Raff Eitan
Form 4
July 14, 2011

FORM 4

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

OMB APPROVAL

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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 *
Raff Eitan

(Last) (First) (Middle)

C/O VERIFONE SYSTEMS, INC., 2099 GATEWAY PLACE, SUITE 600

(Street)

SAN JOSE, CA 95110

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
VERIFONE SYSTEMS, INC. [PAY]

3. Date of Earliest Transaction (Month/Day/Year)
07/13/2011

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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

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 (Instr. 8)		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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock, par value $0.01 per share								3,500	D	
Common Stock, par value $0.01 per share	07/13/2011		M		1,375	A	$ 11.41	4,875	D	
Common Stock, par value $0.01	07/13/2011		M		2,062	A	$ 14.71	6,937	D	

per share										
Common Stock, par value $0.01 per share	07/13/2011		M		5,500	A	$ 19.28	12,437	D	
Common Stock, par value $0.01 per share	07/13/2011		S		12,437	D	$ 42.47	0	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)

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 D S (I
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Employee Stock Option (right to buy)	$ 11.41	07/13/2011		M			1,375	(1)	11/03/2015	Common Stock par value $0.01 per share	1,375	
Employee Stock Option (right to buy	$ 14.71	07/13/2011		M			2,062	(2)	10/01/2016	Common Stock par value $0.01 per share	2,062	
Employee Stock Option (right to buy	$ 19.28	07/13/2011		M			5,500	(3)	07/01/2017	Common Stock par value $0.01 per share	5,500	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Raff Eitan C/O VERIFONE SYSTEMS, INC. 2099 GATEWAY PLACE, SUITE 600 SAN JOSE, CA 95110	X			

Signatures

Carolyn Belamide for Eitan Raff	07/14/2011
**Signature of Reporting Person	Date
Carolyn Belamide for Eitan Raff	07/14/2011
**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).

(1) 25% of these options became exercisable on 11/3/2009 and an additional 6.25% of these options become exercisable at the end of each subsequent three month period thereafter.

(2) 25% of these options became exercisable on 10/1/2010 and an additional 6.25% of these options become exercisable at the end of each subsequent three month period thereafter.

(3) 100% of these options became exercisable on 7/1/2011.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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On February 10, 2012, the last reported sales price on the NYSE was $65.94 per share. As of February 10, 2012, there were approximately 180 holders of record of the common stock.

The following graph compares the cumulative 5-year total return provided shareholders of Minerals Technologies Inc.'s common stock relative to the cumulative total returns of the S&P 500 index, the S&P Midcap 400, the S&P Mid Cap 400 Materials Sector index, and the Dow Jones Industrial Average. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each of the indices on 12/31/2005 and its relative performance is tracked through 12/31/11.

	12/06	12/07	12/08	12/09	12/10	12/11
Minerals Technologies Inc.	100.00	114.23	70.00	93.69	112.92	97.92
S&P 500	100.00	105.49	66.46	84.05	96.71	98.75
S&P Midcap 400	100.00	107.98	68.86	94.60	119.80	117.72

Dow Jones US Industrials	100.00	113.57	68.66	86.56	109.08	108.22
S&P MidCap 400 Materials Sector	100.00	108.87	60.86	93.87	117.25	116.57

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

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Item 6. Selected Financial Data

Dollars in Millions, Except Per Share Data

Income Statement Data:	2011	2010	2009	2008	2007
Net sales	$ 1,044.9	$ 1,002.4	$ 907.3	$ 1,112.2	$ 1,077.7
Cost of goods sold	832.7	793.2	751.5	891.7	845.1
Production margin	212.2	209.2	155.8	220.5	232.6
Marketing and administrative expenses	92.1	90.5	91.1	101.8	104.6
Research and development expenses	19.3	19.6	19.9	23.1	26.3
Impairment of assets	--	--	39.8	0.2	94.1
Restructuring and other costs	0.5	0.8	22.0	13.4	16.0
Income (loss) from operations	100.3	98.3	(17.0)	82.0	(8.5)
Non-operating income (deductions), net	(2.6)	0.6	(6.1)	0.3	(3.0)
Income (loss) from continuing operations before Provision (benefit) for taxes on income (loss)	97.7	98.9	(23.1)	82.3	(11.5)
Provision (benefit) for taxes on income (loss)	27.5	29.0	(5.4)	24.1	11.3
Income (loss) from continuing operations	70.2	69.9	(17.7)	58.2	(22.8)
Income (loss) from discontinued operations, net of tax	--	--	(3.2)	10.3	(37.8)
Consolidated net income (loss)	70.2	69.9	(20.9)	68.5	(60.6)
Less: Net income attributable to non-controlling interests	(2.7)	(3.0)	(2.9)	(3.2)	(2.9)
Net income (loss) attributable to Minerals Technologies Inc. (MTI)	$ 67.5	$ 66.9	$ (23.8)	$ 65.3	$ (63.5)
Earnings Per Share					
Basic:					
Earnings (loss) from continuing operations attributable to MTI	$ 3.75	$ 3.59	$ (1.10)	$ 2.91	$ (1.34)
Earnings (loss) from discontinued operations attributable to MTI	--	--	(0.17)	0.54	(1.97)
Basic earnings (loss) per share attributable to MTI	$ 3.75	$ 3.59	$ (1.27)	$ 3.45	$ (3.31)

Explanation of Responses:

Diluted:										
Earnings (loss) from continuing operations										
attributable to MTI……………………………	$	3.73	$	3.58	$	(1.10)	$	2.90	$	(1.34)
Earnings (loss) from discontinued operations										
attributable to MTI………………………………..		--		--		(0.17)		0.54		(1.97)
Diluted earnings (loss) per share attributable to MTI	$	3.73	$	3.58	$	(1.27)	$	3.44	$	(3.31)
Weighted average number of common shares outstanding:										
Basic		18,009		18,614		18,724		18,893		19,190
Diluted		18,118		18,693		18,724		18,983		19,190
Dividends declared per common share	$	0.20	$	0.20	$	0.20	$	0.20	$	0.20
Balance Sheet Data:										
Working capital	$	539.4	$	520.3	$	447.8	$	380.7	$	306.2
Total assets		1,165.0		1,116.1		1,072.1		1,067.6		1,128.9
Long-term debt		85.4		92.6		92.6		97.2		111.0
Total debt		99.8		97.2		104.1		116.2		127.7
Total shareholders' equity		768.0		782.7		747.7		734.8		773.3

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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,	2011	2010	2009
Net sales	100.0%	100.0%	100.0%
Cost of goods sold	79.7	79.1	82.8
Production margin	20.3	20.9	17.2
Marketing and administrative expenses	8.8	9.0	10.1
Research and development expenses	1.9	2.0	2.2
Impairment of assets	--	--	4.4
Restructuring charges	--	0.1	2.4
Income (loss) from operations	9.6	9.8	(1.9)
Income (loss) from continuing operations before			
	9.4	9.9	(2.6)

Provision (benefit) for taxes			
Provision (benefit) for taxes on income	2.6	2.9	(0.6)
Non-controlling interests	0.3	0.3	0.3
Income (loss) from continuing operations	6.5	6.7	(2.3)
Income (loss) from discontinued operations	--	--	(0.3)
Net income (loss)	6.5%	6.7%	(2.6)%

Executive Summary

The Company reported record earnings per share for 2011 of $3.73 per share. The Company's results reflected continued solid financial performance as the Company continued to advance its growth strategies of geographic market expansion and new product innovation and development.

