

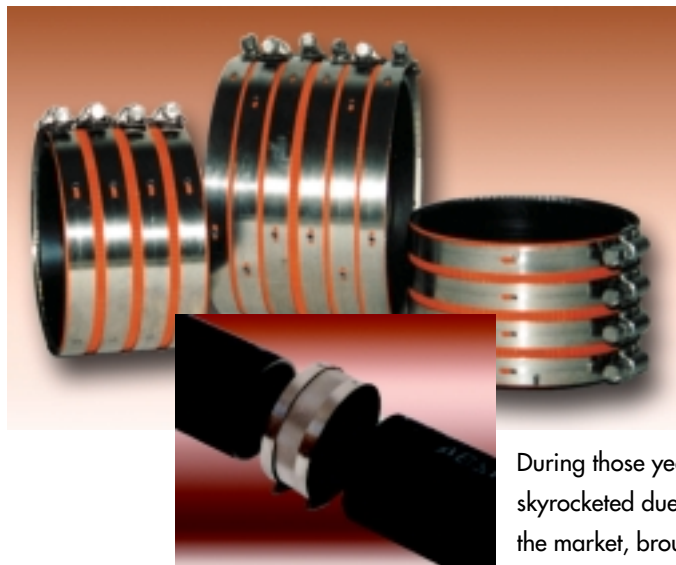


ITEMS

NEWSLETTER

June 2004

Raw Materials Costs Prompt Price Hike for No-Hub Couplings



ANACO HUSKY SuperGrip! 2002

Increases in the cost of stainless steel and nickel have resulted in the major coupling producers announcing a price hike for their product. The price increases will be effective immediately.

Makers of products containing metals of almost any type have come under increasing pressure over the past several months to increase prices, due to the sometimes-dramatic jumps in raw materials costs.

"I haven't seen anything like these raw material prices since the 1960s," reports Gary Wickham, AB&I plumbing division manager.

During those years, raw materials costs skyrocketed due to a shortage of scrap in the market, brought on by a variety of factors, including the ongoing war in Viet Nam.

Just as then, the current round of price escalation is due to a shortage of critical metals, brought on, this time, not by war, but by skyrocketing economic growth in China and the demand for metal products that such growth brings.

The coupling manufacturers held back on increasing prices for as long as possible. "Everybody was waiting to see if these raw materials shortages were just a temporary thing or if the prices would be sustained over the long haul," says AB&I plumbing division manager, Gary Wickham. "When it

became clear to everybody that the Chinese super-demand for metals would last awhile, we had no choice but to increase our prices."

AB&I maintains large inventories of the full line of no-hub couplings, including standard couplings, heavy duty (2 varieties), and transition couplings. For more information, contact your field sales representative or AB&I at 800-GOT-IRON.

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Perspective

Just When You Thought It Was Safe to Turn the TV Back On

If you're a regular *Items* reader, you already know my thoughts on the (mis)behavior of many athletes and other celebrities, and the caustic effect these "leaders" have on our children and our culture. From football players doing their end-zone thing, to sullen interviews with media people, to arrests for everything from drug dealing to murder, our media bring us stories of our "heroes" on a daily basis, much to the chagrin of those of us who remember how things used to be.

Sure, Babe Ruth and Ty Cobb never won any congeniality awards, and Mickey Mantle was a jerk. But let's face it, their behavior didn't come close to the garbage that athletes do today. They never openly displayed the "in your face" attitude that has come to characterize professional athletes in the past decade or two.

The bad sportsmanship that has crept into American sports seems to be spreading to other parts of the world, too. Maybe the worst example occurred at the recent French Open in Paris when Russian tennis player, Marat Safin, in a celebratory gesture after a particularly good shot, lowered his shorts and mooned the crowd. "I felt it was a great point for me," said Safin, "I felt like pulling my pants down. What's bad about it?"

Indeed, what is so bad about showing your butt to a crowd of a couple thousand people?

The root of my objection to this sort of thing lies in the effect it has on our culture. The slow drip-drip-drip of cultural debasing impacts us all, in both our personal and business lives. Integrity, much heralded in the past as a good thing, is called into question now on a daily basis. Is it really all that wrong to give a TV interviewer the finger, to swear like a sailor on talk shows, to sexualize our children at ever-younger ages? Is it OK to fib a little if it brings us

what we want? What's the harm?

The harm comes when we change the way we relate to our fellow human beings. When we invoke road rage by flipping off the guy in front of us, when the store clerk gives us attitude when we take back a pair of pants that don't fit, and when we get cheated by our contractor who feels justified in charging for top-of-the line and giving us junk, the general coarsening of our culture begins to have an effect on us all.

