

**HAPPY
NEW
YEAR!!**

100 Years
Done



100 Years
Begun

ITEMS

NEWSLETTER

January 2007

Commercial Construction Trends

Architects Report Healthy Increase in Activity At Close of 2006



The American Institute of Architects (AIA) has recently announced an unexpected surge in business in November and December of 2006, pointing the way to continuing high levels of construction activity into 2007 and, perhaps, beyond.

While the residential sector of the architecture and construction markets continued its now year-long slowdown, the commercial and industrial sectors showed considerable

rebound, according to the AIA's Architectural Billing Index (ABI).

The ABI is produced as a means of measuring overall activity at the nation's leading architectural firms. AIA researchers contact member firms and survey them about their current "work on the boards." Based on the results of this survey, the AIA publishes its Architectural Billing Index. An index value greater than 50 indicates growth in their business. The most recent ABI jumped to 57.5 from 51.2 in October for commercial and industrial activity.

The ABI correlates strongly with actual construction activity, indicating that the market for construction materials, including cast iron DWV, should remain strong throughout 2007.

The West and Northeast showed the strongest regional growth, with ABI values of 60 and 58, respectively, while firms in the South and Midwest showed somewhat lower levels of activity.

"These figures track pretty closely with what we've seen around the country," said

Gary Wickham, AB&I's vice president for national sales.

"We see the demand for our products continuing to go strong well into this year," says Wickham, "and maybe longer.

"The residential side of the market is still suffering," he said, "but the commercial and industrial side shows no sign of weakness. These ABI figures just back up our own data."

As the slowdown in residential building continues, distributors are cautioned to keep a close eye on the markets they're trying to reach. "If commercial is where it's at for the time being," says Wickham, "most distributors will consider doing what they can to get a bigger piece of that pie, rather than waiting for housing to come back."

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A Little Story About How Our Tax System Works in This Country

First presented by David Kamershen, PhD, professor of economics, University of Georgia

Suppose ten guys go out to lunch every day and the bill comes to \$100. If they paid their bill like we pay our taxes, the first four guys (the poorest) wouldn't pay anything, the fifth guy would pay \$1, the sixth would pay \$3, the seventh guy \$7, the eighth would pay \$12, the ninth diner would pay \$18, and the tenth guy (the richest) would pay \$59.

One day, the owner expresses his appreciation for their business by cutting the cost of their daily meal by \$20. Lunch for the ten now costs \$80. They decided to divide the savings according to the percentage that each man was paying before. The first four guys still ate free, but now the fifth guy also got a free lunch after the deduction (100% savings). The sixth guy now paid \$2 instead of \$3 (33% savings). The seventh now paid \$5 instead of \$7 (28% savings), the eighth now paid \$9 instead of \$12 (25% savings), the ninth guy now paid \$14 instead of \$18 (22% savings), and the tenth guy now paid \$49 instead of \$59 (16% savings).

The first four still ate free, and the fifth guy now joined the ranks of the free eaters. The other five were all better off than before. But, after lunch, the ten guys started talking about how much they saved.

"I only got \$1 out of the \$20," said the sixth man, "pointing to the tenth man, "but he got \$10! That's not fair!!"

"That's right," said the fifth man, also pointing to the tenth man. "I only saved a dollar. It's not right that he got ten times more than I did."

"Hey, that's true," said the seventh man. "Why should he get \$10 back when I only got \$2? The rich get all the breaks!"

"Wait a minute," said the first four guys in unison. "We didn't get anything back. The system exploits the poor."

The nine men surround the tenth guy, and beat him up in anger.

The next day, the tenth guy didn't show up for lunch, so the nine sat down and ate

without him. But when it came time to pay the bill, they discovered something important. They didn't have enough money between them to pay even half the bill.

And that, boys and girls (and college professors and talk show hosts), is how our tax system works. The people who pay the most taxes get the most back when there's a tax cut. Tax them too much, punish them for being wealthy, and they just might stop showing up for lunch.

In fact, they might start eating overseas, where the atmosphere is a bit friendlier.

I presume everybody saw the news story about Giant's pitcher, Barry Zito, and his \$126 million seven year deal he just cut. This was the largest contract ever given to a major league pitcher, and represents a major pay increase over the mere \$7.9 million that the A's paid him for last year's "work."

In 2006, Zito pitched 221 innings in 34 games. He threw 3,666 pitches during that time, which works out to be \$2,155 per pitch.

