

Natural Language Processing

Course Project

Rhichard Koh

```
In [1]: #Importing modules
import nltk
import torch
from torch import nn
from torch.nn import functional as F
import numpy as np
import torch.optim as optim
import math
from torch.utils.data import DataLoader, Dataset
from nltk.corpus import stopwords
from nltk.stem import WordNetLemmatizer
from nltk.tokenize import word_tokenize
import string
import requests
```

Preprocessing

```
In [2]: nltk.download('punkt')
nltk.download('stopwords')
nltk.download('wordnet')
```

```
[nltk_data] Downloading package punkt to
[nltk_data]   C:\Users\xxryk\AppData\Roaming\nltk_data...
[nltk_data]   Package punkt is already up-to-date!
[nltk_data] Downloading package stopwords to
[nltk_data]   C:\Users\xxryk\AppData\Roaming\nltk_data...
[nltk_data]   Package stopwords is already up-to-date!
[nltk_data] Downloading package wordnet to
[nltk_data]   C:\Users\xxryk\AppData\Roaming\nltk_data...
[nltk_data]   Package wordnet is already up-to-date!
```

```
Out[2]: True
```

```
In [3]: url = "https://raw.githubusercontent.com/DrUzair/NLP/master/data/WarrenBuffet.txt"
response = requests.get(url)
```

```
In [4]: # Function to preprocess text
def preprocess_text(text):
    # Tokenization
    tokens = word_tokenize(text)
```

```
# Remove punctuation
tokens = [word for word in tokens if word not in string.punctuation]

# Removing stopwords
stop_words = set(stopwords.words('english'))
filtered_tokens = [word for word in tokens if word.lower() not in stop_words]

# Lemmatization
lemmatizer = WordNetLemmatizer()
lemmatized_tokens = [lemmatizer.lemmatize(word) for word in filtered_tokens]

return lemmatized_tokens

# Example usage
sample_text = "Here is an example: the NLTK library isn't just useful, it's versati
processed_text = preprocess_text(response.text)
print(processed_text)
```

['BERKSHIRE', 'HATHAWAY', 'INC.', 'Shareholders', 'Berkshire', 'Hathaway', 'Inc.', 'gain', 'net', 'worth', '2006', '16.9', 'billion', 'increased', 'per-share', 'book', 'value', 'Class', 'Class', 'B', 'stock', '18.4', 'last', '42', 'year', 'since', 'present', 'management', 'took', 'book', 'value', 'grown', '19', '70,281', 'rate', '21.4', 'compounded', 'annually', 'believe', '16.9', 'billion', 'record', 'one-year', 'gain', 'net', 'worth', 'ever', 'booked', 'American', 'business', 'leaving', 'aside', 'boost', 'occurred', 'merger', 'e.g.', 'AOL', "'s", 'purchase', 'Time', 'Warner', 'course', 'Exxon', 'Mobil', 'company', 'earn', 'far', 'Berkshire', 'earnings', 'largely', 'go', 'dividend', 'and/or', 'repurchase', 'rather', 'building', 'net', 'worth', 'said', 'confession', '2006', 'gain', 'order', 'important', 'business', 'insurance', 'benefited', 'large', 'dose', 'luck', 'Mother', 'Nature', 'bless', 'heart', 'went', 'vacation', 'hammering', 'u', 'hurricane', '2004', '2005', 'storm', 'caused', 'u', 'lose', 'bundle', 'super-cat', 'insurance', 'vanished', 'Last', 'year', 'red', 'ink', 'activity', 'turned', 'black', 'black', 'addition', 'great', 'majority', '73', 'business', 'outstandingly', 'well', '2006', 'Let', 'focus', 'moment', 'one', 'largest', 'operation', 'GEICO', 'management', 'accomplished', 'simply', 'extraordinary', "'ve", 'told', 'Tony', 'Nicely', 'GEICO', 'CEO', 'went', 'work', 'company', '45', 'year', 'ago', 'two', 'month', 'turning', '18', 'became', 'CEO', '1992', 'company', "'s", 'growth', 'exploded', 'addition', 'Tony', 'delivered', 'staggering', 'productivity', 'gain', 'recent', 'year', 'yearend', '2003', 'yearend', '2006', 'number', 'GEICO', 'policy', 'increased', '5.7', 'million', '8.1', 'million', 'jump', '42', 'Yet', 'period', 'company', "'s", 'employee', 'measured', 'fulltime-equivalent', 'basis', 'fell', '3.5', 'productivity', 'grew', '47', 'GEICO', "n't", 'start', 'fat', 'remarkable', 'gain', 'allowed', 'GEICO', 'maintain', 'all-important', 'position', 'low-cost', 'producer', 'even', 'though', 'dramatically', 'increased', 'advertising', 'expenditure', 'Last', 'year', 'GEICO', 'spent', '631', 'million', 'ad', '238', 'million', '2003', '31', 'million', '1995', 'Berkshire', 'took', 'control', 'Today', 'GEICO', 'spends', 'far', 'ad', 'competitor', 'even', 'much', 'larger', 'continue', 'raise', 'bar', 'Last', 'year', 'told', 'new', 'son', 'grandson', 'sure', 'name', 'Tony', 'Keough', 'Berkshire', 'director', 'recently', 'better', 'idea', 'reviewing', 'GEICO', "'s", 'performance', '2006', 'wrote', '``', 'Forget', 'birth', 'Tell', 'shareholder', 'immediately', 'change', 'name', 'present', 'child', 'Tony', 'Antoinette', '``', 'signed', 'letter', '``', 'Tony', '``', 'Charlie', 'Munger', 'partner', 'Berkshire', "'s", 'vice', 'chairman', 'run', 'turned', 'big', 'business', 'one', '217,000', 'employee', 'annual', 'revenue', 'approaching', '100', 'billion', 'certainly', "n't", 'plan', 'way', 'Charlie', 'began', 'lawyer', 'thought', 'security', 'analyst', 'Sitting', 'seat', 'grew', 'skeptical', 'ability', 'big', 'entity', 'type', 'function', 'well', 'Size', 'seems', 'make', 'many', 'organization', 'slow-thinking', 'resistant', 'change', 'smug', 'Churchill', "'s", 'word', '``', 'shape', 'building', 'afterwards', 'building', 'shape', 'u', '``', "'s", 'telling', 'fact', 'ten', 'non-oil', 'company', 'largest', 'market', 'capitalization', '1965', 'titan', 'General', 'Motors', 'Sears', 'DuPont', 'Eastman', 'Kodak', 'one', 'made', '2006', 'list', 'A11', 'per-share', 'figure', 'used', 'report', 'apply', 'Berkshire', "'s", 'share', 'Figures', 'B', 'share', '1/30', 'shown', '3', 'fairness', "'ve", 'seen', 'plenty', 'success', 'well', 'truly', 'outstanding', 'many', 'giant-', 'company', 'manager', 'greatly', 'admire', 'Ken', 'Chenault', 'American', 'Express', 'Jeff', 'Immelt', 'G.E', 'Dick', 'Kovacevich', 'Wells', 'Fargo', 'come', 'quickly', 'mind', "n't", 'think', 'could', 'management', 'job', 'know', 'would', "n't", 'enjoy', 'many', 'duty', 'come', 'position', 'meeting', 'speech', 'foreign', 'travel', 'charity', 'circuit', 'governmental', 'relation', 'Ronald', 'Reagan', 'right', '``', "'s", 'probably', 'true', 'hard', 'work', 'never', 'killed', 'anyone', 'take', 'chance', '``', "'ve", 'taken', 'easy', 'route', 'sitting', 'back', 'working', 'great', 'manager', 'run', 'show', 'task', 'cheer', 'sculpt', 'harden', 'corporate', 'culture', 'make', 'major', 'capital-allocation', 'decision', 'manager', 'returned', 'trust', 'working', 'hard', 'effectively', 'performance', 'last', '42', 'year', 'particularly', '2006', 'Charlie', 'thank', 'Yardsticks', 'Charlie', 'measure', 'Berkshire', "'s", 'progress', 'evaluate',

'intrinsic', 'value', 'number', 'way', 'single', 'criterion', 'effective', 'job', 'even', 'avalanche', 'statistic', 'capture', 'factor', 'important', 'example', "'s", 'essential', 'manager', 'much', 'younger', 'available', 'succeed', 'Berkshire', 'never', 'better', 'shape', 'regard', 'ca', "n't", 'prove', 'number', 'two', 'statistic', 'however', 'real', 'importance', 'first', 'amount', 'investment', 'including', 'cash', 'cash-equivalents', 'per-share', 'basis', 'Arriving', 'figure', 'exclude', 'investment', 'held', 'finance', 'operation', 'largely', 'offset', 'borrowing', "'s", 'record', 'since', 'present', 'management', 'acquired', 'control', 'Berkshire', 'Year', 'Per-Share', 'Investments', '1965', '4', '1975', '159', '1985', '2,407', '1995', '21,817', '2006', '80,636', 'Compound', 'Growth', 'Rate', '1965-2006', '27.5', 'Compound', 'Growth', 'Rate', '1995-2006', '12.6', 'Net', 'minority', 'interest', 'early', 'year', 'put', 'retained', 'earnings', 'insurance', 'float', 'investment', 'marketable', 'security', 'emphasis', 'security', 'purchased', 'generally', 'well', 'growth', 'rate', 'investment', 'long', 'time', 'quite', 'high', 'year', 'however', 'focused', 'acquisition', 'operating', 'business', 'Using', 'fund', 'purchase', 'slowed', 'growth', 'investment', 'accelerated', 'gain', 'pre-tax', 'earnings', 'non-insurance', 'business', 'second', 'yardstick', 'use', "'s", 'earnings', 'looked', '4', 'Year', 'Pre-Tax', 'Earnings', 'Per', 'Share', '1965', '4', '1975', '4', '1985', '52', '1995', '175', '2006', '3,625', 'Compound', 'Growth', 'Rate', '1965-2006', '17.9', 'Compound', 'Growth', 'Rate', '1995-2006', '31.7', 'Excluding', 'purchase-accounting', 'adjustment', 'net', 'minority', 'interest', 'Last', 'year', 'good', 'increase', 'non-insurance', 'earnings', '38', 'Large', 'gain', 'though', 'come', 'able', 'make', 'major', 'sensible', 'acquisition', 'easy', 'however', 'one', 'advantage', 'Berkshire', 'become', '``', 'buyer', 'choice', '""', 'business', 'owner', 'manager', 'Initially', 'viewed', 'way', 'U.S.', 'often', 'private', 'company', "'ve", 'long', 'wanted', 'nonetheless', 'extend', 'Berkshire', "'s", 'appeal', 'beyond', 'U.S.', 'border', 'last', 'year', 'globe-trotting', 'finally', 'got', 'underway', 'Acquisitions', 'began', '2006', 'completing', 'three', 'acquisition', 'pending', 'year-ended', '2005', 'spending', '6', 'billion', 'PacifiCorp', 'Business', 'Wire', 'Applied', 'Underwriters', 'performing', 'well', 'highlight', 'year', 'however', 'July', '5', 'th', 'acquisition', 'ISCAR', 'Israeli', 'company', 'new', 'association', 'chairman', 'Eitan', 'Wertheimer', 'CEO', 'Jacob', 'Harpaz', 'story', 'began', 'October', '25', '2005', 'received', '114-page', 'letter', 'Eitan', 'knew', 'nothing', 'letter', 'began', '``', 'writing', 'introduce', 'ISCAR', '""', 'proceeded', 'describe', 'cutting-', 'tool', 'business', 'carried', '61', 'country', 'Eitan', 'wrote', '``', 'time', 'considered', 'issue', 'generational', 'transfer', 'ownership', 'typical', 'large', 'family', 'enterprise', 'given', 'much', 'thought', 'ISCAR', 'future', 'conclusion', 'Berkshire', 'Hathaway', 'would', 'ideal', 'home', 'ISCAR', 'believe', 'ISCAR', 'would', 'continue', 'thrive', 'part', 'portfolio', 'business', '""', 'Overall', 'Eitan', 'letter', 'made', 'quality', 'company', 'character', 'management', 'leap', 'page', 'also', 'made', 'want', 'learn', 'November', 'Eitan', 'Jacob', 'ISCAR', 'CFO', 'Danny', 'Goldman', 'came', 'Omaha', 'hour', 'convinced', 'make', 'deal', 'would', 'teaming', 'extraordinarily', 'talented', 'manager', 'could', 'trusted', 'run', 'business', 'sale', 'energy', 'dedication', 'exhibited', 'previously', 'However', 'never', 'bought', 'business', 'based', 'outside', 'U.S.', 'though', 'bought', 'number', 'foreign', 'stock', 'needed', 'get', 'educated', 'tax', 'jurisdictional', 'matter', 'task', 'completed', 'Berkshire', 'purchased', '80', 'ISCAR', '4', 'billion', 'remaining', '20', 'stay', 'hand', 'Wertheimer', 'family', 'making', 'valued', 'partner', 'ISCAR', 'product', 'small', 'consumable', 'cutting', 'tool', 'used', 'conjunction', 'large', 'expensive', 'machine', 'tool', "'s", 'business', 'without', 'magic', 'except', 'imparted', 'people', 'run', 'Eitan', 'Jacob', 'associate', 'true', 'managerial', 'magician', 'constantly', 'develop', 'tool', 'make', 'customer', 'machine', 'productive', 'result', 'ISCAR', 'make', 'money', 'enables', 'customer', 'make', 'money', 'better', 'recipe', 'continued', 'success', '5', 'September', 'Charlie', 'along', 'five', 'Berkshire', 'associate', 'visited', 'ISCAR', 'Israel', 'mean', 'every', 'one', 'u', 'never', 'impressed', 'operation', 'ISCAR', 'throughout', 'Israel', 'bra

in', 'energy', 'ubiquitous', 'Berkshire', 'shareholder', 'lucky', 'joined', 'Eitan', 'Jacob', 'Danny', 'talented', 'associate', 'month', 'later', 'Berkshire', 'became', '...', 'buyer', 'choice', '...', 'deal', 'brought', 'u', 'friend', 'John', 'Roach', 'F', 'ort', 'Worth', 'John', 'many', 'remember', 'Chairman', 'Justin', 'Industries', 'boug', 'ht', '2000', 'time', 'John', 'helping', 'John', 'Justin', 'terminally', 'ill', 'fin', 'd', 'permanent', 'home', 'company', 'John', 'Justin', 'died', 'soon', 'bought', 'Jus', 'tin', 'Industries', 'since', 'run', 'exactly', 'promised', 'would', 'Visiting', 'Nov', 'ember', 'John', 'Roach', 'brought', 'along', 'Paul', 'Andrews', 'Jr.', 'owner', '8', '0', 'TTI', 'Fort', 'Worth', 'distributor', 'electronic', 'component', '35-year', 'pe', 'riod', 'Paul', 'built', 'TTI', '112,000', 'sale', '1.3', 'billion', 'remarkable', 'e', 'ntrepreneur', 'operator', 'Paul', '64', 'love', 'running', 'business', 'long', 'ag', 'o', 'happened', 'witness', 'disruptive', 'death', 'founder', 'private', 'company', '...', 's', 'employee', 'owner', '...', 'family', 'start', 'disruptive', 'furthermore', 'of', 'ten', 'evolves', 'destructive', 'year', 'ago', 'therefore', 'Paul', 'began', 'thin', 'k', 'selling', 'TTI', 'goal', 'put', 'business', 'hand', 'owner', 'carefully', 'chos', 'en', 'rather', 'allowing', 'trust', 'officer', 'lawyer', 'conduct', 'auction', 'deat', 'h', 'Paul', 'rejected', 'idea', '...', 'strategic', '...', 'buyer', 'knowing', 'pursui', 't', '...', 'synergy', '...', 'owner', 'type', 'would', 'apt', 'dismantle', 'carefull', 'y', 'built', 'move', 'would', 'uproot', 'hundred', 'associate', 'perhaps', 'wound', 'TTI', '...', 'business', 'process', 'also', 'ruled', 'private', 'equity', 'firm', 'w', 'ould', 'likely', 'load', 'company', 'debt', 'flip', 'soon', 'possible', 'left', 'Ber', 'kshire', 'Paul', 'met', 'morning', 'November', '15', 'th', 'made', 'deal', 'lunch', 'Later', 'wrote', '...', 'meeting', 'confident', 'Berkshire', 'right', 'owner', 'TT', 'I', 'proud', 'past', 'excited', 'future', '...', 'Charlie', 'also', 'made', '...', 'tu', 'ck-in', '...', 'acquisition', '2006', 'Fruit', 'Loom', '...', 'Fruit', '...', 'MiTek', 'CTB', 'Shaw', 'Clayton', 'Fruit', 'made', 'largest', 'purchase', 'First', 'bought', 'Russell', 'Corp.', 'leading', 'producer', 'athletic', 'apparel', 'uniform', '1.2', 'billion', 'including', 'assumed', 'debt', 'December', 'agreed', 'buy', 'intimate', 'apparel', 'business', 'VF', 'Corp', 'Together', 'acquisition', 'add', '2.2', 'billi', 'on', 'Fruit', '...', 'sale', 'bring', '23,000', 'employee', 'Charlie', 'love', 'acqui', 're', 'business', 'placed', 'manager', 'John', 'Holland', 'Fruit', 'already', 'show', 'n', 'stuff', 'Berkshire', 'MiTek', 'example', 'made', '14', 'acquisition', 'since', 'purchased', '2001', 'Gene', 'Toombs', 'delivered', 'result', 'deal', 'far', 'exces', 's', 'predicted', 'effect', 'leverage', 'managerial', 'talent', 'already', 'u', 'tuck', '-', 'deal', 'make', 'many', 'continue', 'however', 'need', '...', 'elephant', '...', 'order', 'u', 'use', 'Berkshire', '...', 'flood', 'incoming', 'cash', 'Charlie', 'mus', 't', 'therefore', 'ignore', 'pursuit', 'mouse', 'focus', 'acquisition', 'effort', 'mu', 'ch', 'bigger', 'game', 'exemplar', 'older', 'man', 'crashed', 'grocery', 'cart', 'mu', 'ch', 'younger', 'fellow', 'shopping', 'elderly', 'man', 'explained', 'apologeticall', 'y', 'lost', 'track', 'wife', 'preoccupied', 'searching', 'new', 'acquaintance', 'sai', 'd', 'coincidence', 'wife', 'also', 'wandered', 'suggested', 'might', 'efficient', 'j', 'ointly', 'looked', 'two', 'woman', 'Agreeing', 'older', 'man', 'asked', 'new', 'comp', 'anion', 'wife', 'looked', 'like', '...', '...', 's', 'gorgeous', 'blonde', '...', 'fellow', 'answered', '...', 'body', 'would', 'cause', 'bishop', 'go', 'stained', 'glass', 'win', 'dow', '...', 'wearing', 'tight', 'white', 'short', '...', 'senior', 'citizen', 'waste', 'd', 'word', '...', 'Forget', '...', 'look', '...', '6', 'looking', 'described', 'pag', 'e', '25', 'acquisition', 'candidate', 'fit', 'call', 'day', 'night', 'watch', 'shatt', 'er', 'stained', 'glass', 'window', 'let', '...', 'examine', 'four', 'major', 'operati', 'ng', 'sector', 'Berkshire', 'Lumping', 'financial', 'figure', 'together', 'impedes', 'analysis', '...', 'look', 'four', 'separate', 'business', 'starting', 'all-', 'impo', 'rtant', 'insurance', 'group', 'Insurance', 'Next', 'month', 'mark', '40', 'th', 'ann', 'iversary', 'entrance', 'insurance', 'business', 'March', '9', '1967', 'Berkshire', 'purchased', 'National', 'Indemnity', 'companion', 'company', 'National', 'Fire', 'M', 'arine', 'Jack', 'Ringwalt', '8.6', 'million', 'Jack', 'long-time', 'friend', 'mine', 'excellent', 'somewhat', 'eccentric', 'businessman', 'ten', 'minute', 'every', 'yea', 'r', 'would', 'get', 'urge', 'sell', 'company', 'mood', 'perhaps', 'brought', 'tiff',

'regulator', 'unfavorable', 'jury', 'verdict', 'quickly', 'vanished', 'mid-1960s', 'asked', 'investment', 'banker', 'Charlie', 'Heider', 'mutual', 'friend', 'mine', 'Jack', "'s", 'alert', 'next', 'time', 'Jack', '``', 'heat', '""', 'Charlie', "'s", 'call', 'came', 'sped', 'meet', 'Jack', 'made', 'deal', 'minute', 'waiving', 'audit', '``', 'due', 'diligence', '""', 'anything', 'else', 'would', 'give', 'Jack', 'opportunity', 'reconsider', 'shook', 'hand', 'due', 'close', 'purchase', 'Charlie', "'s", 'office', 'Jack', 'late', 'Finally', 'arriving', 'explained', 'driving', 'around', 'looking', 'parking', 'meter', 'unexpired', 'time', 'magic', 'moment', 'knew', 'Jack', 'going', 'kind', 'manager', 'Berkshire', 'purchased', 'Jack', "'s", 'two', 'insurer', '``', 'float', '""', '17', 'million', "'ve", 'regularly', 'offered', 'long', 'explanation', 'float', 'earlier', 'report', 'read', 'website', 'Simply', 'put', 'float', 'money', 'hold', 'get', 'invest', 'end', '2006', 'float', 'grown', '50.9', 'billion', 'since', 'written', 'huge', 'retroactive', 'reinsurance', 'contract', 'Equitas', 'describe', 'next', 'section', 'boost', 'float', 'another', '7', 'billion', 'Much', 'gain', "'ve", 'made', 'come', 'acquisition', 'insurer', "'ve", 'also', 'outstanding', 'internal', 'growth', 'particularly', 'Ajit', 'Jain', "'s", 'amazing', 'reinsurance', 'operation', 'Naturally', 'notion', '1967', 'float', 'would', 'develop', "'s", 'much', 'said', 'putting', 'one', 'foot', 'front', 'every', 'day', 'float', 'retroactive', 'reinsurance', 'contract', 'many', 'automatically', 'drift', 'time', 'Therefore', 'difficult', 'u', 'increase', 'float', 'future', 'unless', 'make', 'new', 'acquisition', 'insurance', 'field', 'Whatever', 'size', 'however', 'all-important', 'cost', 'Berkshire', "'s", 'float', 'time', 'likely', 'significantly', 'industry', 'perhaps', 'even', 'falling', 'le', 'zero', 'Note', 'word', '``', 'time', '""', 'bad', 'year', 'periodically', 'sure', '2006', 'though', 'everything', 'went', 'right', 'insurance', 'really', 'right', 'manager', 'Tony', 'Nicely', 'GEICO', 'Ajit', 'Jain', 'B-H', 'Reinsurance', 'Joe', 'Brandon', 'Tad', 'Montross', 'General', 'Wurster', 'National', 'Indemnity', 'Primary', 'Tom', 'Nerney', 'U.S', 'Liability', 'Tim', 'Kenesey', 'Medical', 'Protective', 'Rod', 'Eldred', 'Homestate', 'Companies', 'Cypress', 'Sid', 'Ferenc', 'Steve', 'Menziez', 'Applied', 'Underwriters', 'John', 'Kizer', 'Central', 'States', 'Towle', 'Kansas', 'Bankers', 'Surety', 'simply', 'shot', 'light', 'recite', 'name', 'feel', "'m", 'Cooperstown', 'reading', 'Hall', 'Fame', 'roster', 'course', 'overall', 'insurance', 'industry', 'also', 'terrific', 'year', '2006', 'manager', 'delivered', 'result', 'generally', 'superior', 'competitor', '7', 'tally', 'underwriting', 'float', 'major', 'sector', 'insurance', 'Enjoy', 'view', 'wo', 'n't', 'soon', 'see', 'another', 'like', 'million', 'Underwriting', 'Profit', 'Loss', 'Yearend', 'Float', 'Insurance', 'Operations', '2006', '2005', 'General', '526', '334', 'B-H', 'Reinsurance', '1,658', '1,069', 'GEICO', '1,314', '1,221', 'Primary', '340', '235', 'Total', '3.838', '53', 'Includes', 'MedPro', 'June', '30', '2005', 'Includes', 'Applied', 'Underwriters', 'May', '19', '2006', '22,827', '22,920', '16,860', '16,233', '7,171', '6,692', '4,029', '3,442', '50.887', '49.287', '2006', '2005', '2007', 'result', 'bread-and-butter', 'line', 'insurance', 'deteriorate', 'though', 'think', 'remain', 'satisfactory', 'big', 'unknown', 'super-cat', 'insurance', 'terrible', 'hurricane', 'season', '2004-05', 'aberration', 'planet', "'s", 'first', 'warning', 'climate', '21', 'st', 'Century', 'differ', 'materially', "'ve", 'seen', 'past', 'answer', 'second', 'question', 'yes', '2006', 'soon', 'perceived', 'misleading', 'period', 'calm', 'preceding', 'series', 'devastating', 'storm', 'could', 'rock', 'insurance', 'industry', "'s", 'naive', 'think', 'Katrina', 'anything', 'close', 'worst-case', 'event', 'Neither', 'Ajit', 'Jain', 'manages', 'super-cat', 'operation', 'know', 'lie', 'ahead', 'know', 'would', 'huge', 'mistake', 'bet', 'evolving', 'atmospheric', 'change', 'benign', 'implication', 'insurer', 'n't', 'think', 'however', 'lost', 'taste', 'risk', 'remain', 'prepared', 'lose', '6', 'billion', 'single', 'event', 'ifwe', 'paid', 'appropriately', 'assuming', 'risk', 'willing', 'though', 'take', 'even', 'small', 'exposure', 'price', 'n't', 'reflect', 'evaluation', 'loss', 'probability', 'Appropriate', 'price', 'n't', 'guarantee', 'profit', 'given', 'year', 'inappropriate', 'price', 'certainly', 'guarantee', 'eventual', 'loss', 'Rates', 'recently', 'fallen', 'flood', 'capital', 'entered', 'super-cat', 'field', 'the

refore', 'sharply', 'reduced', 'wind', 'exposure', 'behavior', 'parallel', 'employ',
 'financial', 'market', 'fearful', 'others', 'greedy', 'greedy', 'others', 'fearful',
 'Lloyd', "'s", 'Equitas', 'Retroactive', 'Reinsurance', 'Last', 'year', 'getting',
 'Equitas', 'Berkshire', 'agreed', 'enter', 'huge', 'retroactive', 'reinsurance', 'co
 ntract', 'policy', 'protects', 'insurer', 'loss', 'already', 'happened', 'whose', 'c
 ost', 'yet', 'known', "'ll", 'give', 'detail', 'agreement', 'shortly', 'let', "'s",
 'first', 'take', 'journey', 'insurance', 'history', 'following', 'route', 'led', 'de
 al', 'tale', 'begin', 'around', '1688', 'Edward', 'Lloyd', 'opened', 'small', 'coffe
 e', 'house', 'London', 'Though', 'Starbucks', 'shop', 'destined', 'achieve', 'worldw
 ide', 'fame', 'commercial', 'activity', 'clientele', 'shipowner', 'merchant', 'ventu
 resome', 'British', 'capitalist', 'party', 'sipped', 'Edward', "'s", 'brew', 'bega
 n', 'write', 'contract', 'transferring', 'risk', 'disaster', 'sea', 'owner', 'ship',
 'cargo', 'capitalist', 'wagered', 'given', 'voyage', 'would', 'completed', 'withou
 t', 'incident', 'capitalist', 'eventually', 'became', 'known', '``', 'underwriter',
 'Lloyd', "'s", '``', 'Though', 'many', 'people', 'believe', 'Lloyd', "'s", 'insuranc
 e', 'company', 'case', 'instead', 'place', 'many', 'member-insurers', 'transact', 'b
 usiness', 'century', 'ago', 'time', 'underwriter', 'solicited', 'passive', 'investo
 r', 'join', 'syndicate', 'Additionally', 'business', 'broadened', 'beyond', 'marin
 e', 'risk', 'every', 'imaginable', 'form', 'insurance', 'including', 'exotic', 'cove
 rage', 'spread', 'fame', 'Lloyd', "'s", 'far', 'wide', 'underwriter', 'left', 'coffe
 e', 'house', 'found', 'grander', 'quarter', 'formalized', 'rule', 'association', 'pe
 rson', 'passively', 'backed', 'underwriter', 'became', 'known', '``', 'name', '``',
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 e', 'advantage', 'eliminating', 'much', 'costly', 'intramural', 'squabbling', 'wen
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 y', 'guessed', 'ultimate', 'liability', 'Thus', 'name', 'received', 'huge', 'almos
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ction', 'neatly', '``', 'Names', 'wanted', 'sleep', 'easy', 'night', 'think', "'ve",
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er', 'choice', 'coverage', 'obligation', 'transferred', 'u', 'example', 'lifetime',
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inal', 'insurer', 'policyholder', 'regulator', 'accounting', 'procedure', 'retroacti
ve', 'transaction', 'neither', 'well', 'known', 'intuitive', 'best', 'way', 'shareho
lder', 'understand', 'therefore', 'u', 'simply', 'lay', 'debit', 'credit', 'Charli
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vie', 'ended', 'let', 'u', 'summarize', 'accounting', 'Equitas', 'transaction', 'maj
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marily', 'determined', 'end-of-the-year', 'estimate', 'timing', 'amount', 'future',
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ng', 'depends', 'whether', 'cash', 'received', 'produce', 'investment', 'income', 'e
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ed', 'premium', 'Absent', 'new', 'retroactive', 'contract', 'amount', 'annual', 'cha
rge', 'would', 'normally', 'decline', 'time', 'Equitas', 'transaction', 'however',
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n', 'overall', 'float', 'cost-free', 'amount', 'quite', 'hurdle', 'one', 'believe',
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g', 'Service', 'Retailing', 'Operations', 'activity', 'part', 'Berkshire', 'cover',
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s', 'statement', 'entire', 'group', 'Balance', 'Sheet', '12/31/06', 'million', 'Asse
ts', 'Cash', 'equivalent', 'Accounts', 'note', 'receivable', 'Inventory', 'current',
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ty', 'interest', '1,395', '977', '941', 'Net', 'income', '2,131', '1.646', '1.540', 'include', 'purchase-accounting', 'adjustment', 'motley', 'group', 'sell', 'product', 'ranging', 'lollipop', 'motor', 'home', 'earned', 'pleasing', '25', 'average', 'tangible', 'net', 'worth', 'last', 'year', "'s", 'noteworthy', 'also', 'operation', 'used', 'minor', 'financial', 'leverage', 'achieving', 'return', 'Clearly', 'terrific', 'business', 'purchased', 'many', 'however', 'large', 'premium', 'net', 'worth', 'point', 'reflected', 'goodwill', 'item', 'shown', 'balance', 'sheet', 'fact', 'reduces', 'earnings', 'average', 'carrying', 'value', '10.8', 'newsworthy', 'item', 'company', 'sector', '•', 'Bob', 'Shaw', 'remarkable', 'entrepreneur', 'standing', 'start', 'built', 'Shaw', 'Industries', 'country', "'s", 'largest', 'carpet', 'producer', 'elected', 'last', 'year', 'age', '75', 'retire', 'succeed', 'Bob', 'recommended', 'Vance', 'Bell', '31-year', 'veteran', 'Shaw', 'Bob', 'usual', 'made', 'right', 'call', 'Weakness', 'housing', 'caused', 'carpet', 'business', 'slow', 'Shaw', 'however', 'remains', 'powerhouse', 'major', 'contributor', 'Berkshire', "'s", 'earnings', '•', 'MiTek', 'manufacturer', 'connector', 'roof', 'truss', 'time', 'purchased', '2001', 'developing', 'mini-conglomerate', 'rate', 'growing', 'fact', '``', 'mini', '``', 'may', 'soon', 'inappropriate', 'purchasing', 'MiTek', '420', 'million', 'lent', 'company', '200', 'million', '9', 'bought', '198', 'million', 'stock', 'priced', '10,000', 'per', 'share', 'Additionally', '55', 'employee', 'bought', '2,200', 'share', '22', 'million', 'employee', 'paid', 'exactly', 'price', 'case', 'borrowing', 'money', 'ever', 'glad', 'Five', 'year', 'later', 'MiTek', 'sale', 'tripled', 'stock', 'valued', '71,699', 'per', 'share', 'Despite', 'making', '14', 'acquisition', 'cost', '291', 'million', 'MiTek', 'paid', 'debt', 'Berkshire', 'hold', '35', 'million', 'cash', 'celebrated', 'fifth', 'anniversary', 'purchase', 'party', 'July', 'told', 'group', 'would', 'embarrassing', 'MiTek', "'s", 'stock', 'price', 'soared', 'beyond', 'Berkshire', '``', '``', 'share', 'n't', 'surprised', 'however', 'happens', 'though', 'Charlie', 'try', 'make', 'share', 'moving', 'target', '•', 'business', 'destined', 'increase', 'profit', 'industry', "'s", 'underlying', 'economics', 'crumbling', 'talented', 'management', 'may', 'slow', 'rate', 'decline', 'Eventually', 'though', 'eroding', 'fundamental', 'overwhelm', 'managerial', 'brilliance', 'wise', 'friend', 'told', 'long', 'ago', '``', 'want', 'get', 'reputation', 'good', 'businessman', 'sure', 'get', 'good', 'business', '``', 'fundamental', 'definitely', 'eroding', 'newspaper', 'industry', 'trend', 'caused', 'profit', 'Buffalo', 'News', 'decline', 'skid', 'almost', 'certainly', 'continue', 'Charlie', 'young', 'newspaper', 'business', 'easy', 'way', 'make', 'huge', 'return', 'existed', 'America', 'one', 'not-too-bright', 'publisher', 'famously', 'said', '``', 'owe', 'fortune', 'two', 'great', 'American', 'institution', 'monopoly', 'nepotism', '``', 'paper', 'one', '-paper', 'city', 'however', 'bad', 'product', 'however', 'inept', 'management', 'could', 'avoid', 'gushing', 'profit', 'industry', "'s", 'staggering', 'return', 'could', 'simply', 'explained', '20', 'th', 'Century', 'newspaper', 'primary', 'source', 'information', 'American', 'public', 'Whether', 'subject', 'sport', 'finance', 'politics', 'newspaper', 'reigned', 'supreme', 'important', 'ad', 'easiest', 'way', 'find', 'job', 'opportunity', 'learn', 'price', 'grocery', 'town', "'s", 'supermarket', '11', 'great', 'majority', 'family', 'therefore', 'felt', 'need', 'paper', 'every', 'day', 'understandably', 'n't', 'wish', 'pay', 'two', 'Advertisers', 'preferred', 'paper', 'circulation', 'reader', 'tended', 'want', 'paper', 'ad', 'news', 'page', 'circularity', 'led', 'law', 'newspaper', 'jungle', 'Survival', 'Fattest', 'Thus', 'two', 'paper', 'existed', 'major', 'city', 'almost', 'universally', 'case', 'century', 'ago', 'one', 'pulled', 'ahead', 'usually', 'emerged', 'stand-alone', 'winner', 'competition', 'disappeared', 'paper', "'s", 'pricing', 'power', 'advertising', 'circulation', 'unleashed', 'Typically', 'rate', 'advertiser', 'reader', 'would', 'raised', 'annually', 'profit', 'rolled', 'owner', 'economic', 'heaven', 'Interestingly', 'though', 'paper', 'regularly', 'often', 'disapproving', 'way', 'reported', 'profitability', 'say', 'auto', 'steel', 'industry', 'never', 'enlightened', 'reader', 'Midas-like', 'situation', 'Hmmm', 'long', 'ago', '1991', 'letter', 'shareholder', 'nonetheless', 'asserted', 'insulated', 'world', 'changing', 'writing', '``', 'medium', 'business', 'prov

e', 'considerably', 'le', 'marvelous', 'industry', 'lender', 'thought', 'would', 'case', 'year', 'ago', 'publisher', 'took', 'umbrage', 'remark', 'warning', 'followed', 'Newspaper', 'property', 'moreover', 'continued', 'sell', 'indestructible', 'slot', 'machine', 'fact', 'many', 'intelligent', 'newspaper', 'executive', 'regularly', 'chronicled', 'analyzed', 'important', 'worldwide', 'event', 'either', 'blind', 'indifferent', 'going', 'nose', 'however', 'almost', 'newspaper', 'owner', 'realize', 'constantly', 'losing', 'ground', 'battle', 'eyeball', 'Simply', 'put', 'cable', 'satellite', 'broadcasting', 'well', 'internet', 'come', 'along', 'first', 'newspaper', 'know', 'probably', 'would', 'never', 'existed', 'Berkshire', 's', 'world', 'Stan', 'Lipsey', 'terrific', 'job', 'running', 'Buffalo', 'News', 'enormously', 'proud', 'editor', 'Margaret', 'Sullivan', 'News', 'penetration', 'market', 'highest', 'among', 'country', 's', 'large', 'newspaper', 'also', 'better', 'financially', 'metropolitan', 'newspaper', 'even', 'though', 'Buffalo', 's', 'population', 'business', 'trend', 'good', 'Nevertheless', 'operation', 'face', 'unrelenting', 'pressure', 'cause', 'profit', 'margin', 'slide', 'True', 'leading', 'online', 'news', 'operation', 'Buffalo', 'continue', 'attract', 'viewer', 'ad', 'However', 'economic', 'potential', 'newspaper', 'internet', 'site', 'given', 'many', 'alternative', 'source', 'information', 'entertainment', 'free', 'click', 'away', 'best', 'small', 'fraction', 'existing', 'past', 'print', 'newspaper', 'facing', 'competition', 'local', 'resident', 'ownership', 'city', 's', 'paper', 'like', 'ownership', 'sport', 'team', 'still', 'produce', 'instant', 'prominence', 'typically', 'come', 'power', 'influence', 'rubs', 'appeal', 'many', 'people', 'money', 'Beyond', 'civic-minded', 'wealthy', 'individual', 'may', 'feel', 'local', 'ownership', 'serve', 'community', 'well', 's', 'Peter', 'Kiewit', 'bought', 'Omaha', 'paper', '40', 'year', 'ago', 'likely', 'therefore', 'see', 'non-economic', 'individual', 'buyer', 'newspaper', 'emerge', 'seen', 'buyer', 'acquire', 'major', 'sport', 'franchise', 'Aspiring', 'press', 'lord', 'careful', 'however', 's', 'rule', 'say', 'newspaper', 's', 'revenue', 'ca', 'n't', 'fall', 'expense', 'loss', 'ca', 'n't', 'mushroom', 'Fixed', 'cost', 'high', 'newspaper', 'business', 's', 'bad', 'news', 'unit', 'volume', 'head', 'south', 'importance', 'newspaper', 'diminishes', 'moreover', 'psychic', 'value', 'possessing', 'one', 'wane', 'whereas', 'owning', 'sport', 'franchise', 'likely', 'retain', 'cachet', 'Unless', 'face', 'irreversible', 'cash', 'drain', 'stick', 'News', 've', 'said', 'would', 'Read', 'economic', 'principle', '1', '1', 'page', '76', 'Charlie', 'love', 'newspaper', 'read', 'five', 'day', 'believe', 'free', 'energetic', 'press', 'key', 'ingredient', 'maintaining', 'great', 'democracy', 'hope', 'combination', 'print', 'online', 'ward', 'economic', 'doomsday', 'newspaper', 'work', 'hard', 'Buffalo', 'develop', 'sustainable', 'business', 'model', 'think', 'successful', 'day', 'lush', 'profit', 'newspaper', '12', 'much', 'improved', 'situation', 'emerging', 'NetJets', 'sell', 'manages', 'fractionally-owned', 'aircraft', 'company', 'never', 'problem', 'growing', 'Revenues', 'flight', 'operation', 'increased', '596', 'since', 'purchase', '1998', 'profit', 'erratic', 'move', 'Europe', 'began', '1996', 'particularly', 'expensive', 'five', 'year', 'operation', 'acquired', '80', 'customer', 'mid-year', '2006', 'cumulative', 'pre-', 'tax', 'loss', 'risen', '212', 'million', 'European', 'demand', 'exploded', 'net', '589', 'customer', 'added', '2005-2006', 'Mark', 'Booth', 's', 'brilliant', 'leadership', 'NetJets', 'operating', 'profitably', 'Europe', 'expect', 'positive', 'trend', 'continue', 'U.S.', 'operation', 'also', 'good', 'year', '2006', 'led', 'worldwide', 'pre-tax', 'earnings', '143', 'million', 'NetJets', 'last', 'year', 'made', 'profit', 'even', 'though', 'suffered', 'loss', '19', 'million', 'first', 'quarter', 'Credit', 'Rich', 'Santulli', 'along', 'Mark', 'turnaround', 'Rich', 'like', 'many', 'manager', 'financial', 'need', 'work', 'd', 'never', 'know', 's', 'absolutely', 'tireless', 'monitoring', 'operation', 'making', 'sale', 'traveling', 'globe', 'constantly', 'widen', 'already-enormous', 'lead', 'NetJets', 'enjoys', 'competitor', 'Today', 'value', 'fleet', 'manage', 'far', 'greater', 'managed', 'three', 'largest', 'competitor', 'combined', 's', 'reason', 'NetJets', 'runaway', 'leader', 'offer', 'ultimate', 'safety', 'service', 'Berkshire', 'number', 'subsidiary', 'NetJets', 'aircraft', 'indispensable', 'business', 'too

l', 'also', 'contract', 'personal', 'use', 'NetJets', 'member', 'family', 'Berkshire', 'director', 'None', 'u', 'add', 'get', 'discount', "'ve", 'flown', 'NetJets', 'returning', 'commercial', 'flight', 'like', 'going', 'back', 'holding', 'hand', 'Regulated', 'Utility', 'Business', 'Berkshire', '86.6', 'fully', 'diluted', 'interest', 'MidAmerican', 'Energy', 'Holdings', 'owns', 'wide', 'variety', 'utility', 'operation', 'largest', '1', 'Yorkshire', 'Electricity', 'Northern', 'Electric', 'whose', '3.7', 'million', 'electric', 'customer', 'make', 'third', 'largest', 'distributor', 'electricity', 'U.K.', '2', 'MidAmerican', 'Energy', 'serf', '706,000', 'electric', 'customer', 'primarily', 'Iowa', '3', 'Pacific', 'Power', 'Rocky', 'Mountain', 'Power', 'serving', '1.7', 'million', 'electric', 'customer', 'six', 'western', 'state', '4', 'Kern', 'River', 'Northern', 'Natural', 'pipeline', 'carry', '8', 'natural', 'gas', 'consumed', 'U.S.', 'partner', 'ownership', 'MidAmerican', 'Walter', 'Scott', 'two', 'terrific', 'manager', 'Dave', 'Sokol', 'Greg', 'Abel', "'s", 'unimportant', 'many', 'vote', 'party', 'make', 'major', 'move', 'unanimous', 'thinking', 'wise', 'Six', 'year', 'working', 'Dave', 'Greg', 'Walter', 'underscored', 'original', 'belief', 'Berkshire', 'could', "n't", 'better', 'partner', 'Somewhat', 'incongruously', 'MidAmerican', 'owns', 'second', 'largest', 'real', 'estate', 'brokerage', 'firm', 'U.S.', 'HomeServices', 'America', 'company', 'operates', '20', 'locally-branded', 'firm', '20,300', 'agent', 'Despite', 'HomeServices', 'purchase', 'two', 'operation', 'last', 'year', 'company', "'s", 'overall', 'volume', 'fell', '9', '58', 'billion', 'profit', 'fell', '50', 'slowdown', 'residential', 'real', 'estate', 'activity', 'stem', 'part', 'weakened', 'lending', 'practice', 'recent', 'year', '```', 'optional', '```', 'contract', '```', 'teaser', '```', 'rate', 'popular', 'allowed', 'borrower', 'make', 'payment', 'early', 'year', 'mortgage', 'fall', 'far', 'short', 'covering', 'normal', 'interest', 'cost', 'Naturally', 'default', 'virtually', 'nothing', 'required', 'borrower', 'cynic', 'said', '```', 'rolling', 'loan', 'gather', 'loss', '```', 'payment', 'made', 'add', 'principal', 'borrower', 'ca', "n't", 'afford', 'normal', 'monthly', 'payment', 'early', 'hit', 'later', 'above-normal', 'monthly', 'obligation', 'Scarlett', "O'Hara", 'scenario', '```', "'ll", 'think', 'tomorrow', '```', 'many', 'home', 'owner', '```', 'tomorrow', '```', 'arrived', 'Consequently', 'huge', 'overhang', 'offering', 'several', 'HomeServices', 'market', 'Nevertheless', 'seeking', 'purchase', 'additional', 'brokerage', 'operation', 'decade', 'HomeServices', 'almost', 'certainly', 'much', 'larger', '13', 'key', 'figure', 'MidAmerican', 'operation', 'Earnings', 'million', '2006', '2005', 'U.K.', 'utility', '338', '308', 'Iowa', 'utility', '348', '288', 'Western', 'utility', 'acquired', 'March', '21', '2006', '356', 'N/A', 'Pipelines', '376', '309', 'HomeServices', '74', '148', 'net', '226', '115', 'Earnings', 'corporate', 'interest', 'tax', '1,718', '1,168', 'Interest', 'Berkshire', '261', '200', 'Interest', 'Berkshire', 'junior', 'debt', '134', '157', 'Income', 'tax', '407', '248', 'Net', 'earnings', '916', '563', 'Earnings', 'applicable', 'Berkshire', '885', '523', 'Debt', 'owed', 'others', '1', '6,946', '1', '0,296', 'Debt', 'owed', 'Berkshire', '1', '0,055', '1', '0,289', 'Includes', 'interest', 'earned', 'Berkshire', 'net', 'related', 'income', 'tax', '87', '2006', '102', '2005', 'Finance', 'Financial', 'Products', 'happy', 'hear', "'m", 'even', 'happier', 'last', 'discussion', 'loss', 'Gen', "'s", 'derivative', 'operation', 'started', 'wind', 'business', 'early', '2002', '23,218', 'contract', 'outstanding', '197', 'cumulative', 'pre-tax', 'loss', 'operation', 'total', '409', 'million', '5', 'million', 'occurred', '2006', 'Charlie', 'say', 'properly', 'classified', '409', 'million', '2001', 'balance', 'sheet', 'would', 'labeled', '```', 'Good', 'Reached', '```', 'event', 'Shakespearean', 'thought', 'slightly', 'modified', 'seems', 'appropriate', 'tombstone', 'derivative', 'business', '```', "'s", 'well', 'end', '```', "'ve", 'also', 'wounded', 'investment', 'Value', 'Capital', 'earnings', 'loss', 'two', 'line', 'business', 'making', 'final', 'appearance', 'table', 'annually', 'appears', 'section', 'Clayton', 'Homes', 'remains', 'anomaly', 'manufactured-housing', 'industry', 'last', 'year', 'recorded', 'lowest', 'unit', 'sale', 'since', '1962', 'Indeed', 'industry', "'s", 'volume', 'last', 'year', 'one-third', '1999', 'Outside', 'Clayton', 'doubt', 'industry', 'overall', 'made', 'money', '2006', 'Yet', 'Clayton', 'earned', '513',

'million', 'pre-tax', 'paid', 'Berkshire', 'additional', '86', 'million', 'fee', 'obtaining', 'fund', 'finance', 'Clayton', "'s", '10', 'billion', 'portfolio', 'installment', 'receivables', 'Berkshire', "'s", 'financial', 'strength', 'clearly', 'huge', 'help', 'Clayton', 'driving', 'force', 'behind', 'company', "'s", 'success', 'Kevin', 'Clayton', 'Kevin', 'know', 'business', 'forward', 'backward', 'rational', 'decision-maker', 'joy', 'work', 'acquisition', 'Clayton', 'employ', '14,787', 'people', 'compared', '6,661', 'time', 'purchase', 'two', 'leasing', 'operation', 'CORT', 'furniture', 'run', 'Paul', 'Arnold', 'XTRA', 'truck', 'trailer', 'run', 'Bill', 'Franz', 'CORT', "'s", 'earnings', 'improved', 'significantly', 'last', 'year', 'XTRA', "'s", 'remained', 'high', 'level', 'attained', '2005', 'continue', 'look', 'tuck-in', 'acquisition', 'run', 'Paul', 'Bill', 'also', 'open', 'idea', 'new', 'leasing', 'opportunity', '14', "'s", 'breakdown', 'earnings', 'sector', 'million', 'Pre-Tax', 'Earnings', 'Interest-Bearing', 'Liabilities', '2006', '2005', '2006', '2005', 'Trading', 'ordinary', 'income', '274', '200', '600', '1,061', 'Gen', 'Securities', 'loss', '5', '104', '1,204', '2,617', 'Life', 'annuity', 'operation', '29', '11', '2,459', '2,461', 'Value', 'Capital', 'loss', '6', '33', 'N/A', 'N/A', 'Leasing', 'operation', '182', '173', '261', '370', 'Manufactured-housing', 'finance', 'Clayton', '513', '416', '10,498', '9,299', '158', '159', 'N/A', 'N/A', 'Income', 'capital', 'gain', '1,157', '822', 'Trading', 'capital', 'gain', 'loss', '938', '234', 'Total', '2.095', '588', 'Includes', 'liability', 'Investments', 'show', 'common', 'stock', 'investment', 'two', 'exception', 'market', 'value', '700', 'million', 'end', '2006', 'itemized', "n't", 'itemize', 'two', 'security', 'referred', 'market', 'value', '1.9', 'billion', 'continue', 'buy', 'could', 'course', 'tell', 'name', 'would', 'kill', '12/31/06', 'Percentage', 'Shares', 'Company', 'Company', 'Owned', 'Cost', 'Market', 'million', '151,610,700', 'American', 'Express', 'Company', '12.6', '1,287', '9,198', '36,417,400', 'Anheuser-Busch', 'Cos.', 'Inc', '4.7', '1,761', '1,792', '200,000,000', 'Coca-Cola', 'Company', '8.6', '1,299', '9,650', '17,938,100', 'Conoco', 'Phillips', '1.1', '1,066', '1,291', '21,334,900', 'Johnson', 'Johnson', '0.7', '1,250', '1,409', '6,708,760', 'Bank', 'Corporation', '6.1', '103', '820', '48,000,000', 'Moody', "'s", 'Corporation', '17.2', '499', '3,315', '2,338,961,000', 'PetroChina', 'H', 'share', 'equivalent', '...', '1.3', '488', '3,313', '3,486,006', 'POSCO', '4.0', '572', '1,158', '100,000,000', 'Procter', 'Gamble', 'Company', '3.2', '940', '6,427', '229,707,000', 'Tesco', '2.9', '1,340', '1,820', '31,033,800', 'US', 'Bancorp', '1.8', '969', '1,123', '17,072,192', 'USG', 'Corp', '19.0', '536', '936', '19,944,300', 'Wal-Mart', 'Stores', 'Inc', '0.5', '942', '921', '1,727,765', 'Washington', 'Post', 'Company', '18.0', '11', '1,288', '218,169,300', 'Wells', 'Fargo', 'Company', '6.5', '3,697', '7,758', '1,724,200', 'White', 'Mountains', 'Insurance', '16.0', '369', '999', 'Others', '5,866', '8,315', 'Total', 'Common', 'Stocks', '22,995', '61,533', 'actual', 'purchase', 'price', 'also', 'tax', 'basis', 'GAAP', 'cost', 'differs', 'case', 'write-ups', 'write-down', 'required', 'delighted', '2006', 'business', 'performance', 'virtually', 'investees', 'Last', 'year', 'told', 'expectation', 'company', 'aggregate', 'would', 'increase', 'earnings', '6', '8', 'annually', 'rate', 'would', 'double', 'earnings', 'every', 'ten', 'year', '2006', 'American', 'Express', '15', 'Coca-Cola', 'Procter', 'Gamble', 'Wells', 'Fargo', 'largest', 'holding', 'increased', 'per-share', 'earnings', '18', '9', '8', '11', 'stallar', 'result', 'thank', 'CEOs', "ve", 'come', 'close', 'eliminating', 'direct', 'foreign-exchange', 'position', 'realized', '186', 'million', 'pre-tax', 'profit', '2006', 'earnings', 'included', 'Finance', 'Financial', 'Products', 'table', 'shown', 'earlier', 'brought', 'total', 'gain', 'since', 'inception', 'position', '2002', '2.2', 'billion', "'s", 'breakdown', 'currency', 'Total', 'Gain', 'Loss', 'Millions', 'Australian', 'dollar', '247.1', 'Mexican', 'peso', '106.1', 'British', 'pound', '287.2', 'New', 'Zealand', 'dollar', '102.6', 'Canadian', 'dollar', '398.3', 'Singapore', 'dollar', '2.6', 'Chinese', 'yuan', '12.7', 'South', 'Korean', '261.3', 'Euro', '839.2', 'Swiss', 'franc', '9.6', 'Hong', 'Kong', 'dollar', '2.5', 'Taiwan', 'dollar', '45.3', 'Japanese', 'yen', '1', '.9', 'Miscellaneous', 'option', '22.9', "ve", 'made', 'large', 'indirect', 'currency', 'profit', 'well', 'though', "ve", 'nev

er', 'tallied', 'precise', 'amount', 'example', '2002-2003', 'spent', '82', 'million', 'buying', 'thing', 'Enron', 'bond', 'denominated', 'Euros', 'Already', "'ve", 'received', 'distribution', '179', 'million', 'bond', 'remaining', 'stake', 'worth', '173', 'million', 'mean', 'overall', 'gain', '270', 'million', 'part', 'came', 'appreciation', 'Euro', 'took', 'place', 'bond', 'purchase', 'first', 'began', 'making', 'foreign', 'exchange', 'purchase', 'interest-rate', 'differential', 'U.S.', 'foreign', 'country', 'favored', 'direct', 'currency', 'position', 'spread', 'turned', 'negative', '2005', 'therefore', 'looked', 'way', 'gain', 'foreign-currency', 'exposure', 'ownership', 'foreign', 'equity', 'U.S.', 'stock', 'major', 'earnings', 'abroad', 'currency', 'factor', 'emphasize', 'dominant', 'selection', 'equity', 'merely', 'one', 'many', 'consideration', 'U.S.', 'trade', 'problem', 'worsen', 'probability', 'dollar', 'weaken', 'time', 'continues', 'high', 'fervently', 'believe', 'real', 'trade', 'better', 'u', 'world', '1.44', 'trillion', 'honest-to-God', 'trade', '2006', 'U.S.', 'also', '.76', 'trillion', 'pseudo-tmde', 'last', 'year', 'import', 'exchanged', 'good', 'service', 'Ponder', 'moment', 'commentator', 'would', 'describe', 'situation', 'import', '.76', 'trillion', 'full', '6', 'GDP', 'export', 'Making', 'purchase', "n't", 'reciprocated', 'sale', 'U.S.', 'necessarily', 'transferred', 'ownership', 'asset', 'IOUs', 'rest', 'world', 'Like', 'wealthy', 'self-indulgent', 'family', 'peeled', 'bit', 'owned', 'order', 'consume', 'produced', 'U.S.', 'lot', 'extraordinarily', 'rich', 'country', 'behaved', 'responsibly', 'past', 'world', 'therefore', 'willing', 'accept', 'bond', 'real', 'estate', 'stock', 'business', 'vast', 'store', 'hand', 'transfer', 'consequence', 'however', 'Already', 'prediction', 'made', 'last', 'year', 'one', 'fall-out', 'spending', 'binge', 'come', 'true', '', 'investment', 'income', '', 'account', 'country', 'positive', 'every', 'previous', 'year', 'since', '1915', 'turned', 'negative', '2006', 'Foreigners', 'earn', 'U.S.', 'investment', 'investment', 'abroad', 'effect', "'ve", 'used', 'bank', 'account', 'turned', 'credit', 'card', 'like', 'everyone', 'get', 'hock', 'U.S.', 'experience', '', 'reverse', 'compounding', "", 'pay', 'ever-increasing', 'amount', 'interest', 'interest', 'want', 'emphasize', 'even', 'though', 'course', 'unwise', 'Americans', 'live', 'better', 'ten', 'twenty', 'year', 'today', 'Per-capita', 'wealth', 'increase', 'citizen', 'also', 'forced', 'every', 'year', 'ship', 'significant', 'portion', 'current', 'production', 'abroad', 'merely', 'service', 'cost', 'huge', 'debtor', 'position', 'wo', "n't", 'pleasant', 'work', 'part', 'day', 'pay', 'over-consumption', '16', 'ancestor', 'believe', 'point', 'future', 'U.S.', 'worker', 'voter', 'find', 'annual', "", 'tribute', "", 'onerous', 'severe', 'political', 'backlash', 'play', 'market', 'impossible', 'predict', 'expect', '', 'soft', 'landing', "", 'seems', 'like', 'wishful', 'thinking', 'mention', 'direct', 'currency', 'profit', 'realized', 'come', 'forward', 'contract', 'derivative', 'entered', 'type', 'derivative', 'contract', 'well', 'may', 'seem', 'odd', 'since', 'know', 'expensive', 'experience', 'unwinding', 'derivative', 'book', 'Gen', 'also', 'heard', 'talk', 'systemic', 'problem', 'could', 'result', 'enormous', 'growth', 'use', 'derivative', 'may', 'wonder', 'fooling', 'around', 'potentially', 'toxic', 'material', 'answer', 'derivative', 'like', 'stock', 'bond', 'sometimes', 'wildly', 'mispriced', 'many', 'year', 'accordingly', 'selectively', 'written', 'derivative', 'contract', 'number', 'sometimes', 'large', 'dollar', 'amount', 'currently', '62', 'contract', 'outstanding', 'manage', 'personally', 'free', 'counterparty', 'credit', 'risk', 'far', 'derivative', 'contract', 'worked', 'well', 'u', 'producing', 'pre-tax', 'profit', 'hundred', 'million', 'dollar', 'beyond', 'gain', "'ve", 'itemized', 'forward', 'foreign-exchange', 'contract', 'Though', 'experience', 'loss', 'time', 'time', 'likely', 'continue', 'earn', 'overall', 'significant', 'profit', 'mispriced', 'derivative', 'told', 'Berkshire', 'three', 'outstanding', 'candidate', 'replace', 'CEO', 'Board', 'know', 'exactly', 'take', 'die', 'tonight', 'three', 'much', 'younger', 'director', 'believe', "'s", 'important', 'successor', 'prospect', 'long', 'tenure', 'Frankly', 'well-prepared', 'investment', 'side', 'business', "'s", 'history', 'one', 'time', 'Charlie', 'potential', 'replacement', 'investing', 'recently', 'Lou', 'Simpson', 'filled', 'slot', 'Lou', 'top-notch', 'investor', 'outstanding', 'long-term', 'record', 'managing', 'GEI

CO', "'s", 'equity', 'portfolio', 'six', 'year', 'younger', 'die', 'soon', 'would', 'fill', 'magnificently', 'short', 'period', 'long-term', 'though', 'need', 'different', 'answer', 'October', 'board', 'meeting', 'discussed', 'subject', 'fully', 'emerged', 'plan', 'carry', 'help', 'Charlie', 'Lou', 'plan', 'intend', 'hire', 'younger', 'man', 'woman', 'potential', 'manage', 'large', 'portfolio', 'hope', 'succeed', 'Berkshire', "'s", 'chief', 'investment', 'officer', 'need', 'someone', 'arises', 'part', 'selection', 'process', 'may', 'fact', 'take', 'several', 'candidate', 'Picking', 'right', 'person', 'easy', 'task', "'s", 'hard', 'course', 'find', 'smart', 'people', 'among', 'individual', 'impressive', 'investment', 'record', 'far', 'successful', 'long-', 'term', 'investing', 'brain', 'performance', 'recently', 'good', 'time', 'market', 'extraordinary', 'even', 'bizarre', 'thing', 'single', 'big', 'mistake', 'could', 'wipe', 'long', 'string', 'success', 'therefore', 'need', 'someone', 'genetically', 'programmed', 'recognize', 'avoid', 'serious', 'risk', 'including', 'never', 'encountered', 'Certain', 'peril', 'lurk', 'investment', 'strategy', 'spotted', 'use', 'model', 'commonly', 'employed', 'today', 'financial', 'institution', 'Temperament', 'also', 'important', 'Independent', 'thinking', 'emotional', 'stability', 'keen', 'understanding', 'human', 'institutional', 'behavior', 'vital', 'long-term', 'investment', 'success', "ve", 'seen', 'lot', 'smart', 'people', 'lacked', 'virtue', 'Finally', 'special', 'problem', 'consider', 'ability', 'keep', 'person', 'hire', 'able', 'list', 'Berkshire', 'resume', 'would', 'materially', 'enhance', 'marketability', 'investment', 'manager', 'need', 'therefore', 'sure', 'retain', 'choice', 'even', 'though', 'could', 'leave', 'make', 'much', 'money', 'elsewhere', '17', 'surely', 'people', 'fit', 'need', 'may', 'hard', 'identify', '1979', 'Jack', 'Byrne', 'felt', 'found', 'person', 'Lou', 'Simpson', 'made', 'arrangement', 'whereby', 'would', 'paid', 'well', 'sustained', 'overperformance', 'deal', 'earned', 'large', 'amount', 'Lou', 'however', 'could', 'left', 'u', 'long', 'ago', 'manage', 'far', 'greater', 'sum', 'advantageous', 'term', 'money', 'alone', 'object', "'s", 'exactly', 'would', 'done', 'Lou', 'never', 'considered', 'move', 'need', 'find', 'younger', 'person', 'two', 'made', 'stuff', 'good', 'news', '76', 'feel', 'terrific', 'according', 'measurable', 'indicator', 'excellent', 'health', "'s", 'amazing', 'Cherry', 'Coke', 'hamburger', 'fellow', 'Changes', 'Berkshire', "'s", 'Board', 'composition', 'board', 'change', 'two', 'way', 'spring', 'One', 'change', 'involve', 'Chace', 'family', 'connected', 'Berkshire', 'predecessor', 'company', 'century', '1929', 'first', 'Malcolm', 'G.', 'Chace', 'played', 'important', 'role', 'merging', 'four', 'New', 'England', 'textile', 'operation', 'Berkshire', 'Fine', 'Spinning', 'Associates', 'company', 'merged', 'Hathaway', 'Manufacturing', '1955', 'form', 'Berkshire', 'Hathaway', 'Malcolm', 'G.', 'Chace', 'Jr.', 'became', 'chairman', 'Early', '1965', 'Malcolm', 'arranged', 'Buffett', 'Partnership', 'Ltd.', 'buy', 'key', 'block', 'Berkshire', 'share', 'welcomed', 'u', 'new', 'controlling', 'shareholder', 'company', 'Malcolm', 'continued', 'non-', 'executive', 'chairman', '1969', 'wonderful', 'gentleman', 'helpful', 'partner', 'description', 'also', 'fit', 'son', 'Malcolm', '``', 'Kim', '""', 'Chace', 'succeeded', 'father', 'Berkshire', "'s", 'board', '1992', 'last', 'year', 'Kim', 'actively', 'successfully', 'running', 'community', 'bank', 'founded', '1996', 'suggested', 'find', 'younger', 'person', 'replace', 'board', 'done', 'Kim', 'step', 'director', 'annual', 'meeting', 'owe', 'much', 'Chaces', 'wish', 'thank', 'Kim', 'many', 'year', 'service', 'Berkshire', 'selecting', 'new', 'director', 'guided', 'long-standing', 'criterion', 'board', 'member', 'owner-oriented', 'business-savvy', 'interested', 'truly', 'independent', 'say', '``', 'truly', '""', 'many', 'director', 'deemed', 'independent', 'various', 'authority', 'observer', 'far', 'relying', 'heavily', 'director', 'fee', 'maintain', 'standard', 'living', 'payment', 'come', 'many', 'form', 'often', 'range', '150,000', '250,000', 'annually', 'compensation', 'may', 'approach', 'even', 'exceed', 'income', '``', 'independent', '""', 'director', 'surprise', 'surprise', 'director', 'compensation', 'soared', 'recent', 'year', 'pushed', 'recommendation', 'corporate', 'America', "'s", 'favorite', 'consultant', 'Ratchet', 'Ratchet', 'Bingo', 'name', 'may', 'phony', 'action', 'conveys', 'Charlie', 'believe', 'four', 'criterion', 'essential', 'director', 'job', 'law', 'faith

fully', 'represent', 'owner', 'Yet', 'criterion', 'usually', 'ignored', 'Instead', 'consultant', 'CEOs', 'seeking', 'board', 'candidate', 'often', 'say', '``', '"re', 'looking', 'woman', '""', '``', 'Hispanic', '""', '``', 'someone', 'abroad', '""', 'sometimes', 'sound', 'mission', 'stock', 'Noah', '"s', 'ark', 'year', '"ve', 'queried', 'many', 'time', 'potential', 'director', 'yet', 'hear', 'anyone', 'ask', '``', 'think', 'like', 'intelligent', 'owner', '""', 'question', 'instead', 'get', 'would', 'sound', 'ridiculous', 'someone', 'seeking', 'candidate', 'say', 'football', 'team', 'arbitration', 'panel', 'military', 'command', 'case', 'selector', 'would', 'look', 'people', 'specific', 'talent', 'attitude', 'required', 'specialized', 'job', 'Berkshire', 'specialized', 'activity', 'running', 'business', 'well', 'therefore', 'seek', 'business', 'judgment', '"s', 'exactly', '"ve', 'found', 'Susan', 'Decker', 'CFO', 'Yahoo', 'join', 'board', 'annual', 'meeting', 'lucky', 'score', 'high', 'four', 'criterion', 'additionally', '44', 'young', 'attribute', 'may', 'noticed', 'Chairman', 'long', 'lacked', 'seek', 'young', 'director', 'future', 'never', 'slighting', 'four', 'quality', 'insist', 'upon', '18', 'Berkshire', 'pay', '4.4', 'billion', 'federal', 'income', 'tax', '2006', 'earnings', 'last', 'fiscal', 'year', 'U.S.', 'Government', 'spent', '2.6', 'trillion', '7', 'billion', 'per', 'day', 'Thus', 'half', 'one', 'day', 'Berkshire', 'picked', 'tab', 'federal', 'expenditure', 'ranging', 'Social', 'Security', 'Medicare', 'payment', 'cost', 'armed', 'service', '600', 'taxpayer', 'like', 'Berkshire', 'one', 'else', 'America', 'would', 'needed', 'pay', 'federal', 'income', 'payroll', 'tax', 'federal', 'return', 'last', 'year', 'add', 'ran', '9,386', 'page', 'handle', 'filing', 'state', 'foreign', 'tax', 'return', 'myriad', 'SEC', 'requirement', 'matter', 'involved', 'running', 'Berkshire', 'gone', 'way', '19', 'employee', 'World', 'Headquarters', 'crew', 'occupies', '9,708', 'square', 'foot', 'space', 'Charlie', 'World', 'Headquarters', 'West', 'Los', 'Angeles', 'us', 'another', '655', 'square', 'foot', 'home-office', 'payroll', 'including', 'benefit', 'counting', 'location', 'totaled', '3,531,978', 'last', 'year', '"re', 'careful', 'spending', 'money', 'Corporate', 'bigwig', 'often', 'complain', 'government', 'spending', 'criticizing', 'bureaucrat', 'say', 'spend', 'taxpayer', 'money', 'differently', 'would', 'sometimes', 'financial', 'behavior', 'executive', 'also', 'vary', 'based', 'whose', 'wallet', 'getting', 'depleted', '"s', 'illustrative', 'tale', 'day', 'Salomon', '1980s', 'company', 'barber', 'Jimmy', 'name', 'came', 'weekly', 'give', 'free', 'haircut', 'top', 'brass', 'manicurist', 'also', 'tap', 'cost-cutting', 'drive', 'patron', 'told', 'pay', 'way', 'One', 'top', 'executive', 'CEO', 'previously', 'visited', 'Jimmy', 'weekly', 'went', 'immediately', 'once-every-three-weeks', 'schedule', 'Every', 'Charlie', 'catch', 'early', 'tide', '-like', 'trend', 'one', 'brimming', 'commercial', 'promise', 'example', 'though', 'American', 'Airlines', '``', 'mile', '""', 'American', 'Express', 'credit', 'card', 'point', 'credited', 'trailblazer', 'granting', 'customer', '``', 'reward', '""', 'Charlie', 'far', 'ahead', 'spotting', 'appeal', 'powerful', 'idea', 'Excited', 'insight', 'two', 'u', 'jumped', 'reward', 'business', 'way', 'back', '1970', 'buying', 'control', 'trading', 'stamp', 'operation', 'Blue', 'Chip', 'Stamps', 'year', 'Blue', 'Chip', 'sale', '126', 'million', 'stamp', 'papered', 'California', '1970', 'indeed', '60', 'billion', 'stamp', 'licked', 'saver', 'pasted', 'book', 'taken', 'Blue', 'Chip', 'redemption', 'store', 'catalog', 'reward', '1', '16', 'page', 'thick', 'chock', 'full', 'tantalizing', 'item', 'told', 'even', 'certain', 'brothel', 'mortuary', 'gave', 'stamp', 'patron', 'felt', 'finally', 'found', 'sure', 'thing', 'Well', 'quite', 'day', 'Charlie', 'stepped', 'Blue', 'Chip', 'picture', 'business', 'went', 'straight', 'downhill', '1980', 'sale', 'fallen', '19.4', 'million', '1990', 'sale', 'bumping', 'along', '1.5', 'million', 'quitter', 'redoubled', 'managerial', 'effort', 'Sales', 'fell', 'another', '98', 'Last', 'year', 'Berkshire', '"s', '98', 'billion', 'revenue', '25,920', 'zero', 'omitted', 'came', 'Blue', 'Chip', 'Ever', 'hopeful', 'Charlie', 'soldier', 'mentioned', 'last', 'year', 'service', '19', 'corporate', 'board', 'counting', 'Berkshire', 'controlled', 'company', 'Typhoid', 'Mary', 'compensation', 'committee', 'one', 'company', 'assigned', 'comp', 'committee', 'duty', 'promptly', 'outvoted', 'crucial', 'decision', 'faced', 'ostracism', 'peculiar', 'considering', 'certain

ly', 'n't', 'lacked', 'experience', 'setting', 'CEO', 'pay', 'Berkshire', 'one-man', 'compensation', 'committee', 'determines', 'salary', 'incentive', 'CEOs', 'around', '40', 'significant', 'operating', 'business', '19', 'much', 'time', 'aspect', 'job', 'take', 'Virtually', 'none', 'many', 'CEOs', 'voluntarily', 'left', 'u', 'job', '42-year', 'history', 'Precisely', 'none', 'Berkshire', 'employ', 'many', 'different', 'incentive', 'arrangement', 'term', 'depending', 'element', 'economic', 'potential', 'capital', 'intensity', 'CEO', "'s", 'business', 'Whatever', 'compensation', 'arrangement', 'though', 'try', 'keep', 'simple', 'fair', 'use', 'incentive', 'large', 'always', 'tied', 'operating', 'result', 'given', 'CEO', 'authority', 'issue', 'lottery', 'ticket', 'carry', 'payoff', 'unrelated', 'business', 'performance', 'CEO', 'bat', '.300', 'get', 'paid', '.300', 'hitter', 'even', 'circumstance', 'outside', 'control', 'cause', 'Berkshire', 'perform', 'poorly', 'bat', '.150', 'n't', 'get', 'payoff', 'success', 'others', 'enabled', 'Berkshire', 'prosper', 'mightily', 'example', '61', 'billion', 'equity', 'Berkshire', 'whose', 'value', 'easily', 'rise', 'fall', '10', 'given', 'year', 'world', 'pay', 'operating', 'executive', 'affected', '6', 'billion', 'swing', 'however', 'important', 'gain', 'loss', 'may', 'shareholder', "'ve", 'read', 'load', 'CEOs', 'received', 'astronomical', 'compensation', 'mediocre', 'result', 'Much', 'le', 'well-advertised', 'fact', 'America', "'s", 'CEOs', 'also', 'generally', 'live', 'good', 'life', 'Many', 'emphasized', 'exceptionally', 'able', 'almost', 'work', 'far', '40', 'hour', 'week', 'usually', 'treated', 'like', 'royalty', 'process', "'re", 'certainly', 'going', 'keep', 'way', 'Berkshire', 'Though', 'Charlie', 'still', 'favor', 'sackcloth', 'ash', 'prefer', 'spoiled', 'rotten', 'Berkshire', 'owns', 'Pampered', 'Chef', 'wonderful', 'office', 'group', 'made', 'Pampered', 'Chief', 'CEO', 'perk', 'one', 'company', 'quickly', 'copied', 'elsewhere', '`, 'kid', 'one', '""', 'may', 'seem', 'thought', 'juvenile', 'use', 'rationale', 'boardroom', 'consultant', 'employ', 'precisely', 'argument', 'phrased', 'elegantly', 'course', 'make', 'recommendation', 'comp', 'committee', 'Irrational', 'excessive', 'comp', 'practice', 'materially', 'changed', 'disclosure', '""', 'independent', '""', 'comp', 'committee', 'member', 'Indeed', 'think', "'s", 'likely', 'reason', 'rejected', 'service', 'many', 'comp', 'committee', 'regarded', 'independent', 'Compensation', 'reform', 'occur', 'largest', 'institutional', 'shareholder', 'would', 'take', 'demand', 'afresh', 'look', 'whole', 'system', 'consultant', 'present', 'drill', 'deftly', 'selecting', '``', 'peer', '""', 'company', 'compare', 'client', 'perpetuate', 'present', 'excess', 'last', 'year', 'arranged', 'bulk', 'Berkshire', 'holding', 'go', 'five', 'charitable', 'foundation', 'thus', 'carrying', 'part', 'lifelong', 'plan', 'eventually', 'use', 'share', 'philanthropic', 'purpose', 'Details', 'commitment', 'made', 'well', 'rationale', 'posted', 'website', 'www.berkshirehathaway.com', 'Taxes', 'note', 'nothing', 'decision', 'timing', 'federal', 'state', 'income', 'tax', '2006', 'exactly', 'would', 'made', 'first', 'contribution', 'last', 'summer', 'point', 'apply', '2007', 'contribution', "'ve", 'stipulated', 'proceeds', 'Berkshire', 'share', 'still', 'death', 'used', 'philanthropic', 'purpose', 'within', 'ten', 'year', 'estate', 'closed', 'affair', 'complicated', 'take', 'three', 'year', 'closing', 'occur', 'Adding', '13-year', 'period', 'expected', 'lifespan', '12', 'year', 'though', 'naturally', "'m", 'aiming', 'mean', 'proceeds', 'Berkshire', 'share', 'likely', 'distributed', 'societal', 'purpose', 'next', '25', 'year', "'ve", 'set', 'schedule', 'want', 'money', 'spent', 'relatively', 'promptly', 'people', 'know', 'capable', 'vigorous', 'motivated', 'managerial', 'attribute', 'sometimes', 'wane', 'institution', 'particularly', 'exempt', 'market', 'force', 'age', 'Today', 'terrific', 'people', 'charge', 'five', 'foundation', 'death', 'move', 'dispatch', 'judiciously', 'spend', 'money', 'remains', '20', 'people', 'favoring', 'perpetual', 'foundation', 'argue', 'future', 'certainly', 'large', 'important', 'societal', 'problem', 'philanthropy', 'need', 'address', 'agree', 'also', 'many', 'super-rich', 'individual', 'family', 'whose', 'wealth', 'exceed', 'today', "'s", 'Americans', 'philanthropic', 'organization', 'make', 'case', 'funding', 'funders', 'judge', 'firsthand', 'operation', 'vitality', 'focus', 'best', 'address', 'major', 'societal', 'problem', 'market', 'test', 'idea', 'effectiveness', 'applied', 'organization', 'deserve', 'major

r', 'support', 'others', 'outlived', 'usefulness', 'Even', 'people', 'ground', 'make', 'decision', 'imperfectly', 'able', 'allocate', 'fund', 'rationally', 'decendent', 'six', 'foot', 'ordained', 'decade', 'earlier', 'Wills', 'course', 'always', 'rewritten', "'s", 'unlikely', 'thinking', 'change', 'material', 'way', 'shareholder', 'expressed', 'concern', 'sale', 'Berkshire', 'foundation', 'receiving', 'share', 'depress', 'stock', 'fear', 'unwarranted', 'annual', 'trading', 'volume', 'many', 'stock', 'exceeds', '100', 'outstanding', 'share', 'nevertheless', 'stock', 'usually', 'sell', 'price', 'approximating', 'intrinsic', 'value', 'Berkshire', 'also', 'tends', 'sell', 'appropriate', 'price', 'annual', 'volume', '15', 'share', 'outstanding', 'sale', 'foundation', 'receiving', 'share', 'add', 'three', 'percentage', 'point', 'annual', 'trading', 'volume', 'still', 'leave', 'Berkshire', 'turnover', 'ratio', 'lowest', 'around', 'Overall', 'Berkshire', "'s", 'business', 'performance', 'determine', 'price', 'stock', 'time', 'sell', 'zone', 'reasonableness', "'s", 'important', 'foundation', 'receive', 'appropriate', 'price', 'periodically', 'sell', 'Berkshire', 'share', "'s", 'also', 'important', 'incoming', 'shareholder', "n't", 'overpay', 'See', 'economic', 'principle', '14', 'page', '77', 'policy', 'shareholder', 'communication', 'Charlie', 'best', 'ensure', 'Berkshire', 'sell', 'neither', 'large', 'discount', 'large', 'premium', 'intrinsic', 'value', 'existence', 'foundation', 'ownership', 'way', 'influence', 'board', "'s", 'decision', 'dividend', 'repurchase', 'issuance', 'share', 'follow', 'exactly', 'rule', 'guided', 'u', 'past', 'action', 'likely', 'deliver', 'best', 'result', 'shareholder', 'time', 'last', 'year', "'s", 'report', 'allegorically', 'described', 'Gotrocks', 'family', 'clan', 'owned', 'America', "'s", 'business', 'counterproductively', 'attempted', 'increase', 'investment', 'return', 'paying', 'ever-greater', 'commission', 'fee', '`', 'helper', "'", 'Sad', 'say', '`', 'family', "'", 'continued', 'self-destructive', 'way', '2006', 'part', 'family', 'persists', 'folly', 'harbor', 'unrealistic', 'expectation', 'obtainable', 'return', 'Sometimes', 'delusion', 'self-serving', 'example', 'private', 'pension', 'plan', 'temporarily', 'overstate', 'earnings', 'public', 'pension', 'plan', 'defer', 'need', 'increased', 'tax', 'using', 'investment', 'assumption', 'likely', 'reach', 'Actuaries', 'auditor', 'go', 'along', 'tactic', 'decade', 'chicken', 'come', 'home', 'roost', 'point', 'CEO', 'public', 'official', 'misled', 'world', 'apt', 'gone', 'Meanwhile', 'Wall', 'Street', "'s", 'Pied', 'Pipers', 'Performance', 'encouraged', 'futile', 'hope', 'family', 'hapless', 'Gotrocks', 'assured', 'achieve', 'above-average', 'investment', 'performance', 'paying', 'ever-higher', 'fee', 'Call', 'promise', 'adult', 'version', 'Lake', 'Woebegon', '2006', 'promise', 'fee', 'hit', 'new', 'high', 'flood', 'money', 'went', 'institutional', 'investor', '2-and-20', 'crowd', 'innocent', 'arrangement', 'let', 'explain', "'s", 'lopsided', 'system', 'whereby', '2', 'principal', 'paid', 'year', 'manager', 'even', 'accomplishes', 'nothing', 'matter', 'loses', 'bundle', 'additionally', '20', 'profit', 'paid', 'succeeds', 'even', 'success', 'due', 'simply', 'rising', 'tide', 'example', 'manager', 'achieves', 'gross', 'return', '10', 'year', 'keep', '3.6', 'percentage', 'point', 'two', 'point', 'top', 'plus', '20', 'residual', '8', 'point', 'leaving', '6.4', 'percentage', 'point', 'investor', '3', 'billion', 'fund', '6.4', 'net', '`', 'performance', "'", 'deliver', 'manager', 'cool', '108', 'million', 'receive', 'bonanza', 'even', 'though', 'index', 'fund', 'might', 'returned', '15', 'investor', 'period', 'charged', 'token', 'fee', '21', 'inexorable', 'math', 'grotesque', 'arrangement', 'certain', 'make', 'Gotrocks', 'family', 'poorer', 'time', 'would', 'never', 'heard', '`', 'hyper-helpers', "'", 'Even', '2-and-20', 'action', 'spread', 'effect', 'bring', 'mind', 'old', 'adage', 'someone', 'experience', 'proposes', 'deal', 'someone', 'money', 'often', 'fellow', 'money', 'end', 'experience', 'fellow', 'experience', 'end', 'money', 'Let', 'end', 'section', 'telling', 'one', 'good', 'guy', 'Wall', 'Street', 'long-time', 'friend', 'Walter', 'Schloss', 'last', 'year', 'turned', '90', '1956', '2002', 'Walter', 'managed', 'remarkably', 'successful', 'investment', 'partnership', 'took', 'dime', 'unless', 'investor', 'made', 'money', 'admiration', 'Walter', 'noted', 'based', 'hindsight', 'full', 'fifty', 'year', 'ago', 'Walter', 'sole', 'recommendation', 'St.', 'Louis', 'family', 'wanted', 'honest', 'able', 'investment',

'manager', 'Walter', 'go', 'business', 'school', 'matter', 'college', 'office', 'contained', 'one', 'file', 'cabinet', '1956', 'number', 'mushroomed', 'four', '2002', 'Walter', 'worked', 'without', 'secretary', 'clerk', 'bookkeeper', 'associate', 'son', 'Edwin', 'graduate', 'North', 'Carolina', 'School', 'Arts', 'Walter', 'Edwin', 'never', 'came', 'within', 'mile', 'inside', 'information', 'Indeed', 'used', '``', 'outside', '``', 'information', 'sparingly', 'generally', 'selecting', 'security', 'certain', 'simple', 'statistical', 'method', 'Walter', 'learned', 'working', 'Ben', 'Graham', 'Walter', 'Edwin', 'asked', '1989', 'Outstanding', 'Investors', 'Digest', '``', 'would', 'summarize', 'approach', '``', 'Edwin', 'replied', '``', 'try', 'buy', 'stock', 'cheap', '``', 'much', 'Modern', 'Portfolio', 'Theory', 'technical', 'analysis', 'macroeconomic', 'thought', 'complex', 'algorithm', 'Following', 'strategy', 'involved', 'real', 'risk', 'defined', 'permanent', 'loss', 'capital', 'Walter', 'produced', 'result', '47', 'partnership', 'year', 'dramatically', 'surpassed', 'P', '500', 's', 'particularly', 'noteworthy', 'built', 'record', 'investing', '1,000', 'security', 'mostly', 'lackluster', 'type', 'big', 'winner', 'account', 'success', 's', 'safe', 'say', 'million', 'investment', 'manager', 'made', 'trade', 'drawing', 'stock', 'name', 'hat', 'b', 'purchasing', 'stock', 'comparable', 'amount', 'Walter', 'made', 'purchase', 'c', 'selling', 'Walter', 'sold', 'pick', 'luckiest', 'would', 'come', 'close', 'equaling', 'record', 'simply', 'possibility', 'Walter', 'achieved', '47', 'year', 'due', 'chance', 'first', 'publicly', 'discussed', 'Walter', 's', 'remarkable', 'record', '1984', 'time', '``', 'efficient', 'market', 'theory', '``', 'EMT', 'centerpiece', 'investment', 'instruction', 'major', 'business', 'school', 'theory', 'commonly', 'taught', 'held', 'price', 'stock', 'moment', 'demonstrably', 'mispriced', 'mean', 'investor', 'expected', 'overperform', 'stock', 'market', 'average', 'using', 'publicly-available', 'information', 'though', 'luck', 'talked', 'Walter', '23', 'year', 'ago', 'record', 'forcefully', 'contradicted', 'dogma', 'member', 'academic', 'community', 'exposed', 'new', 'important', 'evidence', 'Unfortunately', 'reacted', 'all-too-human', 'fashion', 'Rather', 'opening', 'mind', 'closed', 'eye', 'knowledge', 'business', 'school', 'teaching', 'EMT', 'made', 'attempt', 'study', 'Walter', 's', 'performance', 'meant', 'school', 's', 'cherished', 'theory', 'Instead', 'faculty', 'school', 'went', 'merrily', 'way', 'presenting', 'EMT', 'certainty', 'scripture', 'Typically', 'finance', 'instructor', 'nerve', 'question', 'EMT', 'much', 'chance', 'major', 'promotion', 'Galileo', 'named', 'Pope', 'Tens', 'thousand', 'student', 'therefore', 'sent', 'life', 'believing', 'every', 'day', 'price', 'every', 'stock', '``', 'right', '``', 'accurately', 'demonstrably', 'wrong', 'attempt', 'evaluate', 'business', 'stock', 'useless', 'Walter', 'meanwhile', 'went', 'overperforming', 'job', 'made', 'easier', 'misguided', 'instruction', 'given', 'young', 'mind', 'shipping', 'business', 's', 'helpful', 'potential', 'competitor', 'taught', 'earth', 'flat', 'Maybe', 'good', 'thing', 'investor', 'Walter', 'n't', 'go', 'college', '22', 'Annual', 'Meeting', 'meeting', 'year', 'held', 'Saturday', 'May', '5', 'th', 'always', 'door', 'open', 'Qwest', 'Center', '7', 'a.m.', 'new', 'Berkshire', 'movie', 'shown', '8:30', '9:30', 'go', 'directly', 'question-and-answer', 'period', 'break', 'lunch', 'Qwest', 'stand', 'last', '3:00', 'short', 'recess', 'Charlie', 'convene', 'annual', 'meeting', '3:15', 'decide', 'leave', 'day', 's', 'question', 'period', 'please', 'Charlie', 'talking', 'best', 'reason', 'exit', 'course', 'shop', 'help', 'filling', '194,300', 'square', 'foot', 'hall', 'adjoins', 'meeting', 'area', 'product', 'Berkshire', 'subsidiary', 'Last', 'year', '24,000', 'people', 'came', 'meeting', 'part', 'almost', 'every', 'location', 'racked', 'record', 'sale', 'record', 'made', 'broken', 'know', 'better', 'year', 'showcase', 'Clayton', 'home', 'featuring', 'Acme', 'brick', 'Shaw', 'carpet', 'Johns', 'Manville', 'insulation', 'MiTek', 'fastener', 'Carefree', 'awning', 'NFM', 'furniture', 'find', 'home', 'priced', '139,900', 'delivers', 'excellent', 'value', 'Last', 'year', 'helper', 'Qwest', 'bought', 'one', 'two', 'home', 'display', 'well', 'opened', 'door', 'shareholder', 'Flanking', 'Clayton', 'home', 'exhibition', 'floor', 'year', 'RV', 'pontoon', 'boat', 'Forest', 'River', 'GEICO', 'booth', 'staffed', 'number', 'top', 'counselor', 'around', 'country', 'ready', 'supply', 'auto', 'insurance', 'quote', 'case', 'GEICO',

'able', 'give', 'special', 'shareholder', 'discount', 'usually', '8', 'special', 'of
fer', 'permitted', '45', '50', 'jurisdiction', 'operate', 'One', 'supplemental', 'po
int', 'discount', 'additive', 'qualify', 'another', 'given', 'certain', 'group', 'Br
ing', 'detail', 'existing', 'insurance', 'check', 'whether', 'save', 'money', 'leas
t', '50', 'believe', '"re", 'sign', 'new', 'GEICO', 'credit', 'card', '"s", 'one',
'use', 'sparingly', 'course', 'Saturday', 'Omaha', 'airport', 'usual', 'array', 'air
craft', 'NetJets', 'available', 'inspection', 'Stop', 'NetJets', 'booth', 'Qwest',
'learn', 'viewing', 'plane', 'Come', 'Omaha', 'bus', 'leave', 'new', 'plane', 'tak
e', 'hair', 'gel', 'wish', 'board', 'Bookworm', '"s", 'corner', 'bazaar', '25', 'boo
k', 'DVDs', 'discounted', 'led', 'Poor', 'Charlie', '"s", 'Almanack', 'One', 'haples
s', 'soul', 'last', 'year', 'asked', 'Charlie', 'n't', 'enjoy', 'book', 'Back', 'cam
e', 'Mungerism', '``', 'problem', 'give', 'someone', 'intelligent', '""', '"ve", 'ad
ded', 'title', 'year', 'Among', 'Seeking', 'Wisdom', 'Darwin', 'Munger', 'Peter', 'B
evelin', 'long-time', 'Swedish', 'shareholder', 'Berkshire', 'Fred', 'Schwed', '"s",
'classic', 'Customers', 'Yachts', 'book', 'first', 'published', '1940', '4', 'th',
'edition', 'funniest', 'book', 'ever', 'written', 'investing', 'lightly', 'deliver
s', 'many', 'truly', 'important', 'message', 'subject', 'attachment', 'proxy', 'mate
rial', 'enclosed', 'report', 'explains', 'obtain', 'credential', 'need', 'admissio
n', 'meeting', 'event', 'plane', 'hotel', 'car', 'reservation', 'signed', 'America
n', 'Express', '800-799-6634', 'give', 'special', 'help', 'Carol', 'Pedersen', 'hand
le', 'matter', 'terrific', 'job', 'u', 'year', 'thank', 'Hotel', 'room', 'hard', 'fi
nd', 'work', 'Carol', 'get', 'one', 'Nebraska', 'Furniture', 'Mart', 'located', '77-
acre', 'site', '72', 'nd', 'Street', 'Dodge', 'Pacific', '``', 'Berkshire', 'Weekend',
'""', 'discount', 'pricing', 'initiated', 'special', 'event', 'NFM', 'ten', 'yea
r', 'ago', 'sale', '``', 'Weekend', '""', 'grew', '5.3', 'million', '1997', '30', 'm
illion', '2006', 'get', 'goose', 'bump', 'thinking', 'volume', 'obtain', 'Berkshir
e', 'discount', 'must', 'make', 'purchase', 'Thursday', 'May', '3', 'ld', 'Monday',
'May', '7', 'th', 'inclusive', 'also', 'present', 'meeting', 'credential', 'period',
's", 'special', 'pricing', 'even', 'apply', 'product', 'several', 'prestigious', 'm
anufacturer', 'normally', 'ironclad', 'rule', 'discounting', 'spirit', 'shareholde
r', 'weekend', 'made', 'exception', 'appreciate', 'cooperation', 'NFM', 'open', '1
0', 'a.m.', '9', 'p.m.', 'Monday', 'Saturday', '10', 'a.m.', '23', '6', 'p.m.', 'Sun
day', 'Saturday', 'year', '5:30', 'p.m.', '8', 'p.m.', 'NFM', 'special', 'shareholde
r', 'picnic', 'featuring', 'chicken', 'beef', 'taco', 'hamburger', 'traditionalist',
'like', 'remodeled', 'expanded', 'Borsheim', '"s", 'two', 'shareholder-only', 'even
t', 'first', 'cocktail', 'reception', '6', 'p.m.', '10', 'p.m.', 'Friday', 'May',
'4', 'th', 'second', 'main', 'gala', 'held', 'Sunday', 'May', '6', 'th', '9', 'a.
m.', '4', 'p.m.', 'Saturday', 'open', '6', 'p.m.', 'huge', 'crowd', 'Borsheim',
's", 'throughout', 'weekend', 'convenience', 'therefore', 'shareholder', 'price',
'available', 'Monday', 'April', '30', 'th', 'Saturday', 'May', '12', 'th', 'period',
'please', 'identify', 'shareholder', 'presenting', 'meeting', 'credential', 'brokerage',
'statement', 'show', 'Berkshire', 'holder', 'Sunday', 'tent', 'outside', 'Borsh
eim', '"s", 'blindfolded', 'Patrick', 'Wolff', 'twice', 'U.S.', 'chess', 'champion',
'take', 'comer', 'eye', 'wide', 'open', 'group', 'six', 'Last', 'year', 'carried',
'conversation', 'Patrick', 'played', 'manner', 'Nearby', 'Norman', 'Beck', 'remarkab
le', 'magician', 'Dallas', 'bewilder', 'onlooker', 'Additionally', 'Bob', 'Hamman',
'Sharon', 'Osberg', 'two', 'world', '"s", 'top', 'bridge', 'expert', 'available', 'p
lay', 'bridge', 'shareholder', 'Sunday', 'afternoon', 'add', 'Sunday', 'fun', 'Borsh
eim', '"s", 'Ariel', 'Hsing', 'play', 'table', 'tennis', 'ping-pong', 'uninitiated',
'1', 'p.m.', '4', 'p.m.', 'anyone', 'brave', 'enough', 'take', 'Ariel', 'though', '1
1', 'ranked', 'number', 'one', 'among', 'girl', '16', 'U.S.', 'number', '1', 'amon
g', 'boy', 'girl', '12', 'week', 'turned', '75', 'played', 'Ariel', '9', 'barely',
'tall', 'enough', 'see', 'across', 'table', 'thinking', 'would', 'take', 'easy', 'cr
ush', 'young', 'spirit', 'Instead', 'crushed', '"ve", 'since', 'devised', 'plan', 'g
ive', 'chance', '1', 'p.m.', 'Sunday', 'initiate', 'play', '2-point', 'game', 'Arie
l', 'somehow', 'win', 'first', 'point', 'feign', 'injury', 'claim', 'victory', 'stre

nuous', 'encounter', 'wear', 'Ariel', 'shareholder', 'try', 'luck', 'Gorat', "'s", 'open', 'exclusively', 'Berkshire', 'shareholder', 'Sunday', 'May', '6', 'th', 'serv ing', '4', 'p.m.', '10', 'p.m', 'Please', 'remember', 'come', 'Gorat', "'s", 'day', 'must', 'reservation', 'make', 'one', 'call', '402-551-3733', 'April', '1', 'st', '2 006-2007', 'school', 'year', '35', 'university', 'class', 'including', 'one', 'IBME C', 'Brazil', 'come', 'Omaha', 'session', 'take', 'almost', 'aggregate', '2,000', 's tudent', 'lunch', 'Gorat', "'s", 'love', 'learn', 'come', 'join', 'u', 'Sunday', 're ception', '4', 'p.m.', 'Saturday', 'afternoon', 'shareholder', 'come', 'outside', 'N orth', 'America', 'Every', 'year', 'meeting', 'draw', 'many', 'people', 'around', 'g lobe', 'Charlie', 'want', 'sure', 'personally', 'greet', 'come', 'far', 'Last', 'yea r', 'enjoyed', 'meeting', '400', 'many', 'dozen', 'country', 'shareholder', 'come', 'U.S.', 'Canada', 'given', 'special', 'credential', 'instruction', 'attending', 'fun ction', 'Charlie', 'extraordinarily', 'lucky', 'born', 'America', 'terrific', 'paren t', 'saw', 'got', 'good', 'education', 'enjoyed', 'wonderful', 'family', 'great', 'h ealth', 'came', 'equipped', "''", 'business', "''", 'gene', 'allows', 'u', 'prospe r', 'manner', 'hugely', 'disproportionate', 'people', 'contribute', 'much', 'societ y', "'s", 'well-being', 'Moreover', 'long', 'job', 'love', 'helped', 'every', 'day', 'countless', 'way', 'talented', 'cheerful', 'associate', 'wonder', 'tap-', 'dance', 'work', 'nothing', 'fun', 'u', 'getting', 'together', 'shareholder-partners', 'Berks hire', "'s", 'annual', 'meeting', 'join', 'u', 'May', '5', 'th', 'Qwest', 'annual', 'Woodstock', 'Capitalists', "''ll", 'see', 'February', '28', '2007', 'Warren', 'E.', 'Buffett', 'Chairman', 'Board', '24', 'Berkshire', "'s", 'Corporate', 'Performance', 'vs.', 'P', '500', 'Annual', 'Percentage', 'Change', 'Per-Share', 'P', '500', 'Boo k', 'Value', 'Dividends', 'Relative', 'Berkshire', 'Included', 'Results', 'Year', '1', '2', '1', '2', '1965', '23.8', '10.0', '13.8', '1966', '20.3', '11.7', '32.0', '1967', '11.0', '30.9', '19.9', '1968', '19.0', '11.0', '8.0', '1969', '16.2', '8. 4', '24.6', '1970', '12.0', '3.9', '8.1', '1971', '16.4', '14.6', '1.8', '1972', '2 1.7', '18.9', '2.8', '1973', '4.7', '14.8', '19.5', '1974', '5.5', '26.4', '31.9', '1975', '21.9', '37.2', '15.3', '1976', '59.3', '23.6', '35.7', '1977', '31.9', '7. 4', '39.3', '1978', '24.0', '6.4', '17.6', '1979', '35.7', '18.2', '17.5', '1980', '19.3', '32.3', '13.0', '1981', '31.4', '5.0', '36.4', '1982', '40.0', '21.4', '18. 6', '1983', '32.3', '22.4', '9.9', '1984', '13.6', '6.1', '7.5', '1985', '48.2', '3 1.6', '16.6', '1986', '26.1', '18.6', '7.5', '1987', '19.5', '5.1', '14.4', '1988', '20.1', '16.6', '3.5', '1989', '44.4', '31.7', '12.7', '1990', '7.4', '3.1', '10.5', '1991', '39.6', '30.5', '9.1', '1992', '20.3', '7.6', '12.7', '1993', '14.3', '10. 1', '4.2', '1994', '13.9', '1.3', '12.6', '1995', '43.1', '37.6', '5.5', '1996', '3 1.8', '23.0', '8.8', '1997', '34.1', '33.4', '.7', '1998', '48.3', '28.6', '19.7', '1999', '.5', '21.0', '20.5', '2000', '6.5', '9.1', '15.6', '2001', '6.2', '11.9', '5.7', '2002', '10.0', '22.1', '32.1', '2003', '21.0', '28.7', '7.7', '2004', '10. 5', '10.9', '.4', '2005', '6.4', '4.9', '1.5', '2006', '18.4', '15.8', '2.6', '200 7', '11.0', '5.5', '5.5', '2008', '9.6', '37.0', '27.4', '2009', '19.8', '26.5', '6. 7', 'Compounded', 'Annual', 'Gain', '1965-2009', '20.3', '9.3', '11.0', 'Overall', 'Gain-', '1964-2009', '434,057', '5,430', 'Notes', 'Data', 'calendar', 'year', 'exce ption', '1965', '1966', 'year', 'ended', '9/30', '1967', '15', 'month', 'ended', '1 2/31', 'Starting', '1979', 'accounting', 'rule', 'required', 'insurance', 'company', 'value', 'equity', 'security', 'hold', 'market', 'rather', 'lower', 'cost', 'marke t', 'previously', 'requirement', 'table', 'Berkshire', "'s", 'result', '1978', 'rest ated', 'conform', 'changed', 'rule', 'respect', 'result', 'calculated', 'using', 'nu mber', 'originally', 'reported', 'P', '500', 'number', 'pre-tax', 'whereas', 'Berksh ire', 'number', 'after-tax', 'corporation', 'Berkshire', 'simply', 'owned', 'P', '50 0', 'accrued', 'appropriate', 'tax', 'result', 'would', 'lagged', 'P', '500', 'yea r', 'index', 'showed', 'positive', 'return', 'would', 'exceeded', 'P', '500', 'yea r', 'index', 'showed', 'negative', 'return', 'year', 'tax', 'cost', 'would', 'cause d', 'aggregate', 'lag', 'substantial', '2', 'BERKSHIRE', 'HATHAWAY', 'INC.', 'Shareh olders', 'Berkshire', 'Hathaway', 'Inc.', 'gain', 'net', 'worth', '2009', '21.8', 'b illion', 'increased', 'per-share', 'book', 'value', 'Class', 'Class', 'B', 'stock',

