



ITEMS

NEWSLETTER

October 2004

Despite Industry Rumors, There Is No Shortage of Cast Iron DWV Material



October 14, 2004

All orders for cast iron pipe and fittings can be filled 100% within 24 hours



October 14, 2004

AB&I maintains a large inventory of scrap iron to avoid future raw materials shortages

"Let me set the record straight on this rumor once and for all: **There is no shortage of cast iron pipe and fittings**, and we are well stocked with raw material to offset most any future supply problem."

So said AB&I vice president, Kip Wixson, at a recent meeting of the foundry's sales team.

In spite of rumors to the contrary, AB&I is prepared to ship any order 100% complete within 24 hours. "Just test us," continued Wixson.

Rumors of shortages began cropping up in recent weeks, probably due to the dramatic increase in scrap prices that has plagued the industry for the past year or so.

"When prices go up and there is an allocation, people naturally think there's a shortage," said AB&I plumbing division manager, Gary Wickham, "but the fact is there is no shortage of scrap as long as manufacturers are willing to pay the price."

AB&I went to an allocation system recently, not because of a shortage of product, but because it became impossible to provide unlimited supplies at a given price.

"We're trying to manage this scrap price problem so nobody gets hit too hard and

nobody can say we're playing favorites," said Wickham.

Contractors are urged to keep informed on

changes in the scrap iron market so that they can make good decisions about how much to buy and when. AB&I will do its part to keep everybody informed.

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Perspective

Some Thoughts From the Recovery Room

Some of you have asked why you didn't get an *Items* newsletter in September. Well, we didn't publish an *Items* newsletter in September, that's why. Rather than toiling over the copy and content of a newsletter, I spent most of that month either in the hospital for some long-awaited hip surgery, or at home recuperating from same. Actually, the surgery wasn't all that bad (I had a great doc), but the post-surgical pain was, well, a pain, and the recovery process required that I stay home and remain pretty quiet for a couple of weeks.

The healing process went quite a bit faster than I expected, owing no doubt to my vigorous and hearty constitution. In fact, it went a little faster than it should have. After just a couple of weeks at home, I started thinking about the yearly golf outing to Monterey that was coming up fast. It would be a darn shame to play those gorgeous courses having not swung a club for awhile, so I decided to go out for a leisurely 18 at my local course to get limbered up. Well, everything went fine until I got to the seventh tee when something went 'pop' in my hip as I swung through the ball. Down I went. My buddies helped me to the cart, and I quickly went home to start the recovery process all over again.

My doctor said that she lengthened my bad hip leg during surgery because it had gotten about a half-inch shorter as my hip deteriorated. The muscles in that leg had grown shorter, too, so when the leg got extended and I hit that last ball, the muscle just pulled itself loose. I know it sounds painful, and it was, but the worst part of it was I missed that golf weekend in Monterey. If only I'd been a little more patient and given my hip another week or so to heal before putting it under the stress of my golf swing, all would have been fine.

So what does all this have to do with selling pipe? Plenty. How many times have

we blown a deal or had to do something over because we got in a hurry and thought we could cut some corners? Plenty of times. Distributors, how often have you bought short to save some cash flow, only to need more product in a hurry, putting a nice sale at risk? And contractors, how many times have you cut a corner here or there to meet a deadline or save a buck, only to have it bite you in the backside later, often at major cost in time and dollars?

In business, as in life, patience is more than a virtue; it's a necessity. Knowing when to wait and when to push forward is what experience is supposed to teach us, but often we make the same mistakes over and over. Why? Because we're human, and sometimes what we want to do takes priority over what we know we should do.

It seems that some of our friends in the plastic DWV business are making hay out of recent iron price increases by furthering the rumor that iron DWV is in short supply and that contractors better use plastic to assure that material will be there when they need it. Balderdash. There is no shortage of cast iron. In fact, our inventories are in great shape, and we can fill most any order complete within 24 hours. The problem is not supply, it's price. We can get our hands on all the scrap iron we need by meeting the price offered by the Chinese and others in the world market, and that's just what we're doing. While some are complaining about allocation, the reason we went to that system is not because of a shortage of material, but rather because we can't guarantee that prices will remain stable. If we didn't allocate, some customers would overbuy in anticipation of future price increases, thereby creating the shortages we all want to avoid. Allocation allows us to get adequate supplies of materials to the market

in an orderly fashion.

