

Berger Jonathan W
Form 4
January 05, 2010

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Berger Jonathan W

2. Issuer Name and Ticker or Trading Symbol
Great Lakes Dredge & Dock CORP [GLDD]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
12/31/2009

Director 10% Owner
 Officer (give title below) Other (specify below)

GREAT LAKES DREDGE & DOCK CORPORATION, 2122 YORK ROAD

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

OAK BROOK, IL 60523

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)		5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
			Code	V	Amount	Price			
Common Stock	12/31/2009		A		2,411	A \$ 0	37,085	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
						Date Exercisable	Expiration Date	Title	Amount or Number of Shares
						Code	V	(A)	(D)

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Berger Jonathan W GREAT LAKES DREDGE & DOCK CORPORATION 2122 YORK ROAD OAK BROOK, IL 60523	X			

Signatures

/s/ Kathleen M. LaVoy, by power of atty 01/05/2010

**Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. 000000 2px solid; TEXT-ALIGN: right; WIDTH: 9%; BACKGROUND-COLOR: #ffffff" valign="bottom">

4.5

0.8

4.5

0.6

\$
229.5

\$
18.9

\$
229.5

\$
16.8

The weighted average amortization period for acquired intangible assets subject to amortization is approximately 28 years. Estimated amortization expense is \$8.1 million for 2016, \$7.9 million for 2017-2020, and \$172.9 million thereafter.

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(Unaudited)

Note 7. Long-Term Debt and Commitments

The following is a summary of long-term debt:

	Apr. 3, 2016	Dec. 31, 2015
	(millions of dollars)	
Term Loan Facility due May 9, 2021, net of unamortized discount and deferred financing costs of \$30.3 and \$30.9, respectively	\$ 1,207.7	\$ 1,246.4
China Loan Facilities	13.2	12.0
Total	\$ 1,220.9	\$ 1,258.4
Less: Current maturities	3.2	3.1
Long-term debt	\$ 1,217.7	\$ 1,255.3

On May 9, 2014, in connection with the acquisition of AMCOL International Corporation (“AMCOL”), the Company entered into a credit agreement providing for a \$1,560 million senior secured term loan facility (the “Term Facility”) and a \$200 million senior secured revolving credit facility (the “Revolving Facility” and, together with the Term Facility, the “Facilities”).

On June 23, 2015, the Company entered into an amendment to the credit agreement to reprice the \$1.378 billion then outstanding on the Term Facility. As amended, the Term Facility has a \$1.078 billion floating rate tranche and a \$300 million fixed rate tranche. The maturity date for loans under the Term Facility was not changed by the amendment. The loans outstanding under the Term Facility will mature on May 9, 2021 and the loans outstanding (if any) and commitments under the Revolving Facility will mature and terminate, as the case may be, on May 9, 2019. After the amendment, loans under the variable rate tranche of the Term Facility bear interest at a rate equal to an adjusted LIBOR rate (subject to a floor of 0.75%) plus an applicable margin equal to 3.00% per annum. Loans under the fixed rate tranche of the Term Facility bear interest at a rate of 4.75%. Loans under the Revolving Facility will bear interest at a rate equal to an adjusted LIBOR rate plus an applicable margin equal to 1.75% per annum. Such rates are subject to decrease by up to 25 basis points in the event that, and for so long as, the Company’s net leverage ratio (as defined in the credit agreement) is less than certain thresholds. The variable rate tranche of the Term Facility was issued at par and has a 1% required amortization per year. The obligations of the Company under the Facilities are unconditionally guaranteed jointly and severally by, subject to certain exceptions, all material domestic subsidiaries of the Company (the “Guarantors”) and secured, subject to certain exceptions, by a security interest in substantially all of the assets of the Company and the Guarantors.

The credit agreement contains certain customary affirmative and negative covenants that limit or restrict the ability of the Company and its restricted subsidiaries to enter into certain transactions or take certain actions. In addition, the credit agreement contains a financial covenant that requires the Company, if on the last day of any fiscal quarter loans or letters of credit were outstanding under the Revolving Facility (excluding up to \$15 million of letters of credit), to maintain a maximum net leverage ratio (as defined in the credit agreement) of, initially, 5.25 to 1.00 for the four fiscal quarter period preceding such day. Such maximum net leverage ratio requirement is subject to decrease during the duration of the facility to a minimum level (when applicable) of 3.50 to 1.00. During the first three months of 2016, the Company repaid \$40 million on its Term Facility. As of April 3, 2016, there were no loans and \$12.2 million in

letters of credit outstanding under the Revolving Facility. The Company is in compliance with all the covenants associated with the Revolving Facility as of the end of the period covered by this report.

The Company has four committed loan facilities for the funding of new manufacturing facilities in China, for a combined 94.8 million RMB and \$1.8 million. As of April 3, 2016, on a combined basis, \$13.2 million is outstanding. Principal will be repaid in accordance with the payment schedules ending in 2019. The Company repaid \$0.1 million on these loans in the first quarter to 2016.

As of April 3, 2016, the Company had \$37.2 million in uncommitted short-term bank credit lines, of which approximately \$5.8 million was in use.

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Note 8. Benefit Plans

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

Components of Net Periodic Benefit Cost

	Pension Benefits	
	Three Months Ended	
	Apr. 3, 2016	Mar. 29, 2015
	(millions of dollars)	
Service cost	\$ 2.3	\$ 2.6
Interest cost	3.4	3.9
Expected return on plan assets	(4.6)	(5.1)
Amortization:		
Prior service cost	0.2	0.3
Recognized net actuarial loss	2.6	2.8
Net periodic benefit cost	\$ 3.9	\$ 4.5

	Other Benefits	
	Three Months Ended	
	Apr. 3, 2016	Mar. 29, 2015
	(millions of dollars)	
Service cost	\$ 0.1	\$ 0.1
Interest cost	0.1	0.1
Amortization:		
Prior service cost	(0.8)	(0.8)
Recognized net actuarial (gain)/loss		-
Net periodic benefit cost	\$ (0.6)	\$ (0.6)

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

Employer Contributions

The Company expects to contribute approximately \$11.0 million to its pension plans and \$0.6 million to its other postretirement benefit plans in 2016. As of April 3, 2016, \$0.8 million has been contributed to the pension plans and approximately \$0.1 million has been contributed to the other postretirement benefit plans.