Is it the end of the world that some Russian dude showed us his nether regions? No, but it does beg the question, "Am I better for exposing myself (no pun intended) to such antics, or would my time be better spent with the TV turned firmly to the Off position?"

Where I live, integrity and courtesy to our friends, customers, and colleagues is a given. Keeping our part of the culture contamination-free is taking on more and more importance. Are we swimming against the tide with this attitude? I don't think so. Almost everybody I talk to agrees with me that it's better to be polite than intimidating. Business is more fun when you deal with nice people. I think we do more business being that way, too.

Speaking of TV and the impact it has on us all, the Brits just might have hit a new low in reality television, though more as a spoof against us Yanks than anything else. Bombarded with American reality TV shows that critics claim are as boring as watching paint dry, some enterprising Londoners are testing that claim by webcasting – you guessed it – fresh paint drying on a wall. They cleverly call their program, "Watching Paint Dry."

"We guarantee that Watching Paint Dry will be at least as interesting as the other

reality shows," said Nick Thorogood, a UKTV exec.

Oh-kay.

We've seen some communications to the plumbing market in the past couple of weeks that call into question our recent comments about the need for radioactivity testing, as well as our remarks about the differences between domestic DWV producers and the importers. Without putting too fine a point on it, let me just say that AB&I has documentation to back up any statement we make, not to mention nearly a century of experience. Enough said.

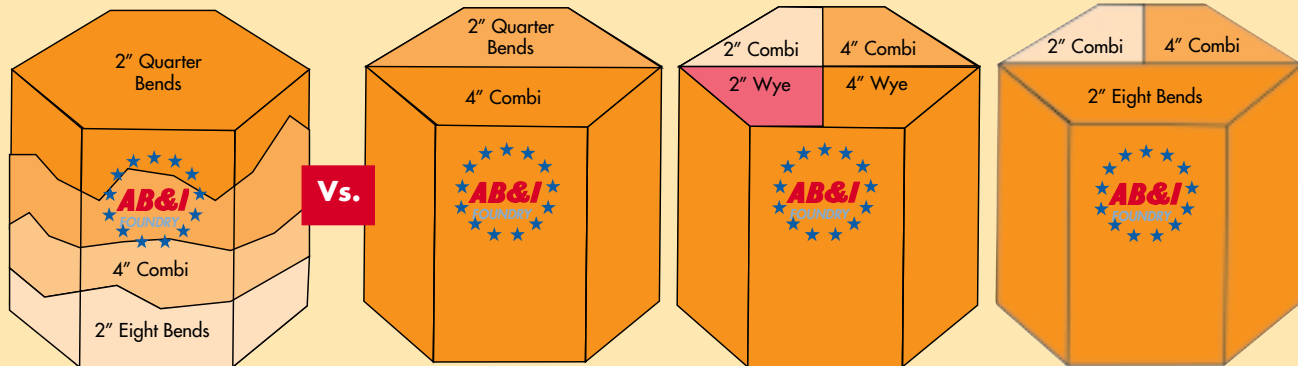
The recent breather in sales activity has enabled us to build back inventories and prepare for the plant shutdown, coming in late July. It has also enabled me to take stock of our company's many strengths, and to once again give a giant attaboy to the many special people at AB&I who truly make it the Foundry of the Future.

AB&I's unique relationship to the scrap market and AB&I's financial strength have enabled us to weather recent market changes and still meet the needs of our customers. We're grateful to our people, our suppliers, and our customers for our strength as a market leader.

My daughter Amy just had a baby girl, 7 lbs, 12 oz. All is fine, but my nephew got a bit of a shock when he called the hospital room and my daughter answered the phone. After a short conversation, I heard my daughter say, "Yeah, Kip's right here, breast feeding." We could hear the dead silence on both sides of the phone. My nephew obviously didn't know that they named my granddaughter Kip. So now you know the rest of the story.

How Fractional Box Lots Save You Money

There are many advantages to this often-overlooked packaging option; saving money is just one



Ordering fittings in fractional box lots is not only more convenient, but can also save distributors big-time in receiving and handling costs.

Fractional box packaging enables AB&I to package 2, 3, or 4 different sizes and types of fittings in a single box, neatly arranged in vertical columns for easy access. This special packaging is available at no additional cost.

One source of cost savings with fractional box ordering is the ease with which order quantities can be verified at time of check-in. It's a pain to count

fittings packaged at the bottom of a full box, or make sure an incoming order was filled properly; fractional box packaging takes most of the work out of this receiving function.

Another source of savings is the reduced chance of an order being filled incorrectly. It's easier to count fittings when they're all the same, and verifying the order is much simpler and faster with fractional box lots.

Another savings comes from displaying the fittings right in the boxes they ship in. This saves time and money in handling, reducing overall costs and providing a

better level of customer service.