'19.8', 'last', '45', 'year', 'since', 'present', 'management', 'took', 'book', 'value', 'grown', '19', '84,487', 'rate', '20.3', 'compounded', 'annually', 'Berkshire', "'s", 'recent', 'acquisition', 'Burlington', 'Northern', 'Santa', 'Fe', 'BNSF', 'added', 'least', '65,000', 'shareholder', '500,000', 'already', 'book', "'s", 'important', 'Charlie', 'Munger', 'long-time', 'partner', 'owner', 'understand', 'Berkshire', "'s", 'operation', 'goal', 'limitation', 'culture', 'annual', 'report', 'consequently', 'restate', 'economic', 'principle', 'guide', 'u', 'year', 'principle', 'appear', 'page', '89-94', 'urge', 'particularly', 'new', 'shareholder', 'read', 'Berkshire', 'adhered', 'principle', 'decade', 'continue', 'long', "'m", 'gone', 'letter', 'also', 'review', 'basic', 'business', 'hoping', 'provide', 'freshman', 'orientation', 'session', 'BNSF', 'newcomer', 'refresher', 'course', 'Berkshire', 'veteran', 'Measure', 'metric', 'evaluating', 'managerial', 'performance', 'displayed', 'facing', 'page', 'start', 'Charlie', 'believed', 'rational', 'unbending', 'standard', 'measuring', 'accomplished', 'keep', 'u', 'temptation', 'seeing', 'arrow', 'performance', 'land', 'painting', 'bull', "'s", 'eye', 'around', 'Selecting', 'P', '500', 'bogey', 'easy', 'choice', 'shareholder', 'virtually', 'cost', 'match', 'performance', 'holding', 'index', 'fund', 'pay', 'u', 'merely', 'duplicating', 'result', 'difficult', 'decision', 'u', 'measure', 'progress', 'Berkshire', 'versus', 'P', 'good', 'argument', 'simply', 'using', 'change', 'stock', 'price', 'extended', 'period', 'time', 'fact', 'best', 'test', 'year-to-year', 'market', 'price', 'extraordinarily', 'erratic', 'Even', 'evaluation', 'covering', 'long', 'decade', 'greatly', 'distorted', 'foolishly', 'high', 'low', 'price', 'beginning', 'end', 'measurement', 'period', 'Steve', 'Ballmer', 'Microsoft', 'Jeff', 'Immelt', 'GE', 'tell', 'problem', 'suffering', 'nosebleed', 'price', 'stock', 'traded', 'handed', 'managerial', 'baton', 'ideal', 'standard', 'measuring', 'yearly', 'progress', 'would', 'change', 'Berkshire', "'s", 'per-share', 'intrinsic', 'value', 'Alas', 'value', 'calculated', 'anything', 'close', 'precision', 'instead', 'use', 'crude', 'proxy', 'per-share', 'book', 'value', 'Relying', 'yardstick', 'shortcoming', 'discuss', 'page', '92', '93', 'Additionally', 'book', 'value', 'company', 'understates', 'intrinsic', 'value', 'certainly', 'case', 'Berkshire', 'aggregate', 'business', 'worth', 'considerably', 'value', 'carried', 'book', 'all-important', 'insurance', 'business', 'moreover', 'difference', 'huge', 'Even', 'Charlie', 'believe', 'book', 'value', 'understated', 'though', 'supply', 'useful', 'tracking', 'device', 'change', 'intrinsic', 'value', 'measurement', 'opening', 'paragraph', 'letter', 'state', 'book', 'value', 'since', 'start', 'fiscal', '1965', 'grown', 'rate', '20.3', 'compounded', 'annually', 'A11', 'per-share', 'figure', 'used', 'report', 'apply', 'Berkshire', "'s", 'share', 'Figures', 'B', 'share', '1/1', '500', 'th', 'shown', '3', 'note', 'instead', 'chosen', 'market', 'price', 'yardstick', 'Berkshire', "'s", 'result', 'would', 'look', 'better', 'showing', 'gain', 'since', 'start', 'fiscal', '1965', '22', 'compounded', 'annually', 'Surprisingly', 'mode', 'st', 'difference', 'annual', 'compounding', 'rate', 'lead', '801,516', 'market-value', 'gain', 'entire', '45-year', 'period', 'compared', 'book-value', 'gain', '434,057', 'shown', 'page', '2', 'market', 'gain', 'better', '1965', 'Berkshire', 'share', 'sold', 'appropriate', 'discount', 'book', 'value', 'underearning', 'textile', 'asset', 'whereas', 'today', 'Berkshire', 'share', 'regularly', 'sell', 'premium', 'accounting', 'value', 'first-class', 'business', 'Summed', 'table', 'page', '2', 'conveys', 'three', 'message', 'two', 'positive', 'one', 'hugely', 'negative', 'First', 'never', 'five-year', 'period', 'beginning', '1965-69', 'ending', '2005-09', '41', 'gain', 'book', 'value', 'exceed', 'P', "'s", 'gain', 'Second', 'though', 'lagged', 'P', 'year', 'positive', 'market', 'consistently', 'done', 'better', 'P', 'eleven', 'year', 'delivered', 'negative', 'result', 'word', 'defense', 'better', 'offense', "'s", 'likely', 'continue', 'big', 'minus', 'performance', 'advantage', 'shrunk', 'dramatically', 'size', 'grown', 'unpleasant', 'trend', 'certain', 'continue', 'sure', 'Berkshire', 'many', 'outstanding', 'business', 'cadre', 'truly', 'great', 'manager', 'operating', 'within', 'unusual', 'corporate', 'culture', 'let', 'maximize', 'talent', 'Charlie', 'believe', 'factor', 'continue', 'produce', 'better-than-average', 'result', 'time', 'huge', 'sum', 'forge', 'anchor', 'future', 'advantage', 'small', 'fract

ion', 'historical', 'edge', "n't", 'Long', 'ago', 'Charlie', 'laid', 'strongest', 'ambition', '``', 'want', 'know', "'m", 'going', 'die', "'ll", 'never', 'go', "''", 'bit', 'wisdom', 'inspired', 'Jacobi', 'great', 'Prussian', 'mathematician', 'counselor', "''", 'Invert', 'always', 'invert', "''", 'aid', 'solving', 'difficult', 'problem', 'report', 'well', 'inversion', 'approach', 'work', 'le', 'lofty', 'level', 'Sing', 'country', 'song', 'reverse', 'quickly', 'recover', 'car', 'house', 'wife', 'example', 'apply', 'Charlie', "'s", 'thinking', 'Berkshire', '•', 'Charlie', 'avoid', 'business', 'whose', 'future', 'ca', "n't", 'evaluate', 'matter', 'exciting', 'product', 'may', 'past', 'required', 'brilliance', 'people', 'foresee', 'fabulous', 'growth', 'awaited', 'industry', 'auto', '1910', 'aircraft', '1930', 'television', 'set', '1950', 'future', 'also', 'included', 'competitive', 'dynamic', 'would', 'decimate', 'almost', 'company', 'entering', 'industry', 'Even', 'survivor', 'tended', 'come', 'away', 'bleeding', 'Charlie', 'clearly', 'see', 'dramatic', 'growth', 'ahead', 'industry', 'mean', 'judge', 'profit', 'margin', 'return', 'capital', 'host', 'competitor', 'battle', 'supremacy', 'Berkshire', 'stick', 'business', 'whose', 'profit', 'picture', 'decade', 'come', 'seems', 'reasonably', 'predictable', 'Even', 'make', 'plenty', 'mistake', '•', 'never', 'become', 'dependent', 'kindness', 'stranger', 'Too-big-to-fail', 'fallback', 'position', 'Berkshire', 'Instead', 'always', 'arrange', 'affair', 'requirement', 'cash', 'may', 'conceivably', 'dwarfed', 'liquidity', 'Moreover', 'liquidity', 'constantly', 'refreshed', 'gusher', 'earnings', 'many', 'diverse', 'business', 'financial', 'system', 'went', 'cardiac', 'arrest', 'September', '2008', 'Berkshire', 'supplier', 'liquidity', 'capital', 'system', 'supplicant', 'peak', 'crisis', 'poured', '15.5', 'billion', 'business', 'world', 'could', 'otherwise', 'look', 'federal', 'government', 'help', '9', 'billion', 'went', 'bolster', 'capital', 'three', 'highly-regarded', 'previously-secure', 'American', 'business', 'needed', 'without', 'delay', 'tangible', 'vote', 'confidence', 'remaining', '6.5', 'billion', 'satisfied', 'commitment', 'help', 'fund', 'purchase', 'Wrigley', 'deal', 'completed', 'without', 'pause', 'elsewhere', 'panic', 'reigned', '4', 'pay', 'steep', 'price', 'maintain', 'premier', 'financial', 'strength', '20', 'billion-plus', 'cash-', 'equivalent', 'asset', 'customarily', 'hold', 'earning', 'pittance', 'present', 'sleep', 'well', '•', 'tend', 'let', 'many', 'subsidiary', 'operate', 'without', 'supervising', 'monitoring', 'degree', 'mean', 'sometimes', 'late', 'spotting', 'management', 'problem', 'operating', 'capital', 'decision', 'occasionally', 'made', 'Charlie', 'would', 'disagreed', 'consulted', 'manager', 'however', 'use', 'independence', 'grant', 'magnificently', 'rewarding', 'confidence', 'maintaining', 'owner-', 'oriented', 'attitude', 'invaluable', 'seldom', 'found', 'huge', 'organization', 'would', 'rather', 'suffer', 'visible', 'cost', 'bad', 'decision', 'incur', 'many', 'invisible', 'cost', 'come', 'decision', 'made', 'slowly', 'stifling', 'bureaucracy', 'acquisition', 'BNSF', '257,000', 'employee', 'literally', 'hundred', 'different', 'operating', 'unit', 'hope', 'many', 'never', 'allow', 'Berkshire', 'become', 'monolith', 'overrun', 'committee', 'budget', 'presentation', 'multiple', 'layer', 'management', 'Instead', 'plan', 'operate', 'collection', 'separately-managed', 'medium-', 'sized', 'large', 'business', 'whose', 'decision-making', 'occurs', 'operating', 'level', 'Charlie', 'limit', 'allocating', 'capital', 'controlling', 'enterprise', 'risk', 'choosing', 'manager', 'setting', 'compensation', '•', 'make', 'attempt', 'woo', 'Wall', 'Street', 'Investors', 'buy', 'sell', 'based', 'upon', 'medium', 'analyst', 'commentary', 'u', 'Instead', 'want', 'partner', 'join', 'u', 'Berkshire', 'wish', 'make', 'long-term', 'investment', 'business', 'understand', "'s", 'one', 'follows', 'policy', 'concur', 'Charlie', 'go', 'small', 'venture', 'partner', 'would', 'seek', 'individual', 'sync', 'u', 'knowing', 'common', 'goal', 'shared', 'destiny', 'make', 'happy', 'business', '``', 'marriage', "''", 'owner', 'manager', 'Scaling', 'giant', 'size', "n't", 'change', 'truth', 'build', 'compatible', 'shareholder', 'population', 'try', 'communicate', 'owner', 'directly', 'informatively', 'goal', 'tell', 'would', 'like', 'know', 'position', 'reversed', 'Additionally', 'try', 'post', 'quarterly', 'annual', 'financial', 'information', 'Internet', 'early', 'weekend', 'thereby', 'giving', 'investor', 'plenty', 'time', 'non-trading', 'period', 'digest', 'happy

ened', 'multi-faceted', 'enterprise', 'Occasionally', 'SEC', 'deadline', 'force', 'n on-Friday', 'disclosure', 'matter', 'simply', 'ca', 'n't', 'adequately', 'summarize d', 'paragraph', 'lend', 'kind', 'catchy', 'headline', 'journalist', 'sometimes', 's eek', 'Last', 'year', 'saw', 'one', 'instance', 'sound-bite', 'reporting', 'go', 'wr ong', 'Among', '12,830', 'word', 'annual', 'letter', 'sentence', '``', 'certain', 'e xample', 'economy', 'shamble', 'throughout', '2009', 'probably', 'well', 'beyond', 'conclusion', 'tell', 'u', 'whether', 'market', 'rise', 'fall', '``', 'Many', 'new s', 'organization', 'reported', 'indeed', 'blared', 'first', 'part', 'sentence', 'ma king', 'mention', 'whatsoever', 'ending', 'regard', 'terrible', 'journalism', 'Misin formed', 'reader', 'viewer', 'may', 'well', 'thought', 'Charlie', 'forecasting', 'ba d', 'thing', 'stock', 'market', 'though', 'sentence', 'also', 'elsewhere', 'made', 'clear', 'n't', 'predicting', 'market', 'investor', 'misled', 'sensationalist', 'pai d', 'big', 'price', 'Dow', 'closed', 'day', 'letter', '7,063', 'finished', 'year', '10,428', 'Given', 'experience', '``ve', 'like', 'understand', 'prefer', 'communicati on', 'remain', 'direct', 'unabridged', 'possible', 'Let', 's', 'move', 'specific', 'Berkshire', 's', 'operation', 'four', 'major', 'operating', 'sector', 'differing', 'others', 'balance', 'sheet', 'income', 'account', 'characteristic', 'Therefore', 'l umping', 'together', 'standard', 'financial', 'statement', 'impedes', 'analysis', '``ll', 'present', 'four', 'separate', 'business', 'Charlie', 'view', '5', 'Insuranc e', 'property-casualty', 'P/C', 'insurance', 'business', 'engine', 'behind', 'Berksh ire', 's', 'growth', 'continue', 'worked', 'wonder', 'u', 'carry', 'P/C', 'compan y', 'book', '15.5', 'billion', 'net', 'tangible', 'asset', 'amount', 'lodged', '``', 'Goodwill', '``', 'account', 'company', 'however', 'worth', 'far', 'carrying', 'valu e', 'following', 'look', 'economic', 'model', 'P/C', 'industry', 'tell', 'Insurers', 'receive', 'premium', 'upfront', 'pay', 'claim', 'later', 'extreme', 'case', 'arisin g', 'certain', 'worker', 'compensation', 'accident', 'payment', 'stretch', 'decade', 'collect-now', 'pay-later', 'model', 'leaf', 'u', 'holding', 'large', 'sum', 'mone y', 'call', '``', 'float', '``', 'eventually', 'go', 'others', 'Meanwhile', 'get', 'invest', 'float', 'Berkshire', 's', 'benefit', 'Though', 'individual', 'policy', 'claim', 'come', 'go', 'amount', 'float', 'hold', 'remains', 'remarkably', 'stable', 'relation', 'premium', 'volume', 'Consequently', 'business', 'grows', 'float', 'prem ium', 'exceed', 'total', 'expense', 'eventual', 'loss', 'register', 'underwriting', 'profit', 'add', 'investment', 'income', 'produced', 'float', 'combination', 'allow s', 'u', 'enjoy', 'use', 'free', 'money', 'better', 'yet', 'get', 'paid', 'holding', 'Alas', 'hope', 'happy', 'result', 'attracts', 'intense', 'competition', 'vigorous', 'year', 'cause', 'P/C', 'industry', 'whole', 'operate', 'significant', 'underwritin g', 'loss', 'loss', 'effect', 'industry', 'pay', 'hold', 'float', 'Usually', 'cost', 'fairly', 'low', 'catastrophe-ridden', 'year', 'cost', 'underwriting', 'loss', 'eat s', 'income', 'derived', 'use', 'float', 'perhaps', 'biased', 'view', 'Berkshire', 'best', 'large', 'insurance', 'operation', 'world', 'absolutely', 'state', 'best', 'manager', 'float', 'grown', '16', 'million', '1967', 'entered', 'business', '62', 'billion', 'end', '2009', 'Moreover', 'operated', 'underwriting', 'profit', 'seven', 'consecutive', 'year', 'believe', 'likely', 'continue', 'underwrite', 'profitably', 'though', 'certainly', 'future', 'year', 'float', 'cost-free', 'much', 'someone', 'd eposited', '62', 'billion', 'u', 'could', 'invest', 'benefit', 'without', 'payment', 'interest', 'Let', 'emphasize', 'cost-free', 'float', 'result', 'expected', 'P/C', 'industry', 'whole', 'year', 'premium', 'inadequate', 'cover', 'claim', 'plus', 'exp ense', 'Consequently', 'industry', 's', 'overall', 'return', 'tangible', 'equity', 'many', 'decade', 'fallen', 'far', 'short', 'achieved', 'P', '500', 'Outstanding', 'economics', 'exist', 'Berkshire', 'outstanding', 'manager', 'running', 'unusual', 'business', 'insurance', 'CEOs', 'deserve', 'thanks', 'added', 'many', 'billion', 'd ollar', 'Berkshire', 's', 'value', 's', 'pleasure', 'tell', 'all-stars', 'Let', 's', 'start', 'GEICO', 'known', '800', 'million', 'annual', 'advertising', 'budge t', 'close', 'twice', 'runner-up', 'advertiser', 'auto', 'insurance', 'field', 'GEIC O', 'managed', 'Tony', 'Nicely', 'joined', 'company', '18', '66', 'Tony', 'still', 'tap-dances', 'office', 'every', 'day', '79', 'feel', 'lucky', 'work', 'business',

'love', 'GEICO', 'customer', 'warm', 'feeling', 'toward', 'company', 'well', "'s", 'proof', 'Since', 'Berkshire', 'acquired', 'control', 'GEICO', '1996', 'market', 'share', 'increased', '2.5', '8.1', 'gain', 'reflecting', 'net', 'addition', 'seven', 'million', 'policyholder', 'Perhaps', 'contacted', 'u', 'thought', 'gecko', 'cute', 'bought', 'u', 'save', 'important', 'money', 'Maybe', 'well', 'call', '1-800-847-7536', 'go', 'www.GEICO.com', "'ve", 'stayed', 'u', 'like', 'service', 'well', 'price', 'Berkshire', 'acquired', 'GEICO', 'two', 'stage', '1976-80', 'bought', 'one-third', 'company', "'s", 'stock', '47', 'million', 'year', 'large', 'repurchase', 'company', 'share', 'caused', 'position', 'grow', '50', 'without', 'bought', 'share', 'January', '2', '1996', 'acquired', 'remaining', '50', 'GEICO', '2.3', 'billion', 'cash', '50', 'time', 'cost', 'original', 'purchase', '6', 'old', 'Wall', 'Street', 'joke', 'get', 'close', 'experience', 'Customer', 'Thanks', 'putting', 'XYZ', 'stock', '5', '1', 'hear', "'s", '18', 'Broker', 'Yes', "'s", 'beginning', 'fact', 'company', 'well', "'s", 'even', 'better', 'buy', '18', 'made', 'purchase', 'Customer', 'Damn', 'knew', 'waited', 'GEICO', "'s", 'growth', 'may', 'slow', '2010', 'U.S.', 'vehicle', 'registration', 'actually', 'slumping', 'auto', 'sale', 'Moreover', 'high', 'unemployment', 'causing', 'growing', 'number', 'driver', 'go', 'uninsured', "'s", 'illegal', 'almost', 'everywhere', "'ve", 'lost', 'job', 'still', 'want', 'drive', 'low-cost', 'producer', 'status', 'however', 'sure', 'give', 'u', 'significant', 'gain', 'future', '1995', 'GEICO', 'country', "'s", 'sixth', 'largest', 'auto', 'insurer', 'number', 'three', 'company', "'s", 'float', 'grown', '2.7', 'billion', '9.6', 'billion', 'Equally', 'important', 'GEICO', 'operated', 'underwriting', 'profit', '13', '14', 'year', 'Berkshire', 'owned', 'became', 'excited', 'GEICO', 'January', '1951', 'first', 'visited', 'company', '20-year-old', 'student', 'Thanks', 'Tony', "'m", 'even', 'excited', 'today', 'hugely', 'important', 'event', 'Berkshire', "'s", 'history', 'occurred', 'Saturday', '1985', 'Ajit', 'Jain', 'came', 'office', 'Omaha', 'immediately', 'knew', 'found', 'superstar', 'discovered', 'Mike', 'Goldberg', 'elevated', 'St', 'Mike', 'immediately', 'put', 'Ajit', 'charge', 'National', 'Indemnity', "'s", 'small', 'struggling', 'reinsurance', 'operation', 'year', 'built', 'business', 'one-of-a-kind', 'giant', 'insurance', 'world', 'Staffed', 'today', '30', 'people', 'Ajit', "'s", 'operation', 'set', 'record', 'transaction', 'size', 'several', 'area', 'insurance', 'Ajit', 'writes', 'billion-dollar', 'limit', 'keep', 'every', 'dime', 'risk', 'instead', 'laying', 'insurer', 'Three', 'year', 'ago', 'took', 'huge', 'liability', 'Lloyds', 'allowing', 'clean', 'relationship', '27,972', 'participant', 'name', 'written', 'problem-ridden', 'policy', 'one', 'point', 'threatened', 'survival', '322-year-old', 'institution', 'premium', 'single', 'contract', '7.1', 'billion', '2009', 'negotiated', 'life', 'reinsurance', 'contract', 'could', 'produce', '50', 'billion', 'premium', 'u', 'next', '50', 'year', 'Ajit', "'s", 'business', 'opposite', 'GEICO', "'s", 'company', 'million', 'small', 'policy', 'largely', 'renew', 'year', 'year', 'Ajit', 'writes', 'relatively', 'policy', 'mix', 'change', 'significantly', 'year', 'year', 'Throughout', 'world', 'known', 'man', 'call', 'something', 'large', 'unusual', 'need', 'insured', 'Charlie', 'Ajit', 'ever', 'sinking', 'boat', 'save', 'one', 'u', 'swim', 'Ajit', 'third', 'insurance', 'powerhouse', 'General', 'year', 'back', 'operation', 'troubled', 'gleaming', 'jewel', 'insurance', 'crown', 'leadership', 'Tad', 'Montross', 'General', 'outstanding', 'underwriting', 'year', '2009', 'also', 'delivering', 'u', 'unusually', 'large', 'amount', 'float', 'per', 'dollar', 'premium', 'volume', 'Alongside', 'General', "'s", 'P/C', 'business', 'Tad', 'associate', 'developed', 'major', 'life', 'reinsurance', 'operation', 'grown', 'increasingly', 'valuable', 'Last', 'year', 'General', 'finally', 'attained', '100', 'ownership', 'Cologne', 'since', '1995', 'key', 'though', 'partially-owned', 'part', 'presence', 'around', 'world', 'Tad', 'visiting', 'Cologne', 'September', 'thank', 'manager', 'important', 'contribution', 'Berkshire', '7', 'Finally', 'group', 'smaller', 'company', 'specializing', 'odd', 'corner', 'insurance', 'world', 'aggregate', 'result', 'consistently', 'profitable', 'table', 'show', 'float', 'provide', 'u', 'substantial', 'Charlie', 'treasure', 'company', 'manager', 'record', 'four', 'segment', 'property-casualty', 'life', 'insurance', 'business', 'Unde

rwriting', 'Profit', 'Yearend', 'Float', 'million', 'Insurance', 'Operations', '200
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 surance', '349', '1,324', '26,223', '24,221', 'GEICO', '649', '916', '9,613', '8,45
 4', 'Primary', '84', '210', '5,061', '4,739', '1,559', '2,792', '61,911', '58,488',
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 'business', 'fiasco', 'entirely', 'making', 'many', 'year', 'struggled', 'think', 's
 ide', 'product', 'could', 'offer', 'million', 'loyal', 'GEICO', 'customer', 'Unfortu
 nately', 'finally', 'succeeded', 'coming', 'brilliant', 'insight', 'market', 'credi
 t', 'card', 'reasoned', 'GEICO', 'policyholder', 'likely', 'good', 'credit', 'risk',
 'assuming', 'offered', 'attractive', 'card', 'would', 'likely', 'favor', 'u', 'busin
 ess', 'got', 'business', 'right', 'wrong', 'type', 'pre-tax', 'loss', 'credit-card',
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 4', 'million', 'GEICO', 'manager', 'emphasized', 'never', 'enthusiastic', 'idea', 'w
 arned', 'instead', 'getting', 'cream', 'GEICO', 'customer', 'would', 'get', 'well',
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 y', '2', 'MidAmerican', 'Energy', 'serf', '725,000', 'electric', 'customer', 'primar
 ily', 'Iowa', '3', 'Pacific', 'Power', 'Rocky', 'Mountain', 'Power', 'serving', '1.
 7', 'million', 'electric', 'customer', 'six', 'western', 'state', '4', 'Kern', 'Rive
 r', 'Northern', 'Natural', 'pipeline', 'carry', '8', 'natural', 'gas', 'consumed',
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 l', 'addition', 'long-time', 'friend', 'Walter', 'Scott', 'along', 'family', 'majo
 r', 'ownership', 'position', 'company', 'Walter', 'brings', 'extraordinary', 'busine
 ss', 'savvy', 'operation', 'Ten', 'year', 'working', 'Dave', 'Greg', 'Walter', 'rein
 forced', 'original', 'belief', 'Berkshire', 'could', 'n't', 'better', 'partner', 'tr
 uly', 'dream', 'team', 'Somewhat', 'incongruously', 'MidAmerican', 'also', 'owns',
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 'America', 'company', 'operates', '21', 'locally-branded', 'firm', '16,000', 'agen
 t', 'Though', 'last', 'year', 'terrible', 'year', 'home', 'sale', 'HomeServices', 'e
 arned', 'modest', 'sum', 'also', 'acquired', 'firm', 'Chicago', 'add', 'quality', 'b
 rokerage', 'operation', 'available', 'sensible', 'price', 'decade', 'HomeServices',
 'likely', 'much', 'larger', '8', 'key', 'figure', 'MidAmerican', 'operation', 'Earni
 ngs', 'million', '2009', '2008', 'U.K.', 'utility', '248', '339', 'Iowa', 'utility',
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 rvices', '43', '45', 'net', '25', '186', 'Operating', 'earnings', 'corporate', 'inte
 rest', 'tax', '1,846', '2,203', 'Constellation', 'Energy', '-', '1,092', 'Interest',
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 ncome', 'tax', '313', '1,002', 'Net', 'earnings', '1,157', '1,850', 'Earnings', 'app
 licable', 'Berkshire', '1,071', '1,704', 'Debt', 'owed', 'others', '19,579', '19,14
 5', 'Debt', 'owed', 'Berkshire', '353', '1,087', '♦Consists', 'breakup', 'fee', '17
 5', 'million', 'profit', 'investment', '917', 'million', 'Includes', 'interest', 'ea
 rned', 'Berkshire', 'net', 'related', 'income', 'tax', '38', '2009', '72', '2008',
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 ate', 'symbiotic', 'manner', 'customer', 'service', 'area', 'user', 'depending',
 'u', 'provide', 'first-class', 'service', 'invest', 'future', 'need', 'Permitting',
 'construction', 'period', 'generation', 'major', 'transmission', 'facility', 'stretc
 h', 'way', 'incumbent', 'u', 'far-sighted', 'turn', 'look', 'utility', 'regulator',
 'acting', 'behalf', 'customer', 'allow', 'u', 'appropriate', 'return', 'huge', 'amou
 nt', 'capital', 'must', 'deploy', 'meet', 'future', 'need', 'n't', 'expect', 'regula
 tor', 'live', 'end', 'bargain', 'unless', 'live', 'Dave', 'Greg', 'make', 'sure', 'N
 ational', 'research', 'company', 'consistently', 'rank', 'Iowa', 'Western', 'utilit
 y', 'near', 'top', 'industry', 'Similarly', 'among', '43', 'U.S.', 'pipeline', 'rank

ed', 'firm', 'named', 'Mastio', 'Kern', 'River', 'Northern', 'Natural', 'property', 'tied', 'second', 'place', 'Moreover', 'continue', 'pour', 'huge', 'sum', 'money', 'operation', 'prepare', 'future', 'also', 'make', 'operation', 'environmentally', 'friendly', 'Since', 'purchased', 'MidAmerican', 'ten', 'year', 'ago', 'never', 'paid', 'dividend', 'instead', 'used', 'earnings', 'improve', 'expand', 'property', 'territory', 'serve', 'one', 'dramatic', 'example', 'last', 'three', 'year', 'Iowa', 'Western', 'utility', 'earned', '2.5', 'billion', 'period', 'spending', '3', 'billion', 'wind', 'generation', 'facility', 'MidAmerican', 'consistently', 'kept', 'end', 'bargain', 'society', 'society', "'s", 'credit', 'reciprocated', 'exception', 'regulator', 'promptly', 'allowed', 'u', 'earn', 'fair', 'return', 'ever-', 'increasing', 'sum', 'capital', 'must', 'invest', 'Going', 'forward', 'whatever', 'take', 'serve', 'territory', 'manner', 'expect', 'believe', 'turn', 'allowed', 'return', 'deserve', 'fund', 'invest', 'earlier', 'day', 'Charlie', 'shunned', 'capital-intensive', 'business', 'public', 'utility', 'Indeed', 'best', 'business', 'far', 'owner', 'continue', 'high', 'return', 'capital', 'require', 'little', 'incremental', 'investment', 'growth', 'fortunate', 'number', 'business', 'would', 'love', 'buy', 'Anticipating', 'however', 'Berkshire', 'generate', 'ever-increasing', 'amount', 'cash', 'today', 'quite', 'willing', 'enter', 'business', 'regularly', 'require', 'large', 'capital', 'expenditure', 'expect', 'business', 'reasonable', 'expectation', 'earning', 'decent', 'return', 'incremental', 'sum', 'invest', 'expectation', 'met', 'believe', 'Berkshire', "'s", 'ever-growing', 'collection', 'good', 'great', 'business', 'produce', 'above-average', 'though', 'certainly', 'spectacular', 'return', 'decade', 'ahead', '9', 'BNSF', 'operation', 'noted', 'certain', 'important', 'economic', 'characteristic', 'resemble', 'electric', 'utility', 'case', 'provide', 'fundamental', 'service', 'remain', 'essential', 'economic', 'well-being', 'customer', 'community', 'serve', 'indeed', 'nation', 'require', 'heavy', 'investment', 'greatly', 'exceeds', 'depreciation', 'allowance', 'decade', 'come', 'must', 'also', 'plan', 'far', 'ahead', 'satisfy', 'demand', 'expected', 'outstrip', 'need', 'past', 'Finally', 'require', 'wise', 'regulator', 'provide', 'certainty', 'allowable', 'return', 'confidently', 'make', 'huge', 'investment', 'required', 'maintain', 'replace', 'expand', 'plant', 'see', '```', 'social', 'compact', '```', 'existing', 'public', 'railroad', 'business', 'case', 'utility', 'either', 'side', 'shirks', 'obligation', 'side', 'inevitably', 'suffer', 'Therefore', 'party', 'compact', 'believe', 'understand', 'benefit', 'behaving', 'way', 'encourages', 'good', 'behavior', 'inconceivable', 'country', 'realize', 'anything', 'close', 'full', 'economic', 'potential', 'without', 'possessing', 'first-class', 'electricity', 'railroad', 'system', 'part', 'see', 'exist', 'future', 'BNSF', 'result', 'included', '```', 'regulated', 'utility', '```', 'section', 'Aside', 'two', 'business', 'similar', 'underlying', 'economic', 'characteristic', 'logical', 'user', 'substantial', 'amount', 'debt', 'guaranteed', 'Berkshire', 'retain', 'earnings', 'earn', 'invest', 'large', 'sum', 'good', 'time', 'bad', 'though', 'railroad', 'display', 'greater', 'cyclically', 'Overall', 'expect', 'regulated', 'sector', 'deliver', 'significantly', 'increased', 'earnings', 'time', 'albeit', 'cost', 'investing', 'many', 'ten', 'yes', 'ten', 'billion', 'dollar', 'incremental', 'equity', 'capital', 'Manufacturing', 'Service', 'Retailing', 'Operations', 'activity', 'part', 'Berkshire', 'cover', 'waterfront', 'Let', "'s", 'look', 'though', 'summary', 'balance', 'sheet', 'earnings', 'statement', 'entire', 'group', 'Balance', 'Sheet', 'Assets', 'Cash', 'equivalent', '3,018', 'Accounts', 'note', 'receivable', '5,066', 'Inventory', '6,147', 'current', 'asset', '625', 'Total', 'current', 'asset', '14,856', 'Goodwill', 'intangible', '1', '6,499', 'Fixed', 'asset', '15,374', 'asset', '2,070', '48,799', 'million', 'Liabilities', 'Equity', 'Notes', 'payable', '1,842', 'current', 'liability', '7,414', 'Total', 'current', 'liability', '9,256', 'Deferred', 'tax', '2,834', 'Term', 'debt', 'liability', '6,240', 'Equity', '30,469', '48,799', 'Earnings', 'Statement', 'million', '2009', '2008', '2007', 'Revenues', '61,665', '66,099', '59,100', 'Operating', 'expense', 'including', 'depreciation', '1,422', '2009', '1,280', '2008', '955', '2007', '59,509', '61,937', '55,026', 'Interest', 'expense', '98', '139', '127', 'Pre-tax', 'earnings', '2,058', '4,023', '3,947', 'Income', 'ta

x', 'minority', 'interest', '945', '1,740', '1,594', 'Net', 'income', '1,113', '2,283', '2,353', 'include', 'purchase-accounting', 'adjustment', '10', 'Almost', 'many', 'widely-diverse', 'operation', 'sector', 'suffered', 'one', 'degree', 'another', '2009', 'severe', 'recession', 'major', 'exception', 'McLane', 'distributor', 'grocery', 'confection', 'non-food', 'item', 'thousand', 'retail', 'outlet', 'largest', 'far', 'Wal-Mart', 'Grady', 'Rosier', 'led', 'McLane', 'record', 'pre-tax', 'earnings', '344', 'million', 'even', 'amounted', 'slightly', 'one', 'cent', 'per', 'dollar', 'huge', 'sale', '31.2', 'billion', 'McLane', 'employ', 'vast', 'array', 'physical', 'asset', 'practically', 'owns', 'including', '3,242', 'trailer', '2,309', 'tractor', '55', 'distribution', 'center', '15.2', 'million', 'square', 'foot', 'space', 'McLane', 'prime', 'asset', 'however', 'Grady', 'number', 'company', 'profit', 'improved', 'even', 'sale', 'contracted', 'always', 'exceptional', 'managerial', 'achievement', 'CEOs', 'made', 'happen', 'Among', 'business', 'major', 'exposure', 'depressed', 'industrial', 'sector', 'Marmon', 'Iscar', 'turned', 'relatively', 'strong', 'performance', 'Frank', 'Ptak', "'s", 'Marmon', 'delivered', '13.5', 'pre-tax', 'profit', 'margin', 'record', 'high', 'Though', 'company', "'s", 'sale', '27', 'Frank', "'s", 'cost-conscious', 'management', 'mitigated', 'decline', 'earnings', 'Nothing', 'stop', 'Israel-based', 'Iscar', 'war', 'recession', 'competitor', 'world', "'s", 'two', 'leading', 'supplier', 'small', 'cutting', 'tool', 'difficult', 'year', 'operating', 'loss', 'throughout', 'much', 'year', 'Though', 'Iscar', 'result', 'significantly', '2008', 'company', 'regularly', 'reported', 'profit', 'even', 'integrating', 'rationalizing', 'Tungaloy', 'large', 'Japanese', 'acquisition', 'told', 'last', 'year', 'manufacturing', 'rebound', 'Iscar', 'set', 'new', 'record', 'incredible', 'managerial', 'team', 'Eitan', 'Wertheimer', 'Jacob', 'Harpaz', 'Danny', 'Goldman', 'see', 'Every', 'business', 'connected', 'residential', 'commercial', 'construction', 'suffered', 'severely', '2009', 'Combined', 'pre-tax', 'earnings', 'Shaw', 'Johns', 'Manville', 'Acme', 'Brick', 'MiTek', '227', 'million', '82.5', 'decline', '1,295', 'billion', '2006', 'construction', 'activity', 'booming', 'business', 'continue', 'bump', 'along', 'bottom', 'though', 'competitive', 'position', 'remain', 'undented', 'major', 'problem', 'Berkshire', 'last', 'year', 'NetJets', 'aviation', 'operation', 'offer', 'fractional', 'ownership', 'jet', 'year', 'enormously', 'successful', 'establishing', 'premier', 'company', 'industry', 'value', 'fleet', 'far', 'exceeding', 'three', 'major', 'competitor', 'combined', 'Overall', 'dominance', 'field', 'remains', 'unchallenged', 'NetJets', 'business', 'operation', 'however', 'another', 'story', 'eleven', 'year', 'owned', 'company', 'recorded', 'aggregate', 'pre-tax', 'loss', '157', 'million', 'Moreover', 'company', "'s", 'debt', 'soared', '102', 'million', 'time', 'purchase', '1.9', 'billion', 'April', 'last', 'year', 'Without', 'Berkshire', "'s", 'guarantee', 'debt', 'NetJets', 'would', 'business', "'s", 'clear', 'failed', 'letting', 'NetJets', 'descend', 'condition', 'luckily', 'bailed', 'COMPANY', 'CEO', 'Benjamin', 'Moore', 'paint', 'Borsheims', 'jewelry', 'retailing', 'H.', 'H.', 'Brown', 'manufacturing', 'retailing', 'shoe', 'CTB', 'agricultural', 'equipment', 'Dairy', 'Queen', 'Nebraska', 'Furniture', 'Mart', 'furniture', 'retailing', 'Pampered', 'Chef', 'direct', 'sale', 'kitchen', 'tool', 'See', "'s", 'manufacturing', 'retailing', 'candy', 'Star', 'Furniture', 'furniture', 'retailing', 'Denis', 'Abrams', 'Susan', 'Jacques', 'Jim', 'Issler', 'Vic', 'Mancinelli', 'John', 'Gainor', 'Ron', 'Irv', 'Blumkin', 'Maria', 'Gottschalk', 'Brad', 'Kinstler', 'Bill', 'Kimbrell', '11', 'Dave', 'Sokol', 'enormously', 'talented', 'builder', 'operator', 'MidAmerican', 'Energy', 'became', 'CEO', 'NetJets', 'August', 'leadership', 'transforming', 'Debt', 'already', 'reduced', '1.4', 'billion', 'suffering', 'staggering', 'loss', '71', '1', 'million', '2009', 'company', 'solidly', 'profitable', 'important', 'none', 'change', 'wrought', 'Dave', 'way', 'undercut', 'top-of-the-line', 'standard', 'safety', 'service', 'Rich', 'Santulli', 'NetJets', 'previous', 'CEO', 'father', 'fractional-', 'ownership', 'industry', 'insisted', 'upon', 'Dave', 'strongest', 'possible', 'personal', 'interest', 'maintaining', 'standard', 'family', 'use', 'NetJets', 'almost', 'flying', 'many', 'director', 'manager', 'None', 'u', 'assigned', 'special', 'plane', 'crew', 'receive', 'exactly', 'treatment', 'owner', 'meaning', 'pay', 'price', 'ever

yone', 'else', 'using', 'personal', 'contract', 'short', 'eat', 'cooking', 'aviation', 'business', 'testimonial', 'mean', 'Finance', 'Financial', 'Products', 'largest', 'operation', 'sector', 'Clayton', 'Homes', 'country', "'s", 'leading', 'producer', 'modular', 'manufactured', 'home', 'Clayton', 'always', 'number', 'one', 'decade', 'ago', 'three', 'leading', 'manufacturer', 'Fleetwood', 'Champion', 'Oakwood', 'together', 'accounted', '44', 'output', 'industry', 'since', 'gone', 'bankrupt', 'Total', 'industry', 'output', 'meanwhile', 'fallen', '382,000', 'unit', '1999', '60,000', 'unit', '2009', 'industry', 'shamble', 'two', 'reason', 'first', 'must', 'lived', 'U.S.', 'economy', 'recover', 'reason', 'concern', 'U.S.', 'housing', 'start', 'including', 'apartment', 'unit', '2009', 'start', '554,000', 'far', 'lowest', 'number', '50', 'year', 'data', 'Paradoxically', 'good', 'news', 'People', 'thought', 'good', 'news', 'year', 'back', 'housing', 'start', 'supply', 'side', 'picture', 'running', 'two', 'million', 'annually', 'household', 'formation', 'demand', 'side', 'amounted', '1.2', 'million', 'year', 'imbalance', 'country', 'unsurprisingly', 'ended', 'far', 'many', 'house', 'three', 'way', 'cure', 'overhang', '1', 'blow', 'lot', 'house', 'tactic', 'similar', 'destruction', 'auto', 'occurred', '``', 'cash-for-clunkers', '``', 'program', '2', 'speed', 'household', 'formation', 'say', 'encouraging', 'teenager', 'cohabitate', 'program', 'likely', 'suffer', 'lack', 'volunteer', '3', 'reduce', 'new', 'housing', 'start', 'number', 'far', 'rate', 'household', 'formation', 'country', 'wisely', 'selected', 'third', 'option', 'mean', 'within', 'year', 'residential', 'housing', 'problem', 'largely', 'behind', 'u', 'exception', 'high-value', 'house', 'certain', 'locality', 'overbuilding', 'particularly', 'egregious', 'Prices', 'remain', 'far', '``', 'bubble', '``', 'level', 'course', 'every', 'seller', 'lender', 'hurt', 'buyer', 'benefit', 'Indeed', 'many', 'family', 'could', 'n't', 'afford', 'buy', 'appropriate', 'home', 'year', 'ago', 'find', 'well', 'within', 'mean', 'bubble', 'burst', 'second', 'reason', 'manufactured', 'housing', 'troubled', 'specific', 'industry', 'punitive', 'differential', 'mortgage', 'rate', 'factory-built', 'home', 'site-built', 'home', 'read', 'let', 'underscore', 'obvious', 'Berkshire', 'dog', 'fight', 'therefore', 'ass', 'commentary', 'follows', 'special', 'care', 'warning', 'made', 'however', 'let', 'explain', 'rate', 'differential', 'cause', 'problem', 'large', 'number', 'lower-income', 'Americans', 'Clayton', 'residential', 'mortgage', 'market', 'shaped', 'government', 'rule', 'expressed', 'FHA', 'Freddie', 'Mac', 'Fannie', 'Mae', 'lending', 'standard', 'all-powerful', 'mortgage', 'insure', 'typically', 'securitized', 'turned', 'effect', 'obligation', 'U.S.', 'government', 'Currently', 'buyer', 'conventional', 'site-built', 'home', 'qualify', 'guarantee', 'obtain', '30-year', 'loan', '5', '14', 'addition', 'mortgage', 'recently', 'purchased', 'massive', 'amount', 'Federal', 'Reserve', 'action', 'also', 'helped', 'keep', 'rate', 'bargain-basement', 'level', 'contrast', 'factory-built', 'home', 'qualify', 'agency-insured', 'mortgage', 'Therefore', 'meritorious', 'buyer', 'factory-built', 'home', 'must', 'pay', '9', 'loan', 'all-cash', 'buyer', 'Clayton', "'s", 'home', 'offer', 'terrific', 'value', 'buyer', 'need', 'mortgage', 'financing', 'however', 'course', 'buyer', 'difference', 'financing', 'cost', 'often', 'negates', 'attractive', 'price', 'factory-built', 'home', '12', 'Last', 'year', 'told', 'buyer', 'generally', 'people', 'low', 'income', 'performed', 'well', 'credit', 'risk', 'attitude', 'all-important', 'signed', 'live', 'home', 'resell', 'refinance', 'Consequently', 'buyer', 'usually', 'took', 'loan', 'payment', 'geared', 'verified', 'income', 'n't', 'making', '``', 'liar', "'s", 'loan', '``', 'looked', 'forward', 'day', 'could', 'burn', 'mortgage', 'lost', 'job', 'health', 'problem', 'got', 'divorced', 'could', 'course', 'expect', 'default', 'seldom', 'walked', 'away', 'simply', 'house', 'value', 'fallen', 'Even', 'today', 'though', 'job-loss', 'trouble', 'grown', 'Clayton', "'s", 'delinquency', 'default', 'remain', 'reasonable', 'cause', 'u', 'significant', 'problem', 'tried', 'qualify', 'customer', 'loan', 'treatment', 'similar', 'available', 'site-built', 'product', 'far', 'token', 'success', 'Many', 'family', 'modest', 'income', 'responsible', 'habit', 'therefore', 'forego', 'home', 'ownership', 'simply', 'financing', 'differential', 'attached', 'factory', '-built', 'product', 'make', 'monthly', 'payment', 'expensive', 'qualification', 'n't', 'broadened', 'open', 'low

-cost', 'financing', 'meet', 'down-payment', 'income', 'standard', 'manufactured-home', 'industry', 'seems', 'destined', 'struggle', 'dwindle', 'Even', 'condition', 'believe', 'Clayton', 'operate', 'profitably', 'coming', 'year', 'though', 'well', 'potential', 'could', 'n't', 'better', 'manager', 'CEO', 'Kevin', 'Clayton', 'treat', 'Berkshire', 's', 'interest', 'product', 'first-class', 'inexpensive', 'constantly', 'improved', 'Moreover', 'continue', 'use', 'Berkshire', 's', 'credit', 'support', 'Clayton', 's', 'mortgage', 'program', 'convinced', 'soundness', 'Even', 'Berkshire', 'ca', 'n't', 'borrow', 'rate', 'approaching', 'available', 'government', 'agency', 'handicap', 'limit', 'sale', 'hurting', 'Clayton', 'multitude', 'worthy', 'family', 'long', 'low-cost', 'home', 'following', 'table', 'Clayton', 's', 'earnings', 'net', 'company', 's', 'payment', 'Berkshire', 'use', 'credit', 'Offsetting', 'cost', 'Clayton', 'identical', 'amount', 'income', 'credited', 'Berkshire', 's', 'finance', 'operation', 'included', 'Income', 'cost', 'income', 'amount', '116', 'million', '2009', '92', 'million', '2008', 'table', 'also', 'illustrates', 'severely', 'furniture', 'CORT', 'trailer', 'XTRA', 'leasing', 'operation', 'hit', 'recession', 'Though', 'competitive', 'position', 'remain', 'strong', 'ever', 'yet', 'see', 'bounce', 'business', 'Pre-Tax', 'Earnings', 'million', '2009', '2008', 'Net', 'investment', 'income', '278', '330', 'Life', 'annuity', 'operation', '116', '23', 'Leasing', 'operation', '14', '87', 'Manufactured-housing', 'finance', 'Clayton', '187', '206', 'income', '186', '141', 'Income', 'investment', 'derivative', 'gain', 'loss', '781', '787', '^Includes', '116', 'million', '2009', '92', 'million', '2008', 'fee', 'Berkshire', 'charge', 'Clayton', 'use', 'Berkshire', 's', 'credit', 'end', '2009', 'became', '50', 'owner', 'Berkadia', 'Commercial', 'Mortgage', 'formerly', 'known', 'Capmark', 'country', 's', 'third-largest', 'servicer', 'commercial', 'mortgage', 'addition', 'servicing', '235', 'billion', 'portfolio', 'company', 'important', 'originator', 'mortgage', '25', 'office', 'spread', 'around', 'country', 'Though', 'commercial', 'real', 'estate', 'face', 'major', 'problem', 'next', 'year', 'long-term', 'opportunity', 'Berkadia', 'significant', '13', 'partner', 'operation', 'Leucadia', 'run', 'Joe', 'Steinberg', 'Ian', 'Cumming', 'terrific', 'experience', 'year', 'back', 'Berkshire', 'joined', 'purchase', 'Finova', 'troubled', 'finance', 'business', 'resolving', 'situation', 'Joe', 'Ian', 'far', 'share', 'work', 'arrangement', 'always', 'encourage', 'Naturally', 'delighted', 'called', 'partner', 'Capmark', 'purchase', 'first', 'venture', 'also', 'christened', 'Berkadia', 'let', 's', 'call', 'one', 'Son', 'Berkadia', 'Someday', 'll', 'writing', 'Grandson', 'Berkadia', 'Investments', 'show', 'common', 'stock', 'investment', 'yearend', 'market', 'value', '1', 'billion', '12/31/09', 'Shares', 'Company', 'Percentage', 'Company', 'Owned', 'Cost', 'Market', 'mi', 'Ulions', '151,610,700', 'American', 'Express', 'Company', '12.7', '1,287', '6,143', '225,000,000', 'BYD', 'Company', 'Ltd', '9.9', '232', '1,986', '200,000,000', 'Coca-Cola', 'Company', '8.6', '1,299', '11,400', '37,711,330', 'ConocoPhillips', '2.5', '2,741', '1,926', '28,530,467', 'Johnson', 'Johnson', '1.0', '1,724', '1,838', '130,272,500', 'Kraft', 'Foods', 'Inc', '8.8', '4,330', '3,541', '3,947,554', 'POSCO', '5.2', '768', '2,092', '83,128,411', 'Procter', 'Gambl', 'Company', '2.9', '533', '5,040', '25,108,967', 'Sanofi-Aventis', '1.9', '2,027', '1,979', '234,247,373', 'Tesco', 'pic', '3.0', '1,367', '1,620', '76,633,426', 'U.S.', 'Bancorp', '4.0', '2,371', '1,725', '39,037,142', 'Wal-Mart', 'Stores', 'Inc', '1.0', '1,893', '2,087', '334,235,585', 'Wells', 'Fargo', 'Company', '6.5', '7,394', '9,021', 'Others', '6,680', '8,636', 'Total', 'Common', 'Stocks', 'Carried', 'Market', '34,646', '59,034', 'actual', 'purchase', 'price', 'also', 'tax', 'basis', 'GAAP', 'cost', 'differs', 'case', 'write-ups', 'write-down', 'required', 'addition', 'position', 'non-traded', 'security', 'Dow', 'Chemical', 'General', 'Electric', 'Goldman', 'Sachs', 'Swiss', 'Wrigley', 'aggregate', 'cost', '21.1', 'billion', 'carrying', 'value', '26.0', 'billion', 'purchased', 'five', 'position', 'last', '18', 'month', 'Setting', 'aside', 'significant', 'equity', 'potential', 'provide', 'u', 'holding', 'deliver', 'u', 'aggregate', '2.1', 'billion', 'annually', 'dividend', 'interest', 'Finally', 'owned', '76,777,029', 'share', '22.5', 'BNSF', 'year end', 'carried', '85.78', 'per', 'share', 'subsequently', 'melded', 'purchase', 'ent

ire', 'company', '2009', 'largest', 'sale', 'ConocoPhillips', 'Moody', "'s", 'Procter', 'Gamble', 'Johnson', 'Johnson', 'sale', 'latter', 'occurring', 'built', 'position', 'earlier', 'year', 'Charlie', 'believe', 'stock', 'likely', 'trade', 'higher', 'future', 'made', 'sale', 'early', '2009', 'raise', 'cash', 'Dow', 'Swiss', 'purchase', 'late', 'year', 'made', 'sale', 'anticipation', 'BNSF', 'purchase', '14', 'told', 'last', 'year', 'unusual', 'condition', 'existed', 'corporate', 'municipal', 'bond', 'market', 'security', 'ridiculously', 'cheap', 'relative', 'U.S.', 'Treasuries', 'backed', 'view', 'purchase', 'done', 'far', 'Big', 'opportunity', 'come', 'infrequently', "'s", 'raining', 'gold', 'reach', 'bucket', 'thimble', 'entered', '2008', '44.3', 'billion', 'cash-equivalents', 'since', 'retained', 'operating', 'earnings', '17', 'billion', 'Nevertheless', 'yearend', '2009', 'cash', '30.6', 'billion', '8', 'billion', 'earmarked', 'BNSF', 'acquisition', "'ve", 'put', 'lot', 'money', 'work', 'chaos', 'last', 'two', 'year', "'s", 'ideal', 'period', 'investor', 'climate', 'fear', 'best', 'friend', 'invest', 'commentator', 'upbeat', 'end', 'paying', 'heavy', 'price', 'meaningless', 'reassurance', 'end', 'count', 'investing', 'pay', 'business', 'purchase', 'small', 'piece', 'stock', 'market', 'business', 'earns', 'succeeding', 'decade', 'two', 'Last', 'year', 'wrote', 'extensively', 'derivative', 'contract', 'subject', 'controversy', 'misunderstanding', 'discussion', 'please', 'go', 'www.berkshirehathaway.com', 'since', 'changed', 'position', 'credit', 'contract', 'run', 'term', '10', 'equity', 'put', 'contract', 'also', 'changed', 'Maturities', 'shortened', 'strike', 'price', 'materially', 'reduced', 'modification', 'money', 'changed', 'hand', 'point', 'last', 'year', "'s", 'discussion', 'worth', 'repeating', '1', 'Though', "'s", 'sure', 'thing', 'expect', 'contract', 'aggregate', 'deliver', 'u', 'profit', 'lifetime', 'even', 'investment', 'income', 'huge', 'amount', 'float', 'provide', 'u', 'excluded', 'calculation', 'derivative', 'float', 'included', '62', 'billion', 'insurance', 'float', 'described', 'earlier', '6.3', 'billion', 'yearend', '2', 'handful', 'contract', 'require', 'u', 'post', 'collateral', 'circumstance', 'last', 'year', "'s", 'low', 'point', 'stock', 'credit', 'market', 'posting', 'requirement', '1.7', 'billion', 'small', 'fraction', 'derivatives-related', 'float', 'held', 'post', 'collateral', 'let', 'add', 'security', 'put', 'continue', 'earn', 'money', 'account', '3', 'Finally', 'expect', 'large', 'swing', 'carrying', 'value', 'contract', 'item', 'affect', 'reported', 'quarterly', 'earnings', 'huge', 'way', 'affect', 'cash', 'investment', 'holding', 'thought', 'certainly', 'fit', '2009', 'circumstance', 'pre-tax', 'quarterly', 'gain', 'loss', 'derivative', 'valuation', 'part', 'reported', 'earnings', 'last', 'year', 'Quarter', 'Gain', 'Loss', 'Billions', '1', '1.517', '2', '2.357', '3', '1.732', '4', '1.052', "'ve", 'explained', 'wild', 'swing', 'neither', 'cheer', 'bother', 'Charlie', 'report', 'continue', 'separate', 'figure', 'realized', 'investment', 'gain', 'loss', 'clearly', 'view', 'earnings', 'operating', 'business', 'delighted', 'hold', 'derivative', 'contract', 'date', 'significantly', 'profited', 'float', 'provide', 'expect', 'also', 'earn', 'investment', 'income', 'life', 'contract', '15', 'long', 'invested', 'derivative', 'contract', 'Charlie', 'think', 'mispriced', 'try', 'invest', 'mispriced', 'stock', 'bond', 'Indeed', 'first', 'reported', 'held', 'contract', 'early', '1998', 'danger', 'derivative', 'pose', 'participant', 'society', 'danger', "'ve", 'long', 'warned', 'dynamite', 'arise', 'contract', 'lead', 'leverage', 'and/or', 'counterparty', 'risk', 'extreme', 'Berkshire', 'nothing', 'like', 'occurred', "'s", 'job', 'keep', 'Berkshire', 'far', 'away', 'problem', 'Charlie', 'believe', 'CEO', 'must', 'delegate', 'risk', 'control', "'s", 'simply', 'important', 'Berkshire', 'initiate', 'monitor', 'every', 'derivative', 'contract', 'book', 'exception', 'operations-related', 'contract', 'subsidiary', 'MidAmerican', 'minor', 'runoff', 'contract', 'General', 'Berkshire', 'ever', 'get', 'trouble', 'fault', 'misjudgments', 'made', 'Risk', 'Committee', 'Chief', 'Risk', 'Officer', 'view', 'board', 'director', 'huge', 'financial', 'institution', 'derelict', 'insist', 'CEO', 'bear', 'full', 'responsibility', 'risk', 'control', "'s", 'incapable', 'handling', 'job', 'look', 'employment', 'fails', 'government', 'thereupon', 'step', 'fund', 'guarantee', 'financial', 'consequence', 'board', 'severe', 'shareholder', 'botched', 'operation', 'country', "'s", 'largest', 'financial', 'instituti

n', 'Yet', 'borne', 'burden', '90', 'value', 'holding', 'wiped', 'case', 'failure', 'Collectively', 'lost', '500', 'billion', 'four', 'largest', 'financial', 'fiasco', 'last', 'two', 'year', 'say', 'owner', '``', 'bailed-out', '""', 'make', 'mockery', 'term', 'CEOs', 'director', 'failed', 'company', 'however', 'largely', 'gone', 'unscathed', 'fortune', 'may', 'diminished', 'disaster', 'oversaw', 'still', 'live', 'grand', 'style', 'behavior', 'CEOs', 'director', 'need', 'changed', 'institution', 'country', 'harmed', 'recklessness', 'pay', 'heavy', 'price', 'one', 'reimbursable', 'company', "'ve", 'damaged', 'insurance', 'CEOs', 'many', 'case', 'director', 'long', 'benefitted', 'oversized', 'financial', 'carrot', 'meaningful', 'stick', 'need', 'part', 'employment', 'picture', 'well', 'Inconvenient', 'Truth', 'Boardroom', 'Overheating', 'subsidiary', 'made', 'small', '``', 'bolt-on', '""', 'acquisition', 'last', 'year', 'cash', 'blockbuster', 'deal', 'BNSF', 'required', 'u', 'issue', '95,000', 'Berkshire', 'share', 'amounted', '6.1', 'previously', 'outstanding', 'Charlie', 'enjoy', 'issuing', 'Berkshire', 'stock', 'much', 'relish', 'prepping', 'colonoscopy', 'reason', 'distaste', 'simple', 'would', 'n't', 'dream', 'selling', 'Berkshire', 'entirety', 'current', 'market', 'price', 'world', '``', 'sell', '""', 'significant', 'part', 'company', 'inadequate', 'price', 'issuing', 'stock', 'merger', 'evaluating', 'stock-for-stock', 'offer', 'shareholder', 'target', 'company', 'quite', 'undoubtedly', 'focus', 'market', 'price', 'acquirer', "'s", 'share', 'given', 'also', 'expect', 'transaction', 'deliver', 'intrinsic', 'value', 'share', 'one', 'giving', 'share', 'prospective', 'acquirer', 'selling', 'intrinsic', 'value', "'s", 'impossible', 'buyer', 'make', 'sensible', 'deal', 'all-stock', 'deal', 'simply', 'ca', 'n't', 'exchange', 'undervalued', 'stock', 'fully-valued', 'one', 'without', 'hurting', 'shareholder', 'Imagine', 'Company', 'Company', 'B', 'equal', 'size', 'business', 'intrinsically', 'worth', '100', 'per', 'share', 'stock', 'however', 'sell', '80', 'per', 'share', 'CEO', 'long', 'confidence', 'short', 'smart', 'offer', '1', 'Va', 'share', 'share', 'B', 'correctly', 'telling', 'director', 'B', 'worth', '100', 'per', 'share', 'neglect', 'explain', 'though', 'giving', 'cost', 'shareholder', '125', 'intrinsic', 'value', 'director', 'mathematically', 'challenged', 'well', 'deal', 'therefore', 'completed', 'shareholder', 'B', 'end', 'owning', '55.6', 'B', "'s", 'combined', 'asset', "'s", 'shareholder', '44.4', 'everyone', 'noted', 'loser', 'nonsensical', 'transaction', 'CEO', 'run', 'company', 'twice', 'large', 'original', 'domain', 'world', 'size', 'tends', 'correlate', 'prestige', 'compensation', '16', 'acquirer', "'s", 'stock', 'overvalued', "'s", 'different', 'story', 'Using', 'currency', 'work', 'acquirer', "'s", 'advantage', "'s", 'bubble', 'various', 'area', 'stock', 'market', 'invariably', 'led', 'serial', 'issuance', 'stock', 'sly', 'promoter', 'Going', 'market', 'value', 'stock', 'afford', 'overpay', 'effect', 'using', 'counterfeit', 'money', 'Periodically', 'many', 'air-for-assets', 'acquisition', 'taken', 'place', 'late', '1960s', 'particularly', 'obscene', 'period', 'chicanery', 'Indeed', 'certain', 'large', 'company', 'built', 'way', 'one', 'involved', 'course', 'ever', 'publicly', 'acknowledges', 'reality', 'going', 'though', 'plenty', 'private', 'snickering', 'BNSF', 'acquisition', 'selling', 'shareholder', 'quite', 'properly', 'evaluated', 'offer', '100', 'per', 'share', 'cost', 'u', 'however', 'somewhat', 'higher', 'since', '40', '100', 'delivered', 'share', 'Charlie', 'believed', 'worth', 'market', 'value', 'Fortunately', 'long', 'owned', 'substantial', 'amount', 'BNSF', 'stock', 'purchased', 'market', 'cash', 'told', 'therefore', '30', 'cost', 'overall', 'paid', 'Berkshire', 'share', 'end', 'Charlie', 'decided', 'disadvantage', 'paying', '30', 'price', 'stock', 'offset', 'opportunity', 'acquisition', 'gave', 'u', 'deploy', '22', 'billion', 'cash', 'business', 'understood', 'liked', 'long', 'term', 'additional', 'virtue', 'run', 'Matt', 'Rose', 'trust', 'admire', 'also', 'like', 'prospect', 'investing', 'additional', 'billion', 'year', 'reasonable', 'rate', 'return', 'final', 'decision', 'close', 'one', 'needed', 'use', 'stock', 'make', 'acquisition', 'would', 'fact', 'made', 'sense', 'would', 'giving', 'getting', 'dozen', 'board', 'meeting', 'acquisition', 'deliberated', 'often', 'director', 'instructed', 'high-priced', 'investment', 'banker', 'kind', 'Invariably', 'banker', 'give', 'board', 'detailed', 'assessment', 'value', 'company', 'purchased', 'emphasis', 'worth',

'far', 'market', 'price', 'fifty', 'year', 'board', 'membership', 'however', 'never', 'heard', 'investment', 'banker', 'management', 'discus', 'true', 'value', 'given', 'deal', 'involved', 'issuance', 'acquirer', '"s', 'stock', 'simply', 'used', 'market', 'value', 'measure', 'cost', 'even', 'though', 'would', 'argued', 'acquirer', '"s', 'stock', 'price', 'woefully', 'inadequate', '-', 'absolutely', 'indicator', 'real', 'value', '-', 'takeover', 'bid', 'acquirer', 'instead', 'subject', 'discussion', 'stock', 'currency', 'contemplated', 'acquisition', 'director', 'hearing', 'advisor', 'appears', 'one', 'way', 'get', 'rational', 'balanced', 'discussion', 'Directors', 'hire', 'second', 'advisor', 'make', 'case', 'proposed', 'acquisition', 'fee', 'contingent', 'deal', 'going', 'Absent', 'drastic', 'remedy', 'recommendation', 'respect', 'use', 'advisor', 'remains', '`', "n't", 'ask', 'barber', 'whether', 'need', 'haircut', '"', 'ca', "n't", 'resist', 'telling', 'true', 'story', 'long', 'ago', 'owned', 'stock', 'large', 'well-run', 'bank', 'decade', 'statutorily', 'prevented', 'acquisition', 'Eventually', 'law', 'changed', 'bank', 'immediately', 'began', 'looking', 'possible', 'purchase', 'manager', 'fine', 'people', 'able', 'banker', 'unexpectedly', 'began', 'behave', 'like', 'teenage', 'boy', 'discovered', 'girl', 'soon', 'focused', 'much', 'smaller', 'bank', 'also', 'well-run', 'similar', 'financial', 'characteristic', 'area', 'return', 'equity', 'interest', 'margin', 'loan', 'quality', 'etc', 'bank', 'sold', 'modest', 'price', '"s', 'bought', 'hovering', 'near', 'book', 'value', 'possessing', 'low', 'price/earnings', 'ratio', 'Alongside', 'though', 'small-bank', 'owner', 'wooded', 'large', 'bank', 'state', 'holding', 'price', 'close', 'three', 'time', 'book', 'value', 'Moreover', 'wanted', 'stock', 'cash', 'Naturally', 'fellow', 'caved', 'agreed', 'value-destroying', 'deal', '`', 'need', 'show', 'hunt', 'Besides', '"s', 'small', 'deal', '"', 'said', 'major', 'harm', 'shareholder', 'would', 'legitimate', 'reason', 'holding', 'back', 'Charlie', '"s', 'reaction', 'time', '`', 'supposed', 'applaud', 'dog', 'foul', 'lawn', 'Chihuahua', 'rather', 'Saint', 'Bernard', '"', '17', 'seller', 'smaller', 'bank', 'fool', 'delivered', 'one', 'final', 'demand', 'negotiation', '`', 'merger', '"', 'effect', 'said', 'perhaps', 'using', 'word', 'phrased', 'diplomatically', '`', "m", 'going', 'large', 'shareholder', 'bank', 'represent', 'huge', 'portion', 'net', 'worth', 'promise', 'therefore', '"ll", 'never', 'deal', 'dumb', '"', 'Yes', 'merger', 'went', 'owner', 'small', 'bank', 'became', 'richer', 'became', 'poorer', 'manager', 'big', 'bank', 'newly', 'bigger', 'lived', 'happily', 'ever', 'Annual', 'Meeting', 'best', 'guess', '35,000', 'people', 'attended', 'annual', 'meeting', 'last', 'year', '12', 'zero', 'omitted', '1981', 'shareholder', 'population', 'much', 'expanded', 'expect', 'even', 'year', 'Therefore', 'make', 'change', 'usual', 'routine', 'change', 'however', 'enthusiasm', 'attend', 'Charlie', 'like', 'meet', 'answer', 'question', 'best', 'buy', 'lot', 'good', 'business', 'meeting', 'year', 'held', 'Saturday', 'May', '1', 'st', 'always', 'door', 'open', 'Qwest', 'Center', '7', 'a.m.', 'new', 'Berkshire', 'movie', 'shown', '8:30', '9:30', 'go', 'directly', 'question-and-answer', 'period', 'break', 'lunch', 'Qwest', '"s', 'stand', 'last', '3:30', 'short', 'recess', 'Charlie', 'convene', 'annual', 'meeting', '3:45', 'decide', 'leave', 'day', '"s', 'question', 'period', 'please', 'Charlie', 'talking', 'Act', 'fast', 'terse', 'best', 'reason', 'exit', 'course', 'shop', 'help', 'filling', '194,300-square-', 'foot', 'hall', 'adjoins', 'meeting', 'area', 'product', 'dozen', 'Berkshire', 'subsidiary', 'Last', 'year', 'part', 'location', 'racked', 'record', 'sale', 'better', 'friendly', 'warning', 'find', 'sale', 'lagging', 'get', 'testy', 'lock', 'exit', 'GEICO', 'booth', 'staffed', 'number', 'top', 'counselor', 'around', 'country', 'ready', 'supply', 'auto', 'insurance', 'quote', 'case', 'GEICO', 'able', 'give', 'shareholder', 'discount', 'usually', '8', 'special', 'offer', 'permitted', '44', '51', 'jurisdiction', 'operate', 'One', 'supplemental', 'point', 'discount', 'additive', 'qualify', 'another', 'given', 'certain', 'group', 'Bring', 'detail', 'existing', 'insurance', 'check', 'whether', 'save', 'money', 'least', '50', 'believe', 'sure', 'visit', 'Bookworm', 'Among', '30', 'book', 'DVDs', 'offer', 'two', 'new', 'book', 'son', 'Howard', '"s', 'Fragile', 'volume', 'filled', 'photo', 'commentary', 'life', 'struggle', 'around', 'globe', 'Peter', '"s', 'Life', 'Make', 'Completing', 'family', 'trilogy', 'de

but', 'sister', 'Doris', '"s', 'biography', 'story', 'focusing', 'remarkable', 'phil anthropic', 'activity', 'Also', 'available', 'Poor', 'Charlie', '"s', 'Almanack', 's tory', 'partner', 'book', 'something', 'publishing', 'miracle', 'never', 'advertise d', 'yet', 'year', 'year', 'selling', 'many', 'thousand', 'copy', 'Internet', 'sit e', 'need', 'ship', 'book', 'purchase', 'nearby', 'shipping', 'service', 'availabl e', 'big', 'spender', 'matter', 'merely', 'gawker', 'visit', 'Elliott', 'Aviation', 'east', 'side', 'Omaha', 'airport', 'noon', '5:00', 'p.m.', 'Saturday', 'fleet', 'Ne tJets', 'aircraft', 'get', 'pulse', 'racing', 'attachment', 'proxy', 'material', 'en closed', 'report', 'explains', 'obtain', 'credential', 'need', 'admission', 'meetin g', 'event', 'plane', 'hotel', 'car', 'reservation', 'signed', 'American', 'Expres s', '800-799-6634', 'give', 'special', 'help', 'Carol', 'Pedersen', 'handle', 'matte r', 'terrific', 'job', 'u', 'year', 'thank', 'Hotel', 'room', 'hard', 'find', 'wor k', 'Carol', 'get', 'one', '18', 'Nebraska', 'Furniture', 'Mart', 'located', '77-acr e', 'site', '72', 'nd', 'Street', 'Dodge', 'Pacific', '``', 'Berkshire', 'Weekend', '"', 'discount', 'pricing', 'obtain', 'Berkshire', 'discount', 'must', 'make', 'pur chase', 'Thursday', 'April', '29', 'th', 'Monday', 'May', '3', 'rd', 'inclusive', 'a lso', 'present', 'meeting', 'credential', 'period', '"s', 'special', 'pricing', 'eve n', 'apply', 'product', 'several', 'prestigious', 'manufacturer', 'normally', 'ironc lad', 'rule', 'discounting', 'spirit', 'shareholder', 'weekend', 'made', 'exceptio n', 'appreciate', 'cooperation', 'NFM', 'open', '10', 'a.m.', '9', 'p.m.', 'Monday', 'Saturday', '10', 'a.m.', '6', 'p.m.', 'Sunday', 'Saturday', 'year', '5:30', 'p.m.', '8', 'p.m.', 'NFM', 'Berkyville', 'BBQ', 'invited', 'Borsheims', 'two', 'shareholder -only', 'event', 'first', 'cocktail', 'reception', '6', 'p.m.', '10', 'p.m.', 'Frida y', 'April', '30', 'th', 'second', 'main', 'gala', 'held', 'Sunday', 'May', '2', 'n d', '9', 'a.m.', '4', 'p.m.', 'Saturday', 'open', '6', 'p.m.', 'huge', 'crowd', 'Bor sheims', 'throughout', 'weekend', 'convenience', 'therefore', 'shareholder', 'pric e', 'available', 'Monday', 'April', '26', 'th', 'Saturday', 'May', '8', 'th', 'perio d', 'please', 'identify', 'shareholder', 'presenting', 'meeting', 'credential', 'bro kerage', 'statement', 'show', 'Berkshire', 'holder', 'Enter', 'rhinestone', 'leave', 'diamond', 'daughter', 'tell', 'buy', 'save', 'kid', 'say', 'darnedest', 'thing', 'S unday', 'mall', 'outside', 'Borsheims', 'blindfolded', 'Patrick', 'Wolff', 'twice', 'U.S.', 'chess', 'champion', 'take', 'comer', 'eye', 'wide', 'open', 'group', 'six', 'Nearby', 'Norman', 'Beck', 'remarkable', 'magician', 'Dallas', 'bewilder', 'onlooke r', 'special', 'treat', 'shareholder', 'year', 'return', 'friend', 'Ariel', 'Hsing', 'country', '"s', 'top-ranked', 'junior', 'table', 'tennis', 'player', 'good', 'bet', 'win', 'Olympics', 'day', '14', 'Ariel', 'came', 'annual', 'meeting', 'four', 'yea r', 'ago', 'demolished', 'comer', 'including', 'witness', 'humiliating', 'defeat', 'YouTube', 'type', 'Ariel', 'Hsing', 'Berkshire', 'Naturally', '"ve', 'plotting', 'c omeback', 'take', 'outside', 'Borsheims', '1:00', 'p.m.', 'Sunday', 'three-point', 'match', 'soften', 'shareholder', 'invited', 'try', 'luck', 'similar', 'three-poin t', 'contest', 'Winners', 'given', 'box', 'See', '"s', 'candy', 'equipment', 'availa ble', 'bring', 'paddle', 'think', 'help', 'wo', 'n't', 'Gorat', '"s', 'open', 'exclu sively', 'Berkshire', 'shareholder', 'Sunday', 'May', '2', 'nd', 'serving', '1', 'p. m.', '10', 'p.m.', 'Last', 'year', 'though', 'overwhelmed', 'demand', 'many', 'dine r', 'expected', 'year', '"ve', 'asked', 'friend', 'Donna', 'Sheehan', 'Piccolo', '"s', 'another', 'favorite', 'restaurant', 'mine', 'serve', 'shareholder', 'Sunday', 'well', 'Piccolo', '"s', 'giant', 'root', 'beer', 'float', 'mandatory', 'fan', 'fin e', 'dining', 'plan', 'eat', 'restaurant', 'weekend', 'action', 'make', 'really', 'h ungry', 'favorite', 'dish', 'spot', 'Remember', 'make', 'reservation', 'Gorat', '"s', 'call', '402-551-3733', 'April', '1', 'st', 'Piccolo', '"s', 'call', '402-342- 9038', 'Regrettably', 'able', 'reception', 'international', 'visitor', 'year', 'coun t', 'grew', '800', 'last', 'year', 'simply', 'signing', 'one', 'item', 'per', 'perso n', 'took', '2', 'Vi', 'hour', 'Since', 'expect', 'even', 'international', 'visito r', 'year', 'Charlie', 'decided', 'must', 'drop', 'function', 'assured', 'welcome', 'every', 'international', 'visitor', 'come', 'Last', 'year', 'changed', 'method', 'd etermining', 'question', 'would', 'asked', 'meeting', 'received', 'many', 'dozen',

'letter', 'applauding', 'new', 'arrangement', 'therefore', 'three', 'financial', 'journalist', 'lead', 'question-and-answer', 'period', 'asking', 'Charlie', 'question', 'shareholder', 'submitted', 'e-mail', '19', 'journalist', 'e-mail', 'address', 'Carol', 'Loomis', 'Fortune', 'may', 'e-mailed', 'cloomis', 'fortunemail.com', 'Becky', 'Quick', 'CNBC', 'BerkshireQuestions', 'cnbc.com', 'Andrew', 'Ross', 'Sorkin', 'New', 'York', 'Times', 'arsorkin', 'nytimes.com', 'question', 'submitted', 'journalist', 'choose', 'dozen', 'decides', 'interesting', 'important', 'journalist', 'told', 'question', 'best', 'chance', 'selected', 'keep', 'concise', 'include', 'two', 'question', 'e-mail', 'send', 'e-mail', 'let', 'journalist', 'know', 'would', 'like', 'name', 'mentioned', 'question', 'selected', 'Neither', 'Charlie', 'get', 'much', 'clue', 'question', 'asked', 'know', 'journalist', 'pick', 'tough', 'one', "'s", 'way', 'like', 'drawing', '8:15', 'Saturday', '13', 'microphone', 'shareholder', 'wishing', 'ask', 'question', 'meeting', 'alternate', 'question', 'asked', 'journalist', 'winning', 'shareholder', "'ve", 'added', '30', 'minute', 'question', 'time', 'probably', 'time', '30', 'question', 'group', '86', '79', 'Charlie', 'remain', 'lucky', 'beyond', 'dream', 'born', 'America', 'terrific', 'parent', 'saw', 'got', 'good', 'education', 'enjoyed', 'wonderful', 'family', 'great', 'health', 'came', 'equipped', '``', 'business', '""', 'gene', 'allows', 'u', 'prosper', 'manner', 'hugely', 'disproportionate', 'experienced', 'many', 'people', 'contribute', 'much', 'society', "'s", 'well-being', 'Moreover', 'long', 'job', 'love', 'helped', 'countless', 'way', 'talented', 'cheerful', 'associate', 'Indeed', 'year', 'work', 'become', 'ever', 'fascinating', 'wonder', 'tap-dance', 'work', 'pushed', 'would', 'gladly', 'pay', 'substantial', 'sum', 'job', "n't", 'tell', 'Comp', 'Committee', 'Nothing', 'however', 'fun', 'u', 'getting', 'together', 'shareholder-partners', 'Berkshire', "'s", 'annual', 'meeting', 'join', 'u', 'May', '1', 'st', 'Qwest', 'annual', 'Woodstock', 'Capitalists', "'ll", 'see', 'February', '26', '20', '1', 'Warren', 'E.', 'Buffett', 'Chairman', 'Board', 'P.S', 'Come', 'rail', '20', 'Berkshire', "'s", 'Corporate', 'Performance', 'vs.', 'P', '500', 'Annual', 'Percentage', 'Change', 'Per-Share', 'P', '500', 'Book', 'Value', 'Dividends', 'Relative', 'Berkshire', 'Included', 'Results', 'Year', '1', '2', '1', '2', '1965', '23.8', '10.0', '13.8', '1966', '20.3', '11.7', '32.0', '1967', '11.0', '30.9', '19.9', '1968', '19.0', '11.0', '8.0', '1969', '16.2', '8.4', '24.6', '1970', '12.0', '3.9', '8.1', '1971', '16.4', '14.6', '1.8', '1972', '21.7', '18.9', '2.8', '1973', '4.7', '14.8', '19.5', '1974', '5.5', '26.4', '31.9', '1975', '21.9', '37.2', '15.3', '1976', '59.3', '23.6', '35.7', '1977', '31.9', '7.4', '39.3', '1978', '24.0', '6.4', '17.6', '1979', '35.7', '18.2', '17.5', '1980', '19.3', '32.3', '13.0', '1981', '31.4', '5.0', '36.4', '1982', '40.0', '21.4', '18.6', '1983', '32.3', '22.4', '9.9', '1984', '13.6', '6.1', '7.5', '1985', '48.2', '31.6', '16.6', '1986', '26.1', '18.6', '7.5', '1987', '19.5', '5.1', '14.4', '1988', '20.1', '16.6', '3.5', '1989', '44.4', '31.7', '12.7', '1990', '7.4', '3.1', '10.5', '1991', '39.6', '30.5', '9.1', '1992', '20.3', '7.6', '12.7', '1993', '14.3', '10.1', '4.2', '1994', '13.9', '1.3', '12.6', '1995', '43.1', '37.6', '5.5', '1996', '31.8', '23.0', '8.8', '1997', '34.1', '33.4', '.7', '1998', '48.3', '28.6', '19.7', '1999', '.5', '21.0', '20.5', '2000', '6.5', '9.1', '15.6', '2001', '6.2', '11.9', '5.7', '2002', '10.0', '22.1', '32.1', '2003', '21.0', '28.7', '7.7', '2004', '10.5', '10.9', '.4', '2005', '6.4', '4.9', '1.5', '2006', '18.4', '15.8', '2.6', '2007', '11.0', '5.5', '5.5', '2008', '9.6', '37.0', '27.4', '2009', '19.8', '26.5', '6.7', '2010', '13.0', '15.1', '2.1', 'Compounded', 'Annual', 'Gain-', '1965-2010', '20.2', '9.4', '10.8', 'Overall', 'Gain-', '1964-2010', '490,409', '6,262', 'Notes', 'Data', 'calendar', 'year', 'exception', '1965', '1966', 'year', 'ended', '9/30', '1967', '15', 'month', 'ended', '12/31', 'Starting', '1979', 'accounting', 'rule', 'required', 'insurance', 'company', 'value', 'equity', 'security', 'hold', 'market', 'rather', 'lower', 'cost', 'market', 'previously', 'requirement', 'table', 'Berkshire', "'s", 'result', '1978', 'restated', 'conform', 'changed', 'rule', 'respect', 'result', 'calculated', 'using', 'number', 'originally', 'reported', 'P', '500', 'number', 'pre-tax', 'whereas', 'Berkshire', 'number', 'after-tax', 'corporation', 'Berkshire', 'simply', 'owned', 'P', '500', 'accrued', 'appropriate', 'tax', 'result', 'would

ld', 'lagged', 'P', '500', 'year', 'index', 'showed', 'positive', 'return', 'would', 'exceeded', 'P', '500', 'year', 'index', 'showed', 'negative', 'return', 'year', 'tax', 'cost', 'would', 'caused', 'aggregate', 'lag', 'substantial', '2', 'BERKSHIRE', 'HATHAWAY', 'INC.', 'Shareholders', 'Berkshire', 'Hathaway', 'Inc.', 'per-share', 'book', 'value', 'Class', 'Class', 'B', 'stock', 'increased', '13', '2010', 'last', '46', 'year', 'since', 'present', 'management', 'took', 'book', 'value', 'grown', '19', '95,453', 'rate', '20.2', 'compounded', 'annually', 'highlight', '2010', 'acquisition', 'Burlington', 'Northern', 'Santa', 'Fe', 'purchase', '"s', 'working', 'even', 'better', 'expected', 'appears', 'owning', 'railroad', 'increase', 'Berkshire', '"s", '\'', 'normal', '"', 'earning', 'power', 'nearly', '40', 'pre-tax', 'well', '30', 'after-tax', 'Making', 'purchase', 'increased', 'share', 'count', '6', 'used', '22', 'billion', 'cash', 'Since', '"ve", 'quickly', 'replenished', 'cash', 'economic', 's', 'transaction', 'turned', 'well', '\'', 'normal', 'year', '"', 'course', 'something', 'either', 'Charlie', 'Munger', 'Vice', 'Chairman', 'Berkshire', 'partner', 'define', 'anything', 'like', 'precision', 'purpose', 'estimating', 'current', 'earning', 'power', 'envisioning', 'year', 'free', 'mega-catastrophe', 'insurance', 'possessing', 'general', 'business', 'climate', 'somewhat', 'better', '2010', 'weaker', '2005', '2006', 'Using', 'assumption', 'several', 'others', 'explain', '\'', 'Investment', '"', 'section', 'estimate', 'normal', 'earning', 'power', 'asset', 'currently', '17', 'billion', 'pre-tax', '12', 'billion', 'after-tax', 'excluding', 'capital', 'gain', 'loss', 'Every', 'day', 'Charlie', 'think', 'build', 'base', 'u', 'enthusiastic', 'BNSF', '"s", 'future', 'railroad', 'major', 'cost', 'environmental', 'advantage', 'trucking', 'main', 'competitor', 'Last', 'year', 'BNSF', 'moved', 'ton', 'freight', 'carried', 'record', '500', 'mile', 'single', 'gallon', 'diesel', 'fuel', '"s", 'three', 'time', 'fuel-efficient', 'trucking', 'mean', 'railroad', 'owns', 'important', 'advantage', 'operating', 'cost', 'Concurrently', 'country', 'gain', 'reduced', 'greenhouse', 'emission', 'much', 'smaller', 'need', 'imported', 'oil', 'traffic', 'travel', 'rail', 'society', 'benefit', 'time', 'movement', 'good', 'United', 'States', 'increase', 'BNSF', 'get', 'full', 'share', 'gain', 'railroad', 'need', 'invest', 'massively', 'bring', 'growth', 'one', 'better', 'situated', 'Berkshire', 'supply', 'fund', 'required', 'However', 'slow', 'economy', 'chaotic', 'market', 'check', 'clear', 'Last', 'year', 'face', 'widespread', 'pessimism', 'economy', 'demonstrated', 'enthusiasm', 'capital', 'investment', 'Berkshire', 'spending', '6', 'billion', 'property', 'equipment', 'amount', '5.4', 'billion', '90', 'total', 'spent', 'United', 'States', 'Certainly', 'business', 'expand', 'abroad', 'future', 'overwhelming', 'part', 'future', 'investment', 'home', '2011', 'set', 'new', 'record', 'capital', 'spending', '8', 'billion', 'spend', '2', 'billion', 'increase', 'United', 'States', 'Money', 'always', 'flow', 'toward', 'opportunity', 'abundance', 'America', 'Commentators', 'today', 'often', 'talk', '\'', 'great', 'uncertainty', '"', 'think', 'back', 'example', 'December', '6', '1941', 'October', '18', '1987', 'September', '10', '2001', 'matter', 'serene', 'today', 'may', 'tomorrow', 'always', 'uncertain', 'per-share', 'figure', 'used', 'report', 'apply', 'Berkshire', '"s", 'share', 'Figures', 'B', 'share', '1/1', '500', 'th', 'shown', '3', 'n't', 'let', 'reality', 'spook', 'Throughout', 'lifetime', 'politician', 'pundit', 'constantly', 'moaned', 'terrifying', 'problem', 'facing', 'America', 'Yet', 'citizen', 'live', 'astonishing', 'six', 'time', 'better', 'born', 'prophet', 'doom', 'overlooked', 'all-important', 'factor', 'certain', 'Human', 'potential', 'far', 'exhausted', 'American', 'system', 'unleashing', 'potential', 'system', 'worked', 'wonder', 'two', 'century', 'despite', 'frequent', 'interruption', 'recession', 'even', 'Civil', 'War', 'remains', 'alive', 'effective', 'natively', 'smarter', 'country', 'founded', 'work', 'harder', 'look', 'around', 'see', 'world', 'beyond', 'dream', 'colonial', 'citizen', '1776', '1861', '1932', '1941', 'America', '"s", 'best', 'day', 'lie', 'ahead', 'Performance', 'Charlie', 'believe', 'entrusted', 'handling', 'fund', 'others', 'establish', 'performance', 'goal', 'onset', 'stewardship', 'Lacking', 'standard', 'management', 'tempted', 'shoot', 'arrow', 'performance', 'paint', 'bull's-eye', 'around', 'wherever', 'land', 'Berkshire', '"s", 'case', 'long', 'ago', 'told', 'job', 'increase', 'per-shar

e', 'intrinsic', 'value', 'rate', 'greater', 'increase', 'including', 'dividend', 'P', '500', 'year', 'succeed', 'others', 'fail', 'unable', 'time', 'reach', 'goal', 'done', 'nothing', 'investor', 'could', 'realized', 'equal', 'better', 'result', 'owning', 'index', 'fund', 'challenge', 'course', 'calculation', 'intrinsic', 'value', 'Present', 'task', 'Charlie', 'separately', 'get', 'two', 'different', 'answer', 'Precision', 'n't', 'possible', 'eliminate', 'subjectivity', 'therefore', 'use', 'understated', 'proxy', 'intrinsic-value', 'book', 'value', 'measuring', 'performance', 'sure', 'business', 'worth', 'far', 'carrying', 'value', 'book', 'Later', 'report', 'll', 'present', 'case', 'study', 'since', 'premium', 'seldom', 'swing', 'wildly', 'year', 'year', 'book', 'value', 'serve', 'reasonable', 'device', 'tracking', 'table', 'page', '2', 'show', '46-year', 'record', 'P', 'performance', 'quite', 'good', 'earlier', 'year', 'satisfactory', 'bountiful', 'year', 'want', 'emphasize', 'never', 'return', 'huge', 'sum', 'capital', 'currently', 'manage', 'eliminate', 'chance', 'exceptional', 'performance', 'strive', 'however', 'better-than-average', 'result', 'feel', 'fair', 'hold', 'u', 'standard', 'Yearly', 'figure', 'noted', 'neither', 'ignored', 'viewed', 'all-important', 'pace', 'earth', 's', 'movement', 'around', 'sun', 'synchronized', 'time', 'required', 'either', 'investment', 'idea', 'operating', 'decision', 'bear', 'fruit', 'GEICO', 'example', 'enthusiastically', 'spent', '900', 'million', 'last', 'year', 'advertising', 'obtain', 'policyholder', 'deliver', 'u', 'immediate', 'profit', 'could', 'spend', 'twice', 'amount', 'productively', 'would', 'happily', 'though', 'short-term', 'result', 'would', 'penalized', 'Many', 'large', 'investment', 'railroad', 'utility', 'operation', 'also', 'made', 'eye', 'payoff', 'well', 'road', 'provide', 'longer-term', 'perspective', 'performance', 'present', 'facing', 'page', 'yearly', 'figure', 'page', '2', 'recast', 'series', 'five-year', 'period', 'Overall', '42', 'period', 'tell', 'interesting', 'story', 'comparative', 'basis', 'best', 'year', 'ended', 'early', '1980s', 'market', 's', 'golden', 'period', 'however', 'came', '17', 'following', 'year', 'Berkshire', 'achieving', 'stellar', 'absolute', 'return', 'even', 'relative', 'advantage', 'narrowed', '1999', 'market', 'stalled', 'already', 'noticed', 'Consequently', 'satisfactory', 'performance', 'relative', 'P', 'Berkshire', 'achieved', 'since', 'delivered', 'moderate', 'absolute', 'result', 'Looking', 'forward', 'hope', 'average', 'several', 'point', 'better', 'P', 'though', 'result', 'course', 'far', 'sure', 'thing', 'succeed', 'aim', 'almost', 'certainly', 'produce', 'better', 'relative', 'result', 'bad', 'year', 'stock', 'market', 'suffer', 'poorer', 'result', 'strong', 'market', '4', 'Berkshire', 's', 'Corporate', 'Performance', 'vs.', 'P', '500', 'Five-', 'Year', 'Periods', 'Annual', 'Percentage', 'Change', 'Per-Share', 'P', '500', 'Book', 'Value', 'Dividends', 'Relative', 'Berkshire', 'Included', 'Results', 'Five-', 'Year', 'Period', '1', '2', '1', '2', '1965-', '1969', '17.2', '5.0', '12.2', '1966-', '1970', '14.7', '3.9', '10.8', '1967-', '1971', '13.9', '9.2', '4.7', '1968-', '1972', '16.8', '7.5', '9.3', '1969-', '1973', '17.7', '2.0', '15.7', '1970-', '1974', '15.0', '2.4', '17.4', '1971-', '1975', '13.9', '3.2', '10.7', '1972-', '1976', '20.8', '4.9', '15.9', '1973-', '1977', '23.4', '0.2', '23.6', '1974-', '1978', '24.4', '4.3', '20.1', '1975-', '1979', '30.1', '14.7', '15.4', '1976-', '1980', '33.4', '13.9', '19.5', '1977-', '1981', '29.0', '8.1', '20.9', '1978-', '1982', '29.9', '14.1', '15.8', '1979-', '1983', '31.6', '17.3', '14.3', '1980-', '1984', '27.0', '14.8', '12.2', '1981-', '1985', '32.6', '14.6', '18.0', '1982-', '1986', '31.5', '19.8', '11.7', '1983-', '1987', '27.4', '16.4', '11.0', '1984-', '1988', '25.0', '15.2', '9.8', '1985-', '1989', '31.1', '20.3', '10.8', '1986-', '1990', '22.9', '13.1', '9.8', '1987-', '1991', '25.4', '15.3', '10.1', '1988-', '1992', '25.6', '15.8', '9.8', '1989-', '1993', '24.4', '14.5', '9.9', '1990-', '1994', '18.6', '8.7', '9.9', '1991-', '1995', '25.6', '16.5', '9.1', '1992-', '1996', '24.2', '15.2', '9.0', '1993-', '1997', '26.9', '20.2', '6.7', '1994-', '1998', '33.7', '24.0', '9.7', '1995-', '1999', '30.4', '28.5', '1.9', '1996-', '2000', '22.9', '18.3', '4.6', '1997-', '2001', '14.8', '10.7', '4.1', '1998-', '2002', '10.4', '0.6', '11.0', '1999-', '2003', '6.0', '0.6', '6.6', '2000-', '2004', '8.0', '2.3', '10.3', '2001-', '2005', '8.0', '0.6', '7.4', '2002-', '2006', '13.1', '6.2', '6.9', '2003-', '2007', '13.3', '12.8', '0.5', '2004-', '200