Worldwide net sales for 2011 were $1.045 billion, an increase of 4% from 2010 sales of $1.002 billion. Foreign exchange had a favorable impact on sales of approximately $21.0 million, or less than 2 percentage points of growth. Income from operations was a record $100.3 million in 2011 as compared to income from operations of $98.3 million in the prior year. Included in operating income in 2011 were restructuring charges of $0.5 million. Included in operating income of the prior year were restructuring charges of $0.8 million.

In 2011, the Company continued to advance the execution of its growth strategies of geographic expansion and new product innovation and development. During the year, we signed contracts for five new satellite PCC facilities, three in India, one in Thailand and another in Bangladesh, and began operation of three new satellite plants. We now have five commercial agreements with paper mills for our FulfillTM portfolio of products. The company also completed the expansion of three satellites in Thailand, Brazil and the US. In 2011, the company also recorded record earnings for its Refractories segment.

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The Company's balance sheet as of December 31, 2011 continues to be very strong. Cash, cash equivalents and short-term investments at December 31, 2011 were approximately $414 million. Our cash flows from operations were in excess of $133 million in 2011. In addition, we had available lines of credit of $180 million, our debt to equity ratio was very low at 11.5%, and our current ratio was 4.0.

We face some significant risks and challenges in the future:

- The industries we serve, primarily paper, steel, construction and automotive, have been adversely affected by the uncertain global economic climate. Although these markets have stabilized, our global business could be adversely affected by further decreases in economic activity. Our Refractories segment primarily serves the steel industry. Although North American and European steel production improved 7% and 5%, respectively in 2011 as compared with the prior year, it remains well below 2008 levels. In the paper industry, which is served by our Paper PCC product line, 2011 production levels for printing and writing papers within North America and Europe, our two largest markets were 5% and 2% 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 2011 averaged approximately 607 thousand units, and were up 4% from 2010 levels. Housing starts were at a peak rate of 2.1 million units in 2005. In the automotive industry, 2011 North American car and truck production was approximately 12% higher than the prior year, but still approximately 5% below 2008 levels.
- Some of our customers may experience mill shutdowns due to further consolidations, or may face liquidity issues, or bankruptcy, which could deteriorate the aging of our accounts receivable, increase our bad debt exposure and possibly trigger impairment of assets or realignment of our businesses.
- Consolidations and rationalizations in the paper and steel industries concentrate purchasing power in the hands of fewer customers, increasing pricing pressure on suppliers such as Minerals Technologies Inc.
- Most of our Paper PCC sales are subject to long-term contracts that may be terminated pursuant to their terms, or may be renewed on terms less favorable to us.
- We are subject to volatility in pricing and supply availability of our key raw materials used in our Paper PCC product line and Refractory product line.
- We continue to rely on China for a portion of our supply of magnesium oxide in the Refractories segment, which may be subject to uncertainty in availability and cost.
- Fluctuations in energy costs have an impact on all of our businesses.
- Changes in the fair market value of our pension assets, rates of return on assets, and discount rates could continue to have a significant impact on our net periodic pension costs as well as our funding status.
- As we expand our operations abroad we face the inherent risks of doing business in many foreign countries, including foreign exchange risk, import and export restrictions, and security concerns.
- The Company’s operations, particularly in the mining and environmental areas (discharges, emissions and greenhouse gases), are subject to regulation by federal, state and foreign authorities and may be subject to, and presumably will be required to comply with, additional laws, regulations and guidelines which may be adopted in the future.

During the second quarter of 2011, M-real Corporation announced plans to divest its Alizay paper mill in France. Over the past several months, M-real has been in discussions with a number of paper producers; however none of the candidates have fulfilled M-real's conditions for sale. Although the paper mill is presently not operating, we believe discussions for the sale of the mill continue.
If M-real terminates its operations at the Alizay paper mill, the Company would likely shut down its PCC satellite facility and could incur an impairment of assets charge. Under that scenario, the Company could pursue options for mitigation or recovery of assets, including redeployment of assets to other locations to the extent feasible. The net book value of the facility as of December 31, 2011 is $5.3 million. 2011 annual sales at Alizay were approximately $7 million.

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

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

During the third quarter of 2011, UPM-Kymmene announced its intention to permanently reduce paper capacity at several locations in Europe by the end of 2011. The Company operated a PCC satellite facility at one of these locations at Anjalankoski, Finland, which ceased operations in the fourth quarter of 2011. The Company accelerated depreciation of the assets at this location, which had a net book value of $0.7 million at the time of the announcement, over the last four months of the year. Sales at the Company's satellite at Anjalankoski for 2011 were approximately $15 million.

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

- Develop multiple high-filler technologies, such as filler-fiber, under the FulfillTM platform of products, to increase the fill rate in freesheet paper and continue to progress with commercial discussions and full-scale paper machine trials.
- Increase our sales of PCC for paper by further penetration of the markets for paper filling at both freesheet and groundwood mills, particularly in emerging markets.
- Expand the Company's PCC coating product line using the satellite model.
- Promote the Company's expertise in crystal engineering, especially in helping papermakers customize PCC morphologies for specific paper applications.
- Expand PCC produced for paper filling applications by working with industry partners to develop new methods to increase the ratio of PCC for fiber substitutions.
- Develop unique calcium carbonates and talc products used in the manufacture of novel biopolymers, a new market opportunity.
- Deploy new talc and GCC products in paint, coating and packaging applications.
- Deploy value-added formulations of refractory materials that not only reduce costs but improve performance.
- Expand our solid core wire product line into BRIC, Middle Eastern and other Asian countries.
- Deploy our laser measurement technologies into new applications.
- Deploy operational excellence principles into all aspects of the organization, including system infrastructure and lean principles.
- Explore selective acquisitions to fit our core competencies in minerals and fine particle technology.

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

Results of Operations

Sales
(Dollars in millions)

Net Sales	2011	% of Total Sales	Growth	2010	% of Total Sales	Growth	2009	% of Total Sales
U.S.	$ 557.5	53.4	4%	$ 534.3	53.3%	12%	$ 478.4	52.7%
International	487.4	46.6	4%	468.1	46.7%	9%	428.9	47.3%
Net sales	$ 1,044.9	100.0	4%	$ 1,002.4	100.0%	10%	$ 907.3	100.0%
Paper PCC	$ 497.0	47.5	--%	$ 496.6	49.5%	2%	$ 484.6	53.4%
Specialty PCC	63.6	6.1	10%	58.0	5.8%	16%	50.1	5.6%
PCC Products	$ 560.6	53.6	1%	$ 554.6	55.3%	4%	$ 534.7	59.0%
Talc	$ 46.9	4.5	7%	$ 44.0	4.4%	36%	$ 32.3	3.5%
GCC	68.6	6.6	3%	66.4	6.6%	8%	61.4	6.8%
Processed Minerals Products	$ 115.5	11.1	5%	$ 110.4	11.0%	18%	$ 93.7	10.3%

Specialty Minerals Segment	$ 676.1	64.7	2%	$ 665.0	66.3%	6%	$ 628.4	69.3%
Refractory Products	$ 287.4	27.5	9%	$ 264.5	26.4%	17%	$ 225.4	24.8%
Metallurgical Products	81.4	7.8	12%	72.9	7.3%	36%	53.5	5.9%
Refractories Segment	$ 368.8	35.3	9%	$ 337.4	33.7%	21%	$ 278.9	30.7%
Net sales	$1,044.9	100.0%	4%	$ 1,002.4	100.0%	10%	$ 907.3	100.0%

Worldwide net sales in 2011 increased 4% from the previous year to $1.045 billion. Foreign exchange had a favorable impact on sales of $21.0 million or less than 2 percentage points of growth. Sales in the Specialty Minerals segment, which includes the PCC and Processed Minerals product lines, increased 2% to $676.1 million from $665.0 million in 2010. Sales in the Refractories segment grew 9% to $368.8 million from $337.4 million in the previous year. In 2010, worldwide net sales increased 10% to $1.002 billion from $907.3 million in the prior year. In 2010, Specialty Minerals segment sales increased 6% and Refractories segment sales increased 21% from 2009 levels.

