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**Product Update**

# Built System vs. Figure 6 Fitting: Do The Math!

Too many plumbers and contractors have not gotten into habit of using figure fittings, even though the cost savings can be substantial. Consider the cost of one installation, then call your AB&I field sales representative or your favorite AB&I stocking distributor for even more details!

**Cost of a Standard Built System**

<u>Materials</u>	<u>Cost</u>
1 - 4" Wye	\$ 34.40
1 - 4" Eighth Bend	\$ 16.80
1 - 4" San Tee	\$ 30.00
1 - 4" x 2" Reducer	\$ 12.40
6 - 4" No-Hub Couplings	\$104.70
1 - 2" Coupling	\$ 12.25
<b>Total Materials</b>	<b>\$210.55</b>
<b>MCAA Flat Rate</b>	<b>3.57 hrs</b>



**Cost of a Figure 6 System**

<u>Materials</u>	<u>Cost</u>
1 - 4" x 2" Figure 6 Fitting	\$ 98.50
3 - 4" No-Hub Couplings	\$ 52.35
1 - 2" Coupling	\$ 12.25
<b>Total Materials</b>	<b>\$163.10</b>
<b>MCAA Flat Rate</b>	<b>1.63 hrs</b>

**Bottom Line...**

For each installed system, you save  
**\$47.45 in materials**  
**1.94 hours labor**

*Any Questions?*

**Need a Cost Comparison Sheet?**

For a printed cost comparison sheet showing the savings to be enjoyed by using Figure 6 and Figure 8 fittings instead of comparable built systems, just contact your AB&I sales representative or the AB&I customer service department at 800-GOT-IRON.

Better yet, just go to the Download Center of the AB&I website at [www.abifoundry.com](http://www.abifoundry.com), or email [custserve@abifoundry.com](mailto:custserve@abifoundry.com).

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## Perspective

### I'm mad as hell, and I'm not gonna take it any more!!

Ever get to where things just p\_\_\_\_ you off?

If I hear one more story about a Chinese product that either poisons people, kills dogs, turns kids brains to mush, or blows up, I'm gonna lose it.

When are we going to learn that Chinese manufacturers don't think about their products in the same way Western producers do?

In the Western world, we worry about things like safety. We worry so much that we spend billions of dollars or pounds or marks or whatever making sure that our toothpaste is nontoxic and that our tires won't blow up or come off the rims while we're driving down the road. Not so the Chinese. The only thing they seem worry about is making the next sale.

We see it in our business. Although all cast iron plumbing products sold in the U.S. are supposed to carry the name of the manufacturer and the date of production, many foreign foundries are, eh, a bit lax in this area. The result is that there is no way to trace back a failed product to its point of origin. Public safety suffers.

And another thing. Why is the government even considering bailing out these mortgage companies who made loans to borrowers who didn't have a prayer of paying them back? When Joe Average Guy puts down on his loan application that he makes a hundred-and-fifty grand a year, wouldn't prudence dictate that the lender verify such a thing? Not in the Alice-in-Wonderland world of the mortgage and real estate industry of the last 4-5 years. "Stated income" loans and downright fraud ran rampant for years, and the lenders were dumping this bad paper on wall street investors who gobbled up these mortgage backed securities like they were actually worth something. I have a question: Why

should taxpayers (you and me) bail all these partners in crime out of the mess they've created? I say let 'em pound sand. Maybe a few billion in losses will cause them to think twice about making such bad loans in the future.

That's the devil on my left shoulder talking. The devil on my right shoulder says, well, Kip, if we don't do something to soften the economic blow that these "subprime" loans have landed on the real estate and investment communities, we'll all suffer from the loss of our property values as consumers lose confidence in the system and decide to delay their homebuying plans for a decade or two. No buyers translates to reduced equity. And that's why I'm made as hell. If we do the "right thing" and let the market clear itself out, we lose property value and won't be able to sell if we had to. If we reward the bastards who did all this by bailing them out, we only encourage more of the same. It's what the philosophers call a conundrum, and what I call a moral pickle. I hate pickles.