Assuming a similar workload in 2007, Zito will earn a staggering \$4,910 per pitch. If his average pitch is 90 mph, each pitch will get to the plate in about half a second, earning Zito an astounding \$9,820 per second that the ball is in the air. Not bad. Not as good as selling iron pipe, but not bad.

Is it any wonder that many old-time fans are dropping away from the game? These mega-lottery salaries are putting so much distance between the players and fans that neither can relate to the other in any meaningful way. I remember when Willie Mays made headlines by making \$100,000 playing for the Giants. Is Zito really 180 times better than Mays, or 180 times more able to bring in fans and support the game? I doubt it. Things have gotten crazy in professional sports.

Don't get me wrong, if somebody offered me \$126 million to pitch baseballs for seven years, I'd take the money (but I'd cash the check quick!). Since that's not likely to happen, I'm left pondering the impact that these huge salaries are having on sports in this country and around the world.

What do kids think of all of this? How is it affecting their sense of money and of work?

We've had a couple of comments lately about the coating on our pipe scratching off during shipping or handling. These people were bugged that the pipe arrived at the jobsite with unsightly blemishes. Well, I can tell you, it bugs us, too, but let me explain.

Back in the dark ages, before environmental laws in this country, all pipe was either uncoated or coated with a thick goo that stuck like glue. This goo was made from a variety of substances that did a great job of coating pipe. The only problem was that it contained ingredients found to be harmful to humans and other living things. When environmental laws began to take shape, one of the first things that had to be reformulated in the foundry was the pipe coating. We've now been through five generations of pipe coating technology, keeping pace with increasingly-rigid environmental laws, and are now using a water-based coating that does a great job of arresting rust and sealing, but has one problem: it scratches off more easily than we would like. Our coating supplier is working on the problem, but just when we get one problem solved, the government changes the rules on us and we have to start over.

I suppose the take-away point in all of this is that if you're using pipe that doesn't scratch, you're probably using pipe that isn't safe or legal to produce. Our environmental laws were put there for a reason, and cleaner air and water require all of us to follow the rules. In the meantime, we're working on the scratching problem and will keep you posted.

Environmental Update

China Slammed as Major Polluter

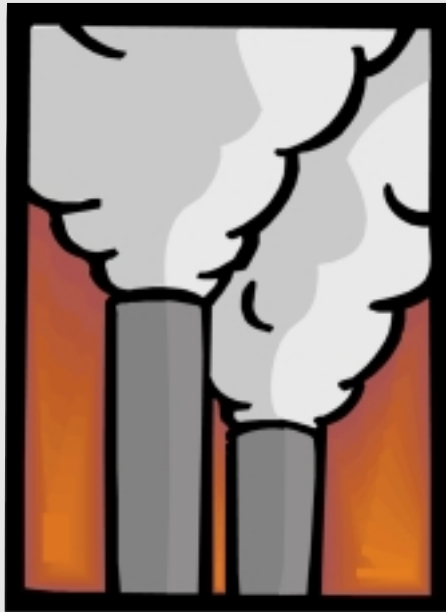
With 16 of the world's 20 most-polluted cities within its borders, China's air gunk is landing in LA and Lake Tahoe

A recent report by the Worldwatch Institute singles out China as among the world's worst polluters, citing government research indicating that China's particulate air pollution is traveling across the globe and landing in the Western U.S.

"After 25 years of breakneck economic growth, China has admitted that its environmental crisis is getting worse," the report says.

"You can chew on the air in most cities," said James McGregor, a media executive and long-time resident of Beijing. "The rivers are Technicolor with effluents. This place has gone through a huge economic boom and [the Chinese government] has just been ignoring [the problem]," he said.

Much of the air pollution problem relates to the country's reliance on coal as a fuel source. Coal-burning plants spew sulfur and greenhouse gases into the air, causing acid rain and other local damage. What's worse, much of these



pollutants ride the upper air currents, dumping Chinese pollution on Korea, Japan, and even the United States.

"The pollution that comes eastward from China, across the Pacific to the United States, carries a lot of mercury with it, and that mercury is being deposited in the western United States," said Lester Brown, head of the Earth Policy Institute in Washington, DC.

Although China has often given much lipservice to its need to enact more aggressive environmental standards, what few laws are on the books are just not enforced.

"The Chinese just don't have the staffing to even monitor completely local air and water pollution, much less enforce it," said Brown. "So regardless of what said in Beijing, very little is happening at the grass roots to reduce pollution."

AB&I has long been on record as opposing the lax Chinese environmental standards, and encourages everybody to consider their buying decisions carefully.