Note 9. Comprehensive Income

Explanation of Responses:

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The following table summarizes the amounts reclassified out of accumulated other comprehensive income (loss) attributable to the Company:

Amounts Reclassified Out of Accumulated Other Comprehensive Income (Loss)	Three Months Ended	
	Apr. 3, 2016	Mar. 29, 2015
	(millions of dollars)	
Amortization of pension items:		
Pre-tax amount	\$ 2.0	\$ 2.3
Tax	(0.7)	(0.9)
Net of tax	\$ 1.3	\$ 1.4

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The pre-tax amounts in the table above are included within the components of net periodic pension benefit cost (see Note 8 to the Condensed Consolidated Financial Statements) and the tax amounts are included within provision for taxes on income line within Condensed Consolidated Statements of Income.

The major components of accumulated other comprehensive income, net of related tax, attributable to MTI are as follows:

	Foreign Currency Translation Adjustment (millions of dollars)	Unrecognized Pension Costs	Net Gain on Cash Flow Hedges	Total
Balance as of December 31, 2015	\$(108.7)	\$ (74.8)	\$ 2.6	\$(180.9)
Other comprehensive income (loss) before reclassifications	9.7	-	-	9.7
Amounts reclassified from AOCI	-	1.3	-	1.3
Net current period other comprehensive income (loss)	9.7	1.3	-	11.0
Balance as of April 3, 2016	\$(99.0)	\$ (73.5)	\$ 2.6	\$(169.9)

Note 10. Accounting for Asset Retirement Obligations

The Company records asset retirement obligations for situations in which the Company will be required to incur costs to retire tangible long-lived assets. The fair value of the liability for an asset retirement obligation is recognized in the period in which it is incurred if a reasonable estimate of fair value can be made.

The Company also records liabilities related to land reclamation as a part of asset retirement obligations. The Company mines various minerals using a surface mining process that requires the removal of overburden. In certain areas and under various governmental regulations, the Company is obligated to restore the land comprising each mining site to its original condition at the completion of the mining activity. The obligation is adjusted to reflect the passage of time, mining activities, and changes in estimated future cash outflows.

The following is a reconciliation of asset retirement obligations as of April 3, 2016:

	(millions of dollars)
Asset retirement liability, December 31, 2015	\$ 21.4
Accretion expense	0.4
Payments	(0.2)
Foreign currency translation	0.2
Asset retirement liability, April 3, 2016	\$ 21.8

The asset retirement costs are capitalized as part of the carrying amount of the associated asset. The current portion of the liability of approximately \$1.9 million is included in other current liabilities and the long-term portion of the liability of approximately \$19.9 million is included in other non-current liabilities in the Condensed Consolidated Balance Sheet as of April 3, 2016.

Note 11. Contingencies

We are party to a number of lawsuits arising in the normal course of our business.

On May 8, 2013, Armada (Singapore) PTE Limited, an ocean shipping company now in bankruptcy ("Armada") filed a case in federal court in the Northern District of Illinois against AMCOL and certain of its subsidiaries (Armada (Singapore) PTE Limited v. AMCOL International Corp., et al., United States District Court for the Northern District of Illinois , Case No. 13 CV 3455). We acquired AMCOL and its subsidiaries on May 9, 2014. A co-defendant is Ashapura Minechem Limited, a company located in Mumbai, India ("AML"). During the relevant time period, 2008-2010, AMCOL owned slightly over 20% of the outstanding AML stock through December 2009, after which it owned approximately 19%. In 2008, AML entered into two contracts of affreightment ("COA") with Armada for over 60 ship loads of bauxite from India to China. After one shipment, AML made no further shipments, which led Armada to file arbitrations in London against AML, one for each COA. AML did not appear in the London arbitrations and default awards of approximately \$70 million were entered. The litigation filed by Armada against AMCOL and AML relates to these awards, which AML has not paid. The substance of the allegations by Armada is that AML and AMCOL engaged in illegal conduct to thwart Armada's efforts to collect the arbitration award. The counts in the complaint include both violations of the Illinois Fraudulent Transfer laws as well as federal RICO violations. The lawsuit seeks money damages, as well as injunctive relief. The litigation is in the discovery phase. Discovery is currently scheduled to last into the fourth quarter of 2016. We have accrued an estimate of potential damages for the Armada lawsuit, the amount of which was not material to our financial position, results of operations or cash flows.

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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 5 pending silica cases and 15 pending asbestos cases. Of the five pending silica cases, one involves claims by 25 plaintiffs. To date, 1,490 silica cases and 47 asbestos cases have been dismissed, not including any lawsuits against AMCOL or American Colloid Company dismissed prior to our acquisition of AMCOL. Two new asbestos cases and no new silica cases were filed in the first quarter of 2016. One asbestos case was dismissed during the quarter. In addition, during the first quarter of 2016 we learned that 25 silica cases in West Virginia had been dismissed previously.

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 settled only one silica lawsuit, for a nominal amount, and no asbestos lawsuits to date (not including any that may have been settled by AMCOL prior to completion of the acquisition). 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 continues to be insignificant. The majority of the costs of defense for these cases, excluding cases against AMCOL or American Colloid, are 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 15 pending asbestos cases all except four allege liability based on products sold largely or entirely prior to the initial public offering, and for which the Company is therefore entitled to indemnification pursuant to such agreements. The four exceptions pertain to a pending asbestos case against American Colloid Company, and three for which no period of alleged exposure has been stated by plaintiffs. 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 and assessing site-specific risks. We are awaiting regulators' approval of the risk assessment report, which will form the basis for a proposal by the Company concerning eventual remediation.

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. Pursuant to a Consent Decree entered on October 24, 2014, the United States paid the Company \$2.3 million in the 4th quarter of 2014 to resolve the Company's claim for response costs for investigation and initial remediation activities at this facility through October 24, 2014. Contribution by the United States to any future costs of investigation or additional remediation has, by agreement, been left unresolved. Though the cost of the likely remediation remains uncertain pending completion of the phased remediation decision process, we have estimated that the Company's share of the cost of the encapsulation

and limited soil removal described above would approximate \$0.4 million, which has been accrued as of April 3, 2016.