In 2011, worldwide net sales 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.

In 2010, worldwide net sales of PCC increased 4% to $554.6 million from $534.7 million in the prior year. Foreign exchange had a favorable impact on sales of approximately $3.5 million or less than 1 percentage point of growth. Worldwide net sales of Paper PCC increased 2% to $496.6 million from $484.6 million in the prior year. Total Paper PCC volumes increased 3% from 2009 levels with moderate volume increases with the exception of Asia where there was an 18% increase in volumes due to the startup of a new satellite facility in India and increase of volumes at other facilities. Volume increases of approximately $18.2 million were partially offset by $10 million in contractual price decreases. Sales of Specialty PCC increased 16% in 2010 to $58.0 million from $50.1 million in the prior year. This increase was primarily attributable to higher volumes.

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 of Processed Minerals products in 2010 increased 18% to $110.4 million from $93.7 million in 2009. GCC products and talc products increased 8% and 36% to $66.4 million and $44.0 million, respectively. The increased in the Processed Minerals product line as primarily attributable to increased GCC volumes and due to increased volumes and selling price increases within our talc product line, as well as improvements in the residential and commercial construction markets and the automotive market as compared to the depressed conditions in the prior year. Volumes increased 9% from the prior year.

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 Refractories segment in 2010 increased 21% to $337.4 million from $278.9 million in the prior year. Foreign exchange had an unfavorable impact on sales of $2.3 million, or approximately 1 percentage point. Sales of refractory products and systems to steel and other industrial applications increased 17% to $264.5 million from $225.4 million. Sales of metallurgical products within the Refractories segment increased 36% to $72.9 million as compared with $53.5 million in the same period last year. The increase in all product lines within this segment are driven by higher worldwide volumes due to improved market conditions in the steel industry as compared to significant weaknesses in the prior year.

Net sales in the United States grew approximately 4% to $557.5 million in 2011 and represented approximately 53.4% of consolidated net sales. International sales increased approximately 4% to $487.4 million from $468.1 million. The increase in sales was primarily due to higher worldwide volumes, price increases, the effects of foreign exchange and a slight contribution from our new satellite PCC plants .

Operating Costs and Expenses
(Dollars in millions)

	2011	Growth	2010	Growth	2009

Cost of goods sold	$832.7	5%	$793.2	6%	$751.5
Marketing and administrative	$ 92.1	2%	$ 90.5	(1)%	$ 91.1
Research and development	$ 19.3	(2)%	$ 19.6	(2)%	$ 19.9
Impairment of assets	$ --	0%	$ --	0%	$ 39.8
Restructuring charges	$ 0.5	(38)%	$ 0.8	(96)%	$ 22.0

* Percentage not meaningful

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.

Cost of goods sold in 2010 was 79.1% of sales compared with 82.8% in the prior year. Production margin increased $53.3 million, or 34% as compared with a 10% increase in sales. Volumes increased in all product lines as economic conditions improved from prior year levels. The businesses also increased their productivity levels and derived continued benefits from our announced restructuring programs. In the Specialty Minerals segment, production margin increased 18%, or $20.1 million, as compared with a 6% increase in sales. Volume had a favorable impact on production margin of $18.1 million as compared to prior year in both the PCC and Processed

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Minerals product lines. This segment also reflected cost savings of $2.9 million, incremental benefits derived from our announced restructuring programs of $2.6 million, and lower net raw material and energy costs of $5.3 million. This was partially offset by net price concessions of $9.3 million. In the Refractories segment, production margin increased over 79%, or $33.2 million as compared with a 21% increase in sales. Production margin was favorably affected by increased volumes of $28.0 million and restructuring savings of $4.6 million.

Marketing and administrative costs increased 1.7% to $92.1 million in 2011 from $90.5 million in the prior year. Marketing and administrative costs as a percentage of net sales however, represented 8.8% of net sales as compared with 9.0% in the prior year. In 2010, marketing and administrative expenses were 1% lower than in the prior year.

Research and development expenses decreased 2% in 2011 to $19.3 million from $19.6 million and represented 1.9% of net sales. In 2010, research and development expense decreased 2% from 2009 and represented 2.0% of net sales.

Restructuring and other costs in 2011 were $0.5 million and primarily related to additional $0.9 million of restructuring costs associated with our 2007 restructuring of our PCC merchant facility in Germany and the additional severance cost associated with the ceasing of production at our PCC facility at Anjalankoski, Finland. This was partially offset by the reversals of previously recorded liabilities from our 2009 program.

Restructuring and other costs during 2010 were $0.8 million and primarily related to railcar lease early termination costs associated with the announced plant closures of our Franklin, Virginia, and Plymouth, North Carolina, satellite facilities and additional net provisions for severance and other employee benefits.

Income (Loss) from Operations (Dollars in millions)	2011	Growth	2010	Growth	2009
Income (loss) from operations	$100.3	2%	$ 98.3	*	$(17.0)

* Percentage not meaningful

The Company recorded income from operations in 2011 of $100.3 million as compared with $98.3 million in the prior year. Included in income from operations in 2011 were restructuring charges of $0.5 million. Included in 2010 were restructuring charges of $0.8 million.

The Specialty Minerals segment recorded income from operations of $72.8 million in 2011 as compared with $74.7 million in the prior year. Included in income from operations were restructuring charges of $1.0 million and $0.5 million in 2011 and 2010, respectively.

The Refractories segment recorded income from operations of $33.2 million in 2011 as compared to $28.0 million in the prior year. Included in income from operations in 2011 were restructuring reversals of $(0.6) million. Included in the income from operations in the prior year were restructuring charges of $0.3 million.

In 2010, the Specialty Minerals segment recorded income from operations of $74.7 million as compared $34.2 million in the prior year. The Refractories segment recorded income from operations of $28.0 million in 2010 as compared to a loss from operations of $48.8 million in the previous year.

	2011	Growth	2010	Growth	2009

Non-Operating Income
(Deductions)
(Dollars in millions)

Non-operating income (deductions), net	$	(2.6)	* %	$	0.6	*	$ (6.1)

* Percentage not meaningful

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.

The Company recorded non-operating income of $0.6 million in 2010 as compared with non-operating deduction of $6.1 million in the prior year. Included in the non-operating income 2010 was a gain on the sale of previously impaired assets of $0.2 million and a settlement relating to a customer contract termination of $0.8 million.

Provision (Benefit) for Taxes on Income (Dollars in millions)	2011	Growth	2010	Growth	2009
Provision for taxes on income	$ 27.5	(5) %	$ 29.0	*	$ (5.4)

* Percentage not meaningful

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

The Company recorded provision for taxes on income of $29.0 million in 2010 as compared to a benefit of $5.4 million in the previous year. The effective tax rate for 2010 was 29.3% as compared with a tax benefit of 23.3% in the previous year. The increase in the tax over the previous year primarily relates to the decrease in the tax benefit of depletion as a percentage of earnings as well as the geographical mix of earnings.

