

Witches Brew a Problem

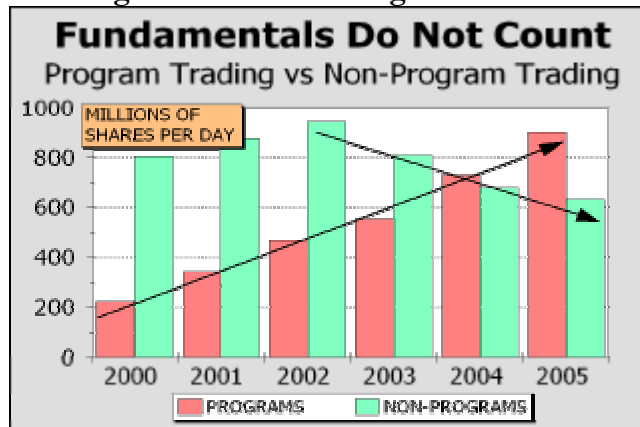
November 14, 2005

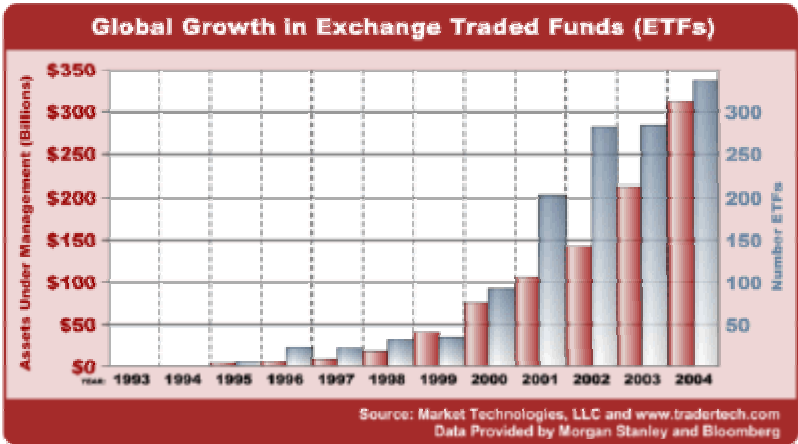
Two items appearing in the financial press this morning caught our attention. Both have connections with our hometown of Wichita, but also fairly state the current conditions surrounding Wall Street and the financial markets. The first that caught our eye was the possible sale of Knight Ridder the large publishing company that owns some 30 newspapers including the Wichita Eagle. Newspaper circulation has been declining for some time due by in large to the availability of other sources (internet). On the other hand we must admit that on a personal basis we would not subscribe to the paper if we had our drothers. Why? There is hardly an opinion in the paper with which we agree. Wall Street is clamoring for them to sell due to what they believe is poor management. Their market value is down this year and several large institutional holders are making governmental filings to become more heavily involved in the company's management.

The other item of interest was the purchase of Georgia Pacific (GP) by locally owned Koch Industries. We, of course, know the Koch people and they are the salt of the earth. A better organization of people cannot be found. The interesting part of this deal to us was the comments of GP's CEO Pete Correll, he said "The credibility of public company CEO's is at an all time low in this country and we've all been spending a lot of time trying to convince the world that we are doing the right thing." He also referred to Wall Streets lack of understanding of their business.

Koch is a private company, therefore will allow GP to do the right things for the long term good of the business and not have to answer to the witches brew of regulators, lawyers, accountants, analysts, journalists, politicians, investors, etc.

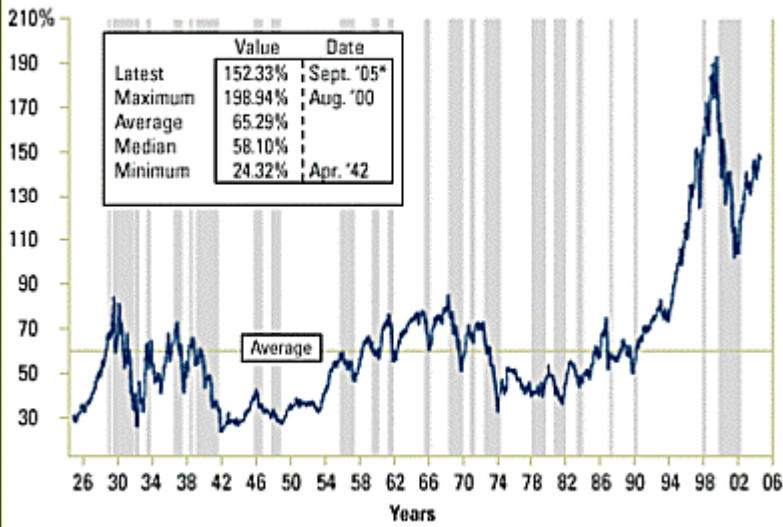
As we have mentioned in other Web Buzzes there are two areas of activity in the business world i.e. economic and financial. It has always been until the last 10 years or so that the economic sector was the driver and financial the facilitator. This seems to be no longer the case. There is a whole new culture operating in today's business society. It is the financial sector that is now driving the economic area and we are concerned that this is not for the better. More and more activity on the exchanges has to do with program and day trading and have nothing to do with raising money to help grow the economy. It is all about today and forget tomorrow. Note the following charts that should give one a reason to have pause for concern.





The market value of equities

As a percentage of gross domestic product



Shaded areas represent bear markets. *Data after June 2005 is preliminary.