Warren Buffett Resource Page

THE GREATEST INVESTOR OF ALL TIMES

Chairperson and CEO of Berkshire Hathaway and is consistently ranked as world’s richest man

A legendary investor and philanthropist

Also known as the Oracle of Omaha

Warren Buffett is an authority on value investing.

In 2011, Warren Buffett ranked as the third richest man in the world. Warren Buffet has determined that he will gradually give 85 percent Berkshire's stocks to five notable foundations. The major share to go to the Bill & Melinda Gates Foundation around and could be worth $30 billion. When Warren Buffett took control of Berkshire Hathaway in 1965 their investments were only $10,000 and in 2005 it grew up to $30 million. Warren Buffett’s investment philosophy/principles are one of the most unbeaten.

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WARREN BUFFETT

Chairperson of the Board and Chief Executive Officer

Berkshire Hathaway Inc. Omaha, NE.
A BUSINESSPERSON FROM THE EARLY DAYS,

Warren Buffett was born in Omaha in 1930 and started his early education in Omaha Rose Hill Elementary School. His father's, Howard Buffett and was a U.S. representative and was a harsh critic on New Deal interventionist foreign and domestic policy. Buffett's father was first
elected as a the member of Congress in 1942. Afterwards Buffett moved with his family to Washington, DC and was enrolled in Alice Deal Junior High School, where he finished his elementary school. In 1947, Buffett graduated from Woodrow Wilson High School.

Buffett showed a great interest in making money early on in life; he demonstrated this zeal by delivering newspapers, magazines and other such items. He also worked in his grandfather’s store. His money making habit continuous throughout high school and he went on to make money selling stamps and as car sales, where he worked for commission. In 1944, he filed his first income tax return for the first time.

This made him more determined and passionate. He, with a friend, decided to invest $25 for pinball machine and put in a nearby barbershop. Within few months, their business started to grow and from that one machine, they were able to save enough money to buy more machines.

In 1950, when he was only 20 years old, he saved $19,800. In 1952, he went to GEICO insurance company in Washington, DC. There he met its Vice President Lormer Davidson and with him he discussed all about insurance business. GEICO is still plays an important role in Buffett's investment life as it is a major investment in Berkshire Hathaway.

After high school, Buffett went on to graduate from Colombia University. First, he wanted to work for Wall Street but later decided to work in Omaha as a stockbroker and also took Dale Carnegie’s course on public speaking. This course enabled him to teach the "Investment Principles" at the Omaha University. Most of his students were almost twice his age. While teaching he was able to purchase a Sinclair Texaco gas station. Unfortunately, this turn out to be an unsuccessful investment.

In 1952, he was employed in Benjamin Graham’s partnership. His initial salary at that time was $12,000. Benjamin Graham retired in 1956 and with that the partnership ended. Buffett’s savings were more than $174,000. Then he started Buffett Partnership Ltd in Omaha.

In 1957, the firm grew to three partnerships. In 1959, there were six partnerships operating and by 1960, he had seven partnerships operating as Buffett Associates, Buffett Fund, Dacee, Emdee, Glenoff, Mo-Buff and Underwood. Then eleven doctors invested $10,000 in the partnership.

A MILLIONAIRE

Buffett became a millionaire in January 1962 when his investments were worth more than $7,178,500, out of which $1,025,000 were owned by Buffett. Eventually Buffett's investments took control of major firms of textile manufacturing. Then Buffett's partnerships started to purchase shares at $760 for each share. By 1965, Buffett’s partnership started buying Berkshire sharply and paid $14.86 for each share and company having a capital of $19 for each share, excluding the value of fixed assets. At a board meeting, it was decided that Buffett was the owner of Berkshire Hathaway. Buffett made Ken Chace the president of the company. Buffett closed the partnership in 1966 for any new investment.
In 1973 Berkshire bought stock in the Washington Post Company. In 1979, Berkshire acquired stock in ABC Capital Cites, announced $3.5 billion, and surprises the media industry.