Start 2007 Right: Become an AB&I Stocking Distributor

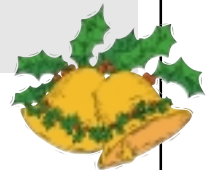
If you're not already an AB&I stocking distributor, now could be the perfect time to bolster your profits by teaming up with AB&I for the new year!



As a recognized stocking distributor, you will get all the great products and services that make AB&I a standout performer in the cast iron DWV business, including extensive marketing assistance, the industry's best warranty, and the assurance of a steady supply of top quality cast iron pipe, fittings, and accessories.

For more information about becoming an AB&I stocking distributor, contact Gary Wickham, AB&I's vice president for national sales, at 800-GOT-IRON.

December Quiz Winners Named



We received several entries to our December "Just for Fun" quiz concerning well-known Christmas and holiday songs. The first three correct entries, however, arrived at the same time, so it didn't seem right to select just one winner.

Keeping in the holiday spirit, we have decided to award all three of these entries with an official AB&I golf shirt and our hearty, "Congratulations!"

The winners are:

Steve Christianson, Winnelson, Las Cruces

Cathy Combs, United Pipe & Supply, Medford

Mitch Mace-Hall, United Pipe & Supply, Medford

We had fun, and thanks to everyone who responded.

Reminder From AB&I**Distributors Requested to Send Web and Email Info for AB&I Website**

AB&I is, once again, calling on all distributors to provide their contact information for immediate inclusion in the website at www.abifoundry.com.

"We're making good progress getting our distributors uploaded" said AB&I's Gary Wickham, "but we still need more distributors to contact us."

Once complete, the AB&I website will feature telephone, fax, email and web address information for all stocking distributors throughout the AB&I marketing area. A "quick-nav" map will be included to make it easy for website visitors to find the distributors in their town or area.

The success of this program, however, depends on the distributors sending in their contact data. If you're an AB&I stocking distributor, please take a moment to email or fax your telephone, fax, email and web address to our webmaster at:

Spectrix Digital
428 Sutter Street
Jackson, CA 95642
ATTN: Kris
graphics@volcano.net

Just fore Fun...**Golf Truisms Etc.**

1. When you look up, causing an awful shot, you will invariably look down again at exactly the moment you should keep looking for the ball if you ever want to see it again.
2. The less skilled the player, the more likely he is to share his ideas about your golf swing.
3. The shortest distance between any two points is always a straight line directly through the center of a very large tree.
4. You can hit a two acre fairway 10% of the time and a 2 inch branch 90% of the time.
5. Hazards attract, fairways repel.
6. A ball you can see in the rough from 50 yards away is not yours.
7. Don't buy a putter until you've had a chance to test-throw it.

The Origin of the Word "Golf"

Contrary to popular belief, golf is not an acronym for "Gentleman Only, Ladies Forbidden." In fact, it's not an acronym at all. Like many words today, it came from an older language, in this case Dutch and Scots. The medieval Dutch word, "kolf", meant "club." It is thought that the word was passed to the Scots, whose dialect made it "golfe" or "gouf." By the 16th century, about the time Columbus set foot in the New World, the word had become "golf."

That ought to be worth a free beer at the 19th hole sometime...

**Test-Your-Age Quiz**

If you know the answer to most of these questions, you're really old. If you don't, not to worry, you'll be really old someday, too. Anyway, fax a page to 510/632-8035 with the correct answers and the first entry with 100% correct will get an official AB&I golf shirt. No cheating - do it from memory!

1. What are "fender skirts?"
2. What is a "continental kit?"
3. Complete this advertising slogan: "See the USA in a _____"
4. On "Leave it to Beaver," what was Lumpy's real name?
5. What are running boards?
6. What is a percolator used for?
7. What is the difference between "supper" and "dinner?"
8. What was the name of the Lone Ranger's horse? Dog?
9. Who was LBJ's vice president?
10. What was the name of the WWII Medal of Honor recipient who later became an actor?
11. What is LSMFT?
12. What were the Alou brothers first names?
13. Who played Adam on Bonanza?
14. What was the first curse word ever uttered in a movie?
15. Who was president when the stock market crashed in 1929?
16. What was the name of the airplane that Lindburgh flew across the Atlantic for the first time?
17. What field did the Giants play in before moving to San Francisco?
18. What president was shot down in his fighter during WWII?
19. What product slogan was, "A little dab'll do ya?"
20. Who sang, "In the Still of the Night?"