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The Company is evaluating options for upgrading the wastewater treatment facilities at its Adams, Massachusetts plant. This work has been undertaken pursuant to an administrative Consent Order originally issued by the Massachusetts Department of Environmental Protection (“DEP”) on June 18, 2002. This order was amended on June 1, 2009 and on June 2, 2010. The amended Order includes the investigation by January 1, 2022 of options for ensuring that the facility's wastewater treatment ponds will not result in unpermitted discharge to groundwater. Additional requirements of the amendment include the submittal by July 1, 2022 of a plan for closure of a historic lime solids disposal area. Preliminary engineering reviews completed in 2005 indicate that the estimated cost of wastewater treatment upgrades to operate this facility beyond 2024 may be between \$6 million and \$8 million. The Company estimates that the remaining remediation costs would approximate \$0.4 million, which has been accrued as of April 3, 2016.

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

Note 12. Non-controlling interests

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

	Equity Attributable to MTI			Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling Interests	Total
	Common Stock	Additional Paid-in Capital	Retained Earnings				
	(millions of dollars)						
Balance as of December 31, 2015	\$4.8	\$ 387.6	\$ 1,292.7	\$ (180.9)	\$ (593.7)	\$ 27.2	\$ 937.7
Net income	-	-	33.9	-	-	0.9	34.8
Other comprehensive income (loss)	-	-	-	11.0	-	0.2	11.2
Dividends declared	-	-	(1.7)	-	-	-	(1.7)
Dividends to non-controlling interest	-	-	-	-	-	(0.1)	(0.1)
Purchase of treasury stock	-	-	-	-	(2.3)	-	(2.3)
Issuance of shares pursuant to employee stock compensation plans	-	0.5	-	-	-	-	0.5
Income tax benefit arising from employee stock compensation plans	-	(0.6)	-	-	-	-	(0.6)
Stock based compensation	-	(0.1)	-	-	-	-	(0.1)
Balance as of April 3, 2016	\$4.8	\$ 387.4	\$ 1,324.9	\$ (169.9)	\$ (596.0)	\$ 28.2	\$ 979.4

The income attributable to non-controlling interests for the three-month periods ended April 3, 2016 and March 29, 2015 was from continuing operations. The remainder of income was attributable to MTI.

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Note 13. Segment and Related Information

The Company has 5 reportable segments: Specialty Minerals, Refractories, Performance Materials, Construction Technologies, and Energy Services. See Note 1 to the Condensed Consolidated Financial Statements. Segment information is as follows:

	Three Months Ended	
	Apr. 3, 2016	Mar. 29, 2015
	(millions of dollars)	
Net Sales		
Specialty Minerals	\$ 155.6	\$ 154.0
Refractories	69.2	73.9
Performance Materials	119.0	127.9
Construction Technologies	40.6	38.9
Energy Services	25.8	58.6
Total	\$ 410.2	\$ 453.3
Income from Operations		
Specialty Minerals	\$ 25.7	\$ 23.1
Refractories	6.8	8.3
Performance Materials	23.8	23.8
Construction Technologies	4.4	4.1
Energy Services	(0.1)	5.8
Total	\$ 60.6	\$ 65.1

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

	Income from operations before provision for taxes on income Three Months Ended	
	Apr. 3, 2016	Mar. 29, 2015
	(millions of dollars)	
Income from operations for reportable segments	\$ 60.6	\$ 65.1
Acquisition Related Transaction and Integration Costs	(1.6)	(3.4)
Unallocated corporate expenses	(1.4)	(1.8)
	57.6	59.9

Explanation of Responses:

Consolidated income from operations				
Non-operating deductions, net	(12.4)	(12.2)
Income from continuing operations before provision for taxes on income	\$	45.2	\$	47.7

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

	Three Months Ended	
	Apr. 3, 2016	Mar. 29, 2015
	(millions of dollars)	
Paper PCC	\$ 103.2	\$ 105.2
Specialty PCC	16.7	16.5
Talc	15.0	13.8
Ground Calcium Carbonate	20.7	18.5
Refractory Products	53.4	58.3
Metallurgical Products	15.8	15.6
Metalcasting	60.0	65.2
Household, Personal Care and Specialty Products	45.3	41.8
Basic Minerals and Other Products	13.7	20.9
Environmental Products	13.4	11.4
Building Materials and Other Products	27.2	27.5
Energy Services	25.8	58.6
Total	\$ 410.2	\$ 453.3

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Minerals Technologies Inc.:

We have reviewed the accompanying condensed consolidated balance sheet of Minerals Technologies Inc. and subsidiaries as of April 3, 2016, the related condensed consolidated statements of income and comprehensive income for the three-month periods ended April 3, 2016 and March 29, 2015, and the related condensed consolidated statements of cash flows for the three-month periods ended April 3, 2016 and March 29, 2015. These condensed consolidated financial statements are the responsibility of the Company's management.

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

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

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Minerals Technologies Inc. and subsidiaries as of December 31, 2015, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 19, 2016, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2015, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

New York, New York
May 6, 2016

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

Executive Summary

Consolidated sales for the first quarter of 2016 were \$410.2 million as compared with \$453.3 million in the prior year, down 10%. Weak market conditions in the oil and gas sector led to reduced sales in our Energy Services segment by \$31 million, or 7% of consolidated sales. Foreign exchange had an unfavorable impact on sales of \$17.4 million, or 4%. Income from operations was \$57.6 million as compared with \$59.9 million in the prior year, a decrease of 4%. Net income was \$33.9 million as compared to \$35.1 million in the first quarter of 2015.

Diluted earnings from continuing operations in the first quarter ended April 3, 2016 were \$0.97 per share. Included in pre-tax income and earnings per share were \$1.6 million acquisition integration costs and \$0.9 million of restructuring charges which reduced earnings by \$0.05 per share.

The Company continued to advance the execution of its growth strategies of geographic expansion and new product innovation and development. Our businesses in China grew 15 percent over prior year and our long-term targets in the region remain on track. We presently have three additional satellites under construction in China with a total annual capacity of 215,000 tons. The Company continued to see progress in its major growth strategy of developing and commercializing new products. We recently a new signed a commercial agreement for FulFill® high filler technology with a major papermaker in China. We now have twenty-five commercial contracts for FulFill® globally.

Long term debt as of April 3, 2016 was \$1,217.7 million. During the first quarter of 2016, we repaid \$40.0 million of our long-term debt. Cash, cash equivalents and short-term investments were \$215.4 million as of April 3, 2016. Our intention continues to be to use excess cash flow primarily to repay debt and to de-lever as quickly as possible.

Outlook

Looking forward, we remain cautious about the state of the global economy and the impact it will have on our product lines.

