



to our shareholders

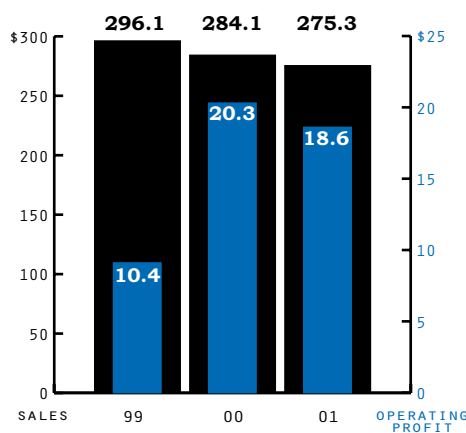
AMCOL's 2001 results demonstrate the benefits of our diversified approach, though this sometimes makes it difficult to comprehend AMCOL as a consolidated business. Our businesses, while different, work together to share information, raw materials, resources, technology, and intellectual capital. Utilizing this advantage, AMCOL has the unique ability to create value for our customers across our three business segments – environmental, minerals and transportation.

The diversity of our products and markets has always been one of our strengths. Through our research and development teams, we continue to generate new uses and applications for bentonite, our core raw material. Additionally, we are creating value-added products that use our polymer expertise, expanding our existing markets and opening the door to exciting new opportunities.

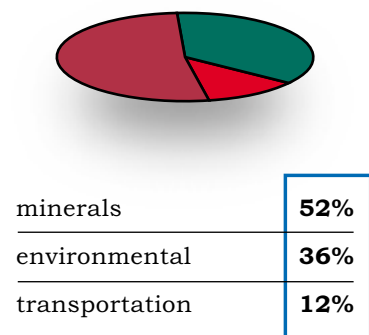
Due to the diversity of markets within our segments, AMCOL was able to produce a 2001 operating profit (from continuing business operations) of \$18.6 million in the face of a challenging economic environment. In our traditional markets, we improved market share and strengthened our position as an industry leader.

AMCOL ended 2001 in a strong financial position, having completed a major common stock buy back totaling 1.8 million shares, while reducing long-term debt by approximately 74 percent. Entering 2002, our balance sheet remains strong with net debt of \$13 million.

AMCOL CONSOLIDATED SALES AND OPERATING PROFIT
[\$ IN MILLIONS]



AMCOL CONSOLIDATED SALES BY SEGMENT



environmental

Our environmental segment was our strongest performer, experiencing growth in sales and profitability. This offset the performance of our largest segment, minerals, which reported a decline in sales and operating profit. The environmental segment accounted for approximately 36 percent of AMCOL's consolidated net sales and achieved record profitability. Environmental sales increased 6 percent and operating profit grew 31 percent in 2001. In the U.S., Environmental Offshore, Drilling Products and Building Materials groups delivered impressive results.

Europe was a major contributor to the environmental segment's improvement. The geosynthetic clay liner operation that was established two years ago in Poland is doing very well and we believe that Europe and Asia both offer future growth opportunities in the environmental market. Our offshore group continues to expand internationally with activity in the North Sea, Middle East and Africa.

The Building Materials Group continues to enjoy a solid market position. This group is preparing to launch Volclay BPA, a waterproofing product developed by our R&D team that combines polymer and bentonite technologies, which enhances waterproofing in difficult environments.



minerals

The minerals segment performed below expectations, with the slowdown in the metalcasting market being the biggest factor. The minerals segment contributed 52 percent to AMCOL's sales, and experienced a 31 percent decline in operating profit for 2001. We have maintained a strong customer base and are well positioned in the metalcasting market; we feel confident that once the overall economic situation improves our business will follow.

The Pet Products Group was stable in 2001. We are a significant supplier of raw material to the major brands. The packaging side of the business continues to be competitive; however, the value we provide by supplying a variety of pet products to our customers has proven a successful strategy.

Internationally, we ended 2001 with improved profitability in Thailand, Korea and China. We sold our unprofitable foundry business in the U.K. to allow management to focus on higher margin opportunities. Our new modern facility in China will position us well for growth in this important developing region.

Our strong commitment to R&D has allowed us to create products with high-value potential for use in markets as diverse as cosmetics, water treatment and paper production. In the years ahead, we will see the benefits from these expenditures as we demonstrate the unique technical capability that AMCOL brings to a number of markets. AMCOL's future depends on delivering leading-edge technology to the marketplace. Expenditures on R&D across all sectors increased in 2001, and we expect this to continue well into the future.

Market momentum for nanocomposite technology continues to grow despite an economic slowdown that has impacted the plastics industry. Nanacor has commercialized its patented technology for dispersing nanoscale particles of chemically-modified clays into plastic resins. Although sales were modest, we feel confident that our technology will be successful in several different market applications.

Our Health and Beauty Solutions group is another example of AMCOL's commitment to introducing novel technologies. Two unique products for the personal care market with enormous market potential have been developed. By combining our clay and polymer technologies we can expand our presence in consumer markets and diversify our portfolio.

