



ITEMS

NEWSLETTER

November 2004

Price Increased Announced on Couplings, Gaskets and Accessories



HUSKY



ANACO

With the dramatic increase in metals costs seen over the past twelve months, it should come as no surprise that virtually any product made with metal will experience a price increase. That demand-push influence on metal products has finally caught up with the coupling industry, with major producers announcing price increases to take effect January 3, 2005.

"Frankly, we're surprised we haven't seen these prices jump sooner," said AB&I vice president, Kip Wixson. With the worldwide hunger for metal products reaching all-time highs, it's no surprise to many that prices are increasing for the new year.

Prices for standard and specialty/transition couplings will increase 7%, heavy-duty wide body couplings (up to 10") will jump 4%, and gaskets and accessories will also increase 4%.

For those seeking a culprit in the latest round of price increases, AB&I's Gary Wickham has some advice: "Blame it on the Chinese." Though a little tongue-in-cheek, Wickham's words are largely true. The burgeoning Chinese economy, consisting of over a billion people eager to modernize their lives with cell phones, washing machines and cars, are driving the worldwide demand for metal products to heights unseen since the Industrial Revolution. "Many of the products people in developing countries seek are made of metal," continues Wickham, "and that means that demand for raw material is pushed to the limit."

This pressure on the metals market is expected to continue into the foreseeable future. "Unless the world slips back into

recession," says Wixson, "or production of metals increases significantly, there will likely be no letup in the upward pressure on prices. We could be seeing just the beginning of an upward trend in the couplings market."

"...over a billion people eager to modernize their lives with cell phones, washing machines and cars, are driving the worldwide demand for metal products to heights unseen since the Industrial Revolution."

New price lists will be distributed to customers by early-December, and will also be available on the AB&I website at www.abifoundry.com. If you are not yet on our mailing list, and would like to receive these new price lists, contact the AB&I customer service department toll free at 800/GOT-IRON.

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Perspective

“Uncle Jerry” Made This Industry Fun!

A man known simply as Uncle Jerry, a man who for decades brought a smile to all who knew him with his leprechaun-like sense of humor, and who challenged us all with his business skills, has passed. Uncle Jerry was as honorable a man as I have ever met.

The lessons Uncle Jerry leaves us with is the simple yet powerful truth that if you treat people decently you will be paid back a hundredfold, and that if you have a sense of humor the world will seek your company and will love the opportunity to be with you.

We are all better people, businesspeople, and golfers for having had Uncle Jerry (aka “Smokey”) as part of our lives. AB&I extends its heart-felt condolences to the family and friends of Uncle Jerry (Smokey) Grosslight, age 74. You will be missed.

Also passing last month was Edward Matlack, co-owner of Fixtures and Faucets, one of the most successful plumbing showrooms on the Peninsula. Known throughout the area as one of the voices appearing on his company’s radio and TV commercials, Ed was widely recognized as a business leader known for innovation and a bold approach to the plumbing supplies industry.

AB&I extends its best wishes to those closest to Ed Matlack. He will be missed by all who knew him.

Well, I for one am glad the election is over. With all the talk about the potential for disputed results, lawsuits, uncertainty over who won and lost, and election day shenanigans like stolen ballots and slashed tires on campaign workers’ cars, I was beginning to think America was reverting back into a third-world country. I was more than a little relieved to learn that the losing

side in the presidential race decided not to push forward with threatened plans for recounts and court challenges. Regardless of which candidate you supported, I hope we can all agree that the country is better off with a peaceful, orderly transition of power, with few attorneys insinuating themselves into the process.

Still, there is plenty to be concerned about within our electoral system. It wasn’t too long ago that party conventions actually meant something. Candidates battled it out at the convention, with the ultimate nominee not known until all the delegates voted. Today, conventions are a PR event, staged in true Hollywood style to coronate the candidate already selected by a few thousand voters in a few midwest and east-coast states.

News media, intent on getting a scoop in winners and losers, employ pseudoscientific methods, like exit polling, to get the jump on their competitors in announcing the victors. By broadcasting the results of these exit polls, the media are affecting the way people in western states decide to either vote or stay home. Although these polls backfired on the media this time around, election reports that depend on these polls for their data must be controlled to allow all Americans the right to vote without prejudice. The feeling that every vote counts must be maintained in order for our democracy to flourish.

Election time is when all the kookiness of California comes out in full form. In Berkeley (where else?), a measure to legalize prostitution went down in flames out of fear that what the new law would really do is decriminalize pimps. Oakland tried to legalize marijuana (as did several other states), but the barnburner issue in San Francisco was pulling the troops out of Iraq, which the voters said should be done. At press time, the troops were still there, so apparently the Defense Department hadn’t

yet gotten the word... There was also a rumor that the ironworkers’ union in San Francisco was backing a bill that would repeal the law of gravity, but that bill went down with a thud.

Say what we will, over 110 million Americans went to the polls and cast their vote this time. It’s a magic moment when one steps into the voting booth. Have you ever noticed how nice people are to each other standing in line at the polls? It’s as though everybody knows, at some level, how special it is to be able to cast a ballot, and notwithstanding the differences people have over the issues, the fact that we can do this as a free people unites us in ways unheard of in previous millennia.

We’ve heard no small amount of grumbling about the recent price increases. Some have vented their discontent while understanding the need for the increases. Others have accused the industry of price gouging, and of taking advantage of raw materials prices to raise prices even more than necessary to offset these added costs. While I sympathize with anybody facing unexpected price increases, let me assure everyone that there is no possibility that AB&I is gouging anybody. Period. It is management’s job to stay in business, and several management teams in the foundry business have failed to keep that uppermost in mind in recent years, resulting in the bankruptcies of some of the largest foundry names in America. The simple fact is that AB&I has been selling DWV material on the West Coast for 40% less than contractors in other states have been paying. This could not go on forever. We need to recoup our increasing raw materials costs if we are to stay in business. No apologies for that.