The Company will continue to focus on innovation and new product development and other opportunities for sales growth in 2016 from its existing businesses, as follows:

- Develop multiple high-filler technologies 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.
- Develop products and processes for waste management and recycling opportunities to reduce the environmental impact of the paper mill, reduce energy consumption and improve the sustainability of the papermaking process, including our New Yield™ products.
- Further penetration into the packaging segment of the paper industry.
- 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.
- Increase our presence and gain penetration of our bentonite based foundry customers for the Metalcasting industry in emerging markets, such as China and India.
- Increase our presence and market share in global pet care products, particularly in emerging markets.
- Deploy new products in pet care such as lightweight litter.
- 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 carbonate 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.

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- 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.
- Increase our presence and market share in Asia and in the global powdered detergent market.
- Continue the development of our proprietary Enersol® products for agricultural applications worldwide.
- Pursue opportunities for our products in environmental and building and construction markets in the Middle East, Asia Pacific and South America regions.
- Increase our presence and market share for geosynthetic clay liners within the Environmental Products product line.
- Increase our presence and market penetration in filtration and well testing within the Energy Services segment.
- Increase global market share in the floating production storage and offloading (FPSO) in filtration.
- Deploy operational excellence principles into all aspects of the organization, including system infrastructure and lean principles.
- Continue to explore selective small bolt-on type acquisitions to fit our core competencies in minerals and fine particle technology.

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

Results of Operations

Three months ended April 3, 2016 as compared with three months ended March 29, 2015

Consolidated Income Statement Review

	Three Months Ended,		Growth	
	Apr. 3 2016	Mar. 29 2015	\$	%
	(Dollars in millions)			
Net sales	\$410.2	\$ 453.3	\$(43.1)	-9.5 %
Cost of sales	297.5	336.7	(39.2)	-11.6 %
Production margin	112.7	116.6	(3.9)	-3.3 %
Production margin %	27.5 %	25.7 %		
Marketing and administrative expenses	46.7	47.4	(0.7)	-1.5 %
Research and development expenses	5.9	5.9	-	0.0 %
Acquisition related transaction and integration costs	1.6	3.4	(1.8)	-52.9 %
Restructuring and other charges	0.9	-	0.9	100.0 %
			-	
Income from operations	57.6	59.9	(2.3)	-3.8 %
Operating margin %	14.0 %	13.2 %		
Interest expense, net	(14.1)	(15.4)	1.3	-8.4 %
Other non-operating income (deductions), net	1.7	3.2	(1.5)	-46.9 %
Total non-operating deductions, net	(12.4)	(12.2)	(0.2)	1.6 %
Income before provision for taxes and equity in earnings	45.2	47.7	(2.5)	-5.2 %
Provision for taxes on income	10.7	12.1	(1.4)	-11.6 %
Effective tax rate	23.7 %	25.4 %		
Equity in earnings of affiliates, net of tax	0.3	0.4	(0.1)	-25.0 %

Explanation of Responses:

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Net income	34.8	36.0	(1.2)	-3.3 %
Net income attributable to non-controlling interests	0.9	0.9	-	0.0 %
Net income attributable to Minerals Technologies Inc. (MTI)	33.9	35.1	(1.2)	-3.4 %

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Net Sales

	Three Months Ended Apr. 3, 2016			Three Months Ended Mar. 29, 2015		
	Net Sales (Dollars in millions)	% of Total Sales	% Growth	Net Sales	% of Total Sales	% Growth
U.S.	\$244.2	59.5	% -8.8	\$ 267.9	59.1	%
International	166.0	40.5	% -10.5	185.4	40.9	%
Total sales	\$410.2	100.0	% -9.5	\$ 453.3	100.0	%
Specialty Minerals Segment	\$ 155.6	37.9	% 1.0	\$ 154.0	34.0	%
Refractories Segment	69.2	16.9	% -6.4	73.9	16.3	%
Performance Materials Segment	119.0	29.0	% -7.0	127.9	28.2	%
Construction Technologies Segment	40.6	9.9	% 4.4	38.9	8.6	%
Energy Services Segment	25.8	6.3	% -56.0	58.6	12.9	%
Total sales	\$410.2	100.0	% -9.5	\$ 453.3	100.0	%

Total sales decreased \$43.1 million or 10% from the previous year to \$410.2 million. The aforementioned weak market conditions in the oil and gas sector and the effects of foreign exchange had a combined unfavorable impact on our sales of over \$50 million, or 11 percentage points.

Approximately \$244.2 million of sales were generated within the United States and \$166.0 million of sales originated in international regions.

Operating Costs and Expenses

Cost of sales was \$297.5 million, a decrease of 12% from prior year and was 72.5% of sales compared with 74.3% of sales in the prior year. Gross margins improved 8% to 27.5% due to lower variable manufacturing costs, including productivity gains of over 5%. These factors more than offset the impact of weak market conditions in the Energy Services and Refractories Segments,

Marketing and administrative costs were \$46.7 million as compared to \$47.4 million in prior year.

Research and development expenses were \$5.9 million during both the three months ended April 3, 2016 and March 29, 2015.

The Company incurred a charge of \$1.6 million and \$3.4 million for acquisition-related transaction and integration costs during the three months ended April 3, 2016 and March 29, 2015, respectively. In addition, there were \$0.9 million of restructuring charges recorded within the Energy Services segment during the three months ended April 3, 2016.

Income from Operations

The Company recorded income from operations of \$57.6 million as compared to \$59.9 million in the comparable prior year period. Operating income was 14.0% of sales in the first quarter of 2016 compared with 13.2% of sales in 2015, as lower manufacturing costs, including productivity gains, helped to offset the impact of lower sales.

Non-Operating Income (Deductions)

During the first quarter of 2016, non-operating deductions were primarily comprised of \$14.1 million of interest expense and \$2.4 million in foreign exchange gains as compared to \$15.4 million of interest expense and \$3.5 million of foreign exchange gains in the prior year.

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Provision for Taxes on Income

Provision for taxes on income was \$10.7 million as compared to \$12.1 million in prior year. The effective tax rate was 23.7% as compared to 25.4% in prior year. The reduction in the effective tax rate during 2016 was primarily due to a change in the mix of earnings.

Income from Continuing Operations, Net of Tax

Income from continuing operations, net of tax, was \$34.8 million during the three months ended April 3, 2016 and included a \$1.6 million charge, net of tax, relating to acquisition integration costs and restructuring.