Accounting for 12 percent of consolidated net sales, AMCOL's transportation segment continues to generate consistent sales and operating profit while providing value for the environmental and minerals operations.



closing remarks

Our strategy is to support profitable growth with leading-edge technology and global expansion. We expect to experience growth in Environmental Offshore, Health and Beauty, and Nanocor, all potentially high-value, high-margin businesses with unique technology. As we build on our historical strengths and expand into new markets, we take along our expertise to developing regions around the world.

Through the years, AMCOL has strategically carved its niche in the specialty minerals business. We are enthusiastic about future opportunities and will continue to diversify our products and markets. The key to our continued success lies in our people. More than 1,000 strong around the world, AMCOL's team represents the best in the field. We will leverage our expertise and expand our market presence in each segment, resulting in higher levels of profitability for the company and greater benefit for our shareholders.



Larry Washow

President and Chief Executive Officer



Certain statements contained in this Corporate Report constitute "forward-looking statements" made in reliance upon the safe harbor contained in Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements include those relating to anticipated growth, stock prices, levels of capital expenditures, expansion into global markets, acquisition opportunities and the development of new products and services. AMCOL's actual results for such periods may materially differ due to a variety of factors. Such factors include actual growth in AMCOL's various markets; utilization of AMCOL's various plants; operating costs; raw material prices; weather; currency exchange rates and devaluations; delays in development, production and marketing of new products; integration of acquired businesses; and other factors set forth from time to time in AMCOL's Form 10-K and other reports filed with the Securities and Exchange Commission. Any of these factors could cause AMCOL's actual results to differ materially from those described in the forward-looking statements.

AMCOL MARKETS

minerals

AMERICAN COLLOID CO., VOLCLAY INTERNATIONAL CORP., NANOCOR INC., AMCOL HEALTH AND BEAUTY SOLUTIONS, INC. AND SUBSIDIARIES

Metalcasting | Custom-blended products to strengthen foundry sand molds for cast auto parts, farm implements, railcars and home appliances.

Pet Products | Bentonite-based scoopable litters and specialty pet products.

*Iron Ore Pelletizing | Clays to bind iron ore into pellets for steel production.

*Oil & Gas Drilling | Lubricator/thickener and thinner for drilling fluids.

†Agriculture/Agronomics | Pelletization agent for animal feed; humic acid-based turf builders.

†Fine Chemicals | Gelling, binding, thickening, plasticizing and emulsifying agents for cosmetics, pharmaceuticals and household products.

Nanocomposite Plastic Additives | High-purity bentonite-based additives to enhance plastic's structural and/or barrier properties in food/beverage packaging, automotive parts, computer hardware, electrical components, construction materials and appliances.

*Included in Durable Minerals

†Included in Consumable Minerals

environmental

CETCO AND SUBSIDIARIES

Construction | Concrete waterproofing products.

Lining Technologies | Geosynthetic clay liners for landfill, sewage lagoon and civil engineering applications.

*Wastewater | Treatment systems for small-flow industrial wastewaters.

*Environmental Offshore Services | Treatment for well completion and simulation fluids; produced water; pipeline hydrotest water applications.

*Drilling | Drilling fluids, grouts, borehole sealants, rehabilitation chemicals.

*Included in Water Treatment

transportation

AMERI-CO CARRIERS, INC. AND AMERI-CO LOGISTICS, INC.

Long-Haul Trucking / Freight Brokerage | Shipments for AMCOL companies and outside customers.



minerals

Our minerals segment's position as the premier supplier is a distinct sales advantage in today's highly competitive environment. As we maintain our strong market position, we are developing innovative technologies and improving our global operations in the weak economic environment. We continue to seek product diversification opportunities to benefit our well-established customer base.

Metalcasting comprises the largest group within the minerals segment, 53 percent of sales. Through the consolidation within the metalcasting market, AMCOL has maintained our leading market share. Our close working relationships with customers built on long-term commitments to their markets, combined with competitive pricing, will strengthen our position.

Pet Products, the second largest group in minerals, has diversified its product line by including a range of value-added pet products, leveraging our sales, logistics and distribution channels.

The Industrial Specialties Group delivered solid returns proving less susceptible to the recent economic downturn. High-value specialty materials for use in markets such as paper production and paint and coating applications have helped establish a strong base that we expect to grow in the years ahead. Softness in the industrial sector was offset by increased market share in paper clays and water-washed clays for ceramics and refractories.

With high-energy prices spurring drilling activity, the Petroleum Products Group exceeded sales expectations. With a renewed focus on higher-value products we anticipate continued growth in the coming year.

52% | AMCOL
CONSOLIDATED
NET SALES

min'er•als' (52% consolidated net sales) Includes American Colloid Company, Volclay International, Nanocor and AMCOL Health and Beauty Solutions; each uses bentonite for a variety of applications, including oil well drilling, foundry, pet products, agriculture, cosmetics and plastics.

