BERKSHIRE HATHAWAY
Wise words from Warren Buffet and Charlie Munger

Berkshire Hathaway’s Annual Shareholders Meeting was held on May 3, 2008 in Omaha, Nebraska. Thirty one thousand people appeared, to a cult like gathering, to hear the all-time greatest investor in the world share his wisdom.

The meeting started at 8:30 in the morning with a professionally produced one-hour movie about the company, with a humorous and serious look at the financial and political circumstances of today. Included was a cartoon of Charlie Munger for President, creating a new financial Independent Party. Warren Buffet will be Secretary of Commerce, head of the Treasury and the Federal Reserve. Bill Gates will be Secretary of Technology. The Geico Gecko will be Secretary of the Environment and Mary See, founder of See’s Candies, will be Secretary of Health. They’re my vote!

The following five hours were open questions to Warren Buffet (Chairman) and Charlie Munger (Vice-Chairman). The business meeting was held at 3:00pm and lasted less than five minutes (approval of last year’s minutes and a vote for the new Directors). Any question could be asked of Warren and Charlie. Except toes! What are we buying, and what are we selling, were both off limits. Everything else was fair game! People traveled from around the world to pursue their queries. Some waited outside the arena from 2:00am to assure a spot at the microphone. These are the people who treasure $125,000 per share stock of BPH.

From business to personal, investment and management, religion as well as fitness, questions of all types were thrown at them. In a most remarkably relaxed, unguarded manner, these two gentlemen responded, as down to earth and in love with what they do, their insights, quips and opinions captivated the room.

CALIFORNIA: What kind of returns can we expect in the future? We are happy to have lower returns in the future than what we have had in the past, and we think you should adopt the same attitude.
CALIFORNIA: We have watch the two of you eat candy and drink Coke all day. Seeing that you are 77 and 84 years old, what is your secret to maintaining good health? Love what you do! There is no reason to look at the minutues in life. There is no debt associated with wonderful people. Choose a job that you would pay to have.
GERMANY (student) I just graduated from college. What is your advise on what I should do with the rest of my life? Find your passion. Go to work for someone you admire. Get the right spouse
Iowa: How do you get over being introverted? How would you help someone get outside of themselves? How do you get over being introverted? The right spouse
FLORIDA: What is the highest amount of your net worth you would invest in one deal? Several times I have invested more than 75% of my net worth in a single deal. It would be a big mistake not to have 50% of your net worth in an idea of extraordinary circumstances. Diversification is for the know-nothing investor. Load up on as much of a good idea as you possibly can.
TEXAS: I understand you made an investment from simply reading an annual report. Is that really true? Why no due diligence? The company was worth $100 billion and we could buy it for $35 billion. There was nothing more we needed to know. What could millions of dollars of due diligence possibly determine in making that decision? That the company was worth $95 billion? Or, $102 billion? By the time we would go through the due diligence process, the deal could likely not exist anymore. Companies come to us because we can make quick decisions. We know what we are looking for, and we can usually act within a day. It’s an intrinsic value decision.
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Iowa: How do you use options when you buy stocks? We don’t! We just buy or sell companies. Options turn the markets into gambling pools.
GERMANY: What are the pitfalls of giving money? Never trade reputation for money. If you give money to those causes you personally believe in, there are no pitfalls.
NEW YORK: If you had a small amount of money, one million dollars, how would you invest it? This would open up thousands of opportunities we do not have at Berkshire Hathaway being so large. I would buy mis-priced bonds. Both US and International. I would buy tax liens and small stocks. And if I did not have the time to research opportunities, I would put it all in a low cost index fund like Vanguard.
MINNESOTA: Who are the people who have had the biggest influence on you? My father, my wife Mary, Ben Graham, and Doug Dodd. The most important thing we do is how we raise our children. And if you get the right spouse, you have doubled-down.
ILLINOIS: Why did you buy Wrigley? A brand is a promise. Predictable products mean predictable profits. I don’t think the Internet will change the way people chew gum. Runaway leaders are value investments.
OMAHA: Charlie Munger I have nothing more to add.
ALABAMA: Have you accepted Jesus Christ as your personal savior? No. I am agnostic. So I have not experienced that.
NEW YORK: Which Berkshire Hathaway company spends the most on advertising? Geico, $70 million annually.
GERMANY: How do you determine if a stock has the right value? I don’t. I price companies as a business, not as a stock. I look at the intrinsic value of the business, even if there is no market.
WASHINGTON: How do you know in one hour if someone is a good manager to hire? I cheat. I buy good companies that come with good managers. It is my job to keep them. Keep them enthused, excited and passionate. Keep them loving the business, not the money. I would choose a good manager based on their performance and track record. I want to see passion in their eyes and that they are a good communicator. Mrs. B worked at our Furniture Mart until age 103 when she retired. Then she died the next year. That is good advice to all managers.
CALIFORNIA: What is your fondest hope for Berkshire Hathaway? 1. Decent Performance 2. Best home in the world for businesses (to sell to) 3. Best Corporate Culture.
NEBRASKA: Who are your successor candidates, and why did you choose them? The Directors and I have chosen three potential successors. They were chosen based on their ability, their integrity, and that they are already millionaires. I don’t believe in CEO golden parachute contracts. Leaders have a moral duty to be understood. I want my successor to already be rich and passionate about what they do.
OMAHA: Charlie Munger I have nothing more to add.

BERKSHIRE HATHAWAY COMPANIES EXHIBITING AT THE ANNUAL SHAREHOLDERS MEETING

Acme Brick Company
Benjamin Moore & Company
Best US
Borsheims Jewelry Store
Business Wire
Campbell Hausfeld
Carefree of Colorado
Clayton homes
Coca Cola Company
CTB International
Dairy Queen
Douglas Quickut
Fechheimer Brothers Company
Forest River
Fruit of the Loom
Garten
Geico Insurance
H.H. Brown/Born/Dexter
Iscar Cutting Tools
Kirkh-Vacuums
Larson-Juhl
Mars Candies
Medical Protective Company
MidAmerican Energy/Home Services
Mitek
Nebraska Furniture Mart
Nor Jets
The Pampered Chef
Precision Steel Warehouse
See’s Candies
Shave Industries
TITI, Inc.
Wayne Water Systems
World Book Encyclopedias

Warren Buffet was rejected from Harvard Business School.

("Diversification is for the know-nothing investor." — Warren Buffet)
Berkshire Hathaway Inc. is a holding company owning subsidiaries engaged in various business activities. Berkshire Hathaway Inc on Saturday said its quarterly operating profit rose more than analysts expected, as growth in several business lines offset the drag from trade tensions and tariffs and billionaire Warren Buffett's inability to deploy the conglomerate's cash. Buffett's Berkshire reports higher quarterly operating profit. berkshirehathaway.com. Berkshire Hathaway Inc. is an American multinational conglomerate holding company headquartered in Omaha, Nebraska, United States. How Buffett Did It: Building Berkshire Hathaway. the university of berkshire hathaway (buffett & munger advice). Berkshire Hathaway Stock Analysis - Intrinsic Value Calculation. Should You Buy Berkshire Hathaway Stock and Let Warren Buffett Manage Your Money? A Breakdown of Warren Buffett's Investment Portfolio.