Segment Review

The following discussions highlight the operating results for each of our five segments.

Specialty Minerals Segment

Specialty Minerals Segment	Three Months Ended		Growth
	Apr. 3, 2016	Mar. 29, 2015	
	(millions of dollars)		
Net Sales			
Paper PCC	\$ 103.2	\$ 105.2	\$(2.0) -1.9 %
Specialty PCC	16.7	16.5	0.2 1.2 %
PCC Products	\$ 119.9	\$ 121.7	\$(1.8) -1.5 %
Talc	\$ 15.0	\$ 13.8	\$1.2 8.7 %
Ground Calcium Carbonate	20.7	18.5	2.2 11.9%
Processed Minerals Products	\$ 35.7	\$ 32.3	\$3.4 10.5 %
Total net sales	\$ 155.6	\$ 154.0	\$1.6 1.0 %
Income from operations	\$ 25.7	\$ 23.1	\$2.6 11.3%
% of net sales	16.5 %	15.0 %	%

Worldwide net sales in the Specialty Minerals segment were \$155.6 million, an increase of \$1.6 million or 1% compared to the prior year. Foreign exchange had an unfavorable impact on current year sales of \$5.7 million or 4%.

Worldwide net sales of PCC products, which are primarily used in the manufacturing process of the paper industry, decreased 1.5 % to \$119.9 million from \$121.7 million in the prior year. Paper PCC sales decreased 2% to \$103.2 million primarily due to the unfavorable impact of foreign exchange. Paper PCC sales in China increased 45 percent over prior year due to the startup of three new facilities since the first quarter of 2015. Sales of Specialty PCC increased 1% over the prior year.

Net sales of Processed Minerals products increased 11% to \$35.7 million. Talc sales increased 9% and Ground Calcium Carbonate sales increased 12% primarily due to increased volumes.

Income from operations for the Specialty Minerals segment was a record for the first quarter and increased 11% over prior year to \$25.7 million. Income from operations as a percentage of sales improved due to improved profitability in the Processed Minerals product line and good cost and expense control. Foreign exchange had an unfavorable impact

on Specialty Minerals operating income of \$1.4 million, or 6 percent.

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Refractories Segment

Refractories Segment	Three Months Ended		Growth	
	Apr. 3, 2016	Mar. 29, 2015		
	(millions of dollars)			
Net Sales				
Refractory Products	\$ 53.4	\$ 58.3	\$(4.9)	-8.4 %
Metallurgical Products	15.8	15.6	0.2	1.3 %
Total net sales	\$ 69.2	\$ 73.9	\$(4.7)	-6.4 %
Income from operations	\$ 6.8	\$ 8.3	\$(1.5)	-18.1 %
% of net sales	9.8 %	11.2 %		

Net sales in the Refractories segment decreased 6.4% to \$69.2 million from \$73.9 million in the prior year. Foreign exchange had an unfavorable impact on sales of \$2.6 million or 4 %. Sales of refractory products and systems to steel and other industrial applications decreased 8 % to \$53.4 million primarily due to lower volumes and the unfavorable impact of foreign exchange. Sales of metallurgical products increased 1% to \$15.8 million due to volume increases.

Income from operations decreased to \$6.8 million from \$8.3 million in the prior year and represented 10.0% of sales.

Performance Materials Segment

Performance Materials Segment	Three Months Ended		Growth	
	Apr. 3, 2016	Mar. 29, 2015		
	(millions of dollars)			
Net Sales				
Metalcasting	\$ 60.0	\$ 65.2	\$(5.2)	-8.0 %
Household, Personal Care and Specialty Products	45.3	41.8	3.5	8.4 %
Basic Minerals and Other Products	13.7	20.9	(7.2)	-34.4 %
Total net sales	\$ 119.0	\$ 127.9	\$(8.9)	-7.0 %
Income from operations	\$ 23.8	\$ 23.8		
% of net sales	20.0 %	18.6 %		

Net sales in the Performance Materials segment decreased 7.0% to \$119.0 million from \$127.9 million in the prior year. Foreign exchange had an unfavorable impact on sales of \$5.6 million or 4%. Weakness in the agricultural sector affected sales in the Metalcasting product line. Sales in Household, Personal Care and Specialty Products increased 8 percent due to strong Pet Care, Personal Care and Fabric Care sales. Basic minerals and Other Products decreased \$7.2 million or 34% from prior year due to lower drilling and iron ore pelletizing sales from continued weak oil and gas drilling activity and lower steel production in the U.S.

Income from operations was \$23.8 million and 20.0% of sales as compared to 18.6% of sales in the prior year.

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Construction Technologies Segment

Construction Technologies Segment	Three Months Ended		Growth	
	Apr. 3, 2016	Mar. 29, 2015		
	(millions of dollars)			
Net Sales				
Environmental Products	\$ 13.4	\$ 11.4	\$2.0	17.5 %
Building Materials and Other Products	27.2	27.5	(0.3)	-1.1 %
Total net sales	\$ 40.6	\$ 38.9	\$1.7	4.4 %
Income from operations	\$ 4.4	\$ 4.1	\$0.3	7.3 %
% of net sales	10.8 %	10.5 %		

Net sales in the Construction Technologies segment increased 4.4% to \$40.6 million from \$38.9 million in the prior year. Environmental Products increased 18% to \$13.4 million due to higher volumes. Foreign exchange had an unfavorable impact on sales of \$1.4 million or 4%.

Income from operations was \$4.4 million, increased 7.3% over prior year and represented 10.8% of sales.

Energy Services Segment

Energy Services Segment	Three Months Ended		Growth	
	Apr. 3, 2016	Mar. 29, 2015		
	(millions of dollars)			
Net Sales	\$ 25.8	\$ 58.6	\$(32.8)	-56.0 %
Income (loss) from operations	\$ (0.1)	\$ 5.8	\$(5.9)	*
% of net sales	-0.4 %	9.9 %		

*Percentage not meaningful

Net sales in the Energy Services segment decreased 56.0% to \$25.8 million from \$58.6 million in the prior year. The exit from the Coiled Tubing service line in August 2015 reduced sales by \$8.9 million, or 15 percent. Foreign exchange had an unfavorable impact on sales of \$2.2 million, or 4 percent. This segment continues to experience pressure in all product lines due to weak market conditions in the oil and gas sector.