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

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 $4.0 million in 2011, $3.7 million in 2010, and $3.2 million in 2009.

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 $0.9 million in 2011, a decrease of income tax expense of $3.1 million in 2010, and an increase in income tax expense of $1.0 million in 2009. 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. The increase of income tax benefits in 2010 as compared with 2009 results from the restructuring losses in the foreign jurisdictions in 2009 and the income tax rate differential in the foreign jurisdictions.

Income (Loss) from Continuing Operations (Dollars in millions)	2011	Growth	2010	Growth	2009
Income (loss) from continuing operations	$ 70.3	--%	$ 69.9	*	$ (17.7)

* Percentage not meaningful

The Company recognized income from continuing operations of $70.3 million in 2011, slightly higher than the $69.9 million recorded in 2010. In 2009, the company recorded a loss from operations of $17.7 million. The loss in 2009 was attributable to the aforementioned impairment of assets and restructuring charges.

Income (loss) from Discontinued Operations (Dollars in millions)	2011	Growth	2010	Growth	2009
Income (loss) from discontinued operations	$ --	%	$ --	*	$ (3.2)

* Percentage not meaningful

In 2009, the Company recognized a loss from discontinued operations of $3.2 million. Included in the loss from discontinued operations for 2009 was impairment of assets charge of $5.6 million, net of tax. The Company recorded this impairment charge to reflect the lower market value of its Mt. Vernon, Indiana, facility which was sold in the fourth quarter of 2009. Proceeds approximated the net book value.

Noncontrolling Interests

(Dollars in millions)	2011	Growth	2010	Growth	2009
Noncontrolling interests	$ 2.7	(10)%	$ 3.0	3%	$ 2.9

The decrease in the income attributable to non-controlling interests is due to the lower profitability in our joint ventures and the deconsolidation of our Korean joint venture upon the sale of a 50% interest.

Net Income (Loss) attributable to Minerals Technologies Inc. (MTI)

(Dollars in millions)	2011	Growth	2010	Growth	2009
Net income (loss) attributable to MTI	$ 67.5	1%	$ 66.9	*	$ (23.8)

* Percentage not meaningful

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The Company recorded net income of $67.5 million in 2012 as compared to $66.9 million in 2010. Diluted earnings per share were $3.73 as compared with $3.58 in the previous year.

In 2009, the Company recorded a net loss of $23.8 million which was attributable to impairment of assets and restructuring charges.

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 2010, which continued in 2011, there remains uncertainty as to the sustainability of the upturn.

In 2012, we plan to focus on the following growth strategies:

- Develop multiple high-filler technologies, such as filler-fiber, under the FulfillTM platform of products, to increase the fill rate in freesheet paper and continue to progress with commercial discussions and full-scale paper machine trials.
- Increase our sales of PCC for paper by further penetration of the markets for paper filling at both freesheet and groundwood mills, particularly in emerging markets.
- Expand the Company's PCC coating product line using the satellite model.
- Promote the Company's expertise in crystal engineering, especially in helping papermakers customize PCC morphologies for specific paper applications.
- Expand PCC produced for paper filling applications by working with industry partners to develop new methods to increase the ratio of PCC for fiber substitutions.
- Develop unique calcium carbonates and talc products used in the manufacture of novel biopolymers, a new market opportunity.
- Deploy new talc and GCC products in paint, coating and packaging applications.
- Deploy value-added formulations of refractory materials that not only reduce costs but improve performance.
- Expand our solid core wire product line into BRIC, Middle Eastern and other Asian countries.
- Deploy our laser measurement technologies into new applications.
- Deploy operational excellence principles into all aspects of the organization, including system infrastructure and lean principles.
- Explore selective acquisitions to fit our core competencies in minerals and fine particle technology.

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

Liquidity and Capital Resources

Cash flows provided from operations in 2011 were used principally to fund $52.1 million of capital expenditures, and repurchase $48.0 million in treasury shares. Cash provided from operating activities totaled $133.7 million in 2011 as compared with $142.4 million in 2010. The decrease in cash from operating activities was primarily due to higher income tax payments. Included in cash flow from operations was pension plan funding of approximately $6.6 million, $8.5 million and $7.8 million for the years ended December 31, 2011, 2010 and 2009, respectively.

Trade working capital is defined as trade accounts receivable, trade accounts payable and inventories. Our total days of trade working capital decreased to 55 days from 59 days in 2010 reflecting the improvements in working capital management within both business segments.

The funding status of the Company's pension plans was approximately 70% at December 31, 2011 and we have met all minimum funding requirements. The funding status at Decmber 31, 2010 was 85%. 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 2010 the Company's Board of Directors authorized the Company's management to repurchase, at its discretion, up to $75 million of shares over a two-year period. This program has been completed. 1,278,631 shares were repurchased under this program at an average price of approximately $58.66 per share.

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 upon completion of the prior program. As of December 31, 2011, 59,615 shares have been repurchased under this program at an average price of approximately $50.25 per share.

On January 25, 2012, 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.

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The following table summarizes our contractual obligations as of December 31, 2011:

Contractual Obligations

(millions of dollars)	Total	Less Than 1 Year	1-3 Years	3-5 Years	After 5 Years
		Payments Due by Period			
Debt	$ 94.0	$ 8.6	$ 85.4	$ --	$ --
Operating lease obligations	21.3	4.4	4.8	5.3	6.8
Total contractual obligations	$ 115.3	12.9	90.3	5.3	6.8

We have $185.6 million in uncommitted short-term bank credit lines, of which $5.8 million was in use at December 31, 2011. The credit lines are primarily in the US, with approximately $15.6 million or 8% 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 2012 should be between $60 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: 2012 - $8.6 million; 2013 - $77.2 million; 2014 - $8.2 million; 2015 - $-- million; 2016 - $-- million; thereafter - $-- million.

The Company's debt to capital ratio is 12%, which is well below the only financial covenant ratio in its debt agreements.

The Company has contingent obligations associated with unrecognized tax benefits, including interest and penalties, of approximately $3.9 million.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with 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 2011 and 2010, 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 $0.9 million, $0.1 million and $1.2 million in 2011, 2010 and 2009, 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, 2011 and 2010, respectively, was as follows:

($ in millions)	December 31, 2011	December 31, 2010
PCC	$ 9.2	$ 9.2
Processed Minerals	4.6	4.6
Refractories	54.3	53.3
Total	$ 68.1	$ 67.2

Annually, the Company performs a qualitative assessment for each of its reproting units to determine if the two steo process for impairment is required. If the Company determines 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 2011, the Company performed a qualitative assessment 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 $44.4 million and $28.9 million at December 31, 2011 and 2010, respectively. Such year-end 2011 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 5 to the condensed 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	$ (3.1)	$ 0.4	$ (1.3)
1% decrease	$ 3.7	$ (0.4)	$ 1.3

Effect on Projected Benefit Obligation

(millions of dollars)	Discount Rate	Salary Scale
1% increase	$ (31.4)	$ 2.5
1% decrease	$ 39.2	$ (2.3)

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, 2011 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, 2011, the Company had approximately 60% of its pension assets in equity securities and 40% in fixed income securities.

Asset Retirement Obligations: We currently record the obligation for estimated asset retirement costs at a 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 $0.3 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, 2011, the Company used a volatility assumption of 30.93%.

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, 2011, the Company used a 6.3 year life assumption.