8', '6.9', '2.2', '9.1', '2005-', '2009', '8.6', '0.4', '8.2', '2006-', '2010', '10.0', '2.3', '7.7', 'Notes', 'first', 'two', 'period', 'cover', 'five', 'year', 'beginning', 'September', '30', 'previous', 'year', 'third', 'period', 'cover', '63', 'month', 'beginning', 'September', '30', '1966', 'December', '31', '1971', 'period', 'involve', 'calendar', 'year', 'note', 'page', '2', 'also', 'apply', 'table', '5', 'Intrinsic', 'Value', 'Today', 'Tomorrow', 'Though', 'Berkshire', "'s", 'intrinsic', 'value', 'precisely', 'calculated', 'two', 'three', 'key', 'pillar', 'measured', 'Charlie', 'rely', 'heavily', 'measurement', 'make', 'estimate', 'Berkshire', "'s", 'value', 'first', 'component', 'value', 'investment', 'stock', 'bond', 'cash', 'equivalent', 'yearend', 'totaled', '158', 'billion', 'market', 'value', 'Insurance', 'float', 'money', 'temporarily', 'hold', 'insurance', 'operation', 'belong', 'u', 'fund', '66', 'billion', 'investment', 'float', '``', 'free', '""', 'long', 'insurance', 'underwriting', 'break', 'even', 'meaning', 'premium', 'receive', 'equal', 'loss', 'expense', 'incur', 'course', 'underwriting', 'result', 'volatile', 'swinging', 'erratically', 'profit', 'loss', 'entire', 'history', 'though', "'ve", 'significantly', 'profitable', 'also', 'expect', 'u', 'average', 'breakeven', 'result', 'better', 'future', 'investment', 'funded', 'float', 'retained', 'earnings', 'viewed', 'element', 'value', 'Berkshire', 'shareholder', 'Berkshire', "'s", 'second', 'component', 'value', 'earnings', 'come', 'source', 'investment', 'insurance', 'underwriting', 'earnings', 'delivered', '68', 'non-insurance', 'company', 'itemized', 'page', '106', 'Berkshire', "'s", 'early', 'year', 'focused', 'investment', 'side', 'past', 'two', 'decade', 'however', "'ve", 'increasingly', 'emphasized', 'development', 'earnings', 'non-insurance', 'business', 'practice', 'continue', 'following', 'table', 'illustrate', 'shift', 'first', 'table', 'present', 'per-share', 'investment', 'decade', 'interval', 'beginning', '1970', 'three', 'year', 'entered', 'insurance', 'business', 'exclude', 'investment', 'applicable', 'minority', 'interest', 'Per-Share', 'Compounded', 'Annual', 'Increase', 'Yearend', 'Investments', 'Period', 'Per-Share', 'Investments', '1970', '66', '1980', '754', '1970-1980', '27.5', '1990', '7,798', '1980-1990', '26.3', '2000', '50,229', '1990-2000', '20.5', '2010', '94,730', '2000-2010', '6.6', 'Though', 'compounded', 'annual', 'increase', 'per-share', 'investment', 'healthy', '19.9', '40-year', 'period', 'rate', 'increase', 'slowed', 'sharply', 'focused', 'using', 'fund', 'buy', 'operating', 'business', 'payoff', 'shift', 'shown', 'following', 'table', 'illustrates', 'earnings', 'non-insurance', 'business', 'increased', 'per-share', 'basis', 'applicable', 'minority', 'interest', 'Per-Share', 'Compounded', 'Annual', 'Increase', 'Year', 'Pre-Tax', 'Earnings', 'Period', 'Per-Share', 'Pre-Tax', 'Earnings', '1970', '2.87', '1980', '19.01', '1970-1980', '20.8', '1990', '102.58', '1980-1990', '18.4', '2000', '918.66', '1990-2000', '24.5', '2010', '5,926.04', '2000-2010', '20.5', '6', 'forty', 'year', 'compounded', 'annual', 'gain', 'pre-tax', 'non-insurance', 'earnings', 'per', 'share', '21.0', 'period', 'Berkshire', "'s", 'stock', 'price', 'increased', 'rate', '22.1', 'annually', 'time', 'expect', 'stock', 'price', 'move', 'rough', 'tandem', 'Berkshire', "'s", 'investment', 'earnings', 'Market', 'price', 'intrinsic', 'value', 'often', 'follow', 'different', 'path', 'sometimes', 'extended', 'period', 'eventually', 'meet', 'third', 'subjective', 'element', 'intrinsic', 'value', 'calculation', 'either', 'positive', 'negative', 'efficacy', 'retained', 'earnings', 'deployed', 'future', 'well', 'many', 'business', 'likely', 'retain', 'earnings', 'next', 'decade', 'equal', 'even', 'exceed', 'capital', 'presently', 'employ', 'company', 'turn', 'retained', 'dollar', 'fifty-cent', 'piece', 'others', 'two-dollar', 'bill', '``', 'what-will-they-do-with-the-money', '""', 'factor', 'must', 'always', 'evaluated', 'along', '""', 'what-do-we-have-now', '""', 'calculation', 'order', 'u', 'anybody', 'arrive', 'sensible', 'estimate', 'company', "'s", 'intrinsic', 'value', "'s", 'outside', 'investor', 'stand', 'helplessly', 'management', 'reinvests', 'share', 'company', "'s", 'earnings', 'CEO', 'expected', 'job', 'well', 'reinvestment', 'prospect', 'add', 'company', "'s", 'current', 'value', 'CEO', "'s", 'talent', 'motif', 'suspect', 'today', "'s", 'value', 'must', 'discounted', 'difference', 'outcome', 'huge', 'dollar', 'then-value', 'hand', 'Sears', 'Roebuck', "'s", 'Montgomery', 'Ward', "'s", 'CEOs', 'late', '1960s', 'far', 'different',

'destiny', 'dollar', 'entrusted', 'Sam', 'Walton', 'Charlie', 'hope', 'per-share', 'earnings', 'non-insurance', 'business', 'continue', 'increase', 'decent', 'rate', 'job', 'get', 'tougher', 'number', 'get', 'larger', 'need', 'good', 'performance', 'current', 'business', 'major', 'acquisition', "'re", 'prepared', 'elephant', 'gun', 'reloaded', 'trigger', 'finger', 'itchy', 'Partially', 'offsetting', 'anchor', 'size', 'several', 'important', 'advantage', 'First', 'posse', 'cadre', 'truly', 'skilled', 'manager', 'unusual', 'commitment', 'operation', 'Berkshire', 'Many', 'CEOs', 'independently', 'wealthy', 'work', 'love', 'volunteer', 'mercenary', 'one', 'offer', 'job', 'would', 'enjoy', 'ca', "n't", 'lured', 'away', 'Berkshire', 'manager', 'focus', 'running', 'business', 'subjected', 'meeting', 'headquarters', 'financing', 'worry', 'Wall', 'Street', 'harassment', 'simply', 'get', 'letter', 'every', 'two', 'year', "'s", 'reproduced', 'page', '104-105', 'call', 'wish', 'wish', 'differ', 'manager', 'talked', 'last', 'year', 'one', 'talk', 'almost', 'daily', 'trust', 'people', 'rather', 'process', '``', 'hire', 'well', 'manage', 'little', '""', 'code', 'suit', 'Berkshire', "'s", 'CEOs', 'come', 'many', 'form', 'MB', 'others', 'never', 'finished', 'college', 'use', 'budget', 'by-the-book', 'type', 'others', 'operate', 'seat', 'pant', 'team', 'resembles', 'baseball', 'squad', 'composed', 'all-stars', 'vastly', 'different', 'batting', 'style', 'Changes', 'line-up', 'seldom', 'required', 'second', 'advantage', 'relates', 'allocation', 'money', 'business', 'earn', 'meeting', 'need', 'business', 'substantial', 'sum', 'left', 'company', 'limit', 'reinvesting', 'fund', 'within', 'industry', 'operating', 'often', 'restricts', 'however', '""', 'universe', '""', 'capital', 'allocation', 'tiny', 'quite', 'inferior', 'available', 'wider', 'world', 'Competition', 'opportunity', 'available', 'tends', 'become', 'fierce', 'seller', 'upper', 'hand', 'girl', 'might', 'female', 'party', 'attended', 'many', 'boy', 'lopsided', 'situation', 'would', 'great', 'girl', 'terrible', 'boy', 'Berkshire', 'face', 'institutional', 'restraint', 'deploy', 'capital', 'Charlie', 'limited', 'ability', 'understand', 'likely', 'future', 'possible', 'acquisition', 'clear', 'hurdle', 'frequently', 'ca', "n't", 'able', 'compare', 'one', 'opportunity', 'host', 'others', '7', 'took', 'control', 'Berkshire', '1965', "n't", 'exploit', 'advantage', 'Berkshire', 'textile', 'previous', 'decade', 'lost', 'significant', 'money', 'dumbest', 'thing', 'could', 'done', 'pursue', '``', 'opportunity', '""', 'improve', 'expand', 'existing', 'textile', 'operation', 'year', "'s", 'exactly', 'final', 'burst', 'brilliance', 'went', 'bought', 'another', 'textile', 'company', 'Aaaaaaargh', 'Eventually', 'came', 'sens', 'heading', 'first', 'insurance', 'industry', 'even', 'supplement', 'world-is-our-oyster', 'advantage', 'addition', 'evaluating', 'attraction', 'one', 'business', 'host', 'others', 'also', 'measure', 'business', 'opportunity', 'available', 'marketable', 'security', 'comparison', 'management', "n't", 'make', 'Often', 'business', 'priced', 'ridiculously', 'high', 'likely', 'earned', 'investment', 'stock', 'bond', 'moment', 'buy', 'security', 'bide', 'time', 'flexibility', 'respect', 'capital', 'allocation', 'accounted', 'much', 'progress', 'date', 'able', 'take', 'money', 'earn', 'say', 'See', "'s", 'Candies', 'Business', 'Wire', 'two', 'best-run', 'business', 'also', 'two', 'offering', 'limited', 'reinvestment', 'opportunity', 'use', 'part', 'stake', 'needed', 'buy', 'BNSF', 'final', 'advantage', 'hard-to-duplicate', 'culture', 'permeates', 'Berkshire', 'business', 'culture', 'count', 'start', 'director', 'represent', 'think', 'act', 'like', 'owner', 'receive', 'token', 'compensation', 'option', 'restricted', 'stock', 'matter', 'virtually', 'cash', 'provide', 'director', 'officer', 'liability', 'insurance', 'given', 'almost', 'every', 'large', 'public', 'company', 'mess', 'money', 'lose', 'money', 'well', 'Leaving', 'holding', 'aside', 'director', 'family', 'Berkshire', 'share', 'worth', '3', 'billion', 'director', 'therefore', 'monitor', 'Berkshire', "'s", 'action', 'result', 'keen', 'interest', 'owner', "'s", 'eye', 'lucky', 'steward', 'owner-orientation', 'prevails', 'among', 'manager', 'many', 'case', 'people', 'sought', 'Berkshire', 'acquirer', 'business', 'family', 'long', 'owned', 'came', 'u', 'owner', "'s", 'mindset', 'provide', 'environment', 'encourages', 'retain', 'manager', 'love', 'business', 'small', 'advantage', 'Cultures', 'self-propagate', 'Winston', 'Churchill', 'said', '``', 'shape', 'house', 'shape', '""', 'wisdom', 'applies', 'business', 'wel

l', 'Bureaucratic', 'procedure', 'beget', 'bureaucracy', 'imperial', 'corporate', 'palace', 'induce', 'imperious', 'behavior', 'one', 'wag', 'put', '``', 'know', "'re", 'longer', 'CEO', 'get', 'back', 'seat', 'car', "n't", 'move', "''", 'Berkshire', "'s", '``', 'World', 'Headquarters', "''", 'annual', 'rent', '270,212', 'Moreover', 'home-office', 'investment', 'furniture', 'art', 'Coke', 'dispenser', 'lunch', 'room', 'high-tech', 'equipment', 'name', 'total', '301,363', 'long', 'Charlie', 'treat', 'money', 'Berkshire', "'s", 'manager', 'likely', 'careful', 'well', 'compensation', 'program', 'annual', 'meeting', 'even', 'annual', 'report', 'designed', 'eye', 'reinforcing', 'Berkshire', 'culture', 'making', 'one', 'repel', 'expel', 'manager', 'different', 'bent', 'culture', 'grows', 'stronger', 'every', 'year', 'remain', 'interact', 'long', 'Charlie', 'left', 'scene', 'need', 'strength', "'ve", 'described', 'reasonably', 'well', 'manager', 'deliver', 'count', 'whether', 'Charlie', 'hold', 'end', 'capital', 'allocation', 'depends', 'part', 'competitive', 'environment', 'acquisition', 'get', 'best', 'effort', 'GEICO', 'let', 'tell', 'story', 'help', 'understand', 'intrinsic', 'value', 'business', 'far', 'exceed', 'book', 'value', 'Relating', 'tale', 'also', 'give', 'chance', 'relive', 'great', 'memory', 'Sixty', 'year', 'ago', 'last', 'month', 'GEICO', 'entered', 'life', 'destined', 'shape', 'huge', 'way', '20-year-old', 'graduate', 'student', 'Columbia', 'elected', 'go', 'hero', 'Ben', 'Graham', 'taught', 'once-a-week', 'class', 'school', '8', 'One', 'day', 'library', 'checked', 'Ben', "'s", 'entry', "'s", 'America', 'found', 'chairman', 'Government', 'Employees', 'Insurance', 'Co.', 'called', 'GEICO', 'knew', 'nothing', 'insurance', 'never', 'heard', 'company', 'librarian', 'however', 'steered', 'large', 'compendium', 'insurer', 'reading', 'page', 'GEICO', 'decided', 'visit', 'company', 'following', 'Saturday', 'boarded', 'early', 'train', 'Washington', 'Alas', 'arrived', 'company', "'s", 'headquarters', 'building', 'closed', 'rather', 'frantically', 'started', 'pounding', 'door', 'finally', 'janitor', 'appeared', 'asked', 'anyone', 'office', 'could', 'talk', 'steered', 'person', 'around', 'Lorimer', 'Davidson', 'lucky', 'moment', 'next', 'four', 'hour', '``', 'Davy', "''", 'gave', 'education', 'insurance', 'GEICO', 'beginning', 'wonderful', 'friendship', 'Soon', 'thereafter', 'graduated', 'Columbia', 'became', 'stock', 'salesman', 'Omaha', 'GEICO', 'course', 'prime', 'recommendation', 'got', 'great', 'start', 'dozen', 'customer', 'GEICO', 'also', 'jump-started', 'net', 'worth', 'soon', 'meeting', 'Davy', 'made', 'stock', '75', '9,800', 'investment', 'portfolio', 'Even', 'felt', 'over-diversified', 'Subsequently', 'Davy', 'became', 'CEO', 'GEICO', 'taking', 'company', 'undreamed-of', 'height', 'got', 'trouble', 'mid-1970s', 'year', 'retirement', 'happened', 'stock', 'falling', '95', 'Berkshire', 'bought', 'one-third', 'company', 'market', 'position', 'year', 'increased', '50', 'GEICO', "'s", 'repurchase', 'share', 'Berkshire', "'s", 'cost', 'half', 'business', '46', 'million', 'Despite', 'size', 'position', 'exercised', 'control', 'operation', 'purchased', 'remaining', '50', 'GEICO', 'beginning', '1996', 'spurred', 'Davy', '95', 'make', 'video', 'tape', 'saying', 'happy', 'beloved', 'GEICO', 'would', 'permanently', 'reside', 'Berkshire', 'also', 'playfully', 'concluded', '``', 'Next', 'time', 'Warren', 'please', 'make', 'appointment', "''", 'lot', 'happened', 'GEICO', 'last', '60', 'year', 'core', 'goal', 'saving', 'Americans', 'substantial', 'money', 'purchase', 'auto', 'insurance', 'remains', 'unchanged', 'Try', 'u', '1-800-847-7536', 'www.GEICO.com', 'word', 'get', 'policyholder', "'s", 'business', 'deserving', 'business', 'Focusing', 'objective', 'company', 'grown', 'America', "'s", 'third-largest', 'auto', 'insurer', 'market', 'share', '8.8', 'Tony', 'Nicely', 'GEICO', "'s", 'CEO', 'took', '1993', 'share', '2.0', 'level', 'stuck', 'decade', 'GEICO', 'became', 'different', 'company', 'Tony', 'finding', 'path', 'consistent', 'growth', 'simultaneously', 'maintaining', 'underwriting', 'discipline', 'keeping', 'cost', 'low', 'Let', 'quantify', 'Tony', "'s", 'achievement', '1996', 'bought', '50', 'GEICO', "n't", 'already', 'cost', 'u', '2.3', 'billion', 'price', 'implied', 'value', '4.6', 'billion', '100', 'GEICO', 'tangible', 'net', 'worth', '1.9', 'billion', 'excess', 'tangible', 'net', 'worth', 'implied', 'value', '2.7', 'billion', 'estimated', 'GEICO', "'s", '``', 'goodwill', "''", 'worth', 'time', 'goodwill', 'represented', 'economic', 'value', 'policyholder', 'business', 'GEICO', '1995', 'customer', 'p

aid', 'company', '2.8', 'billion', 'premium', 'Consequently', 'valuing', 'GEICO',
 "'s", 'customer', '97', '2.7/2.8', 'annually', 'paying', 'company', 'industry', 'sta
 ndard', 'high', 'price', 'GEICO', 'ordinary', 'insurer', 'company', "'s", 'low', 'co
 st', 'policyholder', 'consistently', 'profitable', 'unusually', 'loyal', 'Today', 'p
 remium', 'volume', '14.3', 'billion', 'growing', 'Yet', 'carry', 'goodwill', 'GEIC
 O', 'book', '1.4', 'billion', 'amount', 'remain', 'unchanged', 'matter', 'much', 'va
 lue', 'GEICO', 'increase', 'accounting', 'rule', 'write', 'carrying', 'value', 'good
 will', 'economic', 'value', 'decrease', 'leave', 'unchanged', 'economic', 'value',
 'increase', 'Using', '97', '-of-premium-', 'volume', 'yardstick', 'applied', '1996',
 'purchase', 'real', 'value', 'today', 'GEICO', "'s", 'economic', 'goodwill', '14',
 'billion', 'value', 'likely', 'much', 'higher', 'ten', 'twenty', 'year', 'GEICO', 's
 trong', 'start', '2011', 'gift', 'keep', 'giving', '9', 'One', 'not-so-small', 'foot
 note', 'Tony', 'GEICO', 'developed', 'one', 'country', "'s", 'largest', 'personal-',
 'line', 'insurance', 'agency', 'primarily', 'sell', 'homeowner', 'policy', 'GEICO',
 'auto', 'insurance', 'customer', 'business', 'represent', 'number', 'insurer', 'affi
 liated', 'u', 'take', 'risk', 'simply', 'sign', 'customer', 'Last', 'year', 'sold',
 '769,898', 'new', 'policy', 'agency', 'operation', '34', 'year', 'obvious', 'way',
 'activity', 'aid', 'u', 'produce', 'commission', 'revenue', 'equally', 'important',
 'fact', 'strengthens', 'relationship', 'policyholder', 'helping', 'u', 'retain', 'ow
 e', 'enormous', 'debt', 'Tony', 'Davy', 'come', 'think', 'janitor', 'well', 'let',
 "'s", 'examine', 'four', 'major', 'sector', 'Berkshire', 'vastly', 'different', 'bal
 ance', 'sheet', 'income', 'characteristic', 'others', 'Lumping', 'together', 'theref
 ore', 'impedes', 'analysis', "'ll", 'present', 'four', 'separate', 'business', 'Char
 lie', 'view', 'look', 'first', 'insurance', 'Berkshire', "'s", 'core', 'operation',
 'engine', 'propelled', 'expansion', 'year', 'Insurance', 'Property-casualty', '`',
 'P/C', '""', 'insurer', 'receive', 'premium', 'upfront', 'pay', 'claim', 'later', 'e
 xtreme', 'case', 'arising', 'certain', 'worker', 'compensation', 'accident', 'paymen
 t', 'stretch', 'decade', 'collect-now', 'pay-later', 'model', 'leaf', 'u', 'holdin
 g', 'large', 'sum', 'money', 'call', '`', 'float', '""', 'eventually', 'go', 'other
 s', 'Meanwhile', 'get', 'invest', 'float', 'Berkshire', "'s", 'benefit', 'Though',
 'individual', 'policy', 'claim', 'come', 'go', 'amount', 'float', 'hold', 'remains',
 'remarkably', 'stable', 'relation', 'premium', 'volume', 'Consequently', 'business',
 'grows', 'float', 'grown', 'take', 'look', 'following', 'table', 'Float', 'Yearend',
 'million', '1970', '39', '1980', '237', '1990', '1,632', '2000', '27,871', '2010',
 '65,832', 'premium', 'exceed', 'total', 'expense', 'eventual', 'loss', 'register',
 'underwriting', 'profit', 'add', 'investment', 'income', 'float', 'produce', 'profi
 t', 'occurs', 'enjoy', 'use', 'free', 'money', 'better', 'yet', 'get', 'paid', 'hold
 ing', 'Alas', 'wish', 'insurer', 'achieve', 'happy', 'result', 'creates', 'intense',
 'competition', 'vigorous', 'year', 'cause', 'P/C', 'industry', 'whole', 'operate',
 'significant', 'underwriting', 'loss', 'loss', 'effect', 'industry', 'pay', 'hold',
 'float', 'example', 'State', 'Farm', 'far', 'country', "'s", 'largest', 'insurer',
 'well-managed', 'company', 'incurred', 'underwriting', 'loss', 'seven', 'last', 'te
 n', 'year', 'period', 'aggregate', 'underwriting', 'loss', '20', 'billion', 'Berkshi
 re', 'operated', 'underwriting', 'profit', 'eight', 'consecutive', 'year', 'total',
 'underwriting', 'gain', 'period', '17', 'billion', 'believe', 'likely', 'continue',
 'underwrite', 'profitably', 'though', 'certainly', 'future', 'year', 'accomplish',
 'float', 'better', 'cost-free', 'benefit', 'would', 'party', 'deposited', '66', 'bil
 lion', 'u', 'paid', 'u', 'fee', 'holding', 'money', 'let', 'u', 'invest', 'fund', 'b
 enefit', '10', 'Let', 'emphasize', 'cost-free', 'float', 'outcome', 'expected', 'P/
 C', 'industry', 'whole', 'year', 'industry', 'premium', 'inadequate', 'cover', 'clai
 m', 'plus', 'expense', 'Consequently', 'industry', "'s", 'overall', 'return', 'tangi
 ble', 'equity', 'many', 'decade', 'fallen', 'far', 'short', 'average', 'return', 're
 alized', 'American', 'industry', 'sorry', 'performance', 'almost', 'certain', 'conti
 nue', 'Berkshire', "'s", 'outstanding', 'economics', 'exist', 'terrific', 'manager',
 'running', 'unusual', 'business', "'ve", 'already', 'told', 'GEICO', 'two', 'large',
 'operation', 'bevy', 'smaller', 'one', 'well', 'star', 'way', 'First', 'Berkshire',

'Hathaway', 'Reinsurance', 'Group', 'run', 'Ajit', 'Jain', 'Ajit', 'insures', 'risk', 'one', 'else', 'desire', 'capital', 'take', 'operation', 'combine', 'capacity', 'speed', 'decisiveness', 'importantly', 'brain', 'manner', 'unique', 'insurance', 'business', 'Yet', 'never', 'expose', 'Berkshire', 'risk', 'inappropriate', 'relation', 'resource', 'Indeed', 'far', 'conservative', 'large', 'insurer', 'respect', 'past', 'year', 'Ajit', 'significantly', 'increased', 'life', 'reinsurance', 'operation', 'developing', 'annual', 'premium', 'volume', '2', 'billion', 'repeat', 'decade', 'standing', 'start', '1985', 'Ajit', 'created', 'insurance', 'business', 'float', '30', 'billion', 'significant', 'underwriting', 'profit', 'feat', 'CEO', 'insurer', 'come', 'close', 'matching', 'accomplishment', 'added', 'great', 'many', 'billion', 'dollar', 'value', 'Berkshire', 'Even', 'kryptonite', 'bounce', 'Ajit', 'another', 'insurance', 'powerhouse', 'General', 'managed', 'Tad', 'Montross', 'bottom', 'sound', 'insurance', 'operation', 'requires', 'four', 'discipline', '1', 'understanding', 'exposure', 'might', 'cause', 'policy', 'incur', 'loss', '2', 'conservative', 'evaluation', 'likelihood', 'exposure', 'actually', 'causing', 'loss', 'probable', 'cost', '3', 'setting', 'premium', 'deliver', 'profit', 'average', 'prospective', 'loss', 'cost', 'operating', 'expense', 'covered', '4', 'willingness', 'walk', 'away', 'appropriate', 'premium', 'ca', 'n't', 'obtained', 'Many', 'insurer', 'pas', 'first', 'three', 'test', 'flunk', 'fourth', 'urging', 'Wall', 'Street', 'pressure', 'agency', 'force', 'broker', 'simply', 'refusal', 'testosterone-driven', 'CEO', 'accept', 'shrinking', 'volume', 'led', 'many', 'insurer', 'write', 'business', 'inadequate', 'price', 'guy', 'must', 'well', 'spell', 'trouble', 'business', 'none', 'insurance', 'Tad', 'observed', 'four', 'insurance', 'commandment', 'show', 'result', 'General', 's', 'huge', 'float', 'better', 'cost-free', 'leadership', 'expect', 'average', 'continue', 'Finally', 'group', 'smaller', 'company', 'specializing', 'odd', 'corner', 'insurance', 'world', 'aggregate', 'result', 'consistently', 'profitable', 'table', 'show', 'float', 'provide', 'u', 'substantial', 'Charlie', 'treasure', 'company', 'manager', 'record', 'four', 'segment', 'property-casualty', 'life', 'insurance', 'business', 'Underwriting', 'Profit', 'Yearend', 'Float', 'million', 'Insurance', 'Operations', '2010', '2009', '2010', '2009', 'General', '452', '477', '20,049', '21,014', 'BH', 'Reinsurance', '176', '250', '30,370', '27,753', 'GEICO', '1,117', '649', '10,272', '9,613', 'Primary', '268', '84', '5,141', '5,061', '2,013', '1,460', '65,832', '63,441', 'Among', 'large', 'insurance', 'operation', 'Berkshire', 's', 'impress', 'best', 'world', '11', 'Manufacturing', 'Service', 'Retailing', 'Operations', 'activity', 'part', 'Berkshire', 'cover', 'waterfront', 'Let', 's', 'look', 'though', 'summary', 'balance', 'sheet', 'earnings', 'statement', 'entire', 'group', 'Balance', 'Sheet', '12/31/10', 'million', 'Assets', 'Cash', 'equivalent', '2,673', 'Accounts', 'note', 'receivable', '5,396', 'Inventory', '7,101', 'current', 'asset', '550', 'Total', 'current', 'asset', '15,720', 'Goodwill', 'intangible', '16,976', 'Fixed', 'asset', '15,421', 'asset', '3,029', '51,146', 'Liabilities', 'Equity', 'Notes', 'payable', '7', '1,805', 'current', 'liability', '8,169', 'Total', 'current', 'liability', '9,974', 'Deferred', 'tax', '3,001', 'Term', 'debt', 'liability', '6,621', 'Equity', '31,550', '51,146', 'Earnings', 'Statement', 'million', '2010', '2009', '2008', 'Revenues', '66,610', '61,665', '66,099', 'Operating', 'expense', 'including', 'depreciation', '1,362', '2010', '1,422', '2009', '1,280', '2008', '62,225', '59,509', '61,937', 'Interest', 'expense', 'Ill', '98', '139', 'Pre-tax', 'earnings', '4,274', '2,058', '4,023', 'Income', 'tax', 'non-controlling', 'interest', '1,812', '945', '1,740', 'Net', 'earnings', '2,462', '1,113', '2,283', 'include', 'purchase-accounting', 'adjustment', 'group', 'company', 'sell', 'product', 'ranging', 'lollipop', 'jet', 'airplane', 'business', 'enjoy', 'terrific', 'economics', 'measured', 'earnings', 'unleveraged', 'net', 'tangible', 'asset', 'run', '25', 'after-tax', '100', 'Others', 'produce', 'good', 'return', 'area', '12-20', 'Unfortunately', 'poor', 'return', 'result', 'serious', 'mistake', 'made', 'job', 'capital', 'allocation', 'error', 'came', 'misjudged', 'either', 'competitive', 'strength', 'business', 'purchasing', 'future', 'economics', 'industry', 'operated', 'try', 'look', 'ten', 'twenty', 'year', 'making', 'acquisition', 'sometimes', 'eyesight', 'poor', 'company

y', 'section', 'improved', 'earnings', 'last', 'year', 'four', 'set', 'record', 'Let', "'s", 'look', 'first', 'record-breaker', '•', 'TTI', 'electronic', 'component', 'distributor', 'sale', '21', 'previous', 'high', 'recorded', '2008', 'pre-tax', 'earnings', 'topped', 'earlier', 'record', '58', 'sale', 'gain', 'spanned', 'three', 'continent', 'North', 'America', '16', 'Europe', '26', 'Asia', '50', 'thousand', 'item', 'TTI', 'distributes', 'pedestrian', 'many', 'selling', 'le', 'dollar', 'magic', 'TTI', "'s", 'exceptional', 'performance', 'created', 'Paul', 'Andrews', 'CEO', 'associate', '12', '•', 'Forest', 'River', 'RV', 'boat', 'manufacturer', 'record', 'sale', 'nearly', '2', 'billion', 'record', 'earnings', 'well', 'Forest', 'River', '82', 'plant', 'yet', 'visit', 'one', 'home', 'office', 'matter', "'s", 'need', 'Pete', 'Liegler', 'company', "'s", 'CEO', 'run', 'terrific', 'operation', 'Come', 'view', 'product', 'annual', 'meeting', 'Better', 'yet', 'buy', 'one', '•', 'CTB', 'farm-equipment', 'company', 'set', 'earnings', 'record', 'told', '2008', 'Annual', 'Report', 'Vic', 'Mancinelli', 'company', "'s", 'CEO', 'keep', 'getting', 'better', 'Berkshire', 'paid', '140', 'million', 'CTB', '2002', 'since', 'paid', 'u', 'dividend', '160', 'million', 'eliminated', '40', 'million', 'debt', 'Last', 'year', 'earned', '106', 'million', 'pre-tax', 'Productivity', 'gain', 'produced', 'much', 'increase', 'bought', 'CTB', 'sale', 'per', 'employee', '189,365', '405,878', '•', 'Would', 'believe', 'shoe', 'H.', 'H.', 'Brown', 'run', 'Jim', 'Issler', 'best', 'known', 'Born', 'brand', 'set', 'new', 'record', 'sale', 'earnings', 'helped', 'selling', '1,110', 'pair', 'shoe', 'annual', 'meeting', 'Jim', 'brilliantly', 'adapted', 'major', 'industry', 'change', 'work', 'mention', 'overseen', 'Frank', 'Rooney', '89', 'superb', 'businessman', 'still', 'dangerous', 'fellow', 'bet', 'golf', 'course', 'huge', 'story', 'sector', "'s", 'year-to-year', 'improvement', 'occurred', 'NetJets', 'ca', 'n't', 'overstate', 'breadth', 'importance', 'Dave', 'Sokol', "'s", 'achievement', 'company', 'leading', 'provider', 'fractional', 'ownership', 'jet', 'airplane', 'NetJets', 'long', 'operational', 'success', 'owning', '2010', 'market', 'share', 'five', 'time', 'nearest', 'competitor', 'overwhelming', 'leadership', 'stem', 'wonderful', 'team', 'pilot', 'mechanic', 'service', 'personnel', 'crew', 'job', '2010', 'customer', 'satisfaction', 'delineated', 'regular', 'survey', 'hitting', 'new', 'high', 'Even', 'though', 'NetJets', 'consistently', 'runaway', 'winner', 'customer', 'financial', 'result', 'since', 'acquisition', '1998', 'failure', '11', 'year', '2009', 'company', 'reported', 'aggregate', 'pre-tax', 'loss', '157', 'million', 'figure', 'far', 'understated', 'since', 'borrowing', 'cost', 'NetJets', 'heavily', 'subsidized', 'free', 'use', 'Berkshire', "'s", 'credit', 'NetJets', 'operating', 'stand-alone', 'basis', 'loss', 'year', 'would', 'several', 'hundred', 'million', 'greater', 'charging', 'NetJets', 'appropriate', 'fee', 'Berkshire', "'s", 'guarantee', 'Despite', 'fee', 'came', '38', 'million', '2010', 'NetJets', 'earned', '207', 'million', 'pre-tax', '2010', 'swing', '918', 'million', '2009', 'Dave', "'s", 'quick', 'restructuring', 'management', 'company', "'s", 'rationalization', 'purchasing', 'spending', 'policy', 'ended', 'hemorrhaging', 'cash', 'turned', 'Berkshire', "'s", 'major', 'business', 'problem', 'solidly', 'profitable', 'operation', 'Dave', 'meanwhile', 'maintained', 'NetJets', 'industry-leading', 'reputation', 'safety', 'service', 'many', 'important', 'way', 'y', 'training', 'operational', 'standard', 'considerably', 'stronger', 'required', 'FAA', 'Maintaining', 'top-of-the-line', 'standard', 'right', 'thing', 'also', 'selfish', 'reason', 'championing', 'policy', 'family', 'flown', '5,000', 'hour', 'NetJets', "'s", 'equal', 'airborne', '24', 'hour', 'day', 'seven', 'month', 'fly', 'thousand', 'hour', 'future', 'receive', 'special', 'treatment', 'used', 'random', 'mix', 'least', '100', 'plane', '300', 'crew', 'Whichever', 'plane', 'crew', 'always', 'know', 'flying', 'best-trained', 'pilot', 'private', 'aviation', 'largest', 'earner', 'manufacturing', 'service', 'retailing', 'sector', 'Marmon', 'collection', '130', 'business', 'soon', 'increase', 'ownership', 'company', '80', 'carrying', 'scheduled', 'purchase', '17', 'stock', 'Pritzker', 'family', 'cost', '1.5', 'billion', 'purchase', 'remaining', 'Pritzker', 'holding', '2013', '2014', 'whichever', 'date', 'selected', 'family', 'Frank', 'Ptak', 'run', 'Marmon', 'wonderfully', 'look', 'forward', '100', 'ownership', '13', 'Next', 'Marmon', 'two', 'largest', 'earner', 'sector', 'I

scar', 'McLane', 'excellent', 'year', '2010', 'Grady', 'Rosier', 'McLane', 'entered', 'wine', 'spirit', 'distribution', 'business', 'supplement', '32', 'billion', 'operation', 'distributor', 'food', 'product', 'cigarette', 'candy', 'sundries', 'purchasing', 'Empire', 'Distributors', 'operator', 'Georgia', 'North', 'Carolina', 'teamed', 'David', 'Kahn', 'company', '"s', 'dynamic', 'CEO', 'David', 'leading', 'effort', 'expand', 'geographically', 'yearend', 'already', 'made', 'first', 'acquisition', 'Horizon', 'Wine', 'Spirits', 'Tennessee', 'Iscar', 'profit', '159', '2010', 'may', 'well', 'surpass', 'pre-recession', 'level', '2011', 'Sales', 'improving', 'throughout', 'world', 'particularly', 'Asia', 'Credit', 'Eitan', 'Wertheimer', 'Jacob', 'Harpaz', 'Danny', 'Goldman', 'exceptional', 'performance', 'one', 'far', 'superior', 'Iscar', 'main', 'competitor', 'good', 'news', 'business', 'related', 'home', 'construction', 'however', 'continue', 'struggle', 'Johns', 'Manville', 'MiTek', 'Shaw', 'Acme', 'Brick', 'maintained', 'competitive', 'position', 'profit', 'far', 'level', 'year', 'ago', 'Combined', 'operation', 'earned', '362', 'million', 'pre-tax', '2010', 'compared', '1.3', 'billion', '2006', 'employment', 'fallen', '9,400', 'housing', 'recovery', 'probably', 'begin', 'within', 'year', 'event', 'certain', 'occur', 'point', 'Consequently', '1', 'MiTek', 'made', 'committed', 'five', 'bolt-on', 'acquisition', 'past', 'eleven', 'month', '2', 'Acme', 'recently', 'acquired', 'leading', 'manufacturer', 'brick', 'Alabama', '50', 'million', '3', 'Johns', 'Manville', 'building', '55', 'million', 'roofing', 'membrane', 'plant', 'Ohio', 'completed', 'next', 'year', '4', 'Shaw', 'spend', '200', 'million', '2011', 'plant', 'equipment', 'situated', 'America', 'business', 'entered', 'recession', 'strong', 'exit', 'stronger', 'Berkshire', 'time', 'horizon', 'forever', 'Regulated', 'Capital-intensive', 'Businesses', 'two', 'large', 'business', 'BNSF', 'MidAmerican', 'Energy', 'important', 'common', 'characteristic', 'distinguish', 'many', 'others', 'Consequently', 'give', 'sector', 'letter', 'split', 'financial', 'statistic', 'GAAP', 'balance', 'sheet', 'income', 'statement', 'key', 'characteristic', 'company', 'huge', 'investment', 'long-lived', 'regulated', 'asset', 'funded', 'large', 'amount', 'long-term', 'debt', 'guaranteed', 'Berkshire', 'credit', 'needed', 'business', 'earning', 'power', 'even', 'adverse', 'business', 'condition', 'amply', 'cover', 'interest', 'requirement', 'example', 'recessionary', '2010', 'BNSF', '"s', 'car', 'loading', 'far', 'peak', 'level', 'company', '"s', 'interest', 'coverage', '6:1', 'company', 'heavily', 'regulated', 'never-ending', 'need', 'make', 'major', 'investment', 'plant', 'equipment', 'also', 'need', 'provide', 'efficient', 'customer-satisfying', 'service', 'earn', 'respect', 'community', 'regulator', 'return', 'need', 'assured', 'allowed', 'earn', 'reasonable', 'earnings', 'future', 'capital', 'investment', 'Earlier', 'explained', 'important', 'railroad', 'country', '"s', 'future', 'Rail', 'move', '42', 'America', '"s', 'inter-city', 'freight', 'measured', 'ton-miles', 'BNSF', 'move', 'railroad', '28', 'industry', 'total', 'little', 'math', 'tell', '11', 'inter-city', 'ton-miles', 'freight', 'U.S.', 'transported', 'BNSF', 'Given', 'shift', 'population', 'West', 'share', 'may', 'well', 'inch', 'higher', 'add', 'huge', 'responsibility', 'major', 'essential', 'part', 'American', 'economy', '"s', 'circulatory', 'system', 'obliged', 'constantly', 'maintain', 'improve', '23,000', 'mile', 'track', 'along', 'ancillary', 'bridge', 'tunnel', 'engine', 'car', 'carrying', 'job', 'must', 'anticipate', 'society', '"s', 'need', 'merely', 'react', 'Fulfilling', 'societal', 'obligation', 'regularly', 'spend', 'far', 'depreciation', 'excess', 'amounting', '2', 'billion', '2011', '"m', 'confident', 'earn', 'appropriate', 'return', 'huge', 'incremental', 'investment', 'Wise', 'regulation', 'wise', 'investment', 'two', 'side', 'coin', 'MidAmerican', 'participate', 'similar', '``', 'social', 'compact', '``', 'expected', 'put', 'ever-', 'increasing', 'sum', 'satisfy', 'future', 'need', 'customer', 'meanwhile', 'operate', 'reliably', 'efficiently', 'know', 'obtain', 'fair', 'return', 'investment', '14', 'MidAmerican', 'supply', '2.4', 'million', 'customer', 'U.S.', 'electricity', 'operating', 'largest', 'supplier', 'Iowa', 'Wyoming', 'Utah', 'important', 'provider', 'state', 'well', 'pipeline', 'transport', '8', 'country', '"s', 'natural', 'gas', 'Obviously', 'many', 'million', 'Americans', 'depend', 'u', 'every', 'day', 'MidAmerican', 'delivered', 'outstanding', 'result', 'owner', 'Berks

hire', '"s', 'interest', '89.8', 'customer', 'Shortly', 'MidAmerican', 'purchased', 'Northern', 'Natural', 'Gas', 'pipeline', '2002', 'company', '"s', 'performance', 'pipeline', 'rated', 'dead', 'last', '43', '43', 'leading', 'authority', 'field', 'recent', 'report', 'published', 'Northern', 'Natural', 'ranked', 'second', 'top', 'spot', 'held', 'pipeline', 'Kern', 'River', 'electric', 'business', 'MidAmerican', 'comparable', 'record', 'Iowa', 'rate', 'increased', 'since', 'purchased', 'operation', '1999', 'period', 'major', 'electric', 'utility', 'state', 'raised', 'price', '70', 'rate', 'far', 'certain', 'metropolitan', 'area', 'two', 'utility', 'operate', 'side', 'side', 'electric', 'bill', 'customer', 'run', 'far', 'neighbor', 'told', 'comparable', 'house', 'sell', 'higher', 'price', 'city', 'located', 'service', 'area', 'MidAmerican', '2,909', 'megawatt', 'wind', 'generation', 'operation', 'end', '2011', 'regulated', 'electric', 'utility', 'country', 'total', 'amount', 'MidAmerican', 'invested', 'committed', 'wind', 'staggering', '5.4', 'billion', 'make', 'sort', 'investment', 'MidAmerican', 'retains', 'earnings', 'unlike', 'utility', 'generally', 'pay', 'earn', 'tell', 'proud', 'accomplished', 'society', 'Matt', 'Rose', 'BNSF', 'David', 'Sokol', 'Greg', 'Abel', 'MidAmerican', 'also', 'proud', 'grateful', 'accomplished', 'Berkshire', 'shareholder', 'relevant', 'figure', 'MidAmerican', 'Earnings', 'million', '2010', '2009', 'U.K.', 'utility', '333', '248', 'Iowa', 'utility', '279', '285', 'Western', 'utility', '783', '788', 'Pipelines', '378', '457', 'HomeServices', '42', '43', 'net', '47', '25', 'Operating', 'earnings', 'corporate', 'interest', 'tax', '1,862', '1,846', 'Interest', 'Berkshire', '323', '318', 'Interest', 'Berkshire', 'junior', 'debt', '30', '58', 'Income', 'tax', '271', '313', 'Net', 'earnings', '1,238', '1,157', 'Earnings', 'applicable', 'Berkshire', '1,131', '1,071', 'Includes', 'interest', 'earned', 'Berkshire', 'net', 'related', 'income', 'tax', '19', '2010', '38', '2009', 'BNSF', 'Historical', 'accounting', '2/12/10', 'purchase', 'accounting', 'subsequently', 'million', '2010', '2009', 'Revenues', '16,850', '14,016', 'Operating', 'earnings', '4,495', '3,254', 'Interest', 'Net', '507', '613', 'Pre-Tax', 'earnings', '3,988', '2,641', 'Net', 'earnings', '2,459', '1,721', '15', 'Finance', 'Financial', 'Products', 'smallest', 'sector', 'includes', 'two', 'rental', 'company', 'XTRA', 'trailer', 'CORT', 'furniture', 'Clayton', 'Homes', 'country', '"s', 'leading', 'producer', 'financer', 'manufactured', 'home', 'leasing', 'business', 'improved', 'performance', 'last', 'year', 'albeit', 'low', 'base', 'XTRA', 'increased', 'utilization', 'equipment', '63', '2009', '75', '2010', 'thereby', 'raising', 'pre-tax', 'earnings', '35', 'million', '17', 'million', '2009', 'CORT', 'experienced', 'pickup', 'business', 'year', 'progressed', 'also', 'significantly', 'tightened', 'operation', 'combination', 'increased', 'pre-tax', 'result', 'loss', '3', 'million', '2009', '18', 'million', 'profit', '2010', 'Clayton', 'produced', '23,343', 'home', '47', 'industry', '"s', 'total', '50,046', 'Contrast', 'peak', 'year', '1998', '372,843', 'home', 'manufactured', 'industry', 'share', '8', 'Sales', 'would', 'terrible', 'last', 'year', 'circumstance', 'financing', 'problem', 'commented', 'upon', '2009', 'report', 'continue', 'exacerbate', 'distress', 'explain', 'Home-financing', 'policy', 'government', 'expressed', 'loan', 'found', 'acceptable', 'FHA', 'Freddie', 'Mac', 'Fannie', 'Mae', 'favor', 'site-built', 'home', 'work', 'negate', 'price', 'advantage', 'manufactured', 'home', 'offer', 'finance', 'manufactured-home', 'buyer', 'company', 'experience', 'therefore', 'instructive', 'party', 'preparing', 'overhaul', 'country', '"s', 'home-loan', 'practice', 'Let', '"s', 'take', 'look', 'Clayton', 'owns', '200,804', 'mortgage', 'originated', 'also', 'mortgage', 'portfolio', 'purchased', 'origination', 'contract', 'average', 'FICO', 'score', 'borrower', '648', '47', '640', 'banker', 'tell', 'people', 'score', 'generally', 'regarded', 'questionable', 'credit', 'Nevertheless', 'portfolio', 'performed', 'well', 'condition', 'stress', '"s', 'loss', 'experience', 'last', 'five', 'year', 'originated', 'loan', 'Net', 'Losses', 'Percentage', 'Year', 'Average', 'Loans', '2006', '1.53', '2007', '1.27', '2008', '1.17', '2009', '1.86', '2010', '1.72', 'borrower', 'get', 'trout', 'problem', 'get', 'divorced', 'etc', 'recession', 'hit', 'hard', 'want', 'stay', 'home', 'generally', 'borrowed', 'sensible', 'amount', 'relation', 'income', 'addition', 'keeping', 'originated', 'mortgage', 'account', 'mean', 'securitizing', 'otherwise

se', 'reselling', 'stupid', 'lending', 'going', 'pay', 'price', 'concentrate', 'mind', 'home', 'buyer', 'throughout', 'country', 'behaved', 'like', 'buyer', 'America', 'would', 'crisis', 'approach', 'simply', 'get', 'meaningful', 'down-payment', 'gear', 'fixed', 'monthly', 'payment', 'sensible', 'percentage', 'income', 'policy', 'kept', 'Clayton', 'solvent', 'also', 'kept', 'buyer', 'home', 'Home', 'ownership', 'make', 'sense', 'Americans', 'particularly', 'today', "'s", 'lower', 'price', 'bargain', 'interest', 'rate', 'thing', 'considered', 'third', 'best', 'investment', 'ever', 'made', 'purchase', 'home', 'though', 'would', 'made', 'far', 'money', 'instead', 'rented', 'used', 'purchase', 'money', 'buy', 'stock', 'two', 'best', 'investment', 'wedding', 'ring', '31,500', 'paid', 'house', 'family', 'gained', '52', 'year', 'terrific', 'memory', 'come', '16', 'house', 'nightmare', 'buyer', "'s", 'eye', 'bigger', 'wallet', 'lender', 'often', 'protected', 'government', 'guarantee', 'facilitates', 'fantasy', 'country', "'s", 'social', 'goal', 'put', 'family', 'house', 'dream', 'rather', 'put', 'house', 'afford', 'Investments', 'show', 'common', 'stock', 'investment', 'yearend', 'market', 'value', '1', 'billion', '12/31/10', 'Shares', 'Company', 'Percentage', 'Company', 'Owned', 'Cost', 'Market', 'million', '151,610,700', 'American', 'Express', 'Company', '12.6', '1,287', '6,507', '225,000,000', 'BYD', 'Company', 'Ltd', '9.9', '232', '1,182', '900', '000', '000', 'ne', 'v^oca-v^oia', 'v^-ompaaiy', 'o.0', '1,299', '13,154', '29,109,637', 'ConocoPhillips', '2.0', '2,028', '1,982', '45,022,563', 'Johnson', 'Johnson', '1.6', '2,749', '2,785', '97,214,584', 'Kraft', 'Foods', 'Inc', '5.6', '3,207', '3,063', '19,259,600', 'Munich', '10.5', '2,896', '2,924', '3,947,555', 'POSCO', '4.6', '768', '1,706', '72,391,036', 'Procter', 'Gamble', 'Company', '2.6', '464', '4,657', '25,848,838', 'Sanofi-Aventis', '2.0', '2,060', '1,656', '242,163,773', 'Tesco', 'pic', '3.0', '1,414', '1,608', '78,060,769', 'U.S.', 'Bancorp', '4.1', '2,401', '2,105', '39,037,142', 'Wal-Mart', 'Stores', 'Inc', '1.1', '1,893', '2,105', '358,936,125', 'Wells', 'Fargo', 'Company', '6.8', '8,015', '11,123', 'Others', '3,020', '4,956', 'Total', 'Common', 'Stocks', 'Carried', 'Market', '33,733', '61,513', 'actual', 'purchase', 'price', 'also', 'tax', 'basis', 'GAAP', '``', 'cost', '``', 'differs', 'case', 'write-ups', 'write-down', 'required', 'reported', 'earnings', 'reflect', 'dividend', 'portfolio', 'company', 'pay', 'u', 'share', 'undistributed', 'earnings', 'investees', 'however', '2', 'billion', 'last', 'year', 'retained', 'earnings', 'important', 'experience', 'matter', 'experience', 'investor', 'past', 'century', 'undistributed', 'earnings', 'either', 'matched', 'exceeded', 'market', 'gain', 'albeit', 'highly', 'irregular', 'manner', 'Indeed', 'sometimes', 'correlation', 'go', 'reverse', 'one', 'investor', 'said', '2009', '``', 'worse', 'divorce', "'ve", 'lost', 'half', 'net', 'worth', 'still', 'wife', '``', 'future', 'expect', 'market', 'gain', 'eventually', 'least', 'equal', 'earnings', 'investees', 'retain', 'earlier', 'estimate', 'Berkshire', "'s", 'normal', 'earning', 'power', 'made', 'three', 'adjustment', 'relate', 'future', 'investment', 'income', 'include', 'anything', 'undistributed', 'earnings', 'factor', 'described', 'first', 'adjustment', 'decidedly', 'negative', 'Last', 'year', 'discussed', 'five', 'large', 'fixed-income', 'investment', 'contributing', 'substantial', 'sum', 'reported', 'earnings', 'One', 'Swiss', 'note', 'redeemed', 'early', 'day', '2011', 'two', 'others', 'Goldman', 'Sachs', 'General', 'Electric', 'preferred', 'stock', 'likely', 'gone', 'yearend', 'General', 'Electric', 'entitled', 'call', 'preferred', 'October', 'stated', 'intention', 'Goldman', 'Sachs', 'right', 'call', 'preferred', '30', 'day', 'notice', 'held', 'back', 'Federal', 'Reserve', 'bless', 'unfortunately', 'likely', 'give', 'Goldman', 'green', 'light', 'long', '17', 'three', 'company', 'redemption', 'must', 'pay', 'u', 'premium', 'aggregate', '1.4', 'billion', 'redemption', 'nevertheless', 'unwelcome', 'occur', 'earning', 'power', 'significantly', 'reduced', "'s", 'bad', 'news', 'two', 'probable', 'offset', 'yearend', 'held', '38', 'billion', 'cash', 'equivalent', 'earning', 'pittance', 'throughout', '2010', 'point', 'however', 'better', 'rate', 'return', 'add', 'least', '500', 'million', 'perhaps', 'much', 'investment', 'income', 'sort', 'increase', 'money-market', 'yield', 'unlikely', 'come', 'soon', 'appropriate', 'nevertheless', 'u', 'include', 'improved', 'rate', 'estimate', '``', 'normal', '``', 'earning', 'power', 'Even', 'higher', 'rate',

'come', 'furthermore', 'could', 'get', 'lucky', 'find', 'opportunity', 'use', 'cash', 'hoard', 'decent', 'return', 'day', 'ca', 'n't', 'come', 'soon', 'update', 'Aesop', 'girl', 'convertible', 'worth', 'five', 'phone', 'book', 'addition', 'dividend', 'current', 'common', 'stock', 'holding', 'almost', 'certainly', 'increase', 'largest', 'gain', 'likely', 'come', 'Wells', 'Fargo', 'Federal', 'Reserve', 'friend', 'respect', 'Goldman', 'Sachs', 'frozen', 'dividend', 'level', 'major', 'bank', 'whether', 'strong', 'weak', 'last', 'two', 'year', 'Wells', 'Fargo', 'though', 'consistently', 'prospering', 'throughout', 'worst', 'recession', 'currently', 'enjoying', 'enormous', 'financial', 'strength', 'earning', 'power', 'therefore', 'forced', 'maintain', 'artificially', 'low', 'payout', 'n't', 'fault', 'Fed', 'various', 'reason', 'across-the-board', 'freeze', 'made', 'sense', 'crisis', 'immediate', 'aftermath', 'point', 'probably', 'soon', 'Fed', 's', 'restriction', 'cease', 'Wells', 'Fargo', 'reinstate', 'rational', 'dividend', 'policy', 'owner', 'deserve', 'time', 'would', 'expect', 'annual', 'dividend', 'one', 'security', 'increase', 'several', 'hundred', 'million', 'dollar', 'annually', 'company', 'hold', 'likely', 'increase', 'dividend', 'well', 'Coca-Cola', 'paid', 'u', '88', 'million', '1995', 'year', 'finished', 'purchasing', 'stock', 'Every', 'year', 'since', 'Coke', 'increased', 'dividend', '2011', 'almost', 'certainly', 'receive', '376', 'million', 'Coke', '24', 'million', 'last', 'year', 'Within', 'ten', 'year', 'would', 'expect', '376', 'million', 'double', 'end', 'period', 'would', 'n't', 'surprised', 'see', 'share', 'Coke', 's', 'annual', 'earnings', 'exceed', '100', 'paid', 'investment', 'Time', 'friend', 'wonderful', 'business', 'Overall', 'believe', 'normal', 'investment', 'income', 'least', 'equal', 'realized', '2010', 'though', 'redemption', 'described', 'cut', 'take', '2011', 'perhaps', '2012', 'well', 'Last', 'summer', 'Lou', 'Simpson', 'told', 'wished', 'retire', 'Since', 'Lou', 'mere', '74', 'age', 'Charlie', 'regard', 'appropriate', 'trainee', 'Berkshire', 'call', 'surprise', 'Lou', 'joined', 'GEICO', 'investment', 'manager', '1979', 'service', 'company', 'invaluable', '2004', 'Annual', 'Report', 'detailed', 'record', 'equity', 'omitted', 'update', 'performance', 'made', 'mine', 'look', 'bad', 'need', 'Lou', 'never', 'one', 'advertise', 'talent', 'Simply', 'put', 'Lou', 'one', 'investment', 'great', 'miss', 'Four', 'year', 'ago', 'told', 'needed', 'add', 'one', 'younger', 'investment', 'manager', 'carry', 'Charlie', 'Lou', 'n't', 'around', 'time', 'multiple', 'outstanding', 'candidate', 'immediately', 'available', 'CEO', 'job', 'backup', 'investment', 'area', 's', 'easy', 'identify', 'many', 'investment', 'manager', 'great', 'recent', 'record', 'past', 'result', 'though', 'important', 'suffice', 'prospective', 'performance', 'judged', 'record', 'achieved', 'crucial', 'manager', 's', 'understanding', 'sensitivity', 'risk', 'way', 'measured', 'beta', 'choice', 'many', 'academic', 'respect', 'risk', 'criterion', 'looking', 'someone', 'hard-to-evaluate', 'skill', 'ability', 'anticipate', 'effect', 'economic', 'scenario', 'previously', 'observed', 'Finally', 'wanted', 'someone', 'would', 'regard', 'working', 'Berkshire', 'far', 'job', '18', 'Charlie', 'met', 'Todd', 'Combs', 'knew', 'fit', 'requirement', 'Todd', 'case', 'Lou', 'paid', 'salary', 'plus', 'contingent', 'payment', 'based', 'performance', 'relative', 'P', 'arrangement', 'place', 'deferral', 'carryforwards', 'prevent', 'see-saw', 'performance', 'met', 'undeserved', 'payment', 'hedge-fund', 'world', 'witnessed', 'terrible', 'behavior', 'general', 'partner', 'received', 'huge', 'payouts', 'upside', 'bad', 'result', 'occurred', 'walked', 'away', 'rich', 'limited', 'partner', 'losing', 'back', 'earlier', 'gain', 'Sometimes', 'general', 'partner', 'thereafter', 'quickly', 'started', 'another', 'fund', 'could', 'immediately', 'participate', 'future', 'profit', 'without', 'overcome', 'past', 'loss', 'Investors', 'put', 'money', 'manager', 'labeled', 'patsy', 'partner', 'long', 'CEO', 'continue', 'manage', 'great', 'majority', 'Berkshire', 's', 'holding', 'bond', 'equity', 'Todd', 'initially', 'manage', 'fund', 'range', 'one', 'three', 'billion', 'dollar', 'amount', 'reset', 'annually', 'focus', 'equity', 'restricted', 'form', 'investment', 'Fund', 'consultant', 'like', 'require', 'style', 'box', 'long-short', 'macro', 'international', 'equity', 'Berkshire', 'style', 'box', 'smart', 'time', 'may', 'add', 'one', 'two', 'investment', 'manager', 'find', 'right', 'individual', 'pr

obably', '80', 'manager', "'s", 'performance', 'compensation', 'dependent', 'portfolio', '20', 'manager', 'want', 'compensation', 'system', 'pay', 'big', 'individual', 'success', 'also', 'foster', 'cooperation', 'competition', 'Charlie', 'longer', 'around', 'investment', 'manager', 'responsibility', 'entire', 'portfolio', 'manner', 'set', 'CEO', 'Board', 'Directors', 'good', 'investor', 'bring', 'useful', 'perspective', 'purchase', 'business', 'would', 'expect', 'consulted', 'vote', 'wisdom', 'possible', 'acquisition', 'end', 'course', 'Board', 'make', 'call', 'major', 'acquisition', 'One', 'footnote', 'issued', 'press', 'release', 'Todd', "'s", 'joining', 'u', 'number', 'commentator', 'pointed', '``', 'little-known', '""', 'expressed', 'puzzlement', 'n't', 'seek', '``', 'big-name', '""', 'wonder', 'many', 'would', 'known', 'Lou', '1979', 'Ajit', '1985', 'matter', 'Charlie', '1959', 'goal', 'find', '2-year-old', 'Secretariat', '10-year-old', 'Seabiscuit', 'Whoops', 'may', 'smartest', 'metaphor', '80-year-old', 'CEO', 'use', 'Derivatives', 'Two', 'year', 'ago', '2008', 'Annual', 'Report', 'told', 'Berkshire', 'party', '251', 'derivative', 'contract', 'used', 'operation', 'subsidiary', 'MidAmerican', 'left', 'Gen', 'Today', 'comparable', 'number', '203', 'figure', 'reflecting', 'addition', 'portfolio', 'unwinding', 'expiration', 'contract', 'continuing', 'position', 'personally', 'responsible', 'fall', 'largely', 'two', 'category', 'view', 'category', 'engaging', 'u', 'insurance-like', 'activity', 'receive', 'premium', 'assuming', 'risk', 'others', 'wish', 'shed', 'Indeed', 'thought', 'process', 'employ', 'derivative', 'transaction', 'identical', 'use', 'insurance', 'business', 'also', 'understand', 'get', 'paid', 'up-front', 'enter', 'contract', 'therefore', 'run', 'counterparty', 'risk', "'s", 'important', 'first', 'category', 'derivative', 'consists', 'number', 'contract', 'written', '2004-2008', 'required', 'payment', 'u', 'bond', 'default', 'company', 'included', 'certain', 'high-yield', 'index', 'minor', 'exception', 'exposed', 'risk', 'five', 'year', 'contract', 'covering', '100', 'company', 'aggregate', 'received', 'premium', '3.4', 'billion', 'contract', 'originally', 'told', '2007', 'Annual', 'Report', 'said', 'expected', 'contract', 'would', 'deliver', 'u', '``', 'underwriting', 'profit', '""', 'meaning', 'loss', 'would', 'le', 'premium', 'received', 'addition', 'said', 'would', 'benefit', 'use', 'float', '19', 'Subsequently', 'know', 'well', 'encountered', 'financial', 'panic', 'severe', 'recession', 'number', 'company', 'high-yield', 'index', 'failed', 'required', 'u', 'pay', 'loss', '2.5', 'billion', 'Today', 'however', 'exposure', 'largely', 'behind', 'u', 'higher-risk', 'contract', 'expired', 'Consequently', 'appears', 'almost', 'certain', 'earn', 'underwriting', 'profit', 'originally', 'anticipated', 'addition', 'use', 'interest-free', 'float', 'averaged', '2', 'billion', 'life', 'contract', 'short', 'charged', 'right', 'premium', 'protected', 'u', 'business', 'condition', 'turned', 'terrible', 'three', 'year', 'ago', 'large', 'derivative', 'position', 'whose', 'contract', 'go', 'name', '``', 'equity', 'put', '""', 'involves', 'insurance', 'wrote', 'party', 'wishing', 'protect', 'possible', 'decline', 'equity', 'price', 'U.S.', 'U.K.', 'Europe', 'Japan', 'contract', 'tied', 'various', 'equity', 'index', 'P', '500', 'U.S.', 'FTSE', '100', 'U.K', '2004-2008', 'period', 'received', '4.8', 'billion', 'premium', '47', 'contract', 'ran', '15', 'year', 'contract', 'price', 'index', 'termination', 'date', 'count', 'payment', 'required', 'first', 'step', 'updating', 'contract', 'report', 'late', '2010', 'instigation', 'counterparty', 'unwound', 'eight', 'contract', 'due', '2021', '2028', 'originally', 'received', '647', 'million', 'premium', 'contract', 'unwinding', 'required', 'u', 'pay', '425', 'million', 'Consequently', 'realized', 'gain', '222', 'million', 'also', 'interest-free', 'unrestricted', 'use', '647', 'million', 'three', 'year', '2010', 'transaction', 'left', 'u', '39', 'equity', 'put', 'contract', 'remaining', 'book', 'yearend', 'initiation', 'received', 'premium', '4.2', 'billion', 'future', 'contract', 'course', 'uncertain', 'one', 'perspective', 'price', 'relevant', 'index', 'contract', 'expiration', 'date', 'price', 'December', '31', '2010', 'foreign', 'exchange', 'rate', 'unchanged', 'would', 'owe', '3.8', 'billion', 'expiration', 'occurring', '2018', '2026', 'call', 'amount', '``', 'settlement', 'value', '""', 'yearend', 'balance', 'sheet', 'however', 'carry', 'liability', 'remaining', 'equity', 'put', '6.7', 'billion', 'word', 'price', 'relevant', 'index', 'remain', 'unchanged',

'date', 'record', '2.9', 'billion', 'gain', 'year', 'come', 'difference', 'liability', 'figure', '6.7', 'billion', 'settlement', 'value', '3.8', 'billion', 'believe', 'equity', 'price', 'likely', 'increase', 'liability', 'fall', 'significantly', 'settlement', 'date', 'gain', 'point', 'even', 'greater', 'course', 'far', 'sure', 'thing', 'sure', 'use', 'remaining', '``', 'float', '""', '4.2', 'billion', 'average', '10', 'year', 'Neither', 'float', 'arising', 'high-yield', 'contract', 'included', 'insurance', 'float', 'figure', '66', 'billion', 'Since', 'money', 'fungible', 'think', 'portion', 'fund', 'contributing', 'purchase', 'BNSF', 'told', 'almost', 'derivative', 'contract', 'free', 'obligation', 'post', 'collateral', 'fact', 'cut', 'premium', 'could', 'otherwise', 'charged', 'fact', 'also', 'left', 'u', 'feeling', 'comfortable', 'financial', 'crisis', 'allowing', 'u', 'day', 'commit', 'advantageous', 'purchase', 'Foregoing', 'additional', 'derivative', 'premium', 'proved', 'well', 'worth', 'Reporting', 'Misreporting', 'Numbers', 'Count', "n't", 'Earlier', 'letter', 'pointed', 'number', 'Charlie', 'find', 'useful', 'valuing', 'Berkshire', 'measuring', 'progress', 'Let', "s", 'focus', 'number', 'omitted', 'many', 'medium', 'feature', 'others', 'net', 'income', 'Important', 'though', 'number', 'may', 'company', 'almost', 'always', 'meaningless', 'Berkshire', 'Regardless', 'business', 'might', 'Charlie', 'could', 'quite', 'legally', 'cause', 'net', 'income', 'given', 'period', 'almost', 'number', 'would', 'like', '20', 'flexibility', 'realized', 'gain', 'loss', 'investment', 'go', 'net', 'income', 'figure', 'whereas', 'unrealized', 'gain', 'case', 'loss', 'excluded', 'example', 'imagine', 'Berkshire', '10', 'billion', 'increase', 'unrealized', 'gain', 'given', 'year', 'concurrently', '1', 'billion', 'realized', 'loss', 'net', 'income', 'would', 'count', 'loss', 'would', 'reported', 'le', 'operating', 'income', 'meanwhile', 'realized', 'gain', 'previous', 'year', 'headline', 'might', 'proclaim', 'earnings', 'X', 'reality', 'business', 'might', 'much', 'improved', 'really', 'thought', 'net', 'income', 'important', 'could', 'regularly', 'feed', 'realized', 'gain', 'simply', 'huge', 'amount', 'unrealized', 'gain', 'upon', 'draw', 'Rest', 'assured', 'though', 'Charlie', 'never', 'sold', 'security', 'effect', 'sale', 'would', 'net', 'income', 'soon', 'report', 'deep', 'disgust', '``', 'game', 'playing', '""', 'number', 'practice', 'rampant', 'throughout', 'corporate', 'America', '1990s', 'still', 'persists', 'though', 'occurs', 'le', 'frequently', 'le', 'blatantly', 'used', 'Operating', 'earnings', 'despite', 'shortcoming', 'general', 'reasonable', 'guide', 'business', 'Ignore', 'net', 'income', 'figure', 'however', 'Regulations', 'require', 'report', 'find', 'reporter', 'focusing', 'speak', 'performance', 'realized', 'unrealized', 'gain', 'loss', 'fully', 'reflected', 'calculation', 'book', 'value', 'Pay', 'attention', 'change', 'metric', 'course', 'operating', 'earnings', 'right', 'track', 'p.s.', 'ca', "n't", 'resist', 'pointing', 'capricious', 'reported', 'net', 'income', 'equity', 'put', 'termination', 'date', 'June', '30', '2010', 'would', 'required', 'pay', '6.4', 'billion', 'counterparties', 'date', 'Security', 'price', 'generally', 'rose', 'next', 'quarter', 'move', 'brought', 'corresponding', 'figure', '5.8', 'billion', 'September', '30th', 'Yet', 'Black-Scholes', 'formula', 'use', 'valuing', 'contract', 'required', 'u', 'increase', 'balance-sheet', 'liability', 'period', '8.9', 'billion', '9.6', 'billion', 'change', 'effect', 'tax', 'accrual', 'reduced', 'net', 'income', 'quarter', '455', 'million', 'Charlie', 'believe', 'Black-Scholes', 'produce', 'wildly', 'inappropriate', 'value', 'applied', 'long-dated', 'option', 'set', 'one', 'absurd', 'example', 'page', 'two', 'year', 'ago', 'tangibly', 'put', 'money', 'mouth', 'entering', 'equity', 'put', 'contract', 'implicitly', 'asserted', 'Black-Scholes', 'calculation', 'used', 'counterparties', 'customer', 'faulty', 'continue', 'nevertheless', 'use', 'formula', 'presenting', 'financial', 'statement', 'Black-Scholes', 'accepted', 'standard', 'option', 'valuation', 'almost', 'leading', 'business', 'school', 'teach', 'would', 'accused', 'shoddy', 'accounting', 'deviated', 'Moreover', 'would', 'present', 'auditor', 'insurmountable', 'problem', 'client', 'counterparties', 'use', 'Black-', 'Scholes', 'value', 'contract', 'hold', 'would', 'impossible', 'auditor', 'attest', 'accuracy', 'value', 'two', 'far', 'apart', 'Part', 'appeal', 'Black-Scholes', 'auditor', 'regulator', 'produce', 'precise', 'number', 'Charlie', 'ca', "n't", 'supply', 'one', 'believe

e', 'true', 'liability', 'contract', 'far', 'lower', 'calculated', 'Black-Scholes', 'ca', 'n't', 'come', 'exact', 'figure', 'anymore', 'come', 'precise', 'value', 'GEICO', 'BNSF', 'Berkshire', 'Hathaway', 'inability', 'pinpoint', 'number', 'n't', 'both', 'er', 'u', 'would', 'rather', 'approximately', 'right', 'precisely', 'wrong', 'John', 'Kenneth', 'Galbraith', 'slyly', 'observed', 'economist', 'economical', 'idea', 'made', 'one', 'learned', 'graduate', 'school', 'last', 'lifetime', 'University', 'finance', 'department', 'often', 'behave', 'similarly', 'Witness', 'tenacity', 'almost', 'clung', 'theory', 'efficient', 'market', 'throughout', '1970s', '1980s', 'dismissively', 'calling', 'powerful', 'fact', 'refuted', '``', 'anomaly', '""', 'always', 'love', 'explanation', 'kind', 'Flat', 'Earth', 'Society', 'probably', 'view', 'ship', "'s", 'circling', 'globe', 'annoying', 'inconsequential', 'anomaly', '21', 'Academic', 's', 'current', 'practice', 'teaching', 'Black-Scholes', 'revealed', 'truth', 'need', 're-examination', 'matter', 'academic', "'s", 'inclination', 'dwell', 'valuation', 'option', 'highly', 'successful', 'investor', 'without', 'slightest', 'ability', 'value', 'option', 'student', 'learning', 'value', 'business', "'s", 'investing', 'Life', 'Debt', 'fundamental', 'principle', 'auto', 'racing', 'finish', 'first', 'must', 'first', 'finish', 'dictum', 'equally', 'applicable', 'business', 'guide', 'every', 'action', 'Berkshire', 'Unquestionably', 'people', 'become', 'rich', 'use', 'borrowed', 'money', 'However', "'s", 'also', 'way', 'get', 'poor', 'leverage', 'work', 'magnifies', 'gain', 'spouse', 'think', "re", 'clever', 'neighbor', 'get', 'envious', 'leverage', 'addictive', 'profited', 'wonder', 'people', 'retreat', 'conservative', 'practice', 'learned', 'third', 'grade', 'relearned', '2008', 'series', 'positive', 'number', 'however', 'impressive', 'number', 'may', 'evaporates', 'multiplied', 'single', 'zero', 'History', 'tell', 'u', 'leverage', 'often', 'produce', 'zero', 'even', 'employed', 'smart', 'people', 'Leverage', 'course', 'lethal', 'business', 'well', 'Companies', 'large', 'debt', 'often', 'assume', 'obligation', 'refinanced', 'mature', 'assumption', 'usually', 'valid', 'Occasionally', 'though', 'either', 'company-specific', 'problem', 'worldwide', 'shortage', 'credit', 'maturity', 'must', 'actually', 'met', 'payment', 'cash', 'job', 'Borrowers', 'learn', 'credit', 'like', 'oxygen', 'either', 'abundant', 'presence', 'go', 'unnoticed', 'either', 'missing', "'s", 'noticed', 'Even', 'short', 'absence', 'credit', 'bring', 'company', 'knee', 'September', '2008', 'fact', 'overnight', 'disappearance', 'many', 'sector', 'economy', 'came', 'dangerously', 'close', 'bringing', 'entire', 'country', 'knee', 'Charlie', 'interest', 'activity', 'could', 'pose', 'slightest', 'threat', 'Berkshire', "'s", 'well-', 'combined', 'age', '167', 'starting', 'bucket', 'list', 'forever', 'conscious', 'fact', 'partner', 'entrusted', 'u', 'many', 'case', 'major', 'portion', 'saving', 'addition', 'important', 'philanthropy', 'dependent', 'prudence', 'Finally', 'many', 'disabled', 'victim', 'accident', 'caused', 'insured', 'counting', 'u', 'deliver', 'sum', 'payable', 'decade', 'would', 'irresponsible', 'u', 'risk', 'constituency', 'need', 'pursue', 'point', 'extra', 'return', 'little', 'personal', 'history', 'may', 'partially', 'explain', 'extreme', 'aversion', 'financial', 'adventurism', 'n't', 'meet', 'Charlie', '35', 'though', 'grew', 'within', '100', 'yard', 'lived', '52', 'year', 'also', 'attended', 'inner-city', 'public', 'high', 'school', 'Omaha', 'father', 'wife', 'child', 'two', 'grandchild', 'graduated', 'Charlie', 'however', 'work', 'young', 'boy', 'grandfather', "'s", 'grocery', 'store', 'though', 'period', 'employment', 'separated', 'five', 'year', 'grandfather', "'s", 'name', 'Ernest', 'perhaps', 'man', 'aptly', 'named', 'one', 'worked', 'Ernest', 'even', 'stock', 'boy', 'without', 'shaped', 'experience', 'facing', 'page', 'read', 'letter', 'sent', '1939', 'Ernest', 'youngest', 'son', 'Uncle', 'Fred', 'Similar', 'letter', 'went', 'four', 'child', 'still', 'letter', 'sent', 'Aunt', 'Alice', 'found', 'along', '1,000', 'cash', 'executor', 'estate', 'opened', 'safe', 'deposit', 'box', '1970', 'Ernest', 'never', 'went', 'business', 'school', 'never', 'fact', 'finished', 'high', 'school', 'understood', 'importance', 'liquidity', 'condition', 'assured', 'survival', 'Berkshire', 'taken', '1,000', 'solution', 'bit', 'pledged', 'hold', 'least', '10', 'billion', 'cash', 'excluding', 'held', 'regulated', 'utility', 'railroad', 'business', 'commitment', 'customarily', 'keep', 'least', '20', 'billion', 'hand', 'wi

thstand', 'unprecedented', 'insurance', 'loss', 'largest', 'date', '3', 'billion', 'Katrina', 'insurance', 'industry', '"s', 'expensive', 'catastrophe', 'quickly', 'seize', 'acquisition', 'investment', 'opportunity', 'even', 'time', 'financial', 'turmoil', '22', 'Dear', 'Fred', 'Catherine', 'period', 'good', 'many', 'year', 'known', 'great', 'many', 'people', 'time', 'another', 'suffered', 'various', 'way', 'simply', 'ready', 'cash', 'known', 'people', 'sacrifice', 'holding', 'order', 'money', 'necessary', 'time', 'good', 'many', 'year', 'grandfather', 'kept', 'certain', 'amount', 'money', 'could', 'put', 'hand', 'short', 'notice', 'number', 'year', 'made', 'point', 'keep', 'reserve', 'occasion', 'come', 'would', 'need', 'money', 'quickly', 'with-', 'disturbing', 'money', 'business', 'couple', 'occasion', 'found', 'convenient', 'go', 'fund', 'Thus', 'feel', 'everyone', 'reserve', 'hope', 'never', 'happens', 'chance', 'day', 'v/111', 'need', 'money', 'need', 'badly', 'thought', 'view', 'started', 'fund', 'placing', 'SQ0,00', 'envelope', 'name', 'married', 'year', 'added', 'something', '1000.00', 'fund', 'Ten', 'year', 'elapsed', 'since', 'married', 'fund', 'completed', 'wish', 'place', 'envelope', 'safety', 'deposit', 'box', 'keep', 'purpose', 'created', 'time', 'come', 'need', 'part', 'world', 'suggest', 'use', 'little', 'possible', 'replace', 'soon', 'possible', 'might', 'feel', 'invested', 'bring', 'income', 'Forget', '-', 'mental', 'satisfaction', '1000', '00', 'laid', 'away', 'put', 'hand', 'worth', 'interest', 'might', 'bring', 'especially', 'investment', 'something', 'could', 'realize', 'quickly', 'year', 'feel', 'good', 'idea', 'might', 'repeat', 'children', 'information', 'might', 'mention', 'never', 'Buffett', 'ever', 'left', 'large', 'estate', 'never', 'one', 'leave', 'something', 'never', 'spent', 'made', 'always', 'saved', 'part', 'made', 'worked', 'pretty', 'well', 'letter', 'written', 'expiration', 'ten', 'year', 'married', '23', 'keep', 'cash', 'largely', 'U.S.', 'Treasury', 'bill', 'avoid', 'short-term', 'security', 'yielding', 'basis', 'point', 'policy', 'adhered', 'long', 'frailty', 'commercial', 'paper', 'money', 'market', 'fund', 'became', 'apparent', 'September', '2008', 'agree', 'investment', 'writer', 'Ray', 'DeVoe', '"s', 'observation', '``', 'money', 'lost', 'reaching', 'yield', 'point', 'gun', '""', 'Berkshire', 'n't', 'rely', 'bank', 'line', 'n't', 'enter', 'contract', 'could', 'require', 'posting', 'collateral', 'except', 'amount', 'tiny', 'relation', 'liquid', 'asset', 'Furthermore', 'dime', 'cash', 'left', 'Berkshire', 'dividend', 'share', 'repurchase', 'past', '40', 'year', 'Instead', 'retained', 'earnings', 'strengthen', 'business', 'reinforcement', 'running', '1', 'billion', 'per', 'month', 'net', 'worth', 'thus', 'increased', '48', 'million', '157', 'billion', 'four', 'decade', 'intrinsic', 'value', 'grown', 'far', 'American', 'corporation', 'come', 'close', 'building', 'financial', 'strength', 'unrelenting', 'way', 'cautious', 'respect', 'leverage', 'penalize', 'return', 'minor', 'amount', 'load', 'liquidity', 'though', 'let', 'u', 'sleep', 'well', 'Moreover', 'episode', 'financial', 'chaos', 'occasionally', 'erupt', 'economy', 'equipped', 'financially', 'emotionally', 'play', 'offense', 'others', 'scramble', 'survival', '"s', 'allowed', 'u', 'invest', '15.6', 'billion', '25', 'day', 'panic', 'following', 'Lehman', 'bankruptcy', '2008', 'Annual', 'Meeting', 'annual', 'meeting', 'held', 'Saturday', 'April', '30', 'th', 'Carrie', 'Kizer', 'home', 'office', 'ringmaster', 'theme', 'year', 'Planes', 'Trains', 'Automobiles', 'give', 'NetJets', 'BNSF', 'BYD', 'chance', 'show', 'always', 'do or', 'open', 'Qwest', 'Center', '7', 'a.m.', 'new', 'Berkshire', 'movie', 'shown', '8:30', '9:30', 'go', 'directly', 'question-and-answer', 'period', 'break', 'lunch', 'Qwest', 'stand', 'last', '3:30', 'short', 'recess', 'Charlie', 'convene', 'annual', 'meeting', '3:45', 'decide', 'leave', 'day', '"s', 'question', 'period', 'please', 'Charlie', 'talking', 'Act', 'fast', 'terse', 'best', 'reason', 'exit', 'course', 'shop', 'help', 'filling', '194,300-square-', 'foot', 'hall', 'adjoins', 'meeting', 'area', 'product', 'dozen', 'Berkshire', 'subsidiary', 'Last', 'year', 'part', 'location', 'racked', 'record', 'sale', 'nine-hour', 'period', 'sold', '1,053', 'pair', 'Justin', 'boot', '12,416', 'pound', 'See', '"s', 'candy', '8,000', 'Dairy', 'Queen', 'Blizzards®', '8,800', 'Quikut', 'knife', '"s', '16', 'knife', 'per', 'minute', 'better', 'Remember', 'Anyone', 'say', 'money', 'ca', 'n't', 'buy', 'happiness', 'simply', 'n't', 'learned', 'shop', 'GEICO', 'booth', 'staffed', 'number', 'top', 'counsel

or', 'around', 'country', 'ready', 'supply', 'auto', 'insurance', 'quote', 'case', 'GEICO', 'able', 'give', 'shareholder', 'discount', 'usually', '8', 'special', 'offer', 'permitted', '44', '51', 'jurisdiction', 'operate', 'One', 'supplemental', 'point', 'discount', 'additive', 'qualify', 'another', 'given', 'certain', 'group', 'Bringing', 'detail', 'existing', 'insurance', 'check', 'whether', 'save', 'money', 'least', 'half', 'believe', 'sure', 'visit', 'Bookworm', 'carry', '60', 'book', 'DVDs', 'including', 'Chinese', 'language', 'edition', 'Poor', 'Charlie', "'s", 'Almanack', 'ever-popular', 'book', 'partner', 'ca', 'n't', 'read', 'Chinese', 'buy', 'copy', 'carry', 'around', 'make', 'look', 'urbane', 'erudite', 'need', 'ship', 'book', 'purchase', 'shipping', 'service', 'available', 'nearby', 'big', 'spender', 'merely', 'gawker', 'visit', 'Elliott', 'Aviation', 'east', 'side', 'Omaha', 'airport', 'noon', '5:00', 'p.m.', 'Saturday', 'fleet', 'NetJets', 'aircraft', 'get', 'pulse', 'racing', 'Come', 'bus', 'leave', 'private', 'jet', '24', 'attachment', 'proxy', 'material', 'enclosed', 'report', 'explains', 'obtain', 'credential', 'need', 'admission', 'meeting', 'event', 'plane', 'hotel', 'car', 'reservation', 'signed', 'American', 'Express', '800-799-6634', 'give', 'special', 'help', 'Carol', 'Pedersen', 'handle', 'matter', 'terrific', 'job', 'u', 'year', 'thank', 'Hotel', 'room', 'hard', 'find', 'work', 'Carol', 'get', 'one', 'Airlines', 'often', 'jacked', 'price', 'sometimes', 'dramatically', 'Berkshire', 'weekend', 'coming', 'far', 'away', 'compare', 'cost', 'flying', 'Kansas', 'City', 'versus', 'Omaha', 'drive', '2', 'Vi', 'hour', 'may', 'save', 'significant', 'money', 'particularly', 'planned', 'rent', 'car', 'Omaha', 'Nebraska', 'Furniture', 'Mart', 'located', '77-acre', 'site', '72', 'nd', 'Street', 'Dodge', 'Pacific', 'Berkshire', 'Weekend', "'s", 'discount', 'pricing', 'Last', 'year', 'store', '33.3', 'million', 'business', 'annual', 'meeting', 'sale', 'volume', 'far', 'know', 'exceeds', 'one-week', 'total', 'retail', 'store', 'anyplace', 'obtain', 'Berkshire', 'discount', 'must', 'make', 'purchase', 'Tuesday', 'April', '26', 'th', 'Monday', 'May', '2', 'nd', 'inclusive', 'also', 'present', 'meeting', 'credential', 'period', "'s", 'special', 'pricing', 'even', 'apply', 'product', 'several', 'prestigious', 'manufacturer', 'normally', 'ironclad', 'rule', 'discounting', 'spirit', 'shareholder', 'weekend', 'made', 'exception', 'appreciate', 'cooperation', 'NFM', 'open', '10', 'a.m.', '9', 'p.m.', 'Monday', 'Saturday', '10', 'a.m.', '6', 'p.m.', 'Sunday', 'Saturday', 'year', '5:30', 'p.m.', '8', 'p.m.', 'NFM', 'picnic', 'invited', 'Borsheims', 'two', 'shareholder-only', 'event', 'first', 'cocktail', 'reception', '6', 'p.m.', '9', 'p.m.', 'Friday', 'April', '29', 'th', 'second', 'main', 'gala', 'held', 'Sunday', 'May', '1', 'st', '9', 'a.m.', '4', 'p.m.', 'Saturday', 'open', '6', 'p.m.', 'Sunday', 'around', '1', 'p.m.', 'Borsheims', 'smile', 'shoes', 'selling', 'jewelry', 'sold', 'men', "'s", 'shirt', 'J.C.', 'Penney', "'s", '63', 'year', 'ago', 'Fve', 'told', 'Susan', 'Jacques', 'Borsheims', 'CEO', "m", 'still', 'hotshot', 'salesman', 'see', 'doubt', 'eye', 'cut', 'loose', 'buy', 'something', 'wife', 'sweetheart', 'presumably', 'person', 'Make', 'look', 'good', 'huge', 'crowd', 'Borsheims', 'throughout', 'weekend', 'convenience', 'therefore', 'shareholder', 'price', 'available', 'Monday', 'April', '25', 'lh', 'Saturday', 'May', '7', 'th', 'period', 'please', 'identify', 'shareholder', 'presenting', 'meeting', 'credential', 'brokerage', 'statement', 'show', 'Berkshire', 'shareholder', 'Sunday', 'mall', 'outside', 'Borsheims', 'blindfolded', 'Patrick', 'Wolff', 'twice', 'U.S.', 'chess', 'champion', 'take', 'comer', 'eye', 'wide', 'open', 'group', 'six', 'Nearby', 'Norman', 'Beck', 'remarkable', 'magician', 'Dallas', 'bewilder', 'onlooker', 'Additionally', 'Bob', 'Hamman', 'Sharon', 'Osberg', 'two', 'world', "'s", 'top', 'bridge', 'expert', 'available', 'play', 'bridge', 'shareholder', 'Sunday', 'afternoon', 'Gorat', "'s", 'Piccolo', "'s", 'open', 'exclusively', 'Berkshire', 'shareholder', 'Sunday', 'May', '1', 'st', 'serving', '10', 'p.m.', 'Gorat', "'s", 'opening', '1', 'p.m.', 'Piccolo', "'s", 'opening', '4', 'p.m.', 'restaurant', 'favorite', 'still', 'growing', 'boy', 'eat', 'Sunday', 'evening', 'Remember', 'make', 'reservation', 'Gorat', "'s", 'call', '402-551-3733', 'April', '1', 'st', 'Piccolo', "'s", 'call', '402-342-9038', 'three', 'financial', 'journalist', 'lead', 'question-and-answer', 'period', 'asking', 'Charlie', 'question', 'shareholder', 'submitted', 'e-mail', 'journalist

list', 'e-mail', 'address', 'Carol', 'Loomis', 'Fortune', 'may', 'emailed', 'cloomis', 'fortunemail.com', 'Becky', 'Quick', 'CNBC', 'BerkshireQuestions', 'cnbc.com', 'Andrew', 'Ross', 'Sorkin', 'New', 'York', 'Times', 'arsorkin', 'nytimes.com', 'question', 'submitted', 'journalist', 'choose', 'dozen', 'decides', 'interesting', 'important', 'journalist', 'told', 'question', 'best', 'chance', 'selected', 'keep', 'concise', 'avoid', 'sending', 'last', 'moment', 'make', 'Berkshire-related', 'include', 'two', 'question', 'email', 'send', 'email', 'let', 'journalist', 'know', 'would', 'like', 'name', 'mentioned', 'question', 'selected', 'Neither', 'Charlie', 'get', 'much', 'clue', 'question', 'asked', 'know', 'journalist', 'pick', 'tough', 'one', '"s", 'way', 'like', '25', 'drawing', '8:15', 'a.m.', 'Saturday', '13', 'microphone', 'shareholder', 'wishing', 'ask', 'question', 'meeting', 'alternate', 'question', 'asked', 'journalist', 'winning', 'shareholder', 'hope', 'answer', 'least', '60', 'question', 'standpoint', 'better', 'goal', 'pursue', 'annual', 'letter', 'meeting', 'discussion', 'give', 'better', 'understanding', 'business', 'good', 'reason', 'regularly', 'extol', 'accomplishment', 'operating', 'manager', 'Equally', 'important', 'however', '20', 'men', 'woman', 'work', 'corporate', 'office', 'one', 'floor', 'way', 'intend', 'keep', 'group', 'efficiently', 'deal', 'multitude', 'SEC', 'regulatory', 'requirement', 'file', '14,097-', 'page', 'Federal', 'income', 'tax', 'return', 'along', 'state', 'foreign', 'return', 'responds', 'countless', 'shareholder', 'medium', 'inquiry', 'get', 'annual', 'report', 'prepares', 'country', '"s", 'largest', 'annual', 'meeting', 'coordinate', 'Board', '"s", 'activity', 'list', 'go', 'handle', 'business', 'task', 'cheerfully', 'unbelievable', 'efficiency', 'making', 'life', 'easy', 'joyful', 'effort', 'go', 'beyond', 'activity', 'strictly', 'related', 'Berkshire', 'deal', '48', 'university', 'selected', '200', 'applicant', 'send', 'student', 'Omaha', 'school', 'year', 'day', 'also', 'handle', 'kind', 'request', 'receive', 'arrange', 'travel', 'even', 'get', 'hamburger', 'lunch', 'CEO', 'better', 'home', 'office', 'crew', 'deepest', 'thanks', 'deserves', 'well', 'Come', 'Woodstock', 'Capitalism', 'April', '30', 'th', 'tell', 'February', '26', '20', '1', '1', 'Warren', 'E.', 'Buffett', 'Chairman', 'Board', '26', 'Memo', 'Berkshire', 'Hathaway', 'Managers', '``', 'All-Stars', '``', 'cc', 'Berkshire', 'Directors', 'Warren', 'E.', 'Buffett', 'Date', 'July', '26', '2010', 'biennial', 'letter', 'reemphasize', 'Berkshire', '"s", 'top', 'priority', 'get', 'help', 'succession', 'planning', 'mine', 'priority', 'u', 'continue', 'zealously', 'guard', 'Berkshire', '"s", 'reputation', 'ca', 'n't', 'perfect', 'try', 've', 'said', 'memo', '25', 'year', '``', 'afford', 'lose', 'money', 'even', 'lot', 'money', 'ca', 'n't', 'afford', 'lose', 'reputation', 'even', 'shred', 'reputation', '``', 'must', 'continue', 'measure', 'every', 'act', 'legal', 'also', 'would', 'happy', 'written', 'front', 'page', 'national', 'newspaper', 'article', 'written', 'unfriendly', 'intelligent', 'reporter', 'Sometimes', 'associate', 'say', '``', 'Everybody', 'else', '``', 'rationale', 'almost', 'always', 'bad', 'one', 'main', 'justification', 'business', 'action', 'totally', 'unacceptable', 'evaluating', 'moral', 'decision', 'Whenever', 'somebody', 'offer', 'phrase', 'rationale', 'effect', 'saying', 'ca', 'n't', 'come', 'good', 'reason', 'anyone', 'give', 'explanation', 'tell', 'try', 'using', 'reporter', 'judge', 'see', 'far', 'get', 'see', 'anything', 'whose', 'propriety', 'legality', 'cause', 'hesitate', 'sure', 'give', 'call', 'However', '"s", 'likely', 'given', 'course', 'action', 'evokes', 'hesitation', '"s", 'close', 'line', 'abandoned', '"s", 'plenty', 'money', 'made', 'center', 'court', '"s", 'questionable', 'whether', 'action', 'close', 'line', 'assume', 'outside', 'forget', 'corollary', 'let', 'know', 'promptly', '"s", 'significant', 'bad', 'news', 'handle', 'bad', 'news', 'n't', 'like', 'deal', 'festered', 'awhile', 'reluctance', 'face', 'immediately', 'bad', 'news', 'turned', 'problem', 'Salomon', 'one', 'could', 'easily', 'disposed', 'one', 'almost', 'caused', 'demise', 'firm', '8,000', 'employee', '104', 'Somebody', 'something', 'today', 'Berkshire', 'would', 'unhappy', 'knew', '"s", 'inevitable', 'employ', '250,000', 'people', 'chance', 'number', 'getting', 'day', 'without', 'bad', 'behavior', 'occurring', 'nil', 'huge', 'effect', 'minimizing', 'activity', 'jumping', 'anything', 'immediately', 'slightest', 'odor', 'impropriety', 'attitude', 'matter', 'expressed', 'behavior', 'well', 'wor

d', 'important', 'factor', 'culture', 'business', 'develops', 'Culture', 'rule', 'book', 'determines', 'organization', 'behaves', 'respect', 'talk', 'going', 'little', 'much', 'wish', 'first-class', 'job', 'running', 'operation', 'individual', 'style', 'n't', 'need', 'help', 'item', 'need', 'clear', 'change', 'post-retirement', 'benefit', 'unusually', 'large', 'capital', 'expenditure', 'acquisition', 'need', 'help', 'respect', 'question', 'succession', 'm', 'looking', 'retire', 'hope', 'live', '100', 'Charlie', 's', 'case', '1', '10', 'case', 'n't', 'please', 'send', 'letter', 'home', 'wish', 'giving', 'recommendation', 'take', 'tomorrow', 'become', 'incapacitated', 'overnight', 'letter', 'seen', 'one', 'unless', 'm', 'longer', 'CEO', 'case', 'successor', 'need', 'information', 'Please', 'summarize', 'strength', 'weakness', 'primary', 'candidate', 'well', 'possible', 'alternate', 'may', 'wish', 'include', 'participated', 'exercise', 'past', 'others', 'offered', 'idea', 'verbally', 'However', 's', 'important', 'get', 'periodic', 'update', 'added', 'many', 'business', 'need', 'thought', 'writing', 'rather', 'trying', 'carry', 'around', 'memory', 'course', 'operation', 'run', 'two', 'Blumkins', 'Merschmans', 'pair', 'Applied', 'Underwriters', 'etc', 'case', 'forget', 'item', 'note', 'short', 'informal', 'handwritten', 'etc', 'mark', 'Personal', 'Warren', 'Thanks', 'help', 'thanks', 'way', 'run', 'business', 'make', 'job', 'easy', 'WEB/db', 'P.S', 'Another', 'minor', 'request', 'Please', 'turn', 'proposal', 'speak', 'make', 'contribution', 'intercede', 'Gates', 'Foundation', 'etc', 'Sometimes', 'request', 'act', 'intermediary', 'accompanied', 'ca', 'n't', 'hurt', 'ask', 'easier', 'u', 'say', 'added', 'favor', 'n't', 'suggest', 'instead', 'write', 'call', 'Multiply', '76', 'business', 'periodic', 'think', 'll', 'interested', 'one', 'unders tand', 'better', 'say', 'firmly', 'immediately', '105', 'BERKSHIRE', 'HATHAWAY', 'IN C.', 'Shareholders', 'Berkshire', 'Hathaway', 'Inc.', 'per-share', 'book', 'value', 'Class', 'Class', 'B', 'stock', 'increased', '4.6', '2011', 'last', '47', 'year', 'since', 'present', 'management', 'took', 'book', 'value', 'grown', '19', '99,860', 'rate', '19.8', 'compounded', 'annually', 'Charlie', 'Munger', 'Berkshire', 's', 'Vice', 'Chairman', 'partner', 'feel', 'good', 'company', 's', 'progress', '201', '1', 'highlight', '•', 'primary', 'job', 'Board', 'Directors', 'see', 'right', 'people', 'running', 'business', 'sure', 'next', 'generation', 'leader', 'identified', 'ready', 'take', 'tomorrow', '19', 'corporate', 'board', 'Berkshire', 's', 'director', 'top', 'list', 'time', 'diligence', 'devoted', 'succession', 'planning', 's', 'effort', 'paid', '2011', 'started', 'Todd', 'Combs', 'joined', 'u', 'investment', 'manager', 'shortly', 'yearend', 'Ted', 'Weschler', 'came', 'aboard', 'men', 'outstanding', 'investment', 'skill', 'deep', 'commitment', 'Berkshire', 'handling', 'billion', 'dollar', '2012', 'brain', 'judgment', 'character', 'manage', 'entire', 'portfolio', 'Charlie', 'longer', 'running', 'Berkshire', 'Board', 'equally', 'enthusiastic', 'successor', 'CEO', 'individual', 'great', 'deal', 'exposure', 'whose', 'managerial', 'human', 'quality', 'admire', 'two', 'superb', 'back-up', 'candidate', 'well', 'transfer', 'responsibility', 'required', 'seamless', 'Berkshire', 's', 'prospect', 'remain', 'bright', '98', 'net', 'worth', 'Berkshire', 'stock', 'go', 'various', 'philanthropy', 'heavily', 'concentrated', 'one', 'stock', 'defies', 'conventional', 'wisdom', 'm', 'fine', 'arrangement', 'knowing', 'quality', 'diversity', 'business', 'caliber', 'people', 'manage', 'asset', 'successor', 'enjoy', 'running', 'start', 'however', 'infer', 'discussion', 'Charlie', 'going', 'anywhere', 'continue', 'excellent', 'health', 'love', '•', 'September', '16', 'th', 'acquired', 'Lubrizol', 'worldwide', 'producer', 'additive', 'specialty', 'chemical', 'company', 'outstanding', 'record', 'since', 'James', 'Hambrick', 'became', 'CEO', '2004', 'pre-tax', 'profit', 'increasing', '147', 'million', '1,085', 'million', 'Lubrizol', 'many', 'opportunity', 'bolt-on', 'acquisition', 'specialty', 'chemical', 'field', 'Indeed', 've', 'already', 'agreed', 'three', 'costing', '493', 'million', 'James', 'disciplined', 'buyer', 'superb', 'operator', 'Charlie', 'eager', 'expand', 'managerial', 'domain', '•', 'major', 'business', 'well', 'last', 'year', 'fact', 'five', 'largest', 'non-insurance', 'company', 'BNSF', 'Iscar', 'Lubrizol', 'Marmon', 'Group', 'MidAmerican', 'Energy', 'delivered', 'record', 'operating', 'earnings', 'aggregate', 'business',

