

ITEMS

NEWSLETTER

January 2005

AB&I Stays Focused on the Future As It Enters Its 99th Year!



In looking back at AB&I's first 98 years, one can only wonder what the next century will bring. To think that this foundry started in the backyard of the current-president's grandfather - just a few miles from where the foundry is today - it boggles the mind to consider the changes that lie in store for AB&I in the coming century.

Just think of it. An immigrant artisan melting iron and brass in his backyard would, within a few short decades, become a dominant force in the plumbing supplies business, not just in the Bay Area or California, but in much of the United States in general. From this humble beginning, AB&I grew into one of the most modern and technologically-advanced foundries in the industry. Today, people are amazed that AB&I still melts iron and produces castings just a few hundred feet from the Oakland Coliseum, in perhaps the most environmentally sensitive state in the Union. "Where's the smoke from your furnaces?" they ask. We tell them there isn't any, because we've created technologies that enable us to produce our castings cleanly, without fouling our city's air and water. How do we do it? Simple. We change.

Just as building a modern foundry out of a backyard business in the last century required

constant change, so does staying in the foundry business today. AB&I continues to invest millions in new casting technologies and in environmental systems that enable us to create our products without polluting. But, staying clean isn't AB&I's only challenge as we enter the next phase.

Foreign competitors selling their products in the US at below cost also keep AB&I on innovation's leading edge. For example, to offset the below-cost sale of goods produced in China, AB&I has developed production technologies that enable the foundry to produce many times the goods per man-hour than are produced in foreign foundries. But technology is only part of the story. AB&I team members are some of the best foundry people to be found anywhere in the world. They know their business, and they are intent on staying ahead of the competition, no matter what it takes.

It's important for AB&I customers to understand that Chinese foundries do not compete on price because their labor costs are lower; they compete on price because their government is subsidizing their incursion into the American marketplace. Think about it. Chinese foundries buy scrap in the US, ship it to China, then truck it

sometimes thousands of miles to foundries throughout the country. They then melt that scrap, make their products, then truck those products back to the seaport for shipping back to the US, then trucking to their point of destination. The labor involved in the production of the cast iron material back at the Chinese foundry is a small part of the overall process. The only way they can compete is if their government subsidizes every pipe and fitting made. But how long can China keep that up? 5 years? 100 years? Who knows.

As for AB&I, we know that to remain profitable we have to outcompete these foreign foundries with quality, reliability and value. There is no alternative. So where does that leave AB&I in the next 100 years? Changing. We plan for change every day, embrace it, and realize it is as much a part of who we are as melting iron. Knowing what we know, and coming from where we started, we're betting on the future and investing for it now. Though the faces will change over the years, the commitment to longevity first demonstrated nearly a century ago will remain. That's our promise.

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Perspective

OJ Will Spend Another Year in Vain Looking for His Wife's "Real Killer," and the Cubbies Will Not Go to the Series **Read on for more great predictions for 2005 by "Kip-The-Incredible"**

Having been in this business for so long, I suppose it's only natural that people ask me what I think will happen to business in the coming year. Will it be better, worse, or stay the same? I tell them yes. Will pipe and fittings prices go higher, lower or stay the same? Again, I tell them yes. Will global warming be shown to be an imminent threat to life on the planet, or a boondoggle cooked up by some government scientists looking for grant money? Yep. The longer I've been around, the clearer it is to me that I do, indeed, have all the answers, provided, of course, that the questions are worded correctly.

Still, I'm not afraid to go out on a limb once in awhile. In the spirit of bravely going where no man has gone before, allow me to make the following prognostications, which will almost certainly turn out to be either right or wrong:

Consolidations: The trend toward consolidating will continue. As consolidations occur, the total number of players will diminish, but the average size of the players remaining will increase. This trend will continue until there are no players left, but the ones not left will be huge.

Economy: We will continue to have an economy in 2005. The first half will either be equal to 2004, better than 2004, or worse. My money is on better, but my wife's is on worse. Same prediction for the second half, except that whatever results occur will happen at a later date than those of the first half.

US Trade Deficit: The trend toward an increasing trade deficit will continue, except in the pipe and fittings business, which will show a dramatic decline in the purchase of foreign DWV and a significant increase in domestic sales of pipe and fittings to other nations, most notably China. In fact, China will probably stop making DWV altogether, realizing the futility of competing on American soil.

Las Vegas will build two gigantic hotel casinos. At least one will be partially owned by Donald Trump and will declare bankruptcy shortly after opening.

The Red Sox will not win the World Series. They will lose the seventh game 14-3 in the twelfth inning.

I will continue to be completely unable to understand a single word in any popular music.

Bonds and Sosa will hit fewer homeruns than they did in '04, due to the natural effects of age and fatigue.

