



December 4, 2013

Dear JM Eagle Customer:

A strong partnership with you is always our highest priority, and we thank you for being a loyal JM Eagle customer.

We are sincerely grateful for the years of trust you have placed in JM Eagle. Rest assured that we place the highest priority on the quality, durability and reliability of our pipe, and we stand behind our products with a 50-year warranty, which is unprecedented in the PVC pipe industry.

We have good reasons to be so confident that we can offer a 50-year warranty. We believe our manufacturing facilities are the finest and our quality control systems are the best in the industry. Not surprisingly, we have sold more than 11.4 billion linear feet of pipe in the last decade while receiving gross defects claims on less than 0.1% of the pipe we have sold.

But you need not take our word for it. Certifying agencies such as Underwriters Laboratories and NSF International conduct unannounced inspections at JM Eagle's plants on average 400 times a year, totaling more than 10,000 inspections since the company's inception in 1983. Over that period, JM Eagle pipe has been continuously certified to American Water Works Association ("AWWA"), American Society for Testing and Materials ("ASTM"), and UL standards by UL and NSF.

However, as many of you know, two JM Eagle products have been subjected to false and misleading statements made by contingency-fee lawyers in a long-running and highly publicized lawsuit. We recently received a jury verdict which involved one very limited phase of the overall case. The verdict is so unclear in terms of what was actually determined at trial that we intend to appeal. This case is far from over. There will be many more hearings and motions before the court and the possibility of a second trial before the final outcomes are known.

Meanwhile, while we prepare for the next part of the case, we have been subjected in the press to grossly unfair mischaracterizations of the recent verdict by the plaintiffs' contingency-fee lawyers. The assertion that the jury found that JM Eagle pipe is substandard and defective is false and obviously intended to hurt our mutual business and force a settlement before all of the facts are presented in court. In fact, during the phase one trial, plaintiffs' own lawyers explicitly admitted that the first phase of the trial was not about whether any plaintiff received substandard or defective pipe from JM Eagle. Be assured that we will not buckle under to plaintiffs' tactics. We will continue to fight, and to ensure that the truth comes out.

I am writing to make sure that you have all of the facts and it is my sincere hope that you, our most loyal business partner, will find the answers here to any questions or concerns that you might have.



First of all, there was no finding that JM Eagle pipe purchased by any particular plaintiff was defective or substandard. No pipe from the five plaintiffs at trial was introduced as evidence in this case, none of the relevant pipe was even dug up and tested, and none was shown to be manufactured to anything but industry standards. The plaintiffs themselves, as well as their own paid experts, consistently testified that they had no idea whether the plaintiffs had received any sub-standard pipe from JM Eagle.

On the other hand, UL and NSF officials, testifying as neutral, voluntary witnesses, testified that JM Eagle's pipe does meet industry standards and was properly certified by the agencies at all times. Even one of the plaintiffs' own witnesses testified that JM Eagle's formula for pipe compound was good. And another expert witness hired by the plaintiffs testified that he has recommended JM Eagle pipe to his own clients based on its strength and durability.

Most importantly, the real life evidence in the field shows that the pipe in the ground has performed well and that, among the water projects plaintiffs selected to present at trial, the plaintiffs have never suffered even a single failure in the field.

One plaintiff, a municipality in Nevada, did experience breaks in three sticks of pipe during hydro testing before the pipe was installed. That is three 20-foot sticks of pipe out of the 61,145 feet of JM Eagle pipe that this plaintiff acquired between 1996 and 2006. Court filings show that the hydro testing was performed improperly, but that's beside the point. The fact is that JM Eagle promptly replaced that pipe, and it has been in operation for over a decade now.

This is not a defective products case, but rather a false claims act case, based on an arcane Civil War-era law. The jury was asked only to determine whether JM Eagle had made a false claim regarding the pipe manufactured during a period of time that began 18 years ago and ended 8 years ago. In other words, the jury was not asked about any JM Eagle pipe manufactured after 2006.

The jury only made a finding that some undefined amount of pipe manufactured during the 1996-2006 period did not "uniformly comply" with certain standards. The jury based its decision on an outdated standard that has since been revised and has no relevance to any of the pipe currently manufactured and sold by JM Eagle.

Moreover, the jury form was phrased in such a way that if a single piece of pipe out of the billions of feet of pipe manufactured by JM Eagle during that 10-year period was non-compliant, then JM Eagle was held liable even if all the remainder of our pipe complied with industry standards.

Again, JM Eagle has stated publicly that we will appeal the verdict because key evidence was withheld from the jury. For instance, the plaintiffs and the federal government jointly commissioned tests of certain samples of JM Eagle pipe that they selected at random from our plants, and JM Eagle passed those tests. But the test results were kept from the jury.



In our opinion this case should never have been brought. JM Eagle is determined to continue its vigorous defense and to see this matter through to a just conclusion as a matter of principle and to defend the reputation of our company.

In the coming weeks and months, we will do our best to keep you fully informed of the facts, and to prevent the plaintiffs from continuing to make false and misleading public statements designed to force a settlement so that plaintiffs' contingency-fee lawyers can reap an unjust reward. If you have any questions or concerns about these matters, please contact us so that we can promptly address them. If you want to learn more about this case, please visit www.jmeaglefacts.com/

Sincerely,

A handwritten signature in black ink, appearing to read "Neal Gordon", with a long, sweeping horizontal flourish extending to the right.

Neal Gordon
Vice President of Marketing and Waterworks Sales JM Eagle