A BILLIONAIRE

Buffett became famous as a billionaire when he started selling class shares on 29 May 1990, as the share price closed at $7,175. In 2002, he was engaged with Maurice R Greenberg at AIG; however, by 2005, Greenberg was forced by the AIG board to resign as a Chairman and CEO, due to the criticism from Eliot Spitzer, who was a former attorney general of New York State. On Feb. 9, 2006, it was settled that AIG would pay a fine of 1.6 billion. The federal government in 2010 settled with Berkshire and Hathaway for $92 million for avoiding prosecution in AIG scheme of fraud.

In 2002, he signed $11 billion worth of contracts to short the U.S. dollars versus other currencies. He managed to earn more than $2 billion from these contracts by April 2006. In June, 2006 he announced that he would give away 85 percent of his holdings of Berkshire to five foundations, but his greatest share would be given to Bill and Melinda Gates Foundation.

In his letter to shareowners in 2007, he declared that he is searching for a younger successor to look after his business. However, in his search he found Simpson who is only six years less than him.

HE IS THE TOP MONEY MANAGER

Warren Edward Buffett is the top money manager of the twentieth century and the present times revealed in a survey conducted by the Carson Group that showed him ahead of Peter Lynch and John Templeton. In the Times Magazine, he was among the hundred most influential people of the world. United States President Obama gave him the Presidential Medal for Freedom.

According to the Foreign Policy’s 2010 report, he is the most prestigious thinker. Buffett said that his investors in Berkshire Hathaway are actually his business partners and expects them to invest wisely and invest in the long term and never invest in the short term in a company. Unlike most other businesspersons, Buffett wants his partners to have full control over their shares and never rely on brokerage firms.

He belongs to that sort of businessperson whom American people have a high regard for; he is a man who believes in values and not just money. He wants to invest and work for further development of companies. He has also invested in companies such as Burlington railroad and Kraft Foods.

BUFFETT’S PHILOSOPHY/PRINCIPLES

Buffett is from Benjamin Graham Schoolhouse of value investing. Value investors usually
search for certificates having prices that are inexcusably very low as compared to their intrinsic value. For stocks to determine intrinsic value is very difficult as there is no method to find such figure. Most of the time the intrinsic value is estimated by probing the company’s fundamentals.

Most value investors are always hunting for the products that are utilitarian and prime quality, but are unfortunately sold at artificially low price. Experienced investors always seek such stocks whose worth is not deservedly assessed by the market.

However, Buffett has an entirely different investment approach in the market. The majority of investors do not support the efficient market hypothesis. Although they do understand that ultimately the undervalued stocks will become valuable once their intrinsic value is correctly assessed. He has entirely different views than those investors. He has no concern with the supply and demand of the market. Neither has any concern with the stock market activities.

“In the short term the market is a popularity contest, in the long term it is a weighing machine,” he said.

Buffet imitates a classic model of investment. According to Buffett, Benjamin Graham influences him. Graham is the true supporter of value investing and first come up with the idea of intrinsic worth. Buffet observes the company’s overall potential before he invests on its stocks. He does not seek early capital gain but company’s capability in the end to gain profits. Buffet’s main concern is the company’s capability to do business and continue to do it in the end.

HOW WARREN BUFFETT THINKS?

To understand the outstanding features with price, he puts few questions for himself to analyze.

1. The return on equity is sometimes seen as “stockholders” investment returns by disclosing the rate those shareholders are making income on shares. Buffett studies the ROE to detect the company’s operational capability by analyzing them with other companies in the same industry. Analyzing the return on equity of one year is not sufficient to have a complete picture of a company’s performance. To have good result, they should analyze five to ten years a company’s performance.

2. Buffett consider debt equity ratio carefully. He prefers a little amount of debt over borrowed money so that the profits can be made from shareowners' equity. The degree of proportion that the company employs to finance its assets; higher the ratio, greater the debt. A high degree of debt as compared to equity will result in unstable profits and large writes-off for interest. For more testing of a company, investors frequently employ debt for long term rather than full liabilities.

3. The company is not considered a successful company unless it shows consistency in its
profit margins. The profit margin is figured by dividing the total income by total sales. The investors should observe the trend of past five years for good indication of profit margins. When a company is doing good in business it is indicated by high profit margin. Increase in profit margins demonstrates effectual management and effective controls on expenses.

4. He does not recognize companies who are not around for more than ten years. The technology companies, which are only around for few years are not in the list of investment companies. He only invests in a company that he completely understands, and he admits that he do not understands most of the technology companies these days.