"I'm just surprised more distributors don't take advantage of this packaging option," says AB&I plumbing division manager, Gary Wickham. "The customers who do use this packaging say they really like it, mainly for the convenience factor, but cost savings is important, too."

For more information about fractional box packaging and how it could save your company time and money, contact your AB&I field sales representative or AB&I at 800-GOT-IRON.

Shipping Schedule Back to Normal

Now that the price increase chaos is over, we are back to normal lead times on our orders. Truckload orders can be turned around in 24-48 hours, and as you have come to expect, we are shipping 100% complete. Please take note to adjust back your lead times in order to best manage your inventories.

In other good news, the AB&I scrap yard is back to normal levels with sufficient safety stock to handle anything that might come up throughout the balance of the year.



Tips for Salespeople...

...or anyone else, for that matter

1. Don't be irreplaceable. If you can't be replaced, you can't be promoted.
2. If you always tell the truth, you don't have to remember anything.
3. Some days you're the bug, some days you're the windshield.
4. Generally speaking, you aren't learning much when your lips are moving.
5. Never miss a good chance to shut up.
6. Experience is something you get just after you need it. Better to learn from the mistakes of others.
6. Always remember that you are unique. Just like everyone else.



Anxiety Over Free Trade Spreads to Upper Income Levels

A recent study by the University of Maryland confirms what many in the manufacturing sector have known for quite a while, namely, that free trade agreements and the ensuing globalization of the economy has cost millions of middle-class workers their jobs. Since the late 1990s, more than 50% of the wage-earner and middle class workforce has been skeptical about free trade, feeling the pinch as their jobs get shipped overseas. What the new Maryland study indicates, however, is that the nervousness felt by Joe Lunchbox in previous years is now spreading to middle and senior management, as entire companies close in the U.S. and move their operations to



Mexico and Asian destinations. In 1999, 57% of workers earning \$100K per year thought free trade should be actively promoted.

Today, that number is 28%.

"Free trade isn't free," said Natasha Humphries, one of those surveyed in the Maryland study. "The middle class is paying the cost."

According to this study, support for free trade has dropped for every income group. When asked, "Is the process of globalization positive?," 53% of respondents said yes in 1999, while only 40% say yes today.

Just for Fun...

Great Sports Quotes

These are actual sports quotes said by various people throughout the world.

Oiler coach Bum Phillips: When asked by Bob Costas why he takes his wife on all the road trips, Phillips responded, "Because she is too ugly to kiss goodbye."

New Orleans Saint RB George Rogers when asked about the upcoming season: "I want to rush for 1,000 or 1,500 yards, whichever comes first."

Football commentator and former player Joe Theismann 1996: "Nobody in football should be called a genius. A genius is a guy like Norman Einstein."

Senior basketball player at the University of Pittsburgh: "I'm going to graduate on time, no matter how long it takes."

Bill Peterson, a Florida State football coach: "You guys line up alphabetically by height." and "You guys pair up in groups of three, then line up in a circle."

Stu Grimson, Chicago Blackhawks left wing, explaining why he keeps a color photo of himself above his locker: "That's so when I forget how to spell my name, I can still find my f----- clothes."

Tommy Lasorda, Dodger manager, when asked what terms Mexican-born pitching sensation Fernando Valenzuela might settle for in his upcoming contract negotiations: "He wants Texas back." (1981)

Steve Spurrier, Florida football coach, telling Gator fans that a fire at Auburn's football dorm had destroyed 20 books: "But the real tragedy was that 15 hadn't been colored yet." (1991)



When You Look At It That Way, It's Not So Bad...

Quick, what costs more per pound, a Ferrari or a nuclear submarine? Check these out...



	Price	Weight	\$/lb
Avocado	.99	.5	1.98
Sony 32" TV	900	174	5.17
Mazda 3	14,200	2696	5.27
Ford F-150	26,120	4908	5.32
Toyota Corolla	15,295	2524	6.06
Honda Accord	23,790	3360	7.08
Acura MDX	36,945	4420	8.36
Cadillac CTS	31,345	3509	8.93
Pontiac GTO	33,495	3725	8.99
Mazda Miata	22,388	2387	9.38
Cadillac Escalade	53,060	5571	9.52
BMW M3 Coupe	48,975	3415	14.29
Mercedes E500	58,045	3812	15.23
Lotus Elise	40,780	1975	20.65
Porsche Carrera	84,165	3240	25.98
Trident Submarine	1.9 billion	33.5million	56.67
Ferrari Enzo	652,000	3009	216.68
F-15C Jet	34.3 million	44,630	768.54
Form 1 Race Car	2 million	1320	1515.15