The Company believes the above critical estimates are based upon outcomes most likely to occur, however, were we 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, 2011.

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

In May 2011, the Financial Accounting Standards Board (“FASB”) issued ASU 2011-04, Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS, an amendment to FASB ASC Topic 820, Fair Value Measurement. The amendment revises the application of the valuation premise of highest and best use of an asset, the application of premiums and discounts for fair value determination, as well as the required disclosures for transfers between Level 1 and Level 2 fair value measures and the highest and best use of nonfinancial assets. The amendment requires additional disclosures regarding Level 3 fair value measurements and clarifies certain other existing disclosure requirements. The ASU is effective for the Company for interim and annual periods beginning after December 15, 2011. The Company does not expect the impact of adopting this ASU to have a material effect on the Company's consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, Presentation of Comprehensive Income. Under this guidance, an entity has the option to present the total of 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. Under both options, an entity will be required to present each component of net income

along with total net income, each component of other comprehensive income along with a total for other comprehensive income, and a total amount for comprehensive income. This ASU eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this ASU do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. This ASU is effective for the Company for fiscal years, and interim periods within those years, beginning after December 15, 2011. The amendments under this guidance will be applied retrospectively.

In December 2011, the FASB issued ASU 2011-12, Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05, which deferred the requirement to present on the face of the financial statements reclassification adjustments for items that are reclassified from other comprehensive income to net income while the FASB further deliberates this aspect of the proposal. ASU 2011-05, as amended by ASU 2011-12, is effective for the company on January 1, 2012. Although adopting the guidance will not impact our accounting for comprehensive income, it will affect our presentation of components of comprehensive income by eliminating the historical practice of showing these items within our Consolidated Statements of Shareholders’ Equity.

In September 2011, the FASB issued ASU 2011-08, Testing Goodwill for Impairment. Under this guidance, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount,

performing the two-step impairment test is not required. The guidance does not change how an entity measures a goodwill impairment loss, and is therefore not expected to affect the information reported to users of an entity's financial statements. ASU 2011-08 is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011 with early adoption permitted. The Company early-adopted the provisions of the guidance and conducted a qualitative analysis and determined the two-step process was not needed at this time.

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 48% of our bank debt bears interest at variable rates; therefore our results of operations would only be affected by interest rate changes to such 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 $ 0.2 million and $3.2 million of foreign currencies as of December 31, 2011 and 2010, respectively. These contracts matured in January 2012. The fair value of these instruments at December 31, 2011 and December 31, 2010 was a liability of less than $0.1 million and $0.2 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, 2011 was an asset of $3.5 million. The fair value of these instruments at December 31, 2010 was an asset of $2.7 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,

2011.

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 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.

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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

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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	65	Chairman of the Board and Chief Executive Officer
Douglas T. Dietrich	42	Senior Vice President, Finance and Treasury, Chief Financial Officer
Douglas W. Mayger	54	Senior Vice President, Performance Minerals and MTI Supply Chain
Thomas J. Meek	54	Senior Vice President, General Counsel and Secretary, Chief Compliance Officer
D.J. Monagle, III	49	Senior Vice President and Managing Director, Paper PCC
Michael A. Cipolla	54	Vice President, Corporate Controller and Chief Accounting Officer
Jonathan J. Hastings	49	Vice President, Corporate Development
Johannes C. Schut	47	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 n 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.”

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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.

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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, 2011 and 2010
- Consolidated Statements of Operations for the years ended December 31, 2011, 2010 and 2009
- Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009
- Consolidated Statements of Shareholders' Equity for the years ended December 31, 2011, 2010 and 2009
- 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 Qualifying Accounts	S-1

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 and D.J. Monagle, III(8) (+)
10.7	-Employment Agreement, dated May 13, 2004, between the Company and Johannes C. Schut (*) (+)
10.8	-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 and D.J. Monagle(9) (+)
10.8(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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10.9	-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 and D.J. Monagle, III (11) (+)
10.10	-Company Employee Protection Plan, as amended August 27, 1999 (12) (+)
10.11	-Company Nonfunded Deferred Compensation and Unit Award Plan for Non-Employee Directors, as amended and restated effective January 1, 2008 (13) (+)
10.11(a)	-First Amendment to the Company Nonfunded Deferred Compensation and Unit Award Plan for Non-Employee Directors, dated January 18, 2012 (*) (+)
10.12	-2001 Stock Award and Incentive Plan of the Company, as amended and restated as of March 18, 2009 (14) (+)
10.13	-Company Retirement Plan, as amended and restated effective as of January 1, 2006 (15) (+)
10.13(a)	-First Amendment to the Company Retirement Plan, effective as of January 1, 2008 (16) (+)
10.13(b)	-Second Amendment to the Company Retirement Plan, dated December 22, 2008 (17) (+)
10.13(c)	-Third Amendment to the Company Retirement Plan, dated October 9, 2009 (18) (+)
10.13(d)	-Fourth Amendment to the Company Retirement Plan, dated December 11, 2009 (19) (+)
10.13(e)	-Fifth Amendment to the Company Retirement Plan, dated December 18, 2009 (20) (+)
10.13(f)	-Sixth Amendment to the Company Retirement Plan, dated December 17, 2010 (21) (+)
10.14	-Company Supplemental Retirement Plan, amended and restated effective December 31, 2009 (22) (+)
10.15	-Company Savings and Investment Plan, as amended and restated as of September 14, 2007 (23) (+)
10.15(a)	-First Amendment to the Company Savings and Investment Plan, dated December 22, 2008 (24) (+)
10.15(b)	-Second Amendment to the Company Savings and Investment Plan, dated December 18, 2009 (25) (+)
10.15(c)	-Third Amendment to the Company Savings and Investment Plan, dated December 17, 2010 (26) (+)
10.15(d)	-Fourth Amendment to the Company Savings and Investment Plan, dated October 19, 2011 (27) (+)
10.16	-Company Supplemental Savings Plan, amended and restated effective December 31, 2009 (28) (+)
10.16(a)	-Amendment to the Company Supplemental Savings Plan, dated December 28, 2011 (*)(+)
10.17	-Company Health and Welfare Plan, effective as of April 1, 2003 and amended and restated as of January 1, 2006 (29)(+)
10.17(a)	-Amendment to the Company Health and Welfare Plan, dated May 19, 2009 (30) (+)
10.18	-Company Retiree Medical Plan, effective as of January 1, 2011 (31)(+)
10.19	-Amended and Restated Grantor Trust Agreement, dated as of April 1, 2010, by and between the Company and the Wilmington Trust Company (32)(+)
10.20	-

	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 (33)
10.21	-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, 209.

(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.

(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 10.1 filed with the Company's Current Report on Form 8-K filed on May 11, 2009.

(15) 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.

(16) Incorporated by reference to exhibit 10.10 filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

(17) Incorporated by reference to exhibit 10.12(b) filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

(18) Incorporated by reference to exhibit 10.12(c) filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

(19) Incorporated by reference to exhibit 10.12(d) filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

(20) Incorporated by reference to exhibit 10.12(e) filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

(21) Incorporated by reference to exhibit 10.12(f) filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

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

(23) Incorporated by reference to exhibit 10.12 filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

(24) Incorporated by reference to exhibit 10.14(a) filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

(25) Incorporated by reference to exhibit 10.14(b) filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2009.

(26) Incorporated by reference to exhibit 10.14(c) filed with the Company's Annual Report on Form 10-K for the year ended December 31, 2010.