AB&I Foundry Plans Annual Maintenance Shutdown

A very special plant shutdown is scheduled for the upcoming holiday season, and customers are requested to plan ahead for their pipe and fittings needs.

The Oakland foundry will be closed December 17 and will reopen January 3, 2005. The reason for the closure is to prepare for the arrival of a new DisaMatic 270 automatic molding machine, a major

improvement to the foundry that will produce more castings in less time with better accuracy and mold consistency.

"We're very excited about the addition of the new Disa," said Don Wixson, plant engineer. AB&I will take delivery of the first DisaMatic 270 ever to be produced, and plan to send a representative to the Netherlands in early December to attend the unveiling ceremony for this impressive new machine.



The new molding machine, scheduled to be installed in early February, will provide more efficiency in the production of cast iron fittings and custom castings produced at the AB&I headquarters and foundry. Additionally, significantly better casting-to-casting consistency will be noted, as well as a dramatic decrease in the amount of finished

grinding that will be required.

Although the foundry will be closed for two weeks, customers are reminded that the sales and customer service functions will remain open normal business hours. Adequate inventories of all products are being developed, and will be available to fill any order during the shutdown. For more information, contact your field sales representative or AB&I at 1-800/GOT-IRON.

No Relief Seen in Price for Scrap Iron, But Good Inventories Remain

Record demand for scrap in Asia is keeping metals costs high across the globe.

Record demand for scrap iron and other metals caused largely by the growing economies of China and other Asian nations is causing scrap prices to remain at high levels. Since those economies

are not expected to cool significantly in the coming months, there is no indication that scrap prices will moderate in the foreseeable future.

"We expect the supply-demand equation to stay either out of balance or closely in balance," said AB&I's Kip Wixson, "but we will do what is necessary to keep adequate supplies of DWV materials available to the market."

Major Foundries File for Bankruptcy

Intermet Foundries, Auburn Foundries, and Citation Foundries, three major producers of foundry products in America, have filed for bankruptcy protection in recent months, killing or putting at risk more than 12,000 jobs. The reason? Rising scrap prices and a reluctance or inability to increase prices fast enough to keep pace with a changing market.

Another leading foundry, Grede Foundries, which employs some 3000 people, recently announced to its customers that they must accept an across-the-board 7.9% price increase or the company would close its doors. Increasing raw materials prices were cited as the cause for this action.

Roll Your Putts for a Good Change...

If your putts have been off-line lately, save your pennies; it may help you become a more consistent putter. No need to purchase any of the putting training tools on the market today. This simple method may help solve your putting woes.

Break open your piggy bank and roll 50 pennies in a coin roll wrapper. Place the wrapper on a flat spot on the green about three feet from the hole. You can learn a lot by the way the coins roll. If you miss to the left, the putter face was closed on contact. If you miss to the right, the putter face was open on impact. And if you sink



the putt, congratulations, the putter face was square at impact - one of the key ingredients to successful putting.

If this works for you, please mail a check for \$39.95 (less than half of the cost of one of those other dumb training devices) payable to Kip Wixson at AB&I (sorry, we cannot give refunds).

"Contrary to popular wisdom, sports do not build character; they reveal it."

Unknown

Just for Fun...

Adopt an NBA Player

The NBA Player Adoption Program Needs You!!



With all the problems the NBA has been experiencing lately, now is the perfect time for us to show how much we care.

It's just not right. Hundreds of basketball players in our very own country are living at or just below the seven-figure salary level! Atrocious! And, as if that weren't bad enough, many will be deprived of pay for several weeks--or even longer--as a result of the recent player suspensions. But now you can help! For about two thousand dollars a day--that's less than the cost of a large screen projection TV--you can help a suspended basketball player remain economically viable during his time of need.

Two thousand dollars a day may not seem like a lot of money to you, but to a basketball player it could mean the difference between a vacation spent golfing in Florida or a Mediterranean cruise. For you, two thousand dollars is nothing more than three months rent or mortgage payments. But to a basketball player, two thousand dollars a day will almost replace his salary.

"HOW WILL I KNOW I'M HELPING?"

Each month, you will receive a complete financial report on the suspended player you sponsor. You'll also get information on how he plans to invest the \$5 million lump sum he will receive upon retirement. Plus upon signing up for this program, you will receive a photo of the player (unsigned).

"HOW WILL HE KNOW I'M HELPING?"

Your basketball player will be told that he has a SPECIAL FRIEND who just wants to help in a time of need. Although the player won't know your name, he will be able to make collect calls to your home via a special operator just in case additional funds are needed for unexpected expenses.

To get started helping a poor suspended basketball player, simply fill out the form below.

YES, I want to help! I would like to sponsor a suspended NBA basketball player. My preference is checked below:

- Starter
- Reserve
- Star
- Superstar
- Entire team
- I'll sponsor a player most in need. Please select one for me.

Please charge the account listed below \$2,054.79 per day for a reserve player or starter for the duration of the suspension. Please send me a picture of the player I have sponsored, along with a team logo and my very own NBA Players Association badge to wear proudly on my lapel.

Circle One Visa MC Amex Discover

Account Number: _____

Exp.Date: _____

Signature: _____

Mail completed form to NBA Players Association or call 1-888-TOOMUCH now to enroll by phone.