So when you hear that cast iron DWV is in short supply, tell them to call Kip and place an order. We'll get them all the product they need, quickly and efficiently.

I must have been a very good boy last year, because when it came time for the IRS to send me a tax refund, they overpaid me by \$13,000. Needless to say, I was surprised when I opened the envelope, but soon realized it was a mistake and that this windfall would have to be returned. I made the necessary arrangements with the tax man, sent the money back, and that was that. At least that's what I thought.

In telling various friends and associates about the overpayment, I was shocked to hear how many people said I should have kept the money. After all, went the reasoning, it wasn't my fault the government made a mistake. Since I didn't ask for the money, I was under no obligation to give it back.

That troubled me, and got me thinking about the state of our culture. What was once a common understanding among people – that what you worked for and came by honestly was yours, but mistakes made by others that benefitted you had to be squared – seems to have largely vanished. In its place is left an understanding that, unless you overtly cheat, what comes your way is yours to keep, harm to others notwithstanding. We see it in college testing and report writing, in downloaded music, in pilfering pens and paper clips from work, and a host of other daily activities. It bugs me that our standards for honesty seem to be eroding. I'm not sure what to do about it, except point it out in my own small ways, but I wonder what kind of culture we will have in 100 years if we don't get a handle on this personal responsibility thing. Any ideas?

Major Improvements Made to AB&I Foundry During Recent Shutdown

The recent annual shutdown was different than in previous years, in that a larger number of major projects were undertaken and completed.

Most shutdown periods see extensive maintenance performed in the foundry, with equipment and machinery being overhauled or replaced. This year, however, in addition to the normal equipment maintenance, over a dozen major projects were completed, resulting in major improvements in productivity and efficiency.

"Our guys really pulled out all the stops this time," said Kurt Winter, AB&I's Chief Operations Officer. "Not only did they plan for a very aggressive shutdown period, they busted butt to get the jobs done. I can't say enough about our foundry people."

The biggest project of the shutdown, the installation of a new pipe finishing system, required the Herculean efforts of many team members from the Engineering, Electrical, Maintenance and Production departments. AB&I personnel worked nights and



weekends to complete the bulk of the work within the shutdown period.

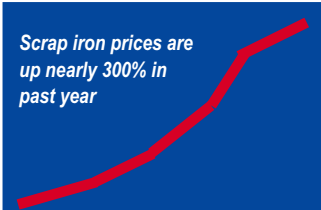
"The dedication and determination shown by these team members is particularly exemplary," said Don Wixson, Plant Engineer and point person on this important new project.

In addition to the new pipe finishing system, two pipe machines were overhauled, railroad radiation detectors were installed, both Disamatics underwent major maintenance, the entire foundry was extensively cleaned, the water treatment plant and baghouses were cleaned and maintained, and extensive foundry painting was performed. The result is a cleaner, safer, and more efficient foundry facility.

Perhaps most important to the office team, the silverware and cup drawers in the break room underwent extensive redesign and overhaul.

Scrap Prices Continue Upward, But at a Slower Pace

Scrap iron prices are up nearly 300% in past year



The price for scrap iron, the raw material used in the production of cast iron DWV, is still going up, but at a somewhat lower rate than in previous months.

"What we're seeing in the scrap market is unprecedented," said AB&I sales manager, Greg Seiler. Since the beginning of 2004, scrap prices have nearly tripled, putting manufacturers in a squeeze and raising the price for any product that contains metal.

There appears to be no let-up in sight, since the demand for iron is driven by the rapidly expanding economies of China and other Asian countries. We'll keep you posted on future developments.

UN Inspectors Uncover Suspicious Iraq Scrap

The United Nations Monitoring, Verification and Inspection Commission has discovered various material in scrap iron found in Iraq that has raised suspicions among investigators.

According to a report filed by the Associated Press, missile engines and other equipment that could be used in the production or delivery of banned weapons of mass destruction are turning up in scrap exported by Iraq to Jordan and the Netherlands.