'earned', '9', 'billion', 'pre-tax', '2011', 'Contrast', 'seven', 'year', 'ago', 'owned', 'one', 'five', 'MidAmerican', 'whose', 'pre-tax', 'earnings', '393', 'million', 'Unless', 'economy', 'weakens', '2012', 'fabulous', 'five', 'set', 'record', 'aggregate', 'earnings', 'comfortably', 'topping', '10', 'billion', 'per-share', 'figure', 'used', 'report', 'apply', 'Berkshire', "'s", 'share', 'Figures', 'B', 'share', '1/1', '500', 'th', 'shown', '3', 'total', 'entire', 'string', 'operating', 'company', 'spent', '8.2', 'billion', 'property', 'plant', 'equipment', '2011', 'smashing', 'previous', 'record', '2', 'billion', '95', 'outlay', 'made', 'U.S.', 'fact', 'may', 'surprise', 'believe', 'country', 'lack', 'investment', 'opportunity', 'welcome', 'project', 'abroad', 'expect', 'overwhelming', 'majority', 'Berkshire', "'s", 'future', 'capital', 'commitment', 'America', '2012', 'expenditure', 'set', 'record', 'insurance', 'operation', 'continued', 'delivery', 'costless', 'capital', 'fund', 'myriad', 'opportunity', 'business', 'produce', '```', 'float', '""', 'money', 'n't', 'belong', 'u', 'get', 'invest', 'Berkshire', "'s", 'benefit', 'pay', 'le', 'loss', 'expense', 'receive', 'premium', 'additionally', 'earn', 'underwriting', 'profit', 'meaning', 'float', 'cost', 'u', 'le', 'nothing', 'Though', 'sure', 'underwriting', 'loss', 'time', 'time', "'ve", 'nine', 'consecutive', 'year', 'underwriting', 'profit', 'totaling', '17', 'billion', 'nine', 'year', 'float', 'increased', '41', 'billion', 'current', 'record', '70', 'billion', 'Insurance', 'good', 'u', 'Finally', 'made', 'two', 'major', 'investment', 'marketable', 'security', '1', '5', 'billion', '6', 'preferred', 'stock', 'Bank', 'America', 'came', 'warrant', 'allowing', 'u', 'buy', '700', 'million', 'common', 'share', '7.14', 'per', 'share', 'time', 'September', '2', '2021', '2', '63.9', 'million', 'share', 'IBM', 'cost', 'u', '10.9', 'billion', 'Counting', 'IBM', 'large', 'ownership', 'interest', 'four', 'exceptional', 'company', '13.0', 'American', 'Express', '8.8', 'Coca-Cola', '5.5', 'IBM', '7.6', 'Wells', 'Fargo', 'also', 'course', 'many', 'smaller', 'important', 'position', 'view', 'holding', 'partnership', 'interest', 'wonderful', 'business', 'marketable', 'security', 'bought', 'sold', 'based', 'near-term', 'prospect', 'share', 'earnings', 'however', 'far', 'fully', 'reflected', 'earnings', 'dividend', 'receive', 'business', 'show', 'financial', 'report', 'time', 'though', 'undistributed', 'earnings', 'company', 'attributable', 'ownership', 'huge', 'importance', 'u', "'s", 'used', 'variety', 'way', 'increase', 'future', 'earnings', 'dividend', 'investee', 'may', 'also', 'devoted', 'stock', 'repurchase', 'increase', 'share', 'company', "'s", 'future', 'earnings', 'owned', 'present', 'position', 'throughout', 'last', 'year', 'dividend', '```', 'Big', 'Four', '""', 'would', '862', 'million', "'s", 'would', 'reported', 'Berkshire', "'s", 'income', 'statement', 'share', 'quartet', "'s", 'earnings', 'however', 'would', 'far', 'greater', '3.3', 'billion', 'Charlie', 'believe', '2.4', 'billion', 'go', 'unreported', 'book', 'creates', 'least', 'amount', 'value', 'Berkshire', 'fuel', 'earnings', 'gain', 'future', 'year', 'expect', 'combined', 'earnings', 'four', 'dividend', 'well', 'increase', '2012', 'matter', 'almost', 'every', 'year', 'long', 'time', 'come', 'decade', 'current', 'holding', 'four', 'company', 'might', 'well', 'account', 'earnings', '7', 'billion', '2', 'billion', 'dividend', 'would', 'come', 'u', "'ve", 'run', 'good', 'news', 'development', 'hurt', 'u', '201', '1', 'year', 'back', 'spent', '2', 'billion', 'buying', 'several', 'bond', 'issue', 'Energy', 'Future', 'Holdings', 'electric', 'utility', 'operation', 'serving', 'portion', 'Texas', 'mistake', 'big', 'mistake', 'large', 'measure', 'company', "'s", 'prospect', 'tied', 'price', 'natural', 'gas', 'tanked', 'shortly', 'purchase', 'remains', 'depressed', 'Though', 'annually', 'received', 'interest', 'payment', '102', 'million', 'since', 'purchase', 'company', "'s", 'ability', 'pay', 'soon', 'exhausted', 'unless', 'gas', 'price', 'rise', 'substantially', 'wrote', 'investment', '1', 'billion', '2010', 'additional', '390', 'million', 'last', 'year', 'yearend', 'carried', 'bond', 'market', 'value', '878', 'million', 'gas', 'price', 'remain', 'present', 'level', 'likely', 'face', 'loss', 'perhaps', 'amount', 'virtually', 'wipe', 'current', 'carrying', 'value', 'Conversely', 'substantial', 'increase', 'gas', 'price', 'might', 'allow', 'u', 'recoup', 'even', 'write-down', 'However', 'thing', 'turn', 'totally', 'miscalculated', 'gain/loss', 'probability', 'purchased', 'bond', 'tennis', 'parlance',

'major', 'unforced', 'error', 'chairman', '4', '•', 'Three', 'large', 'attractive', 'fixed-income', 'investment', 'called', 'away', 'u', 'issuer', '2011', 'Swiss', 'Goldman', 'Sachs', 'General', 'Electric', 'paid', 'u', 'aggregate', '12.8', 'billion', 'redeem', 'security', 'producing', '1.2', 'billion', 'pre-tax', 'earnings', 'Berkshire', "'s", 'lot', 'income', 'replace', 'though', 'Lubrizol', 'purchase', 'offset', '•', 'Last', 'year', 'told', '``', 'housing', 'recovery', 'probably', 'begin', 'with', 'in', 'year', '""', 'dead', 'wrong', 'five', 'business', 'whose', 'result', 'significantly', 'influenced', 'housing', 'activity', 'connection', 'direct', 'Clayton', 'Homes', 'largest', 'producer', 'home', 'country', 'accounting', '7', 'constructed', '2011', '1', 'Additionally', 'Acme', 'Brick', 'Shaw', 'carpet', 'Johns', 'Manville', 'insulation', 'MiTek', 'building', 'product', 'primarily', 'connector', 'plate', 'used', 'roofing', 'materially', 'affected', 'construction', 'activity', 'aggregate', 'five', 'housing-related', 'company', 'pre-tax', 'profit', '513', 'million', '2011', "'s", 'similar', '2010', '1.8', 'billion', '2006', 'Housing', 'come', 'back', 'sure', 'time', 'number', 'housing', 'unit', 'necessarily', 'match', 'number', 'household', 'allowing', 'normal', 'level', 'vacancy', 'period', 'year', 'prior', '2008', 'however', 'America', 'added', 'housing', 'unit', 'household', 'Inevitably', 'ended', 'far', 'many', 'unit', 'bubble', 'popped', 'violence', 'shook', 'entire', 'economy', 'created', 'still', 'another', 'problem', 'housing', 'Early', 'recession', 'household', 'formation', 'slow', '2009', 'decrease', 'dramatic', 'devastating', 'supply/demand', 'equation', 'reversed', 'Every', 'day', 'creating', 'household', 'housing', 'unit', 'People', 'may', 'postpone', 'hitching', 'uncertain', 'time', 'eventually', 'hormone', 'take', '``', 'doubling-up', '""', 'may', 'initial', 'reaction', 'recession', 'living', 'in-law', 'quickly', 'lose', 'allure', 'current', 'annual', 'pace', '600,000', 'housing', 'start', 'considerably', 'le', 'number', 'new', 'household', 'formed', 'buyer', 'renter', 'sopping', "'s", 'left', 'old', 'oversupply', 'process', 'run', 'course', 'different', 'rate', 'around', 'country', 'supply-demand', 'situation', 'varies', 'widely', 'locale', 'healing', 'take', 'place', 'however', 'housing-related', 'company', 'sputter', 'employing', '43,315', 'people', 'compared', '58,769', '2006', 'hugely', 'important', 'sector', 'economy', 'includes', 'construction', 'everything', 'feed', 'remains', 'depression', 'believe', 'major', 'reason', 'recovery', 'employment', 'severely', 'lagged', 'steady', 'substantial', 'comeback', 'seen', 'almost', 'sector', 'economy', 'Wise', 'monetary', 'fiscal', 'policy', 'play', 'important', 'role', 'tempering', 'recession', 'tool', 'n't', 'create', 'household', 'eliminate', 'excess', 'housing', 'unit', 'Fortunately', 'demographic', 'market', 'system', 'restore', 'needed', 'balance', 'probably', 'long', 'day', 'come', 'build', 'one', 'million', 'residential', 'unit', 'annually', 'believe', 'pundit', 'surprised', 'far', 'unemployment', 'drop', 'happens', 'reawake', 'true', 'since', '1776', 'America', "'s", 'best', 'day', 'lie', 'ahead', 'Intrinsic', 'Business', 'Value', 'Charlie', 'measure', 'performance', 'rate', 'gain', 'Berkshire', "'s", 'per-share', 'intrinsic', 'business', 'value', 'gain', 'time', 'outstrips', 'performance', 'P', '500', 'earned', 'paycheck', 'n't', 'overpaid', 'price', 'way', 'pinpoint', 'intrinsic', 'value', 'useful', 'though', 'considerably', 'understated', 'proxy', 'per-share', 'book', 'value', 'yardstick', 'meaningless', 'company', 'Berkshire', 'however', 'book', 'value', 'roughly', 'track', 'business', 'value', "'s", 'amount', 'Berkshire', "'s", 'intrinsic', 'value', 'exceeds', 'book', 'value', 'swing', 'wildly', 'year', 'year', 'though', 'increase', 'year', 'time', 'divergence', 'likely', 'become', 'ever', 'substantial', 'absolute', 'term', 'remaining', 'reasonably', 'steady', 'however', 'percentage', 'basis', 'numerator', 'denominator', 'business-value/book-value', 'equation', 'increase', '5', "'ve", 'regularly', 'emphasized', 'book-value', 'performance', 'almost', 'certain', 'outpace', 'P', '500', 'bad', 'year', 'stock', 'market', 'certainly', 'fall', 'short', 'strong', 'up-year', 'test', 'time', 'Last', 'year', "'s", 'annual', 'report', 'included', 'table', 'laying', 'result', '42', 'five-year', 'period', 'since', 'took', 'Berkshire', '1965', 'i.e.', '1965-69', '1966-70', 'etc.', 'showed', 'book', 'value', 'beating', 'P', 'string', 'held', '2007-11', 'almost', 'certainly', 'snap', 'though', 'P', '500', 'put', 'together', 'five-year', 'wi

nning', 'streak', 'may', 'well', 'way', 'write', 'also', 'included', 'two', 'table',
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 te', 'per-share', 'intrinsic', 'value', 'wo', 'n't', 'repeat', 'full', 'discussion',
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 e', 'like', 'see', 'gain', 'area', 'primary', 'focus', 'building', 'operating', 'ear
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 iary', 'would', 'included', 'Fortune', '500', 'stand-alone', 'company', 'leaf', '49
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 r', 'announced', 'Berkshire', 'would', 'repurchase', 'share', 'price', '110', 'boo
 k', 'value', 'market', 'day', 'buying', '67', 'million', 'stock', 'price', 'advance
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 ted', 'witnessed', 'many', 'bout', 'repurchasing', 'failed', 'second', 'test', 'Some
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 clusion', 'seems', 'warranted', 'n't', 'suffice', 'say', 'repurchase', 'made', 'offs
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 uing', 'shareholder', 'hurt', 'unless', 'share', 'purchased', 'intrinsic', 'value',
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 n', 'share', 'repurchase', 'smart', 'one', 'price', 'dumb', 'another', 'One', 'CEO',
 'always', 'stress', 'price/value', 'factor', 'repurchase', 'decision', 'Jamie', 'Dim
 on', 'J.P.', 'Morgan', 'recommend', 'read', 'annual', 'letter', 'Charlie', 'mixed',
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 ng', 'money', 'continuing', 'shareholder', 'surer', 'way', 'buying', 'asset', 'stoc
 k', 'know', 'worth', 'least', 'x', 'le', '.9x', '.8x', 'even', 'lower', 'one', 'dire
 ctor', 'say', '"s', 'like', 'shooting', 'fish', 'barrel', 'barrel', 'drained', 'fis
 h', 'quit', 'flopping', 'Nevertheless', 'n't', 'enjoy', 'cashing', 'partner', 'disco
 unt', 'even', 'though', 'may', 'give', 'selling', 'shareholder', 'slightly', 'highe
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 iting', 'partner', 'fully', 'informed', 'value', 'asset', 'selling', 'limit', 'pric
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 k', 'price', 'Berkshire', 'buy', 'stock', 'company', 'repurchasing', 'share', 'hop
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 king', 'book', '""', 'stock', 'effective', 'would', 'actually', 'harmful', 'Berkshir
 e', 'helpful', 'commentator', 'customarily', 'assume', '6', 'Let', '"s', 'use', 'IB
 M', 'example', 'business', 'observer', 'know', 'CEOs', 'Lou', 'Gerstner', 'Sam', 'Pa
 lmisano', 'superb', 'job', 'moving', 'IBM', 'near-bankruptcy', 'twenty', 'year', 'ag
 o', 'prominence', 'today', 'operational', 'accomplishment', 'truly', 'extraordinar
 y', 'financial', 'management', 'equally', 'brilliant', 'particularly', 'recent', 'ye
 ar', 'company', '"s', 'financial', 'flexibility', 'improved', 'Indeed', 'think', 'ma
 jor', 'company', 'better', 'financial', 'management', 'skill', 'materially', 'increa

sed', 'gain', 'enjoyed', 'IBM', 'shareholder', 'company', 'used', 'debt', 'wisely', 'made', 'value-adding', 'acquisition', 'almost', 'exclusively', 'cash', 'aggressivel y', 'repurchased', 'stock', 'Today', 'IBM', '1.16', 'billion', 'share', 'outstandin g', '63.9', 'million', '5.5', 'Naturally', 'happens', 'company', "'s", 'earnings', 'next', 'five', 'year', 'enormous', 'importance', 'u', 'Beyond', 'company', 'likel y', 'spend', '50', 'billion', 'year', 'repurchase', 'share', 'quiz', 'day', 'long-te rm', 'shareholder', 'Berkshire', 'cheer', 'period', 'wo', "n't", 'keep', 'suspense', 'wish', 'IBM', "'s", 'stock', 'price', 'languish', 'throughout', 'five', 'year', 'Le t', "'s", 'math', 'IBM', "'s", 'stock', 'price', 'average', 'say', '200', 'period', 'company', 'acquire', '250', 'million', 'share', '50', 'billion', 'would', 'consequen tly', '910', 'million', 'share', 'outstanding', 'would', '7', 'company', 'stock', 'conversely', 'sell', 'average', '300', 'five-year', 'period', 'IBM', 'acquire', '16 7', 'million', 'share', 'would', 'leave', '990', 'million', 'share', 'outstanding', 'five', 'year', 'would', '6.5', 'IBM', 'earn', 'say', '20', 'billion', 'fifth', 'yea r', 'share', 'earnings', 'would', 'full', '100', 'million', 'greater', '``', 'disapp ointing', "''", 'scenario', 'lower', 'stock', 'price', 'would', 'higher', 'price', 'later', 'point', 'share', 'would', 'worth', 'perhaps', '1', 'Vi', 'billion', '``', 'high-price', "''", 'repurchase', 'scenario', 'taken', 'place', 'logic', 'simple', 'going', 'net', 'buyer', 'stock', 'future', 'either', 'directly', 'money', 'indirect ly', 'ownership', 'company', 'repurchasing', 'share', 'hurt', 'stock', 'rise', 'bene fit', 'stock', 'swoon', 'Emotions', 'however', 'often', 'complicate', 'matter', 'peo ple', 'including', 'net', 'buyer', 'future', 'take', 'comfort', 'seeing', 'stock', 'price', 'advance', 'shareholder', 'resemble', 'commuter', 'rejoices', 'price', 'ga s', 'increase', 'simply', 'tank', 'contains', 'day', "'s", 'supply', 'Charlie', "n't", 'expect', 'win', 'many', 'way', 'thinking', "'ve", 'observed', 'enough', 'hum an', 'behavior', 'know', 'futility', 'want', 'aware', 'personal', 'calculus', 'confe ssion', 'order', 'early', 'day', 'rejoiced', 'market', 'rose', 'read', 'Chapter', 'E ight', 'Ben', 'Graham', "'s", 'Intelligent', 'Investor', 'chapter', 'dealing', 'inve stor', 'view', 'fluctuation', 'stock', 'price', 'Immediately', 'scale', 'fell', 'ey e', 'low', 'price', 'became', 'friend', 'Picking', 'book', 'one', 'luckiest', 'momen t', 'life', 'end', 'success', 'IBM', 'investment', 'determined', 'primarily', 'futur e', 'earnings', 'important', 'secondary', 'factor', 'many', 'share', 'company', 'pur chase', 'substantial', 'sum', 'likely', 'devote', 'activity', 'repurchase', 'ever', 'reduce', 'IBM', 'share', 'outstanding', '63.9', 'million', 'abandon', 'famed', 'fru gality', 'give', 'Berkshire', 'employee', 'paid', 'holiday', 'let', "'s", 'examine', 'four', 'major', 'sector', 'operation', 'vastly', 'different', 'balance', 'sheet', 'income', 'characteristic', 'others', 'Lumping', 'together', 'therefore', 'impedes', 'analysis', "''", 'present', 'four', 'separate', 'business', 'Charlie', 'view', 'ma y', 'repurchasing', 'Berkshire', 'share', 'offer', 'thought', 'section', 'intrinsic', 'value', 'compare', 'carrying', 'value', '7', 'Insurance', 'Let', "'s", 'look', 'first', 'insurance', 'Berkshire', "'s", 'core', 'operation', 'engine', 'propelled', 'expansion', 'year', 'Property-casualty', '``', 'P/C', "''", 'insurer', 'receive', 'premium', 'upfront', 'pay', 'claim', 'later', 'extreme', 'case', 'arising', 'certai n', 'worker', 'compensation', 'accident', 'payment', 'stretch', 'decade', 'collect-n ow', 'pay-later', 'model', 'leaf', 'u', 'holding', 'large', 'sum', 'money', 'call', '``', 'float', "''", 'eventually', 'go', 'others', 'Meanwhile', 'get', 'invest', 'fl oat', 'Berkshire', "'s", 'benefit', 'Though', 'individual', 'policy', 'claim', 'com e', 'go', 'amount', 'float', 'hold', 'remains', 'remarkably', 'stable', 'relation', 'premium', 'volume', 'Consequently', 'business', 'grows', 'float', 'grown', 'followi ng', 'table', 'show', 'Year', 'Float', 'mil', '1970', '39', '1980', '237', '1990', '1,632', '2000', '27,871', '2010', '65,832', '2011', '70,571', "'s", 'unlikely', 'fl oat', 'grow', 'much', 'current', 'level', "'s", 'mainly', 'already', 'outsized', 'am ount', 'relative', 'premium', 'volume', 'decline', 'float', 'add', 'would', 'almos t', 'certainly', 'gradual', 'therefore', 'impose', 'unusual', 'demand', 'fund', 'u', 'premium', 'exceed', 'total', 'expense', 'eventual', 'loss', 'register', 'underwriti ng', 'profit', 'add', 'investment', 'income', 'float', 'produce', 'profit', 'occur

s', 'enjoy', 'use', 'free', 'money', 'better', 'yet', 'get', 'paid', 'holding', 'Unfortunately', 'wish', 'insurer', 'achieve', 'happy', 'result', 'creates', 'intense', 'competition', 'vigorous', 'year', 'cause', 'P/C', 'industry', 'whole', 'operate', 'significant', 'underwriting', 'loss', 'example', 'State', 'Farm', 'far', 'country', 'largest', 'insurer', 'well-managed', 'company', 'besides', 'incurred', 'underwriting', 'loss', 'eight', 'last', 'eleven', 'year', 'lot', 'way', 'lose', 'money', 'insurance', 'industry', 'resourceful', 'creating', 'new', 'one', 'noted', 'first', 'section', 'report', 'operated', 'underwriting', 'profit', 'nine', 'consecutive', 'year', 'gain', 'period', 'totaled', '17', 'billion', 'believe', 'likely', 'continue', 'underwrite', 'profitably', 'though', 'certainly', 'future', 'year', 'accomplish', 'float', 'better', 'cost-free', 'profit', 'would', 'party', 'deposited', '70.6', 'billion', 'u', 'paid', 'u', 'fee', 'holding', 'money', 'let', 'u', 'invest', 'fund', 'benefit', 'attractive', 'float', 'affect', 'intrinsic', 'value', 'calculation', 'float', 'deducted', 'full', 'liability', 'calculating', 'Berkshire', 's', 'book', 'value', 'pay', 'tomorrow', 'unable', 'replenish', 's', 'incorrect', 'way', 'view', 'float', 'instead', 'viewed', 'revolving', 'fund', 'float', 'costless', 'long-enduring', 'true', 'value', 'liability', 'far', 'lower', 'accounting', 'liability', 'Partially', 'offsetting', 'overstated', 'liability', '15.5', 'billion', 'goodwill', 'attributable', 'insurance', 'company', 'included', 'book', 'value', 'asset', 'effect', 'goodwill', 'represents', 'price', 'paid', 'float-generating', 'capability', 'insurance', 'operation', 'cost', 'goodwill', 'however', 'bearing', 'true', 'value', 'insurance', 'business', 'produce', 'large', 'sustained', 'underwriting', 'loss', 'goodwill', 'asset', 'attributable', 'deemed', 'valueless', 'whatever', 'original', 'cost', 'Fortunately', 's', 'case', 'Berkshire', 'Charlie', 'believe', 'true', 'economic', 'value', 'insurance', 'goodwill', 'would', 'pay', 'purchase', 'float', 'similar', 'quality', 'far', 'excess', 'historic', 'carrying', 'value', 'value', 'float', 'one', 'reason', 'huge', 'reason', 'believe', 'Berkshire', 's', 'intrinsic', 'business', 'value', 'substantially', 'exceeds', 'book', 'value', 'Let', 'emphasize', 'cost-free', 'float', 'outcome', 'expected', 'P/C', 'industry', 'whole', 'n't', 'think', 'much', 'Berkshire-quality', 'float', 'existing', 'insurance', 'world', 'year', 'including', '2011', 'industry', 's', 'premium', 'inadequate', 'cover', 'claim', 'plus', 'expense', 'Consequently', '8', 'industry', 's', 'overall', 'return', 'tangible', 'equity', 'many', 'decade', 'fallen', 'far', 'short', 'average', 'return', 'realized', 'American', 'industry', 'sorry', 'performance', 'almost', 'certain', 'continue', 'Berkshire', 's', 'outstanding', 'economics', 'exist', 'terrific', 'manager', 'running', 'extraordinary', 'insurance', 'operation', 'Let', 'tell', 'major', 'unit', 'First', 'float', 'size', 'Berkshire', 'Hathaway', 'Reinsurance', 'Group', 'run', 'Ajit', 'Jain', 'Ajit', 'insures', 'risk', 'one', 'else', 'desire', 'capital', 'take', 'operation', 'combine', 'capacity', 'speed', 'decisiveness', 'importantly', 'brain', 'manner', 'unique', 'insurance', 'business', 'Yet', 'never', 'expose', 'Berkshire', 'risk', 'inappropriate', 'relation', 'resource', 'Indeed', 'far', 'conservative', 'respect', 'large', 'insurer', 'example', 'insurance', 'industry', 'experience', '250', 'billion', 'loss', 'mega-catastrophe', 'loss', 'triple', 'anything', 'ever', 'faced', 'Berkshire', 'whole', 'would', 'likely', 'record', 'moderate', 'profit', 'year', 'many', 'stream', 'earnings', 'Concurrently', 'major', 'insurer', 'reinsurers', 'would', 'far', 'red', 'would', 'face', 'insolvency', 'standing', 'start', '1985', 'Ajit', 'created', 'insurance', 'business', 'float', '34', 'billion', 'significant', 'underwriting', 'profit', 'feat', 'CEO', 'insurer', 'come', 'close', 'matching', 'accomplishment', 'added', 'great', 'many', 'billion', 'dollar', 'value', 'Berkshire', 'Charlie', 'would', 'gladly', 'trade', 'second', 'Ajit', 'Alas', 'none', 'another', 'insurance', 'powerhouse', 'General', 'managed', 'Tad', 'Montross', 'bottom', 'sound', 'insurance', 'operation', 'need', 'adhere', 'four', 'discipline', 'must stand', 'exposure', 'might', 'cause', 'policy', 'incur', 'loss', '2', 'conservatively', 'evaluate', 'likelihood', 'exposure', 'actually', 'causing', 'loss', 'probable', 'cost', '3', 'set', 'premium', 'deliver', 'profit', 'average', 'prospective', 'loss', 'cost', 'operating', 'expense', 'covered', '4', 'willing', 'walk', 'away', 'appr

opriate', 'premium', 'ca', 'n't', 'obtained', 'Many', 'insurer', 'pas', 'first', 'th
ree', 'test', 'flunk', 'fourth', 'simply', 'ca', 'n't', 'turn', 'back', 'business',
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''', 'spell', 'trouble', 'business', 'none', 'insurance', 'Indeed', 'good', 'underw
riter', 'need', 'independent', 'mindset', 'akin', 'senior', 'citizen', 'received',
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abel', 'n't', 'know', 'half', '``', 'replied', 'Albert', '``', 's', 'one', 'car',
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ult', 'General', 's', 'huge', 'float', 'better', 'cost-free', 'leadership', 'expec
t', 'average', 'continue', 'first', 'year', 'acquired', 'General', 'major', 'headach
e', 's', 'treasure', 'Finally', 'GEICO', 'insurer', 'cut', 'teeth', '61', 'year',
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's', 'brilliant', 'execution', 'superb', 'almost-', 'impossible-to-replicate', 'bus
iness', 'model', 'Tony', 's', '18-year', 'tenure', 'CEO', 'market', 'share', 'grow
n', '2.0', '9.3', 'instead', 'remained', 'static', 'decade', 'took', 'premium', 'vol
ume', 'would', '3.3', 'billion', 'rather', '15.4', 'billion', 'attained', '2011', 'e
xtra', 'value', 'created', 'Tony', 'associate', 'major', 'element', 'Berkshire',
's', 'excess', 'intrinsic', 'value', 'book', 'value', 'still', '90', 'auto-insuranc
e', 'market', 'left', 'GEICO', 'rake', 'n't', 'bet', 'Tony', 'acquiring', 'chunk',
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izard', 'another', 'endearing', 'quality', 'Unlike', 'human', 'spokesman', 'spokeswo
man', 'expensively', 'represent', 'insurance', 'company', 'little', 'fellow', 'agen
t', 'addition', 'three', 'major', 'insurance', 'operation', 'group', 'smaller', 'com
pany', 'plying', 'trade', 'odd', 'corner', 'insurance', 'world', 'aggregate', 'resul
t', 'consistently', 'profitable', 'float', 'provide', 'u', 'substantial', 'Charlie',
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e', 'New', 'Jersey', 'writer', 'medical', 'malpractice', 'policy', 'bolt-on', 'trans
action', 'expands', 'managerial', 'domain', 'Tim', 'Kenesey', 'star', 'CEO', 'Medica
l', 'Protective', 'Indiana-based', 'med-mal', 'insurer', 'Princeton', 'brings', '60
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r', 'segment', 'property-casualty', 'life', 'insurance', 'business', 'Underwriting',
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y', '242', '268', '5,960', '5,141', '248', '2,013', '70,571', '65,832', 'Among', 'la
rge', 'insurance', 'operation', 'Berkshire', 's', 'impress', 'best', 'world', 'Regu
lated', 'Capital-intensive', 'Businesses', 'two', 'large', 'business', 'BNSF', 'MidA
merican', 'Energy', 'important', 'common', 'characteristic', 'distinguishing', 'man
y', 'business', 'Consequently', 'assign', 'sector', 'letter', 'also', 'split', 'comb
ined', 'financial', 'statistic', 'GAAP', 'balance', 'sheet', 'income', 'statement',
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d', 'Berkshire', 'credit', 'needed', 'business', 'earning', 'power', 'even', 'terrib
le', 'business', 'condition', 'amply', 'cover', 'interest', 'requirement', 'le', 'ro
bust', 'economy', '2011', 'example', 'BNSF', 's', 'interest', 'coverage', '9.5x',
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'debt', 'circumstance', 'stability', 'earnings', 'inherent', 'exclusively', 'offerin
g', 'essential', 'service', 'diversity', 'earnings', 'stream', 'shield', 'action',
'single', 'regulatory', 'body', 'Measured', 'ton-miles', 'rail', 'move', '42', 'Amer
ica', 's', 'inter-city', 'freight', 'BNSF', 'move', 'railroad', '37', 'industry',
'total', 'little', 'math', 'tell', '15', 'inter-city', 'ton-miles', 'freight', 'U.
S.', 'transported', 'BNSF', 'exaggeration', 'characterize', 'railroad', 'circulator
y', 'system', 'economy', 'railroad', 'largest', 'artery', 'place', 'huge', 'responsi

bility', 'u', 'must', 'without', 'fail', 'maintain', 'improve', '23,000', 'mile', 't
 rack', 'along', '13,000', 'bridge', '80', 'tunnel', '6,900', 'locomotive', '78,600',
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 e', 'nature', 'widespread', 'flooding', 'BNSF', 'labored', 'last', 'summer', 'fulfil
 l', 'societal', 'obligation', 'BNSF', 'regularly', 'invests', 'far', 'depreciation',
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 ntry', '"s", 'inadequate', 'infrastructure', 'spending', 'criticism', 'levied', 'rai
 lroad', 'industry', 'pouring', 'money', 'fund', 'private', 'sector', 'investment',
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 d', 'making', 'huge', 'expenditure', 'country', '"s", 'publicly-financed', 'highwa
 y', 'system', 'would', 'face', 'even', 'greater', 'congestion', 'maintenance', 'prob
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 s', 'confident', 'value', 'delivers', 'Many', 'year', 'ago', 'Ben', 'Franklin', 'cou
 nseled', '``', 'Keep', 'thy', 'shop', 'thy', 'shop', 'keep', 'thee', '""', 'Translat
 ing', 'regulated', 'business', 'might', 'today', 'say', '``', 'Take', 'care', 'custo
 mer', 'regulator', 'customer', '"s", 'representative', 'take', 'care', '""', 'Good',
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 articipate', 'similar', '``', 'social', 'compact', '""', 'expected', 'put', 'ever-in
 creasing', 'sum', 'satisfy', 'future', 'need', 'customer', 'meanwhile', 'operate',
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 rican', '89.8', 'owned', 'Berkshire', 'supply', '2.5', 'million', 'customer', 'U.
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 try', '"s", 'natural', 'gas', 'Obviously', 'many', 'million', 'Americans', 'depend',
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 ated', 'dead', 'last', '43', '43', 'leading', 'authority', 'field', 'recent', 'repor
 t', 'Northern', 'Natural', 'ranked', 'second', 'top', 'spot', 'held', 'pipeline', 'K
 ern', 'River', 'electric', 'business', 'MidAmerican', 'comparable', 'record', 'recen
 t', 'survey', 'customer', 'satisfaction', 'MidAmerican', 'U.S.', 'utility', 'ranke
 d', 'second', 'among', '60', 'utility', 'group', 'surveyed', 'story', 'far', 'differ
 ent', 'many', 'year', 'back', 'MidAmerican', 'acquired', 'property', 'MidAmerican',
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 y', 'wind', 'solar', 'project', 'almost', 'certainly', 'follow', 'tell', 'proud', 'a
 ccomplished', 'society', 'Matt', 'Rose', 'BNSF', 'Greg', 'Abel', 'MidAmerican', 'als
 o', 'proud', 'grateful', 'accomplished', 'Berkshire', 'shareholder', 'relevant', 'fi
 gure', 'MidAmerican', 'Earnings', 'million', 'U.K.', 'utility', '^k', 'Iowa', 'uti
 lity', '^F', '^r', 'Western', 'utility', 'Pipelines', '•', '-^L', 'HomeServices',
 'M.', '„', 'net', 'Operating', 'earnings', 'corporate', 'interest', 'tax', 'Interes
 t', 'Berkshire', 'Interest', 'Berkshire', 'junior', 'debt', 'Income', 'tax', '2011',
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 me', 'tax', '8', '201', '1', '19', '2010', 'BNSF', 'Historical', 'accounting', '2/1
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 es', '19,548', '16,850', 'Operating', 'earnings', '5,310', '4,495', 'Interest', 'Ne
 t', '560', '507', 'Pre-Tax', 'earnings', '4,741', '3,988', 'Net', 'earnings', '2,97
 2', '2,459', 'book', 'value', 'recorded', 'balance', 'sheet', 'BNSF', 'MidAmerican',

'carry', 'substantial', 'goodwill', 'component', 'totaling', '20', 'billion', 'instance', 'however', 'Charlie', 'believe', 'current', 'intrinsic', 'value', 'far', 'greater', 'book', 'value', '11', 'Manufacturing', 'Service', 'Retailing', 'Operations', 'activity', 'part', 'Berkshire', 'cover', 'waterfront', 'Let', "'s", 'look', 'though', 'summary', 'balance', 'sheet', 'earnings', 'statement', 'entire', 'group', 'Balance', 'Sheet', '12/31/11', 'million', 'Assets', 'Cash', 'equivalent', '4,241', 'Accounts', 'note', 'receivable', 'Inventory', 'current', 'asset', 'Total', 'current', 'asset', '6,584', '8,975', '631', 'Goodwill', 'intangible', 'Fixed', 'asset', 'asset', '20,431', '24,755', '17,866', '3,661', '66,713', 'Liabilities', 'Equity', 'Notes', 'payable', '1,611', 'current', 'liability', '15,124', 'Total', 'current', 'liability', '16,735', 'Deferred', 'tax', 'Term', 'debt', 'liability', 'Non-controlling', 'interest', 'Berkshire', 'equity', '4,661', '6,214', '2,410', '36,693', '66,713', 'Earnings', 'Statement', 'million', '2011', '2010', '2009', 'Revenues', '72,406', '66,610', '61,665', 'Operating', 'expense', 'including', 'depreciation', '1,431', '201', '1', '1,362', '2010', '1,422', '2009', '^^^k', '67,239', '62,225', '59,509', 'Interest', 'expense', '130', '111', '98', 'Pre-tax', 'earnings', '^.^b^', '5.037', '4.274', '2.058', 'Income', 'tax', 'non-controlling', 'interest', '1,998', '1,812', '945', 'Net', 'earnings', '3,039', '2,462', '1,113', 'include', 'purchase-accounting', 'adjustment', 'Includes', 'earnings', 'Lubrizol', 'September', '16', 'group', 'company', 'sell', 'product', 'ranging', 'lollipop', 'jet', 'airplane', 'business', 'enjoy', 'terrific', 'economics', 'measured', 'earnings', 'unleveraged', 'net', 'tangible', 'asset', 'run', '25', 'after-tax', '100', 'Others', 'produce', 'good', 'return', 'area', '12-20', 'however', 'poor', 'return', 'result', 'serious', 'mistake', 'made', 'job', 'capital', 'allocation', 'error', 'came', 'misjudged', 'either', 'competitive', 'strength', 'business', 'purchased', 'future', 'economics', 'industry', 'operated', 'try', 'look', 'ten', 'twenty', 'year', 'making', 'acquisition', 'sometimes', 'eyesight', 'poor', 'Charlie', "'s", 'better', 'voted', '``', 'present', '""', 'several', 'errant', 'purchase', 'Berkshire', "'s", 'newer', 'shareholder', 'may', 'puzzled', 'decision', 'hold', 'mistake', 'earnings', 'never', 'consequential', 'Berkshire', "'s", 'valuation', 'problem', 'company', 'require', 'managerial', 'time', 'winner', 'management', 'consultant', 'Wall', 'Street', 'advisor', 'would', 'look', 'laggard', 'say', '``', 'dump', '""', 'wo', "n't", 'happen', '29', 'year', 'regularly', 'laid', 'Berkshire', "'s", 'economic', 'principle', 'report', 'page', '93-98', 'Number', '1', '1', 'describes', 'general', 'reluctance', 'sell', 'poor', 'performer', 'case', 'lag', 'industry', 'factor', 'rather', 'managerial', 'shortcoming', 'approach', 'far', 'Darwinian', 'many', 'may', 'disapprove', 'understand', 'position', 'However', 'made', 'continue', 'make', 'commitment', 'seller', 'business', 'buy', 'retain', 'business', 'thick', 'thin', 'far', 'dollar', 'cost', 'commitment', 'substantial', 'may', 'well', 'offset', 'goodwill', 'build', 'among', 'prospective', 'seller', 'looking', 'right', 'permanent', 'home', 'treasured', 'business', 'loyal', 'associate', 'owner', 'know', 'get', 'u', 'ca', "n't", 'delivered', 'others', 'commitment', 'good', 'many', 'decade', 'come', '12', 'Please', 'understand', 'however', 'Charlie', 'neither', 'masochist', 'Polly', 'anna', 'either', 'failing', 'set', 'forth', 'Rule', '1', '1', 'present', 'business', 'likely', 'cash', 'drain', 'longer', 'term', 'labor', 'strife', 'endemic', 'take', 'prompt', 'decisive', 'action', 'situation', 'happened', 'couple', 'time', '47', '-year', 'history', 'none', 'business', 'strait', 'requiring', 'u', 'consider', 'disposing', 'steady', 'substantial', 'comeback', 'U.S.', 'economy', 'since', 'mid-2009', 'clear', 'earnings', 'shown', 'front', 'section', 'compilation', 'includes', '54', 'company', 'one', 'Marmon', 'owner', '140', 'operation', 'eleven', 'distinct', 'business', 'sector', 'short', 'look', 'Berkshire', 'looking', 'across', 'corporate', 'America', 'let', "'s", 'dig', 'little', 'deeper', 'gain', 'greater', 'insight', 'happened', 'last', 'year', 'four', 'housing-related', 'company', 'section', 'group', 'excludes', 'Clayton', 'carried', 'Finance', 'Financial', 'Products', 'aggregate', 'pre-tax', 'earnings', '227', 'million', '2009', '362', 'million', '2010', '359', 'million', '201', '1', 'subtract', 'earnings', 'combined', 'statement', 'see', 'multiple', 'diverse', 'non-housing', 'operation', 'earned', '1,

831', 'million', '2009', '3,912', 'million', '2010', '4,678', 'million', '201', '1', '291', 'million', '201', '1', 'earnings', 'came', 'Lubrizol', 'acquisition', 'profile', 'remaining', '2011', 'earnings', '4,387', 'million', 'illustrates', 'comeback', 'much', 'America', 'devastation', 'wrought', '2008', 'financial', 'panic', 'Though', 'housing-related', 'business', 'remain', 'emergency', 'room', 'business', 'left', 'hospital', 'health', 'fully', 'restored', 'Almost', 'manager', 'delivered', 'outstanding', 'performance', 'last', 'year', 'among', 'manager', 'run', 'housing-related', 'business', 'therefore', 'fighting', 'hurricane-force', 'headwind', 'example', '•', 'Vic', 'Mancinelli', 'set', 'record', 'CTB', 'agricultural', 'equipment', 'operation', 'purchased', 'CTB', '2002', '139', 'million', 'subsequently', 'distributed', '180', 'million', 'Berkshire', 'last', 'year', 'earned', '124', 'million', 'pre-tax', '109', 'million', 'cash', 'Vic', 'made', 'number', 'bolt-on', 'acquisition', 'year', 'including', 'meaningful', 'one', 'signed', 'yearend', '•', 'TTI', 'electric', 'component', 'distributor', 'increased', 'sale', 'record', '2.1', 'billion', '12.4', '2010', 'Earnings', 'also', 'hit', 'record', '127', '2007', 'year', 'purchased', 'business', '2011', 'TTI', 'performed', 'far', 'better', 'large', 'publicly-traded', 'company', 'field', '"s', 'surprise', 'Paul', 'Andrews', 'associate', 'besting', 'year', 'Charlie', 'delighted', 'Paul', 'negotiated', 'large', 'bolt-on', 'acquisition', 'early', '2012', 'hope', 'follow', '•', 'Iscar', '80', '-owned', 'cutting-tools', 'operation', 'continues', 'amaze', 'u', 'sale', 'growth', 'overall', 'performance', 'unique', 'industry', 'Iscar', 'manager', 'Eitan', 'Wertheimer', 'Jacob', 'Harpaz', 'Danny', 'Goldman', 'brilliant', 'strategist', 'operator', 'economic', 'world', 'cratering', 'November', '2008', 'stepped', 'buy', 'Tungaloy', 'leading', 'Japanese', 'cutting-tool', 'manufacturer', 'Tungaloy', 'suffered', 'significant', 'damage', 'tsunami', 'hit', 'north', 'Tokyo', 'last', 'spring', 'would', "n't", 'know', 'Tungaloy', 'went', 'set', 'sale', 'record', '2011', 'visited', 'Iwaki', 'plant', 'November', 'inspired', 'dedication', 'enthusiasm', 'Tungaloy', 'management', 'well', 'staff', 'wonderful', 'group', 'deserve', 'admiration', 'thanks', '•', 'McLane', 'huge', 'distribution', 'company', 'run', 'Grady', 'Rosier', 'added', 'important', 'new', 'customer', '2011', 'set', 'pre-tax', 'earnings', 'record', '370', 'million', 'Since', 'purchase', '2003', '1.5', 'billion', 'company', 'pre-tax', 'earnings', '2.4', 'billion', 'also', 'increased', 'LIFO', 'reserve', '230', 'million', 'price', 'retail', 'product', 'distributes', 'candy', 'gum', 'cigarette', 'etc', 'risen', 'Grady', 'run', 'logistical', 'machine', 'second', 'none', 'look', 'bolt-ons', 'McLane', 'particularly', 'new', 'wine-and-spirits', 'distribution', 'business', '13', 'Jordan', 'Hansell', 'took', 'NetJets', 'April', 'delivered', '201', '1', 'pre-tax', 'earnings', '227', 'million', 'particularly', 'impressive', 'performance', 'sale', 'new', 'plane', 'slow', 'year', 'December', 'however', 'uptick', 'seasonally', 'normal', 'permanent', 'uncertain', 'year', 'ago', 'NetJets', 'number', 'one', 'worry', 'cost', 'far', 'line', 'revenue', 'cash', 'hemorrhaging', 'Without', 'Berkshire', '"s', 'support', 'NetJets', 'would', 'gone', 'broke', 'problem', 'behind', 'u', 'Jordan', 'delivering', 'steady', 'profit', 'well-controlled', 'smoothly-running', 'operation', 'NetJets', 'proceeding', 'plan', 'enter', 'China', 'first-class', 'partner', 'move', 'widen', 'business', '``', 'moat', '"', 'fractional-ownership', 'operator', 'remotely', 'size', 'breadth', 'NetJets', 'operation', 'none', 'ever', 'Ne', 'Jets', 'unrelenting', 'focus', 'safety', 'service', 'paid', 'marketplace', '"s', 'joy', 'watch', 'Marmon', '"s', 'progress', 'Frank', 'Ptak', '"s', 'leadership', 'addition', 'achieving', 'internal', 'growth', 'Frank', 'regularly', 'make', 'bolt-on', 'acquisition', 'aggregate', 'materially', 'increase', 'Marmon', '"s', 'earning', 'power', 'three', 'costing', '270', 'million', 'last', 'month', 'Joint', 'venture', 'around', 'world', 'another', 'opportunity', 'Marmon', 'midyear', 'Marmon', 'partnered', 'Kundalia', 'family', 'Indian', 'crane', 'operation', 'already', 'delivering', 'substantial', 'profit', 'Marmon', '"s', 'second', 'venture', 'family', 'following', 'successful', 'wire', 'cable', 'partnership', 'instituted', 'year', 'ago', 'eleven', 'major', 'sector', 'Marmon', 'operates', 'ten', 'delivered', 'gain', 'earnings', 'last', 'year', 'confident', 'higher', 'earnings', 'Marmon', 'year', 'ahead', '``', 'Buy', 'commodity', 'sell', 'bran

d', '""', 'long', 'formula', 'business', 'success', 'produced', 'enormous', 'sustained', 'profit', 'Coca-Cola', 'since', '1886', 'Wrigley', 'since', '1891', 'smaller', 'scale', 'enjoyed', 'good', 'fortune', 'approach', 'See', 's', 'Candy', 'since', 'purchased', '40', 'year', 'ago', 'Last', 'year', 'See', 's', 'record', 'pre-tax', 'earnings', '83', 'million', 'bringing', 'total', 'since', 'bought', '1.65', 'billion', 'Contrast', 'figure', 'purchase', 'price', '25', 'million', 'year-end', 'carrying-value', 'net', 'cash', 'le', 'zero', 'Yes', 'read', 'right', 'capital', 'employed', 'See', 's', 'fluctuates', 'seasonally', 'hitting', 'low', 'Christmas', 'Credit', 'Brad', 'Kinstler', 'taking', 'company', 'new', 'height', 'since', 'became', 'CEO', '2006', 'Nebraska', 'Furniture', 'Mart', '80', 'owned', 'set', 'earnings', 'record', '201', '1', 'netting', 'ten', 'time', '1983', 'acquired', 'stake', 's', 'big', 'news', 'important', 'NFM', 's', 'acquisition', '433-acre', 'tract', 'north', 'Dallas', 'build', 'almost', 'certain', 'highest-volume', 'home-furnishings', 'store', 'country', 'Currently', 'title', 'shared', 'two', 'store', 'Omaha', 'Kansas', 'City', 'record-setting', 'sale', 'ol', '400', 'million', '2011', 'several', 'year', 'Texas', 'store', 'completed', 'look', 'forward', 'cutting', 'ribbon', 'opening', 'Berkshire', 'manager', 'work', 'take', 'bow', 'new', 'store', 'offer', 'unequaled', 'variety', 'merchandise', 'sold', 'price', 'ca', 'n't', 'matched', 'bring', 'huge', 'crowd', 'near', 'far', 'drawing', 'power', 'extensive', 'holding', 'land', 'site', 'enable', 'u', 'attract', 'number', 'major', 'store', 'high-volume', 'retailer', 'reading', 'contact', 'experience', 'NFM', 'Blumkin', 'family', 'run', 'real', 'joy', 'business', 'built', 'Rose', 'Blumkin', 'known', 'Mrs.', 'B', 's', 'started', 'company', '1937', '500', 'dream', 'sold', 'interest', '89', 'worked', '103', 'retiring', 'died', 'next', 'year', 'sequence', 'point', 'Berkshire', 'manager', 'even', 'think', 'retiring', 'Mrs.', 'B', 's', 'son', 'Louie', '92', 'helped', 'mother', 'build', 'business', 'returned', 'World', 'War', 'II', 'along', 'wife', 'Fran', 'friend', '55', 'year', 'turn', 'Louie', 's', 'son', 'Ron', 'Irv', 'taken', 'company', 'new', 'height', 'first', 'opening', 'Kansas', 'City', 'store', 'gearing', 'Texas', '14', 'boy', 'many', 'great', 'time', 'together', 'count', 'among', 'best', 'friend', 'Blumkins', 'remarkable', 'family', 'Never', 'inclined', 'let', 'extraordinary', 'gene', 'pool', 'go', 'waste', 'rejoicing', 'day', 'several', 'member', 'fourth', 'Blumkin', 'generation', 'joined', 'NFM', 'Overall', 'intrinsic', 'value', 'business', 'Berkshire', 'sector', 'significantly', 'exceeds', 'book', 'value', 'many', 'smaller', 'company', 'however', 'true', 'made', 'share', 'mistake', 'buying', 'small', 'company', 'Charlie', 'long', 'ago', 'told', 'something', 's', 'worth', 's', 'worth', 'well', 's', 'listened', 'harder', 'event', 'large', 'purchase', 'generally', 'worked', 'well', 'extraordinarily', 'well', 'case', 'overall', 'sector', 'winner', 'u', 'Certain', 'shareholder', 'told', 'hunger', 'discussion', 'accounting', 'arcane', 's', 'bit', 'GAAP-mandated', 'nonsense', 'hope', 'enjoy', 'Common', 'sense', 'would', 'tell', 'varied', 'subsidiary', 'carried', 'book', 'cost', 'plus', 'earnings', 'retained', 'since', 'purchase', 'unless', 'economic', 'value', 'materially', 'decreased', 'case', 'appropriate', 'write-down', 'must', 'taken', 's', 'essentially', 'reality', 'Berkshire', 'except', 'weird', 'situation', 'Marmon', 'purchase', '64', 'company', '2008', 'put', 'interest', 'book', 'cost', '4.8', 'billion', 'far', 'good', 'early', '2011', 'pursuant', 'original', 'contract', 'Pritzker', 'family', 'purchased', 'additional', '16', 'paying', '1.5', 'billion', 'called', 'formula', 'reflected', 'Marmon', 's', 'increased', 'value', 'instance', 'however', 'required', 'immediately', 'write', '614', 'million', 'purchase', 'price', 'retroactive', 'end', '2010', 'n't', 'ask', 'Obviously', 'write-off', 'connection', 'economic', 'reality', 'excess', 'Marmon', 's', 'intrinsic', 'value', 'carrying', 'value', 'widened', 'meaningless', 'write-down', 'Finance', 'Financial', 'Products', 'sector', 'smallest', 'includes', 'two', 'rental', 'company', 'XTRA', 'trailer', 'CORT', 'furniture', 'Clayton', 'Homes', 'country', 's', 'leading', 'producer', 'financier', 'manufactured', 'home', 'Aside', '100', '-owned', 'subsidiary', 'also', 'include', 'category', 'collection', 'financial', 'asset', '50', 'interest', 'Berkadia', 'Commercial', 'Mortgage', 's', 'instructive', 'look', 'transpired', 'three', 'operating', 'business

ss', 'economy', 'fell', 'cliff', 'late', '2008', 'experience', 'illuminate', 'fractured', 'recovery', 'later', 'came', 'along', 'Results', 'two', 'leasing', 'company', 'mirrored', '``', 'non-housing', '""', 'economy', 'combined', 'pre-tax', 'earnings', '13', 'million', '2009', '53', 'million', '2010', '155', 'million', '2011', 'improvement', 'reflecting', 'steady', 'recovery', 'seen', 'almost', 'non-housing', 'business', 'contrast', 'Clayton', "'s", 'world', 'manufactured', 'housing', 'like', 'site-built', 'housing', 'endured', 'veritable', 'depression', 'experiencing', 'recovery', 'date', 'Manufactured', 'housing', 'sale', 'nation', '49,789', 'home', '2009', '50,046', '2010', '51,606', '2011', 'housing', 'booming', '2005', '146,744', 'Despite', 'difficult', 'time', 'Clayton', 'continued', 'operate', 'profitably', 'largely', 'mortgage', 'portfolio', 'performed', 'well', 'trying', 'circumstance', 'largest', 'lender', 'manufactured', 'home', 'sector', 'also', 'normally', 'lending', 'lower-and-middle-income', 'family', 'might', 'expect', 'u', 'suffer', 'heavy', 'loss', 'housing', 'meltdown', 'sticking', 'old-fashioned', 'loan', 'policy', 'meaningful', 'payment', 'monthly', 'payment', 'sensible', 'relationship', 'regular', 'income', 'Clayton', 'kept', 'loss', 'acceptable', 'level', 'done', 'even', 'though', 'many', 'borrower', 'negative', 'equity', 'time', 'well-known', 'U.S.', 'went', 'rail', 'home-ownership', 'mortgage-lending', 'policy', 'mistake', 'economy', 'paying', 'huge', 'price', 'u', 'participated', 'destructive', 'behavior', 'government', 'lender', 'borrower', 'medium', 'rating', 'agency', 'name', 'core', 'folly', 'almost', 'universal', 'belief', 'value', 'house', 'certain', 'increase', 'time', 'dip', 'would', 'inconsequential', 'acceptance', 'premise', 'justified', 'almost', 'price', 'practice', 'housing', 'transaction', 'Homeowners', 'everywhere', 'felt', 'richer', 'rushed', '``', 'monetize', '""', 'increased', 'value', 'home', 'refinancings', 'massive', 'cash', 'infusion', 'fueled', 'consumption', 'binge', 'throughout', 'economy', 'seemed', 'great', 'fun', 'lasted', 'largely', 'unnoted', 'fact', 'Large', 'number', 'people', '``', 'lost', '""', 'house', 'foreclosure', 'actually', 'realized', 'profit', 'carried', 'refinancings', 'earlier', 'gave', 'cash', 'excess', 'cost', 'case', 'evicted', 'homeowner', 'winner', 'victim', 'lender', '15', '2007', 'bubble', 'burst', 'bubble', 'must', 'fourth', 'year', 'cure', 'though', 'long', 'painful', 'sure', 'succeeded', 'Today', 'household', 'formation', 'consistently', 'exceeding', 'housing', 'start', 'Clayton', "'s", 'earnings', 'improve', 'materially', 'nation', "'s", 'excess', 'housing', 'inventory', 'worked', 'see', 'thing', 'today', 'however', 'believe', 'intrinsic', 'value', 'three', 'business', 'sector', 'differ', 'materially', 'book', 'value', 'Investments', 'show', 'common', 'stock', 'investment', 'year-end', 'market', 'value', '1', 'billion', '12/31/11', 'Percentage', 'Shares', 'Company', 'Company', 'Cost', 'Market', 'Owned', 'million', '151,610,700', 'American', 'Express', 'Company', '13.0', '1,287', '7,151', '200,000,000', 'Coca-Cola', 'Company', '8.8', '1,299', '13,994', '29,100,937', 'ConocoPhillips', '2.3', '2,027', '2,121', '63,905,931', 'International', 'Business', 'Machines', 'Corp', '5.5', '10,856', '11,751', '31,416,127', 'Johnson', 'Johnson', '1.2', '1,880', '2,060', '79,034,713', 'Kraft', 'Foods', 'Inc', '4.5', '2,589', '2,953', '20,060,390', 'Munich', '11.3', '2,990', '2,464', '3,947,555', 'POSCO', '5.1', '768', '1,301', '72,391,036', 'Procter', 'Gamble', 'Company', '2.6', '464', '4,829', '25,848,838', 'Sanofi', '1.9', '2,055', '1,900', '291,577,428', 'Tpsrn', 'pip', '3.6', '1,719', '1,827', '78,060,769', 'U.S.', 'Bancorp', '4.1', '2,401', '2,112', '39,037,142', 'Wal-Mart', 'Stores', 'Inc', '^--^', '1.1', '1,893', '2,333', '400,015,828', 'Wells', 'Fargo', 'Company', '7.6', '9,086', '11,024', 'Others', '6,895', '9,171', 'Total', 'Common', 'Stocks', 'Carried', 'Market', '....', '48,209', '76,991', 'actual', 'purchase', 'price', 'also', 'tax', 'basis', 'GAAP', '``', 'cost', '""', 'differs', 'case', 'write-ups', 'write-down', 'required', 'made', 'change', 'investment', 'holding', '2011', 'three', 'move', 'important', 'purchase', 'IBM', 'Bank', 'America', '1', 'billion', 'addition', 'made', 'Wells', 'Fargo', 'position', 'banking', 'industry', 'back', 'foot', 'Wells', 'Fargo', 'prospering', 'earnings', 'strong', 'asset', 'solid', 'capital', 'record', 'level', 'Bank', 'America', 'huge', 'mistake', 'made', 'prior', 'management', 'Brian', 'Moynihan', 'made', 'excellent', 'progress', 'cleaning', 'though', 'completion', 'process',

'take', 'number', 'year', 'Concurrently', 'nurturing', 'huge', 'attractive', 'underlying', 'business', 'endure', 'long', 'today', "'s", 'problem', 'forgotten', 'warrant', 'buy', '700', 'million', 'Bank', 'America', 'share', 'likely', 'great', 'value', 'expire', 'case', 'Coca-Cola', '1988', 'railroad', '2006', '1', 'late', 'IBM', 'partly', 'reading', 'company', "'s", 'annual', 'report', '50', 'year', "n't", 'Saturday', 'March', 'last', 'year', 'thinking', 'crystallized', 'Thoreau', 'said', '``', "'s", 'look', 'matter', "'s", 'see', "''", 'Todd', 'Combs', 'built', '1.75', 'billion', 'portfolio', 'cost', 'last', 'year', 'Ted', 'Weschler', 'soon', 'create', 'one', 'similar', 'size', 'receives', '80', 'performance', 'compensation', 'result', '20', 'partner', "'s", 'quarterly', 'filing', 'report', 'relatively', 'small', 'holding', 'likely', 'buy', 'made', 'though', 'medium', 'often', 'overlook', 'point', 'rather', 'holding', 'denoting', 'purchase', 'Todd', 'Ted', '16', 'One', 'additional', 'point', 'two', 'new', 'arrival', 'Ted', 'Todd', 'helpful', 'next', 'CEO', 'Berkshire', 'making', 'acquisition', 'excellent', '``', 'business', 'mind', "''", 'grasp', 'economic', 'force', 'likely', 'determine', 'future', 'wide', 'variety', 'business', 'aided', 'thinking', 'understanding', 'predictable', 'unknowable', 'little', 'new', 'report', 'derivative', 'position', 'described', 'detail', 'past', 'report', 'Annual', 'report', 'since', '1977', 'available', 'www.berkshirehathaway.com', 'One', 'important', 'industry', 'change', 'however', 'must', 'noted', 'Though', 'existing', 'contract', 'minor', 'collateral', 'requirement', 'rule', 'changed', 'new', 'position', 'Consequently', 'initiating', 'major', 'derivative', 'position', 'shun', 'contract', 'type', 'could', 'require', 'instant', 'posting', 'collateral', 'possibility', 'sudden', 'huge', 'posting', 'requirement', 'arising', 'out-of-the-blue', 'event', 'worldwide', 'financial', 'panic', 'massive', 'terrorist', 'attack', 'inconsistent', 'primary', 'objective', 'redundant', 'liquidity', 'unquestioned', 'financial', 'strength', 'insurance-like', 'derivative', 'contract', 'whereby', 'pay', 'various', 'issue', 'included', 'high-yield', 'bond', 'index', 'default', 'coming', 'close', 'contract', 'exposed', 'u', 'loss', 'already', 'expired', 'remainder', 'terminate', 'soon', '2011', 'paid', '86', 'million', 'two', 'loss', 'bringing', 'total', 'payment', '2.6', 'billion', 'almost', 'certain', 'realize', 'final', '``', 'underwriting', 'profit', "''", 'portfolio', 'premium', 'received', '3.4', 'billion', 'future', 'loss', 'apt', 'minor', 'addition', 'averaged', '2', 'billion', 'float', 'five-year', 'life', 'contract', 'successful', 'result', 'time', 'great', 'credit', 'stress', 'underscore', 'importance', 'obtaining', 'premium', 'commensurate', 'risk', 'Charlie', 'continue', 'believe', 'equity-put', 'position', 'produce', 'significant', 'profit', 'considering', '4.2', 'billion', 'float', 'held', 'fifteen', 'year', '222', 'million', 'profit', "'ve", 'already', 'realized', 'contract', 'repurchased', 'yearend', 'Berkshire', "'s", 'book', 'value', 'reflected', 'liability', '8.5', 'billion', 'remaining', 'contract', 'come', 'due', 'time', 'payment', 'would', '6.2', 'billion', 'Basic', 'Choices', 'Investors', 'One', 'Strongly', 'Prefer', 'Investing', 'often', 'described', 'process', 'laying', 'money', 'expectation', 'receiving', 'money', 'future', 'Berkshire', 'take', 'demanding', 'approach', 'defining', 'investing', 'transfer', 'others', 'purchasing', 'power', 'reasoned', 'expectation', 'receiving', 'purchasing', 'power', 'tax', 'paid', 'nominal', 'gain', 'future', 'succinctly', 'investing', 'forgoing', 'consumption', 'order', 'ability', 'consume', 'later', 'date', 'definition', 'flow', 'important', 'corollary', 'riskiness', 'investment', 'measured', 'beta', 'Wall', 'Street', 'term', 'encompassing', 'volatility', 'often', 'used', 'measuring', 'risk', 'rather', 'probability', 'reasoned', 'probability', 'investment', 'causing', 'owner', 'loss', 'purchasing-power', 'contemplated', 'holding', 'period', 'Assets', 'fluctuate', 'greatly', 'price', 'risky', 'long', 'reasonably', 'certain', 'deliver', 'increased', 'purchasing', 'power', 'holding', 'period', 'see', 'non-fluctuating', 'asset', 'laden', 'risk', 'Investment', 'possibility', 'many', 'varied', 'three', 'major', 'category', 'however', "'s", 'important', 'understand', 'characteristic', 'let', "'s", 'survey', 'field', '•', 'Investments', 'denominated', 'given', 'currency', 'include', 'money-market', 'fund', 'bond', 'mortgage', 'bank', 'deposit', 'instrument', 'currency-based', 'investment', 'thought', '``', 'safe', "''", 'truth',

'among', 'dangerous', 'asset', 'beta', 'may', 'zero', 'risk', 'huge', 'past', 'century', 'instrument', 'destroyed', 'purchasing', 'power', 'investor', 'many', 'country', 'even', 'holder', 'continued', 'receive', 'timely', 'payment', 'interest', 'principal', 'ugly', 'result', 'moreover', 'forever', 'recur', 'Governments', 'determine', 'ultimate', 'value', 'money', 'systemic', 'force', 'sometimes', 'cause', 'gravitate', 'policy', 'produce', 'inflation', 'time', 'time', 'policy', 'spin', 'control', 'Even', 'U.S.', 'wish', 'stable', 'currency', 'strong', 'dollar', 'fallen', 'staggering', '86', 'value', 'since', '1965', 'took', 'management', 'Berkshire', 'take', 'le', '7', 'today', 'buy', '1', 'time', 'Consequently', 'tax-free', 'institution', 'would', 'needed', '4.3', 'interest', 'annually', 'bond', 'investment', 'period', 'simply', 'maintain', 'purchasing', 'power', 'manager', 'would', 'kidding', 'thought', 'portion', 'interest', '``', 'income', '""', '17', 'tax-paying', 'investor', 'like', 'picture', 'far', 'worse', '47-year', 'period', 'continuous', 'rolling', 'U.S.', 'Treasury', 'bill', 'produced', '5.7', 'annually', 'sound', 'satisfactory', 'individual', 'investor', 'paid', 'personal', 'income', 'tax', 'rate', 'averaging', '25', '5.7', 'return', 'would', 'yielded', 'nothing', 'way', 'real', 'income', 'investor', 's', 'visible', 'income', 'tax', 'would', 'stripped', '1.4', 'point', 'stated', 'yield', 'invisible', 'inflation', 'tax', 'would', 'devoured', 'remaining', '4.3', 'point', 's', 'noteworthy', 'implicit', 'inflation', '``', 'tax', '""', 'triple', 'explicit', 'income', 'tax', 'investor', 'probably', 'thought', 'main', 'burden', '``', 'God', 'Trust', '""', 'may', 'imprinted', 'currency', 'hand', 'activates', 'government', 's', 'printing', 'press', 'human', 'High', 'interest', 'rate', 'course', 'compensate', 'purchaser', 'inflation', 'risk', 'face', 'currency-based', 'investment', 'indeed', 'rate', 'early', '1980s', 'job', 'nicely', 'Current', 'rate', 'however', 'come', 'close', 'offsetting', 'purchasing-power', 'risk', 'investor', 'assume', 'Right', 'bond', 'come', 'warning', 'label', 'today', 's', 'condition', 'therefore', 'like', 'currency-based', 'investment', 'Even', 'Berkshire', 'hold', 'significant', 'amount', 'primarily', 'short-term', 'variety', 'Berkshire', 'need', 'ample', 'liquidity', 'occupies', 'center', 'stage', 'never', 'slighted', 'however', 'inadequate', 'rate', 'may', 'Accommodating', 'need', 'primarily', 'hold', 'U.S.', 'Treasury', 'bill', 'investment', 'counted', 'liquidity', 'chaotic', 'economic', 'condition', 'working', 'level', 'liquidity', '20', 'billion', '10', 'billion', 'absolute', 'minimum', 'Beyond', 'requirement', 'liquidity', 'regulator', 'impose', 'u', 'purchase', 'currency-related', 'security', 'offer', 'possibility', 'unusual', 'gain', 'either', 'particular', 'credit', 'mispriced', 'occur', 'periodic', 'junk-bond', 'debacle', 'rate', 'rise', 'level', 'offer', 'possibility', 'realizing', 'substantial', 'capital', 'gain', 'high-grade', 'bond', 'rate', 'fall', 'Though', 've', 'exploited', 'opportunity', 'past', 'may', '1', '80', 'degree', 'removed', 'prospect', 'Today', 'wry', 'comment', 'Wall', 'Streeter', 'Shelby', 'Cullom', 'Davis', 'made', 'long', 'ago', 'seems', 'apt', '``', 'Bonds', 'promoted', 'offering', 'risk-free', 'return', 'priced', 'deliver', 'return-free', 'risk', '""', 'second', 'major', 'category', 'investment', 'involves', 'asset', 'never', 'produce', 'anything', 'purchased', 'buyer', 's', 'hope', 'someone', 'else', 'also', 'know', 'asset', 'forever', 'unproductive', 'pay', 'future', 'Tulips', 'thing', 'briefly', 'became', 'favorite', 'buyer', '17', 'th', 'century', 'type', 'investment', 'requires', 'expanding', 'pool', 'buyer', 'turn', 'enticed', 'believe', 'buying', 'pool', 'expand', 'still', 'Owners', 'inspired', 'asset', 'produce', 'remain', 'lifeless', 'forever', 'rather', 'belief', 'others', 'desire', 'even', 'avidly', 'future', 'major', 'asset', 'category', 'gold', 'currently', 'huge', 'favorite', 'investor', 'fear', 'almost', 'asset', 'especially', 'paper', 'money', 'whose', 'value', 'noted', 'right', 'fearful', 'Gold', 'however', 'two', 'significant', 'shortcoming', 'neither', 'much', 'use', 'procreative', 'True', 'gold', 'industrial', 'decorative', 'utility', 'demand', 'purpose', 'limited', 'incapable', 'soaking', 'new', 'production', 'Meanwhile', 'one', 'ounce', 'gold', 'eternity', 'still', 'one', 'ounce', 'end', 'motivates', 'gold', 'purchaser', 'belief', 'rank', 'fearful', 'grow', 'past', 'decade', 'belief', 'proved', 'correct', 'Beyond', 'rising', 'price', 'generated', 'additional', 'buying', 'enthusiasm', 'attracting', 'purchase

r', 'see', 'rise', 'validating', 'investment', 'thesis', '``', 'bandwagon', '""', 'investor', 'join', 'party', 'create', 'truth', 'past', '15', 'year', 'Internet', 'stock', 'house', 'demonstrated', 'extraordinary', 'excess', 'created', 'combining', 'initially', 'sensible', 'thesis', 'well-publicized', 'rising', 'price', 'bubble', 'army', 'originally', 'skeptical', 'investor', 'succumbed', '``', 'proof', 'delivered', 'market', 'pool', 'buyer', 'time', 'expanded', 'sufficiently', 'keep', 'bandwagon', 'rolling', 'bubble', 'blown', 'large', 'enough', 'inevitably', 'pop', 'old', 'proverb', 'confirmed', '``', 'wise', 'man', 'beginning', 'fool', 'end', '""', '18', 'Today', 'world', 's', 'gold', 'stock', '170,000', 'metric', 'ton', 'gold', 'melded', 'together', 'would', 'form', 'cube', '68', 'foot', 'per', 'side', 'Picture', 'fitting', 'comfortably', 'within', 'baseball', 'infield', '1,750', 'per', 'ounce', 'gold', 's', 'price', 'write', 'value', 'would', '9.6', 'trillion', 'Call', 'cube', 'pile', 'Let', 's', 'create', 'pile', 'B', 'costing', 'equal', 'amount', 'could', 'buy', 'U.S.', 'cropland', '400', 'million', 'acre', 'output', '200', 'billion', 'annually', 'plus', '16', 'Exxon', 'Mobils', 'world', 's', 'profitable', 'company', 'one', 'earning', '40', 'billion', 'annually', 'purchase', 'would', '1', 'trillion', 'left', 'walking-around', 'money', 'sense', 'feeling', 'strapped', 'buying', 'binge', 'imagine', 'investor', '9.6', 'trillion', 'selecting', 'pile', 'pile', 'B', 'Beyond', 'staggering', 'valuation', 'given', 'existing', 'stock', 'gold', 'current', 'price', 'make', 'today', 's', 'annual', 'production', 'gold', 'command', '160', 'billion', 'Buyers', 'whether', 'jewelry', 'industrial', 'user', 'frightened', 'individual', 'speculator', 'must', 'continually', 'absorb', 'additional', 'supply', 'merely', 'maintain', 'equilibrium', 'present', 'price', 'century', '400', 'million', 'acre', 'farmland', 'produced', 'staggering', 'amount', 'corn', 'wheat', 'cotton', 'crop', 'continue', 'produce', 'valuable', 'bounty', 'whatever', 'currency', 'may', 'Exxon', 'Mobil', 'probably', 'delivered', 'trillion', 'dollar', 'dividend', 'owner', 'also', 'hold', 'asset', 'worth', 'many', 'trillion', 'remember', 'get', '16', 'Exxons', '170,000', 'ton', 'gold', 'unchanged', 'size', 'still', 'incapable', 'producing', 'anything', 'fondle', 'cube', 'respond', 'Admittedly', 'people', 'century', 'fearful', 's', 'likely', 'many', 'still', 'rush', 'gold', 'm', 'confident', 'however', '9.6', 'trillion', 'current', 'valuation', 'pile', 'compound', 'century', 'rate', 'far', 'inferior', 'achieved', 'pile', 'B', 'first', 'two', 'category', 'enjoy', 'maximum', 'popularity', 'peak', 'fear', 'Terror', 'economic', 'collapse', 'drive', 'individual', 'currency-based', 'asset', 'particularly', 'U.S.', 'obligation', 'fear', 'currency', 'collapse', 'foster', 'movement', 'sterile', 'asset', 'gold', 'heard', '``', 'cash', 'king', '""', 'late', '2008', 'cash', 'deployed', 'rather', 'held', 'Similarly', 'heard', '``', 'cash', 'trash', '""', 'early', '1980s', 'fixed-dollar', 'investment', 'attractive', 'level', 'memory', 'occasion', 'investor', 'required', 'supportive', 'crowd', 'paid', 'dearly', 'comfort', 'preference', 'knew', 'coming', 'third', 'category', 'investment', 'productive', 'asset', 'whether', 'business', 'farm', 'real', 'estate', 'Ideally', 'asset', 'ability', 'inflationary', 'time', 'deliver', 'output', 'retain', 'purchasing-power', 'value', 'requiring', 'minimum', 'new', 'capital', 'investment', 'Farms', 'real', 'estate', 'many', 'business', 'Coca-Cola', 'IBM', 'See', 's', 'Candy', 'meet', 'double-barreled', 'test', 'Certain', 'company', 'think', 'regulated', 'utility', 'example', 'fail', 'inflation', 'place', 'heavy', 'capital', 'requirement', 'earn', 'owner', 'must', 'invest', 'Even', 'investment', 'remain', 'superior', 'nonproductive', 'currency-based', 'asset', 'Whether', 'currency', 'century', 'based', 'gold', 'seashell', 'shark', 'teeth', 'piece', 'paper', 'today', 'people', 'willing', 'exchange', 'couple', 'minute', 'daily', 'labor', 'Coca-Cola', 'See', 's', 'peanut', 'brittle', 'future', 'U.S.', 'population', 'move', 'good', 'consume', 'food', 'require', 'living', 'space', 'People', 'forever', 'exchange', 'produce', 'others', 'produce', 'country', 's', 'business', 'continue', 'efficiently', 'deliver', 'good', 'service', 'wanted', 'citizen', 'Metaphorically', 'commercial', '``', 'cow', '""', 'live', 'century', 'give', 'ever', 'greater', 'quantity', '``', 'milk', '""', 'boot', 'value', 'determined', 'medium', 'exchange', 'rather', 'capacity', 'deliver', 'milk', 'Proceeds', 'sale', 'milk', 'compound', 'owner', 'cow', '20',

'th', 'century', 'Dow', 'increased', '66', '11', ',497', 'paid', 'load', 'dividend', 'well', 'Berkshire', "'s", 'goal', 'increase', 'ownership', 'first-class', 'business', 'first', 'choice', 'entirety', 'also', 'owner', 'way', 'holding', 'sizable', 'amount', 'marketable', 'stock', 'believe', 'extended', 'period', 'time', 'category', 'investing', 'prove', 'runaway', 'winner', 'among', 'three', "'ve", 'examined', 'important', 'far', 'safest', '19', 'Annual', 'Meeting', 'annual', 'meeting', 'held', 'Saturday', 'May', '5', 'th', 'CenturyLink', 'Center', 'renamed', "''", 'Qwest', "''", 'Last', 'year', 'Carrie', 'Kizer', 'debuted', 'ringmaster', 'earned', 'lifetime', 'assignment', 'Everyone', 'loved', 'job', 'especially', 'Soon', '7', 'a.m.', 'opening', 'door', 'new', 'activity', 'Newspaper', 'Tossing', 'Challenge', 'Late', 'last', 'year', 'Berkshire', 'purchased', 'Omaha', 'World-Herald', 'meeting', 'shareholder-employees', 'told', 'folding', 'throwing', 'skill', 'developed', 'delivering', '500,000', 'paper', 'teenager', 'immediately', 'saw', 'skepticism', 'eye', 'audience', 'surprise', 'reporter', 'mantra', '``', 'mother', 'say', 'love', 'check', "''", 'back', 'claim', 'meeting', 'take', 'comer', 'making', '35-foot', 'toss', 'World-Herald', 'Clayton', 'porch', 'challenger', 'whose', 'paper', 'land', 'closer', 'doorstep', 'mine', 'receive', 'dilly', 'bar', "'ve", 'asked', 'Dairy', 'Queen', 'supply', 'several', 'contest', 'though', 'doubt', 'needed', 'large', 'stack', 'paper', 'Grab', 'one', 'Fold', 'rubber', 'band', 'Take', 'best', 'shot', 'Make', 'day', '8:30', 'new', 'Berkshire', 'movie', 'shown', 'hour', 'later', 'start', 'question-and-answer', 'period', 'break', 'lunch', 'CenturyLink', 'stand', 'last', '3:30', 'short', 'recess', 'Charlie', 'convene', 'annual', 'meeting', '3:45', 'decide', 'leave', 'day', "'s", 'question', 'period', 'please', 'Charlie', 'talking', 'best', 'reason', 'exit', 'course', 'shop', 'help', 'filling', '194,300-square-foot', 'hall', 'adjoins', 'meeting', 'area', 'product', 'dozen', 'Berkshire', 'subsidiary', 'Last', 'year', 'part', 'location', 'racked', 'record', 'sale', 'nine-hour', 'period', 'sold', '1,249', 'pair', 'Justin', 'boot', '11,254', 'pound', 'See', "'s", 'candy', '8,000', 'Quikut', 'knife', "'s", '15', 'knife', 'per', 'minute', '6,126', 'pair', 'Wells', 'Lamont', 'glove', 'Marmon', 'product', 'whose', 'existence', 'news', 'product', 'focus', 'money', 'better', 'Remember', 'Anyone', 'say', 'money', 'ca', "n't", 'buy', 'happiness', 'simply', "n't", 'shopped', 'meeting', 'Among', 'new', 'exhibitor', 'year', 'Brooks', 'running-shoe', 'company', 'Brooks', 'gobbling', 'market', 'share', '201', '1', 'sale', 'gain', '34', 'tenth', 'consecutive', 'year', 'record', 'volume', 'Drop', 'congratulate', 'Jim', 'Weber', 'company', "'s", 'CEO', 'sure', 'buy', 'couple', 'pair', 'limited', 'edition', "''", 'Berkshire', 'Hathaway', 'Running', 'Shoes', "''", 'GEICO', 'booth', 'staffed', 'number', 'top', 'counselor', 'around', 'country', 'ready', 'supply', 'auto', 'insurance', 'quote', 'case', 'GEICO', 'able', 'give', 'shareholder', 'discount', 'usually', '8', 'special', 'offer', 'permitted', '44', '51', 'jurisdiction', 'operate', 'One', 'supplemental', 'point', 'discount', 'additive', 'qualify', 'another', 'given', 'certain', 'group', 'Bring', 'detail', 'existing', 'insurance', 'check', 'whether', 'save', 'money', 'least', 'half', 'believe', 'sure', 'visit', 'Bookworm', 'carry', '35', 'book', 'DVDs', 'including', 'couple', 'new', 'one', 'recommend', 'MiTek', 'informative', 'history', 'one', 'successful', 'subsidiary', "ll", 'learn', 'interest', 'company', 'originally', 'piqued', 'receiving', 'mail', 'hunk', 'ugly', 'metal', 'whose', 'purpose', 'could', "n't", 'fathom', 'Since', 'bought', 'MiTek', '2001', 'made', '33', '``', 'tuck-in', "''", 'acquisition', 'almost', 'successful', 'think', "ll", 'also', 'like', 'short', 'book', 'Peter', 'Bevelin', 'put', 'together', 'explaining', 'Berkshire', "'s", 'investment', 'operating', 'principle', 'sum', 'Charlie', 'saying', 'year', 'annual', 'report', 'annual', 'meeting', 'need', 'ship', 'book', 'purchase', 'shipping', 'service', 'available', 'nearby', 'big', 'spender', 'aspire', 'become', 'one', 'visit', 'Elliott', 'Aviation', 'east', 'side', 'Omaha', 'airport', 'noon', '5:00', 'p.m.', 'Saturday', 'fleet', 'NetJets', 'aircraft', 'get', 'pulse', 'racing', 'Come', 'bus', 'leave', 'private', 'jet', "ll", 'OK', 'credit', 'attachment', 'proxy', 'material', 'enclosed', 'report', 'explains', 'obtain', 'credential', 'need', 'admission', 'meeting', 'event', 'Airlines', 'sometimes', 'jacked', 'price', 'Berkshire', 'weekend', 'coming', 'far', 'away', 'co

mpare', 'cost', 'flying', 'Kansas', 'City', 'versus', 'Omaha', 'drive', 'two', 'city', '2', 'V', 'hour', 'may', 'save', 'significant', 'money', 'particularly', 'planned', 'rent', 'car', 'Omaha', 'Spend', 'saving', 'u', '20', 'Nebraska', 'Furniture', 'Mart', 'located', '77-acre', 'site', '72', 'nd', 'Street', 'Dodge', 'Pacific', 'Berkshire', 'Weekend', 'discount', 'pricing', 'Last', 'year', 'store', '32.7', 'million', 'business', 'annual', 'meeting', 'sale', 'volume', 'exceeds', 'yearly', 'sale', 'furniture', 'store', 'obtain', 'Berkshire', 'discount', 'must', 'make', 'purchase', 'Tuesday', 'May', '1', 'st', 'Monday', 'May', '7', 'th', 'inclusive', 'also', 'present', 'meeting', 'credential', 'period', 's', 'special', 'pricing', 'even', 'apply', 'product', 'several', 'prestigious', 'manufacturer', 'normally', 'ironclad', 'rule', 'discounting', 'spirit', 'shareholder', 'weekend', 'made', 'exception', 'appreciate', 'cooperation', 'NFM', 'open', '10', 'a.m.', '9', 'p.m.', 'Monday', 'Saturday', '10', 'a.m.', '6', 'p.m.', 'Sunday', 'Saturday', 'year', '5', ':30', 'p.m.', '8', 'p.m.', 'NFM', 'picnic', 'invited', 'Borsheims', 'two', 'shareholder-only', 'event', 'first', 'cocktail', 'reception', '6', 'p.m.', '9', 'p.m.', 'Friday', 'May', '4', 'th', 'second', 'main', 'gala', 'held', 'Sunday', 'May', '6', 'th', '9', 'a.m.', '4', 'p.m.', 'Saturday', 'open', '6', 'p.m.', 'Sunday', 'around', '2', 'p.m.', 'clerking', 'Borsheims', 'desperate', 'beat', 'sale', 'figure', 'last', 'year', 'come', 'take', 'advantage', 'Ask', 'Crazy', 'Warren', 'price', 'huge', 'crowd', 'Borsheims', 'throughout', 'weekend', 'convenience', 'therefore', 'shareholder', 'price', 'available', 'Monday', 'April', '30', 'th', 'Saturday', 'May', '12', 'th', 'period', 'please', 'identify', 'shareholder', 'presenting', 'meeting', 'credential', 'brokerage', 'statement', 'show', 'Berkshire', 'holder', 'Sunday', 'mall', 'outside', 'Borsheims', 'blindfolded', 'Patrick', 'Wolff', 'twice', 'U.S.', 'chess', 'champion', 'take', 'come', 'eye', 'wide', 'open', 'group', 'six', 'Nearby', 'Norman', 'Beck', 'remarkable', 'magician', 'Dallas', 'bewilder', 'onlooker', 'Additionally', 'Bob', 'Hamman', 'Sharon', 'Osberg', 'two', 'world', 's', 'top', 'bridge', 'expert', 'available', 'play', 'bridge', 'shareholder', 'Sunday', 'afternoon', 'Two', 'non-experts', 'Charlie', 'also', 'table', 'Gorat', 's', 'Piccolo', 's', 'open', 'exclusively', 'Berkshire', 'shareholder', 'Sunday', 'May', '6', 'th', 'serving', '10', 'p.m.', 'Gorat', 's', 'opening', '1', 'p.m.', 'Piccolo', 's', 'opening', '4', 'p.m.', 'restaurant', 'favorite', 'eat', 'Sunday', 'evening', 'Actuarial', 'table', 'tell', 'consume', 'another', '12', 'million', 'calorie', 'death', 'm', 'terrified', 'thought', 'leaving', 'behind', 'frontloading', 'Sunday', 'Remember', 'make', 'reservation', 'Gorat', 's', 'call', '402-551-3733', 'April', '1', 'st', 'Piccolo', 's', 'call', '402-342-9038', 'Piccolo', 's', 'show', 'class', 'order', 'giant', 'root', 'beer', 'float', 'dessert', 'sissy', 'get', 'small', 'one', 'three', 'financial', 'journalist', 'lead', 'question-and-answer', 'period', 'meeting', 'asking', 'Charlie', 'question', 'shareholder', 'submitted', 'e-mail', 'journalist', 'e-mail', 'address', 'Carol', 'Loomis', 'Fortune', 'may', 'e-mailed', 'cloomis', 'fortunemail.com', 'Becky', 'Quick', 'CNBC', 'BerkshireQuestions', 'cnbc.com', 'Andrew', 'Ross', 'Sorkin', 'New', 'York', 'Times', 'arsorkin', 'nytimes.com', 'question', 'submitted', 'journalist', 'choose', 'dozen', 'decides', 'interesting', 'important', 'journalist', 'told', 'question', 'best', 'chance', 'selected', 'keep', 'concise', 'avoid', 's', 'ending', 'last', 'moment', 'make', 'Berkshire-related', 'include', 'two', 'question', 'e-mail', 'send', 'e-mail', 'let', 'journalist', 'know', 'would', 'like', 'name', 'mentioned', 'question', 'selected', 'year', 'adding', 'second', 'panel', 'three', 'financial', 'analyst', 'follow', 'Berkshire', 'Cliff', 'Gallant', 'KBW', 'Jay', 'Gelb', 'Barclays', 'Capital', 'Gary', 'Ransom', 'Dowling', 'Partners', 'analyst', 'bring', 'Berkshire-', 'specific', 'question', 'alternate', 'journalist', 'audience', 'Charlie', 'believe', 'shareholder', 'access', 'new', 'Berkshire', 'information', 'simultaneously', 'also', 'adequate', 'time', 'analyze', 'try', 'issue', 'financial', 'information', 'market', 'close', 'Friday', 'talk', 'one-on-one', 'large', 'institutional', 'investor', 'analyst', 'new', 'panel', 'let', 'analyst', 'ask', 'question', 'perhaps', 'even', 'technical', 'one', 'manner', 'may', 'helpful', 'many', 'shareholder', '21', 'Neither', 'Charlie', 'get', 'much', 'clue', 'question', 'asked',

'know', 'journalist', 'analyst', 'come', 'tough', 'one', "'s", 'way', 'like', 'told', 'expect', 'least', '54', 'question', 'allow', 'six', 'analyst', 'journalist', '18', 'audience', 'extra', 'time', 'take', 'audience', 'Audience', 'questioner', 'determined', 'drawing', 'take', 'place', '8:15', 'a.m.', '13', 'microphone', 'located', 'arena', 'main', 'overflow', 'room', 'good', 'reason', 'regularly', 'extol', 'accomplishment', 'operating', 'manager', 'truly', 'All-Stars', 'run', 'business', 'asset', 'owned', 'family', 'believe', 'mindset', 'shareholder-oriented', 'found', 'universes', 'large', 'publicly-owned', 'company', 'financial', 'need', 'work', 'joy', 'hitting', 'business', '```', 'home', 'run', '""', 'mean', 'much', 'paycheck', 'Equally', 'important', 'however', '23', 'men', 'woman', 'work', 'corporate', 'office', 'one', 'floor', 'way', 'intend', 'keep', 'group', 'efficiently', 'deal', 'multitude', 'SEC', 'regulatory', 'requirement', 'file', '17,839-page', 'Federal', 'income', 'tax', 'return', 'hello', 'Guinness', 'well', 'state', 'foreign', 'return', 'Additionally', 'respond', 'countless', 'shareholder', 'medium', 'inquiry', 'get', 'annual', 'report', 'prepare', 'country', "'s", 'largest', 'annual', 'meeting', 'coordinate', 'Board', "'s", 'activity', 'list', 'go', 'handle', 'business', 'task', 'cheerfully', 'unbelievable', 'efficiency', 'making', 'life', 'easy', 'pleasant', 'effort', 'go', 'beyond', 'activity', 'strictly', 'related', 'Berkshire', 'deal', '48', 'university', 'selected', '200', 'applicant', 'send', 'student', 'Omaha', 'school', 'year', 'day', 'also', 'handle', 'kind', 'request', 'receive', 'arrange', 'travel', 'even', 'get', 'hamburger', 'lunch', 'CEO', 'better', 'home', 'office', 'crew', 'along', 'operating', 'manager', 'deepest', 'thanks', 'deserves', 'well', 'Come', 'Omaha', 'cradle', 'capitalism', 'May', '5', 'th', 'tell', 'February', '25', '2012', 'Warren', 'E.', 'Buffett', 'Chairman', 'Board', '1', '22']

```
In [5]: # Join all strings in the list with a space as separator
        processed_text = ' '.join(processed_text)
```

```
In [6]: processed_text
```

