



July 18, 2008

Investment Letter

K-Tron International, Inc. (NASDAQ: KTII)

Executive Summary: Without K-Tron International's measuring and weighing machines we would find it hard to have the highly predictable, virtually guaranteed, olfactory, sensory, gustatory, and intensely pleasurable and gratifying experience of consuming a Hershey's Milk Chocolate with Almonds (The Hershey Co., NYSE: HSY). (Most of us call this chocolate snack the Hershey bar with almonds.)

A Story: The writer awakes to the meaning of 'uniform'.

How the writer, fatigued by freeway driving and New York City traffic congestion and trying to overcome the demon of negative thought, was thrilled to see the Golden Arches where he knows a cheap pick-me-up awaits him. The author makes a quick exit from the highway and finds McDonald's (NYSE:MCD) where he purchases a large cup of strong coffee. As the caffeine works its magic, priming his hypothalamus, his mood is energized and he discovers, as he considers the word 'uniform', that there are many positive attributes to this wonderfully multi-dimensional word.

(The writer avoids Starbucks because he knows he can not correctly pronounce grande, latte, and other basic words that would identify him as a true Starbuckian, and because of these transparent shortcomings, he knows that he would be humiliated by the snooty baristas at this upscale coffee mecca who enjoy one-upping customers in the game of coffee lingo.)

Bronx, New York, Tuesday, March 18, 10:30 A.M.

I am driving in New York City traffic, maneuvering my Hertz rental car north on the FDR drive in Manhattan, heading toward the Triborough Bridge, and then into the Bronx and into Connecticut and Massachusetts, and ultimately to Deerfield Academy in Deerfield, Massachusetts where I was to stay for a couple of days at the Deerfield Inn to escape the noise and congestion of New York. It was spring vacation at the school, there would only be a few hundred people in the town, and I could take long walks and enjoy the peace and quiet of a beautiful one street town before returning to New York City, where I had some business to do, before coming back to Tulsa.

I have gone through the toll gates at the Triborough Bridge and I am now moving slowly through the Bronx, driving on Interstate 278 (the Bruckner Expressway), one of many thoroughfares in New York City that can not make up its mind about whether it ought to be a residential or a commercial or an industrial pathway. Apartment buildings, offices, and factories line up in no particular order with an obvious lack of aesthetics and an aggressive defiance of many conventional building codes, a defiance that, if not peculiar to New York City, is still rare in the United States. (I suppose that as the world becomes more sensitive to carbon emissions and as residential and commercial property owners become more vigilant, there will be tougher enforcement of building codes and less building hodgepodge in cities.)

I shortly came upon a series of Soviet bloc type buildings on both sides of the highway, massive structures planted or situated one after the other. With the placement of the windows and the presence of balconies it was a good guess that these were apartment buildings, but their size and their appearance (dirty brown brick with the face of every floor uniform and stark) suggested an institutional, almost fortress or prison like appearance.

In Manhattan, where I had been driving just twenty minutes ago, huge apartment buildings had lined the west side of the FDR drive but here in the Bronx the buildings were even more massive, and hence more intimidating and formidable. Maybe because there was a greater number of buildings in the Bronx and because they were even closer to each other than they were in Manhattan and, maybe because the Bronx buildings were all at the same angle to the road, it looked as if the Bronx buildings were larger, more formidable, and more of a presence than their Manhattan counterparts.

The massive monotony of the rows and rows of the Bronx buildings disturbed and fascinated me, leading me to guess what really went on in the buildings and who their residents might be. I imagined that if I were to exit the highway, approach one of the buildings, stop the engine, get out of my car and walk up to the front door, I would find myself in an environment that would remind me of George Orwell's *Nineteen Eighty-Four*, an environment of suffocating conformity and pervasive propaganda, where "War is peace, freedom is slavery, and ignorance is strength." (1)

On every floor a **Big Brother** representative would monitor behavior and thinking, doing everything he or she could to discourage any action or thought that might be considered nonconformist, or could violate the **uniform** thinking that Big Brother encouraged.

Above the entrance to the building, I guessed, would be a sign indicating that the building was **Big Brother Number One**. The pictures of **Big Brother** floor representatives or lieutenants would appear in the lobby directory along with the pictures of all the other residents, with all residents dressed in the required grey **uniforms**. The pictures of all the **Big Brother** lieutenants seemed especially fearsome, with each one looking large and unfriendly, almost as if each one had once played tackle for the **University of Oklahoma** football **Sooners**, and had had their picture taken, at the height of their ferocity, that is just before they were about to make a critical tackle in the **Cotton Bowl** during the annual **Texas- Oklahoma** showdown. (2)

The residents' pictures, I imagined, would suggest that all the residents, once they had moved into the building, might have been thrown into a vat, with any differences in their physical composition homogenized into a smooth docile blend. There would be no dissent, no departure from conventional behavior or thinking. No behavior and no thinking would be tolerated if **Big Brother** had not approved of such. Or to use the soporific language of today's **Big Brother** like bureaucracies, **Big Brother** must **preapprove** all behavior and language.

Footnotes:

(1) *Nineteen Eighty-Four, A Novel*, page 16, First Plume Printing (Centennial Edition, May 2003)

(2) The scene is London, where there has been little new housing since 1950 and where the city-wide slums are called **Victory Mansions** by **Orwell** in his book, *Nineteen Eighty-Four*. **Orwell** captured the physical decline of much of London's postwar housing, but he also had insight into the bureaucratic and **Big-Brother** like **preapproval** system that ruled the repair syndrome.

Victory Mansions were old flats, built in 1930 or thereabouts, and were falling to pieces. The plaster flaked constantly from ceilings and walls, the pipes burst in every hard frost, the roof leaked whenever there was snow, the heating system was usually running at half steam when it was not closed down altogether from motives of economy. Repairs, except what you could do for yourself, had to be sanctioned by remote committees which were liable to hold up even the mending of a window pane for two years.

ibid. page 21

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