

The company

Denali's Vision is to be the leading provider of solutions for critical fluids handling. We focus on process industries, like chemical processing and pulp & paper, that involve specialized knowledge of containment, materials, separation, and measurement, and we are structured along the lines of these competencies. Our current expertise is in containment (Containment Solutions, Inc.) and materials (Specialty Solutions, Inc.). As Denali continues to grow and increase our capabilities in these areas, as well as separation and measurement, we will be able to provide more complete solutions addressing our customer's needs — furthering our goal of being the leading supplier of solutions for critical fluids handling by helping create efficiencies for our customers' processes.

We believe the fragmented nature of the critical fluids handling industry, comprised of many companies with limited product ranges or serving limited geographic areas, provides continued acquisition and internal growth opportunities. Strategies to capitalize on these opportunities take many forms, including the penetration of new geographic markets, particularly international, and expansion of product offerings.

Containment Solutions, Inc. (CSI) provides solutions primarily to the petroleum equipment industry. CSI is a leading manufacturer of both fiberglass underground storage tanks (USTs) and steel, aboveground storage tanks (ASTs) for flammable and combustible liquids. CSI's business is growing due to several factors. Petroleum marketers increasing their geographic coverage are a driver. They are also shifting to retail locations that combine the traditional self-serve station with a fast food store and/or a convenience store, called "Super-Cs." Also, some growth will result from EPA mandates concerning spill protection, overfill protection, and corrosion protection.

The UST market is highly fragmented, with entrants from both steel tank suppliers and another major fiberglass supplier, Xerxes, Inc. Although steel USTs are less expensive than fiberglass USTs, fiberglass is not subject to corrosion, protecting the customer from corrosion leaks and related environmental problems. CSI's reputation for quality, history of performance, and engineering capabilities are competitive strengths.

The growth in CSI's AST market is attributable to an increase in the number and size of quick-change oil & lube centers and full service centers for auto repair, as well as a growing acceptance of aboveground alternatives to historically underground containment.

The AST market is also highly fragmented and competitive. However, CSI's broad product lines, product design, and experienced personnel are strengths upon which we will continue to build.

CSI is also the first company in this business to market both fiberglass and steel tanks, two camps traditionally waging full-scale warfare. By electing to market both, CSI created an opportunity for customer service never before possible in the containment market.

Specialty Solutions, Inc. (SSI) provides engineered containment and material solutions to a variety of industries, including chemical processing, pulp & paper, power, and water & wastewater. SSI has three businesses with distinct, though complementary, competencies.

Formerly the fiberglass tanks division of Owens-Corning Fiberglas, Containment Solutions is the largest supplier of underground fiberglass storage tanks in the world. Products include tanks, oil/water separators, and monitoring instrumentation.

