

For the Performance Materials segment, the Company competes on the basis of product quality, service, technical support, price, product availability and logistics. There are numerous major producers of competing products and various regional suppliers in the areas the Company serves. The Company is the world leader in bentonite, including number one positions in metalcasting and pet litter. With respect to the environmental products product line, the Company competes with geosynthetic clay liner manufacturers worldwide, several suppliers of alternative lining technologies, and providers of soil and environmental remediation solutions and products. In addition, the filtration and well-testing products within the Environmental Products product line compete with other oil and gas services companies. The building materials product line competes in a highly fragmented market comprised of a wide variety of alternative technologies. A number of integrated bentonite companies compete with our drilling products.

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

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

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

Seasonality

Some of our products in the Performance Materials segment within the environmental and building materials product lines are impacted by weather and soil conditions. Many of the products cannot be applied in wet or winter weather conditions and, as such, sales and profits tend to be greater during the period from April through October. Our Processed Minerals product line of our Specialty Minerals segment is subject to similar seasonal patterns. In addition, the oil and gas production facilities are subject to natural disasters, such as hurricanes, which could lead to lower sales in the June to November months. As a result, we consider the business of the Performance Materials segment to be seasonal.

Research and Development

Many of the Company's product lines are technologically advanced. The Company's internal research team has dedicated years of experience into analyzing properties of minerals and synthetic materials while developing processes and applications to enhance their performance. Our expertise in inorganic chemistry, crystallography and structural analysis, fine particle technology and other aspects of materials science apply to and support all of our product lines. The Company's business strategy for growth in sales and profitability depends, to a large extent, on the continued success of its research and development activities.

The Company's Performance Materials segment also offers a strong portfolio of custom blended compounds, formulations and technology, which have been primarily developed internally by the Company's research and development efforts. The ADDITROL[®] formulation, a custom blend, meets the need of both ferrous and non-ferrous applications. The Volclay[®] application is used in green sand molding applications ranging from the production of iron and steel castings to the production of non-ferrous castings. The Hevi-Sand[®] specialty chromite blend prevents metal penetration and can be used with most foundry binders in molds and cores. In addition, the Company's RESISTEX[™] and CONTINUUM[®] formulation enables withstanding aggressive leachates. The ORGANOCLAY[®] technology offers highly effective solutions in effective in removing oils, greases and other high molecular weight, low solubility organic compounds from aqueous streams. The Company's FLOURO-SORB[®] absorbent is a proprietary, NSF-certified product designed to globally support remediation efforts surrounding per- and polyflouroalkyl substances (PFAS). The Company will also continue to seek out promising compounds and innovative technologies, developed mainly by our internal research team, to incorporate into our product lines.

In the Specialty Minerals segment, the significant achievements of the Company's research and development efforts include: the satellite PCC plant concept; PCC crystal morphologies for paper filling and coating; FulFill[®] high filler technology systems; NewYield[®] Waste Stream Process Technology; ENVIROFIL[®] Waste Stream Process Technology; Thixocarb[®] PCC, Vicality[®] USP PCC, EMforce[®], and Optibloc[®] for the Processed Minerals and Specialty PCC product lines.