange gains (losses)	(1,348)	(1,211)	324
Other income (deductions)	(1,594)	(2,040)	819
Non-operating income (deductions), net	(2,995)	(2,598)	572
Income from operations before provision for taxes	107,046	97,740	98,849
Provision for taxes on income	30,777	27,486	28,963
Consolidated net income	76,269	70,254	69,886
Less: Net income attributable to non-controlling interests	(2,122)	(2,733)	(3,017)
Net income attributable to Minerals Technologies Inc. (MTI)	$74,147	$67,521	$66,869
Earnings per share:			
Basic	$2.10	$1.87	$1.80
Diluted	$2.09	$1.86	$1.79

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

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MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(thousands of dollars)

	Year Ended December 31,		
	2012	2011	2010
Consolidated net income	$76,269	$70,254	$69,886
Other comprehensive income, net of tax:			
Foreign currency translation adjustments	1,479	(17,565)	(8,173)
Pension and postretirement plan adjustments	(7,730)	(25,630)	347
Sale of interest in business	--	(820)	--
Cash flow hedges:			
Reclassification adjustments	11	47	45
Net derivative gains (losses) arising during the period	(204)	529	2,020
Comprehensive income	69,825	26,815	64,125
Comprehensive income attributable to non-controlling interest	(1,545)	(1,035)	(4,039)
Comprehensive income attributable to MTI	68,280	25,780	60,086

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

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

	Year Ended December 31,		
	2012	2011	2010
Operating Activities			
Consolidated net income	$76,269	$70,254	$69,886
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation, depletion and amortization	51,209	58,223	63,981
Loss on disposal of property, plant and equipment	1,093	288	941
Deferred income taxes	1,257	1,250	1,772
Provision for bad debts	1,011	878	49
Stock-based compensation	5,476	7,237	5,860
Other non-cash items	612	41	189
Changes in operating assets and liabilities			
Accounts receivable	537	(14,186)	(7,577)
Inventories	6,675	(7,340)	(3,713)
Prepaid expenses and other current assets	3,398	(5,787)	3,164
Pension plan funding	(16,963)	(6,650)	(8,466)
Accounts payable	(5,231)	24,824	6,351
Restructuring liabilities	(1,103)	(2,550)	(4,741)
Income taxes payable	3,748	(712)	6,829
Tax benefits related to stock incentive programs	513	166	136
Other	11,417	7,723	7,758
Net cash provided by operations	139,918	133,659	142,419
Investing Activities			