Congress will vote itself a pay increase, but will make the increase contingent on the sun rising in the East.

Cast iron pipe and fittings bearing the CI logo will continue to be of the highest quality available. The CI mark will mysteriously appear in a grilled cheese sandwich which will be sold on Ebay for \$17,000 to the other owner of that new Las Vegas casino.

Housing starts in Arizona will increase over 2004. The Colorado River will disappear into desert dust 2 miles south of the Colorado border.

The 49ers will NOT be in the Superbowl. Eddie will return to the team, buy the Superbowl championship and give it to the 49ers as a welcome back gift.

Morgan Freeman will win the Academy Award for Best Supporting Actor. Seriously. But, the award will not be presented by President Bush.

Raw materials prices will continue to increase, but at a slower pace than during '04. If the '04 price increase pace continues, Bill Gates will be the only American capable of buying an SUV.

The Raiders will NOT move from Oakland. They are, however, considering changing their legendary silver and black colors to pink and mauve in an effort to expand their target audience.

Contractors will learn that cheap couplings don't work. Watch out!

The stock market will go up on a few occasions, and down on a few occasions, and finish the year somewhere within the trading range. Some investors will make money, while others will lose. Index funds will continue to track the market, while managed funds will attempt to beat the indexes, with mixed results.

Every Chinese river will spontaneously combust during the Summer of '05, but will be extinguished by a moving air mass devoid of oxygen which will smother the flames. The Chinese Ministry of Information will explain that the fires were just early celebrations of the New Year. Gung Hay Fat Choy.

Tiger Woods will win a major tournament. If not, his endorsement income will be slashed to just \$4 billion.

I will not appear on Leno in a redux of *Carnak the Magnificent*.

I got a letter the other day from a guy who identified himself as working for a commercial plumbing company. He gave me a very nice "attaboy" for my recent remarks about how honesty and integrity seem to be in short supply sometimes in the business world. He agreed, and went on to say that he sees an erosion in the principles of his own company. When he asked his boss about it, the reply was that his company couldn't operate with high standards because they would be "eaten alive" by others in the business.

I know it's difficult to maintain these high standards; however, companies that maintain high ethical standards will always prosper in the long run. Being honest is not only good for your heart, but good for your bottom line, too.

Happy New Year, everyone.

Plumbers Cautioned to Note Differences in ASTM A-888 and CISPI 301 Standards

Installation instructions found only in CISPI 301 highlight importance of checking both standards

Recent revisions to both the CISPI and ASTM standards relating to cast iron no-hub plumbing materials and associated couplings remind us all of the important differences that exist in these standards.

While all of the requirements of ASTM A-888 are always found in CISPI 301, the same cannot be said in reverse. The reason for these differences is simple. CISPI 301 was first published in 1964, and ASTM A-888 was first promulgated in 1990. CISPI's 26 year head start just puts them in a position to lead the industry, keeping a step ahead in standards that promote improved industry norms and better public safety.

The most visible difference in the most recent revision of these two standards is found in the installation instructions in CISPI 301, but not found in ASTM A-888. These instructions call for seismic bracing, restraints, underground installation requirements, hanging and support, testing of the completed installation and the bracing of large-diameter (5 inch and larger) pipe and fittings. Since almost none of this information is included in the model plumbing codes or the manufacturers' installation instructions, CISPI 301 becomes an essential reference source for designers and installers.

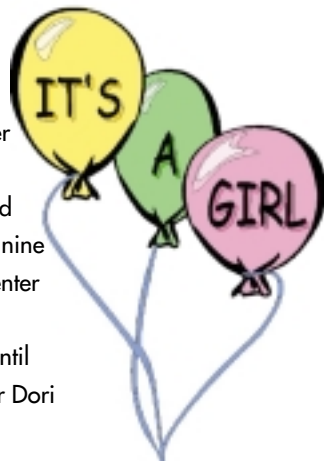
"AB&I is proud to be a major proponent of both standards," said vice president, Kip Wixson, "and is especially pleased to be a big supporter of CISPI and its processes. CISPI has proven to be an indispensable organization in the development of standards relating to cast iron DWV."

The CISPI 301 standard also includes a section that describes the assembly of hubless joints. This is the only reference, in either standard, that describes the direct joining method using a shield and clamp assembly with a gasket sealing sleeve. Although the plumbing codes reference coupling standards, a user would have to examine each coupling standard to determine which coupling device is suitable for each application. This information is found in CISPI 301 but not in ASTM A-888. Additionally, there are 49 patterns or pipes found in CISPI 301 that are not found in ASTM A-888. Perhaps the most significant of these are 21 patterns for closet bends.