Out[6]: "BERKSHIRE HATHAWAY INC. Shareholders Berkshire Hathaway Inc. gain net worth 2006 16.9 billion increased per-share book value Class Class B stock 18.4 last 42 year since present management took book value grown 19 70,281 rate 21.4 compounded annually believe 16.9 billion record one-year gain net worth ever booked American business leaving aside boost occurred merger e.g. AOL 's purchase Time Warner course Exxon Mobil company earn far Berkshire earnings largely go dividend and/or repurchase rather building net worth said confession 2006 gain order important business insurance benefited large dose luck Mother Nature bless heart went vacation hammering u hurricane 2004 2005 storm caused u lose bundle super-cat insurance vanished Last year red ink activity turned black black addition great majority 73 business outstandingly well 2006 Let focus moment one largest operation GEICO management accomplished simply extraordinary 've told Tony Nicely GEICO CEO went work company 45 year ago two month turning 18 became CEO 1992 company 's growth exploded addition Tony delivered staggering productivity gain recent year yearend 2003 yearend 2006 number GEICO policy increased 5.7 million 8.1 million jump 42 Yet period company 's employee measured fulltime-equivalent basis fell 3.5 productivity grew 47 GEICO n't start fat remarkable gain allowed GEICO maintain all-important position low-cost producer even though dramatically increased advertising expenditure Last year GEICO spent 631 million ad 238 million 2003 31 million 1995 Berkshire took control Today GEICO spends far ad competitor even much larger continue raise bar Last year told new son grandson sure name Tony Keough Berkshire director recently better idea reviewing GEICO 's performance 2006 wrote `` Forget birth Tell shareholder immediately change name present child Tony Antoinette '' signed letter `` Tony '' Charlie Munger partner Berkshire 's vice chairman run turned big business one 217,000 employee annual revenue approaching 100 billion certainly n't plan way Charlie began lawyer thought security analyst Sitting seat grew skeptical ability big entity type function well Size seems make many organization slow-thinking resistant change smug Churchill 's word `` shape building afterwards building shape u '' 's telling fact ten non-oil company largest market capitalization 1965 titan General Motors Sears DuPont Eastman Kodak one made 2006 list A11 per-share figure used report apply Berkshire 's share Figures B share 1/30 shown 3 fairness 've seen plenty success well truly outstanding many giant- company manager greatly admire Ken Chenault American Express Jeff Immelt G.E Dick Kovacevich Wells Fargo come quickly mind n't think could management job know would n't enjoy many duty come position meeting speech foreign travel charity circuit governmental relation Ronald Reagan right `` 's probably true hard work never killed anyone take chance '' 've taken easy route sitting back working great manager run show task cheer sculpt harden corporate culture make major capital-allocation decision manager returned trust working hard effectively performance last 42 year particularly 2006 Charlie thank Yardsticks Charlie measure Berkshire 's progress evaluate intrinsic value number way single criterion effective job even avalanche statistic capture factor important example 's essential manager much younger available succeed Berkshire never better shape regard can n't prove number two statistic however real importance first amount investment including cash cash-equivalents per-share basis Arriving figure exclude investment held finance operation largely offset borrowing 's record since present management acquired control Berkshire Year Per-Share Investments 1965 4 1975 159 1985 2,407 1995 21,817 2006 80,636 Compound Growth Rate 1965-2006 27.5 Compound Growth Rate 1995-2006 12.6 Net minority interest early year put retained earnings insurance float investment marketable security emphasis security purchased generally well growth rate investment long time quite high year however focused acquisition operating business Using fund purchase slowed growth investment accelerated gain pre-tax earnings non-insurance business second yardstick use 's earnings looked 4 Year Pre-Tax Earnings Per Share 1965 4 1975 4 1985 52 1995 175 2006 3,625 Compound Growth Rate 1965-2006 17.9 Compound Growth Rate 1995-2006 31.7 Excluding purchase-accounting adjustment net minority interest Last year good increase non-insurance earnings 38 Large gain though come able make major sensible acquisition easy however one advance

tage Berkshire become `` buyer choice '' business owner manager Initially viewed w
ay U.S. often private company 've long wanted nonetheless extend Berkshire 's appe
al beyond U.S. border last year globe-trotting finally got underway Acquisitions b
egan 2006 completing three acquisition pending yearend 2005 spending 6 billion Pac
ifiCorp Business Wire Applied Underwriters performing well highlight year however
July 5 th acquisition ISCAR Israeli company new association chairman Eitan Werthei
mer CEO Jacob Harpaz story began October 25 2005 received 114-page letter Eitan kn
ew nothing letter began `` writing introduce ISCAR '' proceeded describe cutting-
tool business carried 61 country Eitan wrote `` time considered issue generational
transfer ownership typical large family enterprise given much thought ISCAR future
conclusion Berkshire Hathaway would ideal home ISCAR believe ISCAR would continue
thrive part portfolio business '' Overall Eitan letter made quality company charac
ter management leap page also made want learn November Eitan Jacob ISCAR CFO Danny
Goldman came Omaha hour convinced make deal would teaming extraordinarily talented
manager could trusted run business sale energy dedication exhibited previously How
ever never bought business based outside U.S. though bought number foreign stock n
eeded get educated tax jurisdictional matter task completed Berkshire purchased 80
ISCAR 4 billion remaining 20 stay hand Wertheimer family making valued partner ISC
AR product small consumable cutting tool used conjunction large expensive machine
tool 's business without magic except imparted people run Eitan Jacob associate tr
ue managerial magician constantly develop tool make customer machine productive re
sult ISCAR make money enables customer make money better recipe continued success
5 September Charlie along five Berkshire associate visited ISCAR Israel mean every
one u never impressed operation ISCAR throughout Israel brain energy ubiquitous Be
rkshire shareholder lucky joined Eitan Jacob Danny talented associate month later
Berkshire became `` buyer choice '' deal brought u friend John Roach Fort Worth Jo
hn many remember Chairman Justin Industries bought 2000 time John helping John Jus
tin terminally ill find permanent home company John Justin died soon bought Justin
Industries since run exactly promised would Visiting November John Roach brought a
long Paul Andrews Jr. owner 80 TTI Fort Worth distributor electronic component 35-
year period Paul built TTI 112,000 sale 1.3 billion remarkable entrepreneur operat
or Paul 64 love running business long ago happened witness disruptive death founde
r private company 's employee owner 's family start disruptive furthermore often e
volves destructive year ago therefore Paul began think selling TTI goal put busine
ss hand owner carefully chosen rather allowing trust officer lawyer conduct auctio
n death Paul rejected idea `` strategic '' buyer knowing pursuit `` synergy '' own
er type would apt dismantle carefully built move would uproot hundred associate pe
rhaps wound TTI 's business process also ruled private equity firm would likely lo
ad company debt flip soon possible left Berkshire Paul met morning November 15 th
made deal lunch Later wrote `` meeting confident Berkshire right owner TTI proud p
ast excited future '' Charlie also made `` tuck-in '' acquisition 2006 Fruit Loom
`` Fruit '' MiTek CTB Shaw Clayton Fruit made largest purchase First bought Russel
l Corp. leading producer athletic apparel uniform 1.2 billion including assumed de
bt December agreed buy intimate apparel business VF Corp Together acquisition add
2.2 billion Fruit 's sale bring 23,000 employee Charlie love acquire business plac
ed manager John Holland Fruit already shown stuff Berkshire MiTek example made 14
acquisition since purchased 2001 Gene Toombs delivered result deal far excess pred
icted effect leverage managerial talent already u tuck- deal make many continue ho
wever need `` elephant '' order u use Berkshire 's flood incoming cash Charlie mus
t therefore ignore pursuit mouse focus acquisition effort much bigger game exempla
r older man crashed grocery cart much younger fellow shopping elderly man explaine
d apologetically lost track wife preoccupied searching new acquaintance said coincid
ence wife also wandered suggested might efficient jointly looked two woman Agree
ing older man asked new companion wife looked like `` 's gorgeous blonde '' fellow
answered `` body would cause bishop go stained glass window 's wearing tight white
short '' senior citizen wasted word `` Forget 'll look '' 6 looking described page

25 acquisition candidate fit call day night watch shatter stained glass window let 's examine four major operating sector Berkshire Lumping financial figure together impedes analysis 'll look four separate business starting all- important insurance group Insurance Next month mark 40 th anniversary entrance insurance business March 9 1967 Berkshire purchased National Indemnity companion company National Fire Marine Jack Ringwalt 8.6 million Jack long-time friend mine excellent somewhat eccentric businessman ten minute every year would get urge sell company mood perhaps brought tiff regulator unfavorable jury verdict quickly vanished mid-1960s asked investment banker Charlie Heider mutual friend mine Jack 's alert next time Jack `` heat '' Charlie 's call came sped meet Jack made deal minute waiving audit `` due diligence '' anything else would give Jack opportunity reconsider shook hand due close purchase Charlie 's office Jack late Finally arriving explained driving around looking parking meter unexpired time magic moment knew Jack going kind manager Berkshire purchased Jack 's two insurer `` float '' 17 million 've regularly offered long explanation float earlier report read website Simply put float money hold get invest end 2006 float grown 50.9 billion since written huge retroactive reinsurance contract Equitas describe next section boost float another 7 billion Much gain 've made come acquisition insurer 've also outstanding internal growth particularly Ajit Jain 's amazing reinsurance operation Naturally notion 1967 float would develop 's much said putting one foot front every day float retroactive reinsurance contract many automatically drift time Therefore difficult u increase float future unless make new acquisition insurance field Whatever size however all-important cost Berkshire 's float time likely significantly industry perhaps even falling le zero Note word `` time '' bad year periodically sure 2006 though everything went right insurance really right manager Tony Nicely GEICO Ajit Jain B-H Reinsurance Joe Brandon Tad Montross General Wurster National Indemnity Primary Tom Nerney U.S Liability Tim Kenesey Medical Protective Rod Eldred Homestate Companies Cypress Sid Ferenc Steve Menzies Applied Underwriters John Kizer Central States Towle Kansas Bankers Surety simply shot light recite name feel 'm Cooperstown reading Hall Fame roster course overall insurance industry also terrific year 2006 manager delivered result generally superior competitor 7 tally underwriting float major sector insurance Enjoy view wo n't soon see another like million Underwriting Profit Loss Year end Float Insurance Operations 2006 2005 General 526 334 B-H Reinsurance 1,658 1,069 GEICO 1,314 1,221 Primary 340 235 Total 3.838 53 Includes MedPro June 30 2005 Includes Applied Underwriters May 19 2006 22,827 22,920 16,860 16,233 7,171 6,692 4,029 3,442 50.887 49.287 2006 2005 2007 result bread-and-butter line insurance deteriorate though think remain satisfactory big unknown super-cat insurance terrible hurricane season 2004-05 aberration planet 's first warning climate 21 st Century differ materially 've seen past answer second question yes 2006 soon perceived misleading period calm preceding series devastating storm could rock insurance industry 's naive think Katrina anything close worst-case event Neither Ajit Jain manages super-cat operation know lie ahead know would huge mistake bet evolving atmospheric change benign implication insurer n't think however lost taste risk remain prepared lose 6 billion single event if we paid appropriately assuming risk willing though take even small exposure price n't reflect evaluation loss probability Appropriate price n't guarantee profit given year inappropriate price certainly guarantee eventual loss Rates recently fallen flood capital entered super-cat field therefore sharply reduced wind exposure behavior parallel employ financial market fearful others greedy greedy others fearful Lloyd 's Equitas Retroactive Reinsurance Last year getting Equitas Berkshire agreed enter huge retroactive reinsurance contract policy protects insurer loss already happened whose cost yet known 'll give detail agreement shortly let 's first take journey insurance history following route led deal tale begin around 1688 Edward Lloyd opened small coffee house London Though Starbucks shop destined achieve worldwide fame commercial activity clientele shipowner merchant venturesome British capitalist party sipped Edward 's brew began write contract transferring risk disaster sea owner ship cargo capitalist wagered

given voyage would completed without incident capitalist eventually became known ` ` underwriter Lloyd 's ' ' Though many people believe Lloyd 's insurance company ca se instead place many member-insurers transact business century ago time underwrit er solicited passive investor join syndicate Additionally business broadened beyon d marine risk every imaginable form insurance including exotic coverage spread fam e Lloyd 's far wide underwriter left coffee house found grander quarter formalized rule association person passively backed underwriter became known `` name ' ' 8 Eve ntually name came include many thousand people around world joined expecting pick extra change without effort serious risk True prospective name always solemnly tol d would unlimited everlasting liability consequence syndicate 's underwriting `` l ast cufflink ' ' quaint description went warning came viewed perfunctory Three hund red year retained cufflink acted powerful sedative name poised sign came asbestos prospective cost added tidal wave environmental product claim surfaced 1980s Lloyd 's began implode Policies written decade earlier largely forgotten developing huge loss one could intelligently estimate total certain many ten billion dollar specte r unending unlimited loss terrified existing name scared away prospect Many name o pted bankruptcy even chose suicide shamle came desperate effort resuscitate Lloyd 's 1996 power institution allotted £11.1 billion new company Equitas made responsi ble paying claim policy written 1993 effect plan pooled misery many syndicate trou ble course money allotted could prove insufficient happened name remained liable s hortfall new plan concentrating liability one place advantage eliminating much cos tly intramural squabbling went among syndicate Moreover pooling allowed claim eval uation negotiation litigation handled intelligently case previously Equitas embrac ed Ben Franklin 's thinking `` must hang together assuredly shall hang separately ' ' start many people predicted Equitas would eventually fail Ajit reviewed fact sp ring 2006 13 year last exposed policy written payment £11.3 billion claim conclude d patient likely survive decided offer huge reinsurance policy Equitas plenty impo nderable continue exist Berkshire could provide Equitas 27,972 name unlimited prot ection said 'm simplifying Equitas would give u 7.12 billion cash security float s poke would pay future claim expense 13.9 billion amount 5.7 billion Equitas recent ly guessed ultimate liability Thus name received huge almost certainly sufficient amount future protection unpleasant surprise Indeed protection large Equitas plan cash payment thousand name event ever dreamed possible Berkshire fare depends much `` known ' ' claim end costing u many yet-to-be-presented claim surface cost soon c laim payment made much earn cash receive must paid Ajit think odds favor wrong Ber kshire handle Scott Moser CEO Equitas summarized transaction neatly `` Names wante d sleep easy night think 've bought world 's best mattress ' ' Warning 's time eat broccoli going talk accounting matter owe Berkshire shareholder love reading debit credit hope find discussion helpful others skip section quiz Berkshire done many r etroactive transaction number amount multiple policy entered insurer reinsurer cho ice coverage obligation transferred u example lifetime indemnity medical payment m ade injured worker may fully satisfied 50 year company offer certainty 9 Berkshire term guaranteeing full fair settlement obligation fact important original insurer policyholder regulator accounting procedure retroactive transaction neither well k nown intuitive best way shareholder understand therefore u simply lay debit credit Charlie would like see done often sometimes encounter accounting footnote importan t transaction leave u baffled go away suspicious reporting company wished way exam ple try comprehending transaction `` described ' ' old 10-Ks Enron even know movie ended let u summarize accounting Equitas transaction major debit Cash Investments Reinsurance Recoverable Deferred Charges Reinsurance Assumed `` DCRA ' ' major cred it Reserve Losses Loss Adjustment Expense profit loss recorded inception transacti on underwriting loss thereafter incurred annually DCRA asset amortized downward am ount annual amortization charge primarily determined end-of-the-year estimate timi ng amount future loss payment compare estimate made beginning year Eventually last claim paid DCRA account reduced zero day 50 year away 's important remember retroa ctive insurance contract always produce underwriting loss u Whether loss worth exp

erienicing depends whether cash received produce investment income exceeds loss Rec
 ently DCRA charge annually delivered 300 million underwriting loss offset income r
 ealized use cash received premium Absent new retroactive contract amount annual ch
 arge would normally decline time Equitas transaction however annual DCRA cost init
 ially increase 450 million year mean insurance operation must generate least much
 underwriting gain overall float cost-free amount quite hurdle one believe clear ma
 ny year n't glad promised would quiz Manufacturing Service Retailing Operations ac
 tivity part Berkshire cover waterfront Let 's look though summary balance sheet ea
 rnings statement entire group Balance Sheet 12/31/06 million Assets Cash equivalen
 t Accounts note receivable Inventory current asset Total current asset 1,543 3,793
 5,257 363 10,956 Liabilities Equity Notes payable 1,468 current liability 6,635 To
 tal current liability 8,103 Goodwill intangible 13,314 Deferred tax 540 Fixed asse
 t 8,934 Term debt liability ... 3,014 asset 1,168 Equity 22,715 34.372 34.372 10 E
 arnings Statement million 2006 2005 2004 Revenues 52,660 46,896 44,142 Operating e
 xpense including depreciation 823 2006 699 2005 676 2004 49,002 44,190 41,604 Inte
 rest expense 132 83 57 Pre-tax earnings 3,526 2,623 2,481 Income tax minority inte
 rest 1,395 977 941 Net income 2,131 1.646 1.540 include purchase-accounting adjust
 ment motley group sell product ranging lollipop motor home earned pleasing 25 aver
 age tangible net worth last year 's noteworthy also operation used minor financial
 leverage achieving return Clearly terrific business purchased many however large p
 remium net worth point reflected goodwill item shown balance sheet fact reduces ea
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 kable entrepreneur standing start built Shaw Industries country 's largest carpet
 producer elected last year age 75 retire succeed Bob recommended Vance Bell 31-yea
 r veteran Shaw Bob usual made right call Weakness housing caused carpet business s
 low Shaw however remains powerhouse major contributor Berkshire 's earnings • MiTe
 k manufacturer connector roof truss time purchased 2001 developing mini-conglomera
 te rate growing fact `` mini '' may soon inappropriate purchasing MiTek 420 millio
 n lent company 200 million 9 bought 198 million stock priced 10,000 per share Addi
 tionally 55 employee bought 2,200 share 22 million employee paid exactly price cas
 e borrowing money ever glad Five year later MiTek sale tripled stock valued 71,699
 per share Despite making 14 acquisition cost 291 million MiTek paid debt Berkshire
 hold 35 million cash celebrated fifth anniversary purchase party July told group w
 ould embarrassing MiTek 's stock price soared beyond Berkshire `` '' share n't sur
 prised however happens though Charlie try make share moving target • business dest
 ined increase profit industry 's underlying economics crumbling talented managemen
 t may slow rate decline Eventually though eroding fundamental overwhelm managerial
 brilliance wise friend told long ago '' want get reputation good businessman sure
 get good business '' fundamental definitely eroding newspaper industry trend cause
 d profit Buffalo News decline skid almost certainly continue Charlie young newspap
 er business easy way make huge return existed America one not-too-bright publisher
 famously said `` owe fortune two great American institution monopoly nepotism '' p
 aper one -paper city however bad product however inept management could avoid gush
 ing profit industry 's staggering return could simply explained 20 th Century news
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 n price grocery town 's supermarket 11 great majority family therefore felt need p
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 tion reader tended want paper ad news page circularity led law newspaper jungle Su
 rvival Fattest Thus two paper existed major city almost universally case century a
 go one pulled ahead usually emerged stand-alone winner competition disappeared pap
 er 's pricing power advertising circulation unleashed Typically rate advertiser re
 ader would raised annually profit rolled owner economic heaven Interestingly thoug
 h paper regularly often disapproving way reported profitability say auto steel ind
 ustry never enlightened reader Midas-like situation Hmmm long ago 1991 letter shar
 eholder nonetheless asserted insulated world changing writing `` medium business p

rove considerably the marvelous industry lender thought would case year ago '' publisher took umbrage remark warning followed Newspaper property moreover continued sell indestructible slot machine fact many intelligent newspaper executive regularly chronicled analyzed important worldwide event either blind indifferent going nose however almost newspaper owner realize constantly losing ground battle eyeball Simply put cable satellite broadcasting well internet come along first newspaper know probably would never existed Berkshire 's world Stan Lipsey terrific job running Buffalo News enormously proud editor Margaret Sullivan News penetration market highest among country 's large newspaper also better financially metropolitan newspaper even though Buffalo 's population business trend good Nevertheless operation face unrelenting pressure cause profit margin slide True leading online news operation Buffalo continue attract viewer ad However economic potential newspaper internet site given many alternative source information entertainment free click away best small fraction existing past print newspaper facing competition local resident ownership city 's paper like ownership sport team still produce instant prominence typically come power influence ruboffs appeal many people money Beyond civic-minded wealthy individual may feel local ownership serve community well 's Peter Kiewit bought Omaha paper 40 year ago likely therefore see non-economic individual buyer newspaper emerge seen buyer acquire major sport franchise Aspiring press lord careful however 's rule say newspaper 's revenue can't fall expense loss can't mushroom Fixed cost high newspaper business 's bad news unit volume head south importance newspaper diminishes moreover '' psychic '' value possessing one wane whereas owning sport franchise likely retain cachet Unless face irreversible cash drain stick News 've said would Read economic principle 1 1 page 76 Charlie love newspaper read five day believe free energetic press key ingredient maintaining great democracy hope combination print online ward economic doomsday newspaper work hard Buffalo develop sustainable business model think successful day lush profit newspaper 1 2 • much improved situation emerging NetJets sell manages fractionally-owned aircraft company never problem growing Revenues flight operation increased 596 since purchase 1998 profit erratic move Europe began 1996 particularly expensive five year operation acquired 80 customer mid-year 2006 cumulative pre-tax loss risen 212 million European demand exploded net 589 customer added 2005-2006 Mark Booth 's brilliant leadership NetJets operating profitably Europe expect positive trend continue U.S. operation also good year 2006 led worldwide pre-tax earnings 143 million NetJets last year made profit even though suffered loss 19 million first quarter Credit Rich Santulli along Mark turnaround Rich like many manager financial need work 'd never know 's absolutely tireless monitoring operation making sale traveling globe constantly widen already-enormous lead NetJets enjoys competitor Today value fleet manage far greater managed three largest competitor combined 's reason NetJets runaway leader offer ultimate safety service Berkshire number subsidiary NetJets aircraft indispensable business tool also contract personal use NetJets member family Berkshire director None u add get discount 've flown NetJets returning commercial flight like going back holding hand Regulated Utility Business Berkshire 86.6 fully diluted interest MidAmerican Energy Holdings owns wide variety utility operation largest 1 Yorkshire Electricity Northern Electric whose 3.7 million electric customer make third largest distributor electricity U.K. 2 MidAmerican Energy serve 706,000 electric customer primarily Iowa 3 Pacific Power Rocky Mountain Power serving 1.7 million electric customer six western state 4 Kern River Northern Natural pipeline carry 8 natural gas consumed U.S. partner ownership MidAmerican Walter Scott two terrific manager Dave Sokol Greg Abel 's unimportant many vote party make major move unanimous thinking wise Six year working Dave Greg Walter underscored original belief Berkshire could n't better partner Somewhat incongruously MidAmerican owns second largest real estate brokerage firm U.S. HomeServices America company operates 20 locally-branded firm 20,300 agent Despite HomeServices purchase two operation last year company 's overall volume fell 9 58 billion profit fell 50 slowdown residential real estate activity stem part weakened lending practice recent

year `` optional '' contract `` teaser '' rate popular allowed borrower make payment early year mortgage fall far short covering normal interest cost Naturally default virtually nothing required borrower cynic said `` rolling loan gather loss '' payment made add principal borrower can't afford normal monthly payment early hit later above-normal monthly obligation Scarlett O'Hara scenario `` 'll think tomorrow '' many home owner `` tomorrow '' arrived Consequently huge overhang offering several HomeServices market Nevertheless seeking purchase additional brokerage operation decade HomeServices almost certainly much larger 13 key figure MidAmerican operation Earnings million 2006 2005 U.K. utility 338 308 Iowa utility 348 288 Western utility acquired March 21 2006 356 N/A Pipelines 376 309 HomeServices 74 148 net 226 115 Earnings corporate interest tax 1,718 1,168 Interest Berkshire 261 200 Interest Berkshire junior debt 134 157 Income tax 407 248 Net earnings 916 563 Earnings applicable Berkshire 885 523 Debt owed others 1 6,946 1 0,296 Debt owed Berkshire 1 ,055 1 ,289 Includes interest earned Berkshire net related income tax 87 2 006 102 2005 Finance Financial Products happy hear 'm even happier last discussion loss Gen 's derivative operation started wind business early 2002 23,218 contract outstanding 197 cumulative pre-tax loss operation total 409 million 5 million occurred 2006 Charlie say properly classified 409 million 2001 balance sheet would labeled `` Good Reached '' event Shakespearean thought slightly modified seems appropriate tombstone derivative business `` 's well end '' 've also wound investment Value Capital earnings loss two line business making final appearance table annually appears section Clayton Homes remains anomaly manufactured-housing industry last year recorded lowest unit sale since 1962 Indeed industry 's volume last year one-third 1999 Outside Clayton doubt industry overall made money 2006 Yet Clayton earned 513 million pre-tax paid Berkshire additional 86 million fee obtaining fund finance Clayton 's 10 billion portfolio installment receivables Berkshire 's financial strength clearly huge help Clayton driving force behind company 's success Kevin Clayton Kevin know business forward backward rational decision-maker joy work acquisition Clayton employ 14,787 people compared 6,661 time purchase two leasing operation CORT furniture run Paul Arnold XTRA truck trailer run Bill Franz CORT 's earnings improved significantly last year XTRA 's remained high level attained 2005 continue look tuck-in acquisition run Paul Bill also open idea new leasing opportunity 14 's breakdown earnings sector million Pre-Tax Earnings Interest-Bearing Liabilities 2006 2005 2006 2005 Trading ordinary income 274 200 600 1,061 Gen Securities loss 5 104 1,204 2,617 Life annuity operation 29 11 2,459 2,461 Value Capital loss 6 33 N/A N/A Leasing operation 182 173 261 370 Manufactured-housing finance Clayton 513 416 10,498 9,299 158 159 N/A N/A Income capital gain 1,157 822 Trading capital gain loss 938 234 Total 2.095 588 Includes liability Investments show common stock investment two exception market value 700 million end 2006 itemized n't itemize two security referred market value 1.9 billion continue buy could course tell name would kill 12/31/06 Percentage Shares Company Company Owned Cost Market million 151,610,700 American Express Company 12.6 1,287 9,198 36,417,400 Anheuser-Busch Cos. Inc 4.7 1,761 1,792 200,000,000 Coca-Cola Company 8.6 1,299 9,650 17,938,100 Conoco Phillips 1.1 1,066 1,291 21,334,900 Johnson Johnson 0.7 1,250 1,409 6,708,760 Bank Corporation 6.1 103 820 48,000,000 Moody 's Corporation 17.2 499 3,315 2,338,961,000 PetroChina `` H '' share equivalent ... 1.3 488 3,313 3,486,006 POSCO 4.0 572 1,158 100,000,000 Procter Gamble Company 3.2 940 6,427 229,707,000 Tesco 2.9 1,340 1,820 31,033,800 US Bancorp 1.8 969 1,123 17,072,192 USG Corp 19.0 536 936 19,944,300 Wal-Mart Stores Inc 0.5 942 921 1,727,765 Washington Post Company 18.0 11 1,288 218,169,300 Wells Fargo Company 6.5 3,697 7,758 1,724,200 White Mountain Insurance 16.0 369 999 Others 5,866 8,315 Total Common Stocks 22,995 61,533 actual purchase price also tax basis GAAP `` cost '' differs case write-ups write-down required delighted 2006 business performance virtually investees Last year told expectation company aggregate would increase earnings 6 8 annually rate would double earnings every ten year 2006 American Express 15 Coca-Cola Procter Gamble Wells Fargo largest holding increased per-share earnings 18 9 8 11 stellar result that

nk CEOs 've come close eliminating direct foreign-exchange position realized 186 million pre-tax profit 2006 earnings included Finance Financial Products table shown earlier brought total gain since inception position 2002 2.2 billion 's breakdown currency Total Gain Loss Millions Australian dollar 247.1 Mexican peso 106.1 British pound 287.2 New Zealand dollar 102.6 Canadian dollar 398.3 Singapore dollar 2.6 Chinese yuan 12.7 South Korean 261.3 Euro 839.2 Swiss franc 9.6 Hong Kong dollar 2.5 Taiwan dollar 45.3 Japanese yen 1.9 Miscellaneous option 22.9 've made large indirect currency profit well though 've never tallied precise amount example 2002-2003 spent 82 million buying thing Enron bond denominated Euros Already 've received distribution 179 million bond remaining stake worth 173 million mean overall gain 270 million part came appreciation Euro took place bond purchase first began making foreign exchange purchase interest-rate differential U.S. foreign country favored direct currency position spread turned negative 2005 therefore looked way gain foreign-currency exposure ownership foreign equity U.S. stock major earnings abroad currency factor emphasize dominant selection equity merely one many consideration U.S. trade problem worsen probability dollar weaken time continues high fervently believe real trade better u world 1.44 trillion honest-to-God trade 2006 U.S. also .76 trillion pseudo-tmde last year import exchanged good service Ponder moment commentator would describe situation import .76 trillion full 6 GDP export Making purchase n't reciprocated sale U.S. necessarily transferred ownership asset IOUs rest world Like wealthy self-indulgent family peeled bit owned order consume produced U.S. lot extraordinarily rich country behaved responsibly past world therefore willing accept bond real estate stock business vast store hand transfer consequence however Already prediction made last year one fall-out spending binge come true `` investment income `` account country positive every previous year since 1915 turned negative 2006 Foreigners earn U.S. investment investment abroad effect 've used bank account turned credit card like everyone get hock U.S. experience `` reverse compounding `` pay ever-increasing amount interest interest want emphasize even though course unwise Americans live better ten twenty year today Per-capita wealth increase citizen also forced every year ship significant portion current production abroad merely service cost huge debtor position wo n't pleasant work part day pay over-consumption 16 ancestor believe point future U.S. worker voter find annual `` tribute `` onerous severe political backlash play market impossible predict expect `` soft landing `` seems like wishful thinking mention direct currency profit realized come forward contract derivative entered type derivative contract well may seem odd since know expensive experience unwinding derivative book Gen also heard talk systemic problem could result enormous growth use derivative may wonder fooling around potentially toxic material answer derivative like stock bond sometimes wildly mispriced many year accordingly selectively written derivative contract number sometimes large dollar amount currently 62 contract outstanding manage personally free counterparty credit risk far derivative contract worked well u producing pre-tax profit hundred million dollar beyond gain 've itemized forward foreign-exchange contract Though experience loss time time likely continue earn overall significant profit mispriced derivative told Berkshire three outstanding candidate replace CEO Board know exactly take die tonight three much younger director believe 's important successor prospect long tenure Frankly well-prepared investment side business 's history one time Charlie potential replacement investing recently Lou Simpson filled slot Lou top-notch investor outstanding long-term record managing GEICO 's equity portfolio six year younger die soon would fill magnificently short period long-term though need different answer October board meeting discussed subject fully emerged plan carry help Charlie Lou plan intend hire younger man woman potential manage large portfolio hope succeed Berkshire 's chief investment officer need someone arises part selection process may fact take several candidate Picking right person easy task 's hard course find smart people among individual impressive investment record far successful long-term investing brain performance recently good time market extraordinary even bizarre thing single big mistake could

wipe long string success therefore need someone genetically programmed recognize a void serious risk including never encountered Certain peril lurk investment strategy spotted use model commonly employed today financial institution Temperament also important Independent thinking emotional stability keen understanding human institutional behavior vital long-term investment success 've seen lot smart people lacked virtue Finally special problem consider ability keep person hire able list Berkshire resume would materially enhance marketability investment manager need therefore sure retain choice even though could leave make much money elsewhere 17 surely people fit need may hard identify 1979 Jack Byrne felt found person Lou Simpson made arrangement whereby would paid well sustained overperformance deal earned large amount Lou however could left u long ago manage far greater sum advantageous term money alone object 's exactly would done Lou never considered move need find younger person two made stuff good news 76 feel terrific according measurable indicator excellent health 's amazing Cherry Coke hamburger fellow Changes Berkshire 's Board composition board change two way spring One change involve Chace family connected Berkshire predecessor company century 1929 first Malcolm G. Chace played important role merging four New England textile operation Berkshire Fine Spinning Associates company merged Hathaway Manufacturing 1955 form Berkshire Hathaway Malcolm G. Chace Jr. became chairman Early 1965 Malcolm arranged Buffett Partnership Ltd. buy key block Berkshire share welcomed u new controlling shareholder company Malcolm continued non- executive chairman 1969 wonderful gentleman helpful partner description also fit son Malcolm `` Kim `` Chace succeeded father Berkshire 's board 1992 last year Kim actively successfully running community bank founded 1996 suggested find younger person replace board done Kim step director annual meeting owe much Chaces wish thank Kim many year service Berkshire selecting new director guided long-standing criterion board member owner-oriented business-savvy interested truly independent say `` truly `` many director deemed independent various authority observer far relying heavily director fee maintain standard living payment come many form often range 150,000 250,000 annually compensation may approach even exceed income `` independent `` director surprise surprise director compensation soared recent year pushed recommendation corporate America 's favorite consultant Ratchet Ratchet Bingo name may phony action conveys Charlie believe four criterion essential director job law faithfully represent owner Yet criterion usually ignored Instead consultant CEOs seeking board candidate often say `` 're looking woman `` `` Hispanic `` `` someone abroad `` sometimes sound mission stock Noah 's ark year 've queried many time potential director yet hear anyone ask `` think like intelligent owner `` question instead get would sound ridiculous someone seeking candidate say football team arbitration panel military command case selector would look people specific talent attitude required specialized job Berkshire specialized activity running business well therefore seek business judgment 's exactly 've found Susan Decker CFO Yahoo join board annual meeting lucky score high four criterion additionally 44 young attribute may noticed Chairman long lacked seek young director future never slighting four quality insist upon 18 Berkshire pay 4.4 billion federal income tax 2006 earnings last fiscal year U.S. Government spent 2.6 trillion 7 billion per day Thus half one day Berkshire picked tab federal expenditure ranging Social Security Medicare payment cost armed service 600 taxpayer like Berkshire one else America would needed pay federal income payroll tax federal return last year add ran 9,386 page handle filing state foreign tax return myriad SEC requirement matter involved running Berkshire gone way 19 employee World Headquarters crew occupies 9,708 square foot space Charlie World Headquarters West Los Angeles us another 655 square foot home-office payroll including benefit counting location totaled 3,531, 978 last year 're careful spending money Corporate bigwig often complain government spending criticizing bureaucrat say spend taxpayer money differently would sometimes financial behavior executive also vary based whose wallet getting depleted 's illustrative tale day Salomon 1980s company barber Jimmy name came weekly give free haircut top brass manicurist also tap cost-cutting drive patron told pay way One

top executive CEO previously visited Jimmy weekly went immediately once-every-three-weeks schedule Every Charlie catch early tide -like trend one brimming commercial promise example though American Airlines `` mile `` American Express credit card point credited trailblazer granting customer `` reward `` Charlie far ahead spotting appeal powerful idea Excited insight two u jumped reward business way back 1970 buying control trading stamp operation Blue Chip Stamps year Blue Chip sale 126 million stamp papered California 1970 indeed 60 billion stamp licked saver pasted book taken Blue Chip redemption store catalog reward 1 16 page thick chock full tantalizing item told even certain brothel mortuary gave stamp patron felt finally found sure thing Well quite day Charlie stepped Blue Chip picture business went straight downhill 1980 sale fallen 19.4 million 1990 sale bumping along 1.5 million quarter redoubled managerial effort Sales fell another 98 Last year Berkshire 's 98 billion revenue 25,920 zero omitted came Blue Chip Ever hopeful Charlie soldier mentioned last year service 19 corporate board counting Berkshire controlled company Typhoid Mary compensation committee one company assigned comp committee duty promptly outvoted crucial decision faced ostracism peculiar considering certainly n't lacked experience setting CEO pay Berkshire one-man compensation committee determines salary incentive CEOs around 40 significant operating business 19 much time aspect job take Virtually none many CEOs voluntarily left u job 42-year history Precisely none Berkshire employ many different incentive arrangement term depending element economic potential capital intensity CEO 's business Whatever compensation arrangement though try keep simple fair use incentive large always tied operating result given CEO authority issue lottery ticket carry payoff unrelated business performance CEO bat .300 get paid .300 hitter even circumstance outside control cause Berkshire perform poorly bat .150 n't get payoff success others enabled Berkshire prosper mightily example 61 billion equity Berkshire whose value easily rise fall 10 given year world pay operating executive affected 6 billion swing however important gain loss may shareholder 've read load CEOs received astronomical compensation mediocre result Much less well-advertised fact America 's CEOs also generally live good life Many emphasized exceptionally able almost work far 40 hour week usually treated like royalty process 're certainly going keep way Berkshire Though Charlie still favor sackcloth ash prefer spoiled rotten Berkshire owns Pampered Chef wonderful office group made Pampered Chief CEO perk one company quickly copied elsewhere `` kid one `` may seem thought juvenile use rationale boardroom consultant employ precisely argument phrased elegantly course make recommendation comp committee Irrational excessive comp practice materially changed disclosure `` independent `` comp committee member Indeed think 's likely reason rejected service many comp committee regarded independent Compensation reform occur largest institutional shareholder would take demand afresh look whole system consultant present drill deftly selecting `` peer `` company compare client perpetuate present excess Last year arranged bulk Berkshire holding go five charitable foundation thus carrying part lifelong plan eventually use share philanthropic purpose Details commitment made well rationale posted website www.berkshirehathaway.com Taxes note nothing decision timing federal state income tax 2006 exactly would made first contribution last summer point apply 2007 contribution 've stipulated proceeds Berkshire share still death used philanthropic purpose within ten year estate closed affair complicated take three year closing occur Adding 13-year period expected lifespan 12 year though naturally 'm aiming mean proceeds Berkshire share likely distributed societal purpose next 25 year 've set schedule want money spent relatively promptly people know capable vigorous motivated managerial attribute sometimes wane institution particularly exempt market force age Today terrific people charge five foundation death move dispatch judiciously spend money remains 20 people favoring perpetual foundation argue future certainly large important societal problem philanthropy need address agree also many super-rich individual family whose wealth exceed today 's Americans philanthropic organization make case funding funders judge firsthand operation vitality focus best address major societal problem exist way market test idea

effectiveness applied organization deserve major support others outlived usefulness Even people ground make decision imperfectly able allocate fund rationally decided six foot ordained decade earlier Wills course always rewritten 's unlikely thinking change material way shareholder expressed concern sale Berkshire foundation receiving share depress stock fear unwarranted annual trading volume many stock exceeds 100 outstanding share nevertheless stock usually sell price approximating intrinsic value Berkshire also tends sell appropriate price annual volume 15 share outstanding sale foundation receiving share add three percentage point annual trading volume still leave Berkshire turnover ratio lowest around Overall Berkshire 's business performance determine price stock time sell zone reasonableness 's important foundation receive appropriate price periodically sell Berkshire share 's also important incoming shareholder n't overpay See economic principle 14 page 77 policy shareholder communication Charlie best ensure Berkshire sell neither large discount large premium intrinsic value existence foundation ownership way influence board 's decision dividend repurchase issuance share follow exactly rule guided upast action likely deliver best result shareholder time last year 's report allegorically described Gotrocks family clan owned America 's business counterproductively attempted increase investment return paying ever-greater commission fee `` helper '' Sad say `` family '' continued self-destructive way 2006 part family persists fully harbor unrealistic expectation obtainable return Sometimes delusion self-serving example private pension plan temporarily overstate earnings public pension plan defer need increased tax using investment assumption likely reach Actuaries auditor go along tactic decade chicken come home roost point CEO public official misled world apt gone Meanwhile Wall Street 's Pied Pipers Performance encouraged futile hope family hapless Gotrocks assured achieve above-average investment performance paying ever-higher fee Call promise adult version Lake Woebeagon 2006 promise fee hit new high flood money went institutional investor 2-and-20 crowd innocent arrangement let explain 's lopsided system whereby 2 principal paid year manager even accomplishes nothing matter loses bundle additionally 20 profit paid succeeds even success due simply rising tide example manager achieves gross return 10 year keep 3.6 percentage point two point top plus 20 residual 8 point leaving 6.4 percentage point investor 3 billion fund 6.4 net `` performance '' deliver manager cool 108 million receive bonanza even though index fund might returned 15 investor period charged token fee 21 inexorable math grotesque arrangement certain make Gotrocks family poorer time would never heard `` hyper-helpers '' Even 2-and-20 action spread effect bring mind old adage someone experience proposes deal someone money often fellow money end experience fellow experience end money Let end section telling one good guy Wall Street long-time friend Walter Schloss last year turned 90 1956 2002 Walter managed remarkably successful investment partnership took dime unless investor made money admiration Walter noted based hindsight full fifty year ago Walter sole recommendation St. Louis family wanted honest able investment manager Walter go business school matter college office contained one file cabinet 1956 number mushroomed four 2002 Walter worked without secretary clerk bookkeeper associate son Edwin graduate North Carolina School Arts Walter Edwin never came within mile inside information Indeed used `` outside '' information sparingly generally selecting security certain simple statistical method Walter learned working Ben Graham Walter Edwin asked 1989 Outstanding Investors Digest '' would summarize approach '' Edwin replied `` try buy stock cheap '' much Modern Portfolio Theory technical analysis is macroeconomic thought complex algorithm Following strategy involved real risk defined permanent loss capital Walter produced result 47 partnership year dramatically surpassed P 500 's particularly noteworthy built record investing 1,000 security mostly lackluster type big winner account success 's safe say million investment manager made trade drawing stock name hat b purchasing stock comparable amount Walter made purchase c selling Walter sold pick luckiest would come close equaling record simply possibility Walter achieved 47 year due chance first publicly discussed Walter 's remarkable record 1984 time `` efficient market theory '' EMT center

piece investment instruction major business school theory commonly taught held price stock moment demonstrably mispriced mean investor expected overperform stock market average using publicly-available information though luck talked Walter 23 year ago record forcefully contradicted dogma member academic community exposed new important evidence Unfortunately reacted all-too-human fashion Rather opening mind closed eye knowledge business school teaching EMT made attempt study Walter 's performance meant school 's cherished theory Instead faculty school went merrily way presenting EMT certainty scripture Typically finance instructor nerve question EMT much chance major promotion Galileo named Pope Tens thousand student therefore sent life believing every day price every stock `` right '' accurately demonstrably wrong attempt evaluate business stock useless Walter meanwhile went overperforming job made easier misguided instruction given young mind shipping business 's helpful potential competitor taught earth flat Maybe good thing investor Walter n't go college 22 Annual Meeting meeting year held Saturday May 5 th always door open Qwest Center 7 a.m. new Berkshire movie shown 8:30 9:30 go directly question-and-answer period break lunch Qwest stand last 3:00 short recess Charlie convene annual meeting 3:15 decide leave day 's question period please Charlie talking best reason exit course shop help filling 194,300 square foot hall adjoins meeting area product Berkshire subsidiary Last year 24,000 people came meeting part almost every location racked record sale record made broken know better year showcase Clayton home featuring Acme brick Shaw carpet Johns Manville insulation MiTek fastener Carefree awning NFM furniture find home priced 139,900 delivers excellent value Last year helper Qwest bought one two home display well opened door shareholder Flanking Clayton home exhibition floor year RV pontoon boat Forest River GEICO booth staffed number top counselor around country ready supply auto insurance quote case GEICO able give special shareholder discount usually 8 special offer permitted 45 50 jurisdiction operate One supplemental point discount additive qualify another given certain group Bring detail existing insurance check whether save money least 50 believe 're sign new GEICO credit card 's one use sparingly course Saturday Omaha airport usual array aircraft NetJets available inspection Stop NetJets booth Qwest learn viewing plane Come Omaha bus leave new plane take hair gel wish board Bookworm 's corner bazaar 25 book DVDs discounted led Poor Charlie 's Almanack One hapless soul last year asked Charlie n't enjoy book Back came Mungerism `` problem give someone intelligent '' 've added title year Among Seeking Wisdom Darwin Munger Peter Bevel in long-time Swedish shareholder Berkshire Fred Schwed 's classic Customers Yachts book first published 1940 4 th edition funniest book ever written investing lightly delivers many truly important message subject attachment proxy material enclosed report explains obtain credential need admission meeting event plane hotel car reservation signed American Express 800-799-6634 give special help Carol Pedersen handle matter terrific job u year thank Hotel room hard find work Carol get one Nebraska Furniture Mart located 77-acre site 72 nd Street Dodge Pacific `` Berkshire Weekend '' discount pricing initiated special event NFM ten year ago sale `` Weekend '' grew 5.3 million 1997 30 million 2006 get goose bump thinking volume obtain Berkshire discount must make purchase Thursday May 3 ld Monday May 7 th inclusive also present meeting credential period 's special pricing even apply product several prestigious manufacturer normally ironclad rule discounting spirit shareholder weekend made exception appreciate cooperation NFM open 10 a.m. 9 p.m. Monday Saturday 10 a.m. 23 6 p.m. Sunday Saturday year 5:30 p.m. 8 p.m. NFM special shareholder picnic featuring chicken beef taco hamburger traditionalist like remodeled expanded Borsheim 's two shareholder-only event first cocktail reception 6 p.m. 10 p.m. Friday May 4 th second main gala held Sunday May 6 th 9 a.m. 4 p.m. Saturday open 6 p.m. huge crowd Borsheim 's throughout weekend convenience therefore shareholder price available Monday April 30 th Saturday May 12 th period please identify shareholder presenting meeting credential brokerage statement show Berkshire holder Sunday tent outside Borsheim 's blindfolded Patrick Wolff twice U.S. chess champion take comer eye wide open group six Last year carried conversation Patrick played man

ner Nearby Norman Beck remarkable magician Dallas bewilder onlooker Additionally B ob Hamman Sharon Osberg two world 's top bridge expert available play bridge share holder Sunday afternoon add Sunday fun Borsheim 's Ariel Hsing play table tennis p ing-pong uninitiated 1 p.m. 4 p.m. anyone brave enough take Ariel though 11 ranked number one among girl 16 U.S. number 1 among boy girl 12 week turned 75 played Ari el 9 barely tall enough see across table thinking would take easy crush young spir it Instead crushed 've since devised plan give chance 1 p.m. Sunday initiate play 2-point game Ariel somehow win first point feign injury claim victory strenuous en counter wear Ariel shareholder try luck Gorat 's open exclusively Berkshire shareh older Sunday May 6 th serving 4 p.m. 10 p.m Please remember come Gorat 's day must reservation make one call 402-551-3733 April 1 st 2006-2007 school year 35 univers ity class including one IBMEC Brazil come Omaha session take almost aggregate 2,00 0 student lunch Gorat 's love learn come join u Sunday reception 4 p.m. Saturday a fternoon shareholder come outside North America Every year meeting draw many peopl e around globe Charlie want sure personally greet come far Last year enjoyed meeti ng 400 many dozen country shareholder come U.S. Canada given special credential in struction attending function Charlie extraordinarily lucky born America terrific p arent saw got good education enjoyed wonderful family great health came equipped '' business '' gene allows u prosper manner hugely disproportionate people contrib ute much society 's well-being Moreover long job love helped every day countless w ay talented cheerful associate wonder tap- dance work nothing fun u getting togeth er shareholder-partners Berkshire 's annual meeting join u May 5 th Qwest annual W oodstock Capitalists 'll see February 28 2007 Warren E. Buffett Chairman Board 24 Berkshire 's Corporate Performance vs. P 500 Annual Percentage Change Per-Share P 500 Book Value Dividends Relative Berkshire Included Results Year 1 2 1 2 1965 23. 8 10.0 13.8 1966 20.3 11.7 32.0 1967 11.0 30.9 19.9 1968 19.0 11.0 8.0 1969 16.2 8.4 24.6 1970 12.0 3.9 8.1 1971 16.4 14.6 1.8 1972 21.7 18.9 2.8 1973 4.7 14.8 19. 5 1974 5.5 26.4 31.9 1975 21.9 37.2 15.3 1976 59.3 23.6 35.7 1977 31.9 7.4 39.3 19 78 24.0 6.4 17.6 1979 35.7 18.2 17.5 1980 19.3 32.3 13.0 1981 31.4 5.0 36.4 1982 4 0.0 21.4 18.6 1983 32.3 22.4 9.9 1984 13.6 6.1 7.5 1985 48.2 31.6 16.6 1986 26.1 1 8.6 7.5 1987 19.5 5.1 14.4 1988 20.1 16.6 3.5 1989 44.4 31.7 12.7 1990 7.4 3.1 10. 5 1991 39.6 30.5 9.1 1992 20.3 7.6 12.7 1993 14.3 10.1 4.2 1994 13.9 1.3 12.6 1995 43.1 37.6 5.5 1996 31.8 23.0 8.8 1997 34.1 33.4 .7 1998 48.3 28.6 19.7 1999 .5 21. 0 20.5 2000 6.5 9.1 15.6 2001 6.2 11.9 5.7 2002 10.0 22.1 32.1 2003 21.0 28.7 7.7 2004 10.5 10.9 .4 2005 6.4 4.9 1.5 2006 18.4 15.8 2.6 2007 11.0 5.5 5.5 2008 9.6 3 7.0 27.4 2009 19.8 26.5 6.7 Compounded Annual Gain 1965-2009 20.3 9.3 11.0 Overall Gain- 1964-2009 434,057 5,430 Notes Data calendar year exception 1965 1966 year en ded 9/30 1967 15 month ended 12/31 Starting 1979 accounting rule required insuranc e company value equity security hold market rather lower cost market previously re quirement table Berkshire 's result 1978 restated conform changed rule respect res ult calculated using number originally reported P 500 number pre-tax whereas Berks hire number after-tax corporation Berkshire simply owned P 500 accrued appropriate tax result would lagged P 500 year index showed positive return would exceeded P 5 00 year index showed negative return year tax cost would caused aggregate lag subs tantial 2 BERKSHIRE HATHAWAY INC. Shareholders Berkshire Hathaway Inc. gain net wo rth 2009 21.8 billion increased per-share book value Class Class B stock 19.8 last 45 year since present management took book value grown 19 84,487 rate 20.3 compoun ded annually Berkshire 's recent acquisition Burlington Northern Santa Fe BNSF add ed least 65,000 shareholder 500,000 already book 's important Charlie Munger long- time partner owner understand Berkshire 's operation goal limitation culture annua l report consequently restate economic principle guide u year principle appear pag e 89-94 urge particularly new shareholder read Berkshire adhered principle decade continue long 'm gone letter also review basic business hoping provide freshman or ientation session BNSF newcomer refresher course Berkshire veteran Measure metric evaluating managerial performance displayed facing page start Charlie believed rat ional unbending standard measuring accomplished keep u temptation seeing arrow per

formance land painting bull 's eye around Selecting P 500 bogey easy choice shareh
 older virtually cost match performance holding index fund pay u merely duplicating
 result difficult decision u measure progress Berkshire versus P good argument simp
 ly using change stock price extended period time fact best test year-to-year marke
 t price extraordinarily erratic Even evaluation covering long decade greatly disto
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 soft Jeff Immelt GE tell problem suffering nosebleed price stock traded handed man
 agerial baton ideal standard measuring yearly progress would change Berkshire 's p
 er-share intrinsic value Alas value calculated anything close precision instead us
 e crude proxy per-share book value Relying yardstick shortcoming discus page 92 93
 Additionally book value company understates intrinsic value certainly case Berkshi
 re aggregate business worth considerably value carried book all-important insuranc
 e business moreover difference huge Even Charlie believe book value understated th
 ough supply useful tracking device change intrinsic value measurement opening para
 graph letter state book value since start fiscal 1965 grown rate 20.3 compounded a
 nnually A11 per-share figure used report apply Berkshire 's share Figures B share
 1/1 500 th shown 3 note instead chosen market price yardstick Berkshire 's result
 would look better showing gain since start fiscal 1965 22 compounded annually Surp
 risingly modest difference annual compounding rate lead 801,516 market-value gain
 entire 45-year period compared book-value gain 434,057 shown page 2 market gain be
 tter 1965 Berkshire share sold appropriate discount book value underearning textil
 e asset whereas today Berkshire share regularly sell premium accounting value firs
 t-class business Summed table page 2 conveys three message two positive one hugely
 negative First never five-year period beginning 1965-69 ending 2005-09 41 gain boo
 k value exceed P 's gain Second though lagged P year positive market consistently
 done better P eleven year delivered negative result word defense better offense 's
 likely continue big minus performance advantage shrunk dramatically size grown unp
 leasant trend certain continue sure Berkshire many outstanding business cadre trul
 y great manager operating within unusual corporate culture let maximize talent Cha
 rlie believe factor continue produce better-than-average result time huge sum forg
 e anchor future advantage small fraction historical edge n't Long ago Charlie laid
 strongest ambition `` want know 'm going die 'll never go '' bit wisdom inspired J
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 g difficult problem report well inversion approach work le lofty level Sing countr
 y song reverse quickly recover car house wife example apply Charlie 's thinking Be
 rkshire • Charlie avoid business whose future ca n't evaluate matter exciting prod
 uct may past required brilliance people foresee fabulous growth awaited industry a
 uto 1910 aircraft 1930 television set 1950 future also included competitive dynami
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 n return capital host competitor battle supremacy Berkshire stick business whose p
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 never become dependent kindness stranger Too-big-to-fail fallback position Berkshi
 re Instead always arrange affair requirement cash may conceivably dwarfed liquidit
 y Moreover liquidity constantly refreshed gusher earnings many diverse business fi
 nancial system went cardiac arrest September 2008 Berkshire supplier liquidity cap
 ital system supplicant peak crisis poured 15.5 billion business world could otherw
 ise look federal government help 9 billion went bolster capital three highly-regar
 ded previously-secure American business needed without delay tangible vote confide
 nce remaining 6.5 billion satisfied commitment help fund purchase Wrigley deal com
 pleted without pause elsewhere panic reigned 4 pay steep price maintain premier fi
 nancial strength 20 billion-plus cash- equivalent asset customarily hold earning p
 ittance present sleep well • tend let many subsidiary operate without supervising
 monitoring degree mean sometimes late spotting management problem operating capita
 l decision occasionally made Charlie would disagreed consulted manager however use
 independence grant magnificently rewarding confidence maintaining owner- oriented

attitude invaluable seldom found huge organization would rather suffer visible cost bad decision incur many invisible cost come decision made slowly stifling bureaucracy acquisition BNSF 257,000 employee literally hundred different operating unit hope many never allow Berkshire become monolith overrun committee budget presentation multiple layer management Instead plan operate collection separately-managed medium-sized large business whose decision-making occurs operating level Charlie limit allocating capital controlling enterprise risk choosing manager setting competition • make attempt woo Wall Street Investors buy sell based upon medium analysis commentary u Instead want partner join u Berkshire wish make long-term investment business understand 's one follows policy concur Charlie go small venture partner would seek individual sync u knowing common goal shared destiny make happy business `` marriage `` owner manager Scaling giant size n't change truth build compatible shareholder population try communicate owner directly informatively goal tell would like know position reversed Additionally try post quarterly annual financial internet early weekend thereby giving investor plenty time non-trading period digest happened multi-faceted enterprise Occasionally SEC deadline force non-Friday disclosure matter simply can't adequately summarized paragraph lend kind catchy headline journalist sometimes seek Last year saw one instance sound-bite reporting go wrong Among 12,830 word annual letter sentence `` certain example economy shamble throughout 2009 probably well beyond conclusion tell u whether market rise fall `` Many news organization reported indeed blared first part sentence making mention whatsoever ending regard terrible journalism Misinformed reader viewer may well thought Charlie forecasting bad thing stock market though sentence also elsewhere made clear n't predicting market investor misled sensationalist paid big price Dow closed day letter 7,063 finished year 10,428 Given experience 've like understand prefer communication remain direct unabridged possible Let 's move specific Berkshire 's operation four major operating sector differing others balance sheet income account characteristic Therefore lumping together standard financial statement impedes analysis 'll present four separate business Charlie view 5 Insurance property-casualty P/C insurance business engine behind Berkshire 's growth continue worked wonder u carry P/C company book 15.5 billion net tangible asset amount lodged `` Goodwill `` account company however worth far carrying value following look economic model P/C industry tell Insurers receive premium upfront pay claim later extreme case arising certain worker compensation accident payment stretch decade collect-now pay-later model leaf u holding large sum money call `` float `` eventually go others Meanwhile get invest float Berkshire 's benefit Though individual policy claim come go amount float hold remains remarkably stable relation premium volume Consequently business grows float premium exceed total expense eventual loss register underwriting profit add investment income produced float combination allows u enjoy use free money better yet get paid holding Alas hope happy result attracts intense competition vigorous year cause P/C industry whole operate significant underwriting loss loss effect industry pay hold float Usually cost fairly low catastrophe-ridden year cost underwriting loss eats income derived use float perhaps biased view Berkshire best large insurance operation world absolutely state best manager float grown 16 million 1967 entered business 62 billion end 2009 Moreover operated underwriting profit seven consecutive year believe likely continue underwrite profitably though certainly future year float cost-free much someone deposited 62 billion u could invest benefit without payment interest Let emphasize cost-free float result expected P/C industry whole year premium inadequate cover claim plus expense Consequently industry 's overall return tangible equity many decade fallen far short achieved P 500 Outstanding economics exist Berkshire outstanding manager running unusual business insurance CEOs deserve thanks added many billion dollar Berkshire 's value 's pleasure tell all-stars Let 's start GEICO known 800 million annual advertising budget close twice runner-up advertiser auto insurance field GEICO managed Tony Nicely joined company 18 66 Tony still tap-dances office every day 79 feel lucky work business love GEICO customer warm feeling toward company well 's pro

of Since Berkshire acquired control GEICO 1996 market share increased 2.5 8.1 gain reflecting net addition seven million policyholder Perhaps contacted u thought gec ko cute bought u save important money Maybe well call 1-800-847-7536 go www.GEICO.com 've stayed u like service well price Berkshire acquired GEICO two stage 1976-80 bought one-third company 's stock 47 million year large repurchase company share caused position grow 50 without bought share January 2 1996 acquired remaining 50 GEICO 2.3 billion cash 50 time cost original purchase 6 old Wall Street joke get c lose experience Customer Thanks putting XYZ stock 5 1 hear 's 18 Broker Yes 's beginning fact company well 's even better buy 18 made purchase Customer Damn knew waited GEICO 's growth may slow 2010 U.S. vehicle registration actually slumping auto sale Moreover high unemployment causing growing number driver go uninsured 's illegal almost everywhere 've lost job still want drive `` low-cost producer '' stat us however sure give u significant gain future 1995 GEICO country 's sixth largest auto insurer number three company 's float grown 2.7 billion 9.6 billion Equally important GEICO operated underwriting profit 13 14 year Berkshire owned became excited GEICO January 1951 first visited company 20-year-old student Thanks Tony 'm even excited today hugely important event Berkshire 's history occurred Saturday 1985 Ajit Jain came office Omaha immediately knew found superstar discovered Mike Goldberg elevated St Mike immediately put Ajit charge National Indemnity 's small struggling reinsurance operation year built business one-of-a-kind giant insurance world Staffed today 30 people Ajit 's operation set record transaction size several area insurance Ajit writes billion-dollar limit keep every dime risk instead laying insurer Three year ago took huge liability Lloyds allowing clean relationship 27,972 participant `` name '' written problem-ridden policy one point threatened survival 322-year-old institution premium single contract 7.1 billion 2009 negotiated life reinsurance contract could produce 50 billion premium u next 50 year Ajit 's business opposite GEICO 's company million small policy largely renew year year Ajit writes relatively policy mix change significantly year year Throughout world known man call something large unusual need insured Charlie Ajit ever sinking boat save one u swim Ajit third insurance powerhouse General year back operation troubled gleaming jewel insurance crown leadership Tad Montross General outstanding underwriting year 2009 also delivering u unusually large amount float per dollar premium volume Alongside General 's P/C business Tad associate developed major life reinsurance operation grown increasingly valuable Last year General finally attained 100 ownership Cologne since 1995 key though partially-owned part presence around world Tad visiting Cologne September thank manager important contribution Berkshire 7 Finally group smaller company specializing odd corner insurance world aggregate result consistently profitable table show float provide u substantial Charlie treasure company manager record four segment property-casualty life insurance business Underwriting Profit Yearend Float million Insurance Operations 2009 2008 2009 2008 General 477 342 21,014 21,074 BH Reinsurance 349 1,324 26,223 24,221 GEICO 649 916 9,613 8,454 Primary 84 210 5,061 4,739 1,559 2,792 61,911 58,488 painful confession n Last year chairman closed book expensive business fiasco entirely making many year struggled think side product could offer million loyal GEICO customer Unfortunately finally succeeded coming brilliant insight market credit card reasoned GEICO policyholder likely good credit risk assuming offered attractive card would likely favor u business got business right wrong type pre-tax loss credit-card operation came 6.3 million finally woke sold 98 million portfolio troubled receivables 550 dollar losing additional 44 million GEICO manager emphasized never enthusiastic idea warned instead getting cream GEICO customer would get well let 's call non-cream subtly indicated older wiser older Regulated Utility Business Berkshire 89.5 interest MidAmerican Energy Holdings owns wide variety utility operation largest 1 Yorkshire Electricity Northern Electric whose 3.8 million end user make U.K. 's third largest distributor electricity 2 MidAmerican Energy served 725,000 electric customer primarily Iowa 3 Pacific Power Rocky Mountain Power serving 1.7 million electric customer six western state 4 Kern River Northern Natural pipeline carry 8 natural

gas consumed U.S. MidAmerican two terrific manager Dave Sokol Greg Abel addition 1
ong-time friend Walter Scott along family major ownership position company Walter
brings extraordinary business savvy operation Ten year working Dave Greg Walter re
inforced original belief Berkshire could n't better partner truly dream team Somew
hat incongruously MidAmerican also owns second largest real estate brokerage firm
U.S. HomeServices America company operates 21 locally-branded firm 16,000 agent Th
ough last year terrible year home sale HomeServices earned modest sum also acquire
d firm Chicago add quality brokerage operation available sensible price decade Hom
eServices likely much larger 8 key figure MidAmerican operation Earnings million 2
009 2008 U.K. utility 248 339 Iowa utility 285 425 Western utility 788 703 Pipelin
es 457 595 HomeServices 43 45 net 25 186 Operating earnings corporate interest tax
1,846 2,203 Constellation Energy – 1,092 Interest Berkshire 318 332 Interest Berks
hire junior debt 58 HI Income tax 313 1,002 Net earnings 1,157 1,850 Earnings appl
icable Berkshire 1,071 1,704 Debt owed others 19,579 19,145 Debt owed Berkshire 35
3 1,087 ♦Consists breakup fee 175 million profit investment 917 million Includes i
nterest earned Berkshire net related income tax 38 2009 72 2008 regulated electric
utility offering monopoly service case operate symbiotic manner customer service a
rea user depending u provide first-class service invest future need Permitting con
struction period generation major transmission facility stretch way incumbent u fa
r-sighted turn look utility regulator acting behalf customer allow u appropriate r
eturn huge amount capital must deploy meet future need n't expect regulator live e
nd bargain unless live Dave Greg make sure National research company consistently
rank Iowa Western utility near top industry Similarly among 43 U.S. pipeline ranke
d firm named Mastio Kern River Northern Natural property tied second place Moreove
r continue pour huge sum money operation prepare future also make operation enviro
nmentally friendly Since purchased MidAmerican ten year ago never paid dividend in
stead used earnings improve expand property territory serve one dramatic example l
ast three year Iowa Western utility earned 2.5 billion period spending 3 billion w
ind generation facility MidAmerican consistently kept end bargain society society
's credit reciprocated exception regulator promptly allowed u earn fair return eve
r- increasing sum capital must invest Going forward whatever take serve territory
manner expect believe turn allowed return deserve fund invest earlier day Charlie
shunned capital-intensive business public utility Indeed best business far owner c
ontinue high return capital require little incremental investment grow fortunate n
umber business would love buy Anticipating however Berkshire generate ever-increas
ing amount cash today quite willing enter business regularly require large capital
expenditure expect business reasonable expectation earning decent return incremen
tal sum invest expectation met believe Berkshire 's ever-growing collection good gr
eat business produce above-average though certainly spectacular return decade ahea
d 9 BNSF operation noted certain important economic characteristic resemble electr
ic utility case provide fundamental service remain essential economic well-being c
ustomer community serve indeed nation require heavy investment greatly exceeds dep
reciation allowance decade come must also plan far ahead satisfy demand expected o
utstrip need past Finally require wise regulator provide certainty allowable retur
n confidently make huge investment required maintain replace expand plant see `` s
ocial compact '' existing public railroad business case utility either side shirks
obligation side inevitably suffer Therefore party compact believe understand benef
it behaving way encourages good behavior inconceivable country realize anything cl
ose full economic potential without possessing first-class electricity railroad sy
stem part see exist future BNSF result included `` regulated utility '' section As
ide two business similar underlying economic characteristic logical user substanti
al amount debt guaranteed Berkshire retain earnings earn invest large sum good tim
e bad though railroad display greater cyclically Overall expect regulated sector d
eliver significantly increased earnings time albeit cost investing many ten yes te
n billion dollar incremental equity capital Manufacturing Service Retailing Operat
ions activity part Berkshire cover waterfront Let 's look though summary balance s

heet earnings statement entire group Balance Sheet Assets Cash equivalent 3,018 Ac
 counts note receivable 5,066 Inventory 6,147 current asset 625 Total current asset
 14,856 Goodwill intangible 1 6,499 Fixed asset 15,374 asset 2,070 48,799 million L
 iabilities Equity Notes payable 1,842 current liability 7,414 Total current liabil
 ity 9,256 Deferred tax 2,834 Term debt liability 6,240 Equity 30,469 48,799 Earnin
 gs Statement million 2009 2008 2007 Revenues 61,665 66,099 59,100 Operating expens
 e including depreciation 1,422 2009 1,280 2008 955 2007 59,509 61,937 55,026 Inter
 est expense 98 139 127 Pre-tax earnings 2,058 4,023 3,947 Income tax minority inte
 rest 945 1,740 1,594 Net income 1,113 2,283 2,353 include purchase-accounting adju
 stment 10 Almost many widely-diverse operation sector suffered one degree another
 2009 severe recession major exception McLane distributor grocery confection non-fo
 od item thousand retail outlet largest far Wal-Mart Grady Rosier led McLane record
 pre-tax earnings 344 million even amounted slightly one cent per dollar huge sale
 31.2 billion McLane employ vast array physical asset practically owns including 3,
 242 trailer 2,309 tractor 55 distribution center 15.2 million square foot space Mc
 Lane prime asset however Grady number company profit improved even sale contracted
 always exceptional managerial achievement CEOs made happen Among business major ex
 posure depressed industrial sector Marmon Iscar turned relatively strong performan
 ce Frank Ptak 's Marmon delivered 13.5 pre-tax profit margin record high Though co
 mpany 's sale 27 Frank 's cost-conscious management mitigated decline earnings Not
 hing stop Israel-based Iscar war recession competitor world 's two leading supplie
 r small cutting tool difficult year operating loss throughout much year Though Isc
 ar result significantly 2008 company regularly reported profit even integrating ra
 tionalizing Tungaloy large Japanese acquisition told last year manufacturing rebou
 nd Iscar set new record incredible managerial team Eitan Wertheimer Jacob Harpaz D
 anny Goldman see Every business connected residential commercial construction suff
 ered severely 2009 Combined pre-tax earnings Shaw Johns Manville Acme Brick MiTek
 227 million 82.5 decline 1,295 billion 2006 construction activity booming business
 continue bump along bottom though competitive position remain undented major probl
 em Berkshire last year NetJets aviation operation offer fractional ownership jet y
 ear enormously successful establishing premier company industry value fleet far ex
 ceeding three major competitor combined Overall dominance field remains unchalleng
 ed NetJets business operation however another story eleven year owned company reco
 rded aggregate pre-tax loss 157 million Moreover company 's debt soared 102 millio
 n time purchase 1.9 billion April last year Without Berkshire 's guarantee debt Ne
 tJets would business 's clear failed letting NetJets descend condition luckily bai
 led COMPANY CEO Benjamin Moore paint Borsheims jewelry retailing H. H. Brown manuf
 acturing retailing shoe CTB agricultural equipment Dairy Queen Nebraska Furniture
 Mart furniture retailing Pampered Chef direct sale kitchen tool See 's manufacturi
 ng retailing candy Star Furniture furniture retailing Denis Abrams Susan Jacques J
 im Issler Vic Mancinelli John Gainor Ron Irv Blumkin Maria Gottschalk Brad Kinstle
 r Bill Kimbrell 11 Dave Sokol enormously talented builder operator MidAmerican Ene
 rgy became CEO NetJets August leadership transforming Debt already reduced 1.4 bil
 lion suffering staggering loss 71 1 million 2009 company solidly profitable import
 ant none change wrought Dave way undercut top-of-the-line standard safety service
 Rich Santulli NetJets previous CEO father fractional- ownership industry insisted
 upon Dave strongest possible personal interest maintaining standard family use Net
 Jets almost flying many director manager None u assigned special plane crew receiv
 e exactly treatment owner meaning pay price everyone else using personal contract
 short eat cooking aviation business testimonial mean Finance Financial Products la
 rgest operation sector Clayton Homes country 's leading producer modular manufactu
 red home Clayton always number one decade ago three leading manufacturer Fleetwood
 Champion Oakwood together accounted 44 output industry since gone bankrupt Total i
 ndustry output meanwhile fallen 382,000 unit 1999 60,000 unit 2009 industry shambl
 e two reason first must lived U.S. economy recover reason concern U.S. housing sta
 rt including apartment unit 2009 start 554,000 far lowest number 50 year data Para

doxically good news People thought good news year back housing start supply side picture running two million annually household formation demand side amounted 1.2 million year imbalance country unsurprisingly ended far many house three way cure overhang 1 blow lot house tactic similar destruction auto occurred `` cash-for-clunkers `` program 2 speed household formation say encouraging teenager cohabitate program likely suffer lack volunteer 3 reduce new housing start number far rate household formation country wisely selected third option mean within year residential housing problem largely behind u exception high-value house certain locality overbuilding particularly egregious Prices remain far `` bubble `` level course every seller lender hurt buyer benefit Indeed many family could n't afford buy appropriate home year ago find well within mean bubble burst second reason manufactured housing troubled specific industry punitive differential mortgage rate factory-built home site-built home read let underscore obvious Berkshire dog fight therefore ass commentary follows special care warning made however let explain rate differential cause problem large number lower-income Americans Clayton residential mortgage market shaped government rule expressed FHA Freddie Mac Fannie Mae lending standard all-powerful mortgage insure typically securitized turned effect obligation U.S. government Currently buyer conventional site-built home qualify guarantee obtain 30-year loan 5 14 addition mortgage recently purchased massive amount Federal Reserve action also helped keep rate bargain-basement level contrast factory-built home qualify agency-insured mortgage Therefore meritorious buyer factory-built home must pay 9 loan all-cash buyer Clayton 's home offer terrific value buyer need mortgage financing however course buyer difference financing cost often negates attractive price factory-built home 12 Last year told buyer generally people low income performed well credit risk attitude all-important signed live home resell refinance Consequently buyer usually took loan payment geared verified income n't making `` liar 's loan `` looked forward day could burn mortgage lost job health problem got divorced could course expect default seldom walked away simply house value fallen Even today though job-loss trouble grown Clayton 's delinquency default remain reasonable cause u significant problem tried qualify customer loan treatment similar available site-built product far token success Many family modest income responsible habit therefore forego home ownership simply financing differential attached factory-built product make monthly payment expensive qualification n't broadened open low-cost financing meet down-payment income standard manufactured-home industry seems destined struggle dwindle Even condition believe Clayton operate profitably coming year though well potential could n't better manager CEO Kevin Clayton treat Berkshire 's interest product first-class inexpensive constantly improved Moreover continue use Berkshire 's credit support Clayton 's mortgage program convinced soundness Even Berkshire ca n't borrow rate approaching available government agency handicap limit sale hurting Clayton multitude worthy family long low-cost home following table Clayton 's earnings net company 's payment Berkshire use credit Offsetting cost Clayton identical amount income credited Berkshire 's finance operation included `` Income `` cost income amount 116 million 2009 92 million 2008 table also illustrates severely furniture CORT trailer XTRA leasing operation hit recession Though competitive position remain strong ever yet see bounce business Pre-Tax Earnings million 2009 2008 Net investment income 278 330 Life annuity operation 116 23 Leasing operation 14 87 Manufactured-housing finance Clayton 187 206 income 186 141 Income investment derivative gain loss 781 787 ^'Includes 116 million 2009 92 million 2008 fee Berkshire charge Clayton use Berkshire 's credit end 2009 became 50 owner Berkadia Commercial Mortgage formerly known Capmark country 's third-largest servicer commercial mortgage addition servicing 235 billion portfolio company important originator mortgage 25 office spread around country Though commercial real estate face major problem next year long-term opportunity Berkadia significant 13 partner operation Leucadia run Joe Steinberg Ian Cumming terrific experience year back Berkshire joined purchase Finova troubled finance business resolving situation Joe Ian far share work arrangement always encourage Naturally delighted calle

d partner Capmark purchase first venture also christened Berkadia let 's call one Son Berkadia Someday 'll writing Grandson Berkadia Investments show common stock investment yearend market value 1 billion 12/31/09 Shares Company Percentage Company Owned Cost Market mi Ulions 151,610,700 American Express Company 12.7 1,287 6,143 225,000,000 BYD Company Ltd 9.9 232 1,986 200,000,000 Coca-Cola Company 8.6 1,299 11,400 37,711,330 ConocoPhillips 2.5 2,741 1,926 28,530,467 Johnson Johnson 1.0 1,724 1,838 130,272,500 Kraft Foods Inc 8.8 4,330 3,541 3,947,554 POSCO 5.2 768 2,092 83,128,411 Procter Gamble Company 2.9 533 5,040 25,108,967 Sanofi-Aventis 1.9 2,027 1,979 234,247,373 Tesco pic 3.0 1,367 1,620 76,633,426 U.S. Bancorp 4.0 2,371 1,725 39,037,142 Wal-Mart Stores Inc 1.0 1,893 2,087 334,235,585 Wells Fargo Company 6.5 7,394 9,021 Others 6,680 8,636 Total Common Stocks Carried Market 34,646 59,034 actual purchase price also tax basis GAAP `` cost '' differs case write-ups write-down required addition position non-traded security Dow Chemical General Electric Goldman Sachs Swiss Wrigley aggregate cost 21.1 billion carrying value 26.0 billion purchased five position last 18 month Setting aside significant equity potential provide u holding deliver u aggregate 2.1 billion annually dividend interest Finally owned 76,777,029 share 22.5 BNSF yearend carried 85.78 per share subsequently melded purchase entire company 2009 largest sale ConocoPhillips Moody 's Procter Gamble Johnson Johnson sale latter occurring built position earlier year Charlie believe stock likely trade higher future made sale early 2009 raise cash Dow Swiss purchase late year made sale anticipation BNSF purchase 14 told last year unusual condition existed corporate municipal bond market security ridiculously cheap relative U.S. Treasuries backed view purchase done far Big opportunity come infrequently 's raining gold reach bucket thimble entered 2008 44.3 billion cash-equivalents since retained operating earnings 17 billion Nevertheless yearend 2009 cash 30.6 billion 8 billion earmarked BNSF acquisition 've put lot money work chaos last two year 's ideal period investor climate fear best friend invest commentator upheaval at end paying heavy price meaningless reassurance end count investing pay business purchase small piece stock market business earns succeeding decade two Last year wrote extensively derivative contract subject controversy misunderstanding discussion please go www.berkshirehathaway.com since changed position credit contract run term 10 equity put contract also changed Maturities shortened strike price materially reduced modification money changed hand point last year 's discussion worth repeating 1 Though 's sure thing expect contract aggregate deliver u profit lifetime even investment income huge amount float provide u excluded calculation derivative float included 62 billion insurance float described earlier 6.3 billion yearend 2 handful contract require u post collateral circumstance last year 's low point stock credit market posting requirement 1.7 billion small fraction derivatives-related float held post collateral let add security put continue earn money account 3 Finally expect large swing carrying value contract item affect reported quarterly earnings huge way affect cash investment holding thought certainly fit 2009 circumstance pre-tax quarterly gain loss derivative valuation part reported earnings last year Quarter Gain Loss Billions 1 1.517 2 2.357 3 1.732 4 1.052 've explained wild swing neither cheer bother Charlie report continue separate figure realized investment gain loss clearly view earnings operating business delighted hold derivative contract date significantly profited float provide expect also earn investment income life contract 15 long invested derivative contract Charlie think mispriced try invest mispriced stock bond Indeed first reported held contract early 1998 danger derivative pose participant society danger 've long warned dynamite arise contract lead leverage and/or counterparty risk extreme Berkshire nothing like occurred 's job keep Berkshire far away problem Charlie believe CEO must delegate risk control 's simply important Berkshire initiate monitor every derivative contract book exception operations-related contract subsidiary MidAmerican minor runoff contract General Berkshire ever get trouble fault misjudgments made Risk Committee Chief Risk Officer view board director huge financial institution derelict insist CEO bear full responsibility risk control 's incapable handling job look employment fails gov

ernment thereupon required step fund guarantee financial consequence board severe shareholder botched operation country 's largest financial institution Yet borne burden 90 value holding wiped case failure Collectively lost 500 billion four large st financial fiasco last two year say owner `` bailed-out '' make mockery term CEO s director failed company however largely gone unscathed fortune may diminished disaster oversaw still live grand style behavior CEOs director need changed institution country harmed recklessness pay heavy price one reimbursable company 've damaged insurance CEOs many case director long benefitted oversized financial carrot meaningful stick need part employment picture well Inconvenient Truth Boardroom Over heating subsidiary made small `` bolt-on '' acquisition last year cash blockbuster deal BNSF required u issue 95,000 Berkshire share amounted 6.1 previously outstanding Charlie enjoy issuing Berkshire stock much relish prepping colonoscopy reason distaste simple would n't dream selling Berkshire entirety current market price world `` sell '' significant part company inadequate price issuing stock merger evaluating stock-for-stock offer shareholder target company quite understandably focus market price acquirer 's share given also expect transaction deliver intrinsic value share one giving share prospective acquirer selling intrinsic value 's impossible buyer make sensible deal all-stock deal simply can't exchange undervalued stock fully-valued one without hurting shareholder Imagine Company Company B equal size business intrinsically worth 100 per share stock however sell 80 per share CEO long confidence short smart offer 1 Va share share B correctly telling director B worth 100 per share neglect explain though giving cost shareholder 125 intrinsic value director mathematically challenged well deal therefore completed shareholder B end owning 55.6 B 's combined asset 's shareholder 44.4 everyone noted loser nonsensical transaction CEO run company twice large original domain world size tends correlate prestige compensation 16 acquirer 's stock overvalued 's different story Using currency work acquirer 's advantage 's bubble various area stock market invariably led serial issuance stock sly promoter Going market value stock afford overpay effect using counterfeit money Periodically many air-for-assets acquisition taken place late 1960s particularly obscene period chicanery Indeed certain large company built way one involved course ever publicly acknowledges reality going through plenty private snickering BNSF acquisition selling shareholder quite properly evaluated offer 100 per share cost u however somewhat higher since 40 100 delivered share Charlie believed worth market value Fortunately long owned substantial amount BNSF stock purchased market cash told therefore 30 cost overall paid Berkshire share end Charlie decided disadvantage paying 30 price stock offset opportunity acquisition gave u deploy 22 billion cash business understood liked long term additional virtue run Matt Rose trust admire also like prospect investing additional billion year reasonable rate return final decision close one needed use stock make acquisition would fact made sense would giving getting dozen board meeting acquisition deliberated often director instructed high-priced investment banker kind Invariably banker give board detailed assessment value company purchased emphasis worth far market price fifty year board membership however never heard investment banker management discuss true value given deal involved issuance acquirer 's stock simply used market value measure cost even though would argued acquirer 's stock price woefully inadequate – absolutely indicator real value – takeover bid acquirer instead subject discussion stock currency contemplated acquisition director hearing advisor appears one way get rational balanced discussion Directors hire second advisor make case proposed acquisition fee contingent deal going Absent drastic remedy recommendation respect use advisor remains `` n't ask barber whether need haircut '' can't resist telling true story long ago owned stock large well-run bank decade statutorily prevented acquisition Eventually law changed bank immediately began looking possible purchase manager fine people able banker unexpectedly began behave like teenage boy discovered girl soon focused much smaller bank also well-run similar financial characteristic area return equity interest margin loan quality etc bank sold modest price 's bought hovering near book value possessing low price/earnin

gs ratio Alongside though small-bank owner wooed large bank state holding price close three time book value Moreover wanted stock cash Naturally fellow caved agreed value-destroying deal `` need show hunt Besides 's small deal '' said major harm shareholder would legitimate reason holding back Charlie 's reaction time `` supposed applaud dog foul lawn Chihuahua rather Saint Bernard '' 17 seller smaller bank fool delivered one final demand negotiation `` merger '' effect said perhaps using word phrased diplomatically `` 'm going large shareholder bank represent huge portion net worth promise therefore 'll never deal dumb '' Yes merger went owner small bank became richer became poorer manager big bank newly bigger lived happily ever Annual Meeting best guess 35,000 people attended annual meeting last year 12 zero omitted 1981 shareholder population much expanded expect even year Therefore make change usual routine change however enthusiasm attend Charlie like meet answer question best buy lot good business meeting year held Saturday May 1 st always door open Qwest Center 7 a.m. new Berkshire movie shown 8:30 9:30 go directly question-and-answer period break lunch Qwest 's stand last 3:30 short recess Charlie convene annual meeting 3:45 decide leave day 's question period please Charlie talking Act fast terse best reason exit course shop help filling 194,300-square-foot hall adjoins meeting area product dozen Berkshire subsidiary Last year part location racked record sale better friendly warning find sale lagging get testy lock exit GEICO booth staffed number top counselor around country ready supply auto insurance quote case GEICO able give shareholder discount usually 8 special offer permitted 44 51 jurisdiction operate One supplemental point discount additive qualify another given certain group Bring detail existing insurance check whether save money least 50 believe sure visit Bookworm Among 30 book DVDs offer two new book son Howard 's Fragile volume filled photo commentary life struggle around globe Peter 's Life Make Completing family trilogy debut sister Doris 's biography story focusing remarkable philanthropic activity Also available Poor Charlie 's Almanack story partner book something publishing miracle never advertised yet year year selling many thousand copy Internet site need ship book purchase nearby shipping service available big spender matter merely gawker visit Elliott Aviation east side Omaha airport no on 5:00 p.m. Saturday fleet NetJets aircraft get pulse racing attachment proxy material enclosed report explains obtain credential need admission meeting event plane hotel car reservation signed American Express 800-799-6634 give special help Carol Pedersen handle matter terrific job u year thank Hotel room hard find work Carol get one 18 Nebraska Furniture Mart located 77-acre site 72 nd Street Dodge Pacific `` Berkshire Weekend '' discount pricing obtain Berkshire discount must make purchase Thursday April 29 th Monday May 3 rd inclusive also present meeting credential period 's special pricing even apply product several prestigious manufacturer normally ironclad rule discounting spirit shareholder weekend made exception appreciate cooperation NFM open 10 a.m. 9 p.m. Monday Saturday 10 a.m. 6 p.m. Sunday Saturday year 5:30 p.m. 8 p.m. NFM Berkysville BBQ invited Borsheims two shareholder-only event first cocktail reception 6 p.m. 10 p.m. Friday April 30 th second main gala held Sunday May 2 nd 9 a.m. 4 p.m. Saturday open 6 p.m. huge crowd Borsheims throughout weekend convenience therefore shareholder price available Monday April 26 th Saturday May 8 th period please identify shareholder presenting meeting credential brokerage statement show Berkshire holder Enter rhinestone leave diamond daughter tell buy save kid say darnedest thing Sunday mall outside Borsheims blindfolded Patrick Wolff twice U.S. chess champion take comer eye wide open group six Nearby Norman Beck remarkable magician Dallas bewilder onlooker special treat shareholder year return friend Ariel Hsing country 's top-ranked junior table tennis player good bet win Olympics day 14 Ariel came annual meeting four year ago demolished comer including witness humiliating defeat YouTube type Ariel Hsing Berkshire Naturally 've plotting comeback take outside Borsheims 1:00 p.m. Sunday three-point match soften shareholder invited try luck similar three-point contest Winners given box See 's candy equipment available bring paddle think help won't Gorat 's open exclusively Berkshire shareholder Sunday May 2 nd serving 1 p.m. 10 p.m. Last year

ar though overwhelmed demand many diner expected year 've asked friend Donna Sheeh
 an Piccolo 's another favorite restaurant mine serve shareholder Sunday well Picco
 lo 's giant root beer float mandatory fan fine dining plan eat restaurant weekend
 action make really hungry favorite dish spot Remember make reservation Gorat 's ca
 ll 402-551-3733 April 1 st Piccolo 's call 402-342-9038 Regrettably able reception
 international visitor year count grew 800 last year simply signing one item per pe
 rson took 2 Vi hour Since expect even international visitor year Charlie decided m
 ust drop function assured welcome every international visitor come Last year chang
 ed method determining question would asked meeting received many dozen letter appl
 auditing new arrangement therefore three financial journalist lead question-and-answ
 er period asking Charlie question shareholder submitted e-mail 19 journalist e-mai
 l address Carol Loomis Fortune may e-mailed cloomis fortunemail.com Becky Quick CN
 BC BerkshireQuestions cnbc.com Andrew Ross Sorkin New York Times arsorkin nytimes.
 com question submitted journalist choose dozen decides interesting important journ
 alist told question best chance selected keep concise include two question e-mail
 send e-mail let journalist know would like name mentioned question selected Neithe
 r Charlie get much clue question asked know journalist pick tough one 's way like
 drawing 8:15 Saturday 13 microphone shareholder wishing ask question meeting alter
 nate question asked journalist winning shareholder 've added 30 minute question ti
 me probably time 30 question group 86 79 Charlie remain lucky beyond dream born Am
 erica terrific parent saw got good education enjoyed wonderful family great health
 came equipped `` business '' gene allows u prosper manner hugely disproportionate
 experienced many people contribute much society 's well-being Moreover long job lo
 ve helped countless way talented cheerful associate Indeed year work become ever f
 ascinating wonder tap-dance work pushed would gladly pay substantial sum job n't t
 ell Comp Committee Nothing however fun u getting together shareholder-partners Ber
 kshire 's annual meeting join u May 1 st Qwest annual Woodstock Capitalists 'll se
 e February 26 20 1 Warren E. Buffett Chairman Board P.S Come rail 20 Berkshire 's
 Corporate Performance vs. P 500 Annual Percentage Change Per-Share P 500 Book Valu
 e Dividends Relative Berkshire Included Results Year 1 2 1 2 1965 23.8 10.0 13.8 1
 966 20.3 11.7 32.0 1967 11.0 30.9 19.9 1968 19.0 11.0 8.0 1969 16.2 8.4 24.6 1970
 12.0 3.9 8.1 1971 16.4 14.6 1.8 1972 21.7 18.9 2.8 1973 4.7 14.8 19.5 1974 5.5 26.
 4 31.9 1975 21.9 37.2 15.3 1976 59.3 23.6 35.7 1977 31.9 7.4 39.3 1978 24.0 6.4 1
 7.6 1979 35.7 18.2 17.5 1980 19.3 32.3 13.0 1981 31.4 5.0 36.4 1982 40.0 21.4 18.6
 1983 32.3 22.4 9.9 1984 13.6 6.1 7.5 1985 48.2 31.6 16.6 1986 26.1 18.6 7.5 1987 1
 9.5 5.1 14.4 1988 20.1 16.6 3.5 1989 44.4 31.7 12.7 1990 7.4 3.1 10.5 1991 39.6 3
 0.5 9.1 1992 20.3 7.6 12.7 1993 14.3 10.1 4.2 1994 13.9 1.3 12.6 1995 43.1 37.6 5.
 5 1996 31.8 23.0 8.8 1997 34.1 33.4 .7 1998 48.3 28.6 19.7 1999 .5 21.0 20.5 2000
 6.5 9.1 15.6 2001 6.2 11.9 5.7 2002 10.0 22.1 32.1 2003 21.0 28.7 7.7 2004 10.5 1
 0.9 .4 2005 6.4 4.9 1.5 2006 18.4 15.8 2.6 2007 11.0 5.5 5.5 2008 9.6 37.0 27.4 20
 09 19.8 26.5 6.7 2010 13.0 15.1 2.1 Compounded Annual Gain- 1965-2010 20.2 9.4 10.
 8 Overall Gain- 1964-2010 490,409 6,262 Notes Data calendar year exception 1965 19
 66 year ended 9/30 1967 15 month ended 12/31 Starting 1979 accounting rule require
 d insurance company value equity security hold market rather lower cost market pre
 viously requirement table Berkshire 's result 1978 restated conform changed rule r
 espect result calculated using number originally reported P 500 number pre-tax whe
 reas Berkshire number after-tax corporation Berkshire simply owned P 500 accrued a
 ppropriate tax result would lagged P 500 year index showed positive return would e
 xceeded P 500 year index showed negative return year tax cost would caused aggrega
 te lag substantial 2 BERKSHIRE HATHAWAY INC. Shareholders Berkshire Hathaway Inc.
 per-share book value Class Class B stock increased 13 2010 last 46 year since pres
 ent management took book value grown 19 95,453 rate 20.2 compounded annually highl
 ight 2010 acquisition Burlington Northern Santa Fe purchase 's working even better
 expected appears owning railroad increase Berkshire 's `` normal '' earning power
 nearly 40 pre-tax well 30 after-tax Making purchase increased share count 6 used 2
 2 billion cash Since 've quickly replenished cash economics transaction turned wel