And why is it that I'm still getting these faxes that offer to refinance my house for 4.5% or less? I thought the bankers funding these pie-in-the-sky mortgage brokers were tugging on the reins, pulling these guys back down the trail of reality. I guess not. There appears to still be money out there for 'creative' financing type loans. Are we still adding fuel to the fire that's melting down the mortgage business in America? And if so, why?

OK, I'm done. I feel better now.

It seems like only yesterday that Home Depot shocked the plumbing world by paying an obscene amount of money for Hughes, Todd and other distributors. Well, it seems things didn't go so well, because now they're trying to sell their HD Supply unit to a group

of investors. The problem is not that the investors want to nickle and dime the deal at the closing table. No, the problem is that the banks do.

The investors offered to pay \$10.3 billion for HD Supply, and all was fine until this recent credit crunch hit. When the bankers' heads cleared after seeing some of their brethren take big hits in the mortgage market, they decided to renegotiate the terms of their financing deal. Instead of \$10.3 billion, the banks (JPMorgan Chase, Lehman Bros, and Merrill Lynch) said they wouldn't do the deal unless it was done at \$8.5 billion. Period.

Frustrated, and over a barrel, Home Depot went along with the change.

What's all this mean for the independent distributor? Well, for starters, you may not be able to sell your business for the billions you had been planning on; you might have to settle for a more realistic price.

Seriously, I'm not sure what impact such stomping of titans has on the rest of us, other than to acknowledge how crazy the distribution world has gotten, and how far out of whack players not familiar with our world can make things when they come in and start throwing money around. Sure, it's their money, and they can do with it what they will, but the disruptions that result from big players moving mountains of money around can be troublesome for our businesses. We're all better off when Big Daddy knows the score and has been around the block a few times before he stakes his claim to a part of the market.

We're getting feedback that the certification by NSF of AB&I cast iron products is being well received in the market. Such third-party certification is the only real way to ensure that manufacturing and quality standards are met and that the public safety is maintained. Our hats are off to NSF and CISPI.

## A Different Take on the Subprime Mortgage Mess

Headlines and financial news programs are full of "the sky is falling" stories about subprime mortgages and the effect their distress is having on the financial and stock markets. Well, economist and TV guru Ben Stein wrote an article recently in the *New York Times* that puts a little different spin on things. Here are some excerpts.

The job of economists, among other duties, is to put things into perspective. Here is a little perspective on the recent turmoil in the stock and bond markets.

The total mortgage market in the United States is roughly \$10.4 trillion. Of that, a little over 13%, or about \$1.35 trillion, is subprime - certainly a large sum. Of this, nearly 14% is delinquent. Of this amount, about 5% is actually in foreclosure, or about \$67 billion. Of this amount, according to my friends in real estate, at least about half will be recovered in foreclosure. So now we're down to losses of about \$33 billion to \$34 billion.

The rate of loss in subprime mortgages keeps climbing. In time, perhaps it will double, maybe back to \$67 billion. This is a large sum, by absolute standards, and I'd certainly like to have it in my bank account.



But by the metrics of a large economy, it is nothing. The total wealth of the United States is about \$70 trillion. The value of the stocks listed in the United States is about \$15-20 trillion. The bond market is even larger.

Much more to the point, the fears and terrors about subprime mortgages have helped knock off 6.7 percent of the stock market's value in recent weeks. This amounts to about \$1.1 trillion, or more than 30 times the losses so far in the subprime market. In other words, these subprime losses are wildly out of proportion to the likely damage to the economy due to subprime problems.

My point is this. I don't know where the bottom is on subprime. I don't know how bad the problems are at Bear [Stearns, the brokerage house reportedly in financial trouble]. Yet I do know that the market's reactions are wildly out of proportion to the real problems that have been revealed.