"We look forward to continuing our close relationship with both CISPI and ASTM," said Gary Wickham, plumbing division manager, "and encourage all our customers to consult these important documents on a regular basis."

Temporary Change for Southland Customer Service

Congratulations to Jannine Longoria, LA Service Center Customer Service, who welcomed Dannika into the world on December 28 (just making the 2004 tax deduction deadline!) Mom, dad and daughter are doing fine. While Jannine is on maternity leave, LA Service Center calls/orders will be handled by the Oakland Customer Service Dept. Until further notice, please call Maggie or Dori at 800/468-4766.



Attn: Distributors

Put AB&I's New Product Engineering Specialist to Work for You!



AB&I's Gregg Carr devotes his full time attention to calling on engineers and job specifiers to introduce them to AB&I products, and to educate the market about the advantages of cast iron in DWV applications. Do you have an engineering company in your market that could benefit from a call by Gregg? If so, contact Gregg personally at 800/GOT-IRON to discuss a possible joint sales call or other contact. He's here to help build your business by getting cast iron and AB&I specified or approved for every job in your area. Call on Gregg. He's a good guy, and eager to help any way he can.

The Health Guru Warns Against Wasting Heartbeats on Exercise

Q. I've heard that cardiovascular exercise can prolong life. Is this true?

A. Your heart is only good for so many beats, and that's it. Once you've used them all up, you're a goner. Don't waste your beats on exercise. Saying that speeding up your heart will make you live longer is like saying that driving your car faster will extend the life of your motor. Nonsense. If you want to live longer, take a nap.

Q. Should I reduce my alcohol intake?

A. No, not at all. Wine is made from fruit. Brandy is distilled wine. That means that they take the water out of the fruity bit so you get even more of the goodness that way. Beer is made out of grain. Get the idea? Bottoms up!

Q. How can I calculate my body fat ratio?

A. Well, if you have a body and you have body fat, the ratio is one to one. If you have two bodies, the ratio is two to one, etc.

Q. What are some of the advantages of participating in a regular exercise program?

A. Can't think of a single one, sorry. My philosophy is, "no pain-good."

Q. Will sit-ups prevent me from getting a little soft around the middle?

A. Definitely not! When you exercise a muscle, it gets bigger. You should only be doing sit-ups if you want a bigger stomach.

Q. Is chocolate bad for me?

A. Are you crazy? HELLO! Cocoa beans are a vegetable, right. Veggies good, right. Put the two together.

Q. Is swimming good for my figure?

A. If swimming is good for your figure, explain whales to me.



Just for Fun...

Strange Facts...

The first couple to be shown in bed together on prime time TV was Fred and Wilma Flintstone;

Every day, more money is printed for Monopoly than the US Treasury;

Each king in a deck of playing cards represents a great king in history: Spades = King David, Hearts = Charlemagne, Clubs = Alexander the Great, Diamonds = Julius Ceasar;

Coca-Cola was originally green;

It is impossible to lick your elbow;

The average number of people flying in the United States during any one hour: 61,000;

Intelligent people have more zinc and copper in their hair;

The first novel ever written on a typewriter: Tom Sawyer;

The percentage of Africa that is wilderness: 28%;

The percentage of North America that is wilderness: 38%;

$111,111,111 \times 111,111,111 = 12,345,678,987,654,321$

At least 75% of people who read this will try to lick their elbow.



Let's Find Out Just How Clever You Really Are!

Q. Count the times the letter "F" appears in the following sentence: FINISHED FILES ARE THE RESULT OF YEARS OF SCIENTIFIC STUDY COMBINED WITH THE EXPERIENCE OF YEARS.

A. Did you count 3? If so, you're wrong. There are 6. No kidding. Count 'em again.

Q. If you're in a race and you overtake the second person, what position are you in?

A. If you said first place, you're wrong again. The correct answer is second place. Figure it out.

Q. If you're in that same race and overtake the last person, what position are you in?

A. If you said second to last, you're really not very good at this, are you? How can you overtake the LAST person. If you're behind him to begin with, how could he be last. HELLO!

Q. Mary's father has five daughters: 1) Nana, 2) Nene, 3) Nini, and 4) Nono. What is the name of the fifth daughter?

A. If you took the time to figure out that the answer is Nunu, you're completely hopeless. Her name is Mary. Read the question again. Not as smart as you thought you were, huh?

Q. A mute person wants to buy a toothbrush, so he goes to the store and imitates the action of brushing his teeth. The clerk understands and sells him the toothbrush. Now, a blind man wants to buy a comb. How should he get his point across?

A. If you said by pretending to comb his hair, we've got some stock in Enron to sell you. No, actually, he just asks for a comb. Remember, he's blind, not mute.