1 `` normal year '' course something either Charlie Munger Vice Chairman Berkshire partner define anything like precision purpose estimating current earning power en visioning year free mega-catastrophe insurance possessing general business climate somewhat better 2010 weaker 2005 2006 Using assumption several others explain `` I nvestment '' section estimate normal earning power asset currently 17 billion pre-tax 12 billion after-tax excluding capital gain loss Every day Charlie think build base u enthusiastic BNSF 's future railroad major cost environmental advantage trucking main competitor Last year BNSF moved ton freight carried record 500 mile single gallon diesel fuel 's three time fuel-efficient trucking mean railroad owns important advantage operating cost Concurrently country gain reduced greenhouse emission much smaller need imported oil traffic travel rail society benefit time movement good United States increase BNSF get full share gain railroad need invest massively bring growth one better situated Berkshire supply fund required However slow economy chaotic market check clear Last year face widespread pessimism economy demonstrated enthusiasm capital investment Berkshire spending 6 billion property equipment amount 5.4 billion 90 total spent United States Certainly business expand abroad future overwhelming part future investment home 2011 set new record capital spending 8 billion spend 2 billion increase United States Money always flow toward opportunity abundance America Commentators today often talk `` great uncertainty '' think back example December 6 1941 October 18 1987 September 10 2001 matter serene today may tomorrow always uncertain per-share figure used report apply Berkshire 's share Figures B share 1/1 500 th shown 3 n't let reality spook Throughout lifetime politician pundit constantly moaned terrifying problem facing America Yet citizen live astonishing six time better born prophet doom overlooked all-important factor certain Human potential far exhausted American system unleashing potential system worked wonder two century despite frequent interruption recession even Civil War remains alive effective natively smarter country founded work harder look around see world beyond dream colonial citizen 1776 1861 1932 1941 America 's best day lie ahead Performance Charlie believe entrusted handling fund others establish performance goal onset stewardship Lacking standard management tempted shoot arrow performance paint bull's-eye around wherever land Berkshire 's case long ago told job increase per-share intrinsic value rate greater increase including dividend P 500 year succeed others fail unable time reach goal done nothing investor could realized equal better result owning index fund challenge course calculation intrinsic value Present task Charlie separately get two different answer Precision n't possible eliminate subjectivity therefore use understated proxy intrinsic-value book value measuring performance sure business worth far carrying value book Later report 'll present case study since premium seldom swing wildly year year book value serve reasonable device tracking table page 2 show 46-year record P performance quite good earlier year satisfactory bountiful year want emphasize never return huge sum capital currently manage eliminate chance exceptional performance strive however better-than-average result feel fair hold u standard Yearly figure noted neither ignored viewed all-important pace earth 's movement around sun synchronized time required either investment idea operating decision bear fruit GEICO example enthusiastically spent 900 million last year advertising obtain policyholder deliver u immediate profit could spend twice amount productively would happily though short-term result would penalized Many large investment railroad utility operation also made eye payoff well road provide longer-term perspective performance present facing page yearly figure page 2 recast series five-year period Overall 42 period tell interesting story comparative basis best year ended early 1980s market 's golden period however came 17 following year Berkshire achieving stellar absolute return even relative advantage narrowed 1999 market stalled already noticed Consequently satisfactory performance relative P Berkshire achieved since delivered moderate absolute result Looking forward hope average several point better P though result course far sure thing succeed aim almost certainly produce better relative result bad year stock market suffer poorer result strong market 4 Berkshire 's Corporate Perf

ormance vs. P 500 Five- Year Periods Annual Percentage Change Per-Share P 500 Book Value Dividends Relative Berkshire Included Results Five- Year Period 1 2 1 2 1965 - 1969 17.2 5.0 12.2 1966- 1970 14.7 3.9 10.8 1967- 1971 13.9 9.2 4.7 1968- 1972 16.8 7.5 9.3 1969- 1973 17.7 2.0 15.7 1970- 1974 15.0 2.4 17.4 1971- 1975 13.9 3.2 10.7 1972- 1976 20.8 4.9 15.9 1973- 1977 23.4 0.2 23.6 1974- 1978 24.4 4.3 20.1 1975- 1979 30.1 14.7 15.4 1976- 1980 33.4 13.9 19.5 1977- 1981 29.0 8.1 20.9 1978- 1982 29.9 14.1 15.8 1979- 1983 31.6 17.3 14.3 1980- 1984 27.0 14.8 12.2 1981- 1985 32.6 14.6 18.0 1982- 1986 31.5 19.8 11.7 1983- 1987 27.4 16.4 11.0 1984- 1988 25.0 15.2 9.8 1985- 1989 31.1 20.3 10.8 1986- 1990 22.9 13.1 9.8 1987- 1991 25.4 15.3 10.1 1988- 1992 25.6 15.8 9.8 1989- 1993 24.4 14.5 9.9 1990- 1994 18.6 8.7 9.9 1991 - 1995 25.6 16.5 9.1 1992- 1996 24.2 15.2 9.0 1993- 1997 26.9 20.2 6.7 1994- 1998 33.7 24.0 9.7 1995- 1999 30.4 28.5 1.9 1996- 2000 22.9 18.3 4.6 1997- 2001 14.8 10.7 4.1 1998- 2002 10.4 0.6 11.0 1999- 2003 6.0 0.6 6.6 2000- 2004 8.0 2.3 10.3 2001- 2005 8.0 0.6 7.4 2002- 2006 13.1 6.2 6.9 2003- 2007 13.3 12.8 0.5 2004- 2008 6.9 2.2 9.1 2005- 2009 8.6 0.4 8.2 2006- 2010 10.0 2.3 7.7 Notes first two period cover five year beginning September 30 previous year third period cover 63 month beginning September 30 1966 December 31 1971 period involve calendar year note page 2 also apply table 5 Intrinsic Value Today Tomorrow Though Berkshire 's intrinsic value precisely calculated two three key pillar measured Charlie rely heavily measurement make estimate Berkshire 's value first component value investment stock bond cash equivalent yearend totaled 158 billion market value Insurance float money temporarily hold insurance operation belong u fund 66 billion investment float `` free `` long insurance underwriting break even meaning premium receive equal loss expense incur course underwriting result volatile swinging erratically profit loss entire history though 've significantly profitable also expect u average breakeven result better future investment funded float retained earnings viewed element value Berkshire shareholder Berkshire 's second component value earnings come source investment insurance underwriting earnings delivered 68 non-insurance company itemized page 106 Berkshire 's early year focused investment side past two decade however 've increasingly emphasized development earnings non-insurance business practice continue following table illustrate shift first table present per-share investment decade interval beginning 1970 three year entered insurance business exclude investment applicable minority interest Per-Share Compounded Annual Increase Yearend Investments Period Per-Share Investments 1970 66 1980 754 1970-1980 27.5 1990 7,798 1980-1990 26.3 2000 50,229 1990-2000 20.5 2010 94,730 2000-2010 6.6 Though compounded annual increase per-share investment healthy 19.9 40-year period rate increase slowed sharply focused using fund buy operating business payoff shift shown following table illustrates earnings non-insurance business increased per-share basis applicable minority interest Per-Share Compounded Annual Increase Year Pre-Tax Earnings Period Per-Share Pre-Tax Earnings 1970 2.87 1980 19.01 1970-1980 20.8 1990 102.58 1980-1990 18.4 2000 918.66 1990-2000 24.5 2010 5,926.04 2000-2010 20.5 6 for 60 years compounded annual gain pre-tax non-insurance earnings per share 21.0 period Berkshire 's stock price increased rate 22.1 annually time expect stock price move rough tandem Berkshire 's investment earnings Market price intrinsic value often follow different path sometimes extended period eventually meet third subjective element intrinsic value calculation either positive negative efficacy retained earnings deployed future well many business likely retain earnings next decade equal even exceed capital presently employ company turn retained dollar fifty-cent piece others two-dollar bill `` what-will-they-do-with-the-money `` factor must always be evaluated along `` what-do-we-have-now `` calculation order u anybody arrive sensible estimate company 's intrinsic value 's outside investor stand helplessly management reinvests share company 's earnings CEO expected job well reinvestment prospect add company 's current value CEO 's talent motif suspect today 's value must discount difference outcome huge dollar then-value hand Sears Roebuck 's Montgomery Ward 's CEOs late 1960s far different destiny dollar entrusted Sam Walton Charlie hope per-share earnings non-insurance business continue increase decent rate job

get tougher number get larger need good performance current business major acquisition 're prepared elephant gun reloaded trigger finger itchy Partially offsetting anchor size several important advantage First posse cadre truly skilled manager unusual commitment operation Berkshire Many CEOs independently wealthy work love volunteer mercenary one offer job would enjoy can't lured away Berkshire manager focus running business subjected meeting headquarters financing worry Wall Street harassment simply get letter every two years reproduced page 104-105 call wish wish differ manager talked last year one talk almost daily trust people rather process `` hire well manage little '' code suit Berkshire 's CEOs come many from MB others never finished college use budget by-the-book type others operate seat pant team resembles baseball squad composed all-stars vastly different batting style Changes line-up seldom required second advantage relates allocation money business earning need business substantial sum left company limit reinvesting fund within industry operating often restricts however '' universe '' capital allocation tiny quite inferior available wider world Competition opportunity available tends become fierce seller upper hand girl might female party attended many boy lopsided situation would great girl terrible boy Berkshire face institutional restraint deploy capital Charlie limited ability understand likely future possible acquisition clear hurdle frequently can't able compare one opportunity host others took control Berkshire 1965 n't exploit advantage Berkshire textile previous decade lost significant money dumbest thing could done pursue `` opportunity '' improve expand existing textile operation year 's exactly final burst brilliance went bought another textile company Aaaaaaargh Eventually came sense heading first insurance industry even supplement world-is-our-oyster advantage addition evaluating attraction one business host others also measure business opportunity available marketable security comparison management n't make Often business priced ridiculously high likely earned investment stock bond moment buy security bid time flexibility respect capital allocation accounted much progress date able take money earn say See 's Candies Business Wire two best-run business also two offering limited reinvestment opportunity use part stake needed buy BNSF final advantage hard-to-duplicate culture permeates Berkshire business culture count start director represent think act like owner receive token compensation option restricted stock matter virtually cash provide director officer liability insurance given almost every large public company mess money lose money well Leaving holding aside director family Berkshire share worth 3 billion director therefore monitor Berkshire 's action result keen interest owner 's eye lucky steward owner-orientation prevails among manager many case people sought Berkshire acquirer business family long owned came owner 's mindset provide environment encourages retain manager love business small advantage Cultures self-propagate Winston Churchill said `` shape house shape '' wisdom applies business well Bureaucratic procedure beget bureaucracy imperial corporate palace induce imperious behavior one wag put `` know 're longer CEO get back seat car n't move '' Berkshire 's `` World Headquarters '' annual rent 270,212 Moreover home-office investment furniture art Coke dispenser lunch room high-tech equipment name total 301,363 long Charlie treat money Berkshire 's manager likely careful well compensation program annual meeting even annual report designed eye reinforcing Berkshire culture making one repel expel manager different bent culture grows stronger every year remain intact long Charlie left scene need strength 've described reasonably well manager deliver count whether Charlie hold end capital allocation depends part competitive environment acquisition get best effort GEICO let tell story help understand intrinsic value business far exceed book value Relating tale also give chance relieve great memory Sixty years ago last month GEICO entered life destined shape huge way 20-year-old graduate student Columbia elected go hero Ben Graham taught once-a-week class school 8 One day library checked Ben 's entry 's America found chairman Government Employees Insurance Co. called GEICO knew nothing insurance never heard company librarian however steered large compendium insurer reading page GEICO decided visit company following Saturday boarded early train Washington Alas arrived c

company 's headquarters building closed rather frantically started pounding door finally janitor appeared asked anyone office could talk steered person around Lorimer Davidson lucky moment next four hour `` Davy '' gave education insurance GEICO beginning wonderful friendship Soon thereafter graduated Columbia became stock salesman Omaha GEICO course prime recommendation got great start dozen customer GEICO also jump-started net worth soon meeting Davy made stock 75 9,800 investment portfolio Even felt over-diversified Subsequently Davy became CEO GEICO taking company undreamed-of height got trouble mid-1970s year retirement happened stock falling 95 Berkshire bought one-third company market position year increased 50 GEICO 's repurchase share Berkshire 's cost half business 46 million Despite size position exercised control operation purchased remaining 50 GEICO beginning 1996 spurred Davy 95 make video tape saying happy beloved GEICO would permanently reside Berkshire also playfully concluded `` Next time Warren please make appointment '' lot happened GEICO last 60 year core goal saving Americans substantial money purchase auto insurance remains unchanged Try u 1-800-847-7536 www.GEICO.com word get policyholder 's business deserving business Focusing objective company grown America 's third-largest auto insurer market share 8.8 Tony Nicely GEICO 's CEO took 1993 share 2.0 level stuck decade GEICO became different company Tony finding path consistent growth simultaneously maintaining underwriting discipline keeping cost low Let quantify Tony 's achievement 1996 bought 50 GEICO n't already cost u 2.3 billion price implied value 4.6 billion 100 GEICO tangible net worth 1.9 billion excess tangible net worth implied value 2.7 billion estimated GEICO 's `` goodwill '' worth time goodwill represented economic value policyholder business GEICO 1995 customer paid company 2.8 billion premium Consequently valuing GEICO 's customer 97 2.7/2.8 annually paying company industry standard high price GEICO ordinary insurer company 's low cost policyholder consistently profitable unusually loyal Today premium volume 14.3 billion growing Yet carry goodwill GEICO book 1.4 billion amount remain unchanged matter much value GEICO increase accounting rule write carrying value goodwill economic value decrease leave unchanged economic value increase Using 97 -of-premium- volume yardstick applied 1996 purchase real value today GEICO 's economic goodwill 14 billion value likely much higher ten twenty year GEICO strong start 2011 gift keep giving 9 One not-so-small footnote Tony GEICO developed one country 's largest personal- line insurance agency primarily sell homeowner policy GEICO auto insurance customer business represent number insurer affiliated u take risk simply sign customer Last year sold 769,898 new policy agency operation 34 year obvious way activity aid u produce commission revenue equally important fact strengthens relationship policyholder helping u retain owe enormous debt Tony Davy come think janitor well let 's examine four major sector Berkshire vastly different balance sheet income characteristic others Lumping together therefore impedes analysis 'll present four separate business Charlie view look first insurance Berkshire 's core operation engine propelled expansion year Insurance Property-casualty `` P/C '' insurer receive premium upfront pay claim later extreme case arising certain worker compensation accident payment stretch decade collect-now pay-later model leaf u holding large sum money call `` float '' eventually go others Meanwhile get invest float Berkshire 's benefit Though individual policy claim come go amount float hold remains remarkably stable relation premium volume Consequently business grows float grown take look following table Float Yearend million 1970 39 1980 237 1990 1,632 2000 27,871 2010 65,832 premium exceed total expense eventual loss register underwriting profit add investment income float produce profit occurs enjoy use free money better yet get paid holding Alas wish insurer achieve happy result creates intense competition vigorous year cause P/C industry whole operate significant underwriting loss loss effect industry pay hold float example State Farm far country 's largest insurer well-managed company incurred underwriting loss seven last ten year period aggregate underwriting loss 20 billion Berkshire operated underwriting profit eight consecutive year total underwriting gain period 17 billion believe likely continue underwrite profitably though certainly future year accomplish float be

tter cost-free benefit would party deposited 66 billion u paid u fee holding money
 let u invest fund benefit 10 Let emphasize cost-free float outcome expected P/C in
 dustry whole year industry premium inadequate cover claim plus expense Consequentl
 y industry 's overall return tangible equity many decade fallen far short average
 return realized American industry sorry performance almost certain continue Berksh
 ire 's outstanding economics exist terrific manager running unusual business 've a
 lready told GEICO two large operation bevy smaller one well star way First Berkshi
 re Hathaway Reinsurance Group run Ajit Jain Ajit insures risk one else desire capi
 tal take operation combine capacity speed decisiveness importantly brain manner un
 ique insurance business Yet never expose Berkshire risk inappropriate relation res
 ource Indeed far conservative large insurer respect past year Ajit significantly i
 ncreased life reinsurance operation developing annual premium volume 2 billion rep
 eat decade standing start 1985 Ajit created insurance business float 30 billion si
 gnificant underwriting profit feat CEO insurer come close matching accomplishment
 added great many billion dollar value Berkshire Even kryptonite bounce Ajit anothe
 r insurance powerhouse General managed Tad Montross bottom sound insurance operati
 on requires four discipline 1 understanding exposure might cause policy incur loss
 2 conservative evaluation likelihood exposure actually causing loss probable cost
 3 setting premium deliver profit average prospective loss cost operating expense c
 overed 4 willingness walk away appropriate premium ca n't obtained Many insurer pa
 s first three test flunk fourth urging Wall Street pressure agency force broker si
 mply refusal testosterone-driven CEO accept shrinking volume led many insurer writ
 e business inadequate price `` guy must well '' spell trouble business none insura
 nce Tad observed four insurance commandment show result General 's huge float bett
 er cost-free leadership expect average continue Finally group smaller company spec
 ializing odd corner insurance world aggregate result consistently profitable table
 show float provide u substantial Charlie treasure company manager record four segm
 ent property-casualty life insurance business Underwriting Profit Yearend Float mi
 llion Insurance Operations 2010 2009 2010 2009 General 452 477 20,049 21,014 BH Re
 insurance 176 250 30,370 27,753 GEICO 1,117 649 10,272 9,613 Primary 268 84 5,141
 5,061 2,013 1,460 65,832 63,441 Among large insurance operation Berkshire 's impre
 ss best world 11 Manufacturing Service Retailing Operations activity part Berkshir
 e cover waterfront Let 's look though summary balance sheet earnings statement ent
 ire group Balance Sheet 12/31/10 million Assets Cash equivalent 2,673 Accounts not
 e receivable 5,396 Inventory 7,101 current asset 550 Total current asset 15,720 Go
 odwill intangible 16,976 Fixed asset 15,421 asset 3,029 51,146 Liabilities Equity
 Notes payable 7 1,805 current liability 8,169 Total current liability 9,974 Deferr
 ed tax 3,001 Term debt liability 6,621 Equity 31,550 51,146 Earnings Statement mil
 lion 2010 2009 2008 Revenues 66,610 61,665 66,099 Operating expense including depr
 eciation 1,362 2010 1,422 2009 1,280 2008 62,225 59,509 61,937 Interest expense Il
 l 98 139 Pre-tax earnings 4,274 2,058 4,023 Income tax non-controlling interest 1,
 812 945 1,740 Net earnings 2,462 1,113 2,283 include purchase-accounting adjustmen
 t group company sell product ranging lollipop jet airplane business enjoy terrific
 economics measured earnings unleveraged net tangible asset run 25 after-tax 100 Ot
 hers produce good return area 12-20 Unfortunately poor return result serious mista
 ke made job capital allocation error came misjudged either competitive strength bu
 siness purchasing future economics industry operated try look ten twenty year maki
 ng acquisition sometimes eyesight poor company section improved earnings last year
 four set record Let 's look first record-breaker • TTI electronic component distri
 butor sale 21 previous high recorded 2008 pre-tax earnings topped earlier record 5
 8 sale gain spanned three continent North America 16 Europe 26 Asia 50 thousand it
 em TTI distributes pedestrian many selling le dollar magic TTI 's exceptional perf
 ormance created Paul Andrews CEO associate 12 • Forest River RV boat manufacturer
 record sale nearly 2 billion record earnings well Forest River 82 plant yet visit
 one home office matter 's need Pete Liegl company 's CEO run terrific operation Co
 me view product annual meeting Better yet buy one • CTB farm-equipment company set

earnings record told 2008 Annual Report Vic Mancinelli company 's CEO keep getting better Berkshire paid 140 million CTB 2002 since paid u dividend 160 million eliminated 40 million debt Last year earned 106 million pre-tax Productivity gain produced much increase bought CTB sale per employee 189,365 405,878 • Would believe shoe H. H. Brown run Jim Issler best known Born brand set new record sale earnings helped selling 1,110 pair shoe annual meeting Jim brilliantly adapted major industry change work mention overseen Frank Rooney 89 superb businessman still dangerous fellow bet golf course huge story sector 's year-to-year improvement occurred NetJets s ca n't overstate breadth importance Dave Sokol 's achievement company leading provider fractional ownership jet airplane NetJets long operational success owning 2 010 market share five time nearest competitor overwhelming leadership stem wonderful team pilot mechanic service personnel crew job 2010 customer satisfaction delineated regular survey hitting new high Even though NetJets consistently runaway winner customer financial result since acquisition 1998 failure 11 year 2009 company reported aggregate pre-tax loss 157 million figure far understated since borrowing cost NetJets heavily subsidized free use Berkshire 's credit NetJets operating stand-alone basis loss year would several hundred million greater charging NetJets appropriate fee Berkshire 's guarantee Despite fee came 38 million 2010 NetJets earned 207 million pre-tax 2010 swing 918 million 2009 Dave 's quick restructuring management company 's rationalization purchasing spending policy ended hemorrhaging cash turned Berkshire 's major business problem solidly profitable operation Dave meanwhile maintained NetJets industry-leading reputation safety service many important way training operational standard considerably stronger required FAA Maintaining top-of-the-line standard right thing also selfish reason championing policy family flown 5,000 hour NetJets 's equal airborne 24 hour day seven month fly thousand hour future receive special treatment used random mix least 100 plane 300 crew whichever plane crew always know flying best-trained pilot private aviation largest earner manufacturing service retailing sector Marmon collection 130 business soon in ownership company 80 carrying scheduled purchase 17 stock Pritzker family cost 1.5 billion purchase remaining Pritzker holding 2013 2014 whichever date selected family Frank Ptak run Marmon wonderfully look forward 100 ownership 13 Next Marmon two largest earner sector Iscar McLane excellent year 2010 Grady Rosier McLane entered wine spirit distribution business supplement 32 billion operation distributor food product cigarette candy sundries purchasing Empire Distributors operator Georgia North Carolina teamed David Kahn company 's dynamic CEO David leading effort expand geographically yearend already made first acquisition Horizon Wine Spirits Tennessee Iscar profit 159 2010 may well surpass pre-recession level 2011 Sales improving throughout world particularly Asia Credit Eitan Wertheimer Jacob Harpaz Danny Goldman exceptional performance one far superior Iscar main competitor good new business related home construction however continue struggle Johns Manville MiTek Shaw Acme Brick maintained competitive position profit far level year ago Combined operation earned 362 million pre-tax 2010 compared 1.3 billion 2006 employment fallen 9,400 housing recovery probably begin within year event certain occur point Consequently 1 MiTek made committed five bolt-on acquisition past eleven month 2 Acme recently acquired leading manufacturer brick Alabama 50 million 3 Johns Manville building 55 million roofing membrane plant Ohio completed next year 4 Shaw spend 200 million 2011 plant equipment situated America business entered recession strong exit stronger Berkshire time horizon forever Regulated Capital-intensive Businesses two large business BNSF MidAmerican Energy important common characteristic distinguish many others Consequently give sector letter split financial statistic GAAP balance sheet income statement key characteristic company huge investment long-lived regulated asset funded large amount long-term debt guaranteed Berkshire credit needed business earning power even adverse business condition amply cover interest requirement example recessionary 2010 BNSF 's car loading far peak level company 's interest coverage 6:1 company heavily regulated never-ending need make major investment plant equipment also need provide efficient customer-satisfying service

ce earn respect community regulator return need assured allowed earn reasonable earnings future capital investment Earlier explained important railroad country 's future Rail move 42 America 's inter-city freight measured ton-miles BNSF move railroad 28 industry total little math tell 11 inter-city ton-miles freight U.S. transported BNSF Given shift population West share may well inch higher add huge responsibility major essential part American economy 's circulatory system obliged constantly maintain improve 23,000 mile track along ancillary bridge tunnel engine car carrying job must anticipate society 's need merely react Fulfilling societal obligation regularly spend far depreciation excess amounting 2 billion 2011 'm confident earn appropriate return huge incremental investment Wise regulation wise investment two side coin MidAmerican participate similar `` social compact '' expected put ever-increasing sum satisfy future need customer meanwhile operate reliably efficiently know obtain fair return investment 14 MidAmerican supply 2.4 million customer U.S. electricity operating largest supplier Iowa Wyoming Utah important provider state well pipeline transport 8 country 's natural gas Obviously many million Americans depend u every day MidAmerican delivered outstanding result owner Berkshire 's interest 89.8 customer Shortly MidAmerican purchased Northern Natural Gas pipeline 2002 company 's performance pipeline rated dead last 43 43 leading authority field recent report published Northern Natural ranked second top spot held pipeline Kern River electric business MidAmerican comparable record Iowa rate increased since purchased operation 1999 period major electric utility state raised price 70 rate far certain metropolitan area two utility operate side side electric bill customer run far neighbor told comparable house sell higher price city located service area MidAmerican 2,909 megawatt wind generation operation end 2011 regulated electric utility country total amount MidAmerican invested committed wind staggering 5.4 billion make sort investment MidAmerican retains earnings unlike utility generally pay earn tell proud accomplished society Matt Rose BNSF David Sokol Greg Abel MidAmerican also proud grateful accomplished Berkshire shareholder relevant figure MidAmerican Earnings million 2010 2009 U.K. utility 333 248 Iowa utility 279 285 Western utility 783 788 Pipelines 378 457 HomeServices 42 43 net 47 25 Operating earnings corporate interest tax 1,862 1,846 Interest Berkshire 323 318 Interest Berkshire junior debt 30 58 Income tax 271 313 Net earnings 1,238 1,157 Earnings applicable Berkshire 1,131 1,071 Includes interest earned Berkshire net related income tax 19 2010 38 2009 BNSF Historical accounting 2/12/10 purchase accounting subsequently million 2010 2009 Revenues 16,850 14,016 Operating earnings 4,495 3,254 Interest Net 507 613 Pre-Tax earnings 3,988 2,641 Net earnings 2,459 1,721 15 Finance Financial Products smallest sector includes two rental company XTRA trailer CO RT furniture Clayton Homes country 's leading producer financier manufactured home leasing business improved performance last year albeit low base XTRA increased utilization equipment 63 2009 75 2010 thereby raising pre-tax earnings 35 million 17 million 2009 CORT experienced pickup business year progressed also significantly tightened operation combination increased pre-tax result loss 3 million 2009 18 million profit 2010 Clayton produced 23,343 home 47 industry 's total 50,046 Contrast peak year 1998 372,843 home manufactured industry share 8 Sales would terrible last year circumstance financing problem commented upon 2009 report continue exacerbate distress explain Home-financing policy government expressed loan found acceptable FHA Freddie Mac Fannie Mae favor site-built home work negate price advantage manufactured home offer finance manufactured-home buyer company experience therefore instructive party preparing overhaul country 's home-loan practice Let 's take look Clayton owns 200,804 mortgage originated also mortgage portfolio purchased origination contract average FICO score borrower 648 47 640 banker tell people score generally regarded questionable credit Nevertheless portfolio performed well condition stress 's loss experience last five year originated loan Net Losses Percentage Year Average Loans 2006 1.53 2007 1.27 2008 1.17 2009 1.86 2010 1.72 borrower get trouble lose job health problem get divorced etc recession hit hard want stay home generally borrowed sensible amount relation income addition keeping originated mor

tgage account mean securitizing otherwise reselling stupid lending going pay price
 concentrate mind home buyer throughout country behaved like buyer America would cr
 isis approach simply get meaningful down-payment gear fixed monthly payment sensib
 le percentage income policy kept Clayton solvent also kept buyer home Home ownersh
 ip make sense Americans particularly today 's lower price bargain interest rate th
 ing considered third best investment ever made purchase home though would made far
 money instead rented used purchase money buy stock two best investment wedding rin
 g 31,500 paid house family gained 52 year terrific memory come 16 house nightmare
 buyer 's eye bigger wallet lender often protected government guarantee facilitates
 fantasy country 's social goal put family house dream rather put house afford Inve
 stments show common stock investment yearend market value 1 billion 12/31/10 Share
 s Company Percentage Company Owned Cost Market million 151,610,700 American Expres
 s Company 12.6 1,287 6,507 225,000,000 BYD Company Ltd 9.9 232 1,182 900 000 000 n
 e v^oca-v^oia v^-ompaiiy o.0 1,299 13,154 29,109,637 ConocoPhillips 2.0 2,028 1,98
 2 45,022,563 Johnson Johnson 1.6 2,749 2,785 97,214,584 Kraft Foods Inc 5.6 3,207
 3,063 19,259,600 Munich 10.5 2,896 2,924 3,947,555 POSCO 4.6 768 1,706 72,391,036
 Procter Gamble Company 2.6 464 4,657 25,848,838 Sanofi-Aventis 2.0 2,060 1,656 24
 2,163,773 Tesco pic 3.0 1,414 1,608 78,060,769 U.S. Bancorp 4.1 2,401 2,105 39,03
 7,142 Wal-Mart Stores Inc 1.1 1,893 2,105 358,936,125 Wells Fargo Company 6.8 8,01
 5 11,123 Others 3,020 4,956 Total Common Stocks Carried Market 33,733 61,513 actua
 l purchase price also tax basis GAAP `` cost `` differs case write-ups write-down
 required reported earnings reflect dividend portfolio company pay u share undistri
 buted earnings investees however 2 billion last year retained earnings important e
 xperience matter experience investor past century undistributed earnings either ma
 tched exceeded market gain albeit highly irregular manner Indeed sometimes correla
 tion go reverse one investor said 2009 `` worse divorce 've lost half net worth st
 ill wife `` future expect market gain eventually least equal earnings investees re
 tain earlier estimate Berkshire 's normal earning power made three adjustment rela
 te future investment income include anything undistributed earnings factor describ
 ed first adjustment decidedly negative Last year discussed five large fixed-income
 investment contributing substantial sum reported earnings One Swiss note redeemed
 early day 2011 two others Goldman Sachs General Electric preferred stock likely go
 ne yearend General Electric entitled call preferred October stated intention Goldm
 an Sachs right call preferred 30 day notice held back Federal Reserve bless unfort
 unately likely give Goldman green light long 17 three company redeeming must pay u
 premium aggregate 1.4 billion redemption nevertheless unwelcome occur earning powe
 r significantly reduced 's bad news two probable offset yearend held 38 billion ca
 sh equivalent earning pittance throughout 2010 point however better rate return ad
 d least 500 million perhaps much investment income sort increase money-market yiel
 d unlikely come soon appropriate nevertheless u include improved rate estimate ``
 normal `` earning power Even higher rate come furthermore could get lucky find opp
 ortunity use cash hoard decent return day ca n't come soon update Aesop girl conve
 rtible worth five phone book addition dividend current common stock holding almost
 certainly increase largest gain likely come Wells Fargo Federal Reserve friend res
 pect Goldman Sachs frozen dividend level major bank whether strong weak last two y
 ear Wells Fargo though consistently prospering throughout worst recession currentl
 y enjoying enormous financial strength earning power therefore forced maintain art
 ificially low payout n't fault Fed various reason across-the-board freeze made sen
 se crisis immediate aftermath point probably soon Fed 's restriction cease Wells F
 argo reinstate rational dividend policy owner deserve time would expect annual div
 idend one security increase several hundred million dollar annually company hold l
 ikely increase dividend well Coca-Cola paid u 88 million 1995 year finished purcha
 sing stock Every year since Coke increased dividend 2011 almost certainly receive
 376 million Coke 24 million last year Within ten year would expect 376 million dou
 ble end period would n't surprised see share Coke 's annual earnings exceed 100 pa
 id investment Time friend wonderful business Overall believe `` normal `` investme

nt income least equal realized 2010 though redemption described cut take 2011 perh
 aps 2012 well Last summer Lou Simpson told wished retire Since Lou mere 74 age Cha
 rlie regard appropriate trainee Berkshire call surprise Lou joined GEICO investmen
 t manager 1979 service company invaluable 2004 Annual Report detailed record equit
 y omitted update performance made mine look bad need Lou never one advertise talen
 t Simply put Lou one investment great miss Four year ago told needed add one young
 er investment manager carry Charlie Lou n't around time multiple outstanding candi
 date immediately available CEO job backup investment area 's easy identify many in
 vestment manager great recent record past result though important suffice prospect
 ive performance judged record achieved crucial manager 's understanding sensitivit
 y risk way measured beta choice many academic respect risk criterion looking someo
 ne hard-to-evaluate skill ability anticipate effect economic scenario previously o
 bserved Finally wanted someone would regard working Berkshire far job 18 Charlie m
 et Todd Combs knew fit requirement Todd case Lou paid salary plus contingent payme
 nt based performance relative P arrangement place deferral carryforwards prevent s
 ee-saw performance met undeserved payment hedge-fund world witnessed terrible beha
 vior general partner received huge payouts upside bad result occurred walked away
 rich limited partner losing back earlier gain Sometimes general partner thereafter
 quickly started another fund could immediately participate future profit without o
 vercome past loss Investors put money manager labeled patsy partner long CEO conti
 nue manage great majority Berkshire 's holding bond equity Todd initially manage f
 und range one three billion dollar amount reset annually focus equity restricted f
 orm investment Fund consultant like require style box `` long-short '' `` macro ''
 `` international equity '' Berkshire style box '' smart '' time may add one two in
 vestment manager find right individual probably 80 manager 's performance compensa
 tion dependent portfolio 20 manager want compensation system pay big individual su
 ccess also foster cooperation competition Charlie longer around investment manager
 responsibility entire portfolio manner set CEO Board Directors good investor bring
 useful perspective purchase business would expect consulted vote wisdom possible a
 cquisition end course Board make call major acquisition One footnote issued press
 release Todd 's joining u number commentator pointed `` little-known '' expressed
 puzzlement n't seek `` big-name '' wonder many would known Lou 1979 Ajit 1985 matt
 er Charlie 1959 goal find 2-year-old Secretariat 10-year-old Seabiscuit Whoops may
 smartest metaphor 80-year-old CEO use Derivatives Two year ago 2008 Annual Report
 told Berkshire party 251 derivative contract used operation subsidiary MidAmerican
 left Gen Today comparable number 203 figure reflecting addition portfolio unwindin
 g expiration contract continuing position personally responsible fall largely two
 category view category engaging u insurance-like activity receive premium assuming
 risk others wish shed Indeed thought process employ derivative transaction identic
 al use insurance business also understand get paid up-front enter contract therefo
 re run counterparty risk 's important first category derivative consists number co
 ntract written 2004-2008 required payment u bond default company included certain
 high-yield index minor exception exposed risk five year contract covering 100 comp
 any aggregate received premium 3.4 billion contract originally told 2007 Annual Re
 port said expected contract would deliver u `` underwriting profit '' meaning loss
 would le premium received addition said would benefit use float 19 Subsequently kn
 ow well encountered financial panic severe recession number company high-yield ind
 ex failed required u pay loss 2.5 billion Today however exposure largely behind u
 higher-risk contract expired Consequently appears almost certain earn underwriting
 profit originally anticipated addition use interest-free float averaged 2 billion
 life contract short charged right premium protected u business condition turned te
 rrible three year ago large derivative position whose contract go name `` equity p
 ut '' involves insurance wrote party wishing protect possible decline equity price
 U.S. U.K. Europe Japan contract tied various equity index P 500 U.S. FTSE 100 U.K
 2004-2008 period received 4.8 billion premium 47 contract ran 15 year contract pri
 ce index termination date count payment required first step updating contract repo

rt late 2010 instigation counterparty unwound eight contract due 2021 2028 origina
 lly received 647 million premium contract unwinding required u pay 425 million Con
 sequently realized gain 222 million also interest-free unrestricted use 647 millio
 n three year 2010 transaction left u 39 equity put contract remaining book yearend
 initiation received premium 4.2 billion future contract course uncertain one persp
 ective price relevant index contract expiration date price December 31 2010 foreig
 n exchange rate unchanged would owe 3.8 billion expiration occurring 2018 2026 cal
 l amount `` settlement value `` yearend balance sheet however carry liability rema
 ining equity put 6.7 billion word price relevant index remain unchanged date recor
 d 2.9 billion gain year come difference liability figure 6.7 billion settlement va
 lue 3.8 billion believe equity price likely increase liability fall significantly
 settlement date gain point even greater course far sure thing sure use remaining `
 ` float `` 4.2 billion average 10 year Neither float arising high-yield contract i
 ncluded insurance float figure 66 billion Since money fungible think portion fund
 contributing purchase BNSF told almost derivative contract free obligation post co
 llateral fact cut premium could otherwise charged fact also left u feeling comfort
 able financial crisis allowing u day commit advantageous purchase Foregoing additi
 onal derivative premium proved well worth Reporting Misreporting Numbers Count n't
 Earlier letter pointed number Charlie find useful valuing Berkshire measuring prog
 ress Let 's focus number omitted many medium feature others net income Important t
 hough number may company almost always meaningless Berkshire Regardless business m
 ight Charlie could quite legally cause net income given period almost number would
 like 20 flexibility realized gain loss investment go net income figure whereas unr
 ealized gain case loss excluded example imagine Berkshire 10 billion increase unre
 alized gain given year concurrently 1 billion realized loss net income would count
 loss would reported le operating income meanwhile realized gain previous year head
 line might proclaim earnings X reality business might much improved really thought
 net income important could regularly feed realized gain simply huge amount unreali
 zed gain upon draw Rest assured though Charlie never sold security effect sale wou
 ld net income soon report deep disgust `` game playing `` number practice rampant
 throughout corporate America 1990s still persists though occurs le frequently le b
 latantly used Operating earnings despite shortcoming general reasonable guide busi
 ness Ignore net income figure however Regulations require report find reporter foc
 using speak performance realized unrealized gain loss fully reflected calculation
 book value Pay attention change metric course operating earnings right track p.s.
 ca n't resist pointing capricious reported net income equity put termination date
 June 30 2010 would required pay 6.4 billion counterparties date Security price gen
 erally rose next quarter move brought corresponding figure 5.8 billion September 3
 0th Yet Black-Scholes formula use valuing contract required u increase balance-she
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n kind Flat Earth Society probably view ship 's circling globe annoying inconsequence
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 ed Ernest even stock boy without shaped experience facing page read letter sent 19
 39 Ernest youngest son Uncle Fred Similar letter went four child still letter sent
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 ecame apparent September 2008 agree investment writer Ray DeVoe 's observation ``
 money lost reaching yield point gun '' Berkshire n't rely bank line n't enter cont
 ract could require posting collateral except amount tiny relation liquid asset Fur
 thermore dime cash left Berkshire dividend share repurchase past 40 year Instead r

etained earnings strengthen business reinforcement running 1 billion per month net worth thus increased 48 million 157 billion four decade intrinsic value grown far American corporation come close building financial strength unrelenting way cautious respect leverage penalize return minor amount load liquidity though let u sleep well Moreover episode financial chaos occasionally erupt economy equipped financially emotionally play offense others scramble survival 's allowed u invest 15.6 billion 25 day panic following Lehman bankruptcy 2008 Annual Meeting annual meeting held Saturday April 30 th Carrie Kizer home office ringmaster theme year Planes Trains Automobiles give NetJets BNSF BYD chance show always door open Qwest Center 7 a.m. new Berkshire movie shown 8:30 9:30 go directly question-and-answer period break lunch Qwest stand last 3:30 short recess Charlie convene annual meeting 3:45 decide leave day 's question period please Charlie talking Act fast terse best reasons exit course shop help filling 194,300-square-foot hall adjoins meeting area product dozen Berkshire subsidiary Last year part location racked record sale nine-hour period sold 1,053 pair Justin boot 12,416 pound See 's candy 8,000 Dairy Queen Blizzards® 8,800 Quikut knife 's 16 knife per minute better Remember Anyone say money can't buy happiness simply n't learned shop GEICO booth staffed number top consultant around country ready supply auto insurance quote case GEICO able give shareholder discount usually 8 special offer permitted 44 51 jurisdiction operate One supplemental point discount additive qualify another given certain group Bring detail existing insurance check whether save money least half believe sure visit Bookworm carry 60 book DVDs including Chinese language edition Poor Charlie 's Almanack ever-popular book partner can't read Chinese buy copy carry around make look urbane erudite need ship book purchase shipping service available nearby big spender merely gawker visit Elliott Aviation east side Omaha airport noon 5:00 p.m. Saturday fleet NetJets aircraft get pulse racing Come bus leave private jet 24 attachment proxy material enclosed report explains obtain credential need admission meeting event plane hotel car reservation signed American Express 800-799-6634 give special help Carol Pedersen handle matter terrific job u year thank Hotel room hard find work Carol get one Airlines often jacked price sometimes dramatically Berkshire weekend coming far away compare cost flying Kansas City versus Omaha drive 2 Vi hour may save significant money particularly planned rent car Omaha Nebraska Furniture Mart located 77-acre site 72 nd Street Dodge Pacific `` Berkshire Weekend '' discount pricing Last year store 33.3 million business annual meeting sale volume far k now exceeds one-week total retail store anyplace obtain Berkshire discount must make purchase Tuesday April 26 th Monday May 2 nd inclusive also present meeting credential period 's special pricing even apply product several prestigious manufacturer normally ironclad rule discounting spirit shareholder weekend made exception appreciate cooperation NFM open 10 a.m. 9 p.m. Monday Saturday 10 a.m. 6 p.m. Sunday Saturday year 5:30 p.m. 8 p.m. NFM picnic invited Borsheims two shareholder-only event first cocktail reception 6 p.m. 9 p.m. Friday April 29 th second main gala held Sunday May 1 st 9 a.m. 4 p.m. Saturday open 6 p.m. Sunday around 1 p.m. Borsheims smile shoeshine selling jewelry sold men 's shirt J.C. Penney 's 63 year ago Fve told Susan Jacques Borsheims CEO 'm still hotshot salesman see doubt eye cut lose buy something wife sweetheart presumably person Make look good huge crowd Borsheims throughout weekend convenience therefore shareholder price available Monday April 25 1h Saturday May 7 th period please identify shareholder presenting meeting credential brokerage statement show Berkshire shareholder Sunday mall outside Borsheims blindfolded Patrick Wolff twice U.S. chess champion take comer eye wide open group six Nearby Norman Beck remarkable magician Dallas bewilder onlooker Additionally Bob Hamman Sharon Osberg two world 's top bridge expert available play bridge shareholder Sunday afternoon Gorat 's Piccolo 's open exclusively Berkshire shareholder Sunday May 1 st serving 10 p.m. Gorat 's opening 1 p.m. Piccolo 's opening 4 p.m restaurant favorite still growing boy eat Sunday evening Remember make reservation Gorat 's call 402-551-3733 April 1 st Piccolo 's call 402-342-9038 three financial journalist lead question-and-answer period asking Charlie question share

holder submitted e-mail journalist e-mail address Carol Loomis Fortune may emailed cloomis fortunemail.com Becky Quick CNBC BerkshireQuestions cnbc.com Andrew Ross S orkin New York Times arsortkin nytimes.com question submitted journalist choose dozen decides interesting important journalist told question best chance selected keep concise avoid sending last moment make Berkshire-related include two question email send email let journalist know would like name mentioned question selected Neither Charlie get much clue question asked know journalist pick tough one 's way like 25 drawing 8:15 a.m. Saturday 13 microphone shareholder wishing ask question meeting alternate question asked journalist winning shareholder hope answer least 60 question standpoint better goal pursue annual letter meeting discussion give better understanding business good reason regularly extol accomplishment operating manager Equally important however 20 men woman work corporate office one floor way intend keep group efficiently deal multitude SEC regulatory requirement file 14,097-page Federal income tax return along state foreign return responds countless shareholder medium inquiry get annual report prepares country 's largest annual meeting coordinate Board 's activity list go handle business task cheerfully unbelievable efficiency making life easy joyful effort go beyond activity strictly related Berkshire deal 48 university selected 200 applicant send student Omaha school year day also handle kind request receive arrange travel even get hamburger lunch CEO better home office crew deepest thanks deserves well Come Woodstock Capitalism April 30th tell February 26 2011 Warren E. Buffett Chairman Board 26 Memo Berkshire Hathaway Managers `` All-Stars `` cc Berkshire Directors Warren E. Buffett Date July 26 2010 biennial letter reemphasize Berkshire 's top priority get help succession planning mine priority u continue zealously guard Berkshire 's reputation can't perfect try 've said memo 25 year `` afford lose money even lot money can't afford lose reputation even shred reputation `` must continue measure every act legal also would happy written front page national newspaper article written unfriendly intelligent reporter Sometimes associate say `` Everybody else `` rationale almost always bad one main justification business action totally unacceptable evaluating moral decision Whenever somebody offer phrase rationale effect saying can't come good reason anyone give explanation tell try using reporter judge see far get see anything whose propriety legality cause hesitate sure give call However 's likely given course action evokes hesitation 's close line abandoned 's plenty money made center court 's questionable whether action close line assume outside forget corollary let know promptly 's significant bad news handle bad news n't like deal festered awhile reluctance face immediately bad news turned problem Salomon one could easily disposed one almost caused demise firm 8,000 employee 104 Somebody something today Berkshire would unhappy knew 's inevitable employ 250,000 people chance number getting day without bad behavior occurring nil huge effect minimizing activity jumping anything immediately slightest odor impropriety attitude matter expressed behavior well word important factor culture business develops Culture rule book determines organization behaves respect talk going little much wish first-class job running operation individual style n't need help item need clear change post-retirement benefit unusually large capital expenditure acquisition need help respect question succession 'm looking retire hope live 100 Charlie 's case 1 10 case n't please send letter home wish giving recommendation take tomorrow become incapacitated overnight letter seen one unless 'm longer CEO case successor need information Please summarize strength weakness primary candidate well possible alternate may wish include participated exercise past others offered idea verbally However 's important get periodic update added many business need thought writing rather trying carry around memory course operation run two Blumkins Merschmans pair Applied Underwriters etc case forget item note short informal handwritten etc mark `` Personal Warren `` Thanks help thanks way run business make job easy WEB/db P.S Another minor request Please turn proposal speak make contribution intercede Gates Foundation etc Sometimes request act intermediary accompanied `` can't hurt ask `` easier u say `` `` added favor n't suggest instead write call Multiply 76 business periodic

`` think 'll interested one '' understand better say firmly immediately 105 BERKSH
 IRE HATHAWAY INC. Shareholders Berkshire Hathaway Inc. per-share book value Class
 Class B stock increased 4.6 2011 last 47 year since present management took book v
 alue grown 19 99,860 rate 19.8 compounded annually Charlie Munger Berkshire 's Vic
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 per-share figure used report apply Berkshire 's share Figures B share 1/1 500 th s
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 pment 2011 smashing previous record 2 billion 95 outlay made U.S. fact may surpris
 e believe country lack investment opportunity welcome project abroad expect overwh
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 billion current record 70 billion Insurance good u Finally made two major investme
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 n throughout last year dividend `` Big Four '' would 862 million 's would reported
 Berkshire 's income statement share quartet 's earnings however would far greater
 3.3 billion Charlie believe 2.4 billion go unreported book creates least amount va
 lue Berkshire fuel earnings gain future year expect combined earnings four dividen
 d well increase 2012 matter almost every year long time come decade current holdin
 g four company might well account earnings 7 billion 2 billion dividend would come
 u 've run good news development hurt u 201 1 year back spent 2 billion buying sever
 al bond issue Energy Future Holdings electric utility operation serving portion T

exas mistake big mistake large measure company 's prospect tied price natural gas tanked shortly purchase remains depressed Though annually received interest payment 102 million since purchase company 's ability pay soon exhausted unless gas price rise substantially wrote investment 1 billion 2010 additional 390 million last year yearend carried bond market value 878 million gas price remain present level likely face loss perhaps amount virtually wipe current carrying value Conversely substantial increase gas price might allow u recoup even write-down However thing turn totally miscalculated gain/loss probability purchased bond tennis parlance major unforced error chairman 4 • Three large attractive fixed-income investment called away u issuer 2011 Swiss Goldman Sachs General Electric paid u aggregate 12.8 billion redeem security producing 1.2 billion pre-tax earnings Berkshire 's lot income replace though Lubrizol purchase offset • Last year told `` housing recovery probably begin within year '' dead wrong five business whose result significantly influenced housing activity connection direct Clayton Homes largest producer home country accounting 7 constructed 201 1 Additionally Acme Brick Shaw carpet Johns Manville insulation MiTek building product primarily connector plate used roofing materially affected construction activity aggregate five housing-related company pre-tax profit 513 million 2011 's similar 2010 1.8 billion 2006 Housing come back sure time number housing unit necessarily match number household allowing normal level vacancy period year prior 2008 however America added housing unit household inevitably ended far many unit bubble popped violence shook entire economy created still another problem housing Early recession household formation slow 2009 decrease dramatic devastating supply/demand equation reversed Every day creating household housing unit People may postpone hitching uncertain time eventually hormone take `` doubling-up '' may initial reaction recession living in-law quickly lose allure current annual pace 600,000 housing start considerably less number new household formed buyer renter sopping 's left old oversupply process run course different rate around country supply-demand situation varies widely locale healing take place however housing-related company sputter employing 43,315 people compared 58,769 2006 hugely important sector economy includes construction everything feed remains depression believe major reason recovery employment severely lagged steady substantial comeback seen almost sector economy Wise monetary fiscal policy play important role tempering recession tool n't create household eliminate excess housing unit Fortunately demographic market system restore needed balance probably long day come build one million residential unit annually believe pundit surprised far unemployment drop happens reawake true since 1776 America 's best day lie ahead Intrinsic Business Value Charlie measure performance rate gain Berkshire 's per-share intrinsic business value gain time outstrips performance P 500 earned paycheck n't overpaid price way pinpoint intrinsic value useful though considerably understated proxy per-share book value yardstick meaningless company Berkshire however book value roughly track business value 's amount Berkshire 's intrinsic value exceeds book value swing wildly year year though increase year time divergence likely become ever substantial absolute term remaining reasonably steady however percentage basis numerator denominator business-value/book-value equation increase 5 've regularly emphasized book-value performance almost certain outpace P 500 bad year stock market certainly fall short strong up-year test time Last year 's annual report included table laying result 42 five-year period since took Berkshire 1965 i.e. 1965-69 1966-70 etc. showed book value beating P string held 2007-11 almost certainly snap though P 500 put together five-year winning streak may well way write also included two table last year set forth key quantitative ingredient help estimate per-share intrinsic value wo n't repeat full discussion find reproduced page 99-100 update table shown per-share investment 201 1 increased 4 98,366 pre-tax earnings business insurance investment increased 18 6,990 per share Charlie like see gain area primary focus building operating earnings time business currently increase aggregate earnings hope also purchase large operation give u boost eight subsidiary would included Fortune 500 stand-alone company leaf 492 go task clear 'm prowl Share Repurchases

Last September announced Berkshire would repurchase share price 110 book value market day buying 67 million stock price advanced beyond limit Nonetheless general importance share repurchase suggests focus bit subject Charlie favor repurchase two condition met first company ample fund take care operational liquidity need business second stock selling material discount company 's intrinsic business value conservatively calculated witnessed many bout repurchasing failed second test Sometime s course infraction even serious one innocent many CEOs never stop believing stock cheap instance le benign conclusion seems warranted n't suffice say repurchase made offset dilution stock issuance simply company excess cash Continuing shareholder hurt unless share purchased intrinsic value first law capital allocation whether money slated acquisition share repurchase smart one price dumb another One CEO always stress price/value factor repurchase decision Jamie Dimon J.P. Morgan recommend read annual letter Charlie mixed emotion Berkshire share sell well intrinsic value like making money continuing shareholder surer way buying asset stock know worth least x le .9x .8x even lower one director say 's like shooting fish barrel barrel drained fish quit flopping Nevertheless n't enjoy cashing partner discount even though may give selling shareholder slightly higher price would receive bid absent buying therefore want exiting partner fully informed value asset selling limit price 110 book value repurchase clearly increase Berkshire 's per-share intrinsic value cheaper buy greater gain continuing shareholder Therefore given opportunity likely repurchase stock aggressively price limit lower know however interest supporting stock bid fade particularly weak market buy share cash-equivalent holding 20 billion Berkshire financial strength unquestionable take precedence else discussion repurchase offer chance address irrational reaction many investor change stock price Berkshire buy stock company repurchasing share hope two event First normal hope earnings business increase good clip long time come second also hope stock underperforms market long time well corollary second point `` Talking book '' stock effective would actually harmful Berkshire helpful commentator customarily assume 6 Let 's use IBM example business observer know CEOs Lou Gerstner Sam Palmisano superb job moving IBM near-bankruptcy twenty year ago prominence today operational accomplishment truly extraordinary financial management equally brilliant particularly recent year company 's financial flexibility improved Indeed think major company better financial management skill materially increased gain enjoyed IBM shareholder company used debt wisely made value-adding acquisition almost exclusively cash aggressively repurchased stock Today IBM 1.16 billion share outstanding 63.9 million 5.5 Naturally happens company 's earnings next five year enormous importance beyond company likely spend 50 billion year repurchase share quiz day long-term shareholder Berkshire cheer period wo n't keep suspense wish IBM 's stock price languish throughout five year Let 's math IBM 's stock price average say 200 period company acquire 250 million share 50 billion would consequently 910 million share outstanding would 7 company stock conversely sell average 300 five-year period IBM acquire 167 million share would leave 990 million share outstanding five year would 6.5 IBM earn say 20 billion fifth year share earnings would full 100 million greater `` disappointing '' scenario lower stock price would higher price later point share would worth perhaps 1 Vi billion `` high-price '' repurchase scenario taken place logic simple going net buyer stock future either directly money indirectly ownership company repurchasing share hurt stock rise benefit stock swoon Emotions however often complicate matter people including net buyer future take comfort seeing stock price advance shareholder resemble commuter rejoices price gas increase simply tank contains day 's supply Charlie n't expect win many way thinking 've observed enough human behavior know futility want aware personal calculus confession order early day rejoiced market rose read Chapter Eight Ben Graham 's Intelligent Investor chapter dealing investor view fluctuation stock price Immediately scale fell eye low price became friend Picking book one luckiest moment life end success IBM investment determined primarily future earnings important secondary factor many share company purchase substantial sum likely devote activity repurchase ever reduce

IBM share outstanding 63.9 million abandon famed frugality give Berkshire employee paid holiday let 's examine four major sector operation vastly different balance sheet income characteristic others Lumping together therefore impedes analysis 'll present four separate business Charlie view may repurchasing Berkshire share offer thought section intrinsic value compare carrying value 7 Insurance Let 's look first insurance Berkshire 's core operation engine propelled expansion year Property-casualty `` P/C '' insurer receive premium upfront pay claim later extreme case arising certain worker compensation accident payment stretch decade collect-now pay-later model leaf u holding large sum money call `` float '' eventually go others Meanwhile get invest float Berkshire 's benefit Though individual policy claim come go amount float hold remains remarkably stable relation premium volume Consequently business grows float grown following table show Year Float mil 1970 39 1980 237 1990 1,632 2000 27,871 2010 65,832 2011 70,571 's unlikely float grow much current level 's mainly already outsized amount relative premium volume decline float add would almost certainly gradual therefore impose unusual demand fund u premium exceeded total expense eventual loss register underwriting profit add investment income float produce profit occurs enjoy use free money better yet get paid holding Unfortunately wish insurer achieve happy result creates intense competition vigorous year cause P/C industry whole operate significant underwriting loss example State Farm far country largest insurer well-managed company besides incurred underwriting loss eight last eleven year lot way lose money insurance industry resourceful creating new one noted first section report operated underwriting profit nine consecutive year gain period totaled 17 billion believe likely continue underwrite profitably though certainly future year accomplish float better cost-free profit would partly deposited 70.6 billion u paid u fee holding money let u invest fund benefit attractive float affect intrinsic value calculation float deducted full liability calculating Berkshire 's book value pay tomorrow unable replenish 's incorrect way view float instead viewed revolving fund float costless long-enduring true value liability far lower accounting liability Partially offsetting overstated liability 15.5 billion `` goodwill '' attributable insurance company included book value asset effect goodwill represents price paid float-generating capability insurance operation cost goodwill however bearing true value insurance business produce large sustained underwriting loss goodwill asset attributable deemed valueless whatever original cost Fortunately 's case Berkshire Charlie believe true economic value insurance goodwill would pay purchase float similar quality far excess historic carrying value value float one reason huge reason believe Berkshire 's intrinsic business value substantially exceeds book value Let emphasize cost-free float outcome expected P/C industry whole n't think much `` Berkshire-quality '' float existing insurance world year including 2011 industry 's premium inadequate cover claim plus expense Consequently 8 industry 's overall return tangible equity many decade fallen far short average return realized American industry sorry performance almost certain continue Berkshire 's outstanding economics exist terrific manager running extraordinary insurance operation Let tell major unit First float size Berkshire Hathaway Reinsurance Group run Ajit Jain Ajit insures risk one else desire capital take operation combine capacity speed decisiveness importantly brain manner unique insurance business Yet never expose Berkshire risk inappropriate relation resource Indeed far conservative respect large insurer example insurance industry experience 250 billion loss mega-catastrophe loss triple anything ever faced Berkshire whole would likely record moderate profit year many stream earnings Concurrently major insurer reinsurers would far red would face insolvency standing start 1985 Ajit created insurance business float 34 billion significant underwriting profit feat CEO insurer come close matching accomplishment added great many billion dollar value Berkshire Charlie would gladly trade second Ajit Alas none another insurance powerhouse General managed Tad Montross bottom sound insurance operation need adhere four discipline must 1 understand exposure might cause policy incur loss 2 conservatively evaluate likelihood exposure actually causing loss probable cost 3 set premium

m deliver profit average prospective loss cost operating expense covered 4 willing walk away appropriate premium ca n't obtained Many insurer pas first three test fl unk fourth simply ca n't turn back business competitor eagerly writing old line `` guy must well '' spell trouble business none insurance Indeed good underwriter nee d independent mindset akin senior citizen received call wife driving home `` Alber t careful '' warned `` heard radio 's car going wrong way Interstate '' `` Mabel n't know half '' replied Albert `` 's one car hundred '' Tad observed four insuran ce commandment show result General 's huge float better cost-free leadership expec t average continue first year acquired General major headache 's treasure Finally GEICO insurer cut teeth 61 year ago GEICO run Tony Nicely joined company 18 comple ted 50 year service 2011 GEICO much-envied record come Tony 's brilliant execution superb almost- impossible-to-replicate business model Tony 's 18-year tenure CEO m arket share grown 2.0 9.3 instead remained static decade took premium volume would 3.3 billion rather 15.4 billion attained 2011 extra value created Tony associate m ajor element Berkshire 's excess intrinsic value book value still 90 auto-insuranc e market left GEICO rake n't bet Tony acquiring chunk year year future low cost pe rmit low price every day Americans discover Gecko favor urge visit GEICO.com quote lizard another endearing quality Unlike human spokesman spokeswoman expensively re present insurance company little fellow agent addition three major insurance opera tion group smaller company plying trade odd corner insurance world aggregate resul t consistently profitable float provide u substantial Charlie treasure company man ager 9 yearend acquired Princeton Insurance New Jersey writer medical malpractice policy bolt-on transaction expands managerial domain Tim Kenesey star CEO Medical Protective Indiana-based med-mal insurer Princeton brings 600 million float amount included following table record four segment property-casualty life insurance busi ness Underwriting Profit Yearend Float million Insurance Operations 2011 2010 2011 2010 BH Reinsurance 714 176 33,728 30,370 General 144 452 19,714 20,049 GEICO 576 1,117 11,169 10,272 Primary 242 268 5,960 5,141 248 2,013 70,571 65,832 Among larg e insurance operation Berkshire 's impress best world Regulated Capital-intensive Businesses two large business BNSF MidAmerican Energy important common characteris tic distinguishing many business Consequently assign sector letter also split comb ined financial statistic GAAP balance sheet income statement key characteristic co mpany huge investment long-lived regulated asset partially funded large amount lon g-term debt guaranteed Berkshire credit needed business earning power even terribl e business condition amply cover interest requirement le robust economy 2011 examp le BNSF 's interest coverage 9.5x MidAmerican meanwhile two key factor ensure abil ity service debt circumstance stability earnings inherent exclusively offering ess ential service diversity earnings stream shield action single regulatory body Meas ured ton-miles rail move 42 America 's inter-city freight BNSF move railroad 37 in dustry total little math tell 15 inter-city ton-miles freight U.S. transported BNS F exaggeration characterize railroad circulatory system economy railroad largest a rtery place huge responsibility u must without fail maintain improve 23,000 mile t rack along 13,000 bridge 80 tunnel 6,900 locomotive 78,600 freight car job require s u ample financial resource economic scenario human talent instantly effectively deal vicissitude nature widespread flooding BNSF labored last summer fulfill socie tal obligation BNSF regularly invests far depreciation charge excess amounting 1.8 billion 2011 three major U.S. railroad making similar outlay Though many people de cry country 's inadequate infrastructure spending criticism levied railroad indust ry pouring money fund private sector investment project needed provide better exte nsive service future railroad making huge expenditure country 's publicly-financed highway system would face even greater congestion maintenance problem exist today Massive investment sort BNSF making would foolish could earn appropriate return in cremental sum commits confident value delivers Many year ago Ben Franklin counsele d `` Keep thy shop thy shop keep thee '' Translating regulated business might toda y say `` Take care customer regulator customer 's representative take care '' Good behavior party begets good behavior return 10 MidAmerican participate similar `` s

ocial compact '' expected put ever-increasing sum satisfy future need customer mea
 nwhile operate reliably efficiently know obtain fair return investment MidAmerican
 89.8 owned Berkshire supply 2.5 million customer U.S. electricity operating larges
 t supplier Iowa Utah Wyoming important provider six state well pipeline transport
 8 country 's natural gas Obviously many million Americans depend u every day n't d
 isappointed MidAmerican purchased Northern Natural Gas pipeline 2002 company 's pe
 rformance pipeline rated dead last 43 43 leading authority field recent report Nor
 thern Natural ranked second top spot held pipeline Kern River electric business Mi
 dAmerican comparable record recent survey customer satisfaction MidAmerican U.S. u
 tility ranked second among 60 utility group surveyed story far different many year
 back MidAmerican acquired property MidAmerican 3,316 megawatt wind generation oper
 ation end 2012 far regulated electric utility country total amount invested commit
 ted wind staggering 6 billion make sort investment MidAmerican retains earnings un
 like utility generally pay earn addition late last year took two solar project one
 100 -owned California 49 -owned Arizona cost 3 billion construct Many wind solar p
 roject almost certainly follow tell proud accomplished society Matt Rose BNSF Greg
 Abel MidAmerican also proud grateful accomplished Berkshire shareholder relevant f
 igure MidAmerican Earnings million U.K. utility ^^k Iowa utility ^F .^r Western u
 tility Pipelines • -^L HomeServices M. ,, net Operating earnings corporate interes
 t tax Interest Berkshire Interest Berkshire junior debt Income tax 2011 2010 469 3
 33 279 279 771 783 388 378 39 42 36 47 1,982 1,862 323 323 13 30 315 271 1,331 1,2
 38 1,204 1,131 Includes interest earned Berkshire net related income tax 8 201 1 1
 9 2010 BNSF Historical accounting 2/12/10 purchase accounting subsequently million
 2071 ~2010 Revenues 19,548 16,850 Operating earnings 5,310 4,495 Interest Net 560
 507 Pre-Tax earnings 4,741 3,988 Net earnings 2,972 2,459 book value recorded bala
 nce sheet BNSF MidAmerican carry substantial goodwill component totaling 20 billio
 n instance however Charlie believe current intrinsic value far greater book value
 11 Manufacturing Service Retailing Operations activity part Berkshire cover waterf
 ront Let 's look though summary balance sheet earnings statement entire group Bala
 nce Sheet 12/31/11 million Assets Cash equivalent 4,241 Accounts note receivable I
 nventory current asset Total current asset 6,584 8,975 631 Goodwill intangible Fix
 ed asset asset 20,431 24,755 17,866 3,661 66,713 Liabilities Equity Notes payable
 1,611 current liability 15,124 Total current liability 16,735 Deferred tax Term de
 bt liability Non-controlling interest Berkshire equity 4,661 6,214 2,410 36,693 6
 6,713 Earnings Statement million 2011 2010 2009 Revenues 72,406 66,610 61,665 Oper
 ating expense including depreciation 1,431 201 1 1,362 2010 1,422 2009 ^^k 67,239
 62,225 59,509 Interest expense 130 111 98 Pre-tax earnings ^.^b^ 5.037 4.274 2.058
 Income tax non-controlling interest 1,998 1,812 945 Net earnings 3,039 2,462 1,113
 include purchase-accounting adjustment Includes earnings Lubrizol September 16 gro
 up company sell product ranging lollipop jet airplane business enjoy terrific econ
 omics measured earnings unleveraged net tangible asset run 25 after-tax 100 Others
 produce good return area 12-20 however poor return result serious mistake made job
 capital allocation error came misjudged either competitive strength business purch
 ased future economics industry operated try look ten twenty year making acquisitio
 n sometimes eyesight poor Charlie 's better voted `` present '' several errant pur
 chase Berkshire 's newer shareholder may puzzled decision hold mistake earnings ne
 ver consequential Berkshire 's valuation problem company require managerial time w
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iling set forth Rule 1 1 present business likely cash drain longer term labor strife endemic take prompt decisive action situation happened couple time 47 -year history none business strait requiring u consider disposing steady substantial comeback U.S. economy since mid-2009 clear earnings shown front section compilation includes 54 company one Marmon owner 140 operation eleven distinct business sector short look Berkshire looking across corporate America let 's dig little deeper gain greater insight happened last year four housing-related company section group excludes Clayton carried Finance Financial Products aggregate pre-tax earnings 227 million 2009 362 million 2010 359 million 201 1 subtract earnings combined statement see multiple diverse non-housing operation earned 1,831 million 2009 3,912 million 2010 4,678 million 201 1 291 million 201 1 earnings came Lubrizol acquisition profile remaining 2011 earnings 4,387 million illustrates comeback much America devastation wrought 2008 financial panic Though housing-related business remain emergency room business left hospital health fully restored Almost manager delivered outstanding performance last year among manager run housing-related business therefore fighting hurricane-force headwind example • Vic Mancinelli set record CTB agricultural equipment operation purchased CTB 2002 139 million subsequently distributed 180 million Berkshire last year earned 124 million pre-tax 109 million cash Vic made number bolt-on acquisition year including meaningful one signed yearend • TTI electric component distributor increased sale record 2.1 billion 12.4 2010 Earnings also hit record 127 2007 year purchased business 2011 TTI performed far better large publicly-traded company field 's surprise Paul Andrews associate besting year Charlie delighted Paul negotiated large bolt-on acquisition early 2012 hope follow • Iscar 80 -owned cutting-tools operation continues amaze u sale growth overall performance unique industry Iscar manager Eitan Wertheimer Jacob Harpaz Danny Goldman brilliant strategist operator economic world cratering November 2008 stepped buy Tunggaloy leading Japanese cutting-tool manufacturer Tunggaloy suffered significant damage tsunami hit north Tokyo last spring would n't know Tunggaloy went set sale record 2011 visited Iwaki plant November inspired dedication enthusiasm Tunggaloy management well staff wonderful group deserve admiration thanks • McLane huge distribution company run Grady Rosier added important new customer 2011 set pre-tax earnings record 370 million Since purchase 2003 1.5 billion company pre-tax earnings 2.4 billion also increased LIFO reserve 230 million price retail product distributes candy gum cigarette etc risen Grady run logistical machine second none look bolt-ons McLane particularly new wine-and-spirits distribution business 13 Jordan Hantsell took NetJets April delivered 201 1 pre-tax earnings 227 million particularly impressive performance sale new plane slow year December however uptick seasonally normal permanent uncertain year ago NetJets number one worry cost far line revenue cash hemorrhaging Without Berkshire 's support NetJets would gone broke problem behind u Jordan delivering steady profit well-controlled smoothly-running operation NetJets proceeding plan enter China first-class partner move widen business `` moat `` fractional-ownership operator remotely size breadth NetJets operation none ever Ne Jets unrelenting focus safety service paid marketplace 's joy watch Marmon 's progress Frank Ptak 's leadership addition achieving internal growth Frank regularly make bolt-on acquisition aggregate materially increase Marmon 's earning power three costing 270 million last month Joint venture around world another opportunity Marmon midyear Marmon partnered Kundalia family Indian crane operation already delivering substantial profit Marmon 's second venture family following successful wire cable partnership instituted year ago eleven major sector Marmon operates ten delivered gain earnings last year confident higher earnings Marmon year ahead `` Buy commodity sell brand `` long formula business success produced enormous sustained profit Coca-Cola since 1886 Wrigley since 1891 smaller scale enjoyed good fortune approach See 's Candy since purchased 40 year ago Last year See 's record pre-tax earnings 83 million bringing total since bought 1.65 billion Contrast figure purchase price 25 million yearend carrying-value net cash le zero Yes read right capital employed See 's fluctuates seasonally hitting low Christmas Credit Brad Ki

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formation consistently exceeding housing start Clayton 's earnings improve materially nation 's excess housing inventory worked see thing today however believe intrinsic value three business sector differ materially book value Investments show common stock investment yearend market value 1 billion 12/31/11 Percentage Shares Company Company Cost Market Owned million 151,610,700 American Express Company 13.0 1,287 7,151 200,000,000 Coca-Cola Company 8.8 1,299 13,994 29,100,937 ConocoPhillips 2.3 2,027 2,121 63,905,931 International Business Machines Corp 5.5 10,856 11,751 31,416,127 Johnson Johnson 1.2 1,880 2,060 79,034,713 Kraft Foods Inc 4.5 2,589 2,953 20,060,390 Munich 11.3 2,990 2,464 3,947,555 POSCO 5.1 768 1,301 72,391,036 Procter Gamble Company 2.6 464 4,829 25,848,838 Sanofi 1.9 2,055 1,900 291,577,428 Tpsrn pip 3.6 1,719 1,827 78,060,769 U.S. Bancorp 4.1 2,401 2,112 39,037,142 Wal-Mart Stores Inc ^^^-^^ 1.1 1,893 2,333 400,015,828 Wells Fargo Company 7.6 9,086 11,024 Others 6,895 9,171 Total Common Stocks Carried Market 48,209 76,991 actual purchase price also tax basis GAAP `` cost `` differs case write-ups write-down required made change investment holding 2011 three move important purchase IBM Bank America 1 billion addition made Wells Fargo position banking industry back foot Wells Fargo prospering earnings strong asset solid capital record level Bank America huge mistake made prior management Brian Moynihan made excellent progress cleaning though completion process take number year Concurrently nurturing huge attractive underlying business endure long today 's problem forgotten warrant buy 700 million Bank America share likely great value expire case Coca-Cola 1988 railroad 2006 1 late IBM party reading company 's annual report 50 year n't Saturday March 1 last year thinking crystallized Thoreau said `` 'slook matter 's see `` Todd Combs built 1.75 billion portfolio cost last year Ted Weschler soon create one similar size receives 80 performance compensation result 20 partner 's quarterly filing report relatively small holding likely buy made though medium often overlook point rather holding denoting purchase Todd Ted 16 One additional point two new arrival Ted Todd helpful next CEO Berkshire making acquisition excellent `` business mind `` grasp economic force likely determine future wide variety business aided thinking understanding predictable unknowable little new report derivative position described detail past report Annual report since 1977 available www.berkshirehathaway.com One important industry change however must noted Though existing contract minor collateral requirement rule changed new position Consequently initiating major derivative position shun contract type could require instant posting collateral possibility sudden huge posting requirement arising out-of-the-blue event worldwide financial panic massive terrorist attack inconsistent primary objective redundant liquidity unquestioned financial strength insurance-like derivative contract whereby pay various issue included high-yield bond index default coming close contract exposed u loss already expired remainder terminate soon 2011 paid 86 million two loss bringing total payment 2.6 billion almost certain realize final `` underwriting profit `` portfolio premium received 3.4 billion future loss apt minor addition averaged 2 billion float five-year life contract successful result time great credit stress underscore importance obtaining premium commensurate risk Charlie continue believe equity-put position produce significant profit considering 4.2 billion float held fifteen year 222 million profit 've already realized contract repurchased yearend Berkshire 's book value reflected liability 8.5 billion remaining contract come due time payment would 6.2 billion Basic Choices Investors One Strongly Prefer Investing often described process laying money expectation receiving money future Berkshire take demanding approach defining investing transfer others purchasing power reasoned expectation receiving purchasing power tax paid nominal gain future succinctly investing forgoing consumption order ability consume later date definition flow important corollary riskiness investment measured beta Wall Street term encompassing volatility often used measuring risk rather probability reasoned probability investment causing owner loss purchasing-power contemplated holding period Assets fluctuate greatly price risky long reasonably certain deliver increased purchasing power holding period see non-fluctuating asset laden risk Investment possible

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ile B Beyond staggering valuation given existing stock gold current price make today's annual production gold command 160 billion Buyers whether jewelry industrial user frightened individual speculator must continually absorb additional supply merely maintain equilibrium present price century 400 million acre farmland produced staggering amount corn wheat cotton crop continue produce valuable bounty whatever currency may Exxon Mobil probably delivered trillion dollar dividend owner also hold asset worth many trillion remember get 16 Exxons 170,000 ton gold unchanged size still incapable producing anything fondle cube respond Admittedly people century fearful 's likely many still rush gold 'm confident however 9.6 trillion current valuation pile compound century rate far inferior achieved pile B first two category enjoy maximum popularity peak fear Terror economic collapse drive individual currency-based asset particularly U.S. obligation fear currency collapse foster movement sterile asset gold heard `` cash king '' late 2008 cash deployed rather held Similarly heard `` cash trash '' early 1980s fixed-dollar investment attractive level memory occasion investor required supportive crowd paid dearly comfort preference knew coming third category investment productive asset whether business farm real estate Ideally asset ability inflationary time deliver output retain purchasing-power value requiring minimum new capital investment Farms real estate many business Coca-Cola IBM See 's Candy meet double-barreled test Certain company think regulated utility example fail inflation place heavy capital requirement earn owner must invest Even investment remain superior nonproductive currency-based asset Whether currency century based gold seashell shark teeth piece paper today people willing exchange couple minute daily labor Coca-Cola See 's peanut brittle future U.S. population move good consume food require living space People forever exchange produce others produce country 's business continue efficiently deliver good service wanted citizen Metaphorically commercial `` cow '' live century give ever greater quantity `` milk '' boot value determined medium exchange rather capacity deliver milk Proceeds sale milk compound owner cow 20th century Dow increased 66 11,497 paid load dividend well Berkshire 's goal increase ownership first-class business first choice entirety also owner way holding sizable amount marketable stock believe extended period time category investing prove runaway winner among three 've examined important far safest 19 Annual Meeting annual meeting held Saturday May 5th CenturyLink Center renamed `` Qwest '' Last year Carrie Kizer debuted ringmaster earned lifetime assignment Everyone loved job especially Soon 7 a.m. opening door new activity Newspaper Tossing Challenge Late last year Berkshire purchased Omaha World-Herald meeting shareholder-employees told folding throwing skill developed delivering 500,000 paper teenager immediately saw skepticism eye audience surprise reporter mantra `` mother say love check '' back claim meeting take corner making 35-foot toss World-Herald Clayton porch challenger whose paper land closer doorstep mine receive dilly bar 've asked Dairy Queen supply several contest though doubt needed large stack paper Grab one Fold rubber band Take best shot Make day 8:30 new Berkshire movie shown hour later start question-and-answer period break lunch CenturyLink stand last 3:30 short recess Charlie convene annual meeting 3:45 decide leave day 's question period please Charlie talking best reason exit course shop help filling 194,300-square-foot hall adjoins meeting area product dozen Berkshire subsidiary Last year part location racked record sale nine-hour period sold 1,249 pair Justin boot 11,254 pound See 's candy 8,000 Quikut knife 's 15 knife per minute 6,126 pair Wells Lamont glove Marmon product whose existence news product focus money better Remember Anyone say money can't buy happiness simply n't shopped meeting Among new exhibitor year Brooks running-shoe company Brooks gobbling market share 2011 sale gain 34 tenth consecutive year record volume Drop congratulate Jim Weber company 's CEO sure buy couple pair limited edition '' Berkshire Hathaway Running Shoes '' GEICO booth staffed number top counselor around country ready supply auto insurance quote case GEICO able give shareholder discount usually 8 special offer permitted 44 51 jurisdiction operate One supplemental point discount additive qualify another given certain group Bring detail existing insurance check whether

save money least half believe sure visit Bookworm carry 35 book DVDs including couple new one recommend MiTek informative history one successful subsidiary 'll learn interest company originally piqued receiving mail hunk ugly metal whose purpose could n't fathom Since bought MiTek 2001 made 33 `` tuck-in '' acquisition almost successful think 'll also like short book Peter Bevelin put together explaining Berkshire 's investment operating principle sum Charlie saying year annual report annual meeting need ship book purchase shipping service available nearby big spender aspire become one visit Elliott Aviation east side Omaha airport noon 5:00 p.m. Saturday fleet NetJets aircraft get pulse racing Come bus leave private jet 'll OK credit attachment proxy material enclosed report explains obtain credential need admission meeting event Airlines sometimes jacked price Berkshire weekend coming far away compare cost flying Kansas City versus Omaha drive two city 2 V hour may save significant money particularly planned rent car Omaha Spend saving u 20 Nebraska Furniture Mart located 77-acre site 72 nd Street Dodge Pacific `` Berkshire Weekend '' discount pricing Last year store 32.7 million business annual meeting sale volume exceeds yearly sale furniture store obtain Berkshire discount must make purchase Tuesday May 1 st Monday May 7 th inclusive also present meeting credential period 's special pricing even apply product several prestigious manufacturer normally ironclad rule discounting spirit shareholder weekend made exception appreciate cooperation NFM open 10 a.m. 9 p.m. Monday Saturday 10 a.m. 6 p.m. Sunday Saturday year 5 :30 p.m. 8 p.m. NFM picnic invited Borsheims two shareholder-only event first cocktail reception 6 p.m. 9 p.m. Friday May 4 th second main gala held Sunday May 6 th 9 a.m. 4 p.m. Saturday open 6 p.m. Sunday around 2 p.m. clerking Borsheims deperate beat sale figure last year come take advantage Ask '' Crazy Warren '' price huge crowd Borsheims throughout weekend convenience therefore shareholder price available Monday April 30 th Saturday May 12 th period please identify shareholder presenting meeting credential brokerage statement show Berkshire holder Sunday mall outside Borsheims blindfolded Patrick Wolff twice U.S. chess champion take comer eye wide open group six Nearby Norman Beck remarkable magician Dallas bewilder onlooker Additionally Bob Hamman Sharon Osberg two world 's top bridge expert available play bridge shareholder Sunday afternoon Two non-experts Charlie also table Gorat 's Piccolo 's open exclusively Berkshire shareholder Sunday May 6 th serving 10 p.m. Gorat 's opening 1 p.m. Piccolo 's opening 4 p.m restaurant favorite eat Sunday evening Actuarial table tell consume another 12 million calorie death 'm terrified thought leaving behind frontloading Sunday Remember make reservation Gorat 's call 402-551-3733 April 1 st Piccolo 's call 402-342-9038 Piccolo 's show class order giant root beer float dessert sissy get small one three financial journalist lead question-and-answer period meeting asking Charlie question shareholder submitted e-mail journalist e-mail address Carol Loomis Fortune may e-mailed cloomis fortuneunemail.com Becky Quick CNBC BerkshireQuestions cnbc.com Andrew Ross Sorkin New York Times arsorkin nytimes.com question submitted journalist choose dozen decides interesting important journalist told question best chance selected keep concise avoid sending last moment make Berkshire-related include two question e-mail send e-mail let journalist know would like name mentioned question selected year adding second panel three financial analyst follow Berkshire Cliff Gallant KBW Jay Gelb Barclays Capital Gary Ransom Dowling Partners analyst bring Berkshire- specific question alternate journalist audience Charlie believe shareholder access new Berkshire information simultaneously also adequate time analyze try issue financial information market close Friday talk one-on-one large institutional investor analyst new panel let analyst ask question perhaps even technical one manner may helpful many shareholder 21 Neither Charlie get much clue question asked know journalist analyst come tough one 's way like told expect least 54 question allow six analyst journalist 18 audience extra time take audience Audience questioner determined drawing take place 8:15 a.m. 13 microphone located arena main overflow room good reason regularly extol accomplishment operating manager truly All-Stars run business asset owned family believe mindset shareholder-oriented found universe large publicly-owned

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N-Gram (Bigram)

```
In [7]: class BigramLanguageModel(nn.Module):
    def __init__(self):
        # Call the initializer of the superclass to ensure proper inheritance
        super().__init__()

        # Initialize the vocabulary attribute with None, to be set later
        self.vocab = None

        # Initialize the vocabulary size attribute with None, to be set later
        self.vocab_size = None

        # Initialize the token embeddings table with None, to be configured later
        self.token_embeddings_table = None

        # Set the device attribute to 'cuda' if a GPU is available, otherwise to 'cpu'
        self.device = 'cuda' if torch.cuda.is_available() else 'cpu'

    def forward(self, in_ids, target=None):
        # Retrieve embeddings for input IDs using the token_embeddings_table
        in_ids_emb = self.token_embeddings_table(in_ids)

        # Check if a target tensor is provided; if not, set cross-entropy loss to None
        if target is None:
            ce_loss = None
        else:
            # Extract batch size, input length, and vocabulary size from the input
            batch_size, input_length, vocab_size = in_ids_emb.shape

            # Reshape the input embeddings to a 2D tensor for loss calculation
            token_rep = in_ids_emb.view(batch_size * input_length, vocab_size)

            # Flatten the target tensor to match the prediction dimensions
            targets = target.view(-1)

            # Compute the cross-entropy loss between the predicted tokens and the targets
            ce_loss = F.cross_entropy(token_rep, targets)
```

```

    # Return the input embeddings and the computed cross-entropy Loss
    return in_ids_emb, ce_loss

def fit(self, train_iters=1000, eval_iters=100, lr=0.001):
    # Initialize the optimizer (Adam) with model parameters and a learning rate
    optimizer = torch.optim.Adam(self.parameters(), lr=lr)

    # Loop through the specified number of training iterations
    for iteration in range(train_iters):
        # Get a batch of data from the training set
        inputs, targets = self.get_batch(split='train')

        # Perform a forward pass through the model to compute the Loss
        _, ce_loss = self(inputs, targets)

        # Reset gradients to zero before backpropagation
        optimizer.zero_grad()

        # Compute gradients for the loss with respect to model parameters
        ce_loss.backward()

        # Update model parameters based on computed gradients
        optimizer.step()

        # Evaluate the model every 'eval_iters' iterations
        if iteration % eval_iters == 0:
            # Evaluate the loss and perplexity using a validation set
            metrics = self.eval_loss(10)

            # Print the training loss, validation loss, and perplexity at current iteration
            print(f"Iter {iteration}: Train Loss: {ce_loss.item()}, Val Loss: {metrics['val_loss']}")

def clean_text(self, text):
    # Convert all characters in the text to lowercase to standardize the input
    text = text.lower()

    # Remove all punctuation and digits from the text
    text = ''.join([char for char in text if char not in string.punctuation and char not in string.digits])

    # Tokenize the text into individual words using a tokenizer
    tokens = word_tokenize(text)

    # Retrieve a set of English stop words (commonly used words that may not contribute to meaning)
    stop_words = set(stopwords.words('english'))

    # Filter out tokens that are stop words
    tokens = [token for token in tokens if token not in stop_words]

    # Return the list of cleaned tokens
    return tokens

def prep(self, filename):
    # Open and read the contents of a file with UTF-8 encoding
    with open(filename, 'r', encoding='utf-8') as f:
        text = f.read()

```



```

with open(filename, 'r', encoding='utf-8') as file:
    text = file.read()

# Clean the text to get a list of tokens (words)
tokens = self.clean_text(text)

# Create a vocabulary as a sorted set of unique tokens
self.vocab = sorted(set(tokens))

# Set the size of the vocabulary
self.vocab_size = len(self.vocab)

# Create a dictionary to convert characters to integers (character to index)
ctoi = {c: i for i, c in enumerate(self.vocab)}

# Create a dictionary to convert integers back to characters (index to character)
itoc = {i: c for c, i in ctoi.items()}

# Define an encoder function to convert text to a sequence of indices
self.encoder = lambda text: [ctoi[c] for c in text if c in ctoi]

# Define a decoder function to convert sequences of indices back to text
self.decoder = lambda nums: ' '.join([itoc[i] for i in nums])

# Calculate the number of tokens
n = len(tokens)

# Split tokens into training (90%) and validation (10%) sets
train_tokens = tokens[:int(n * 0.9)]
val_tokens = tokens[int(n * 0.9):]

# Convert the training and validation token lists to tensor data
self.train_data = torch.tensor(self.encoder(train_tokens), dtype=torch.long)
self.val_data = torch.tensor(self.encoder(val_tokens), dtype=torch.long)

# Initialize the token embeddings table with an embedding layer, and move it to the device
self.token_embeddings_table = nn.Embedding(self.vocab_size, self.vocab_size)

def get_batch(self, split='train', input_length=8, batch_size=4):
    # Choose the dataset based on whether the model is in training or validation
    data = self.train_data if split == 'train' else self.val_data

    # Randomly select starting indices for the batches within the dataset
    ix = torch.randint(0, len(data) - input_length, (batch_size,))

    # Generate the input batch by slicing the data from each index to index + input_length
    inputs_batch = torch.stack([data[i:i + input_length] for i in ix])

    # Generate the target batch, which is offset by one from the inputs (for prediction)
    targets_batch = torch.stack([data[i + 1:i + input_length + 1] for i in ix])

    # Move the input and target batches to the device (GPU or CPU) for processing
    inputs_batch = inputs_batch.to(self.device)
    targets_batch = targets_batch.to(self.device)

```

```
# Return the input and target batches
return inputs_batch, targets_batch

def generate(self, context_tokens, max_new_tokens):
    # Move the initial context tokens to the appropriate device (GPU or CPU)
    context_tokens = context_tokens.to(self.device)

    # Generate up to 'max_new_tokens' new tokens
    for _ in range(max_new_tokens):
        # Forward pass through the model to get predictions and the ignored loss
        token_rep, _ = self(context_tokens)

        # Extract the representation of the last token in the sequence
        last_token_rep = token_rep[:, -1, :]

        # Apply softmax to convert the logits to probabilities
        probs = F.softmax(last_token_rep, dim=-1)

        # Sample the next token from the probability distribution
        next_token = torch.multinomial(probs, num_samples=1)

        # Append the newly generated token to the existing sequence
        context_tokens = torch.cat([context_tokens, next_token], dim=-1)

    # Decode the sequence of token indices back into text
    output_text = self.decoder(context_tokens[0].tolist())

    # Return the generated text
    return output_text

@torch.no_grad() # Decorator to disable gradient computation
def eval_loss(self, eval_iters):
    # Set the model to evaluation mode to disable features like dropout
    self.eval()

    # Initialize variables to accumulate loss and count the iterations
    total_loss = 0
    count = 0

    # Loop through the specified number of evaluation iterations
    for _ in range(eval_iters):
        # Fetch a batch of data from the evaluation set
        tokens, targets = self.get_batch(split='eval')

        # Forward pass to compute the output and cross-entropy loss
        _, ce_loss = self(tokens, targets)

        # Accumulate the loss for averaging
        total_loss += ce_loss.item()
        count += 1

    # Calculate the average loss across all evaluation iterations
    avg_loss = total_loss / count
```

```
# Compute perplexity, which is a measure of how well a probability model pr
perplexity = torch.exp(torch.tensor(avg_loss)).item()

# Set the model back to training mode
self.train()

# Return a dictionary containing the average loss and perplexity
return {'loss': avg_loss, 'perplexity': perplexity}
```

```
In [8]: filename = './Berkshire_Hathway_inc.txt'
model = BigramLanguageModel()
model.to(model.device)
model.prep("processed_text.txt")
model.fit(train_iters=100000, eval_iters=100, lr=0.001)
outputs = model.generate(context_tokens=torch.zeros((1, 1), dtype=torch.long, device=device), max_tokens=100)
print(outputs)
```

Iter 0: Train Loss: 8.775465965270996, Val Loss: 9.095075225830078, Perplexity: 891
1.3017578125
Iter 100: Train Loss: 9.03923225402832, Val Loss: 8.985043144226074, Perplexity: 798
2.7919921875
Iter 200: Train Loss: 8.938390731811523, Val Loss: 9.07806224822998, Perplexity: 876
0.9716796875
Iter 300: Train Loss: 9.113748550415039, Val Loss: 9.069074153900146, Perplexity: 86
82.5859375
Iter 400: Train Loss: 9.3153657913208, Val Loss: 9.109734344482423, Perplexity: 904
2.8935546875
Iter 500: Train Loss: 8.97800064086914, Val Loss: 8.975902843475343, Perplexity: 791
0.154296875
Iter 600: Train Loss: 9.134777069091797, Val Loss: 8.92781686782837, Perplexity: 753
8.78564453125
Iter 700: Train Loss: 8.73261547088623, Val Loss: 8.950494384765625, Perplexity: 771
1.70654296875
Iter 800: Train Loss: 9.033397674560547, Val Loss: 9.033333778381348, Perplexity: 83
77.7421875
Iter 900: Train Loss: 9.227307319641113, Val Loss: 9.038821411132812, Perplexity: 84
23.841796875
Iter 1000: Train Loss: 8.982308387756348, Val Loss: 8.980778312683105, Perplexity: 7
948.8193359375
Iter 1100: Train Loss: 8.932636260986328, Val Loss: 8.830123996734619, Perplexity: 6
837.1337890625
Iter 1200: Train Loss: 8.664886474609375, Val Loss: 9.014437103271485, Perplexity: 8
220.9140625
Iter 1300: Train Loss: 9.013763427734375, Val Loss: 8.976613521575928, Perplexity: 7
915.78369140625
Iter 1400: Train Loss: 8.638163566589355, Val Loss: 9.030772304534912, Perplexity: 8
356.3095703125
Iter 1500: Train Loss: 8.953393936157227, Val Loss: 9.037791347503662, Perplexity: 8
415.169921875
Iter 1600: Train Loss: 8.844861030578613, Val Loss: 8.9724871635437, Perplexity: 788
3.18603515625
Iter 1700: Train Loss: 8.508981704711914, Val Loss: 8.830037117004395, Perplexity: 6
836.54052734375
Iter 1800: Train Loss: 8.724961280822754, Val Loss: 9.041873931884766, Perplexity: 8
449.5966796875
Iter 1900: Train Loss: 8.846379280090332, Val Loss: 8.97399024963379, Perplexity: 78
95.04345703125
Iter 2000: Train Loss: 8.801197052001953, Val Loss: 8.947569274902344, Perplexity: 7
689.17578125
Iter 2100: Train Loss: 8.519121170043945, Val Loss: 9.014606094360351, Perplexity: 8
222.3095703125
Iter 2200: Train Loss: 8.954244613647461, Val Loss: 9.035678672790528, Perplexity: 8
397.412109375
Iter 2300: Train Loss: 8.893633842468262, Val Loss: 8.892280578613281, Perplexity: 7
275.5927734375
Iter 2400: Train Loss: 8.889774322509766, Val Loss: 8.92266206741333, Perplexity: 75
00.02587890625
Iter 2500: Train Loss: 8.930466651916504, Val Loss: 8.950762081146241, Perplexity: 7
713.76611328125
Iter 2600: Train Loss: 8.49705982208252, Val Loss: 8.859634971618652, Perplexity: 70
41.91455078125
Iter 2700: Train Loss: 8.718008041381836, Val Loss: 8.876874446868896, Perplexity: 7
164.36669921875

Iter 2800: Train Loss: 8.887188911437988, Val Loss: 8.914047145843506, Perplexity: 7435.6943359375
Iter 2900: Train Loss: 8.483375549316406, Val Loss: 8.884258651733399, Perplexity: 7217.45947265625
Iter 3000: Train Loss: 8.618385314941406, Val Loss: 8.907577610015869, Perplexity: 7387.74267578125
Iter 3100: Train Loss: 8.477999687194824, Val Loss: 8.91066770553589, Perplexity: 7410.60546875
Iter 3200: Train Loss: 8.478487014770508, Val Loss: 8.942092895507812, Perplexity: 7647.18505859375
Iter 3300: Train Loss: 8.427620887756348, Val Loss: 8.873183917999267, Perplexity: 7137.9736328125
Iter 3400: Train Loss: 8.925687789916992, Val Loss: 8.848651599884032, Perplexity: 6964.9931640625
Iter 3500: Train Loss: 8.39792251586914, Val Loss: 8.744446945190429, Perplexity: 6275.740234375
Iter 3600: Train Loss: 8.530791282653809, Val Loss: 8.708146381378175, Perplexity: 6052.01220703125
Iter 3700: Train Loss: 8.75899600982666, Val Loss: 8.80089807510376, Perplexity: 6640.20166015625
Iter 3800: Train Loss: 8.411250114440918, Val Loss: 8.727868270874023, Perplexity: 6172.5546875
Iter 3900: Train Loss: 8.557940483093262, Val Loss: 8.881569099426269, Perplexity: 7198.0751953125
Iter 4000: Train Loss: 8.190838813781738, Val Loss: 8.744953727722168, Perplexity: 6278.92529296875
Iter 4100: Train Loss: 8.298945426940918, Val Loss: 8.78465394973755, Perplexity: 6533.2099609375
Iter 4200: Train Loss: 8.186576843261719, Val Loss: 8.978577041625977, Perplexity: 7931.3349609375
Iter 4300: Train Loss: 8.303519248962402, Val Loss: 8.988930416107177, Perplexity: 8013.88330078125
Iter 4400: Train Loss: 8.057832717895508, Val Loss: 8.963437747955322, Perplexity: 7812.169921875
Iter 4500: Train Loss: 8.324745178222656, Val Loss: 8.852467250823974, Perplexity: 6991.61962890625
Iter 4600: Train Loss: 8.446550369262695, Val Loss: 8.803083038330078, Perplexity: 6654.73193359375
Iter 4700: Train Loss: 8.318523406982422, Val Loss: 8.881464672088622, Perplexity: 7197.32666015625
Iter 4800: Train Loss: 8.420547485351562, Val Loss: 8.820597743988037, Perplexity: 6772.31103515625
Iter 4900: Train Loss: 7.7534966468811035, Val Loss: 8.762718105316162, Perplexity: 6391.46142578125
Iter 5000: Train Loss: 7.757658004760742, Val Loss: 8.6277494430542, Perplexity: 5584.49609375
Iter 5100: Train Loss: 8.074690818786621, Val Loss: 8.699622631072998, Perplexity: 6000.650390625
Iter 5200: Train Loss: 8.821805000305176, Val Loss: 8.770588397979736, Perplexity: 6441.95849609375
Iter 5300: Train Loss: 8.20445442199707, Val Loss: 8.752399444580078, Perplexity: 6325.8486328125
Iter 5400: Train Loss: 7.97182559967041, Val Loss: 8.79597864151001, Perplexity: 6607.6181640625
Iter 5500: Train Loss: 8.257550239562988, Val Loss: 8.72679681777954, Perplexity: 6165.94775390625

Iter 5600: Train Loss: 7.993985176086426, Val Loss: 8.929098224639892, Perplexity: 7548.45458984375
Iter 5700: Train Loss: 8.072087287902832, Val Loss: 8.956955718994141, Perplexity: 7761.6943359375
Iter 5800: Train Loss: 7.674644947052002, Val Loss: 8.718774509429931, Perplexity: 6116.68017578125
Iter 5900: Train Loss: 8.001359939575195, Val Loss: 8.762652587890624, Perplexity: 6391.04052734375
Iter 6000: Train Loss: 7.939159393310547, Val Loss: 8.724920463562011, Perplexity: 6154.3857421875
Iter 6100: Train Loss: 8.450579643249512, Val Loss: 8.633846473693847, Perplexity: 5618.6474609375
Iter 6200: Train Loss: 7.8926897048950195, Val Loss: 8.679788589477539, Perplexity: 5882.802734375
Iter 6300: Train Loss: 7.6931610107421875, Val Loss: 8.493763542175293, Perplexity: 4884.21533203125
Iter 6400: Train Loss: 7.554226875305176, Val Loss: 8.760571956634521, Perplexity: 6377.76123046875
Iter 6500: Train Loss: 7.989412784576416, Val Loss: 8.57810664176941, Perplexity: 5314.0361328125
Iter 6600: Train Loss: 7.537989139556885, Val Loss: 8.658198642730714, Perplexity: 5757.15283203125
Iter 6700: Train Loss: 7.752019882202148, Val Loss: 8.504653835296631, Perplexity: 4937.6953125
Iter 6800: Train Loss: 8.285799980163574, Val Loss: 8.534661674499512, Perplexity: 5088.10791015625
Iter 6900: Train Loss: 7.526723384857178, Val Loss: 8.650612545013427, Perplexity: 5713.64697265625
Iter 7000: Train Loss: 7.729106903076172, Val Loss: 8.674275875091553, Perplexity: 5850.46435546875
Iter 7100: Train Loss: 7.291417121887207, Val Loss: 8.714785957336426, Perplexity: 6092.328125
Iter 7200: Train Loss: 7.735199928283691, Val Loss: 8.554897212982178, Perplexity: 5192.11962890625
Iter 7300: Train Loss: 7.664724349975586, Val Loss: 8.818212604522705, Perplexity: 6756.17724609375
Iter 7400: Train Loss: 7.658943176269531, Val Loss: 8.405737686157227, Perplexity: 4472.65673828125
Iter 7500: Train Loss: 7.878979206085205, Val Loss: 8.596681785583495, Perplexity: 5413.6650390625
Iter 7600: Train Loss: 8.041275978088379, Val Loss: 8.687917327880859, Perplexity: 5930.81982421875
Iter 7700: Train Loss: 7.628125190734863, Val Loss: 8.529306411743164, Perplexity: 5060.9345703125
Iter 7800: Train Loss: 7.902714729309082, Val Loss: 8.568489265441894, Perplexity: 5263.17138671875
Iter 7900: Train Loss: 7.206474304199219, Val Loss: 8.516863489151001, Perplexity: 4998.353515625
Iter 8000: Train Loss: 7.2143754959106445, Val Loss: 8.673703575134278, Perplexity: 5847.1123046875
Iter 8100: Train Loss: 7.262849807739258, Val Loss: 8.479476165771484, Perplexity: 4814.92626953125
Iter 8200: Train Loss: 7.126982688903809, Val Loss: 8.633743858337402, Perplexity: 5618.07421875
Iter 8300: Train Loss: 7.135194301605225, Val Loss: 8.703467559814452, Perplexity: 6023.7626953125

