
Date: 4/29/2016

To: Those Listed
From: Bill Neighbors

Subject: Business Update from TCAG Board Chairman

With 9 months behind us as an ESOP, I thought it might be beneficial for the chairman of the board to weigh-in on current events both at TC and in the storage tank industry. It is with great pleasure that I can now address Tank Connection employees and congratulate them on becoming an “employee owned company”.

ABOUT TANK CONNECTION’S ESOP

Routinely, I hear misinformation in the marketplace about how an ESOP works. At TC, our equation is simple to understand. In essence, all TC stock has been sold to a trust. The recipients of this trust are the employees. Every year, TC employees gain an increasing share in the trust, which is given to them. There is no purchase of stock by employees. Over time, the employees will end up as the sole recipients of the trust. Relative to this subject, other questions that I have been asked:

- Who finances the ESOP transaction? It is mainly financed by the original TC stockholders, of which I am the largest stock holder.
- Why an ESOP? It stops passing company stock down from generation to generation within families. Also, we did not want to see an investment company in the picture down the road. Investment companies have one intention, that is to make themselves money, not the employees.
- How does this contrast with another local company, [REDACTED]? [REDACTED] is owned by an investment company. These groups simply buy companies, package them up and eventually sell them again. In my time with this former company, I went through 5 new owners. I never saw any benefit for the employees in these transactions.

ESOP’s are a sweet deal for the employees if you have the right management group in place to run the company. Needless to say, Tank Connection is led by the leading group of talent in the storage tank industry. TC has been blessed over the last decade, to have the best and brightest in storage to be landing on our door step. When the best team players come together in an industry, the results can be incredible and we have enjoyed this path. Going forward, I am very confident in the staff at TC to lead the company in the future and our employees to make us really stand out from other competitors in the industry.

CHAIRMAN OF THE BOARD FUNCTION

So what is my specific function as your chairman of the board? Basically, I am involved with “strategic guidance and new product development.” I am not involved with day to day operations.

CURRENT BUSINESS LEVELS

So why are current business levels down? Actually, business levels this year are a mixed bag. On the liquid side of business, we will likely have a great year. The real culprit this year is contraction in the dry bulk market, in particular the fracking markets (oil & gas) that require unlimited amounts of stored sand. Add the dynamics of an election year and capital spending being down across broad service markets and

the net result is a down market for bulk storage. Relative to the liquid side of business, TC is growing at a very controlled rate in our service markets of potable water, wastewater, fire protection and industrial liquids. Our aluminum dome market continues to gain market share every year. Also, we are now positioned in the elevated water tank market (EWT's) for future growth. We have now installed both composite/concrete pedestal and our own patented design "poster series" EWT's in the field. The review of this product line has been exceptional and we expect great results in the future.

COMPETITOR INFO

Based on feedback from industry insiders, it appears that our competitors are more concerned about what we are doing, whereas we have little interest in what they are doing. One competitor is known for their "revolving door of management," which is both comical and should be alarming to their employees. Their brain drain is making them a minor league player in the tank industry, and I don't think they really understand this impact.

Tank Connection is poised to become the dominant tank supplier for dry bulk and liquid storage applications in North America. We will accomplish this by continuing to offer storage tank products and services that are unmatched in quality. It is a simple but effective equation . . . offered by an employee owned company that really cares about servicing our clients. Simply put, our competitors are running scared because they can't compete with this equation.

THE RUMOR MILL

I would discourage TC employees from engaging in any rumor mill circles. Typically, most rumors turn out to be false, so fanning false information is just a waste of good time. Over the last few months, I have received the following inquiries:

- Is Bill Neighbors or TC trying to buy █? We have heard this rumor floating in the industry and I can tell you that we have no interest whatsoever.
- Is Bill Neighbors starting another tank company? I have been involved with starting other companies but none of these companies are tank related.
- Is TC installing a glass coating line? This one is actually true and has been confirmed to our internal management team. More info on this below.

SOME SIMPLE FACTS ON CURRENT BUSINESS

- Bolted dry business is down due to decreased capital spending levels in key dry bulk storage markets.
- Bolted liquid business is up with an added kicker of new products lines that will add substantially to our liquid equation.
- Dome business continues to gain market share in the industry globally. This is an outstanding product line and we have great expectations on these applications for the future. Just as a side note, we continue to see some new clients that have paid ridiculous high prices for aluminum geodesic domes when TC is not on the project. Hmm...
- Shop-welded tanks business is full through October. We continue to see some real improvement in key service markets for plastics, foods, chemicals, minerals, biomass and other products.
- Elevated water tank (EWT) opportunities continue to surface and the merits of our product line offering are now being recognized.

- Tank Connection is the only bolted tank company in the world that maintains two premier powder coating lines that represent high technology for high performance powder coating applications. Both lines run over twice the length of a football field and are certified by Akzo Nobel. This technology allows TC to be the exclusive provider for the #1 liquid tank coating system available for water storage applications, which is called LIQ 7000 FBE™. No other coating system for water storage applications can touch the performance of this system. Because we have two separate lines, TC can turn production up or down in the future depending on client needs. Additionally, our Galesburg, KS, facility easily accommodates the glass coating line expansion. So why add a glass option? The answer is quite simple, to give clients a full spectrum of choices. Currently, TC offers bolted RTP (rolled, tapered panel) tanks coated with LIQ Fusion coating and in 304 and 316L stainless steel construction. Additionally, we have the same offering in field-welded tank construction. A glass coating is the only remaining option in steel tank construction to add to our arsenal of tank products. Currently, TC is the only tank manufacturer in the world that offers all of these tank products and we don't offer just good products, but rather the best products available in the industry. Other aspects on this expansion are confidential and will be released in the near future.

In summary, the ESOP transition at Tank Connection is a real opportunity for our employees and those that join our company in the future. No doubt 2016 will continue to be a down year in bulk storage applications, but we also see signs for significant improvement later in the year. Liquid storage applications for TC in 2016 will likely be record setting. Our view of the marketplace is to serve our clients with products and services of unmatched quality. As chairman of the board, I am optimistic about the future for TC because we have a clear path to become firmly positioned as #1 in the industry, by offering the most extensive line of tank products for industrial and municipal applications. As always, the employees at TC make all the difference, so I will challenge all of you to perform your job function with absolute excellence. Our attitude, attention to detail and "golden rule" customer service sets us far apart from other suppliers.

Regards,

Bill