

October, 2010



Dear Valued Customer:

JM Eagle is very pleased to present you with a brief summary of some recent developments concerning allegations about the quality of JM Eagle's PVC pipe. These allegations were made by a former employee who was terminated for cause. The charges are baseless and customers deserve the facts, which are clearly supported by the many documents whose links are listed on the right hand side of this web page.

- After an extensive investigation into the lawsuit's allegations, the federal government declined to intervene in a lawsuit filed by the fired JM Eagle ex-employee. California, Florida, Massachusetts, Indiana and Delaware have also decided not to join this legal action against us. The decision of these entities supports the growing perception that the case against JM Eagle is baseless.
- Results of recent independent tests by the independent Jana Laboratories confirm the quality and reliability of JM Eagle PVC pressure pipe - both currently and during the period covered by the lawsuit. The lab conducted the tests on pipe from the same batch provided to the federal government for its own inquiry. Our pipe has been certified by the industry-standard certification bodies NSF International and UL as well as independent authorities to meet all long-term strength requirements.
- There is clear evidence that the fired ex-employee was also the architect of a kickback scheme to defraud JM Eagle. We have a sworn affidavit confirming he offered to inflate a claim in return for money sent directly to his home.
- A key witness for the plaintiff in the lawsuit denies saying the company took measures that intentionally compromised the quality of its pipe -- an accusation that was falsely contained in the lawsuit. Brian Wang, a former long-time plant manager, said in a sworn declaration that he never acknowledged that he conspired to sacrifice quality by using cheaper ingredients, speeding up production or failing to replace parts on extruders. Wang worked for J-M Manufacturing - now JM Eagle - from 1984 to June 2006, including as a plant manager at three of the company's 22 plants.
- The company announced that it will invest an additional \$20 million in 2010 to improve its manufacturing facilities as part of its Capital Improvement Project. Through this project, JM Eagle has invested more than \$350 million over the past 15 years to employ the most modern manufacturing practices available to ensure that its products set the standard for superior quality in the plastic-pipe industry.

We look forward to working with state and city officials, the heads of district water boards and other customers to examine this case closely. In recent weeks, we've been in contact with many public and private customers. Overwhelmingly, our partners understand that this case is without merit and based on a lone accuser out to enrich himself.

No company in our industry has passed as rigorous a test of its products as we have. Every bit of research has found that JM Eagle not only meets quality standards but exceeds many of those standards as well. With the addition of our unprecedented 50-year extended warranty there is no question JM Eagle has and will always stand behind the quality of its pipe.

We will continue to keep you informed about our progress against this scurrilous lawsuit. For JM Eagle, no responsibility is more important than the duty to communicate with our customers openly, honestly and often, and to provide the finest quality pipe.

Thank you,

Neal Gordon

Vice President of Marketing, JM Eagle