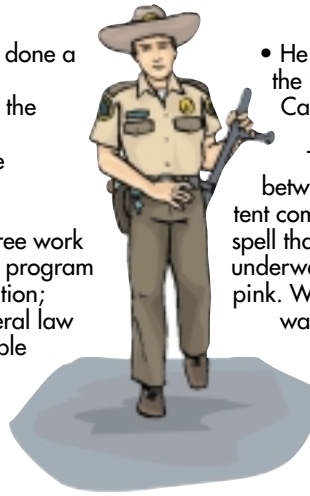
Earlier reports cited the presence of radioactive materials in scrap exported to Holland from Iraq. While the UN and the US continue to investigate these reports, no further information has been distributed to the press.

We'll keep you posted.

If You Plan to Commit a Crime, Think Twice About Doing It in Phoenix

Sheriff Joe Arpaio of Maricopa County, Arizona, has done a little, eh, prison reform of his own. Consider this...

- He has jail meals down to 40 cents each and has the inmates pay for them;
- He stopped porno magazines and smoking inside the jails;
- He took away the inmates' weights;
- He started chain gangs so the inmates could do free work on city and county projects, then started a similar program for women so he wouldn't get sued for discrimination;
- He took away cable TV until he discovered a federal law that required cable for jails. So he hooked the cable TV back up, but only allows Disney and the Weather Channel. When asked why the Weather Channel, he replied so the inmates can know how hot it's going to be when they're working on the chain gang.



- He cut off coffee since it has zero nutritional value. When the inmates complained, he told them "This ain't the Ritz Carlton. If you don't like it, don't come back."

The Associated Press reports on a recent exchange between Sheriff Arpaio and some inmates living in his famous tent compound outside Phoenix. It seems during a particularly hot spell that the Sheriff allowed the inmates to strip down to their underwear and socks, which, at the Sheriff's insistence, were all pink. When the inmates complained about living in tents when it was so hot and eating bologna sandwiches, he told them he was not one bit sympathetic.

"It's 120 degrees in Iraq right now," said the Sheriff, "and our soldiers are living in tents, too. They have to wear full battle gear, but they didn't commit any crimes, so shut your damn mouths." Any questions?

Just for Fun...

Welcome to HusbandMart...

This new department store just opened in West Los Angeles. Women can go there and pick out a husband, just like a pair of shoes.

The store has six floors, and the men increase in positive attributes as the shopper ascends the flights. Women may choose a man on any floor, but can never go down a floor except to exit the building.

On the first floor, the sign reads "These men have jobs." The woman shopper says to herself, "well that's better than my last boyfriend, but I wonder what's further up?," so up she goes.

The second floor sign reads, "These men have jobs and love kids." The woman thinks, "well, that's great, but I wonder what's further up?"

The third floor sign says, "These men have jobs, love kids, and are extremely good looking." "Hmmm, sounds good, but what's up on the next floor,?" says the woman.

The fourth floor sign reads, "These men have jobs, love kids, are good looking, and help with housework." "Wow," says the woman, "very tempting. Still, there must be more further ahead."

The fifth floor reads, "These men have jobs, love kids, are good looking, help with the housework and have a strong romantic streak." "Oh, mercy me," exclaims the woman. "But just think, what must be on the next floor!!"

The sixth floor sign reads, "You are visitor 3,345,857,294 to this floor. There are no men on this floor. This floor exists solely to demonstrate that some people are impossible to please. Thank you for shopping HusbandMart, and have a nice day."



The Top 10 Fashion Faux Pas for the Over 55 Set

Now, nobody means to burst anybody's bubble, but if you were born in the middle of the last century, you might want to avoid these tempting fashion combo mistakes...

1. *Nose rings and bifocals;*
2. *Spiked hair and bald spots;*
3. *A pierced tongue and dentures;*
4. *Miniskirts and support hose;*
5. *Ankle bracelets and corn pads;*
6. *Speedos and cellulite;*
7. *A belly button ring and gall bladder surgery scar;*
8. *Unbuttoned disco shirt and a heart monitor;*
9. *Midriff shirts and midriff bulge;*
10. *Bikinis and liver spots;*
11. *Short shorts and varicose veins;*
12. *In-line skates and a walker;*
13. *Thongs and Depends.*

