

Issues Briefing

Supply Reliability

Nine out of ten Borax customers consider our ability to deliver borates quickly, safely and cost-effectively to be among the most important services we offer, according to a recent survey.

Not surprising when you consider that the major borate deposits being harvested today are limited to relatively few areas in the world. At Borax, our ability to reliably deliver borates – across deserts and mountains, continents and oceans – is as critical to our success as it is to our customers’.

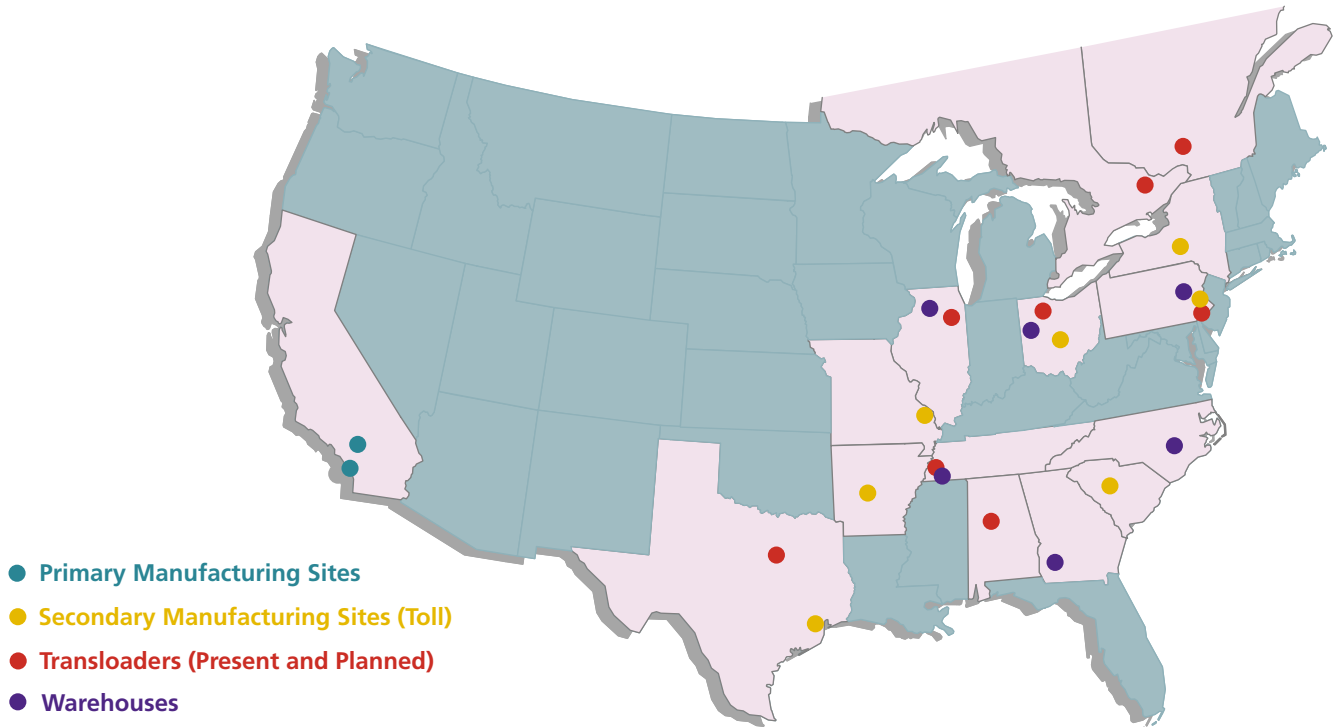
In the 1880s, we adapted eastern transportation modes to western terrain to haul borates out of Death Valley. Mule team hitches used to haul heavy artillery in the Civil War were expanded to harness twenty mules – enough “horsepower” to pull heavy ore wagons across the wide open landscape of the west. There were no roads, so we carved them out ourselves. In the 21st century, we are still blazing trails to keep customers in nearly 100 countries supplied with the highest quality products and services available.

