



JM EAGLE ANNOUNCES FEDERAL GOVERNMENT DECISION NOT TO JOIN QUI TAM LAWSUIT

DECISION MADE AFTER THREE-YEAR FEDERAL INVESTIGATION OF JM EAGLE'S PRODUCTS AND QUALITY-CONTROL PROCESSES.

Los Angeles — February 16, 2010 — JM Eagle announced today that the Federal District Court in Los Angeles unsealed and publicly released its court order regarding the federal government's decision not to intervene in a qui tam lawsuit challenging the quality of its PVC (polyvinyl chloride) water pipe products and related processes.

The government made its decision official on February 9, 2010, following an extensive three-year investigation in which JM Eagle provided tens of thousands of pages of documents and certifications. Government investigators also consulted industry experts and requested samples of pipe in order to conduct their own third-party testing.

"We are pleased the federal government, after completing its thorough investigation, has decided not to intervene in the lawsuit," said JM Eagle CEO Walter Wang. "We gave our full cooperation during the course of the investigation, and have always been confident that we would be vindicated."

A qui tam lawsuit is filed by a private party, in this case a disgruntled former employee, in the name of the federal government. After the filing, the federal government is required to investigate and decide whether or not to intervene and take over the case. If there is a recovery from the lawsuit, the private party can receive a substantial share of the recovery.

"The charges made in the lawsuit are baseless and false," said Mr. Wang. "Our products meet applicable quality standards."

JM Eagle's pipe products are certified by independent agencies, such as Underwriter's Laboratories and NSF International, to comply with their applicable quality standards.

As a 40-year veteran of the company, going back to the Johns Manville days, Dave Slawson, JM eagle's VP of Operations, has been a part of JM Eagle's commitment to producing pipes of the highest quality.

"Our plants are regularly subjected to unannounced audits in which our products are inspected and selected at random for testing," said Slawson. "Beyond that, as part of our regular quality testing, we perform hydrostatic tests on every C900 and C905 water pipe produced to at least double its rated pressure."

Despite the federal government's decision, the former employee has decided to continue with his suit on his own and, according to a press release distributed by his attorneys, has been joined by a number of states and municipalities.

The press release omits any reference to the federal government's declination to participate in this action.

"We find it perplexing that certain states and municipalities have decided to join in this action, especially in light of the federal government's decision. We are a company that has always operated with the highest principles and standards," said Wang. "We will vigorously defend ourselves against any allegation to the contrary. We are confident the truth will prevail."