(27) Incorporated by reference to exhibit 10.1 filed with the Company's Quarterly Report on Form 10-Q for the period ended October 2, 2011.

(28) 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.

(29) 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.

(30)

	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.
(31)	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.
(32)	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.
(33)	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.

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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 24, 2012

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 24, 2012
/s/ Douglas T. Dietrich Douglas T. Dietrich	Senior Vice President-Finance and Treasury, Chief Financial Officer (principal financial officer)	February 24, 2012
/s/ Michael A. Cipolla Michael A. Cipolla	Vice President - Controller and Chief Accounting Officer (principal accounting officer)	February 24, 2012

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Explanation of Responses:

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SIGNATURE	TITLE	DATE
* Paula H. J. Cholmondeley	Director	February 24, 2012
* Robert L. Clark	Director	February 24, 2012
* Duane R. Dunham	Director	February 24, 2012
* Steven J. Golub	Director	February 24, 2012
* Michael F. Pasquale	Director	February 24, 2012
* John T. Reid	Director	February 24, 2012
* Marc E. Robinson	Director	February 24, 2012
* William C. Stivers	Director	February 24, 2012
* Barbara Smith	Director	February 24, 2012

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

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MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

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Consolidated Statements of Operations for the years ended December 31, 2011, 2010 and 2009	F-3
Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009	F-4
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MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
(thousands of dollars)

	December 31, 2011	December 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 395,152	$ 367,827
Short-term investments, at cost which approximates market	18,494	16,707
Accounts receivable, less allowance for doubtful accounts: 2011 - $3,008; 2010 - $2,440	194,317	181,128
Inventories	90,760	86,464
Prepaid expenses and other current assets	21,566	23,446
Total current assets	720,289	675,572
Property, plant and equipment, less accumulated depreciation and depletion	318,134	332,797
Goodwill	64,671	67,156
Other assets and deferred charges	61,861	40,580
Total assets	$1,164,955	$1,116,105
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	$ 5,846	$ 4,611
Current maturities of long-term debt	8,552	--
Accounts payable	103,354	80,728
Income taxes payable	5,334	6,606
Accrued compensation and related items	33,026	31,670
Restructuring liabilities	1,411	3,484
Other current liabilities	23,379	28,138
Total current liabilities	180,902	155,237
Long-term debt	85,449	92,621
Accrued pension and postretirement benefits	97,318	48,563
Other non-current liabilities	33,266	36,989
Total liabilities	396,935	333,410
Commitments and contingent liabilities (Notes 17 and 18)		

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 29,134,244 shares in 2011 and 28,969,244 shares in 2010	2,913	2,897
Additional paid-in capital	335,134	323,235
Retained earnings	963,130	899,211
Accumulated other comprehensive income (loss)	(45,331)	(3,590)
Less common stock held in treasury, at cost; 11,479,279		
shares in 2011 and 10,670,693 shares in 2010	(514,234)	(466,230)
Total MTI shareholders' equity	741,612	755,523
Non-controlling interest	26,408	27,172
Total shareholders’ equity	768,020	782,695
Total liabilities and shareholders' equity	$1,164,955	$1,116,105

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 OPERATION
(thousands of dollars, except per share data)

	Year Ended December 31,		
	2011	2010	2009
Net sales	$1,044,853	$1,002,354	$ 907,321
Cost of goods sold	832,657	793,161	751,503
Production margin	212,196	209,193	155,818
Marketing and administrative expenses	92,058	90,474	91,075
Research and development expenses	19,330	19,577	19,941
Impairment of assets	--	--	39,831
Restructuring and other costs	470	865	22,024
Income (loss) from operations	100,338	98,277	(17,053)
Interest income	3,907	2,765	2,874
Interest expense	(3,254)	(3,336)	(3,490)
Foreign exchange gains (losses)	(1,211)	324	(2,452)
Other income (deductions)	(2,040)	819	(3,019)
Non-operating income (deductions), net	(2,598)	572	(6,087)
Income (loss) from continuing operation before provision (benefit) for taxes on income	97,740	98,849	(23,140)
Provision (benefit) for taxes on income	27,486	28,963	(5,387)
Income (loss) from continuing operations, net of tax	70,254	69,886	(17,753)
Income (loss) from discontinued operations, net of tax	--	--	(3,151)
Consolidated net income (loss)	70,254	69,886	(20,904)
Less: Net income attributable to non-controlling interests	(2,733)	(3,017)	(2,892)
Net income (loss) attributable to Minerals Technologies Inc. (MTI)	$ 67,521	$ 66,869	$ (23,796)
Earnings per share:			
Basic:			
Income (loss) from continuing operations attributable to MTI	$ 3.75	$ 3.59	$ (1.10)
Income (loss) from discontinued operations attributable to MTI	--	--	(0.17)
Basic earnings (loss) per share attributable to MTI	$ 3.75	$ 3.59	$ (1.27)
Diluted:			
Income (loss) from continuing operations attributable to MTI	$ 3.73	$ 3.58	$ (1.10)
Income (loss) from discontinued operations attributable to MTI	--	--	(0.17)
	$ 3.73	$ 3.58	$ (1.27)

Diluted earnings (loss) per share attributable to MTI

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 CASH FLOWS
(thousands of dollars)

	Year Ended December 31,		
	2011	2010	2009
Operating Activities			
Consolidated net income (loss)	$ 70,254	$ 69,886	$ (20,904)
Income (loss) from discontinued operations	--	--	(3,151)
Income (loss) from continuing operations	70,254	69,886	(17,753)
Adjustments to reconcile income (loss) from continuing operations to net cash provided by operating activities:			
Depreciation, depletion and amortization	58,223	63,981	72,401
Impairment of assets	--	--	39,831
Pension settlement loss and amortization	--	--	18,833
Loss on disposal of property, plant and equipment	288	941	793
Deferred income taxes	1,250	1,772	(23,989)
Provision for bad debts	878	49	1,271
Stock-based compensation	7,237	5,860	5,780
Other non-cash items	41	189	--
Changes in operating assets and liabilities			
Accounts receivable	(14,186)	(7,577)	(7,680)
Inventories	(7,340)	(3,713)	58,835
Prepaid expenses and other current assets	(5,787)	3,164	8,558
Pension plan funding	(6,650)	(8,466)	(8,642)
Accounts payable	24,824	6,351	5,455
Restructuring liabilities	(2,550)	(4,741)	1,442
Income taxes payable	(712)	6,829	2,090
Tax benefits related to stock incentive programs	166	136	42
Other	7,723	7,758	(778)
Net cash provided by continuing operations	133,659	142,419	156,489
Net cash provided by discontinued operations	--	--	4,340
Net cash provided by operations	133,659	142,419	160,829
Investing Activities			
Purchases of property, plant and equipmentq	(52,060)	(34,518)	(26,591)
Purchases of short-term investments	(12,423)	(10,738)	(7,144)
Proceeds from sales of short-term investments	9,380	4,125	10,052
Proceeds from disposal of property, plant and equipment	78	39	838
Net cash used in investing activities - continuing operations	(55,025)	(41,092)	(22,845)
Net cash provided by investing activities - discontinued operations	--	--	4,428
Net cash used in investing activities	(55,025)	(41,092)	(18,417)
Financing Activities			
Issuance of long-term debt	1,596	--	--
Repayment of long-term debt	(275)	(4,600)	(4,000)