Sustained Networks

While our primary mine is located on the West Coast of the United States, most of our major North American customers are east of the Mississippi River. To serve these customers, Borax operates a supply chain that includes:

- > Primary manufacturing sites in Boron and Wilmington, California. This domestic source gives our customers a sustainable supply advantage when world events threaten to obstruct international trade routes.
- > A dedicated fleet of nearly 800 lined rail cars owned or leased by Borax.
- > Strong working relationships with trucking and piggyback lines designated by our customers.
- > Transload facilities strategically sited across the United States – including Alabama, Illinois, Ohio, Pennsylvania and Texas – and in Ontario, Canada.
- > Secondary or toll manufacturing sites throughout the continent in Arkansas, Missouri, New York, Ohio, Pennsylvania, South Carolina and Texas.
- > Warehouses in Georgia, Illinois, North Carolina, Ohio, Pennsylvania and Tennessee.

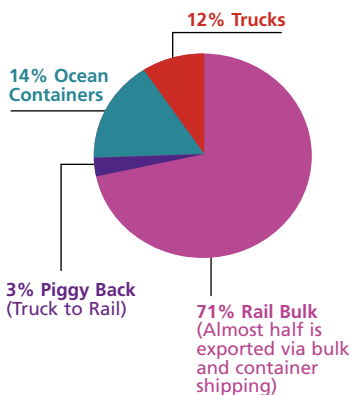
Supply Chain Facilities



Borax has been a global supplier since its inception. To serve our international customers, we operate:

- > A distribution and refining facility in the Port of Los Angeles. From here, tens of thousands of tons of borates are shipped to customers in nearly 100 countries via semi-dedicated vessels and containers.
- > A company-owned distribution facility in Rotterdam, home of the world’s largest port. Borates offloaded in Rotterdam are transported by truck or barge directly to European customers or to Borax’s facility in Coudekerque, France, for further refining and distribution.
- > Borax distribution facilities in Spain, and contracted warehouses in Italy and Malaysia, supplied by smaller vessels.
- > Secondary stockpoints, currently operating in Brazil, Germany, Norway, South Korea and Taiwan, with new ones opened as business dictates.

Transportation Modes from Principal Mine in Boron



Borax’s supply chain is built for agility and responsiveness. The company’s ability to orchestrate the movement of a million tons of borates by truck, train, barge and ship while maintaining its 95 percent on-time delivery rate has distinguished Borax as the most reliable supplier in the industry.

Sustainable Advantages

Supporting our competitive operation is our competitive strategy: to adapt quickly to optimal cost and service levels in a rapidly changing world. Most recently, Borax opened a new warehouse in Pennsylvania, and will be opening two new transload facilities in Tennessee and Quebec to improve our service.

Borax's Strategic Inventory Placement system allows us to go beyond simply meeting customer needs to anticipating them. Almost two-thirds of our North American customers rely on this inventory program for just-in-time deliveries. Railcars are shipped from our primary mine and refinery to stand-by positions in or near customers' plants. Shipments of borates are on site precisely when they're needed, and the railcar's return triggers the next shipment. We also contract with long-term customers to build borate silos on site to ensure supply reliability.

Collaboration with customers – on inventory management, planning and scheduling – is vital to effective supply chain operations. Internal collaboration is equally critical. Continuous improvement of every aspect of our business depends on close integration between operations, distribution, and a wide range of service functions:

- > Recent equipment upgrades and maintenance system improvements have resulted in a 12 percent increase in productivity at our primary Boric Acid plant, with a simultaneous seven percent reduction in water usage, strengthening supply reliability.
- > Employee-driven safety awareness and auditing programs have resulted in a 30 percent reduction in our overall injury rate, contributing to higher productivity.
- > Life-cycle analyses confirm that our guidelines for safe handling and use of borate products protect our employees, our customers' employees and consumers at large.

While supply chain excellence has always been our destination, our ability to add value to our customers' business means that chain must include economic, social and environmental excellence. Borax will continue to configure its supply chain – and its entire business – to deliver unparalleled product quality, technical support and supply reliability, as well as the world's best borates.

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