5. Ability or inability of any company to increase its level of value of shareholders entirely depends on its historical performance. But even good performance in the past do not guarantee equally same performance in future. The investor has to examine its historical performance to predict its coming future. Buffett is extremely good in analyzing the past performances.

6. The reliance of a company's product on its commodity is very significant to Buffett. If the company does not offer anything different than its competitor and only relies on indistinguishable products. Buffet forecast no future for such company. The term he uses for a company with a character that is difficult for any competitor to replicate is called an economic moat. Buffett believe that the broader the moat, the more difficult it will be for competitor to access.

7. To be hundred percent sure that the companies are undervalued is the hardest part of investing, and Buffett is an expert at it. Before investing in a company the investor first has to assess the intrinsic company value by checking its fundamentals such as earnings, assets and revenues. Usually company's intrinsic value is higher than the value of liquidation. For example if the company is sold today, its intangible value will not be included, like the brand name, because it is not described on the fiscal statements.

8. Buffett assesses the intrinsic value of a company by comparing it with its present market capitalization. He measures the intrinsic value to not less than 25 percent, which is higher than the market capitalization of company. Buffett views company with value. Buffett business success is in accurately assessing the intrinsic value of a company.

9. It is interesting to note that Buffett invest in a way similar to when bargain hunters do the shopping. It shows his sensible and practical attitude in business. Such attitude of Buffett is obvious in his entire life. He does not live in a palace; he does not have huge collection of cars and does not even take a luxury car to work. This life style of Buffett is not without any critic, but he has proved himself a great success in the world of business. In 2004, he was the second richest man in the globe, with $40 billion according to Forbes 2004 report. The most important thing here to note is the fact that the most difficult thing for any value investor is to accurately assess the intrinsic value of a company.

WARREN BUFFETT FACES CRITICISM

Buffett was criticized during 2007 – 2008. He was blamed for early allocation of capital that results in suboptimal business deals. His Berkshire Hathaway occurred losses of 77 percent in earnings throughout 2008 and many of his fresh deals seems to be losing large market.
The loss incited the SEC to ask that Berkshire develop “a more robust disclosure” and include components to evaluate the contracts. He helped Dow Chemical to pay $18.8 billion arrogate of Rohm & Haas. Therefore, he became the largest single shareowner in the group on his Berkshire Hathaway that supplied with $3 billion emphasizing his inherent role in current crisis in the market of equity and debt.

According to Forbes, he became the richest man in 2008 with $62 billion. He passed Bill Gates who was number one for thirteen years in Forbes list. Once again, in 2009 Bill Gates regained its previous position of number one with Buffet second in the list. Buffet could not sustain number one position due to loss of 25 billion in only 12 months in 2008- 2009.

In June of 2010, he supported the role of credit ratings agencies in the financial crisis of the U.S. According to Buffett, very few people really understand the bubble because there were a great deal of delusions.

In November 2011, Warren Buffet announced that in 8 months he bought approximately 5.5 percent of International Business Machine stocks, which values approximately $11 billion. The rationality behind buying was that IBM could continue with most of their clients while the others are struggling.

Warren Buffett has not authored any books but there have been many books written about Warren Buffett. The closest thing to a book by Buffett is a collection of his shareholder letters compiled by Lawrence A Cunningham titled The Essays of Warren Buffett: Lessons for Corporate America

Best Books about Warren Buffett

The Snowball: Warren Buffett and the Business of Life

by Alice Schroeder

Warren Buffett and the Interpretation of Financial Statements: The Search for the Company with a Durable Competitive Advantage

Warren Buffett’s Management Secrets: Proven Tools for Personal and Business Success
The Warren Buffett Way

Buffett: The Making of an American Capitalist


Warren Buffett on Business: Principles from the Sage of Omaha

The New Buffettology: The Proven Techniques for Investing Successfully in Changing Markets That Have Made Warren Buffett the World’s Most Famous Investor

Buffettology: The Previously Unexplained Techniques That Have Made Warren Buffett The Worlds

Applied Value Investing: The Practical Application of Benjamin Graham and Warren Buffett’s Valuation Principles to Acquisitions, Catastrophe Pricing and Business Execution

QUOTES

- “A public-opinion poll is no substitute for thought.”
- “Americans are in a cycle of fear which leads to people not wanting to spend and not wanting to make investments, and that leads to more fear. We will break out of it. It takes time.”
- “Beware of geeks bearing formulas.”
- “Chains of habit are too light to be felt until they are too heavy to be broken.”
- “Derivatives are financial weapons of mass destruction.”
- “Economic medicine that was previously meted out by the cupful has recently been dispensed by the barrel. These once unthinkable dosages will almost certainly bring on unwelcome after-effects. Their precise nature is anyone’s guess, though one likely
consequence is an onslaught of inflation."