Loss from operations was \$0.1 million during the three months ended April 3, 2016. Included in the loss from operations in the first quarter of 2016 were restructuring charges of \$0.8 million. The segment continues to aggressively reduce costs to offset the significant overcapacity in U.S. onshore oil and gas services caused by the oil price decline.

Liquidity and Capital Resources

Cash provided from continuing operations during the three months ended April 3, 2016, was approximately \$41.8 million. Cash flows provided from operations during the first three months of 2016 were principally used to fund capital expenditures, to repay debt, to repurchase shares of our common stock, and to pay the Company's dividend to common shareholders. Our intention is to use excess cash flow primarily to repay debt and to de-lever as

quickly as possible. During the first quarter of 2016, the Company repaid \$40 million in principal amount of its long-term debt. The aggregate maturities of long-term debt are as follows: remainder of 2016 - \$3.0 million; 2017 - \$6.2 million; 2018 - \$2.2 million; 2019 - \$1.7 million; 2020 - \$-- million; thereafter - \$1,238.0 million.

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On May 9, 2014, in connection with the acquisition of AMCOL International Corporation (“AMCOL”), the Company entered into a credit agreement providing for the \$1.560 billion senior secured term loan facility (the “Term Facility”) and a \$200 million senior secured revolving credit facility (the “Revolving Facility” and, together with the Term Facility, the “Facilities”). The net proceeds of the Term Facility, together with the Company’s cash on hand, were used as cash consideration for the acquisition of AMCOL and to refinance certain existing indebtedness of the Company (including the Company’s 3.46% Series A Senior Notes due October 7, 2020 and 4.13% Series B Senior Notes due October 7, 2023) and AMCOL and to pay fees and expenses in connection with the foregoing. Loans under the Revolving Facility will be used for working capital and other general corporate purposes of the Company and its subsidiaries.

On June 23, 2015, the Company entered into an amendment to the credit agreement to reprice the \$1.378 billion then outstanding on the Term Facility. As amended, the Term Facility has a \$1.078 billion floating rate tranche and a \$300 million fixed rate tranche. The maturity date for loans under the Term Facility was not changed by the amendment. The loans outstanding under the Term Facility will mature on May 9, 2021 and the loans outstanding (if any) and commitments under the Revolving Facility will mature and terminate, as the case may be, on May 9, 2019. After the amendment, loans under the variable rate tranche of the Term Facility bear interest at a rate equal to an adjusted LIBOR rate (subject to a floor of 0.75%) plus an applicable margin equal to 3.00% per annum. Loans under the fixed rate tranche of the Term Facility bear interest at a rate of 4.75%. Loans under the Revolving Facility will bear interest at a rate equal to an adjusted LIBOR rate plus an applicable margin equal to 1.75% per annum. Such rates are subject to decrease by up to 25 basis points in the event that, and for so long as, the Company’s net leverage ratio (as defined in the credit agreement) is less than certain thresholds. The variable rate tranche of the Term Facility was issued at par and has a 1% required amortization per year. The fixed rate tranche of the Term Facility was issued at a 0.25% discount. The Company will pay certain fees under the credit agreement, including customary annual administration fees. The loans under the fixed rate tranche of the Term Facility are subject to prepayment premiums in the event of certain prepayments prior to the third anniversary of the effective date of the amendment. The obligations of the Company under the Facilities are unconditionally guaranteed jointly and severally by, subject to certain exceptions, all material domestic subsidiaries of the Company (the “Guarantors”) and secured, subject to certain exceptions, by a security interest in substantially all of the assets of the Company and the Guarantors.

The credit agreement contains certain customary affirmative and negative covenants that limit or restrict the ability of the Company and its restricted subsidiaries to enter into certain transactions or take certain actions. In addition, the credit agreement contains a financial covenant that requires the Company, if on the last day of any fiscal quarter loans or letters of credit were outstanding under the Revolving Facility (excluding up to \$15 million of letters of credit), to maintain a maximum net leverage ratio (as defined in the credit agreement) of, initially, 5.25 to 1.00 for the four fiscal quarter period preceding such day. Such maximum net leverage ratio requirement is subject to decrease during the duration of the facility to a minimum level (when applicable) of 3.50 to 1.00. As of April 3, 2016, there were no loans and \$12.2 million in letters of credit outstanding under the Revolving Facility. The Company is in compliance with all the covenants associated with this Revolving Facility as of the end of the period covered by this report.

The Company has four committed loan facilities for the funding of new manufacturing facilities in China, for a combined 94.8 million RMB and \$1.8 million. As of April 3, 2016, on a combined basis, \$13.2 million is outstanding. Principal will be repaid in accordance with the payment schedules ending in 2019. The Company repaid \$1.1 million on these loans in the first quarter to 2016.

As of April 3, 2016, the Company had \$37.1 million in uncommitted short-term bank credit lines, of which approximately \$5.8 million was in use. The credit lines are primarily outside the U.S. and 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. We anticipate that capital expenditures for 2016 should be between \$80.0 million and \$90.0 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, committed and uncommitted bank credit lines and, where appropriate, project financing of certain satellite plants.

On April 5, 2016, the Company entered into a floating to fixed interest rate swap for an initial aggregate notional amount of \$300 million to limit exposure to interest rate increases related to a portion of the Company's floating rate indebtedness. This swap agreement hedge a portion of contractual floating rate interest through the expiration of the agreements in May 2021. As a result of the agreement, the Company's effective fixed interest rate on the notional amount floating rate indebtedness will be 4.25%.

On September 16, 2015, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to \$150 million of the Company's shares over a two-year period commencing October 3, 2015. As of April 3, 2016, 49,098 shares have been repurchased under this program for \$2.4 million, or an average price of approximately \$48.37 per share.

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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. During the three months ended April 3, 2016, there were no material changes in the Company's contractual obligations. For an in-depth discussion of the Company's contractual obligations, see "Liquidity and Capital Resources" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's Annual Report on Form 10-K for the year ended December 31, 2015.

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

The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Company. This report contains statements that the Company believes may be "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, particularly statements relating to the Company's objectives, plans or goals, future actions, future performance or results of current and anticipated products, sales efforts, expenditures, and financial results. From time to time, the Company also provides forward-looking statements in other publicly-released materials, both written and oral. Forward-looking statements provide current expectations and forecasts of future events such as new products, revenues and financial performance, and are not limited to describing historical or current facts. They can be identified by the use of words such as "believes," "expects," "plans," "intends," "anticipates," and other words and phrases of similar meaning.

