



CORPORATION

Attention: All SIGMA Customers

September 22, 2009

Re: 'MDA' -- A practical option to meet your Domestic requirements of AWWA Fittings...

Dear Customer,

First, we thank you for your continued support of SIGMA, as you and us, like all in this AWWA and related industries continue to respond to the unprecedented downturn. And like you, we are confident that our industry will recover, albeit slowly, and our planning reflects these thoughts and hopes.

As you are aware, our industry too is expected to be a beneficiary from the ARRA (*the Recovery Act*) signed by President Obama in February this year. While this bill was intended to help the various segments of the US economy, it also came with a rather controversial 'Buy American (BA)' provision. Though this was inserted with the best of intentions -- to assist in creation of employment at home, with use of domestic products -- it has also brought on several challenges in the implementation of the many provisions. A wide consortium of business interests from customer groups to chambers of commerce and several of our trading partners, have vehemently objected to this provision and has offered a strong push back against this policy to the Administration, who in turn seems to be having second thoughts about strongly pushing such a provision in future legislation, judging from some of their recent statements.

However, for now, the BA in the ARRA bill is a reality and all of us have to comply with this provision -- which calls for use of products made in USA on projects supported by ARRA funds. To respond to this unexpected development, SIGMA carefully reviewed the option to produce our own range of Fittings and Restraints in USA. As a leading supplier of AWWA Fittings over the last 25 years, SIGMA has adequate engineering and production expertise and the needed resources to develop and manufacture a competitive range of AWWA Fittings using a few quality foundries in USA. From the start, we had a healthy respect for the daunting challenges involved in developing the large range of over 2,000 line items needed to fully service your needs in a prompt and complete manner -- like we have done from our non-domestic production range. Along with the extensive range, we have to contend with the logistical challenges of various related operations of finishing the castings such as machining, testing, fresh approvals, lining and coating and such requirements that are needed to offer a credible and reliable supply chain of domestic made Fittings to our customers. (*Please note that any mention of Fittings in this letter would include applicable Accessories too.*)

Though we were confident of the above option, we felt an innovative approach was called for if we were to support our loyal customers in the immediate future and beyond.

So, after considering the various pros and cons of each option, we are glad to inform you that we have decided on a practical course -- rather than a speculative one -- through a mutually beneficial Master Distributor Agreement (**MDA**) with Tyler/Union, who as you are well aware, produces a wide range of domestic AWWA Fittings, currently in the 4" to 36" range, with active plans to expand up to 48".

Though we have been vigorously competing with Tyler/Union over the past several years -- and plan to continue to do so -- we chose this MDA option to enable us to service you, our customer with your limited, yet unpredictable needs for the domestic Fittings under the BA requirement of the ARRA and similar needs, in a timely and complete manner. Tyler/Union has sufficient capacity and substantial levels of already produced inventory of almost the entire range and this is a key factor in our decision to seek a proposal from Tyler/Union to supply us the domestic Fittings under the above mentioned supply

agreement and accept this option when they responded favorably. We are confident that our choice is the most responsible one given the enormous challenges of the range needed to supply the ARRA jobs, in a complete and prompt manner, which is critical to assist you to complete your own responsibilities to complete the ARRA jobs on time.

SIGMA will continue to service your needs with its imported line of Fittings, Restraints, Municipal Castings and other products as we have done in the past. Now, we will also be able to offer you a complementary line of Tyler/Union/Clow Fittings to service your needs for domestic Fittings for ARRA or other such specifications. We plan to stock a certain level of the Tyler/Union Fittings in SIGMA's impressive national network of facilities to supply you on a timely basis, including delivery to your facility or job sites. This option is solely intended to sustain and grow our ability to service you, the SIGMA's loyal customers, as you choose to use our proven service to make your own operations efficient. Under this MDA, SIGMA can service any Distributor locations in the country with the domestic Fittings.

As per this MDA, we are now Master Distributors of Tyler/Union domestic Fittings. As such, we will follow Tyler/Union's distribution and pricing policies as they are announced from time to time. As mentioned in their own letter from Tyler/Union to their customers, which you too may have received, we wish to supply the Tyler/Union domestic Fittings to any customers who elect to commit to fully support Tyler/Union/Clow branded Fittings for their requirements of domestic Fittings, purchased thru Tyler/Union or SIGMA. We appeal to you to accept this requirement of exclusive choice, as a fair and reasonable one, in light of the considerable investment by Tyler/Union/Clow to provide this range of domestic production, which is now being expanded to offer domestic Fittings up to 48". Please note that customers who elect not to fully support this program may forgo any unpaid volume incentive rebates applicable to only the domestic Fittings and delivery of domestic Fittings up to 12 weeks.

With this MDA, we pledge to supply you the domestic requirements of Fittings at a competitive price as per our Price List of May 2009 for AWWA Fittings, with the applicable multipliers for Domestic Fittings. Please note that the supply of Tyler/Union Fittings through SIGMA will not cost you any premium and will be supplied through SIGMA's well known and reliable customer service team. Through this MDA, SIGMA is also in a position to supply you your needs of domestic Fittings required by any other specifications outside of ARRA as well. So, please inquire with your SIGMA Sales Representative for any and all of your needs of domestic Fittings.

As of now, we can supply you a complete range of AWWA Fittings in C153 -- Compact MJ and Push-on -- and C110 Full Body MJ and Flanged in the 3" to 36", with 42" and 48" items under active development. As Tyler/Union has embarked on an expansion of their range up to 48", we request you to approach us for all your requirements including the large sizes, so we can guide you with pricing and delivery times accordingly. In addition, we are also in a position to deliver domestic Fittings in the 30" to 48" range produced by a reliable domestic pipe manufacturer, if Tyler/Union does not have the specific capability.

Meanwhile, we continue our efforts to develop a domestic range of Restraints and we will inform you of these plans in the near future.

So, as you have done all these years, please continue to make SIGMA your '**fitting choice**' for all your fitting needs, including domestic!

We close with reiteration of our appreciation of your business, your support and most important, your relationship!

Best Regards,

Larry Rybacki & *Victor Pais*