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

- "Risk is a part of God's game, alike for men and nations."

- "We believe that according the name 'investors' to institutions that trade actively is like calling someone who repeatedly engages in one-night stands a 'romantic.'"

- "Our favorite holding period is forever."

- "I have no idea on timing. It is easier to tell what will happen than when it will happen. I would say that what is going on in terms of trade policy is going to have very important consequences."

- "I always knew I was going to be rich. I don't think I ever doubted it for a minute."

**Buffett Partnership Letters**


**Berkshire Hathaway Unpublished Letters 1969-1976**

1969

1970

1971

1972
1973
1974
1975
1976

**Berkshire Hathaway Shareholder Letters 1977-Present**

[Available Here](#)

**VIDEOS**

6. [http://www.5min.com/Video/Warren-Buffett-on-Buying-Stocks-11319](http://www.5min.com/Video/Warren-Buffett-on-Buying-Stocks-11319)
10. [http://www.youtube.com/watch?v=DfuXKpMFUjc](http://www.youtube.com/watch?v=DfuXKpMFUjc)
11. [http://www.youtube.com/watch?v=Lc791is6X0o](http://www.youtube.com/watch?v=Lc791is6X0o)

**BOOKS ABOUT WARREN BUFFETT**

As reported by the USA Today that there are 47 books being published on Buffett. According to George Jones, Buffett is the only living person on whom so many books are being published. The others books are being publishing as many are books about US presidents, significant political figures and Dalai Lama. Buffett’s favorite is his personal collection of Essays that are called The Essays of Warren Buffett.
TWENTY-SIX ARTICLES ON WARREN BUFFETT


http://www.marketwatch.com/story/fitch-berkshire-acquisition-more-nostalgic-than-strategic-2011-12-05