Iter 8400: Train Loss: 7.624862194061279, Val Loss: 8.420234489440919, Perplexity: 4537.96826171875
Iter 8500: Train Loss: 7.0738630294799805, Val Loss: 8.552420616149902, Perplexity: 5179.2763671875
Iter 8600: Train Loss: 7.815068244934082, Val Loss: 8.688440704345703, Perplexity: 5933.919921875
Iter 8700: Train Loss: 7.563321113586426, Val Loss: 8.574923419952393, Perplexity: 5297.146484375
Iter 8800: Train Loss: 7.476443767547607, Val Loss: 8.626296997070312, Perplexity: 5576.390625
Iter 8900: Train Loss: 7.41474723815918, Val Loss: 8.656007242202758, Perplexity: 5744.5498046875
Iter 9000: Train Loss: 7.229571342468262, Val Loss: 8.46155662536621, Perplexity: 4729.4130859375
Iter 9100: Train Loss: 7.623249530792236, Val Loss: 8.54764518737793, Perplexity: 5154.60400390625
Iter 9200: Train Loss: 7.398416996002197, Val Loss: 8.442819213867187, Perplexity: 4641.6240234375
Iter 9300: Train Loss: 7.3800249099731445, Val Loss: 8.551599407196045, Perplexity: 5175.025390625
Iter 9400: Train Loss: 7.281251907348633, Val Loss: 8.725024032592774, Perplexity: 6155.02587890625
Iter 9500: Train Loss: 7.479172229766846, Val Loss: 8.344036674499511, Perplexity: 4205.03125
Iter 9600: Train Loss: 7.196023941040039, Val Loss: 8.381991147994995, Perplexity: 4367.6982421875
Iter 9700: Train Loss: 6.974171161651611, Val Loss: 8.447060060501098, Perplexity: 4661.3466796875
Iter 9800: Train Loss: 7.579012393951416, Val Loss: 8.453333377838135, Perplexity: 4690.68017578125
Iter 9900: Train Loss: 7.349210739135742, Val Loss: 8.351354265213013, Perplexity: 4235.9150390625
Iter 10000: Train Loss: 7.212467670440674, Val Loss: 8.273017501831054, Perplexity: 3916.75146484375
Iter 10100: Train Loss: 7.152446746826172, Val Loss: 8.613713645935059, Perplexity: 5506.658203125
Iter 10200: Train Loss: 6.938224792480469, Val Loss: 8.43272624015808, Perplexity: 4595.0087890625
Iter 10300: Train Loss: 7.198220252990723, Val Loss: 8.642040061950684, Perplexity: 5664.8759765625
Iter 10400: Train Loss: 6.9254069328308105, Val Loss: 8.472537565231324, Perplexity: 4781.6357421875
Iter 10500: Train Loss: 6.820319652557373, Val Loss: 8.528284358978272, Perplexity: 5055.76318359375
Iter 10600: Train Loss: 7.253210067749023, Val Loss: 8.678650951385498, Perplexity: 5876.11328125
Iter 10700: Train Loss: 7.154476642608643, Val Loss: 8.610053300857544, Perplexity: 5486.5400390625
Iter 10800: Train Loss: 7.073555946350098, Val Loss: 8.53990125656128, Perplexity: 5114.841796875
Iter 10900: Train Loss: 6.693538188934326, Val Loss: 8.30772886276245, Perplexity: 4055.092529296875
Iter 11000: Train Loss: 6.9345502853393555, Val Loss: 8.29947805404663, Perplexity: 4021.774658203125
Iter 11100: Train Loss: 7.120960712432861, Val Loss: 8.614856290817261, Perplexity: 5512.95849609375

Iter 11200: Train Loss: 6.727230548858643, Val Loss: 8.35361270904541, Perplexity: 4245.49169921875
Iter 11300: Train Loss: 7.084461688995361, Val Loss: 8.536020803451539, Perplexity: 5095.0322265625
Iter 11400: Train Loss: 6.893449783325195, Val Loss: 8.312238359451294, Perplexity: 4073.421875
Iter 11500: Train Loss: 6.4945831298828125, Val Loss: 8.31882472038269, Perplexity: 4100.33837890625
Iter 11600: Train Loss: 6.922843933105469, Val Loss: 8.538263607025147, Perplexity: 5106.46826171875
Iter 11700: Train Loss: 6.885300636291504, Val Loss: 8.450496196746826, Perplexity: 4677.3955078125
Iter 11800: Train Loss: 6.7894415855407715, Val Loss: 8.252469158172607, Perplexity: 3837.088134765625
Iter 11900: Train Loss: 7.040693759918213, Val Loss: 8.583893489837646, Perplexity: 5344.876953125
Iter 12000: Train Loss: 7.3077239990234375, Val Loss: 8.360897636413574, Perplexity: 4276.533203125
Iter 12100: Train Loss: 6.761468887329102, Val Loss: 8.208218908309936, Perplexity: 3670.9970703125
Iter 12200: Train Loss: 6.77651834487915, Val Loss: 8.676151847839355, Perplexity: 5861.44970703125
Iter 12300: Train Loss: 7.127066612243652, Val Loss: 8.481991386413574, Perplexity: 4827.0546875
Iter 12400: Train Loss: 6.953705310821533, Val Loss: 8.468424892425537, Perplexity: 4762.00830078125
Iter 12500: Train Loss: 6.490310192108154, Val Loss: 8.403275966644287, Perplexity: 4461.6611328125
Iter 12600: Train Loss: 7.135915756225586, Val Loss: 8.505485725402831, Perplexity: 4941.80322265625
Iter 12700: Train Loss: 7.173076629638672, Val Loss: 8.343282699584961, Perplexity: 4201.8603515625
Iter 12800: Train Loss: 6.905982494354248, Val Loss: 8.283468103408813, Perplexity: 3957.8974609375
Iter 12900: Train Loss: 7.273064613342285, Val Loss: 8.39940242767334, Perplexity: 4444.4111328125
Iter 13000: Train Loss: 6.831018447875977, Val Loss: 8.522334003448487, Perplexity: 5025.7705078125
Iter 13100: Train Loss: 7.073761940002441, Val Loss: 8.37811312675476, Perplexity: 4350.79052734375
Iter 13200: Train Loss: 7.074235916137695, Val Loss: 8.336101150512695, Perplexity: 4171.79443359375
Iter 13300: Train Loss: 7.1999430656433105, Val Loss: 8.027847051620483, Perplexity: 3065.13623046875
Iter 13400: Train Loss: 6.829394340515137, Val Loss: 8.341161870956421, Perplexity: 4192.9580078125
Iter 13500: Train Loss: 6.938661575317383, Val Loss: 8.321784973144531, Perplexity: 4112.494140625
Iter 13600: Train Loss: 6.189153671264648, Val Loss: 8.598086595535278, Perplexity: 5421.275390625
Iter 13700: Train Loss: 6.678180694580078, Val Loss: 8.607290887832642, Perplexity: 5471.40771484375
Iter 13800: Train Loss: 6.62846040725708, Val Loss: 8.429604864120483, Perplexity: 4580.68798828125
Iter 13900: Train Loss: 7.0779523849487305, Val Loss: 8.245500802993774, Perplexity: 3810.4423828125

Iter 14000: Train Loss: 6.794573783874512, Val Loss: 8.150212717056274, Perplexity: 3464.1142578125
Iter 14100: Train Loss: 6.8464035987854, Val Loss: 8.37751054763794, Perplexity: 4348.1689453125
Iter 14200: Train Loss: 6.610023498535156, Val Loss: 8.517300033569336, Perplexity: 5000.5322265625
Iter 14300: Train Loss: 6.676652431488037, Val Loss: 8.143514680862427, Perplexity: 3440.990478515625
Iter 14400: Train Loss: 6.319081783294678, Val Loss: 7.9436479091644285, Perplexity: 2817.6201171875
Iter 14500: Train Loss: 6.058321475982666, Val Loss: 8.451723575592041, Perplexity: 4683.13525390625
Iter 14600: Train Loss: 6.937922954559326, Val Loss: 8.124416208267212, Perplexity: 3375.89697265625
Iter 14700: Train Loss: 6.187654495239258, Val Loss: 8.228007698059082, Perplexity: 3744.364990234375
Iter 14800: Train Loss: 6.878389358520508, Val Loss: 8.398024892807006, Perplexity: 4438.29052734375
Iter 14900: Train Loss: 6.9834465980529785, Val Loss: 8.284647989273072, Perplexity: 3962.5693359375
Iter 15000: Train Loss: 6.9542317390441895, Val Loss: 8.282400321960449, Perplexity: 3953.67236328125
Iter 15100: Train Loss: 7.030932903289795, Val Loss: 8.270239448547363, Perplexity: 3905.8857421875
Iter 15200: Train Loss: 6.167305946350098, Val Loss: 8.396097087860108, Perplexity: 4429.74462890625
Iter 15300: Train Loss: 6.117934703826904, Val Loss: 8.541225957870484, Perplexity: 5121.62158203125
Iter 15400: Train Loss: 6.47988748550415, Val Loss: 8.012691879272461, Perplexity: 3019.031982421875
Iter 15500: Train Loss: 5.859280109405518, Val Loss: 7.990841436386108, Perplexity: 2953.78125
Iter 15600: Train Loss: 6.088207244873047, Val Loss: 8.300572204589844, Perplexity: 4026.17626953125
Iter 15700: Train Loss: 6.670712471008301, Val Loss: 8.446513175964355, Perplexity: 4658.7998046875
Iter 15800: Train Loss: 6.655412197113037, Val Loss: 8.34306468963623, Perplexity: 4200.94287109375
Iter 15900: Train Loss: 6.538963317871094, Val Loss: 8.11599555015564, Perplexity: 3347.588134765625
Iter 16000: Train Loss: 6.195339679718018, Val Loss: 8.184478521347046, Perplexity: 3584.87451171875
Iter 16100: Train Loss: 6.704959869384766, Val Loss: 8.096557188034058, Perplexity: 3283.146728515625
Iter 16200: Train Loss: 5.839090824127197, Val Loss: 8.346350574493409, Perplexity: 4214.771484375
Iter 16300: Train Loss: 6.454843044281006, Val Loss: 8.112228870391846, Perplexity: 3335.00146484375
Iter 16400: Train Loss: 6.269073486328125, Val Loss: 8.259667158126831, Perplexity: 3864.808349609375
Iter 16500: Train Loss: 5.9890055656433105, Val Loss: 8.336123991012574, Perplexity: 4171.8896484375
Iter 16600: Train Loss: 6.411935806274414, Val Loss: 8.332815504074096, Perplexity: 4158.10693359375
Iter 16700: Train Loss: 6.395906448364258, Val Loss: 8.541317415237426, Perplexity: 5122.08544921875

Iter 16800: Train Loss: 6.4114885330200195, Val Loss: 8.1344735622406, Perplexity: 3410.021240234375
Iter 16900: Train Loss: 6.646976947784424, Val Loss: 8.391004514694213, Perplexity: 4407.24267578125
Iter 17000: Train Loss: 7.3567214012146, Val Loss: 8.377719354629516, Perplexity: 4349.0771484375
Iter 17100: Train Loss: 6.425864219665527, Val Loss: 8.286406230926513, Perplexity: 3969.5439453125
Iter 17200: Train Loss: 5.967718124389648, Val Loss: 8.210352230072022, Perplexity: 3678.8369140625
Iter 17300: Train Loss: 6.080231666564941, Val Loss: 8.046425151824952, Perplexity: 3122.611328125
Iter 17400: Train Loss: 6.270035743713379, Val Loss: 8.24092502593994, Perplexity: 3793.046630859375
Iter 17500: Train Loss: 6.2824273109436035, Val Loss: 8.056940174102783, Perplexity: 3155.619384765625
Iter 17600: Train Loss: 6.279972553253174, Val Loss: 8.053655433654786, Perplexity: 3145.27197265625
Iter 17700: Train Loss: 6.0634307861328125, Val Loss: 7.994126987457276, Perplexity: 2963.50146484375
Iter 17800: Train Loss: 5.731417655944824, Val Loss: 8.344246244430542, Perplexity: 4205.90966796875
Iter 17900: Train Loss: 7.222808361053467, Val Loss: 8.42067747116089, Perplexity: 4539.97705078125
Iter 18000: Train Loss: 6.275979042053223, Val Loss: 8.11298713684082, Perplexity: 3337.5341796875
Iter 18100: Train Loss: 6.578348159790039, Val Loss: 8.711894226074218, Perplexity: 6074.7373046875
Iter 18200: Train Loss: 6.375805377960205, Val Loss: 8.081937026977538, Perplexity: 3235.493896484375
Iter 18300: Train Loss: 6.088926792144775, Val Loss: 8.562758874893188, Perplexity: 5233.0966796875
Iter 18400: Train Loss: 6.564943313598633, Val Loss: 7.862917375564575, Perplexity: 2599.092041015625
Iter 18500: Train Loss: 5.97673225402832, Val Loss: 7.807787084579468, Perplexity: 2459.680908203125
Iter 18600: Train Loss: 5.9705023765563965, Val Loss: 8.51350531578064, Perplexity: 4981.5927734375
Iter 18700: Train Loss: 5.816251277923584, Val Loss: 7.8387657642364506, Perplexity: 2537.0712890625
Iter 18800: Train Loss: 6.461530685424805, Val Loss: 8.238112306594848, Perplexity: 3782.39404296875
Iter 18900: Train Loss: 6.102135181427002, Val Loss: 8.44997262954712, Perplexity: 4674.9423828125
Iter 19000: Train Loss: 6.493733882904053, Val Loss: 8.1041344165802, Perplexity: 3308.117431640625
Iter 19100: Train Loss: 6.529318332672119, Val Loss: 8.522736644744873, Perplexity: 5027.7939453125
Iter 19200: Train Loss: 6.466599464416504, Val Loss: 8.49027123451233, Perplexity: 4867.1875
Iter 19300: Train Loss: 5.559206485748291, Val Loss: 8.154307460784912, Perplexity: 3478.329345703125
Iter 19400: Train Loss: 5.629019260406494, Val Loss: 8.263213157653809, Perplexity: 3878.536376953125
Iter 19500: Train Loss: 5.5760817527771, Val Loss: 8.576184463500976, Perplexity: 5303.8291015625

Iter 19600: Train Loss: 5.939868450164795, Val Loss: 8.345780944824218, Perplexity: 4212.37255859375
Iter 19700: Train Loss: 5.836277961730957, Val Loss: 8.368124961853027, Perplexity: 4307.5517578125
Iter 19800: Train Loss: 6.144209861755371, Val Loss: 8.094852638244628, Perplexity: 3277.55322265625
Iter 19900: Train Loss: 6.46004581451416, Val Loss: 8.055515575408936, Perplexity: 3151.12646484375
Iter 20000: Train Loss: 6.201537609100342, Val Loss: 7.786768198013306, Perplexity: 2408.5205078125
Iter 20100: Train Loss: 5.870502471923828, Val Loss: 8.317865228652954, Perplexity: 4096.40625
Iter 20200: Train Loss: 6.3742194175720215, Val Loss: 8.410928440093993, Perplexity: 4495.93408203125
Iter 20300: Train Loss: 5.971697807312012, Val Loss: 8.07323498725891, Perplexity: 3207.459716796875
Iter 20400: Train Loss: 6.318962097167969, Val Loss: 8.50931749343872, Perplexity: 4960.77587890625
Iter 20500: Train Loss: 6.33452844619751, Val Loss: 8.07256178855896, Perplexity: 3205.303955078125
Iter 20600: Train Loss: 5.448797225952148, Val Loss: 8.124549150466919, Perplexity: 3376.344482421875
Iter 20700: Train Loss: 6.084233283996582, Val Loss: 8.213776969909668, Perplexity: 3691.457275390625
Iter 20800: Train Loss: 6.005957126617432, Val Loss: 8.272809743881226, Perplexity: 3915.937255859375
Iter 20900: Train Loss: 5.89024019241333, Val Loss: 8.212193632125855, Perplexity: 3685.617919921875
Iter 21000: Train Loss: 5.949437141418457, Val Loss: 8.133904933929443, Perplexity: 3408.08349609375
Iter 21100: Train Loss: 5.307497501373291, Val Loss: 8.281845188140869, Perplexity: 3951.478515625
Iter 21200: Train Loss: 6.131709575653076, Val Loss: 8.091343450546265, Perplexity: 3266.07373046875
Iter 21300: Train Loss: 5.67853307723999, Val Loss: 8.09637656211853, Perplexity: 3282.552001953125
Iter 21400: Train Loss: 5.886162281036377, Val Loss: 8.144245290756226, Perplexity: 3443.505126953125
Iter 21500: Train Loss: 5.291015625, Val Loss: 8.166990804672242, Perplexity: 3522.72900390625
Iter 21600: Train Loss: 5.314168453216553, Val Loss: 7.915168237686157, Perplexity: 2738.50732421875
Iter 21700: Train Loss: 5.724362373352051, Val Loss: 7.944226551055908, Perplexity: 2819.251708984375
Iter 21800: Train Loss: 5.799023628234863, Val Loss: 8.383713102340698, Perplexity: 4375.22314453125
Iter 21900: Train Loss: 5.603316307067871, Val Loss: 8.438985633850098, Perplexity: 4623.86328125
Iter 22000: Train Loss: 5.387211799621582, Val Loss: 8.335861730575562, Perplexity: 4170.7958984375
Iter 22100: Train Loss: 5.363917827606201, Val Loss: 8.335800170898438, Perplexity: 4170.53759765625
Iter 22200: Train Loss: 6.42673397064209, Val Loss: 8.151258897781371, Perplexity: 3467.740478515625
Iter 22300: Train Loss: 5.649681568145752, Val Loss: 8.43928165435791, Perplexity: 4625.23046875

Iter 22400: Train Loss: 5.0965657234191895, Val Loss: 8.19297547340393, Perplexity: 3615.46240234375
Iter 22500: Train Loss: 5.472286701202393, Val Loss: 8.140086889266968, Perplexity: 3429.216552734375
Iter 22600: Train Loss: 5.761991500854492, Val Loss: 8.130052947998047, Perplexity: 3394.97802734375
Iter 22700: Train Loss: 6.170460224151611, Val Loss: 7.88134765625, Perplexity: 2647.43798828125
Iter 22800: Train Loss: 5.762228965759277, Val Loss: 7.733625316619873, Perplexity: 2283.8671875
Iter 22900: Train Loss: 5.848045825958252, Val Loss: 8.544314813613891, Perplexity: 5137.46142578125
Iter 23000: Train Loss: 5.108771800994873, Val Loss: 8.288735818862914, Perplexity: 3978.79931640625
Iter 23100: Train Loss: 5.133472919464111, Val Loss: 8.24294958114624, Perplexity: 3800.73388671875
Iter 23200: Train Loss: 5.3628010749816895, Val Loss: 8.064289569854736, Perplexity: 3178.8955078125
Iter 23300: Train Loss: 4.960840702056885, Val Loss: 7.881995916366577, Perplexity: 2649.155517578125
Iter 23400: Train Loss: 5.773954391479492, Val Loss: 8.368722438812256, Perplexity: 4310.1279296875
Iter 23500: Train Loss: 5.330451965332031, Val Loss: 8.360094881057739, Perplexity: 4273.1005859375
Iter 23600: Train Loss: 5.235383987426758, Val Loss: 8.296656703948974, Perplexity: 4010.44140625
Iter 23700: Train Loss: 5.0253071784973145, Val Loss: 8.343168020248413, Perplexity: 4201.3798828125
Iter 23800: Train Loss: 5.829017639160156, Val Loss: 7.674190855026245, Perplexity: 2152.08203125
Iter 23900: Train Loss: 4.633498191833496, Val Loss: 7.946131181716919, Perplexity: 2824.6259765625
Iter 24000: Train Loss: 5.81925630569458, Val Loss: 8.52808780670166, Perplexity: 5054.77001953125
Iter 24100: Train Loss: 5.480669021606445, Val Loss: 8.251367282867431, Perplexity: 3832.864013671875
Iter 24200: Train Loss: 5.197171688079834, Val Loss: 8.54240312576294, Perplexity: 5127.65234375
Iter 24300: Train Loss: 5.330354690551758, Val Loss: 7.8369951248168945, Perplexity: 2532.583251953125
Iter 24400: Train Loss: 5.2447710037231445, Val Loss: 7.945855283737183, Perplexity: 2823.84619140625
Iter 24500: Train Loss: 5.780154705047607, Val Loss: 7.877133846282959, Perplexity: 2636.3056640625
Iter 24600: Train Loss: 5.327530860900879, Val Loss: 8.06071333885193, Perplexity: 3167.55029296875
Iter 24700: Train Loss: 5.479480266571045, Val Loss: 8.3562331199646, Perplexity: 4256.63232421875
Iter 24800: Train Loss: 4.945707321166992, Val Loss: 8.282042741775513, Perplexity: 3952.258544921875
Iter 24900: Train Loss: 6.097365379333496, Val Loss: 8.44099955558777, Perplexity: 4633.185546875
Iter 25000: Train Loss: 5.418760299682617, Val Loss: 8.497402000427247, Perplexity: 4902.017578125
Iter 25100: Train Loss: 5.68727970123291, Val Loss: 8.145273351669312, Perplexity: 3447.047119140625

Iter 25200: Train Loss: 4.910886764526367, Val Loss: 8.46977276802063, Perplexity: 4768.4296875
Iter 25300: Train Loss: 5.4293293952941895, Val Loss: 8.26417589187622, Perplexity: 3882.2705078125
Iter 25400: Train Loss: 5.870944023132324, Val Loss: 8.19277744293213, Perplexity: 3614.748779296875
Iter 25500: Train Loss: 5.162507057189941, Val Loss: 8.135691261291504, Perplexity: 3414.1767578125
Iter 25600: Train Loss: 5.263763904571533, Val Loss: 8.352777194976806, Perplexity: 4241.9462890625
Iter 25700: Train Loss: 5.016026973724365, Val Loss: 7.9860118389129635, Perplexity: 2939.550537109375
Iter 25800: Train Loss: 5.195372104644775, Val Loss: 7.802830839157105, Perplexity: 2447.520263671875
Iter 25900: Train Loss: 4.679737091064453, Val Loss: 7.8230808734893795, Perplexity: 2497.588623046875
Iter 26000: Train Loss: 5.489524841308594, Val Loss: 8.40218448638916, Perplexity: 4456.7919921875
Iter 26100: Train Loss: 5.648231506347656, Val Loss: 7.7086992263793945, Perplexity: 2227.642822265625
Iter 26200: Train Loss: 4.838380336761475, Val Loss: 8.386423683166504, Perplexity: 4387.1015625
Iter 26300: Train Loss: 5.223607063293457, Val Loss: 8.411126756668091, Perplexity: 4496.826171875
Iter 26400: Train Loss: 5.4968743324279785, Val Loss: 8.123213577270509, Perplexity: 3371.839599609375
Iter 26500: Train Loss: 4.892446517944336, Val Loss: 8.360309553146362, Perplexity: 4274.017578125
Iter 26600: Train Loss: 5.284241676330566, Val Loss: 7.94372787475586, Perplexity: 2817.845703125
Iter 26700: Train Loss: 5.3470354080200195, Val Loss: 7.828950309753418, Perplexity: 2512.291015625
Iter 26800: Train Loss: 5.3532819747924805, Val Loss: 8.274781799316406, Perplexity: 3923.66796875
Iter 26900: Train Loss: 5.180862903594971, Val Loss: 8.580870389938354, Perplexity: 5328.74267578125
Iter 27000: Train Loss: 5.4222211837768555, Val Loss: 8.005412006378174, Perplexity: 2997.135009765625
Iter 27100: Train Loss: 4.768431186676025, Val Loss: 8.418659019470216, Perplexity: 4530.82470703125
Iter 27200: Train Loss: 5.611263751983643, Val Loss: 7.797500133514404, Perplexity: 2434.50830078125
Iter 27300: Train Loss: 4.626148700714111, Val Loss: 8.22259063720703, Perplexity: 3724.136962890625
Iter 27400: Train Loss: 5.071105003356934, Val Loss: 8.27405686378479, Perplexity: 3920.8212890625
Iter 27500: Train Loss: 5.023900508880615, Val Loss: 8.549626016616822, Perplexity: 5164.82421875
Iter 27600: Train Loss: 4.998416423797607, Val Loss: 8.50715274810791, Perplexity: 4950.0478515625
Iter 27700: Train Loss: 5.487971305847168, Val Loss: 8.019898319244385, Perplexity: 3040.868408203125
Iter 27800: Train Loss: 5.293899059295654, Val Loss: 7.987986660003662, Perplexity: 2945.360595703125
Iter 27900: Train Loss: 5.654220104217529, Val Loss: 8.641968154907227, Perplexity: 5664.46533203125

Iter 28000: Train Loss: 5.25406551361084, Val Loss: 8.123408937454224, Perplexity: 3
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Iter 28100: Train Loss: 5.307443618774414, Val Loss: 8.283902215957642, Perplexity:
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Iter 28200: Train Loss: 5.028659343719482, Val Loss: 8.19303879737854, Perplexity: 3
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Iter 28300: Train Loss: 4.726645469665527, Val Loss: 7.918453645706177, Perplexity:
2747.519287109375
Iter 28400: Train Loss: 5.006438255310059, Val Loss: 8.160801315307618, Perplexity:
3500.989501953125
Iter 28500: Train Loss: 4.780760765075684, Val Loss: 7.789590311050415, Perplexity:
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Iter 28600: Train Loss: 5.410684585571289, Val Loss: 8.372489595413208, Perplexity:
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Iter 28700: Train Loss: 5.30116605758667, Val Loss: 7.879930257797241, Perplexity: 2
643.688720703125
Iter 28800: Train Loss: 4.877967357635498, Val Loss: 7.222643184661865, Perplexity:
1370.10595703125
Iter 28900: Train Loss: 5.224498271942139, Val Loss: 7.747927188873291, Perplexity:
2316.76513671875
Iter 29000: Train Loss: 4.902550220489502, Val Loss: 7.823620319366455, Perplexity:
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Iter 29100: Train Loss: 5.484464645385742, Val Loss: 8.302954149246215, Perplexity:
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Iter 29200: Train Loss: 4.946033954620361, Val Loss: 8.10860185623169, Perplexity: 3
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Iter 29300: Train Loss: 6.079897403717041, Val Loss: 8.244202995300293, Perplexity:
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Iter 29400: Train Loss: 5.557584285736084, Val Loss: 8.620879077911377, Perplexity:
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Iter 29500: Train Loss: 4.96009635925293, Val Loss: 8.371073865890503, Perplexity: 4
320.2724609375
Iter 29600: Train Loss: 5.648303508758545, Val Loss: 7.951303577423095, Perplexity:
2839.2734375
Iter 29700: Train Loss: 4.981513977050781, Val Loss: 8.277309846878051, Perplexity:
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Iter 29800: Train Loss: 4.877347946166992, Val Loss: 8.263727903366089, Perplexity:
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Iter 29900: Train Loss: 4.872282028198242, Val Loss: 8.790590476989745, Perplexity:
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Iter 30000: Train Loss: 5.075291633605957, Val Loss: 8.593719673156738, Perplexity:
5397.65283203125
Iter 30100: Train Loss: 5.088810443878174, Val Loss: 7.824074935913086, Perplexity:
2500.07177734375
Iter 30200: Train Loss: 5.611588478088379, Val Loss: 8.094302749633789, Perplexity:
3275.753173828125
Iter 30300: Train Loss: 5.1246418952941895, Val Loss: 7.727810335159302, Perplexity:
2270.625
Iter 30400: Train Loss: 5.369548797607422, Val Loss: 8.165553617477418, Perplexity:
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Iter 30500: Train Loss: 5.637306213378906, Val Loss: 8.445207548141479, Perplexity:
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Iter 30600: Train Loss: 5.3994526863098145, Val Loss: 7.929856586456299, Perplexity:
2779.02880859375
Iter 30700: Train Loss: 5.6534743309021, Val Loss: 8.535349225997924, Perplexity: 50
91.607421875

Iter 30800: Train Loss: 4.911489486694336, Val Loss: 8.461504220962524, Perplexity: 4729.1650390625
Iter 30900: Train Loss: 5.418122291564941, Val Loss: 8.019454717636108, Perplexity: 3039.520263671875
Iter 31000: Train Loss: 5.350401401519775, Val Loss: 8.617075538635254, Perplexity: 5525.20654296875
Iter 31100: Train Loss: 5.438894271850586, Val Loss: 8.486401987075805, Perplexity: 4848.38818359375
Iter 31200: Train Loss: 5.513768196105957, Val Loss: 7.840663719177246, Perplexity: 2541.891845703125
Iter 31300: Train Loss: 4.5658488273620605, Val Loss: 8.247432518005372, Perplexity: 3817.811767578125
Iter 31400: Train Loss: 4.9487199783325195, Val Loss: 7.9654277801513675, Perplexity: 2879.6611328125
Iter 31500: Train Loss: 4.724363803863525, Val Loss: 7.8987020492553714, Perplexity: 2693.783935546875
Iter 31600: Train Loss: 4.834268093109131, Val Loss: 8.207431554794312, Perplexity: 3668.10986328125
Iter 31700: Train Loss: 4.5945281982421875, Val Loss: 8.635132646560669, Perplexity: 5625.880859375
Iter 31800: Train Loss: 4.925052642822266, Val Loss: 7.915819072723389, Perplexity: 2740.290283203125
Iter 31900: Train Loss: 4.640857696533203, Val Loss: 8.499799585342407, Perplexity: 4913.78466796875
Iter 32000: Train Loss: 4.647361755371094, Val Loss: 8.573423957824707, Perplexity: 5289.2109375
Iter 32100: Train Loss: 5.149064064025879, Val Loss: 8.277924633026123, Perplexity: 3936.016845703125
Iter 32200: Train Loss: 5.33286190032959, Val Loss: 8.152666282653808, Perplexity: 3472.625
Iter 32300: Train Loss: 5.4302496910095215, Val Loss: 8.105639600753785, Perplexity: 3313.099609375
Iter 32400: Train Loss: 4.164093017578125, Val Loss: 8.035654592514039, Perplexity: 3089.16162109375
Iter 32500: Train Loss: 4.841243267059326, Val Loss: 8.553771018981934, Perplexity: 5186.275390625
Iter 32600: Train Loss: 4.502363681793213, Val Loss: 8.050349712371826, Perplexity: 3134.892578125
Iter 32700: Train Loss: 5.158524036407471, Val Loss: 8.941189289093018, Perplexity: 7640.2744140625
Iter 32800: Train Loss: 4.958674907684326, Val Loss: 7.740433597564698, Perplexity: 2299.469482421875
Iter 32900: Train Loss: 4.564140796661377, Val Loss: 8.486394023895263, Perplexity: 4848.35107421875
Iter 33000: Train Loss: 4.921245098114014, Val Loss: 8.571526861190796, Perplexity: 5279.1826171875
Iter 33100: Train Loss: 5.240611553192139, Val Loss: 8.378242492675781, Perplexity: 4351.3544921875
Iter 33200: Train Loss: 4.5910468101501465, Val Loss: 8.359053802490234, Perplexity: 4268.65283203125
Iter 33300: Train Loss: 5.091840744018555, Val Loss: 8.765763092041016, Perplexity: 6410.95361328125
Iter 33400: Train Loss: 4.455194473266602, Val Loss: 7.972238206863404, Perplexity: 2899.339111328125
Iter 33500: Train Loss: 4.4115447998046875, Val Loss: 8.59154987335205, Perplexity: 5385.95458984375

Iter 33600: Train Loss: 5.199991226196289, Val Loss: 8.655084419250489, Perplexity: 5739.25439453125
Iter 33700: Train Loss: 4.657336235046387, Val Loss: 8.401648569107056, Perplexity: 4454.40380859375
Iter 33800: Train Loss: 4.4430341720581055, Val Loss: 8.741982173919677, Perplexity: 6260.29443359375
Iter 33900: Train Loss: 5.002640247344971, Val Loss: 8.390549087524414, Perplexity: 4405.234375
Iter 34000: Train Loss: 4.73427677154541, Val Loss: 8.415762996673584, Perplexity: 4517.720703125
Iter 34100: Train Loss: 3.718118906021118, Val Loss: 8.47559838294983, Perplexity: 4796.29150390625
Iter 34200: Train Loss: 4.162990093231201, Val Loss: 7.599124145507813, Perplexity: 1996.4461669921875
Iter 34300: Train Loss: 4.984934329986572, Val Loss: 8.74199562072754, Perplexity: 6260.3779296875
Iter 34400: Train Loss: 4.794018268585205, Val Loss: 8.552148675918579, Perplexity: 5177.86865234375
Iter 34500: Train Loss: 5.413303375244141, Val Loss: 8.685862350463868, Perplexity: 5918.6435546875
Iter 34600: Train Loss: 4.702842712402344, Val Loss: 8.1925377368927, Perplexity: 3613.880126953125
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Iter 34900: Train Loss: 4.256330966949463, Val Loss: 8.50492720603943, Perplexity: 4939.046875
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Iter 35100: Train Loss: 4.527344703674316, Val Loss: 7.960541009902954, Perplexity: 2865.6220703125
Iter 35200: Train Loss: 4.41459846496582, Val Loss: 8.299973011016846, Perplexity: 4023.761962890625
Iter 35300: Train Loss: 3.869136333465576, Val Loss: 8.556262683868407, Perplexity: 5199.21533203125
Iter 35400: Train Loss: 4.070570468902588, Val Loss: 8.468338537216187, Perplexity: 4761.599609375
Iter 35500: Train Loss: 5.063238143920898, Val Loss: 7.678037071228028, Perplexity: 2160.375244140625
Iter 35600: Train Loss: 4.9297590255737305, Val Loss: 8.330813074111939, Perplexity: 4149.79150390625
Iter 35700: Train Loss: 4.333474159240723, Val Loss: 8.48181676864624, Perplexity: 4826.21240234375
Iter 35800: Train Loss: 5.1399054527282715, Val Loss: 7.865205478668213, Perplexity: 2605.045166015625
Iter 35900: Train Loss: 4.46718692779541, Val Loss: 8.736554288864136, Perplexity: 6226.4033203125
Iter 36000: Train Loss: 4.8959059715271, Val Loss: 8.4328453540802, Perplexity: 4595.556640625
Iter 36100: Train Loss: 4.223934173583984, Val Loss: 8.239435148239135, Perplexity: 3787.400634765625
Iter 36200: Train Loss: 4.186808109283447, Val Loss: 8.345534801483154, Perplexity: 4211.33642578125
Iter 36300: Train Loss: 5.015831470489502, Val Loss: 8.200680446624755, Perplexity: 3643.4296875

Iter 36400: Train Loss: 4.574900150299072, Val Loss: 8.26794900894165, Perplexity: 3896.948486328125
Iter 36500: Train Loss: 4.519453525543213, Val Loss: 8.443387317657471, Perplexity: 4644.2587890625
Iter 36600: Train Loss: 3.783630609512329, Val Loss: 7.649328517913818, Perplexity: 2099.23583984375
Iter 36700: Train Loss: 4.07191801071167, Val Loss: 8.641758632659911, Perplexity: 5663.282265625
Iter 36800: Train Loss: 4.055008888244629, Val Loss: 8.014925479888916, Perplexity: 3025.782470703125
Iter 36900: Train Loss: 4.252340793609619, Val Loss: 7.9785689353942875, Perplexity: 2917.7529296875
Iter 37000: Train Loss: 4.394751071929932, Val Loss: 8.264997816085815, Perplexity: 3885.463134765625
Iter 37100: Train Loss: 4.531160831451416, Val Loss: 7.614247131347656, Perplexity: 2026.86865234375
Iter 37200: Train Loss: 4.371635437011719, Val Loss: 8.853254985809325, Perplexity: 6997.12939453125
Iter 37300: Train Loss: 4.394067287445068, Val Loss: 8.156048059463501, Perplexity: 3484.388427734375
Iter 37400: Train Loss: 4.277338981628418, Val Loss: 8.237767839431763, Perplexity: 3781.092041015625
Iter 37500: Train Loss: 4.970856666564941, Val Loss: 7.778204822540284, Perplexity: 2387.984375
Iter 37600: Train Loss: 4.288611888885498, Val Loss: 7.850267362594605, Perplexity: 2566.42041015625
Iter 37700: Train Loss: 4.762265682220459, Val Loss: 8.406778383255006, Perplexity: 4477.31298828125
Iter 37800: Train Loss: 4.599963188171387, Val Loss: 8.48803677558899, Perplexity: 4856.32421875
Iter 37900: Train Loss: 4.010087013244629, Val Loss: 8.6610267162323, Perplexity: 5773.46044921875
Iter 38000: Train Loss: 4.559566974639893, Val Loss: 8.510564374923707, Perplexity: 4966.9677734375
Iter 38100: Train Loss: 4.300285816192627, Val Loss: 7.512241077423096, Perplexity: 1830.3104248046875
Iter 38200: Train Loss: 4.557117462158203, Val Loss: 8.584106349945069, Perplexity: 5346.013671875
Iter 38300: Train Loss: 4.433706760406494, Val Loss: 8.213311576843262, Perplexity: 3689.73974609375
Iter 38400: Train Loss: 4.545937538146973, Val Loss: 7.901869058609009, Perplexity: 2702.327880859375
Iter 38500: Train Loss: 4.666486740112305, Val Loss: 8.9262770652771, Perplexity: 7527.1904296875
Iter 38600: Train Loss: 4.687058925628662, Val Loss: 8.746900272369384, Perplexity: 6291.15869140625
Iter 38700: Train Loss: 4.252808094024658, Val Loss: 7.974692058563233, Perplexity: 2906.462158203125
Iter 38800: Train Loss: 4.473660945892334, Val Loss: 8.201452732086182, Perplexity: 3646.24169921875
Iter 38900: Train Loss: 4.298240661621094, Val Loss: 8.255900859832764, Perplexity: 3850.28076171875
Iter 39000: Train Loss: 4.3790388107299805, Val Loss: 8.664554548263549, Perplexity: 5793.86328125
Iter 39100: Train Loss: 4.15483283996582, Val Loss: 8.413032245635986, Perplexity: 4505.40283203125

Iter 39200: Train Loss: 4.741518497467041, Val Loss: 8.04927749633789, Perplexity: 3131.531005859375
Iter 39300: Train Loss: 4.1377058029174805, Val Loss: 7.826675987243652, Perplexity: 2506.583251953125
Iter 39400: Train Loss: 4.915926933288574, Val Loss: 7.718920087814331, Perplexity: 2250.5283203125
Iter 39500: Train Loss: 4.460574626922607, Val Loss: 7.696664810180664, Perplexity: 2200.9951171875
Iter 39600: Train Loss: 4.492786884307861, Val Loss: 8.369095706939698, Perplexity: 4311.73583984375
Iter 39700: Train Loss: 4.165548801422119, Val Loss: 7.405646228790284, Perplexity: 1645.247802734375
Iter 39800: Train Loss: 3.970822811126709, Val Loss: 8.080324459075928, Perplexity: 3230.2802734375
Iter 39900: Train Loss: 4.518284797668457, Val Loss: 8.39417324066162, Perplexity: 4421.23193359375
Iter 40000: Train Loss: 4.002918720245361, Val Loss: 8.421449422836304, Perplexity: 4543.4853515625
Iter 40100: Train Loss: 4.43755578994751, Val Loss: 8.272066164016724, Perplexity: 3913.025390625
Iter 40200: Train Loss: 4.333288192749023, Val Loss: 8.698092365264893, Perplexity: 5991.47216796875
Iter 40300: Train Loss: 4.124134063720703, Val Loss: 8.364731884002685, Perplexity: 4292.9599609375
Iter 40400: Train Loss: 4.537322044372559, Val Loss: 8.279178428649903, Perplexity: 3940.9560546875
Iter 40500: Train Loss: 4.561492919921875, Val Loss: 8.260638761520386, Perplexity: 3868.566162109375
Iter 40600: Train Loss: 4.683770179748535, Val Loss: 8.345237684249877, Perplexity: 4210.08349609375
Iter 40700: Train Loss: 4.31981086730957, Val Loss: 8.438554573059083, Perplexity: 4621.87060546875
Iter 40800: Train Loss: 3.8867838382720947, Val Loss: 8.410694456100464, Perplexity: 4494.87939453125
Iter 40900: Train Loss: 4.16445255279541, Val Loss: 8.058087062835693, Perplexity: 3159.241943359375
Iter 41000: Train Loss: 4.312343597412109, Val Loss: 8.216989898681641, Perplexity: 3703.336669921875
Iter 41100: Train Loss: 4.341202259063721, Val Loss: 8.60528621673584, Perplexity: 5460.45068359375
Iter 41200: Train Loss: 4.440911769866943, Val Loss: 8.14759349822998, Perplexity: 3455.054443359375
Iter 41300: Train Loss: 3.4192545413970947, Val Loss: 8.032955360412597, Perplexity: 3080.83251953125
Iter 41400: Train Loss: 4.628058910369873, Val Loss: 7.9105933666229244, Perplexity: 2726.0078125
Iter 41500: Train Loss: 3.6392626762390137, Val Loss: 8.294676351547242, Perplexity: 4002.50927734375
Iter 41600: Train Loss: 4.480713844299316, Val Loss: 8.029833841323853, Perplexity: 3071.231201171875
Iter 41700: Train Loss: 4.25606107711792, Val Loss: 8.627908086776733, Perplexity: 5585.3798828125
Iter 41800: Train Loss: 4.2564263343811035, Val Loss: 8.090539026260377, Perplexity: 3263.446044921875
Iter 41900: Train Loss: 4.104266166687012, Val Loss: 8.537037897109986, Perplexity: 5100.21435546875

Iter 42000: Train Loss: 4.099491596221924, Val Loss: 8.177450275421142, Perplexity: 3559.766357421875
Iter 42100: Train Loss: 4.3735246658325195, Val Loss: 8.329829263687134, Perplexity: 4145.70947265625
Iter 42200: Train Loss: 4.844183444976807, Val Loss: 7.19330358505249, Perplexity: 1330.4913330078125
Iter 42300: Train Loss: 4.040449619293213, Val Loss: 8.629020738601685, Perplexity: 5591.599609375
Iter 42400: Train Loss: 4.18290376663208, Val Loss: 8.655302953720092, Perplexity: 5740.50830078125
Iter 42500: Train Loss: 4.236252307891846, Val Loss: 8.096445178985595, Perplexity: 3282.77734375
Iter 42600: Train Loss: 4.625898838043213, Val Loss: 7.728455710411072, Perplexity: 2272.09033203125
Iter 42700: Train Loss: 4.426878929138184, Val Loss: 8.465137624740601, Perplexity: 4746.3798828125
Iter 42800: Train Loss: 4.012906074523926, Val Loss: 8.741780471801757, Perplexity: 6259.02880859375
Iter 42900: Train Loss: 4.905266761779785, Val Loss: 8.137839317321777, Perplexity: 3421.51708984375
Iter 43000: Train Loss: 4.803122043609619, Val Loss: 8.224019956588744, Perplexity: 3729.46484375
Iter 43100: Train Loss: 4.321024417877197, Val Loss: 8.479967975616455, Perplexity: 4817.2958984375
Iter 43200: Train Loss: 4.449227809906006, Val Loss: 8.391867113113403, Perplexity: 4411.0439453125
Iter 43300: Train Loss: 4.156835079193115, Val Loss: 8.607044315338134, Perplexity: 5470.056640625
Iter 43400: Train Loss: 4.414766788482666, Val Loss: 8.288803148269654, Perplexity: 3979.06884765625
Iter 43500: Train Loss: 4.5534348487854, Val Loss: 8.351328468322754, Perplexity: 4235.8056640625
Iter 43600: Train Loss: 4.429368495941162, Val Loss: 8.02024965286255, Perplexity: 3041.935791015625
Iter 43700: Train Loss: 4.587390422821045, Val Loss: 7.624530625343323, Perplexity: 2047.8193359375
Iter 43800: Train Loss: 4.184404373168945, Val Loss: 8.353862380981445, Perplexity: 4246.552734375
Iter 43900: Train Loss: 3.7424044609069824, Val Loss: 8.280395603179931, Perplexity: 3945.754638671875
Iter 44000: Train Loss: 3.4170103073120117, Val Loss: 8.993206453323364, Perplexity: 8048.21826171875
Iter 44100: Train Loss: 4.377309799194336, Val Loss: 8.425783061981202, Perplexity: 4563.21728515625
Iter 44200: Train Loss: 3.642146587371826, Val Loss: 7.923823547363281, Perplexity: 2762.312255859375
Iter 44300: Train Loss: 3.9647536277770996, Val Loss: 8.7010488986969, Perplexity: 6009.2119140625
Iter 44400: Train Loss: 4.391260147094727, Val Loss: 8.29209246635437, Perplexity: 3992.178466796875
Iter 44500: Train Loss: 4.022271156311035, Val Loss: 7.726292467117309, Perplexity: 2267.181396484375
Iter 44600: Train Loss: 3.6275899410247803, Val Loss: 8.657706928253173, Perplexity: 5754.326171875
Iter 44700: Train Loss: 4.076620101928711, Val Loss: 8.517074394226075, Perplexity: 4999.4072265625

Iter 44800: Train Loss: 3.65014386177063, Val Loss: 8.166506671905518, Perplexity: 3521.022705078125
Iter 44900: Train Loss: 3.900850296020508, Val Loss: 8.407900619506837, Perplexity: 4482.34130859375
Iter 45000: Train Loss: 3.6778452396392822, Val Loss: 8.134979152679444, Perplexity: 3411.745361328125
Iter 45100: Train Loss: 3.6270761489868164, Val Loss: 8.01370973587036, Perplexity: 3022.1083984375
Iter 45200: Train Loss: 4.797966003417969, Val Loss: 8.584265232086182, Perplexity: 5346.85986328125
Iter 45300: Train Loss: 3.760033130645752, Val Loss: 8.390312671661377, Perplexity: 4404.1923828125
Iter 45400: Train Loss: 4.243636131286621, Val Loss: 8.946216773986816, Perplexity: 7678.78466796875
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Iter 45600: Train Loss: 4.046523571014404, Val Loss: 8.464420700073243, Perplexity: 4742.97705078125
Iter 45700: Train Loss: 3.6035208702087402, Val Loss: 7.634284114837646, Perplexity: 2067.889892578125
Iter 45800: Train Loss: 4.135831832885742, Val Loss: 7.634735345840454, Perplexity: 2068.822998046875
Iter 45900: Train Loss: 4.299168586730957, Val Loss: 8.303614711761474, Perplexity: 4038.443359375
Iter 46000: Train Loss: 4.088305950164795, Val Loss: 7.78628978729248, Perplexity: 2407.368896484375
Iter 46100: Train Loss: 4.2463178634643555, Val Loss: 8.362045621871948, Perplexity: 4281.4423828125
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Iter 46300: Train Loss: 4.160790920257568, Val Loss: 8.314146614074707, Perplexity: 4081.20263671875
Iter 46400: Train Loss: 4.246588706970215, Val Loss: 7.773692083358765, Perplexity: 2377.232177734375
Iter 46500: Train Loss: 4.03567361831665, Val Loss: 8.165334987640382, Perplexity: 3516.898193359375
Iter 46600: Train Loss: 4.120669841766357, Val Loss: 8.405903387069703, Perplexity: 4473.39892578125
Iter 46700: Train Loss: 4.425477504730225, Val Loss: 7.862534713745117, Perplexity: 2598.096923828125
Iter 46800: Train Loss: 3.898390054702759, Val Loss: 8.480054140090942, Perplexity: 4817.70947265625
Iter 46900: Train Loss: 4.371973991394043, Val Loss: 8.250493621826172, Perplexity: 3829.51708984375
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Iter 47100: Train Loss: 3.970792055130005, Val Loss: 8.919754838943481, Perplexity: 7478.2568359375
Iter 47200: Train Loss: 4.30830192565918, Val Loss: 7.853773403167724, Perplexity: 2575.4345703125
Iter 47300: Train Loss: 3.84857177734375, Val Loss: 8.717634391784667, Perplexity: 6109.70751953125
Iter 47400: Train Loss: 3.8255956172943115, Val Loss: 8.34986171722412, Perplexity: 4229.59765625
Iter 47500: Train Loss: 4.115710258483887, Val Loss: 8.5060706615448, Perplexity: 4944.69775390625

Iter 47600: Train Loss: 4.004037380218506, Val Loss: 7.726885414123535, Perplexity: 2268.525390625
Iter 47700: Train Loss: 4.029784679412842, Val Loss: 9.05906639099121, Perplexity: 8596.125
Iter 47800: Train Loss: 4.297733783721924, Val Loss: 8.30488715171814, Perplexity: 4043.58447265625
Iter 47900: Train Loss: 3.938739061355591, Val Loss: 8.452334594726562, Perplexity: 4685.9990234375
Iter 48000: Train Loss: 4.074635982513428, Val Loss: 7.798256921768188, Perplexity: 2436.351318359375
Iter 48100: Train Loss: 3.601222515106201, Val Loss: 7.250470209121704, Perplexity: 1408.76708984375
Iter 48200: Train Loss: 4.397805213928223, Val Loss: 8.871486568450928, Perplexity: 7125.86669921875
Iter 48300: Train Loss: 4.795420169830322, Val Loss: 8.639081239700317, Perplexity: 5648.13671875
Iter 48400: Train Loss: 4.567663192749023, Val Loss: 8.449815940856933, Perplexity: 4674.21142578125
Iter 48500: Train Loss: 3.8580353260040283, Val Loss: 9.026648998260498, Perplexity: 8321.9296875
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Iter 48700: Train Loss: 3.3361783027648926, Val Loss: 8.743621683120727, Perplexity: 6270.5654296875
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Iter 48900: Train Loss: 3.610179901123047, Val Loss: 8.40820870399475, Perplexity: 4483.72216796875
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Iter 49200: Train Loss: 4.338001251220703, Val Loss: 8.051493406295776, Perplexity: 3138.479248046875
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Iter 49400: Train Loss: 3.859152317047119, Val Loss: 8.590238809585571, Perplexity: 5378.89697265625
Iter 49500: Train Loss: 3.76522159576416, Val Loss: 8.583152198791504, Perplexity: 5340.91259765625
Iter 49600: Train Loss: 3.7043395042419434, Val Loss: 8.51119556427002, Perplexity: 4970.099609375
Iter 49700: Train Loss: 4.835017681121826, Val Loss: 8.345178413391114, Perplexity: 4209.83447265625
Iter 49800: Train Loss: 4.240362167358398, Val Loss: 8.314518642425536, Perplexity: 4082.720947265625
Iter 49900: Train Loss: 4.042857646942139, Val Loss: 8.309610176086426, Perplexity: 4062.729736328125
Iter 50000: Train Loss: 3.5446488857269287, Val Loss: 8.179447984695434, Perplexity: 3566.8857421875
Iter 50100: Train Loss: 4.48888635635376, Val Loss: 8.755222845077515, Perplexity: 6343.73681640625
Iter 50200: Train Loss: 3.419130802154541, Val Loss: 9.011762762069703, Perplexity: 8198.9599609375
Iter 50300: Train Loss: 4.346810340881348, Val Loss: 8.261859846115112, Perplexity: 3873.291259765625

Iter 50400: Train Loss: 3.921194076538086, Val Loss: 8.72964334487915, Perplexity: 6
183.51953125
Iter 50500: Train Loss: 3.5756564140319824, Val Loss: 8.04023985862732, Perplexity:
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Iter 50600: Train Loss: 4.48065710067749, Val Loss: 7.799750804901123, Perplexity: 2
439.993896484375
Iter 50700: Train Loss: 3.439321279525757, Val Loss: 8.369354248046875, Perplexity:
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Iter 50800: Train Loss: 3.5683696269989014, Val Loss: 9.353405094146728, Perplexity:
11538.0439453125
Iter 50900: Train Loss: 3.8477933406829834, Val Loss: 7.735290384292602, Perplexity:
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Iter 51000: Train Loss: 4.000303745269775, Val Loss: 8.413247728347779, Perplexity:
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Iter 51100: Train Loss: 3.8022282123565674, Val Loss: 8.547032976150513, Perplexity:
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Iter 51200: Train Loss: 3.9001224040985107, Val Loss: 8.467735767364502, Perplexity:
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Iter 51300: Train Loss: 3.000767230987549, Val Loss: 9.187597799301148, Perplexity:
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Iter 51400: Train Loss: 4.1649250984191895, Val Loss: 8.512129259109496, Perplexity:
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Iter 51500: Train Loss: 3.579099655151367, Val Loss: 7.9604105949401855, Perplexity:
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Iter 51600: Train Loss: 4.078082084655762, Val Loss: 8.938583040237427, Perplexity:
7620.39404296875
Iter 51700: Train Loss: 3.6981618404388428, Val Loss: 8.456250047683715, Perplexity:
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Iter 51800: Train Loss: 3.9887239933013916, Val Loss: 8.386147451400756, Perplexity:
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Iter 51900: Train Loss: 3.634737968444824, Val Loss: 8.355522108078002, Perplexity:
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Iter 52000: Train Loss: 4.2112860679626465, Val Loss: 8.519840002059937, Perplexity:
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Iter 52100: Train Loss: 4.037843227386475, Val Loss: 8.625605201721191, Perplexity:
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Iter 52200: Train Loss: 3.8249082565307617, Val Loss: 8.376240396499634, Perplexity:
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Iter 52300: Train Loss: 4.378170967102051, Val Loss: 8.218788576126098, Perplexity:
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Iter 52400: Train Loss: 3.6960155963897705, Val Loss: 8.893527030944824, Perplexity:
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Iter 52500: Train Loss: 3.6813507080078125, Val Loss: 8.074009561538697, Perplexity:
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Iter 52900: Train Loss: 3.831317186355591, Val Loss: 8.942353296279908, Perplexity:
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Iter 53000: Train Loss: 3.5440778732299805, Val Loss: 9.051695823669434, Perplexity:
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Iter 53100: Train Loss: 4.110661029815674, Val Loss: 7.944278287887573, Perplexity:
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Iter 53200: Train Loss: 3.72878098487854, Val Loss: 8.509338569641113, Perplexity: 4960.8798828125
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Iter 54000: Train Loss: 4.155641078948975, Val Loss: 8.694260501861573, Perplexity: 5968.5576171875
Iter 54100: Train Loss: 4.001059055328369, Val Loss: 8.356057453155518, Perplexity: 4255.88134765625
Iter 54200: Train Loss: 3.5398902893066406, Val Loss: 8.811031007766724, Perplexity: 6707.833984375
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Iter 54500: Train Loss: 3.4609248638153076, Val Loss: 8.648433542251587, Perplexity: 5701.2099609375
Iter 54600: Train Loss: 4.448840141296387, Val Loss: 8.688043117523193, Perplexity: 5931.56640625
Iter 54700: Train Loss: 4.107465744018555, Val Loss: 7.544457364082336, Perplexity: 1890.2369384765625
Iter 54800: Train Loss: 3.1109046936035156, Val Loss: 8.858334684371949, Perplexity: 7032.76025390625
Iter 54900: Train Loss: 3.1617987155914307, Val Loss: 8.631442832946778, Perplexity: 5605.16064453125
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Iter 55100: Train Loss: 3.823451280593872, Val Loss: 9.108667898178101, Perplexity: 9033.2578125
Iter 55200: Train Loss: 3.9940686225891113, Val Loss: 8.994841957092286, Perplexity: 8061.392578125
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Iter 55400: Train Loss: 4.4967451095581055, Val Loss: 8.467699003219604, Perplexity: 4758.5537109375
Iter 55500: Train Loss: 2.9658265113830566, Val Loss: 8.861487674713135, Perplexity: 7054.96826171875
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Iter 55700: Train Loss: 3.9582104682922363, Val Loss: 8.655737972259521, Perplexity: 5743.0048828125
Iter 55800: Train Loss: 3.778566598892212, Val Loss: 8.761458206176759, Perplexity: 6383.41455078125
Iter 55900: Train Loss: 3.7822415828704834, Val Loss: 8.071948862075805, Perplexity: 3203.339111328125

Iter 56000: Train Loss: 3.7147679328918457, Val Loss: 8.815226507186889, Perplexity: 6736.03369140625
Iter 56100: Train Loss: 3.6567890644073486, Val Loss: 9.240517091751098, Perplexity: 10306.3623046875
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Iter 56500: Train Loss: 3.691833972930908, Val Loss: 8.352577209472656, Perplexity: 4241.0966796875
Iter 56600: Train Loss: 3.7506043910980225, Val Loss: 8.69663028717041, Perplexity: 5982.71923828125
Iter 56700: Train Loss: 3.7093639373779297, Val Loss: 8.180342102050782, Perplexity: 3570.074462890625
Iter 56800: Train Loss: 3.897862672805786, Val Loss: 8.757891988754272, Perplexity: 6360.68701171875
Iter 56900: Train Loss: 3.9489314556121826, Val Loss: 8.170113849639893, Perplexity: 3533.745361328125
Iter 57000: Train Loss: 3.8284008502960205, Val Loss: 9.309060096740723, Perplexity: 11037.5693359375
Iter 57100: Train Loss: 3.6545627117156982, Val Loss: 8.641872215270997, Perplexity: 5663.92529296875
Iter 57200: Train Loss: 3.5912671089172363, Val Loss: 7.5056750774383545, Perplexity: 1818.332763671875
Iter 57300: Train Loss: 3.711914539337158, Val Loss: 8.153142166137695, Perplexity: 3474.278076171875
Iter 57400: Train Loss: 3.81162166595459, Val Loss: 9.092697286605835, Perplexity: 890.1318359375
Iter 57500: Train Loss: 3.8899223804473877, Val Loss: 9.153717136383056, Perplexity: 9449.4990234375
Iter 57600: Train Loss: 3.2981314659118652, Val Loss: 9.031053400039672, Perplexity: 8358.6611328125
Iter 57700: Train Loss: 3.930328845977783, Val Loss: 8.183117008209228, Perplexity: 3579.995849609375
Iter 57800: Train Loss: 3.702441930770874, Val Loss: 8.205072116851806, Perplexity: 3659.465576171875
Iter 57900: Train Loss: 3.939467668533325, Val Loss: 8.367944407463074, Perplexity: 4306.775390625
Iter 58000: Train Loss: 3.5398170948028564, Val Loss: 8.720421409606933, Perplexity: 6126.7626953125
Iter 58100: Train Loss: 3.166400671005249, Val Loss: 8.937210369110108, Perplexity: 7609.9365234375
Iter 58200: Train Loss: 3.5408341884613037, Val Loss: 8.935446166992188, Perplexity: 7596.52197265625
Iter 58300: Train Loss: 3.622532844543457, Val Loss: 7.981771183013916, Perplexity: 2927.1103515625
Iter 58400: Train Loss: 4.045136451721191, Val Loss: 7.950965547561646, Perplexity: 2838.313720703125
Iter 58500: Train Loss: 3.6708498001098633, Val Loss: 8.111109972000122, Perplexity: 3331.272705078125
Iter 58600: Train Loss: 3.209031581878662, Val Loss: 8.564572191238403, Perplexity: 5242.59716796875
Iter 58700: Train Loss: 3.7099859714508057, Val Loss: 8.595738983154297, Perplexity: 5408.56640625

Iter 58800: Train Loss: 3.331681966781616, Val Loss: 8.465029573440551, Perplexity: 4745.86865234375
Iter 58900: Train Loss: 3.655733823776245, Val Loss: 9.780639791488648, Perplexity: 17687.962890625
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Iter 59100: Train Loss: 3.6547908782958984, Val Loss: 8.924828386306762, Perplexity: 7516.29443359375
Iter 59200: Train Loss: 3.5869216918945312, Val Loss: 8.199746465682983, Perplexity: 3640.026123046875
Iter 59300: Train Loss: 3.5761125087738037, Val Loss: 8.82688341140747, Perplexity: 6815.013671875
Iter 59400: Train Loss: 3.08009672164917, Val Loss: 8.175932025909423, Perplexity: 3554.36572265625
Iter 59500: Train Loss: 4.6985321044921875, Val Loss: 8.395695066452026, Perplexity: 4427.9619140625
Iter 59600: Train Loss: 3.4656529426574707, Val Loss: 8.905845212936402, Perplexity: 7374.958984375
Iter 59700: Train Loss: 3.050083875656128, Val Loss: 9.100910472869874, Perplexity: 8963.447265625
Iter 59800: Train Loss: 3.226789951324463, Val Loss: 7.998181772232056, Perplexity: 2975.54296875
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Iter 60100: Train Loss: 3.2321417331695557, Val Loss: 8.89255223274231, Perplexity: 7277.57080078125
Iter 60200: Train Loss: 3.8089771270751953, Val Loss: 8.586106109619141, Perplexity: 5356.7158203125
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Iter 60500: Train Loss: 3.6153299808502197, Val Loss: 9.14161114692688, Perplexity: 9335.7939453125
Iter 60600: Train Loss: 3.316650867462158, Val Loss: 8.968793725967407, Perplexity: 7854.12255859375
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Iter 61000: Train Loss: 3.3734347820281982, Val Loss: 8.360404062271119, Perplexity: 4274.42138671875
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Iter 61200: Train Loss: 2.9024362564086914, Val Loss: 8.163841104507446, Perplexity: 3511.64990234375
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Iter 61400: Train Loss: 3.2185845375061035, Val Loss: 8.990294218063354, Perplexity: 8024.8193359375
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Iter 61600: Train Loss: 3.722796678543091, Val Loss: 8.865415954589844, Perplexity: 7082.736328125
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Iter 62300: Train Loss: 3.0326993465423584, Val Loss: 7.984588408470154, Perplexity: 2935.369384765625
Iter 62400: Train Loss: 3.6877167224884033, Val Loss: 9.12077775001526, Perplexity: 9143.3134765625
Iter 62500: Train Loss: 3.764207363128662, Val Loss: 8.327393579483033, Perplexity: 4135.6240234375
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Iter 62700: Train Loss: 3.7058606147766113, Val Loss: 8.972933769226074, Perplexity: 7886.70556640625
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Iter 63100: Train Loss: 3.5253684520721436, Val Loss: 8.54432692527771, Perplexity: 5137.525390625
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Iter 64200: Train Loss: 3.4543070793151855, Val Loss: 8.647663068771362, Perplexity: 5696.818359375
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Iter 69200: Train Loss: 3.152892827987671, Val Loss: 9.34612159729004, Perplexity: 11454.314453125
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Iter 72100: Train Loss: 3.2822749614715576, Val Loss: 9.044497776031495, Perplexity: 8471.79296875
Iter 72200: Train Loss: 3.5239593982696533, Val Loss: 8.564581203460694, Perplexity: 5242.642578125
Iter 72300: Train Loss: 3.850954055786133, Val Loss: 8.611483287811279, Perplexity: 5494.39404296875
Iter 72400: Train Loss: 3.256528615951538, Val Loss: 8.404106664657593, Perplexity: 4465.36865234375
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Iter 74200: Train Loss: 3.4217073917388916, Val Loss: 8.058949041366578, Perplexity: 3161.966552734375
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Iter 75500: Train Loss: 2.7819619178771973, Val Loss: 9.01831545829773, Perplexity: 8252.8623046875

Iter 75600: Train Loss: 2.8137285709381104, Val Loss: 8.849558210372924, Perplexity: 6971.30615234375
Iter 75700: Train Loss: 2.8807363510131836, Val Loss: 9.011671018600463, Perplexity: 8198.2099609375
Iter 75800: Train Loss: 3.2240450382232666, Val Loss: 9.674236488342284, Perplexity: 15902.57421875
Iter 75900: Train Loss: 2.393913745880127, Val Loss: 8.809453678131103, Perplexity: 6697.26123046875
Iter 76000: Train Loss: 3.7037670612335205, Val Loss: 8.853504085540772, Perplexity: 6998.87158203125
Iter 76100: Train Loss: 3.5202410221099854, Val Loss: 9.1173846244812, Perplexity: 9112.3408203125
Iter 76200: Train Loss: 2.269418716430664, Val Loss: 8.99613356590271, Perplexity: 8071.81640625
Iter 76300: Train Loss: 3.5780792236328125, Val Loss: 8.68896746635437, Perplexity: 5937.05029296875
Iter 76400: Train Loss: 3.3730015754699707, Val Loss: 8.73568696975708, Perplexity: 6221.00830078125
Iter 76500: Train Loss: 3.2846789360046387, Val Loss: 8.886852073669434, Perplexity: 7236.20556640625
Iter 76600: Train Loss: 2.928583860397339, Val Loss: 9.24469895362854, Perplexity: 10349.5517578125
Iter 76700: Train Loss: 3.1685445308685303, Val Loss: 7.987923955917358, Perplexity: 2945.1767578125
Iter 76800: Train Loss: 3.1907899379730225, Val Loss: 8.66509268283844, Perplexity: 5796.98046875
Iter 76900: Train Loss: 2.9133734703063965, Val Loss: 9.711587619781493, Perplexity: 16507.79296875
Iter 77000: Train Loss: 2.851572036743164, Val Loss: 9.686953163146972, Perplexity: 16106.1025390625
Iter 77100: Train Loss: 3.1065542697906494, Val Loss: 9.19946756362915, Perplexity: 9891.861328125
Iter 77200: Train Loss: 3.5080807209014893, Val Loss: 8.89515700340271, Perplexity: 7296.5498046875
Iter 77300: Train Loss: 2.6657919883728027, Val Loss: 8.931958389282226, Perplexity: 7570.07470703125
Iter 77400: Train Loss: 3.5712718963623047, Val Loss: 8.175652313232423, Perplexity: 3553.372802734375
Iter 77500: Train Loss: 3.039273500442505, Val Loss: 8.862849640846253, Perplexity: 7064.5830078125
Iter 77600: Train Loss: 2.904974937438965, Val Loss: 9.324358224868774, Perplexity: 11207.71875
Iter 77700: Train Loss: 2.755032539367676, Val Loss: 8.999672746658325, Perplexity: 8100.43359375
Iter 77800: Train Loss: 3.0158510208129883, Val Loss: 9.029640197753906, Perplexity: 8346.85546875
Iter 77900: Train Loss: 3.066687822341919, Val Loss: 8.283986973762513, Perplexity: 3959.951416015625
Iter 78000: Train Loss: 3.4727795124053955, Val Loss: 8.787710046768188, Perplexity: 6553.20947265625
Iter 78100: Train Loss: 3.4108059406280518, Val Loss: 9.46961169242859, Perplexity: 12959.859375
Iter 78200: Train Loss: 3.1749045848846436, Val Loss: 9.172100257873534, Perplexity: 9624.81640625
Iter 78300: Train Loss: 3.2298812866210938, Val Loss: 9.67118730545044, Perplexity: 15854.1630859375

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Iter 78600: Train Loss: 2.8463246822357178, Val Loss: 8.663559818267823, Perplexity: 5788.10302734375
Iter 78700: Train Loss: 2.7841010093688965, Val Loss: 8.066686153411865, Perplexity: 3186.526123046875
Iter 78800: Train Loss: 3.3482773303985596, Val Loss: 9.6057861328125, Perplexity: 14850.462890625
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Iter 79100: Train Loss: 2.870929479598999, Val Loss: 9.535448265075683, Perplexity: 13841.796875
Iter 79200: Train Loss: 2.8072707653045654, Val Loss: 7.924024486541748, Perplexity: 2762.8681640625
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Iter 79500: Train Loss: 2.5167388916015625, Val Loss: 8.447922277450562, Perplexity: 4665.37109375
Iter 79600: Train Loss: 3.380833148956299, Val Loss: 9.329942321777343, Perplexity: 11270.4853515625
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Iter 79800: Train Loss: 2.66682505607605, Val Loss: 9.813865327835083, Perplexity: 18285.537109375
Iter 79900: Train Loss: 3.065746545791626, Val Loss: 8.559590196609497, Perplexity: 5216.5439453125
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Iter 80100: Train Loss: 3.492992639541626, Val Loss: 9.176054430007934, Perplexity: 9662.947265625
Iter 80200: Train Loss: 2.9460294246673584, Val Loss: 9.46365385055542, Perplexity: 12882.8671875
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Iter 80400: Train Loss: 3.1247358322143555, Val Loss: 9.12359414100647, Perplexity: 9169.0986328125
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Iter 80600: Train Loss: 2.8850462436676025, Val Loss: 8.658858108520509, Perplexity: 5760.95361328125
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Iter 81000: Train Loss: 3.4721717834472656, Val Loss: 8.58504753112793, Perplexity: 5351.0478515625
Iter 81100: Train Loss: 3.0247373580932617, Val Loss: 9.624908685684204, Perplexity: 15137.16796875

Iter 81200: Train Loss: 3.082280158996582, Val Loss: 8.692185640335083, Perplexity: 5956.1845703125
Iter 81300: Train Loss: 3.094308853149414, Val Loss: 8.85217866897583, Perplexity: 6989.599609375
Iter 81400: Train Loss: 2.858199119567871, Val Loss: 9.359163522720337, Perplexity: 11604.6748046875
Iter 81500: Train Loss: 3.4077186584472656, Val Loss: 9.074614000320434, Perplexity: 8730.8115234375
Iter 81600: Train Loss: 3.199211359024048, Val Loss: 8.665231323242187, Perplexity: 5797.78759765625
Iter 81700: Train Loss: 2.838956356048584, Val Loss: 7.827223396301269, Perplexity: 2507.955810546875
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Iter 81900: Train Loss: 2.7265758514404297, Val Loss: 8.68678421974182, Perplexity: 5924.0986328125
Iter 82000: Train Loss: 3.4068384170532227, Val Loss: 9.044933652877807, Perplexity: 8475.486328125
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Iter 82300: Train Loss: 3.1360769271850586, Val Loss: 9.39234676361084, Perplexity: 11996.2138671875
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Iter 85100: Train Loss: 2.7769291400909424, Val Loss: 8.854558944702148, Perplexity: 7006.25732421875
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Iter 88100: Train Loss: 2.7382724285125732, Val Loss: 10.06152310371399, Perplexity: 23424.1640625
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Iter 89000: Train Loss: 3.209153652191162, Val Loss: 8.716781425476075, Perplexity: 6104.5009765625
Iter 89100: Train Loss: 3.076748847961426, Val Loss: 10.048205184936524, Perplexity: 23114.267578125
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Iter 90200: Train Loss: 2.857360363006592, Val Loss: 9.090387868881226, Perplexity: 8869.6298828125
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Iter 91200: Train Loss: 3.129481315612793, Val Loss: 8.81656847000122, Perplexity: 6745.078125
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Iter 91400: Train Loss: 2.971158266067505, Val Loss: 8.379353761672974, Perplexity: 4356.19189453125
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Iter 91600: Train Loss: 2.804509401321411, Val Loss: 9.703082799911499, Perplexity: 16367.9921875
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Iter 91800: Train Loss: 2.5510287284851074, Val Loss: 9.149114894866944, Perplexity: 9406.1083984375
Iter 91900: Train Loss: 3.1230950355529785, Val Loss: 9.031665897369384, Perplexity: 8363.7802734375
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Iter 92100: Train Loss: 3.1588103771209717, Val Loss: 8.92604856491089, Perplexity: 7525.4677734375
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Iter 92300: Train Loss: 2.7091403007507324, Val Loss: 8.409325909614562, Perplexity: 4488.732421875

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Iter 93000: Train Loss: 3.1257762908935547, Val Loss: 8.882080698013306, Perplexity: 7201.76220703125
Iter 93100: Train Loss: 3.4589359760284424, Val Loss: 7.917029476165771, Perplexity: 2743.608642578125
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Iter 93600: Train Loss: 3.2083160877227783, Val Loss: 8.501634359359741, Perplexity: 4922.80908203125
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Iter 93900: Train Loss: 2.302432060241699, Val Loss: 9.666567707061768, Perplexity: 15781.091796875
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Iter 94200: Train Loss: 2.84367299079895, Val Loss: 9.788445425033569, Perplexity: 17826.572265625
Iter 94300: Train Loss: 3.154636859893799, Val Loss: 9.137537527084351, Perplexity: 9297.845703125
Iter 94400: Train Loss: 2.642598867416382, Val Loss: 8.282306718826295, Perplexity: 3953.302734375
Iter 94500: Train Loss: 2.9738314151763916, Val Loss: 9.6026047706604, Perplexity: 14803.2919921875
Iter 94600: Train Loss: 3.2413992881774902, Val Loss: 8.87828049659729, Perplexity: 7174.44482421875
Iter 94700: Train Loss: 3.0384364128112793, Val Loss: 9.722668170928955, Perplexity: 16691.712890625
Iter 94800: Train Loss: 3.020291328430176, Val Loss: 8.705975675582886, Perplexity: 6038.89013671875
Iter 94900: Train Loss: 3.035501003265381, Val Loss: 9.518310976028442, Perplexity: 13606.6044921875
Iter 95000: Train Loss: 2.7469685077667236, Val Loss: 8.573497104644776, Perplexity: 5289.59423828125
Iter 95100: Train Loss: 3.0131092071533203, Val Loss: 9.076820135116577, Perplexity: 8750.099609375

Iter 95200: Train Loss: 3.161604881286621, Val Loss: 9.667984867095948, Perplexity: 15803.47265625
Iter 95300: Train Loss: 3.2540369033813477, Val Loss: 9.632055234909057, Perplexity: 15245.73828125
Iter 95400: Train Loss: 2.677112102508545, Val Loss: 8.350080728530884, Perplexity: 4230.521484375
Iter 95500: Train Loss: 2.7603044509887695, Val Loss: 10.510053825378417, Perplexity: 36682.4453125
Iter 95600: Train Loss: 2.8366997241973877, Val Loss: 8.93448600769043, Perplexity: 7589.2373046875
Iter 95700: Train Loss: 2.7952845096588135, Val Loss: 8.541415596008301, Perplexity: 5122.5888671875
Iter 95800: Train Loss: 3.1050915718078613, Val Loss: 8.522863054275513, Perplexity: 5028.431640625
Iter 95900: Train Loss: 2.9129889011383057, Val Loss: 6.941367936134339, Perplexity: 1034.18408203125
Iter 96000: Train Loss: 2.724036693572998, Val Loss: 9.243072271347046, Perplexity: 10332.7373046875
Iter 96100: Train Loss: 2.6188461780548096, Val Loss: 9.323758363723755, Perplexity: 11200.998046875
Iter 96200: Train Loss: 3.2166826725006104, Val Loss: 9.773101806640625, Perplexity: 17555.134765625
Iter 96300: Train Loss: 2.342900276184082, Val Loss: 9.814470767974854, Perplexity: 18296.595703125
Iter 96400: Train Loss: 2.865999460220337, Val Loss: 8.128713583946228, Perplexity: 3390.435302734375
Iter 96500: Train Loss: 2.6343541145324707, Val Loss: 7.726968932151794, Perplexity: 2268.71484375
Iter 96600: Train Loss: 2.397308588027954, Val Loss: 8.994382619857788, Perplexity: 8057.6953125
Iter 96700: Train Loss: 2.9191088676452637, Val Loss: 8.764404439926148, Perplexity: 6402.2470703125
Iter 96800: Train Loss: 2.9218838214874268, Val Loss: 9.720958614349366, Perplexity: 16663.212890625
Iter 96900: Train Loss: 2.578104019165039, Val Loss: 8.457057619094849, Perplexity: 4708.18603515625
Iter 97000: Train Loss: 2.694763422012329, Val Loss: 9.43200387954712, Perplexity: 12481.5146484375
Iter 97100: Train Loss: 2.216329336166382, Val Loss: 9.987059116363525, Perplexity: 21743.25
Iter 97200: Train Loss: 3.063244342803955, Val Loss: 9.511324977874756, Perplexity: 13511.8837890625
Iter 97300: Train Loss: 3.0172438621520996, Val Loss: 9.108129286766053, Perplexity: 9028.3916015625
Iter 97400: Train Loss: 2.728734254837036, Val Loss: 9.368288040161133, Perplexity: 11711.048828125
Iter 97500: Train Loss: 2.393235683441162, Val Loss: 9.238960981369019, Perplexity: 10290.34375
Iter 97600: Train Loss: 3.0210928916931152, Val Loss: 9.659202051162719, Perplexity: 15665.2724609375
Iter 97700: Train Loss: 2.7216150760650635, Val Loss: 8.758914065361022, Perplexity: 6367.19287109375
Iter 97800: Train Loss: 3.046226739883423, Val Loss: 8.449921703338623, Perplexity: 4674.7060546875
Iter 97900: Train Loss: 3.2932043075561523, Val Loss: 9.684911441802978, Perplexity: 16073.2509765625

Iter 98000: Train Loss: 3.1031107902526855, Val Loss: 9.913821411132812, Perplexity: 20207.744140625
 Iter 98100: Train Loss: 3.008113384246826, Val Loss: 10.122253179550171, Perplexity: 24890.796875
 Iter 98200: Train Loss: 2.9463577270507812, Val Loss: 9.30918378829956, Perplexity: 11038.9375
 Iter 98300: Train Loss: 2.577810287475586, Val Loss: 9.679647207260132, Perplexity: 15988.859375
 Iter 98400: Train Loss: 2.2995660305023193, Val Loss: 8.84229154586792, Perplexity: 6920.8359375
 Iter 98500: Train Loss: 2.508246660232544, Val Loss: 8.850086307525634, Perplexity: 6974.990234375
 Iter 98600: Train Loss: 2.6860740184783936, Val Loss: 8.881035137176514, Perplexity: 7194.23193359375
 Iter 98700: Train Loss: 2.92175555229187, Val Loss: 8.552355432510376, Perplexity: 5178.9404296875
 Iter 98800: Train Loss: 2.916809320449829, Val Loss: 9.25048336982727, Perplexity: 10409.59765625
 Iter 98900: Train Loss: 2.637235403060913, Val Loss: 8.87076449394226, Perplexity: 7120.72412109375
 Iter 99000: Train Loss: 2.874155044555664, Val Loss: 8.892401599884034, Perplexity: 7276.47412109375
 Iter 99100: Train Loss: 3.067033052444458, Val Loss: 8.712985944747924, Perplexity: 6081.37451171875
 Iter 99200: Train Loss: 3.061671495437622, Val Loss: 8.514996433258057, Perplexity: 4989.02880859375
 Iter 99300: Train Loss: 3.271805763244629, Val Loss: 8.901311588287353, Perplexity: 7341.5986328125
 Iter 99400: Train Loss: 2.5904688835144043, Val Loss: 9.439805555343629, Perplexity: 12579.2763671875
 Iter 99500: Train Loss: 2.599994659423828, Val Loss: 9.590133762359619, Perplexity: 14619.8232421875
 Iter 99600: Train Loss: 3.524195432662964, Val Loss: 9.550421857833863, Perplexity: 14050.619140625
 Iter 99700: Train Loss: 2.3165156841278076, Val Loss: 8.409353494644165, Perplexity: 4488.8564453125
 Iter 99800: Train Loss: 2.610964059829712, Val Loss: 8.145871496200561, Perplexity: 3449.10888671875
 Iter 99900: Train Loss: 2.6505320072174072, Val Loss: 8.886868953704834, Perplexity: 7236.330078125
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RNN

```
In [9]: # Setting the device
device = torch.device("cuda" if torch.cuda.is_available() else "cpu")
print(f'Using device: {device}')

# Loading the text file
with open('processed_text.txt', 'r', encoding='utf-8') as f:
    text = f.read()

# Tokenizing text into words
words = text.split()

# Loading stop words
stop_words = set(stopwords.words('english'))

# Removing the Stop Words
filtered_words = [word for word in words if word not in stop_words]

# Building the vocabulary from the filtered words
vocab = set(filtered_words)
word2int_dict = {w: i for i, w in enumerate(vocab)}
int2word_dict = {i: w for w, i in word2int_dict.items()}

# Encoding the text
encoded_text = np.array([word2int_dict[w] for w in filtered_words if w in word2int_
```

Using device: cuda

```
In [10]: # Splitting the data into training and validation sets
def split_data(sequence, batch_size=8):
    input_sequence = []
    target_sequence = []

    for i in range(0, len(sequence) - batch_size, batch_size):
        input_sequence.append(sequence[i:i + batch_size])
        target_sequence.append(sequence[i + 1:i + batch_size + 1])

    return input_sequence, target_sequence

# Creating training and validation data
input_sequence, target_sequence = split_data(encoded_text)
train_size = int(len(input_sequence) * 0.9)
train_input, train_target = input_sequence[:train_size], target_sequence[:train_size]
val_input, val_target = input_sequence[train_size:], target_sequence[train_size:]
```

```
In [11]: # DataLoader for batch processing
class TextDataset(Dataset):
    def __init__(self, input_seq, target_seq):
        self.input_seq = input_seq
        self.target_seq = target_seq

    def __len__(self):
        return len(self.input_seq)

    def __getitem__(self, index):
```



```

        return torch.tensor(self.input_seq[index], dtype=torch.long), torch.tensor(

batch_size = 128
train_data = DataLoader(TextDataset(train_input, train_target), shuffle=True, batch
val_data = DataLoader(TextDataset(val_input, val_target), shuffle=True, batch_size=

```

```

In [12]: # Defining the RNN Model
class RNNModel(nn.Module):
    def __init__(self, vocab_size, output_size, embedding_dim, hidden_dim, n_layers
        # Initialize the superclass (nn.Module) to set up a PyTorch model
        super(RNNModel, self).__init__()

        # Store the output size of the model
        self.output_size = output_size

        # Store the number of LSTM layers
        self.n_layers = n_layers

        # Store the dimension of the hidden layers
        self.hidden_dim = hidden_dim

        # Create an embedding layer to transform input indices into dense vectors o
        self.encoder = nn.Embedding(vocab_size, embedding_dim)

        # Create an LSTM network with specified number of layers and dropout. Set b
        self.rnn = nn.LSTM(embedding_dim, hidden_dim, n_layers, dropout=drop_prob,

        # Dropout layer to prevent overfitting by randomly setting input elements t
        self.dropout = nn.Dropout(drop_prob)

        # Linear layer to transform the output of the LSTM layers to the desired ou
        self.decoder = nn.Linear(hidden_dim, output_size)

    def forward(self, input, hidden):
        # Pass the input through the embedding layer first to get embedded represen
        embedding = self.encoder(input)

        # Forward pass through the LSTM layer
        output, hidden = self.rnn(embedding, hidden)

        # Apply dropout to the outputs of the LSTM to prevent overfitting
        output = self.dropout(output)

        # Reshape the output from the LSTM for the linear layer
        # This flattens the output for each timestep
        output = output.contiguous().view(-1, self.hidden_dim)

        # Pass the output through the linear layer to get the final output
        output = self.decoder(output)

        # Return the final output and the latest hidden state
        return output, hidden

```

```
def init_hidden(self, batch_size):
    # Fetches the data type and device of the model's parameters
    weight = next(self.parameters()).data

    # Create two new tensors of zeros for the hidden and cell states
    # The dimensions are: number of layers, batch size, hidden dimension size
    hidden = (weight.new(self.n_layers, batch_size, self.hidden_dim).zero_().to(
        weight.new(self.n_layers, batch_size, self.hidden_dim).zero_().to(

    # Return the tuple containing the hidden and cell states
    return hidden

def train(model, train_data, val_data, epochs=10, lr=0.0001):
    # Initialize the loss function and the optimizer
    criterion = nn.CrossEntropyLoss()
    optimizer = optim.Adam(model.parameters(), lr=lr)

    # Loop over the number of epochs
    for epoch in range(epochs):
        # Activate training mode which enables dropout, batch normalization, etc.
        model.train()
        total_loss = 0

        # Training Loop
        for inputs, targets in train_data:
            # Move inputs and targets to the same device as the model
            inputs, targets = inputs.to(device), targets.to(device)

            # Determine batch size and initialize hidden states
            batch_size = inputs.size(0)
            h = model.init_hidden(batch_size)

            # Zero the gradients to prevent accumulation from previous iterations
            model.zero_grad()

            # Forward pass: Compute predicted output and new hidden states
            output, h = model(inputs, h)

            # Compute Loss
            loss = criterion(output, targets.view(-1))
            # Backward pass: compute gradient of the loss with respect to model par
            loss.backward()
            # Update model parameters
            optimizer.step()
            # Accumulate loss
            total_loss += loss.item()

        # Validation phase
        val_losses = []
        model.eval()
        with torch.no_grad():
            for inputs, targets in val_data:
                inputs, targets = inputs.to(device), targets.to(device)
                batch_size = inputs.size(0)
                val_h = model.init_hidden(batch_size)
```

```

        output, val_h = model(inputs, val_h)
        val_loss = criterion(output, targets.view(-1))
        val_losses.append(val_loss.item())

    # Calculate average validation loss and compute perplexity
    avg_val_loss = np.mean(val_losses)
    perplexity = math.exp(avg_val_loss)

    # Print progress
    print(f'Epoch {epoch + 1}, Train Loss: {total_loss / len(train_data)}, Vali

vocab_size = len(vocab)
output_size = vocab_size
embedding_dim = 128
hidden_dim = 256
n_layers = 5

# Model and training invocation remain unchanged
model = RNNModel(vocab_size, output_size, embedding_dim, hidden_dim, n_layers).to(d
train(model, train_data, val_data)

# Generate new words
def generate(model, start_words, int2word, word2int, num_words, temperature=1.0):
    # Switch to evaluation mode which disables dropout and batch normalization
    model.eval()

    # Start by converting the initial string of words into a list
    words = start_words.split()
    # Initialize hidden state for single batch generation
    state_h, state_c = model.init_hidden(1)

    # Prepare the model with the initial words except the last one
    for i in range(0, len(words) - 1):
        ix = torch.tensor([[word2int[words[i]]]]).to(device)
        output, (state_h, state_c) = model(ix, (state_h, state_c))

    # The last word is used as the first input to begin generating new words
    inputs = torch.tensor([[word2int[words[-1]]]]).to(device)

    # List to store the generated words including the initial words
    generated_words = words

    # Generate words up to the specified number
    for _ in range(num_words):
        # Forward pass through the model
        output, (state_h, state_c) = model(inputs, (state_h, state_c))
        # Adjust output by temperature
        output = output / temperature
        # Convert output scores to probabilities
        probabilities = torch.nn.functional.softmax(output, dim=1)
        # Randomly select the next word based on the probability distribution
        ix = torch.multinomial(probabilities, num_samples=1).item()

        # Append the generated word to the list and use it as the next input

```

```

        generated_words.append(int2word[ix])
        inputs = torch.tensor([[ix]]).to(device)

        # Return the generated words as a single string
        return ' '.join(generated_words)

start_words = "company"
num_words = 25 # Number of words to generate
temperature = 0.9 # Adjusts randomness of predictions

generated_text = generate(model, start_words, int2word_dict, word2int_dict, num_wor
print(generated_text)

```

Epoch 1, Train Loss: 8.832029206412178, Validation Loss: 8.821718454360962, Perplexity: 6779.905578489295

Epoch 2, Train Loss: 8.776756082262311, Validation Loss: 8.669826745986938, Perplexity: 5824.490145811159

Epoch 3, Train Loss: 8.355196475982666, Validation Loss: 8.268704652786255, Perplexity: 3899.8940020477

Epoch 4, Train Loss: 8.040897982461113, Validation Loss: 8.35896110534668, Perplexity: 4268.258191613357

Epoch 5, Train Loss: 7.950137087277004, Validation Loss: 8.317529201507568, Perplexity: 4095.029505483829

Epoch 6, Train Loss: 7.9067050729479105, Validation Loss: 8.335115671157837, Perplexity: 4167.683609645383

Epoch 7, Train Loss: 7.878860184124538, Validation Loss: 8.41519045829773, Perplexity: 4515.135417927344

Epoch 8, Train Loss: 7.8589586700711935, Validation Loss: 8.5103600025177, Perplexity: 4965.950521255148

Epoch 9, Train Loss: 7.839724745069232, Validation Loss: 8.378515481948853, Perplexity: 4352.542699568526

Epoch 10, Train Loss: 7.826670868056161, Validation Loss: 8.310832500457764, Perplexity: 4067.6979349162443

company title shareholder turnaround insurer value-adding update book well 5,257 running Friday discount visit peeled sure owns Percentage Compound return equipment hope year Patrick yielding 2.4

```

In [13]: def read_text_file(file_path):
        try:
            with open(file_path, 'r', encoding='utf-8') as file:
                return file.read()
        except FileNotFoundError:
            return "The file was not found."
        except Exception as e:
            return f"An error occurred: {str(e)}"

file_path = 'processed_text.txt'
text_content = read_text_file(file_path)
print(text_content)