Net issuance (repayment) of short-term debt	2,030	(1,331)	(8,249)
Purchase of common shares for treasury	(48,004)	(27,922)	--
Cash dividends paid	(3,601)	(3,720)	(3,743)
Proceeds from issuance of stock under option plan	5,912	1,086	172
Excess tax benefits related to stock incentive programs	6	53	12
Net cash used in financing activities	(42,336)	(36,434)	(15,808)
Effect of exchange rate changes on cash and cash equivalents	(8,973)	(8,012)	2,466
Net increase in cash and cash equivalents	27,325	56,881	129,070
Cash and cash equivalents at beginning of year	367,827	310,946	181,876
Cash and cash equivalents at end of year	$ 395,152	$ 367,827	$ 310,946
Non-cash Investing and Financing Activities:			
Treasury stock purchases settled after year-end	$ --	$ 2,069	$ --

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 SHAREHOLDERS' EQUITY
(in thousands)

	Equity Attributable to MTI						
	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Non-controlling Interests	Total
Balance as of December 31,2008	$ 2,883	$312,972	$863,601	$ (31,634)	$(436,238)	$ 23,247	$734,831
Comprehensive Income (loss):							
Net income(loss)	--	--	(23,796)	--	--	2,892	(20,904)
Currency translation adjustment	--	--	--	23,479	--	873	24,352
Unamortized gains and prior service cost	--	--	--	12,789	--	--	12,789
Cash flow hedge:							
Net derivative losses arising during the year	--	--	--	(1,548)	--	--	(1,548)
Reclassification adjustment	--	--	--	107	--	--	107
Total comprehensive income (loss)	--	--	(23,796)	34,827	--	3,765	14,796
Dividends declared	--	--	(3,743)	--	--	--	(3,743)
Dividends to non-controlling interests	--	--	--	--	--	(3,430)	(3,430)
Employee benefit transactions	5	322	--	--	--	--	327
Income tax benefit arising from employee stock option plans	--	56	--	--	--	--	56
Stock-based compensation	--	4,906	--	--	--	--	4,906
Balance as of December 31, 2009	$ 2,888	$318,256	$836,062	$ 3,193	$(436,238)	$ 23,582	$747,743
Comprehensive Income (loss):							
Net income	--	--	66,869	--	--	3,017	69,886
Currency translation adjustment	--	--	--	(9,195)	--	1,022	(8,173)

Unamortized gains and prior service cost	--	--	--	347	--	--	347
Cash flow hedge:							
Net derivative gains arising during the year	--	--	--	2,020	--	--	2,020
Reclassification adjustment	--	--	--	45	--	--	45
Total comprehensive income (loss)	--	--	66,869	(6,783)	--	4,039	64,125
Dividends declared			(3,720)				(3,720)
Dividends to non-controlling interests	--	--	--	--	--	(449)	(449)
Employee benefit transactions	9	1,231	--	--	--	--	1,240
Income tax benefit arising from employee stock option plans	--	189	--	--	--	--	189
Stock-based compensation	--	3,559	--	--	--	--	3,559
Purchase of Common Stock for Treasury	--	--	--	--	(29,992)	--	(29,992)
Balance as of December 31, 2010	$ 2,897	$323,235	$899,211	$ (3,590)	$(466,230)	$ 27,172	$782,695
Comprehensive Income (loss):							
Net income	--	--	67,521	--	--	2,733	70,254
Sale of controlling interest	--	--	--	--	--	(820)	(820)
Currency translation adjustment	--	--	--	(16,687)	--	(878)	(17,565)
Unamortized losses and prior service cost	--	--	--	(25,630)	--	--	(25,630)
Cash flow hedge:							
Net derivative gains arising during the year	--	--	--	529	--	--	529
Reclassification adjustment	--	--	--	47	--	--	47
Total comprehensive income (loss)	--	--	67,521	(41,741)	--	1,035	26,815
Dividends declared			(3,602)				(3,602)
Dividends to non-controlling interests	--	--	--	--	--	(1,799)	(1,799)

Employee benefit transactions	16	5,895	--	--	--	--	5,911
Income tax benefit arising from employee stock option plans	--	172	--	--	--	--	172
Stock-based compensation	--	5,832	--	--	--	--	5,832
Purchase of common stock for treasury	--	--	--	--	(48,004)	--	(48,004)
Balance as of December 31, 2011	$ 2,913	$335,134	$963,130	$ (45,331)	$ (514,234)	$ 26,408	$768,020

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

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

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

Certain reclassifications were made to prior year amounts to conform to current year presentation.

Use of Estimates

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

Business

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

Cash Equivalents and Short-term Investments

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Short-term investments consist of financial instruments with original maturities beyond three months, but less than twelve months. Short-term investments amounted to $18.5 million and $16.7 million at December 31, 2011 and 2010, respectively.

Trade Accounts Receivable

Trade accounts receivables are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses in the Company's existing accounts receivable. The Company determines the allowance based on historical write-off experience and specific allowances for bankrupt customers. The Company also analyzes the collection history and financial condition of its other customers, considering current industry conditions and determines whether an allowance needs to be established. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 90 days based on payment terms are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Company does not have any off-balance-sheet credit exposure related to its customers.

Inventories

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

Additionally, items such as idle facility expense, excessive spoilage, freight handling costs, and re-handling costs are recognized as current period charges. The allocation of fixed production overheads to the costs of conversion are based upon the normal capacity of the production facility. Fixed overhead costs associated with idle capacity are expensed as incurred.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Significant improvements are capitalized, while maintenance and repair expenditures are charged to operations as incurred. The Company capitalizes interest cost as a component of construction in progress. In general, the straight-line method of depreciation is used for financial reporting purposes. The annual rates of depreciation are 3% - 6.67% for buildings, 6.67% - 12.5% for machinery and equipment, 8% - 12.5% for furniture and fixtures and 12.5% - 25% for computer equipment and software-related assets. The estimated useful lives of our PCC production facilities and machinery and equipment pertaining to our natural stone mining and processing plants and our chemical plants are 15 years.

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. The Company's sales of PCC are predominantly pursuant to long-term evergreen contracts, initially ten years in length, with paper mills at which the Company operates satellite PCC plants. The terms of many of these agreements have been extended, often in connection with an expansion of

MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

the satellite PCC plant. Failure of a PCC customer to renew an agreement or continue to purchase PCC from a Company facility could result in an impairment of assets charge or accelerated depreciation at such facility.

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

Stripping Costs Incurred During Production

Stripping costs are those costs incurred for the removal of waste materials for the purpose of accessing ore body that will be produced commercially. Stripping costs incurred during the production phase of a mine are variable costs that are included in the costs of inventory produced during the period that the stripping costs are incurred.

Accounting for the Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, the Company estimates the undiscounted future cash flows (excluding interest), resulting from the use of the asset and its ultimate disposition. If the sum of the undiscounted cash flows (excluding interest) is less than the carrying value, the Company recognizes an impairment loss, measured as the amount by which the carrying value exceeds the fair value of the asset, determined principally using discounted cash flows.

Goodwill and Other Intangible Assets

Goodwill represents the excess of purchase price and related costs over the value assigned to the net tangible and identifiable intangible assets of businesses acquired. Goodwill and other intangible assets with indefinite lives are not amortized, but instead assessed for impairment. Intangible assets with estimable useful lives are amortized over their respective estimated lives to the estimated residual values, and reviewed for impairment.