Some smart, brave people will make a fortune buying in these days, and then we'll all wonder what the scare was about.

### Elmco/Stewart Sales Named to Arizona Rep Post

Elmco/Stewart Sales has been named to carry the AB&I banner throughout the Arizona territory as the new Manufacturer's Representative for that area.

Elmco/Stewart brings a wealth of experience to their new role, and is already well known in the area for providing outstanding customer service.

The company is led by Ron Stewart, president, and Steve Miller, vice president and head of sales.

"We chose Elmco/Stewart for this important position because their ideas about service pretty much match our own," said AB&I vice president for sales, Gary Wickham.

"We look forward to working closely with Elmco/Stewart," continued Wickham.

Elmco/Stewart is located at 3201 West Virginia Avenue in Phoenix, 85009, and can be reached at 602/269-0585.



### Sheriff Gregg Carr Still on the Beat with Engineers, Specifiers

Gregg Carr, AB&I's "Sheriff of Cast Iron," reminds everybody that he is still busy calling on plumbing engineers and other specifiers to bring them the latest news about AB&I cast iron soil pipe and fittings.



Gregg goes the extra mile to make sure that all cast iron DWV material on a jobsite meets CISPI standards. He continuously calls on engineers to make sure they understand that not all cast iron DWV is the same (a common misconception). He points out the benefits to making sure that CISPI standards are met, and the risks of using substandard material.

For more information, or to arrange for Gregg to visit your office, just call AB&I customer service at 800-GOT-IRON.

## Quotes from Warren Buffett

1. I don't look to jump over 7-foot bars: I look around for 1-foot bars that I can step over.
2. I never attempt to make money on the stock market. I buy on the assumption that they could close the market the next day and not reopen it for five years.
3. If past history was all there was to the game, the richest people would be librarians.
4. It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.
5. Look at market fluctuations as your friend rather than your enemy; profit from folly rather than participate in it.
6. Never invest in a business you cannot understand.



7. Price is what you pay. Value is what you get.
8. Risk comes from not knowing what you're doing.
9. Rule No.1: Never lose money.  
Rule No.2: Never forget rule No.1.
10. The business schools reward difficult complex behavior more than simple behavior, but simple behavior is more effective.
11. We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful.
12. Why not invest your assets in the companies you really like? As Mae West said, "Too much of a good thing can be wonderful".

*"You only have to do a very few things right in your life so long as you don't do too many things wrong."*

### Just for Fun...

#### Summertime Ice Cream Quiz

1. Which country consumes the most ice cream per capita?
  - a. Italy
  - b. USA
  - c. Japan
2. Haagen Dazs, made in Sweden, means Happy Days.
  - a. True
  - b. False
3. In World War II, Burton Baskin of Baskin-Robbins fame began his ice cream career by trading his jeep for a freezer.
  - a. True
  - b. False
4. Which state eats the most ice cream per capita?
  - a. California
  - b. Alaska
  - c. Wisconsin
5. On which day of the week is the most ice cream sold?
  - a. Saturday
  - b. Sunday
  - c. Friday



#### The English Language??

If I speak of my foot and show you my feet,  
And I give you my boot, would a pair be called beet?  
If the plural of man is always called men,  
Why shouldn't the plural of pan be called pen?  
If one is a tooth, and a whole set are teeth,  
Why shouldn't the plural of booth be beeth,

Then one would be that, and three would be those,  
Yet hat in the plural would never be hose,  
We speak of a brother, and also of brethren,  
But though we say mother, we never say methren,  
Then the masculine pronouns are he, his and him,  
But imagine the feminine: she, this and shim!

And why is it that writers write, but fingers don't fing,  
grocers don't groce, and hammers don't ham?

If teachers taught, why didn't preachers praught?

If vegetarians eat vegetables,  
what do humanitarians eat?

Just thought we'd ask...



Answers: b, b, a, a, b