Forward-looking statements are necessarily based on assumptions, estimates and limited information available at the time they are made. A broad variety of risks and uncertainties, both known and unknown, as well as the inaccuracy of assumptions and estimates, can affect the realization of the expectations or forecasts in these statements. Many of these risks and uncertainties are difficult to predict or are beyond the Company's control. Consequently, no forward-looking statement can be guaranteed. Actual future results may vary materially. Significant factors affecting the expectations and forecasts are set forth under "Item 1A — Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2015, and in Exhibit 99 to this Quarterly Report on Form 10-Q.

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

Recently Issued Accounting Standards

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 (ASUs) to the FASB's Accounting Standards Codification.

The Company considers the applicability and impact of all ASUs. ASUs 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.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers" which will supersede nearly all existing revenue recognition guidance under U.S. GAAP. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced

disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The guidance is effective for the interim and annual periods beginning on or after December 15, 2017. The guidance permits the use of either a retrospective or cumulative effect transition method. The Company has not yet selected a transition method and is currently evaluating the impact of this ASU on the Company's consolidated financial statements and related disclosures. The Company expects to complete this analysis by the fourth quarter of 2016.

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Inventory – Simplifying the Measurement of Inventory

In July 2015, the FASB issued ASU No. 2015-11, “Inventory (Topic 330): Simplifying the Measurement of Inventory.” Under this accounting guidance, inventory will be measured at the lower of cost and net realizable value and other options that currently exist for market value will be eliminated. ASU No. 2015-11 defines net realizable value as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. No other changes were made to the current guidance on inventory measurement. ASU 2015-11 is effective for fiscal years beginning after December 15, 2016, and interim periods within fiscal years beginning after December 15, 2017 with early adoption permitted. The adoption of this guidance is not expected to have a material impact on the Company’s financial statements.

Leases

In February 2016, the FASB issued ASU 2016-02, “Leases”, which requires lessees to recognize most leases on-balance sheet, thereby increasing their reported assets and liabilities, in some cases very significantly. Lessor accounting remains substantially similar to current U.S. GAAP. ASU 2016-02 is effective for public business entities for annual and interim periods in fiscal years beginning after December 15, 2018. ASU 2016-02 mandates a modified retrospective transition method for all entities. The Company is currently evaluating the impact of this ASU on the Company’s consolidated financial statements and related disclosures; however, the Company does not believe the adoption of this guidance is not expected to have a material impact on the Company’s financial statements.

Investments – Equity Method and Joint Ventures

In March 2016, the FASB issued ASU 2016-07, “Simplifying the Transition to the Equity Method of Accounting”, which eliminates the requirement for an investor to retroactively apply the equity method when its increase in ownership interest (or degree of influence) in an investee triggers equity method accounting. ASU 2016-07 is effective for all entities for interim and annual periods in fiscal years beginning after December 15, 2016. The adoption of this guidance is not expected to have a material impact on the Company’s financial statements.

Stock Compensation – Improvements to Employee Share-Based Payment Accounting

In March 2016, the FASB issued ASU 2016-09, “Improvements to Employee Share-Based Payment Accounting”, which is intended to improve the accounting for share-based payment transactions as part of the FASB’s simplification initiative. The ASU changes seven aspects of the accounting for share-based payment award transactions, including: (1) accounting for income taxes; (2) classification of excess tax benefits on the statement of cash flows; (3) forfeitures; (4) minimum statutory tax withholding requirements; (5) classification of employee taxes paid on the statement of cash flows when an employer withholds shares for tax-withholding purposes; (6) practical expedient – expected term (nonpublic only); and (7) intrinsic value (nonpublic only). The ASU is effective for fiscal years beginning after December 15, 2016, and interim periods within those years for public business entities. Early adoption is permitted in any interim or annual period provided that the entire ASU is adopted. The Company is currently evaluating the impact of this ASU on the Company’s consolidated financial statements and related disclosures.

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, valuation of receivables, valuation of inventories, valuation of long-lived assets, pension plan assumptions, stock-based compensation assumptions, valuation of product liability and asset retirement obligation, income taxes, income tax valuation allowances and litigation and environmental liabilities. We base our estimates on historical experience and on other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that can not readily be determined from other sources. There can be no assurance that actual results will not differ from those estimates.

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ITEM 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in market prices and foreign currency and interest rates. We are exposed to market risk because of changes in foreign currency exchange rates as measured against the U.S. dollar. We do not anticipate that near-term changes in exchange rates will have a material impact on our future earnings or cash flows. However, there can be no assurance that a sudden and significant decline in the value of foreign currencies would not have a material adverse effect on our financial condition and results of operations. Our long-term bank debt bears interest at variable rates; therefore our results of operations would be affected by interest rate changes to the extent of such outstanding bank debt. An immediate 10 percent change in interest rates would have a material effect on our results of operations over the next fiscal year. A one-percent change in interest rates would result in \$4.4 million in incremental interest charges on an annual basis.

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

The Company had no significant derivative financial instruments outstanding at April 3, 2016. On April 5, 2016, the Company entered into a floating to fixed interest rate swap for an initial aggregate notional amount of \$300 million to limit exposure to interest rate increases related to a portion of the Company's floating rate indebtedness. This swap agreement hedge a portion of contractual floating rate interest through the expiration of the agreements in May 2021. As a result of the agreement, the Company's effective fixed interest rate on the notional amount floating rate indebtedness will be 4.25%.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

The Company is in the process of implementing a global enterprise resource planning ("ERP") system for the businesses acquired from AMCOL. As of April 3, 2016, most of the domestic locations of the acquired businesses were implemented on the new system. The worldwide implementation is expected to be completed over the next eighteen months and involves changes in the systems that include internal controls. Although the transition has proceeded to date without material adverse effects, the possibility exists that our migration to the new ERP system could adversely affect the Company's internal controls over financial reporting and procedures. We are reviewing each system as it is being implemented and the controls affected by the implementation of the new systems, and are making appropriate changes to the affected internal controls as we implement the new systems. We believe that the controls as modified are appropriate and functioning effectively.

Changes in Internal Control Over Financial Reporting

Except as described above, there were no changes in the Company's internal control over financial reporting during the quarter ended April 3, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

The Company and its subsidiaries are the subject of various pending legal actions in the ordinary course of their businesses. Except as described below, none of such legal proceedings are material.