In 2011, the Company performed a qualitative assessment for each of its reporting units to determine if the two step process for impairment testing was required. If the Company had determined that it was more likely than not that the fair value of a reporting unit was less than its carrying amount, the Company would then have evaluated the recoverability of goodwill using a two-step impairment test approach at the reporting unit level, as it had done in years prior. In the first step, the fair value for the reporting unit is compared to its book value including goodwill. In the case that the fair value of the reporting unit is less than book value, a second step is performed which compares the fair value of the reporting unit's goodwill to the book value of the goodwill. The fair value for the goodwill is determined based on the difference between the fair values of the reporting unit and the net fair values of the identifiable assets and liabilities of such reporting unit. If the fair value of the goodwill is less than the book value, the difference is recognized as an impairment.

Accounting for Asset Retirement Obligations

The Company provides for obligations associated with the retirement of long-lived assets and the associated asset retirement costs. The fair value of a 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 associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset. The Company also provides for legal obligations to perform asset retirement activities where timing or methods of settlement are conditional on future events.

Fair Value of Financial Instruments

The recorded amounts of cash and cash equivalents, receivables, short-term borrowings, accounts payable, accrued interest, and variable-rate long-term debt approximate fair value because of the short maturity of those instruments or the variable nature of underlying interest rates. Short-term investments are recorded at cost, which approximates fair market value.

Derivative Financial Instruments

The Company records derivative financial instruments which are used to hedge certain foreign exchange risk at fair value on the balance sheet. See Note 11 for a full description of the Company's hedging activities and related accounting policies.

Revenue Recognition

Revenue from sale of products is recognized at the time the goods are shipped and title passes to the customer. In most of the Company's PCC contracts, the price per ton is based upon the total number of tons sold to the customer during the year. Under those contracts the price billed to the customer for shipments during the year is based on periodic estimates of the total annual volume that will be sold to such customer. Revenues are adjusted at the end of each year to reflect the actual volume sold. The Company also has 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 have been performed.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Foreign Currency

The assets and liabilities of the Company's international subsidiaries are translated into U.S. dollars using exchange rates at the respective balance sheet date. The resulting translation adjustments are recorded in accumulated other comprehensive income (loss) in shareholders' equity. Income statement items are generally translated at monthly average exchange rates prevailing during the period. International subsidiaries operating in highly inflationary economies translate non-monetary assets at historical rates, while net monetary assets are translated at current rates, with the resulting translation adjustments included in net income. At December 31, 2011, the Company had no international subsidiaries operating in highly inflationary economies.

Income Taxes

Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company operates in multiple taxing jurisdictions, both within the U.S. and outside the U.S. In certain situations, a taxing authority may challenge positions that the Company has adopted in its income tax filings. The Company regularly assesses its tax position for such transactions and includes reserves for those differences in position. The reserves are utilized or reversed once the statute of limitations has expired or the matter is otherwise resolved.

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. The Company's accounting policy is to recognize interest and penalties as part of its provision for income taxes. See Note 5 to the consolidated financial statements, "Income Taxes," for additional detail on our uncertain tax positions.

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

Research and Development Expenses

Research and development expenses are expensed as incurred.

Accounting for Stock-Based Compensation

The Company recognizes compensation expense for share-based awards based upon the grant date fair value over the vesting period.

Pension and Post-retirement Benefits

The Company has defined benefit pension plans covering the majority of its employees. The benefits are generally based on years of service and an employee's modified career earnings.

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

Environmental

Expenditures that relate to current operations are expensed or capitalized as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when it is probable the Company will be obligated to pay amounts for environmental site evaluation, remediation or related costs, and such amounts can be reasonably estimated.

Earnings Per Share

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

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

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Subsequent events

The Company has evaluated for subsequent events through the date of issuance of its financial statements.

Noncontrolling Interests

In 2009, the Company adopted the provisions of a standard issued by the Financial Accounting Standards Board ("FASB") on Noncontrolling Interests. The income statement was revised to separately present consolidated net income, which now includes the amounts attributable to the Company plus noncontrolling interests and net income attributable solely to the Company. Additionally, noncontrolling interests are considered a component of equity for all periods presented. Prior year presentations have been restated to conform with the new statement. All income attributable to noncontrolling interests for the periods presented was from continuing operations. In the third quarter of 2011, the Company divested a 50% interest in its Refractories joint venture in Korea. As a result, the Company now has a 20% equity interest in this entity and will account for this investment using the equity method. There were no other changes in MTI's ownership interest for the period ended December 31, 2011 as compared with December 31, 2010.

Note 2. Stock-Based Compensation

The Company has a 2001 Stock Award and Incentive Plan (the "Plan"), which provides for grants of incentive and non-qualified stock options, restricted stock, stock appreciation rights, stock awards or performance unit awards. The Plan is administered by the Compensation Committee of the Board of Directors. Stock options granted under the Plan generally have a ten year term. The exercise price for stock options are at prices at or above the fair market value of the common stock on the date of the grant, and each award of stock options will vest ratably over a specified period, generally three years.

Stock-based compensation expense is recognized in the consolidated financial statements for stock options based on the grant date fair value.

Net income (loss) for years ended 2011, 2010 and 2009 include $2.7 million, $2.0 million and $2.2 million pretax compensation costs, respectively, related to stock option expense as a component of marketing and administrative expenses. All stock option expense is recognized in the consolidated statements of operations. The related tax benefit included in the statement of operations on the non-qualified stock options is $1.1 million, $0.8 million and $0.9 million for 2011, 2010 and 2009, respectively.

The benefits of tax deductions in excess of the tax benefit from compensation costs that were recognized or would have been recognized are classified as financing inflows on the consolidated statement of cash flows.

Stock Options

The fair value of options granted is estimated on the date of grant using the Black-Scholes valuation model. Compensation expense is recognized only for those options expected to vest, with forfeitures estimated at the date of grant based on the Company's historical experience and future expectations. The forfeiture rate assumption used for the period ended December 31, 2011 was approximately 6.87%.

The weighted average grant date fair value for stock options granted during the years ended December 31, 2011, 2010 and 2009 was $22.06, $16.32 and $11.86, respectively. The weighted average grant date fair value for stock

options vested during 2011, 2010 and 2009 was $15.17, $17.01 and $20.15, respectively. The total intrinsic value of stock options exercised during the years ended December 31, 2011, 2010 and 2009 was $1.7 million, $0.5 million and $0.1 million, respectively.

The fair value for stock awards was estimated at the date of grant using the Black-Scholes option valuation model with the following weighted average assumptions for the years ended December 31, 2011, 2010 and 2009:

	2011	2010	2009
Expected life (years)	6.3	6.3	6.3
Interest rate	2.46%	2.92%	1.87%
Volatility	30.93%	28.80%	28.01%
Expected dividend yield	0.31%	0.41%	0.50%

The expected term of the options represents the estimated period of time until exercise and is based on historical experience of similar awards, based upon contractual terms, vesting schedules, and expectations of future employee behavior. The expected stock-price volatility is based upon the historical and implied volatility of the Company's stock. The interest rate is based upon the implied yield on U.S. Treasury bills with an equivalent remaining term. Estimated dividend yield is based upon historical dividends paid by the Company.

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The following table summarizes stock option activity for the year ended December 31, 2011:

	Shares	Weighted Average Exercise Price Per Share	Weighted Average Remaining Contractual Life (Years)	Aggregate Intrinsic Value (in thousands)
Balance December 31, 2010	820,030	$ 52.11		
Granted	122,323	64.12		
Exercised	(120,598)	50.02		
Canceled	(34,768)	53.59		
Balance December 31, 2011	786,987	$ 54.19	5.71	$ 10,087