

Investor information

Independent auditors

Ernst & Young LLP
1221 McKinney Street, Suite 2400
Houston, Texas 77010-2007

Stock transfer agent and registrar

ChaseMellon Shareholders Services, L.L.C.
Overpeck Centre
85 Challenger Road
Ridgefield Park, NJ 07660-2104

Market and symbol

Nasdaq: DNLI

Annual meeting

The annual meeting of Denali shareholders will be held on Wednesday, October 21, 1998, at 1:00 p.m. at the:
DoubleTree Hotel
2001 Post Oak Boulevard
Houston, Texas 77056-4401.

Contact information

Shareholders and prospective investors are welcome to call or write with questions or requests for additional information. Please direct inquiries to: Mel Carter, vice president of business development, at 1360 Post Oak Boulevard, Suite 2250, Houston, Texas 77056-3051 or via the Worldwide Web at mcarter@denaliincorporated.com.

NOTE: This annual report contains certain forward-looking statements as such term is defined in the Private Securities Litigation Reform Act of 1995 and information relating to the company and its subsidiaries that are based on the beliefs of the company's management as well as assumptions made by and information currently available to the company's management. When used in this report, the words, "anticipate," "believe," "estimate," "expect," and "intend" and words or phrases of similar import, as they relate to the company or its subsidiaries or company management, are intended to identify forward-looking statements. Such statements reflect the current risks, uncertainties and assumptions related to certain factors including, without limitation, competitive factors, general economic conditions, customer relations, relationships with vendors, the interest rate environment, governmental regulation and supervision, seasonality, distribution networks, product introductions and acceptance, technological change, changes in industry practices, onetime events and other factors described herein. Based upon changing conditions, should any one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended.

LubeCube is a registered trademark of Denali Incorporated.
©1998 Denali Incorporated. All rights reserved. TDM 98054/6M/9-98



The first plastic dates from an 1860 contest to replace ivory as the material of choice for pool balls. A burst of scientific investigation and invention in the 1920s and 1930s followed the correct supposition that plastics were giant molecules. Fiberglass became the fuel containment technology of choice in the 1960s. Major gasoline retailers demanded a material that would not, could not corrode, when installed underground.