Armada Litigation

On May 8, 2013, Armada (Singapore) PTE Limited, an ocean shipping company now in bankruptcy ("Armada") filed a case in federal court in the Northern District of Illinois against AMCOL and certain of its subsidiaries (Armada (Singapore) PTE Limited v. AMCOL International Corp., et al., United States District Court for the Northern District of Illinois , Case No. 13 CV 3455). We acquired AMCOL and its subsidiaries on May 9, 2014. A co-defendant is Ashapura Minechem Limited, a company located in Mumbai, India ("AML"). During the relevant time period, 2008-2010, AMCOL owned slightly over 20% of the outstanding AML stock through December 2009, after which it owned approximately 19%. In 2008, AML entered into two contracts of affreightment ("COA") with Armada for over 60 ship loads of bauxite from India to China. After one shipment, AML made no further shipments, which led Armada to file arbitrations in London against AML, one for each COA. AML did not appear in the London arbitrations and default awards of approximately \$70 million were entered. The litigation filed by Armada against AMCOL and AML relates to these awards, which AML has not paid. The substance of the allegations by Armada is that AML and AMCOL engaged in illegal conduct to thwart Armada's efforts to collect the arbitration award. The counts in the complaint include both violations of the Illinois Fraudulent Transfer laws as well as federal RICO violations. The lawsuit seeks money damages, as well as injunctive relief. The litigation is in the discovery phase. Discovery is currently scheduled to last into the fourth quarter of 2016. We have accrued an estimate of potential damages for the Armada lawsuit, the amount of which was not material to our financial position, results of operations or cash flows.

Silica and Asbestos Litigation

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 5 pending silica cases and 15 pending asbestos cases. Of the five pending silica cases, one involves claims by 25 plaintiffs. To date, 1,490 silica cases and 47 asbestos cases have been dismissed, not including any lawsuits against AMCOL or American Colloid Company dismissed prior to our acquisition of AMCOL. Two new asbestos cases and no new silica cases were filed in the first quarter of 2016. One asbestos case was dismissed during the quarter. In addition, during the first quarter of 2016 we learned that 25 silica cases in West Virginia had been dismissed previously.

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 settled only one silica lawsuit, for a nominal amount, and no asbestos lawsuits to date (not including any that may have been settled by AMCOL prior to completion of the acquisition). 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 continues to be insignificant. The majority of the costs of defense for these cases, excluding cases against AMCOL or American Colloid, are 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 15 pending asbestos cases all except four allege liability based on products sold largely or entirely prior to the initial public offering, and for which

the Company is therefore entitled to indemnification pursuant to such agreements. The four exceptions pertain to a pending asbestos case against American Colloid Company, and three for which no period of alleged exposure has been stated by plaintiffs. 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.

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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 and assessing site-specific risks. We are awaiting regulators' approval of the risk assessment report, which will form the basis for a proposal by the Company concerning eventual remediation.

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. Pursuant to a Consent Decree entered on October 24, 2014, the United States paid the Company \$2.3 million in the 4th quarter of 2014 to resolve the Company's claim for response costs for investigation and initial remediation activities at this facility through October 24, 2014. Contribution by the United States to any future costs of investigation or additional remediation has, by agreement, been left unresolved. Though the cost of the likely remediation remains uncertain pending completion of the phased remediation decision process, we have estimated that the Company's share of the cost of the encapsulation and limited soil removal described above would approximate \$0.4 million, which has been accrued as of April 3, 2016.

The Company is evaluating options for upgrading the wastewater treatment facilities at its Adams, Massachusetts plant. This work has been undertaken pursuant to an administrative Consent Order originally issued by the Massachusetts Department of Environmental Protection ("DEP") on June 18, 2002. This order was amended on June 1, 2009 and on June 2, 2010. The amended Order includes the investigation by January 1, 2022 of options for ensuring that the facility's wastewater treatment ponds will not result in unpermitted discharge to groundwater. Additional requirements of the amendment include the submittal by July 1, 2022 of a plan for closure of a historic lime solids disposal area. Preliminary engineering reviews completed in 2005 indicate that the estimated cost of wastewater treatment upgrades to operate this facility beyond 2024 may be between \$6 million and \$8 million. The Company estimates that the remaining remediation costs would approximate \$0.4 million, which has been accrued as of April 3, 2016.

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ITEM 1A. Risk Factors

For a description of Risk Factors, see Exhibit 99 attached to this report. There have been no material changes to our risk factors from those disclosed in our 2015 Annual Report on Form 10-K.

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

Issuer Purchases of Equity Securities:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of the Publicly Announced Program	Dollar Value of Shares that May Yet be Purchased Under the Program
January 1 - January 31	-	-	-	\$ 150,000,000
February 1 - February 28	34,098	\$ 46.02	34,098	\$ 148,430,786
February 29 - April 3	15,000	\$ 53.71	49,098	\$ 147,625,076
Total	49,098	\$ 48.37		

On September 16, 2015, the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to \$150 million of the Company's shares over a two-year period commencing October 3, 2015. As of April 3, 2016, 49,098 shares have been repurchased under this program for \$2.4 million.

ITEM 3. Default Upon Senior Securities

Not applicable.

ITEM 4. Mine Safety Disclosures

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

ITEM 5. Other Information

None

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ITEM 6. Exhibits

Exhibit No.	Exhibit Title
3.1	By-Laws of Minerals Technologies Inc., as amended and restated effective March 16, 2016 (incorporated by reference to the Exhibit 3.1 filed with the Company's Current Report on form 8-K filed on March 17, 2016).
10.1	Sixth Amendment to Employment Agreement, dated November 27, 2016, by and between Joseph C. Muscari and the Company (incorporated by reference to the Exhibit 10.1 filed with the Company's Current Report on form 8-K filed on February 1, 2016).
<u>15</u>	Letter Regarding Unaudited Interim Financial Information.
<u>31.1</u>	Rule 13a-14(a)/15d-14(a) Certification executed by the Company's principal executive officer.
<u>31.2</u>	Rule 13a-14(a)/15d-14(a) Certification executed by the Company's principal financial officer.
<u>32</u>	Section 1350 Certifications.
<u>95</u>	Information concerning Mine Safety Violations
<u>99</u>	Risk Factors
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

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SIGNATURE

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

Minerals Technologies Inc.

By: /s/ Douglas T. Dietrich
Douglas T. Dietrich
Senior Vice President, Finance and Treasury,
Chief Financial Officer

May 6, 2016

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