WARREN BUFFETT IN NEWS

1. Like J.P. Morgan, Warren E. Buffett Braves a Crisis
2. Buffett to Give Bulk of His Fortune to Gates Charity
3. Buffett: 'We Can Handle a $10 Billion Deal'
4. Buffett Makes a Value-Growth Bet
5. DEALBOOK: Buffett Buys 5.5% Stake In I.B.M.
6. DealBook: Berkshire Amasses 5.5% Stake in I.B.M.
7. CNBC's Interview With Buffett
8. One Secret Buffett Gets to Keep
9. Berkshire Hathaway Reports Lower 3rd-Quarter Profit
10. Gupta Charged With Securities Fraud Related to Goldman Tips
11. Buffett Returns to Cartoonland, Joined by Jay-Z
12. We Thought They Wanted to Be Like Buffett
13. In Letter to Congressman, Buffett Claims 17.4% Tax Rate
14. Others Go, But Buffett Stays on Side Of President
15. Others Go, but Buffett Stays on President's Side
16. Buffett Takes His Case to Wall Street
17. How to Mimic Berkshire’s Bet - Breakingviews
18. DealBook Off the Record: I.P.O. Blues
19. A Call for Fairness
20. DEALBOOK: Higher Taxes And Less Pay, By Choice
21. Bachmann Takes Aim at Buffett and Obama
22. Obama Tax Plan Would Ask More of Millionaires
23. For G.E., Repaying Buffett Looks Good — Breakingviews
24. G.E. Will Pay Back $3 Billion to Buffett
25. Berkshire Names Second Investment Manager
26. The Enlightened Rich Want to Be Taxed
27. Buffett Investment Could Erode Confidence in Big Banks
28. Bank of America Sells Stake in China Construction Bank
29. Buffett's Bank of America Stake Viewed as a Seal of Approval
30. Buffett to Invest $5 Billion in Shaky Bank of America
31. Buffett's Sweetheart Deal
32. Buffett's Bank of America Stake Is Viewed as a Seal of Approval
33. Risks, Rescues and Remorse
34. Buffett Invests $5 Billion in Bank of America
35. Buffett's $5 Billion Bet
36. What Buffett Is Getting From His Bank of America Deal
37. Buffett Adds Another Bank to His Portfolio
38. Buffett's Bathtub Fixation
39. The Rich Can Afford to Pay More Taxes
40. Wall Street Executive Speaks Out on Buffett and Taxes
41. Buffett Calls On Congress to Raise Taxes on the Rich
42. Buffett Takes Stake in Dollar General
43. Even Berkshire Falls Short in Deal Battles
44. S&P. 'Negative' on Berkshire Hathaway
45. The Week That Was. In Verse
46. Tech-Wary Buffett Shies Away From Facebook
47. Buffett Hearts Blankfein
48. For Oracle of Omaha, No More Trips to Pine Valley
49. New Filing Details Buys By Sokol
50. Fresh Details on Berkshire's Lubrizol Deal and Sokol
51. A Standard That Raises More Questions Than It Answers
52. DEALBOOK; Ruthlessness Is Oddly Absent
53. The Materiality of Merger Negotiations
54. The Unasked Question at Berkshire Hathaway
55. Buffett's Ruthlessness Is Oddly Absent on Sokol
56. From Buffett, Excuses, Excuses, Excuses
57. The Heir Who Won't Be King
58. The Sokol Drama Takes Hold of Tulane
59. Abrupt Exit For a Leader At Berkshire
60. The Curious Case of Sokol's Departure
61. Sokol's Other Big Investment
62. Curious Accusations in S.E.C.’s Insider Case
63. Warren Buffett Hints at Next Deal
64. Securing Returns at Berkshire
65. Who Are the Four Candidates to Succeed Warren Buffett?
66. Buffett Versus Lampert, in Letters
67. Buffett Plans to Buy Local, Investing Mostly in the U.S.
68. As Berkshire Improves, Buffett Sings Praises of U.S.
69. How Buffett's Most Recent Big Deals Have Done
70. Long After Fall, Countrywide's Mozilo Defended His Legacy
71. Berkshire Closes Out Its Bank of America Stake
72. Berkshire to Pay $548 Million for Rest of Wesco
73. Stock-Hedging Lets Bankers Skirt Efforts to Overhaul Pay
74. Cutting Short Davos for a Black-Tie Bash in D.C.
75. Working Wealthy Predominate the New Global Elite
76. At Term's End, Buffett to Leave Board of Washington Post Co.
77. China's BYD in Strategic Move for Tibet Miner
78. Berkshire Makes Formal Bid for Wesco Subsidiary
79. Buffett Offers to Buy Rest of Wesco Financial
80. Buffett and Diller to Speak at Big Sky Summit
81. Lou Simpson to Retire From Berkshire
82. Buffett Filing Shows Details Of Holdings
83. In Shaky Recovery, Pledging Fortunes Takes Extra Effort
84. Prime Number
85. Berkshire Profit Falls 40% on Derivatives
86. Buffett Gets in a Bind Over Options
87. Billionaires' Pledge to Give Away Half Gains Followers

88. Dairy Queen Chilly on Frozen Yogurt Lawsuit

89. Microsoft Co-Founder to Give Away Half of His Fortune to Philanthropy

90. Record Bill for Lunch With Buffett: $2.6 Million

91. Warren Buffett's Lunch Tab Tops $1.9 Million

Old articles:

Articles about Warren Buffett - New York Times 1990

Briefcase Buffett Forms Own Business Dynasty , 1985

COMPANY NEWS - COMPANY NEWS - General... 1981

Something To Live For . 1977

BUSINESS Digest: Companies Energy The Economy Markets Today'... 1971
Partnership Raises Holding In Berkshire...? 1969

BUFFETT EXPLAINS INVESTMENT GOALS, Investors Buy Store Chain .1966

TEXTILE CONCERN CHANGES CONTROL:... 1965

Ike Beats Taft In Maine, Wins Nine Of 16 Delegates 1952

WEDDING IN OMAHA FOR DORIS BUFFETT 1951