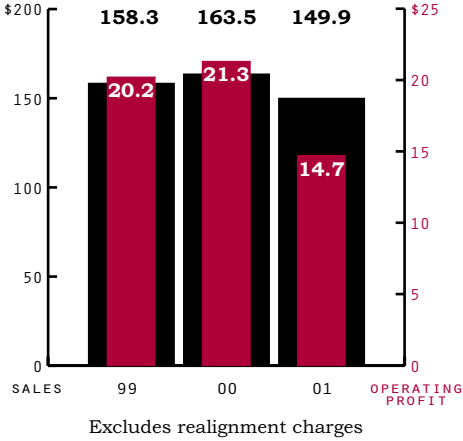


MINERALS SALES BY GROUP



metalcasting	53%
pet products	32%
consumable minerals	7%
durable minerals	6%
other	2%

MINERALS SALES AND OPERATING PROFIT [\$ IN MILLIONS]



AMCOL Health and Beauty Solutions further exemplifies our commitment to invest in breakthrough technologies. The group is developing and marketing two principal technologies: Delivery Systems and Rheology Modifiers.

Delivery Systems deploy polymers that can augment performance of functional ingredients, such as vitamins and antioxidants, which are used in popular skin care products.

Rheology Modifiers are materials that improve the feel of personal care products and their function. One of our products demonstrates significant enhancement of sun protection factor in sunscreen.



As the international foundry industry continues to modernize, China represents a sizeable market and a considerable opportunity for growth. We are the majority owners of the only modern world-class bentonite facility in China. This year we made significant progress building our organization and growing our team of sales staff and technical support people.





This year, Nanocor made significant progress toward becoming the premier global supplier of nano-scale clay particles. Nano-scale clay minerals are dispersed into a variety of plastics to improve heat resistance, barrier properties, strength, rigidity, and flame retardancy. With 30 nanocomposite related patents, we hold the most substantial intellectual property base of anyone in our industry.

Nanocor has sublicensed our nanocomposite technology to Honeywell, the largest nylon

producer in the U.S., for use in its Aegis line of products, which became commercially available in 2001.

As the minerals segment adds new products, we are acutely aware that they are being introduced to a much more competitive and cost-conscious world. We will expand its profit potential through additional cost controls, new product sales and steadfast attention to customer service.

environmental

Building on a turn-around that began with its restructuring in 1999, CETCO, AMCOL's environmental segment, enjoyed a record-setting year in 2001. Accompanying this improved financial performance were improved operations, an enhanced product mix and a strengthened position in the building materials, drilling products and environmental offshore markets.

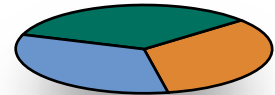
The Environmental Offshore Group experienced substantial growth overseas. The group's proprietary technology and innovative equipment design have established it as the global industry leader in helping offshore oil production platforms meet stringent environmental standards.

Drilling Products continues to provide a high level of service and support to the horizontal and specialty drilling industry in the U.S. Unique products that improve the efficiency and ease of drilling operations in public infrastructure applications reinforce our position in this growing market.

The Building Materials Group has maintained a significant position in the commercial and industrial waterproofing market. Our breakthrough Volclay BPA product will allow us to penetrate new portions of the waterproofing market.

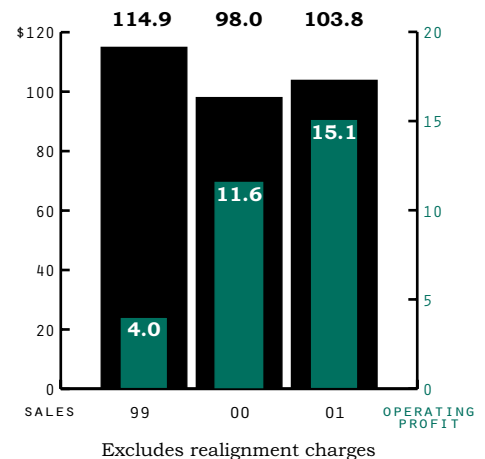
Lining Technologies, which produces and markets geosynthetic clay liners, primarily for landfills, remains CETCO's largest business group and holds the leading share of the market. With a production facility in Poland and a new plant opening in Korea, we are strongly positioned to capture a growing global market.

ENVIRONMENTAL SALES BY GROUP



lining technologies	35%
water treatment	35%
building materials	30%

ENVIRONMENTAL SALES AND OPERATING PROFIT
[\$ IN MILLIONS]



en•vi•ron•men'tal (36% consolidated net sales) Includes CETCO and subsidiaries; committed to innovative, cost-effective products and services that are sensitive to preserving the environment; works in industries as diverse as offshore oil production, radioactive waste site remediation, and solid waste landfill lining.

CETCO expects to continue expansion into the international market, which currently represents more than a third of our business. Profitability of the European sales group has improved dramatically, the result of increased sales of higher-margin products and lower-operating costs. We have been organizing our team to take advantage of the growing Asian market, aligning ourselves with a venture in China that has already proved successful.

CETCO brings strong technical solutions to a range of challenging water treatment and construction related issues. We see many opportunities to expand our businesses and maintain strong margins through our focus on service and leading-edge technology.



stock listing

NYSE: ACO

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AMCOL's quarterly earnings releases are posted at AMCOL's Internet site: www.amcol.com. Or contact Jennifer Melsheimer at 847.394.8730 to have the releases mailed to you.



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