```

BERKSHIRE HATHAWAY INC. Shareholders Berkshire Hathaway Inc. gain net worth 2006 16.9 billion increased per-share book value Class Class B stock 18.4 last 42 year since present management took book value grown 19 70,281 rate 21.4 compounded annually believe 16.9 billion record one-year gain net worth ever booked American business leaving aside boost occurred merger e.g. AOL 's purchase Time Warner course Exxon Mobil company earn far Berkshire earnings largely go dividend and/or repurchase rather building net worth said confession 2006 gain order important business insurance benefited large dose luck Mother Nature bless heart went vacation hammering u hurricane 2004 2005 storm caused u lose bundle super-cat insurance vanished Last year red ink activity turned black black addition great majority 73 business outstandingly well 2006 Let focus moment one largest operation GEICO management accomplished simply extraordinary 've told Tony Nicely GEICO CEO went work company 45 year ago two month turning 18 became CEO 1992 company 's growth exploded addition Tony delivered staggering productivity gain recent year yearend 2003 yearend 2006 number GEICO policy increased 5.7 million 8.1 million jump 42 Yet period company 's employee measured fulltime-equivalent basis fell 3.5 productivity grew 47 GEICO n't start fat remarkable gain allowed GEICO maintain all-important position low-cost producer even though dramatically increased advertising expenditure Last year GEICO spent 631 million ad 238 million 2003 31 million 1995 Berkshire took control Today GEICO spends far ad competitor even much larger continue raise bar Last year told new son grandson sure name Tony Keough Berkshire director recently better idea reviewing GEICO 's performance 2006 wrote `` Forget birth Tell shareholder immediately change name present child Tony Antoinette '' signed letter `` Tony '' Charlie Munger partner Berkshire 's vice chairman run turned big business one 217,000 employee annual revenue approaching 100 billion certainly n't plan way Charlie began lawyer thought security analyst Sitting seat grew skeptical ability big entity type function well Size seems make many organization slow-thinking resistant change smug Churchill 's word `` shape building afterwards building shape u '' 's telling fact ten non-oil company largest market capitalization 1965 titan General Motors Sears DuPont Eastman Kodak one made 2006 list A11 per-share figure used report apply Berkshire 's share Figures B share 1/30 shown 3 fairness 've seen plenty success well truly outstanding many giant- company manager greatly admire Ken Chenault American Express Jeff Immelt G.E Dick Kovacevich Wells Fargo come quickly mind n't think could management job know would n't enjoy many duty come position meeting speech foreign travel charity circuit governmental relation Ronald Reagan right `` 's probably true hard work never killed anyone take chance '' 've taken easy route sitting back working great manager run show task cheer sculpt harden corporate culture make major capital-allocation decision manager returned trust working hard effectively performance last 42 year particularly 2006 Charlie thank Yardsticks Charlie measure Berkshire 's progress evaluate intrinsic value number way single criterion effective job even avalanche statistic capture factor important example 's essential manager much younger available succeed Berkshire never better shape regard can't prove number two statistic however real importance first amount investment including cash cash-equivalents per-share basis Arriving figure exclude investment held finance operation largely offset borrowing 's record since present management acquired control Berkshire Year Per-Share Investments 1965 4 1975 159 1985 2,407 1995 21,817 2006 80,636 Compound Growth Rate 1965-2006 27.5 Compound Growth Rate 1995-2006 12.6 Net minority interest early year put retained earnings insurance float investment market able security emphasis security purchased generally well growth rate investment long time quite high year however focused acquisition operating business Using fund purchase slowed growth investment accelerated gain pre-tax earnings non-insurance business second yardstick use 's earnings looked 4 Year Pre-Tax Earnings Per Share 1965 4 1 1975 4 1985 52 1995 175 2006 3,625 Compound Growth Rate 1965-2006 17.9 Compound Growth Rate 1995-2006 31.7 Excluding purchase-accounting adjustment net minority interest Last year good increase non-insurance earnings 38 Large gain though come able make major sensible acquisition easy however one advantage Berkshire become `` buyer choice '' business owner manager Initially viewed way U.S. often private company 've long

wanted nonetheless extend Berkshire 's appeal beyond U.S. border last year globe-trotting finally got underway Acquisitions began 2006 completing three acquisition pending yearend 2005 spending 6 billion PacifiCorp Business Wire Applied Underwriters performing well highlight year however July 5 th acquisition ISCAR Israeli company new association chairman Eitan Wertheimer CEO Jacob Harpaz story began October 25 2005 received 114-page letter Eitan knew nothing letter began `` writing introduce ISCAR `` proceeded describe cutting- tool business carried 61 country Eitan wrote `` time considered issue generational transfer ownership typical large family enterprise given much thought ISCAR future conclusion Berkshire Hathaway would ideal home ISCAR believe ISCAR would continue thrive part portfolio business `` Overall Eitan letter made quality company character management leap page also made want learn November Eitan Jacob ISCAR CFO Danny Goldman came Omaha hour convinced make deal would teaming extraordinarily talented manager could trusted run business sale energy dedication exhibited previously However never bought business based outside U.S. though bought number foreign stock needed get educated tax jurisdictional matter task completed Berks hire purchased 80 ISCAR 4 billion remaining 20 stay hand Wertheimer family making valued partner ISCAR product small consumable cutting tool used conjunction large expensive machine tool 's business without magic except imparted people run Eitan Jacob associate true managerial magician constantly develop tool make customer machine productive result ISCAR make money enables customer make money better recipe continued success 5 September Charlie along five Berkshire associate visited ISCAR Israel mean every one u never impressed operation ISCAR throughout Israel brain energy ubiquitous s Berkshire shareholder lucky joined Eitan Jacob Danny talented associate month later Berkshire became `` buyer choice `` deal brought u friend John Roach Fort Worth John many remember Chairman Justin Industries bought 2000 time John helping John Justin terminally ill find permanent home company John Justin died soon bought Justin Industries since run exactly promised would Visiting November John Roach brought along Paul Andrews Jr. owner 80 TTI Fort Worth distributor electronic component 35-year period Paul built TTI 112,000 sale 1.3 billion remarkable entrepreneur operator Paul 64 love running business long ago happened witness disruptive death founder private company 's employee owner 's family start disruptive furthermore often evolves destructive year ago therefore Paul began think selling TTI goal put business hand owner carefully chosen rather allowing trust officer lawyer conduct auction death Paul rejected idea `` strategic `` buyer knowing pursuit `` synergy `` owner type would apt disassemble carefully built move would uproot hundred associate perhaps wound TTI 's business process also ruled private equity firm would likely load company debt flip so on possible left Berkshire Paul met morning November 15 th made deal lunch Later wrote `` meeting confident Berkshire right owner TTI proud past excited future `` Charlie also made `` tuck-in `` acquisition 2006 Fruit Loom `` Fruit `` MiTek CTB Shaw Clayton Fruit made largest purchase First bought Russell Corp. leading producer athletic apparel uniform 1.2 billion including assumed debt December agreed buy intimate apparel business VF Corp Together acquisition add 2.2 billion Fruit 's sale bring 23,000 employee Charlie love acquire business placed manager John Holland Fruit already shown stuff Berkshire MiTek example made 14 acquisition since purchased 2001 Gene Tombs delivered result deal far excess predicted effect leverage managerial talent already u tuck- deal make many continue however need `` elephant `` order u use Berkshire 's flood incoming cash Charlie must therefore ignore pursuit mouse focus acquisition effort much bigger game exemplar older man crashed grocery cart much younger fellow shopping elderly man explained apologetically lost track wife preoccupied searching new acquaintance said coincidence wife also wandered suggested might efficient jointly looked two woman Agreeing older man asked new companion wife looked like `` 's gorgeous blonde `` fellow answered `` body would cause bishop go stained glass window 's wearing tight white short `` senior citizen wasted word `` Forget 'll look `` 6 looking described page 25 acquisition candidate fit call day night watch shattered stained glass window let 's examine four major operating sector Berkshire Lumping financial figure together impedes analysis 'll look four separate business starting

all- important insurance group Insurance Next month mark 40 th anniversary entrance insurance business March 9 1967 Berkshire purchased National Indemnity companion company National Fire Marine Jack Ringwalt 8.6 million Jack long-time friend mine excellent somewhat eccentric businessman ten minute every year would get urge sell company mood perhaps brought tiff regulator unfavorable jury verdict quickly vanished mid-1960s asked investment banker Charlie Heider mutual friend mine Jack 's alert next time Jack `` heat `` Charlie 's call came sped meet Jack made deal minute waiving audit `` due diligence `` anything else would give Jack opportunity reconsider shook hand due close purchase Charlie 's office Jack late Finally arriving explained driving around looking parking meter unexpired time magic moment knew Jack going kind manager Berkshire purchased Jack 's two insurer `` float `` 17 million 've regularly offered long explanation float earlier report read website Simply put float money hold get invest end 2006 float grown 50.9 billion since written huge retroactive reinsurance contract Equitas describe next section boost float another 7 billion Much gain 've made come acquisition insurer 've also outstanding internal growth particularly Ajit Jain 's amazing reinsurance operation Naturally notion 1967 float would develop 's much said putting one foot front every day float retroactive reinsurance contract many automatically drift time Therefore difficult u increase float future unless make new acquisition insurance field Whatever size however all-important cost Berkshire 's float time likely significantly industry perhaps even falling le zero Note word `` time `` bad year periodically sure 2006 though everything went right insurance really right manager Tony Nicely GEICO Ajit Jain B-H Reinsurance Joe Brandon Tad Montross General Wurster National Indemnity Primary Tom Nerney U.S Liability Tim Kenesey Medical Protective Rod Eldred Homestate Companies Cypress Sid Ferenc Steve Menzies Applied Underwriters John Kizer Central States Towle Kansas Bankers Surety simply shot light recite name feel 'm Cooperstown reading Hall Fame roster course overall insurance industry also terrific year 2006 manager delivered result generally superior competitor 7 tally underwriting float major sector insurance Enjoy view wo n't soon see another like million Underwriting Profit Loss Yearend Float Insurance Operations 2006 2005 General 526 334 B-H Reinsurance 1,658 1,069 GEICO 1,314 1,221 Primary 340 235 Total 3.838 53 Includes MedPro June 30 2005 Includes Applied Underwriters May 19 2006 22,827 22,920 16,860 16,233 7,171 6,692 4,029 3,442 50.887 49.287 2006 2005 2007 result bread-and-butter line insurance deteriorate though think remain satisfactory big unknown super-cat insurance terrible hurricane season 2004-05 aberration planet 's first warning climate 21 st Century differ materially 've seen past answer second question yes 2006 soon perceived misleading period calm preceding series devastating storm could rock insurance industry 's naive think Katrina anything close worst-case event Neither Ajit Jain manages super-cat operation know lie ahead know would huge mistake bet evolving atmospheric change benign implication insurer n't think however lost taste risk remain prepared lose 6 billion single event if we paid appropriately assuming risk willing though take even small exposure price n't reflect evaluation losses probability Appropriate price n't guarantee profit given year inappropriate price certainly guarantee eventual loss Rates recently fallen flood capital entered super-cat field therefore sharply reduced wind exposure behavior parallel employ financial market fearful others greedy greedy others fearful Lloyd 's Equitas Retroactive Reinsurance Last year getting Equitas Berkshire agreed enter huge retroactive reinsurance contract policy protects insurer loss already happened whose cost yet known 'll give detail agreement shortly let 's first take journey insurance history following route led deal tale begin around 1688 Edward Lloyd opened small coffee house London Though Starbucks shop destined achieve worldwide fame commercial activity clientele shipowner merchant venturesome British capitalist party sipped Edward 's brew began write contract transferring risk disaster sea owner ship cargo capitalist wagered given voyage would completed without incident capitalist eventually became known `` underwriter Lloyd 's `` Though many people believe Lloyd 's insurance company case instead place many member-insurers transact business century ago time underwriter solicited passive investor join syndicate Additionally business broadened beyond marine risks

k every imaginable form insurance including exotic coverage spread fame Lloyd 's far wide underwriter left coffee house found grander quarter formalized rule association person passively backed underwriter became known `` name '' 8 Eventually name came i nclude many thousand people around world joined expecting pick extra change without effort serious risk True prospective name always solemnly told would unlimited everl asting liability consequence syndicate 's underwriting `` last cufflink '' quaint de scription went warning came viewed perfunctory Three hundred year retained cufflink acted powerful sedative name poised sign came asbestos prospective cost added tidal wave environmental product claim surfaced 1980s Lloyd 's began implode Policies writ ten decade earlier largely forgotten developing huge loss one could intelligently es timate total certain many ten billion dollar specter unending unlimited loss terrifi ed existing name scared away prospect Many name opted bankruptcy even chose suicide shamble came desperate effort resuscitate Lloyd 's 1996 power institution allotted £11.1 billion new company Equitas made responsible paying claim policy written 1993 effect plan pooled misery many syndicate trouble course money allotted could prove i nsufficient happened name remained liable shortfall new plan concentrating liability one place advantage eliminating much costly intramural squabbling went among syndica te Moreover pooling allowed claim evaluation negotiation litigation handled intellig ently case previously Equitas embraced Ben Franklin 's thinking `` must hang togethe r assuredly shall hang separately '' start many people predicted Equitas would event ually fail Ajit reviewed fact spring 2006 13 year last exposed policy written paymen t £11.3 billion claim concluded patient likely survive decided offer huge reinsuranc e policy Equitas plenty imponderable continue exist Berkshire could provide Equitas 27,972 name unlimited protection said 'm simplifying Equitas would give u 7.12 billi on cash security float spoke would pay future claim expense 13.9 billion amount 5.7 billion Equitas recently guessed ultimate liability Thus name received huge almost c ertainly sufficient amount future protection unpleasant surprise Indeed protection l arge Equitas plan cash payment thousand name event ever dreamed possible Berkshire f are depends much `` known '' claim end costing u many yet-to-be-presented claim surf ace cost soon claim payment made much earn cash receive must paid Ajit think odds fa vor wrong Berkshire handle Scott Moser CEO Equitas summarized transaction neatly `` Names wanted sleep easy night think 've bought world 's best mattress '' Warning 's time eat broccoli going talk accounting matter owe Berkshire shareholder love readin g debit credit hope find discussion helpful others skip section quiz Berkshire done many retroactive transaction number amount multiple policy entered insurer reinsurer choice coverage obligation transferred u example lifetime indemnity medical payment made injured worker may fully satisfied 50 year company offer certainty 9 Berkshire term guaranteeing full fair settlement obligation fact important original insurer po licyholder regulator accounting procedure retroactive transaction neither well known intuitive best way shareholder understand therefore u simply lay debit credit Charli e would like see done often sometimes encounter accounting footnote important transa ction leave u baffled go away suspicious reporting company wished way example try co mprehending transaction `` described '' old 10-Ks Enron even know movie ended let u summarize accounting Equitas transaction major debit Cash Investments Reinsurance Re coverable Deferred Charges Reinsurance Assumed `` DCRA '' major credit Reserve Losse s Loss Adjustment Expense profit loss recorded inception transaction underwriting lo ss thereafter incurred annually DCRA asset amortized downward amount annual amortiza tion charge primarily determined end-of-the-year estimate timing amount future loss payment compare estimate made beginning year Eventually last claim paid DCRA account reduced zero day 50 year away 's important remember retroactive insurance contract a lways produce underwriting loss u Whether loss worth experiencing depends whether ca sh received produce investment income exceeds loss Recently DCRA charge annually del ivered 300 million underwriting loss offset income realized use cash received premiu m Absent new retroactive contract amount annual charge would normally decline time E quitas transaction however annual DCRA cost initially increase 450 million year mean insurance operation must generate least much underwriting gain overall float cost-fr

ee amount quite hurdle one believe clear many year n't glad promised would quiz Manu
 facturing Service Retailing Operations activity part Berkshire cover waterfront Let
 's look though summary balance sheet earnings statement entire group Balance Sheet 1
 2/31/06 million Assets Cash equivalent Accounts note receivable Inventory current as
 set Total current asset 1,543 3,793 5,257 363 10,956 Liabilities Equity Notes payabl
 e 1,468 current liability 6,635 Total current liability 8,103 Goodwill intangible 1
 3,314 Deferred tax 540 Fixed asset 8,934 Term debt liability ... 3,014 asset 1,168 E
 quity 22,715 34.372 34.372 10 Earnings Statement million 2006 2005 2004 Revenues 52,
 660 46,896 44,142 Operating expense including depreciation 823 2006 699 2005 676 200
 4 49,002 44,190 41,604 Interest expense 132 83 57 Pre-tax earnings 3,526 2,623 2,481
 Income tax minority interest 1,395 977 941 Net income 2,131 1.646 1.540 include purc
 hase-accounting adjustment motley group sell product ranging lollipop motor home ear
 ned pleasing 25 average tangible net worth last year 's noteworthy also operation us
 ed minor financial leverage achieving return Clearly terrific business purchased man
 y however large premium net worth point reflected goodwill item shown balance sheet
 fact reduces earnings average carrying value 10.8 newsworthy item company sector • B
 ob Shaw remarkable entrepreneur standing start built Shaw Industries country 's larg
 est carpet producer elected last year age 75 retire succeed Bob recommended Vance Be
 ll 31-year veteran Shaw Bob usual made right call Weakness housing caused carpet bus
 iness slow Shaw however remains powerhouse major contributor Berkshire 's earnings •
 MiTek manufacturer connector roof truss time purchased 2001 developing mini-conglome
 rate rate growing fact `` mini '' may soon inappropriate purchasing MiTek 420 millio
 n lent company 200 million 9 bought 198 million stock priced 10,000 per share Additi
 onally 55 employee bought 2,200 share 22 million employee paid exactly price case bo
 rrowing money ever glad Five year later MiTek sale tripled stock valued 71,699 per s
 hare Despite making 14 acquisition cost 291 million MiTek paid debt Berkshire hold 3
 5 million cash celebrated fifth anniversary purchase party July told group would emb
 arrassing MiTek 's stock price soared beyond Berkshire `` '' share n't surprised how
 ever happens though Charlie try make share moving target • business destined increas
 e profit industry 's underlying economics crumbling talented management may slow rat
 e decline Eventually though eroding fundamental overwhelm managerial brilliance wise
 friend told long ago '' want get reputation good businessman sure get good business
 '' fundamental definitely eroding newspaper industry trend caused profit Buffalo New
 s decline skid almost certainly continue Charlie young newspaper business easy way m
 ake huge return existed America one not-too-bright publisher famously said `` owe fo
 rtune two great American institution monopoly nepotism '' paper one -paper city howe
 ver bad product however inept management could avoid gushing profit industry 's stag
 gering return could simply explained 20 th Century newspaper primary source informat
 ion American public Whether subject sport finance politics newspaper reigned supreme
 important ad easiest way find job opportunity learn price grocery town 's supermarke
 t 11 great majority family therefore felt need paper every day understandably n't wi
 sh pay two Advertisers preferred paper circulation reader tended want paper ad news
 page circularity led law newspaper jungle Survival Fattest Thus two paper existed ma
 jor city almost universally case century ago one pulled ahead usually emerged stand-
 alone winner competition disappeared paper 's pricing power advertising circulation
 unleashed Typically rate advertiser reader would raised annually profit rolled owner
 economic heaven Interestingly though paper regularly often disapproving way reported
 profitability say auto steel industry never enlightened reader Midas-like situation
 Hmmm long ago 1991 letter shareholder nonetheless asserted insulated world changing
 writing `` medium business prove considerably le marvelous industry lender thought w
 ould case year ago '' publisher took umbrage remark warning followed Newspaper prope
 rty moreover continued sell indestructible slot machine fact many intelligent newspa
 per executive regularly chronicled analyzed important worldwide event either blind i
 ndifferent going nose however almost newspaper owner realize constantly losing groun
 d battle eyeball Simply put cable satellite broadcasting well internet come along fi
 rst newspaper know probably would never existed Berkshire 's world Stan Lipsey terri

fic job running Buffalo News enormously proud editor Margaret Sullivan News penetrat
 ion market highest among country 's large newspaper also better financially metropol
 itan newspaper even though Buffalo 's population business trend good Nevertheless op
 eration face unrelenting pressure cause profit margin slide True leading online news
 operation Buffalo continue attract viewer ad However economic potential newspaper in
 ternet site given many alternative source information entertainment free click away
 best small fraction existing past print newspaper facing competition local resident
 ownership city 's paper like ownership sport team still produce instant prominence t
 ypically come power influence ruboffs appeal many people money Beyond civic-minded w
 ealthy individual may feel local ownership serve community well 's Peter Kiewit boug
 ht Omaha paper 40 year ago likely therefore see non-economic individual buyer newspa
 per emerge seen buyer acquire major sport franchise Aspiring press lord careful howe
 ver 's rule say newspaper 's revenue ca n't fall expense loss ca n't mushroom Fixed
 cost high newspaper business 's bad news unit volume head south importance newspaper
 diminishes moreover `` psychic '' value possessing one wane whereas owning sport fra
 nchise likely retain cachet Unless face irreversible cash drain stick News 've said
 would Read economic principle 1 1 page 76 Charlie love newspaper read five day belie
 ve free energetic press key ingredient maintaining great democracy hope combination
 print online ward economic doomsday newspaper work hard Buffalo develop sustainable
 business model think successful day lush profit newspaper 12 • much improved situati
 on emerging NetJets sell manages fractionally-owned aircraft company never problem g
 rowing Revenues flight operation increased 596 since purchase 1998 profit erratic mo
 ve Europe began 1996 particularly expensive five year operation acquired 80 customer
 mid-year 2006 cumulative pre- tax loss risen 212 million European demand exploded ne
 t 589 customer added 2005-2006 Mark Booth 's brilliant leadership NetJets operating
 profitably Europe expect positive trend continue U.S. operation also good year 2006
 led worldwide pre-tax earnings 143 million NetJets last year made profit even though
 suffered loss 19 million first quarter Credit Rich Santulli along Mark turnaround Ri
 ch like many manager financial need work 'd never know 's absolutely tireless monito
 ring operation making sale traveling globe constantly widen already-enormous lead Ne
 tJets enjoys competitor Today value fleet manage far greater managed three largest c
 ompetitor combined 's reason NetJets runaway leader offer ultimate safety service Be
 rkshire number subsidiary NetJets aircraft indispensable business tool also contract
 personal use NetJets member family Berkshire director None u add get discount 've fl
 own NetJets returning commercial flight like going back holding hand Regulated Utili
 ty Business Berkshire 86.6 fully diluted interest MidAmerican Energy Holdings owns w
 ide variety utility operation largest 1 Yorkshire Electricity Northern Electric whos
 e 3.7 million electric customer make third largest distributor electricity U.K. 2 Mi
 dAmerican Energy serf 706,000 electric customer primarily Iowa 3 Pacific Power Rocky
 Mountain Power serving 1.7 million electric customer six western state 4 Kern River
 Northern Natural pipeline carry 8 natural gas consumed U.S. partner ownership MidAme
 rican Walter Scott two terrific manager Dave Sokol Greg Abel 's unimportant many vot
 e party make major move unanimous thinking wise Six year working Dave Greg Walter un
 derscored original belief Berkshire could n't better partner Somewhat incongruously
 MidAmerican owns second largest real estate brokerage firm U.S. HomeServices America
 company operates 20 locally-branded firm 20,300 agent Despite HomeServices purchase
 two operation last year company 's overall volume fell 9 58 billion profit fell 50 s
 lowdown residential real estate activity stem part weakened lending practice recent
 year `` optional '' contract `` teaser '' rate popular allowed borrower make payment
 early year mortgage fall far short covering normal interest cost Naturally default v
 irtually nothing required borrower cynic said `` rolling loan gather loss '' payment
 made add principal borrower ca n't afford normal monthly payment early hit later abo
 ve-normal monthly obligation Scarlett O'Hara scenario `` 'll think tomorrow '' many
 home owner `` tomorrow '' arrived Consequently huge overhang offering several HomeSe
 rvices market Nevertheless seeking purchase additional brokerage operation decade Ho
 meServices almost certainly much larger 13 key figure MidAmerican operation Earnings

million 2006 2005 U.K. utility 338 308 Iowa utility 348 288 Western utility acquired March 21 2006 356 N/A Pipelines 376 309 HomeServices 74 148 net 226 115 Earnings corporate interest tax 1,718 1,168 Interest Berkshire 261 200 Interest Berkshire junior debt 134 157 Income tax 407 248 Net earnings 916 563 Earnings applicable Berkshire 8 85 523 Debt owed others 1 6,946 1 0,296 Debt owed Berkshire 1 ,055 1 ,289 Includes interest earned Berkshire net related income tax 87 2006 102 2005 Finance Financial Products happy hear 'm even happier last discussion loss Gen 's derivative operation started wind business early 2002 23,218 contract outstanding 197 cumulative pre-tax loss operation total 409 million 5 million occurred 2006 Charlie say properly classified 409 million 2001 balance sheet would labeled `` Good Reached '' event Shakespearean thought slightly modified seems appropriate tombstone derivative business `` 's well end '' 've also wound investment Value Capital earnings loss two line business making final appearance table annually appears section Clayton Homes remains anomaly manufactured-housing industry last year recorded lowest unit sale since 1962 Indeed industry 's volume last year one-third 1999 Outside Clayton doubt industry overall made money 2006 Yet Clayton earned 513 million pre-tax paid Berkshire additional 86 million fee obtaining fund finance Clayton 's 10 billion portfolio installment receivables Berkshire 's financial strength clearly huge help Clayton driving force behind company 's success Kevin Clayton Kevin know business forward backward rational decision-maker joy work acquisition Clayton employ 14,787 people compared 6,661 time purchase two leasing operation CORT furniture run Paul Arnold XTRA truck trailer run Bill Franz CORT 's earnings improved significantly last year XTRA 's remained high level attained 2005 continue look tuck-in acquisition run Paul Bill also open idea new leasing opportunity 14 's breakdown earnings sector million Pre-Tax Earnings Interest-Bearing Liabilities 2006 2005 2006 2005 Trading ordinary income 274 200 600 1,061 Gen Securities loss 5 104 1,204 2,617 Life annuity operation 29 11 2,459 2,461 Value Capital loss 6 33 N/A N/A Leasing operation 182 173 261 370 Manufactured-housing finance Clayton 513 416 10,498 9,299 158 159 N/A N/A Income capital gain 1,157 822 Trading capital gain loss 938 234 Total 2.095 588 Includes liability Investments show common stock investment two exception market value 700 million end 2006 itemized n't itemize two security referred market value 1.9 billion continue buy could course tell name would kill 12/31/06 Percentage Shares Company Company Owned Cost Market million 151,610,700 American Express Company 12.6 1,287 9,198 36,417,400 Anheuser-Busch Cos. Inc 4.7 1,761 1,792 200,000,000 Coca-Cola Company 8.6 1,299 9,650 17,938,100 Conoco Phillips 1.1 1,066 1,291 21,334,900 Johnson Johnson 0.7 1,250 1,409 6,708,760 Bank Corporation 6.1 103 820 48,000,000 Moody 's Corporation 17.2 499 3,315 2,338,961,000 PetroChina `` H '' share equivalent ... 1.3 488 3,313 3,486,006 POSCO 4.0 572 1,158 100,000,000 Procter Gamble Company 3.2 940 6,427 229,707,000 Tesco 2.9 1,340 1,820 3 1,033,800 US Bancorp 1.8 969 1,123 17,072,192 USG Corp 19.0 536 936 19,944,300 Wal-Mart Stores Inc 0.5 942 921 1,727,765 Washington Post Company 18.0 11 1,288 218,169,300 Wells Fargo Company 6.5 3,697 7,758 1,724,200 White Mountains Insurance 16.0 369 999 Others 5,866 8,315 Total Common Stocks 22,995 61,533 actual purchase price also tax basis GAAP `` cost '' differs case write-ups write-down required delighted 2006 business performance virtually investees Last year told expectation company aggregate would increase earnings 6 8 annually rate would double earnings every ten year 2006 American Express 15 Coca-Cola Procter Gamble Wells Fargo largest holding increased per-share earnings 18 9 8 11 stellar result thank CEOs 've come close eliminating direct foreign-exchange position realized 186 million pre-tax profit 2006 earnings included Finance Financial Products table shown earlier brought total gain since inception position 2002 2.2 billion 's breakdown currency Total Gain Loss Millions Australian dollar 247.1 Mexican peso 106.1 British pound 287.2 New Zealand dollar 102.6 Canadian dollar 398.3 Singapore dollar 2.6 Chinese yuan 12.7 South Korean 261.3 Euro 83 9.2 Swiss franc 9.6 Hong Kong dollar 2.5 Taiwan dollar 45.3 Japanese yen 1 .9 Miscellaneous option 22.9 've made large indirect currency profit well though 've never tallied precise amount example 2002-2003 spent 82 million buying thing Enron bond denominated Euros Already 've received distribution 179 million bond remaining stake work

th 173 million mean overall gain 270 million part came appreciation Euro took place bond purchase first began making foreign exchange purchase interest-rate differential U.S. foreign country favored direct currency position spread turned negative 2005 therefore looked way gain foreign-currency exposure ownership foreign equity U.S. stock major earnings abroad currency factor emphasize dominant selection equity merely one many consideration U.S. trade problem worsen probability dollar weaken time continues high fervently believe real trade better u world 1.44 trillion honest-to-God trade 2006 U.S. also .76 trillion pseudo-tmd last year import exchanged good service Ponder moment commentator would describe situation import .76 trillion full 6 GDP export Making purchase n't reciprocated sale U.S. necessarily transferred ownership as set IOUs rest world Like wealthy self-indulgent family peeled bit owned order consume produced U.S. lot extraordinarily rich country behaved responsibly past world therefore willing accept bond real estate stock business vast store hand transfer consequence however Already prediction made last year one fall-out spending binge come true `` investment income `` account country positive every previous year since 1915 turned negative 2006 Foreigners earn U.S. investment investment abroad effect 've used bank account turned credit card like everyone get hock U.S. experience `` reverse compounding `` pay ever-increasing amount interest interest want emphasize even though course unwise Americans live better ten twenty year today Per-capita wealth increase citizen also forced every year ship significant portion current production abroad merely service cost huge debtor position wo n't pleasant work part day pay over-consumption 16 ancestor believe point future U.S. worker voter find annual `` tribute `` onerous severe political backlash play market impossible predict expect `` soft landing `` seems like wishful thinking mention direct currency profit realized come forward contract derivative entered type derivative contract well may seem odd since know expensive experience unwinding derivative book Gen also heard talk systemic problem could result enormous growth use derivative may wonder fooling around potentially to xic material answer derivative like stock bond sometimes wildly mispriced many year accordingly selectively written derivative contract number sometimes large dollar amount currently 62 contract outstanding manage personally free counterparty credit risk far derivative contract worked well u producing pre-tax profit hundred million dollar beyond gain 've itemized forward foreign-exchange contract Though experience loss time time likely continue earn overall significant profit mispriced derivative to ld Berkshire three outstanding candidate replace CEO Board know exactly take die tonight three much younger director believe 's important successor prospect long tenure Frankly well-prepared investment side business 's history one time Charlie potential replacement investing recently Lou Simpson filled slot Lou top-notch investor outstanding long-term record managing GEICO 's equity portfolio six year younger die soon would fill magnificently short period long-term though need different answer October board meeting discussed subject fully emerged plan carry help Charlie Lou plan intended hire younger man woman potential manage large portfolio hope succeed Berkshire 's chief investment officer need someone arises part selection process may fact take several candidate Picking right person easy task 's hard course find smart people among individual impressive investment record far successful long-term investing brain performance recently good time market extraordinary even bizarre thing single big mistake could wipe long string success therefore need someone genetically programmed recognize avoid serious risk including never encountered Certain peril lurk investment strategy spotted use model commonly employed today financial institution Temperament also important Independent thinking emotional stability keen understanding human institutional behavior vital long-term investment success 've seen lot smart people lacked virtue Finally special problem consider ability keep person hire able list Berkshire resume would materially enhance marketability investment manager need therefore sure retain choice even though could leave make much money elsewhere 17 surely people fit need may hard identify 1979 Jack Byrne felt found person Lou Simpson made arrangement whereby would paid well sustained overperformance deal earned large amount Lou however could left u long ago manage far greater sum advantageous term money

alone object 's exactly would done Lou never considered move need find younger person two made stuff good news 76 feel terrific according measurable indicator excellent health 's amazing Cherry Coke hamburger fellow Changes Berkshire 's Board composition board change two way spring One change involve Chace family connected Berkshire predecessor company century 1929 first Malcolm G. Chace played important role merging four New England textile operation Berkshire Fine Spinning Associates company merged Hathaway Manufacturing 1955 form Berkshire Hathaway Malcolm G. Chace Jr. became chairman Early 1965 Malcolm arranged Buffett Partnership Ltd. buy key block Berkshire share are welcomed u new controlling shareholder company Malcolm continued non-executive chairman 1969 wonderful gentleman helpful partner description also fit son Malcolm ' Kim ' Chace succeeded father Berkshire 's board 1992 last year Kim actively successfully running community bank founded 1996 suggested find younger person replace board done Kim step director annual meeting owe much Chaces wish thank Kim many years service Berkshire selecting new director guided long-standing criterion board member owner-oriented business-savvy interested truly independent say `` truly ' many director deemed independent various authority observer far relying heavily director fee maintain standard living payment come many form often range 150,000 250,000 annually compensation may approach even exceed income `` independent ' director surprise surprise director compensation soared recent year pushed recommendation corporate America 's favorite consultant Ratchet Ratchet Bingo name may phony action conveys Charlie believe four criterion essential director job law faithfully represent owner Yet criterion usually ignored Instead consultant CEOs seeking board candidate often say ` 're looking woman ' `` Hispanic ' `` someone abroad ' sometimes sound mission stock Noah 's ark year 've queried many time potential director yet hear anyone ask ` think like intelligent owner ' question instead get would sound ridiculous someone seeking candidate say football team arbitration panel military command case select or would look people specific talent attitude required specialized job Berkshire specialized activity running business well therefore seek business judgment 's exactly 've found Susan Decker CFO Yahoo join board annual meeting lucky score high four criterion additionally 44 young attribute may noticed Chairman long lacked seek young director future never slighting four quality insist upon 18 Berkshire pay 4.4 billion federal income tax 2006 earnings last fiscal year U.S. Government spent 2.6 trillion 7 billion per day Thus half one day Berkshire picked tab federal expenditure ranging Social Security Medicare payment cost armed service 600 taxpayer like Berkshire one else America would needed pay federal income payroll tax federal return last year add ran 9,386 page handle filing state foreign tax return myriad SEC requirement matter involved running Berkshire gone way 19 employee World Headquarters crew occupies 9,708 square foot space Charlie World Headquarters West Los Angeles us another 655 square foot home-office payroll including benefit counting location totaled 3,531,978 last year 're careful spending money Corporate bigwig often complain government spending criticizing bureaucrat say spend taxpayer money differently would sometimes financial behavior executive also vary based whose wallet getting depleted 's illustrative tale day Salomon 1980s company barber Jimmy name came weekly give free haircut top brass manicurist also tap cost-cutting drive patron told pay way One top executive CEO previously visited Jimmy weekly went immediately once-every-three-weeks schedule Every Charlie catch early tide -like trend one brimming commercial promise example though American Airlines `` mile ' American Express credit card point credited trailblazer granting customer `` reward ' Charlie far ahead spotting appeal powerful idea Excited insight two u jumped reward business way back 1970 buying control trading stamp operation Blue Chip Stamps year Blue Chip sale 126 million stamp papered California 1970 indeed 60 billion stamp licked saver pasted book taken Blue Chip redemption store catalog reward 1 16 page thick chock full tantalizing item told even certain brothel mortuary gave stamp patron felt finally found sure thing Well quite day Charlie stepped Blue Chip picture business went straight downhill 1980 sale fallen 1 9.4 million 1990 sale bumping along 1.5 million quitter redoubled managerial effort Sales fell another 98 Last year Berkshire 's 98 billion revenue 25,920 zero omitted

came Blue Chip Ever hopeful Charlie soldier mentioned last year service 19 corporate board counting Berkshire controlled company Typhoid Mary compensation committee one company assigned comp committee duty promptly outvoted crucial decision faced ostracism peculiar considering certainly n't lacked experience setting CEO pay Berkshire one-man compensation committee determines salary incentive CEOs around 40 significant operating business 19 much time aspect job take Virtually none many CEOs voluntarily left u job 42-year history Precisely none Berkshire employ many different incentive arrangement term depending element economic potential capital intensity CEO 's business Whatever compensation arrangement though try keep simple fair use incentive large always tied operating result given CEO authority issue lottery ticket carry payoff unrelated business performance CEO bat .300 get paid .300 hitter even circumstance outside control cause Berkshire perform poorly bat .150 n't get payoff success others enabled Berkshire prosper mightily example 61 billion equity Berkshire whose value easily rise fall 10 given year world pay operating executive affected 6 billion swing however important gain loss may shareholder 've read load CEOs received astronomical compensation mediocre result Much le well-advertised fact America 's CEOs also generally live good life Many emphasized exceptionally able almost work far 40 hour week usually treated like royalty process 're certainly going keep way Berkshire Though Charlie still favor sackcloth ash prefer spoiled rotten Berkshire owns Pampered Chef wonderful office group made Pampered Chief CEO perk one company quickly copied elsewhere `` kid one '' may seem thought juvenile use rationale boardroom consultant employ precisely argument phrased elegantly course make recommendation comp committee Ir rational excessive comp practice materially changed disclosure '' independent '' comp committee member Indeed think 's likely reason rejected service many comp committee regarded independent Compensation reform occur largest institutional shareholder would take demand afresh look whole system consultant present drill deftly selecting `` peer '' company compare client perpetuate present excess Last year arranged bulk Berkshire holding go five charitable foundation thus carrying part lifelong plan eventually use share philanthropic purpose Details commitment made well rationale posted website www.berkshirehathaway.com Taxes note nothing decision timing federal state income tax 2006 exactly would made first contribution last summer point apply 2007 contribution 've stipulated proceeds Berkshire share still death used philanthropic purpose within ten year estate closed affair complicated take three year closing occur Adding 13-year period expected lifespan 12 year though naturally 'm aiming mean proceeds Berkshire share likely distributed societal purpose next 25 year 've set schedule want money spent relatively promptly people know capable vigorous motivated managerial attribute sometimes wane institution particularly exempt market force age To day terrific people charge five foundation death move dispatch judiciously spend money remains 20 people favoring perpetual foundation argue future certainly large important societal problem philanthropy need address agree also many super-rich individual family whose wealth exceed today 's Americans philanthropic organization make case funding funders judge firsthand operation vitality focus best address major societal problem exist way market test idea effectiveness applied organization deserve major support others outlived usefulness Even people ground make decision imperfectly able allocate fund rationally decedent six foot ordained decade earlier Wills course always rewritten 's unlikely thinking change material way shareholder expressed concern sale Berkshire foundation receiving share depress stock fear unwarranted annual trading volume many stock exceeds 100 outstanding share nevertheless stock usually sell price approximating intrinsic value Berkshire also tends sell appropriate price annual volume 15 share outstanding sale foundation receiving share add three percent age point annual trading volume still leave Berkshire turnover ratio lowest around Overall Berkshire 's business performance determine price stock time sell zone reasonableness 's important foundation receive appropriate price periodically sell Berkshire share 's also important incoming shareholder n't overpay See economic principle 14 page 77 policy shareholder communication Charlie best ensure Berkshire sell neither large discount large premium intrinsic value existence foundation ownership way in

fluence board 's decision dividend repurchase issuance share follow exactly rule guided u past action likely deliver best result shareholder time last year 's report allegorically described Gotrocks family clan owned America 's business counterproductively attempted increase investment return paying ever-greater commission fee `` helper '' Sad say `` family '' continued self-destructive way 2006 part family persists folly harbor unrealistic expectation obtainable return Sometimes delusion self-serving example private pension plan temporarily overstate earnings public pension plan defer need increased tax using investment assumption likely reach Actuaries auditor go along tactic decade chicken come home roost point CEO public official misled world apt gone Meanwhile Wall Street 's Pied Pipers Performance encouraged futile hope family hapless Gotrocks assured achieve above-average investment performance paying ever-higher fee Call promise adult version Lake Woebegon 2006 promise fee hit new high flood money went institutional investor 2-and-20 crowd innocent arrangement let explain 's lopsided system whereby 2 principal paid year manager even accomplishes nothing matter loses bundle additionally 20 profit paid succeeds even success due simply rising tide example manager achieves gross return 10 year keep 3.6 percentage point two point top plus 20 residual 8 point leaving 6.4 percentage point investor 3 billion fund 6.4 net `` performance '' deliver manager cool 108 million receive bonanza even though index fund might returned 15 investor period charged token fee 21 inexorable math grotesque arrangement certain make Gotrocks family poorer time would never heard `` hyper-helpers '' Even 2-and-20 action spread effect bring mind old adage someone experience proposes deal someone money often fellow money end experience fellow experience end money Let end section telling one good guy Wall Street long-time friend Walter Schloss last year turned 90 1956 2002 Walter managed remarkably successful investment partnership took dime unless investor made money admiration Walter noted based hindsight full fifty year ago Walter sole recommendation St. Louis family wanted honest able investment manager Walter go business school matter college office contained one file cabinet 1956 number mushroomed four 2002 Walter worked without secretary clerk bookkeeper associate son Edwin graduate North Carolina School Arts Walter Edwin never came within mile inside information Indeed used `` outside '' information sparingly generally selecting security certain simple statistical method Walter learned working Ben Graham Walter Edwin asked 1989 Outstanding Investors Digest '' would summarize approach '' Edwin replied `` try buy stock cheap '' much Modern Portfolio Theory technical analysis macroeconomic thought complex algorithm Following strategy involved real risk defined permanent loss capital Walter produced result 47 partnership year dramatically surpassed P 500 's particularly noteworthy built record investing 1,000 security mostly lackluster type big winner account success 's safe say million investment manager made trade drawing stock name hat b purchasing stock comparable amount Walter made purchase c selling Walter sold pick luckiest would come close equaling record simply possibility Walter achieved 47 year due chance first publicly discussed Walter 's remarkable record 1984 time `` efficient market theory '' EMT centerpiece investment instruction major business school theory commonly taught held price stock moment demonstrably mispriced mean investor expected overperform stock market average using publicly-available information though luck talked Walter 23 year ago record forcefully contradicted dogma member academic community exposed new important evidence Unfortunately reacted all-too-human fashion Rather opening mind closed eye knowledge business school teaching EMT made attempt study Walter 's performance meant school 's cherished theory Instead faculty school went merrily way presenting EMT certainty scripture Typically finance instructor nerve question EMT much chance major promotion Galileo named Pope Tens thousand student therefore sent life believing every day price every stock `` right '' accurately demonstrably wrong attempt evaluate business stock useless Walter meanwhile went overperforming job made easier misguided instruction given young mind shipping business 's helpful potential competitor taught earth flat Maybe good thing investor Walter n't go college 22 Annual Meeting meeting year held Saturday May 5 th always door open Qwest Center 7 a.m. new Berkshire movie shown 8:30 9:30 go directly question-and-answer period break lunch Q

west stand last 3:00 short recess Charlie convene annual meeting 3:15 decide leave day 's question period please Charlie talking best reason exit course shop help filling 194,300 square foot hall adjoins meeting area product Berkshire subsidiary Last year 24,000 people came meeting part almost every location racked record sale record made broken know better year showcase Clayton home featuring Acme brick Shaw carpet Johns Manville insulation MiTek fastener Carefree awning NFM furniture find home priced 139,900 delivers excellent value Last year helper Qwest bought one two home display well opened door shareholder Flanking Clayton home exhibition floor year RV pontoon boat Forest River GEICO booth staffed number top counselor around country ready supply auto insurance quote case GEICO able give special shareholder discount usually 8 special offer permitted 45 50 jurisdiction operate One supplemental point discount additive qualify another given certain group Bring detail existing insurance check whether save money least 50 believe 're sign new GEICO credit card 's one use sparingly course Saturday Omaha airport usual array aircraft NetJets available inspection Stop NetJets booth Qwest learn viewing plane Come Omaha bus leave new plane take hair gel wish board Bookworm 's corner bazaar 25 book DVDs discounted led Poor Charlie 's Almanack One hapless soul last year asked Charlie n't enjoy book Back came Mung'erism `` problem give someone intelligent '' 've added title year Among Seeking Wisdom Darwin Munger Peter Bevelin long-time Swedish shareholder Berkshire Fred Schwed 's classic Customers Yachts book first published 1940 4 th edition funniest book ever written investing lightly delivers many truly important message subject attachment proxy material enclosed report explains obtain credential need admission meeting event plane hotel car reservation signed American Express 800-799-6634 give special help Carol Pedersen handle matter terrific job u year thank Hotel room hard find work Carol get one Nebraska Furniture Mart located 77-acre site 72 nd Street Dodge Pacific `` Berkshire Weekend '' discount pricing initiated special event NFM ten year ago sale `` Weekend '' grew 5.3 million 1997 30 million 2006 get goose bump thinking volume obtain Berkshire discount must make purchase Thursday May 3 1d Monday May 7 th inclusive also present meeting credential period 's special pricing even apply product several prestigious manufacturer normally ironclad rule discounting spirit shareholder weekend made exception appreciate cooperation NFM open 10 a.m. 9 p.m. Monday Saturday 10 a.m. 23 6 p.m. Sunday Saturday year 5:30 p.m. 8 p.m. NFM special shareholder picnic featuring chicken beef taco hamburger traditionalist like remodeled expanded Borsheim 's two shareholder-only event first cocktail reception 6 p.m. 10 p.m. Friday May 4 th second main gala held Sunday May 6 th 9 a.m. 4 p.m. Saturday open 6 p.m. huge crowd Borsheim 's throughout weekend convenience therefore shareholder price available Monday April 30 th Saturday May 12 th period please identify shareholder presenting meeting credential brokerage statement show Berkshire holder Sunday tent outside Borsheim 's blindfolded Patrick Wolff twice U.S. chess champion take corner eye wide open group six Last year carried conversation Patrick played manner Nearby Norman Beck remarkable magician Dallas bewilder onlooker Additionally Bob Hamman Sharon Osberg two world 's top bridge expert available play bridge shareholder Sunday afternoon add Sunday fun Borsheim 's Ariel Hsing play table tennis ping-pong uninitiated 1 p.m. 4 p.m. anyone brave enough take Ariel though 11 ranked number one among girl 16 U.S. number 1 among boy girl 12 week turned 75 played Ariel 9 barely tall enough see across table thinking would take easy crush young spirit Instead crushed 've since devised plan give chance 1 p.m. Sunday initiate play 2-point game Ariel somehow win first point feign injury claim victory strenuous encounter wear Ariel shareholder try luck Gorat 's open exclusively Berkshire shareholder Sunday May 6 th serving 4 p.m. 10 p.m Please remember come Gorat 's day must reservation make one call 402-551-3733 April 1 st 2006-2007 school year 35 university class including one IBMEC Brazil come Omaha session take almost aggregate 2,000 student lunch Gorat 's love learn come join u Sunday reception 4 p.m. Saturday afternoon shareholder come outside North America Every year meeting draw many people around globe Charlie want sure personally greet come far Last year enjoyed meeting 400 many dozen country shareholder come U.S. Canada given special credential instruction attending function Charlie extraordinary

inarily lucky born America terrific parent saw got good education enjoyed wonderful family great health came equipped '' business '' gene allows u prosper manner hugely disproportionate people contribute much society 's well-being Moreover long job love helped every day countless way talented cheerful associate wonder tap- dance work no thing fun u getting together shareholder-partners Berkshire 's annual meeting join u May 5 th Qwest annual Woodstock Capitalists 'll see February 28 2007 Warren E. Buffet Chairman Board 24 Berkshire 's Corporate Performance vs. P 500 Annual Percentage Change Per-Share P 500 Book Value Dividends Relative Berkshire Included Results Year

Year	1	2	1	2	1965	23.8	10.0	13.8	1966	20.3	11.7	32.0	1967	11.0	30.9	19.9	1968	19.0	11.0
1969	8.0	16.2	8.4	24.6	1970	12.0	3.9	8.1	1971	16.4	14.6	1.8	1972	21.7	18.9	2.8	1973	4.7	14.8
1974	19.5	26.4	31.9	1975	21.9	37.2	15.3	1976	59.3	23.6	35.7	1977	31.9	7.4	39.3	1978	24.0	6.4	
1979	35.7	18.2	17.5	1980	19.3	32.3	13.0	1981	31.4	5.0	3	1982	40.0	21.4	18.6	1983	32.3	22.4	
1984	13.6	6.1	7.5	1985	48.2	31.6	16.6	1986	26.1	18.6	7.5	1987	19.5	5.1	14.4	1988	20.1	16.6	
1989	44.4	31.7	12.7	1990	7.4	3.1	10.5	1991	39.6	30.5	9.1	1992	20.3	7.6	12.7	1993	14.3	10.1	
1994	4.2	1995	13.9	1.3	12.6	1996	43.1	37.6	5.5	1997	31.8	23.0	8.8	1998	34.1	33.4	.7	1999	48.3
2000	28.6	19.7	2001	.5	21.0	20.5	2002	6.5	9.1	15.6	2003	6.2	11.9	5.7	2004	10.0	22.1	32.1	2005
2006	21.0	28.7	7.7	2007	10.5	10.9	.4	2008	6.4	4.9	1.5	2009	18.4	15.8	2.6	2010	11.0	5.5	
2011	5.5	2012	9.6	37.0	27.4	2009	19.8	26.5	6.7	Compounded Annual Gain 1965-2009	20.3	9.3	11.0	Overall Gain- 1964-2009	434,057	5,430	Notes Data calendar year exception 1965 1966 year ended 9/30 1967 15 month ended 12/31 Starting 1979 accounting rule required insurance comp any value equity security hold market rather lower cost market previously requiremen t table Berkshire 's result 1978 restated conform changed rule respect result calcul ated using number originally reported P 500 number pre-tax whereas Berkshire number after-tax corporation Berkshire simply owned P 500 accrued appropriate tax result wo uld lagged P 500 year index showed positive return would exceeded P 500 year index s howed negative return year tax cost would caused aggregate lag substantial 2 BERKSHI RE HATHAWAY INC. Shareholders Berkshire Hathaway Inc. gain net worth 2009 21.8 billi on increased per-share book value Class Class B stock 19.8 last 45 year since presen t management took book value grown 19 84,487 rate 20.3 compounded annually Berkshire 's recent acquisition Burlington Northern Santa Fe BNSF added least 65,000 sharehold er 500,000 already book 's important Charlie Munger long-time partner owner understa nd Berkshire 's operation goal limitation culture annual report consequently restate economic principle guide u year principle appear page 89-94 urge particularly new sh areholder read Berkshire adhered principle decade continue long 'm gone letter also review basic business hoping provide freshman orientation session BNSF newcomer refr esher course Berkshire veteran Measure metric evaluating managerial performance disp layed facing page start Charlie believed rational unbending standard measuring accom plished keep u temptation seeing arrow performance land painting bull 's eye around Selecting P 500 bogey easychoice shareholder virtually cost match performance holdi ng index fund pay u merely duplicating result difficult decision u measure progress Berkshire versus P good argument simply using change stock price extended period tim e fact best test year-to-year market price extraordinarily erratic Even evaluation c overing long decade greatly distorted foolishly high low price beginning end measure ment period Steve Ballmer Microsoft Jeff Immelt GE tell problem suffering nosebleed price stock traded handed managerial baton ideal standard measuring yearly progress would change Berkshire 's per-share intrinsic value Alas value calculated anything c lose precision instead use crude proxy per-share book value Relying yardstick shortc oming discus page 92 93 Additionally book value company understates intrinsic value certainly case Berkshire aggregate business worth considerably value carried book al l-important insurance business moreover difference huge Even Charlie believe book va lue understated though supply useful tracking device change intrinsic value measurem ent opening paragraph letter state book value since start fiscal 1965 grown rate 20. 3 compounded annually A11 per-share figure used report apply Berkshire 's share Figu res B share 1/1 500 th shown 3 note instead chosen market price yardstick Berkshire 's result would look better showing gain since start fiscal 1965 22 compounded annua		

lly Surprisingly modest difference annual compounding rate lead 801,516 market-value gain entire 45-year period compared book-value gain 434,057 shown page 2 market gain better 1965 Berkshire share sold appropriate discount book value underearning textile asset whereas today Berkshire share regularly sell premium accounting value first-class business Summed table page 2 conveys three message two positive one hugely negative First never five-year period beginning 1965-69 ending 2005-09 41 gain book value exceed P 's gain Second though lagged P year positive market consistently done better P eleven year delivered negative result word defense better offense 's likely continue big minus performance advantage shrunk dramatically size grown unpleasant trend certain continue sure Berkshire many outstanding business cadre truly great manager operating within unusual corporate culture let maximize talent Charlie believe factor continue produce better-than-average result time huge sum forge anchor future advantage small fraction historical edge n't Long ago Charlie laid strongest ambition `` want know 'm going die 'll never go '' bit wisdom inspired Jacobi great Prussia n mathematician counseled '' Invert always invert '' aid solving difficult problem report well inversion approach work le lofty level Sing country song reverse quickly recover car house wife example apply Charlie 's thinking Berkshire • Charlie avoid business whose future ca n't evaluate matter exciting product may past required brilliance people foresee fabulous growth awaited industry auto 1910 aircraft 1930 television set 1950 future also included competitive dynamic would decimate almost company entering industry Even survivor tended come away bleeding Charlie clearly see dramatic growth ahead industry mean judge profit margin return capital host competitor battle supremacy Berkshire stick business whose profit picture decade come seems reasonably predictable Even make plenty mistake • never become dependent kindness stranger Too-big-to-fail fallback position Berkshire Instead always arrange affair requirement t cash may conceivably dwarfed liquidity Moreover liquidity constantly refreshed gus her earnings many diverse business financial system went cardiac arrest September 20 08 Berkshire supplier liquidity capital system supplicant peak crisis poured 15.5 billion business world could otherwise look federal government help 9 billion went bolster capital three highly-regarded previously-secure American business needed without delay tangible vote confidence remaining 6.5 billion satisfied commitment help fund purchase Wrigley deal completed without pause elsewhere panic reigned 4 pay steep price maintain premier financial strength 20 billion-plus cash- equivalent asset customarily hold earning pittance present sleep well • tend let many subsidiary operate without supervising monitoring degree mean sometimes late spotting management problem operating capital decision occasionally made Charlie would disagreed consulted manager however use independence grant magnificently rewarding confidence maintaining owner- oriented attitude invaluable seldom found huge organization would rather suffer visible cost bad decision incur many invisible cost come decision made slowly stifling bureaucracy acquisition BNSF 257,000 employee literally hundred different operating unit hope many never allow Berkshire become monolith overrun committee budget presentation multiple layer management Instead plan operate collection separately-managed medium- sized large business whose decision-making occurs operating level Charlie limit allocating capital controlling enterprise risk choosing manager setting compensation • make attempt woo Wall Street Investors buy sell based upon medium analyst commentary u Instead want partner join u Berkshire wish make long-term investment business understand 's one follows policy concur Charlie go small venture partner would seek individual sync u knowing common goal shared destiny make happy business `` marriage '' owner manager Scaling giant size n't change truth build compatible shareholder population try communicate owner directly informatively goal tell would like know position reversed Additionally try post quarterly annual financial information Internet early weekend thereby giving investor plenty time non-trading period digest happened multi-faceted enterprise Occasionally SEC deadline force non-Friday disclosure matter simply ca n't adequately summarized paragraph lend kind catchy headline journalist sometimes seek Last year saw one instance sound-bite reporting go wrong Among 12,830 word annual letter sentence `` certain example economy shamle throughout

2009 probably well beyond conclusion tell u whether market rise fall '' Many news or ganization reported indeed blared first part sentence making mention whatsoever endi ng regard terrible journalism Misinformed reader viewer may well thought Charlie for ecasting bad thing stock market though sentence also elsewhere made clear n't predic ting market investor misled sensationalist paid big price Dow closed day letter 7,06 3 finished year 10,428 Given experience 've like understand prefer communication rem ain direct unabridged possible Let 's move specific Berkshire 's operation four majo r operating sector differing others balance sheet income account characteristic Ther efore lumping together standard financial statement impedes analysis 'll present fou r separate business Charlie view 5 Insurance property-casualty P/C insurance busines s engine behind Berkshire 's growth continue worked wonder u carry P/C company book 15.5 billion net tangible asset amount lodged `` Goodwill '' account company however worth far carrying value following look economic model P/C industry tell Insurers re ceive premium upfront pay claim later extreme case arising certain worker compensati on accident payment stretch decade collect-now pay-later model leaf u holding large sum money call `` float '' eventually go others Meanwhile get invest float Berkshire 's benefit Though individual policy claim come go amount float hold remains remarkab ly stable relation premium volume Consequently business grows float premium exceed t otal expense eventual loss register underwriting profit add investment income produc ed float combination allows u enjoy use free money better yet get paid holding Alas hope happy result attracts intense competition vigorous year cause P/C industry whol e operate significant underwriting loss loss effect industry pay hold float Usually cost fairly low catastrophe-ridden year cost underwriting loss eats income derived u se float perhaps biased view Berkshire best large insurance operation world absolute ly state best manager float grown 16 million 1967 entered business 62 billion end 20 09 Moreover operated underwriting profit seven consecutive year believe likely conti nue underwrite profitably though certainly future year float cost-free much someone deposited 62 billion u could invest benefit without payment interest Let emphasize c ost-free float result expected P/C industry whole year premium inadequate cover clai m plus expense Consequently industry 's overall return tangible equity many decade f allen far short achieved P 500 Outstanding economics exist Berkshire outstanding man ager running unusual business insurance CEOs deserve thanks added many billion dolla r Berkshire 's value 's pleasure tell all-stars Let 's start GEICO known 800 million annual advertising budget close twice runner-up advertiser auto insurance field GEIC O managed Tony Nicely joined company 18 66 Tony still tap-dances office every day 79 feel lucky work business love GEICO customer warm feeling toward company well 's pro of Since Berkshire acquired control GEICO 1996 market share increased 2.5 8.1 gain r eflecting net addition seven million policyholder Perhaps contacted u thought gecko cute bought u save important money Maybe well call 1-800-847-7536 go www.GEICO.com 've stayed u like service well price Berkshire acquired GEICO two stage 1976-80 boug ht one-third company 's stock 47 million year large repurchase company share caused position grow 50 without bought share January 2 1996 acquired remaining 50 GEICO 2.3 billion cash 50 time cost original purchase 6 old Wall Street joke get close experie nce Customer Thanks putting XYZ stock 5 1 hear 's 18 Broker Yes 's beginning fact co mpany well 's even better buy 18 made purchase Customer Damn knew waited GEICO 's gr owth may slow 2010 U.S. vehicle registration actually slumping auto sale Moreover hi gh unemployment causing growing number driver go uninsured 's illegal almost everywh ere 've lost job still want drive `` low-cost producer '' status however sure give u significant gain future 1995 GEICO country 's sixth largest auto insurer number thre e company 's float grown 2.7 billion 9.6 billion Equally important GEICO operated un derwriting profit 13 14 year Berkshire owned became excited GEICO January 1951 first visited company 20-year-old student Thanks Tony 'm even excited today hugely importa nt event Berkshire 's history occurred Saturday 1985 Ajit Jain came office Omaha imm ediately knew found superstar discovered Mike Goldberg elevated St Mike immediately put Ajit charge National Indemnity 's small struggling reinsurance operation year bu ilt business one-of-a-kind giant insurance world Staffed today 30 people Ajit 's ope

ration set record transaction size several area insurance Ajit writes billion-dollar limit keep every dime risk instead laying insurer Three year ago took huge liability Lloyds allowing clean relationship 27,972 participant `` name '' written problem-rid den policy one point threatened survival 322-year-old institution premium single contract 7.1 billion 2009 negotiated life reinsurance contract could produce 50 billion premium u next 50 year Ajit 's business opposite GEICO 's company million small policy largely renew year year Ajit writes relatively policy mix change significantly year year Throughout world known man call something large unusual need insured Charlie Ajit ever sinking boat save one u swim Ajit third insurance powerhouse General year back operation troubled gleaming jewel insurance crown leadership Tad Montross General outstanding underwriting year 2009 also delivering u unusually large amount float per dollar premium volume Alongside General 's P/C business Tad associate developed major life reinsurance operation grown increasingly valuable Last year General finally attained 100 ownership Cologne since 1995 key though partially-owned part presence around world Tad visiting Cologne September thank manager important contribution Berkshire 7 Finally group smaller company specializing odd corner insurance world aggregate result consistently profitable table show float provide u substantial Charlie treasure company manager record four segment property-casualty life insurance business Underwriting Profit Yearend Float million Insurance Operations 2009 2008 2009 2008 General 477 342 21,014 21,074 BH Reinsurance 349 1,324 26,223 24,221 GEICO 649 916 9,613 8,454 Primary 84 210 5,061 4,739 1,559 2,792 61,911 58,488 painful confession Last year chairman closed book expensive business fiasco entirely making many years struggled think side product could offer million loyal GEICO customer Unfortunately finally succeeded coming brilliant insight market credit card reasoned GEICO policyholder likely good credit risk assuming offered attractive card would likely favor u business got business right wrong type pre-tax loss credit-card operation came 6.3 million finally woke sold 98 million portfolio troubled receivables 550 dollar losing additional 44 million GEICO manager emphasized never enthusiastic idea warned instead getting cream GEICO customer would get well let 's call non-cream subtly indicated older wiser older Regulated Utility Business Berkshire 89.5 interest MidAmerican Energy Holdings owns wide variety utility operation largest 1 Yorkshire Electricity Northern Electric whose 3.8 million end user make U.K. 's third largest distributor electricity 2 MidAmerican Energy served 725,000 electric customer primarily Iowa 3 Pacific Power Rocky Mountain Power serving 1.7 million electric customer six western states 4 Kern River Northern Natural pipeline carry 8 natural gas consumed U.S. MidAmerican two terrific manager Dave Sokol Greg Abel addition long-time friend Walter Scott along family major ownership position company Walter brings extraordinary business savvy operation Ten year working Dave Greg Walter reinforced original belief Berkshire could n't better partner truly dream team Somewhat incongruously MidAmerican also owns second largest real estate brokerage firm U.S. HomeServices America company operates 21 locally-branded firms 16,000 agents Though last year terrible year home sales HomeServices earned modest sum also acquired firm Chicago add quality brokerage operation available sensible price decade HomeServices likely much larger 8 key figures MidAmerican operation Earnings million 2009 2008 U.K. utility 248 339 Iowa utility 285 425 Western utility 788 703 Pipelines 457 595 HomeServices 43 45 net 25 186 Operating earnings corporate interest tax 1,846 2,203 Constellation Energy - 1,092 Interest Berkshire 318 332 Interest Berkshire junior debt 58 HI Income tax 313 1,002 Net earnings 1,157 1,850 Earnings applicable Berkshire 1,071 1,704 Debt owed others 19,579 19,145 Debt owed Berkshire 353 1,087 ♦Consists breakup fee 175 million profit investment 917 million Includes interest earned Berkshire net related income tax 38 2009 72 2008 regulated electric utility offering monopoly service case operate symbiotic manner customer service area user depending u provide first-class service invest future need Permitting construction period generation major transmission facility stretch way incumbent u far-sighted turn look utility regulator acting behalf customer allow u appropriate return huge amount capital must deploy meet future need n't expect regulator live end bargain unless live Dave Greg make sure National research company co

nsistently rank Iowa Western utility near top industry Similarly among 43 U.S. pipeline ranked firm named Mastio Kern River Northern Natural property tied second place Moreover continue pour huge sum money operation prepare future also make operation environmentally friendly Since purchased MidAmerican ten year ago never paid dividend instead used earnings improve expand property territory serve one dramatic example last three year Iowa Western utility earned 2.5 billion period spending 3 billion wind generation facility MidAmerican consistently kept end bargain society society 's credit reciprocated exception regulator promptly allowed u earn fair return ever-increasing sum capital must invest Going forward whatever take serve territory manner expect believe turn allowed return deserve fund invest earlier day Charlie shunned capital-intensive business public utility Indeed best business far owner continue high return capital require little incremental investment grow fortunate number business would love buy Anticipating however Berkshire generate ever-increasing amount cash today quite willing enter business regularly require large capital expenditure expect business reasonable expectation earning decent return incremental sum invest expectation met believe Berkshire 's ever-growing collection good great business produce above-average though certainly spectacular return decade ahead 9 BNSF operation noted certain important economic characteristic resemble electric utility case provide fundamental service remain essential economic well-being customer community serve indeed nation require heavy investment greatly exceeds depreciation allowance decade come must also plan far ahead satisfy demand expected outstrip need past Finally require wise regulator provide certainty allowable return confidently make huge investment required maintain replace expand plant see `` social compact '' existing public railroad business case utility either side shirks obligation side inevitably suffer Therefore party compact believe understand benefit behaving way encourages good behavior inconceivable country realize anything close full economic potential without possessing first-class electricity railroad system part see exist future BNSF result included `` regulated utility '' section Aside two business similar underlying economic characteristic logical user substantial amount debt guaranteed Berkshire retain earnings earn invest large sum good time bad though railroad display greater cyclically Overall expect regulated sector deliver significantly increased earnings time albeit cost investing many ten yes ten billion dollar incremental equity capital Manufacturing Service Retailing Operations activity part Berkshire cover waterfront Let 's look though summary balance sheet earnings statement entire group Balance Sheet Assets Cash equivalent 3,018 Accounts note receivable 5,066 Inventory 6,147 current asset 625 Total current asset 14,856 Goodwill intangible 1 6,499 Fixed asset 15,374 asset 2,070 48,799 million Liabilities Equity Notes payable 1,842 current liability 7,414 Total current liability 9,256 Deferred tax 2,834 Term debt liability 6,240 Equity 30,469 48,799 Earnings Statement million 2009 2008 2007 Revenues 61,665 66,099 59,100 Operating expense including depreciation 1,422 2009 1,280 2008 955 2007 59,509 61,937 55,026 Interest expense 98 139 127 Pre-tax earnings 2,058 4,023 3,947 Income tax minority interest 945 1,740 1,594 Net income 1,113 2,283 2,353 include purchase-accounting adjustment 10 Almost many widely-diverse operation sector suffered one degree another 2009 severe recession major exception McLane distributor grocery confection non-food item thousand retail outlet largest far Wal-Mart Grady Rosier led McLane record pre-tax earnings 344 million even amounted slightly one cent per dollar huge sale 31.2 billion McLane employ vast array physical asset practically owns including 3,242 trailer 2,309 tractor 55 distribution center 15.2 million square foot space McLane prime asset however Grady number company profit improved even sale contracted always exceptional managerial achievement CEOs made happen Among business major exposure depressed industrial sector Marmon Iscar turned relatively strong performance Frank Ptak 's Marmon delivered 13.5 pre-tax profit margin record high Though company 's sale 27 Frank 's cost-conscious management mitigated decline earnings Nothing stop Israel-based Iscar war recession competitor world 's two leading supplier small cutting to oil difficult year operating loss throughout much year Though Iscar result significantly 2008 company regularly reported profit even integrating rationalizing Tungalo y l

arge Japanese acquisition told last year manufacturing rebound Iscar set new record incredible managerial team Eitan Wertheimer Jacob Harpaz Danny Goldman see Every business connected residential commercial construction suffered severely 2009 Combined pre-tax earnings Shaw Johns Manville Acme Brick MiTek 227 million 82.5 decline 1,295 billion 2006 construction activity booming business continue bump along bottom though competitive position remain undented major problem Berkshire last year NetJets aviation operation offer fractional ownership jet year enormously successful establishing premier company industry value fleet far exceeding three major competitor combined Overall dominance field remains unchallenged NetJets business operation however another story eleven year owned company recorded aggregate pre-tax loss 157 million Moreover company 's debt soared 102 million time purchase 1.9 billion April last year Without Berkshire 's guarantee debt NetJets would business 's clear failed letting NetJets descend condition luckily bailed COMPANY CEO Benjamin Moore paint Borsheims jewelry retailing H. H. Brown manufacturing retailing shoe CTB agricultural equipment Dairy Queen Nebraska Furniture Mart furniture retailing Pampered Chef direct sale kitchen tool See 's manufacturing retailing candy Star Furniture furniture retailing Denis Abrams Susan Jacques Jim Issler Vic Mancinelli John Gainor Ron Irv Blumkin Maria Gottschalk Brad Kinstler Bill Kimbrell 11 Dave Sokol enormously talented builder operator MidAmerican Energy became CEO NetJets August leadership transforming Debt already reduced 1.4 billion suffering staggering loss 71 1 million 2009 company solidly profitable important none change wrought Dave way undercut top-of-the-line standard safety service Rich Santulli NetJets previous CEO father fractional- ownership industry insisted upon Dave strongest possible personal interest maintaining standard family use NetJets almost flying many director manager None assigned special plane crew receive exactly treatment owner meaning pay price everyone else using personal contract short eat cooking aviation business testimonial mean Finance Financial Products largest operation sector Clayton Homes country 's leading producer modular manufactured home Clayton always number one decade ago three leading manufacturer Fleetwood Champion Oakwood together accounted 44 output industry since gone bankrupt Total industry output meanwhile fallen 382,000 unit 1999 60,000 unit 2009 industry shamble two reason first must lived U.S. economy recover reason concern U.S. housing start including apartment unit 2009 start 554,000 far lowest number 50 year data Paradoxically good news People thought good news year back housing start supply side picture running two million annually household formation demand side amounted 1.2 million year imbalance country unsurprisingly ended far many house three way cure overhang 1 blow lot house tactic similar destruction auto occurred `` cash-for-clunkers '' program 2 speed household formation say encouraging teenager cohabitate program likely suffer lack volunteer 3 reduce new housing start number far rate household formation country wisely selected third option mean within year residential housing problem largely behind exception high-value house certain locality overbuilding particularly egregious Prices remain far `` bubble '' level course every seller lender hurt buyer benefit Indeed many family could n't afford buy appropriate home year ago find well within mean bubble burst second reason manufactured housing troubled specific industry punitive differential mortgage rate factory-built home site-built home read let underscore obvious Berkshire dog fight therefore ass commentary follows special care warning made however let explain rate differential cause problem large number lower-income Americans Clayton residential mortgage market shaped government rule expressed FHA Freddie Mac Fannie Mae lending standard all-powerful mortgage insure typically securitized turned effect obligation U.S. government Currently buyer conventional site-built home qualify guarantee obtain 30-year loan 5 14 addition mortgage recently purchased massive amount Federal Reserve action also helped keep rate bargain-basement level contrast factory-built home qualify agency-insured mortgage Therefore meritorious buyer factory-built home must pay 9 loan all-cash buyer Clayton 's home offer terrific value buyer need mortgage financing however course buyer difference financing cost often negates attractive price factory-built home 12 Last year told buyer generally people low income performed well credit risk attitude all-important signed 1

ive home resell refinance Consequently buyer usually took loan payment geared verified income n't making `` liar 's loan '' looked forward day could burn mortgage lost job health problem got divorced could course expect default seldom walked away simply house value fallen Even today though job-loss trouble grown Clayton 's delinquency default remain reasonable cause u significant problem tried qualify customer loan treatment similar available site-built product far token success Many family modest income responsible habit therefore forego home ownership simply financing differential attached factory -built product make monthly payment expensive qualification n't broadened open low-cost financing meet down-payment income standard manufactured-home industry seems destined struggle dwindle Even condition believe Clayton operate profitably coming year though well potential could n't better manager CEO Kevin Clayton treat Berkshire 's interest product first-class inexpensive constantly improved Moreover continue use Berkshire 's credit support Clayton 's mortgage program convinced soundness Even Berkshire can't borrow rate approaching available government agency handicap limit sale hurting Clayton multitude worthy family long low-cost home following table Clayton 's earnings net company 's payment Berkshire use credit Offsetting cost Clayton identical amount income credited Berkshire 's finance operation included `` Income '' cost income amount 116 million 2009 92 million 2008 table also illustrates rates severely furniture CORT trailer XTRA leasing operation hit recession Though competitive position remain strong ever yet see bounce business Pre-Tax Earnings million on 2009 2008 Net investment income 278 330 Life annuity operation 116 23 Leasing operation 14 87 Manufactured-housing finance Clayton 187 206 income 186 141 Income investment derivative gain loss 781 787 ^Includes 116 million 2009 92 million 2008 fee Berkshire charge Clayton use Berkshire 's credit end 2009 became 50 owner Berkadia Commercial Mortgage formerly known Capmark country 's third-largest servicer commercial mortgage addition servicing 235 billion portfolio company important originator mortgage 25 office spread around country Though commercial real estate face major problem next year long-term opportunity Berkadia significant 13 partner operation Leucadia run Joe Steinberg Ian Cumming terrific experience year back Berkshire joined purchase Finova troubled finance business resolving situation Joe Ian far share work arrangement always encourage Naturally delighted called partner Capmark purchase first venture also christened Berkadia let 's call one Son Berkadia Someday 'll writing Grandson Berkadia Investments show common stock investment yearend market value 1 billion 12/31/09 Shares Company Percentage Company Owned Cost Market million 151,610,700 American Express Company 12.7 1,287 6,143 225,000,000 BYD Company Ltd 9.9 232 1,986 200,000,000 Coca-Cola Company 8.6 1,299 11,400 37,711,330 ConocoPhillips 2.5 2,741 1,926 28,530,467 Johnson Johnson 1.0 1,724 1,838 130,272,500 Kraft Foods Inc 8.8 4,330 3,541 3,947,554 POSCO 5.2 768 2,092 83,128,411 Procter Gamble Company 2.9 533 5,040 25,108,967 Sanofi-Aventis 1.9 2,027 1,979 234,247,373 Tesco plc 3.0 1,367 1,620 76,633,426 U.S. Bancorp 4.0 2,371 1,725 39,037,142 Wal-Mart Stores Inc 1.0 1,893 2,087 334,235,585 Wells Fargo Company 6.5 7,394 9,021 Others 6,680 8,636 Total Common Stocks Carried Market 34,646 59,034 actual purchase price also tax basis GAAP `` cost '' differs case write-ups write-down required addition position non-traded security Dow Chemical General Electric Goldman Sachs Swiss Wrigley aggregate cost 21.1 billion carrying value 26.0 billion purchased five position last 18 month Setting aside significant equity potential provide u holding deliver u aggregate 2.1 billion annually dividend interest Finally owned 76,777,029 share 22.5 BNSF yearend carried 85.78 per share subsequently melded purchase entire company 2009 largest sale ConocoPhillips Moody 's Procter Gamble Johnson Johnson sale latter occurring built position earlier year Charlie believe stock likely trade higher future made sale early 2009 raise cash Dow Swiss purchase late year made sale anticipation BNSF purchase 14 told last year unusual condition existed corporate municipal bond market security ridiculously cheap relative U.S. Treasuries backed view purchase done far Big opportunity come infrequently 's raining gold reach bucket thimble entered 2008 44.3 billion cash-equivalents since retained operating earnings 17 billion Nevertheless yearend 2009 cash 30.6 billion 8 billion earmarked BNSF acquisition 've put lot money work chaos 1

ast two year 's ideal period investor climate fear best friend invest commentator up
 beat end paying heavy price meaningless reassurance end count investing pay business
 purchase small piece stock market business earns succeeding decade two Last year wro
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 '' make mockery term CEOs director failed company however largely gone unscathed for
 tune may diminished disaster oversaw still live grand style behavior CEOs director n
 eed changed institution country harmed recklessness pay heavy price one reimbursable
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 ncial carrot meaningful stick need part employment picture well Inconvenient Truth B
 oardroom Overheating subsidiary made small `` bolt-on '' acquisition last year cash
 blockbuster deal BNSF required u issue 95,000 Berkshire share amounted 6.1 previousl
 y outstanding Charlie enjoy issuing Berkshire stock much relish prepping colonoscopy
 reason distaste simple would n't dream selling Berkshire entirety current market pri
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 6 B 's combined asset 's shareholder 44.4 everyone noted loser nonsensical transacti
 on CEO run company twice large original domain world size tends correlate prestige c
 ompensation 16 acquirer 's stock overvalued 's different story Using currency work a
 cquirer 's advantage 's bubble various area stock market invariably led serial issua

nce stock sly promoter Going market value stock afford overpay effect using counterfeit money Periodically many air-for-assets acquisition taken place late 1960s particularly obscene period chicanery Indeed certain large company built way one involved course ever publicly acknowledges reality going through plenty private snickering BNSF acquisition selling shareholder quite properly evaluated offer 100 per share cost u however somewhat higher since 40 100 delivered share Charlie believed worth market value Fortunately long owned substantial amount BNSF stock purchased market cash told therefore 30 cost overall paid Berkshire share end Charlie decided disadvantage paying 30 price stock offset opportunity acquisition gave u deploy 22 billion cash business understood liked long term additional virtue run Matt Rose trust admire also like prospect investing additional billion year reasonable rate return final decision close one needed use stock make acquisition would fact made sense would giving getting dozen board meeting acquisition deliberated often director instructed high-priced investment banker kind Invariably banker give board detailed assessment value company purchased emphasis worth far market price fifty year board membership however never heard investment banker management discuss true value given deal involved issuance acquirer 's stock simply used market value measure cost even though would argued acquirer 's stock price woefully inadequate – absolutely indicator real value – takeover bid acquirer instead subject discussion stock currency contemplated acquisition director hearing advisor appears one way get rational balanced discussion Directors hire second advisor make case proposed acquisition fee contingent deal going Absent drastic remedy recommendation respect use advisor remains `` n't ask barber whether needed haircut '' ca n't resist telling true story long ago owned stock large well-run bank decade statutorily prevented acquisition Eventually law changed bank immediately began looking possible purchase manager fine people able banker unexpectedly began behave like teenage boy discovered girl soon focused much smaller bank also well-run similar financial characteristic area return equity interest margin loan quality etc bank sold modest price 's bought hovering near book value possessing low price/earnings ratio Alongside though small-bank owner wooed large bank state holding price close three time book value Moreover wanted stock cash Naturally fellow caved agreed value-destroying deal `` need show hunt Besides 's small deal '' said major harm shareholder would legitimate reason holding back Charlie 's reaction time `` supposed applaud dog foul lawn Chihuahua rather Saint Bernard '' 17 seller smaller bank fool delivered one final demand negotiation `` merger '' effect said perhaps using word phrased diplomatically `` 'm going large shareholder bank represent huge portion net worth promise therefore 'll never deal dumb '' Yes merger went owner small bank became richer became poorer manager big bank newly bigger lived happily ever Annual Meeting best guess 35,000 people attended annual meeting last year 12 zero omitted 1981 shareholder population much expanded expect even year Therefore make change usual routine change however enthusiasm attend Charlie like meet answer question best buy lot good business meeting year held Saturday May 1 st always door open Qwest Center 7 a.m. new Berkshire movie shown 8:30 9:30 go directly question-and-answer period break lunch Qwest 's stand last 3:30 short recess Charlie convene annual meeting 3:45 decide leave day 's question period please Charlie talking Act fast terse best reason exit course shop help filling 194,300-square-foot hall adjoins meeting area product dozen Berkshire subsidiary Last year part location racked record sale better friendly warning find sale lagging get testy lock exit GEICO booth staffed number top counselor around country ready supply auto insurance quote case GEICO able give shareholder discount usually 8 special offer permitted 44 51 jurisdiction operate One supplemental point discount additive qualify another given certain group Bring detail existing in insurance check whether save money least 50 believe sure visit Bookworm Among 30 book DVDs offer two new book son Howard 's Fragile volume filled photo commentary life struggle around globe Peter 's Life Make Completing family trilogy debut sister Doris 's biography story focusing remarkable philanthropic activity Also available Poor Charlie 's Almanack story partner book something publishing miracle never advertised yet year year selling many thousand copy Internet site need ship book purchase nearby

shipping service available big spender matter merely gawker visit Elliott Aviation east side Omaha airport noon 5:00 p.m. Saturday fleet NetJets aircraft get pulse racing attachment proxy material enclosed report explains obtain credential need admission meeting event plane hotel car reservation signed American Express 800-799-6634 give special help Carol Pedersen handle matter terrific job u year thank Hotel room hard find work Carol get one 18 Nebraska Furniture Mart located 77-acre site 72 nd Street Dodge Pacific `` Berkshire Weekend `` discount pricing obtain Berkshire discount must make purchase Thursday April 29 th Monday May 3 rd inclusive also present meeting credential period 's special pricing even apply product several prestigious manufacturer normally ironclad rule discounting spirit shareholder weekend made exception appreciate cooperation NFM open 10 a.m. 9 p.m. Monday Saturday 10 a.m. 6 p.m. Sunday Saturday year 5:30 p.m. 8 p.m. NFM Berkville BBQ invited Borsheims two shareholder-only event first cocktail reception 6 p.m. 10 p.m. Friday April 30 th second main gala held Sunday May 2 nd 9 a.m. 4 p.m. Saturday open 6 p.m. huge crowd Borsheims throughout weekend convenience therefore shareholder price available Monday April 26 th Saturday May 8 th period please identify shareholder presenting meeting credential brokerage statement show Berkshire holder Enter rhinestone leave diamond daughter tell buy save kid say darnedest thing Sunday mall outside Borsheims blindfolded Patrick Wolff twice U.S. chess champion take comer eye wide open group six Nearby Norman Beck remarkable magician Dallas bewilder onlooker special treat shareholder year return friend Ariel Hsing country 's top-ranked junior table tennis player good bet win Olympics day 14 Ariel came annual meeting four year ago demolished comer including with less humiliating defeat YouTube type Ariel Hsing Berkshire Naturally 've plotting comeback take outside Borsheims 1:00 p.m. Sunday three-point match soften shareholder invited try luck similar three-point contest Winners given box See 's candy equipment available bring paddle think help wo n't Gorat 's open exclusively Berkshire shareholder Sunday May 2 nd serving 1 p.m. 10 p.m. Last year though overwhelmed demand many diner expected year 've asked friend Donna Sheehan Piccolo 's another favorite restaurant mine serve shareholder Sunday well Piccolo 's giant root beer float mandatory fan fine dining plan eat restaurant weekend action make really hungry favorite dish spot Remember make reservation Gorat 's call 402-551-3733 April 1 st Piccolo 's call 402-342-9038 Regrettably able reception international visitor year count grew 800 last year simply signing one item per person took 2 Vi hour Since expect even international visitor year Charlie decided must drop function assured welcome every international visitor come Last year changed method determining question would asked meeting received many dozen letter applauding new arrangement therefore three financial journalist lead question-and-answer period asking Charlie question shareholder submitted e-mail 19 journalist e-mail address Carol Loomis Fortune may e-mailed cloomis fortune email.com Becky Quick CNBC BerkshireQuestions cnbc.com Andrew Ross Sorkin New York Times arsorkin nytimes.com question submitted journalist choose dozen decides interesting important journalist told question best chance selected keep concise include two question e-mail send e-mail let journalist know would like name mentioned question selected Neither Charlie get much clue question asked know journalist pick tough one 's way like drawing 8:15 Saturday 13 microphone shareholder wishing ask question meeting alternate question asked journalist winning shareholder 've added 30 minute question time probably time 30 question group 86 79 Charlie remain lucky beyond dream born America terrific parent saw got good education enjoyed wonderful family great health came equipped `` business `` gene allows u prosper manner hugely disproportionate experienced many people contribute much society 's well-being Moreover long job love helped countless way talented cheerful associate Indeed year work become ever fascinating wonder tap-dance work pushed would gladly pay substantial sum job n't tell Comp Committee Nothing however fun u getting together shareholder-partners Berkshire 's annual meeting join u May 1 st Qwest annual Woodstock Capitalists 'll see February 26 20 1 Warren E. Buffett Chairman Board P.S Come rail 20 Berkshire 's Corporate Performance vs. P 500 Annual Percentage Change Per-Share P 500 Book Value Dividends Relative Berkshire Included Results Year 1 2 1 2 1965 23.8 10.0 13.8 1966 20.3 11.7 3

2.0 1967 11.0 30.9 19.9 1968 19.0 11.0 8.0 1969 16.2 8.4 24.6 1970 12.0 3.9 8.1 1971 16.4 14.6 1.8 1972 21.7 18.9 2.8 1973 4.7 14.8 19.5 1974 5.5 26.4 31.9 1975 21.9 37.2 15.3 1976 59.3 23.6 35.7 1977 31.9 7.4 39.3 1978 24.0 6.4 17.6 1979 35.7 18.2 17.5 1980 19.3 32.3 13.0 1981 31.4 5.0 36.4 1982 40.0 21.4 18.6 1983 32.3 22.4 9.9 1984 13.6 6.1 7.5 1985 48.2 31.6 16.6 1986 26.1 18.6 7.5 1987 19.5 5.1 14.4 1988 20.1 16.6 3.5 1989 44.4 31.7 12.7 1990 7.4 3.1 10.5 1991 39.6 30.5 9.1 1992 20.3 7.6 12.7 1993 14.3 10.1 4.2 1994 13.9 1.3 12.6 1995 43.1 37.6 5.5 1996 31.8 23.0 8.8 1997 34.1 33.4 .7 1998 48.3 28.6 19.7 1999 .5 21.0 20.5 2000 6.5 9.1 15.6 2001 6.2 11.9 5.7 2002 10.0 22.1 32.1 2003 21.0 28.7 7.7 2004 10.5 10.9 .4 2005 6.4 4.9 1.5 2006 18.4 15.8 2.6 2007 11.0 5.5 5.5 2008 9.6 37.0 27.4 2009 19.8 26.5 6.7 2010 13.0 15.1 2.1

Compo unded Annual Gain- 1965-2010 20.2 9.4 10.8 Overall Gain- 1964-2010 490,409 6,262

Notes Data calendar year exception 1965 1966 year ended 9/30 1967 15 month ended 12/31 Starting 1979 accounting rule required insurance company value equity security hold market rather lower cost market previously requirement table Berkshire 's result 1978 restated conform changed rule respect result calculated using number originally reported P 500 number pre-tax whereas Berkshire number after-tax corporation Berkshire simply owned P 500 accrued appropriate tax result would lagged P 500 year index showed positive return would exceeded P 500 year index showed negative return year tax cost would caused aggregate lag substantial 2 BERKSHIRE HATHAWAY INC. Shareholders Berkshire Hathaway Inc. per-share book value Class Class B stock increased 13 2010 last 46 year since present management took book value grown 19 95,453 rate 20.2 compounded annually highlight 2010 acquisition Burlington Northern Santa Fe purchase 's working even better expected appears owning railroad increase Berkshire 's `` normal '' earning power nearly 40 pre-tax well 30 after-tax Making purchase increased share count 6 used 22 billion cash Since 've quickly replenished cash economics transaction turned well `` normal year '' course something either Charlie Munger Vice Chairman Berkshire partner define anything like precision purpose estimating current earning power envisioning year free mega-catastrophe insurance possessing general business climate somewhat better 2010 weaker 2005 2006 Using assumption several others explain `` Investment '' section estimate normal earning power asset currently 17 billion pre-tax 12 billion after-tax excluding capital gain loss Every day Charlie think build base enthusiastic BNSF 's future railroad major cost environmental advantage trucking main competitor Last year BNSF moved ton freight carried record 500 mile single gallon diesel fuel 's three time fuel-efficient trucking mean railroad owns important advantage operating cost Concurrently country gain reduced greenhouse emission much smaller need imported oil traffic travel rail society benefit time movement good United States increase BNSF get full share gain railroad need invest massively bring growth one better situated Berkshire supply fund required However slow economy chaotic market check clear Last year face widespread pessimism economy demonstrated enthusiasm capital investment Berkshire spending 6 billion property equipment amount 5.4 billion 90 total spent United States Certainly business expand abroad future overwhelming part future investment home 2011 set new record capital spending 8 billion spend 2 billion increase United States Money always flow toward opportunity abundance America Commentators today often talk `` great uncertainty '' think back example December 6 1941 October 18 1987 September 10 2001 matter serene today may tomorrow always uncertain per-share figure used report apply Berkshire 's share Figures B share 1/1 500 th shown 3 n't let reality spook Throughout lifetime politician pundit constantly moaned terrifying problem facing America Yet citizen live astonishing six time better born prophet doom overlooked all-important factor certain Human potential far exhausted American system unleashing potential system worked wonder two century despite frequent interruption recession even Civil War remains alive effective natively smarter country founded work harder look around see world beyond dream colonial citizen 1776 1861 1932 1941 America 's best day lie ahead Performance Charlie believe entrusted handling fund others establish performance goal onset stewardship Lacking standard management tempted shoot arrow performance paint bull's-eye around wherever I and Berkshire 's case long ago told job increase per-share intrinsic value rate great

ter increase including dividend P 500 year succeed others fail unable time reach goal done nothing investor could realized equal better result owning index fund challenge course calculation intrinsic value Present task Charlie separately get two different answer Precision n't possible eliminate subjectivity therefore use understated proxy intrinsic-value book value measuring performance sure business worth far carrying value book Later report 'll present case study since premium seldom swing wildly year year book value serve reasonable device tracking table page 2 show 46-year record P performance quite good earlier year satisfactory bountiful year want emphasize never return huge sum capital currently manage eliminate chance exceptional performance strive however better-than-average result feel fair hold u standard Yearly figure noted neither ignored viewed all-important pace earth 's movement around sun synchronized time required either investment idea operating decision bear fruit GEICO example enthusiastically spent 900 million last year advertising obtain policyholder deliver u immediate profit could spend twice amount productively would happily though short-term result would penalized Many large investment railroad utility operation also made eye payoff well road provide longer-term perspective performance present facing page yearly figure page 2 recast series five-year period Overall 42 period tell interesting story comparative basis best year ended early 1980s market 's golden period however came 17 following year Berkshire achieving stellar absolute return even relative advantage narrowed 1999 market stalled already noticed Consequently satisfactory performance relative P Berkshire achieved since delivered moderate absolute result Looking forward hope average several point better P though result course far sure thing succeed aim almost certainly produce better relative result bad year stock market suffer poorer result strong market 4 Berkshire 's Corporate Performance vs. P 500 Five- Year Periods Annual Percentage Change Per-Share P 500 Book Value Dividends Relative Berkshire Included Results Five- Year Period 1 2 1 2 1965- 1969 17.2 5.0 1 2.2 1966- 1970 14.7 3.9 10.8 1967- 1971 13.9 9.2 4.7 1968- 1972 16.8 7.5 9.3 1969- 1973 17.7 2.0 15.7 1970- 1974 15.0 2.4 17.4 1971- 1975 13.9 3.2 10.7 1972- 1976 20.8 4.9 15.9 1973- 1977 23.4 0.2 23.6 1974- 1978 24.4 4.3 20.1 1975- 1979 30.1 14.7 15.4 1976- 1980 33.4 13.9 19.5 1977- 1981 29.0 8.1 20.9 1978- 1982 29.9 14.1 15.8 1979- 1983 31.6 17.3 14.3 1980- 1984 27.0 14.8 12.2 1981- 1985 32.6 14.6 18.0 1982- 1986 3 1.5 19.8 11.7 1983- 1987 27.4 16.4 11.0 1984- 1988 25.0 15.2 9.8 1985- 1989 31.1 20.3 10.8 1986- 1990 22.9 13.1 9.8 1987- 1991 25.4 15.3 10.1 1988- 1992 25.6 15.8 9.8 1989- 1993 24.4 14.5 9.9 1990- 1994 18.6 8.7 9.9 1991- 1995 25.6 16.5 9.1 1992- 1996 24.2 15.2 9.0 1993- 1997 26.9 20.2 6.7 1994- 1998 33.7 24.0 9.7 1995- 1999 30.4 28.5 1.9 1996- 2000 22.9 18.3 4.6 1997- 2001 14.8 10.7 4.1 1998- 2002 10.4 0.6 11.0 1999- 2003 6.0 0.6 6.6 2000- 2004 8.0 2.3 10.3 2001- 2005 8.0 0.6 7.4 2002- 2006 13.1 6.2 6.9 2003- 2007 13.3 12.8 0.5 2004- 2008 6.9 2.2 9.1 2005- 2009 8.6 0.4 8.2 2006- 2010 10.0 2.3 7.7 Notes first two period cover five year beginning September 30 previous year third period cover 63 month beginning September 30 1966 December 31 1971 period involve calendar year note page 2 also apply table 5 Intrinsic Value Today Tomorrow Though Berkshire 's intrinsic value precisely calculated two three key pillar measured Charlie rely heavily measurement make estimate Berkshire 's value first component value investment stock bond cash equivalent yearend totaled 158 billion market value Insurance float money temporarily hold insurance operation belong u fund 66 billion investment float `` free `` long insurance underwriting break even meaning premium receive equal loss expense incur course underwriting result volatile swinging erratically profit loss entire history though 've significantly profitable also expect u average breakeven result better future investment funded float retained earnings viewed element value Berkshire shareholder Berkshire 's second component value earnings come source investment insurance underwriting earnings delivered 68 non-insurance company itemized page 106 Berkshire 's early year focused investment side past two decade however 've increasingly emphasized development earnings non-insurance business practice continue following table illustrate shift first table present per-share investment decade interval beginning 1970 three year entered insurance business exclude investment applicable minority interest Per-Share Compounded Annual Increase Year

end Investments Period Per-Share Investments 1970 66 1980 754 1970-1980 27.5 1990 7,798 1980-1990 26.3 2000 50,229 1990-2000 20.5 2010 94,730 2000-2010 6.6 Though compounded annual increase per-share investment healthy 19.9 40-year period rate increase slowed sharply focused using fund buy operating business payoff shift shown following table illustrates earnings non-insurance business increased per-share basis applicable minority interest Per-Share Compounded Annual Increase Year Pre-Tax Earnings Period Per-Share Pre-Tax Earnings 1970 2.87 1980 19.01 1970-1980 20.8 1990 102.58 1980-1990 18.4 2000 918.66 1990-2000 24.5 2010 5,926.04 2000-2010 20.5 6 forty year compounded annual gain pre-tax non-insurance earnings per share 21.0 period Berkshire's stock price increased rate 22.1 annually time expect stock price move rough tandem Berkshire's investment earnings Market price intrinsic value often follow different path sometimes extended period eventually meet third subjective element intrinsic value calculation either positive negative efficacy retained earnings deployed future well many business likely retain earnings next decade equal even exceed capital presently employ company turn retained dollar fifty-cent piece others two-dollar bill ``what-will-they-do-with-the-money `` factor must always evaluated along `` what-do-we-have-now `` calculation order u anybody arrive sensible estimate company's intrinsic value's outside investor stand helplessly management reinvests share company's earnings CEO expected job well reinvestment prospect add company's current value CEO's talent motif suspect today's value must discounted difference outcome huge dollar then-value hand Sears Roebuck's Montgomery Ward's CEOs late 1960s far different destiny dollar entrusted Sam Walton Charlie hope per-share earnings non-insurance business continue increase decent rate job get tougher number get larger need good performance current business major acquisition're prepared elephant gun reloaded trigger finger itchy Partially offsetting anchor size several important advantage First posse cadre truly skilled manager unusual commitment operation Berkshire Many CEOs independently wealthy work love volunteer mercenary one offer job would enjoy can't lured away Berkshire manager focus running business subjected meeting headquarters financing worry Wall Street harassment simply get letter every two year's reproduced page 104-105 call wish wish differ manager talked last year one talk almost daily trust people rather process `` hire well manage little `` code suit Berkshire's CEOs come many form MB others never finished college use budget by-the-book type others operate seat pant team resembles baseball squad composed all-stars vastly different batting style Changes line-up seldom required second advantage relates allocation money business earn meeting need business substantial sum left company limit reinvesting fund within industry operating often restricts however `` universe `` capital allocation tiny quite inferior available wider world Competition opportunity available tends become fierce seller upper hand girl might female party attended many boy lopsided situation would great girl terrible boy Berkshire face institutional restraint deploy capital Charlie limited ability understand likely future possible acquisition clear hurdle frequently can't able compare one opportunity host others 7 took control Berkshire 1965 n't exploit advantage Berkshire textile previous decade lost significant money dumbest thing could done pursue `` opportunity `` improve expand existing textile operation year's exactly final burst brilliance went bought another textile company Aaaaaaargh Eventually came sens heading first insurance industry even supplement world-is-our-oyster advantage addition evaluating attraction one business host others also measure business opportunity available marketable security comparison management n't make Often business priced ridiculously high likely earned investment stock bond moment buy security bid time flexibility respect capital allocation accounted much progress date able take money earn say See's Candies Business Wire two best-run business also two offering limited reinvestment opportunity use part stake needed buy BNSF final advantage hard-to-duplicate culture permeates Berkshire business culture count start director represent think act like owner receive token compensation option restricted stock matter virtually cash provide director officer liability insurance given almost every large public company mess money lose money well Leaving holding aside director family Berkshire share worth 3 billion director therefore

re monitor Berkshire 's action result keen interest owner 's eye lucky steward owner -orientation prevails among manager many case people sought Berkshire acquirer business family long owned came u owner 's mindset provide environment encourages retain manager love business small advantage Cultures self-propagate Winston Churchill said `` shape house shape '' wisdom applies business well Bureaucratic procedure beget bureaucracy imperial corporate palace induce imperious behavior one wag put `` know 're longer CEO get back seat car n't move '' Berkshire 's `` World Headquarters '' annual rent 270,212 Moreover home-office investment furniture art Coke dispenser lunch room high-tech equipment name total 301,363 long Charlie treat money Berkshire 's manager likely careful well compensation program annual meeting even annual report designed eye reinforcing Berkshire culture making one repel expel manager different bent culture grows stronger every year remain intact long Charlie left scene need strength 've described reasonably well manager deliver count whether Charlie hold end capital allocation depends part competitive environment acquisition get best effort GEICO let tell story help understand intrinsic value business far exceed book value Relating tale also give chance relive great memory Sixty year ago last month GEICO entered life destined shape huge way 20-year-old graduate student Columbia elected go hero Ben Graham taught once-a-week class school 8 One day library checked Ben 's entry 's America found chairman Government Employees Insurance Co. called GEICO knew nothing insurance never heard company librarian however steered large compendium insurer reading page GEICO decided visit company following Saturday boarded early train Washington Alas arrived company 's headquarters building closed rather frantically started pounding door finally janitor appeared asked anyone office could talk steered person around Lorimer Davidson lucky moment next four hour `` Davy '' gave education in insurance GEICO beginning wonderful friendship Soon thereafter graduated Columbia became stock salesman Omaha GEICO course prime recommendation got great start dozen customer GEICO also jump-started net worth soon meeting Davy made stock 75 9,800 investment portfolio Even felt over-diversified Subsequently Davy became CEO GEICO taking company undreamed-of height got trouble mid-1970s year retirement happened stock falling 95 Berkshire bought one-third company market position year increased 50 GEICO 's repurchase share Berkshire 's cost half business 46 million Despite size position exercised control operation purchased remaining 50 GEICO beginning 1996 spurred Davy 95 make video tape saying happy beloved GEICO would permanently reside Berkshire also playfully concluded `` Next time Warren please make appointment '' lot happened GEICO last 60 year core goal saving Americans substantial money purchase auto insurance remains unchanged Try u 1-800-847-7536 www.GEICO.com word get policyholder 's business deserving business Focusing objective company grown America 's third-largest auto insurer market share 8.8 Tony Nicely GEICO 's CEO took 1993 share 2.0 level stuck decade GEICO became different company Tony finding path consistent growth simultaneously maintaining underwriting discipline keeping cost low Let quantify Tony 's achievement 1996 bought 50 GEICO n't already cost u 2.3 billion price implied value 4.6 billion 100 GEICO tangible net worth 1.9 billion excess tangible net worth implied value 2.7 billion estimated GEICO 's `` goodwill '' worth time goodwill represented economic value policyholder business GEICO 1995 customer paid company 2.8 billion premium Consequently valuing GEICO 's customer 97 2.7/2.8 annually paying company industry standard high price GEICO ordinary insurer company 's low cost policyholder consistently profitable unusually loyal Today premium volume 14.3 billion growing Yet carry goodwill GEICO book 1.4 billion amount remain unchanged matter much value GEICO increase accounting rule write carrying value goodwill economic value decrease leave unchanged economic value increase Using 97 -of-premium- volume yardstick applied 1996 purchase real value today GEICO 's economic goodwill 14 billion value likely much higher ten twenty year GEICO strong start 2011 gift keep giving 9 One not-so-small footnote Tony GEICO developed one country 's largest personal-line insurance agency primarily sell homeowner policy GEICO auto insurance customer business represent number insurer affiliated u take risk simply sign customer Last year sold 769,898 new policy agency operation 34 year obvious way activity aid u produce commission revenue equ

ally important fact strengthens relationship policyholder helping u retain owe enormous debt Tony Davy come think janitor well let 's examine four major sector Berkshire vastly different balance sheet income characteristic others Lumping together there fore impedes analysis 'll present four separate business Charlie view look first insurance Berkshire 's core operation engine propelled expansion year Insurance Property-casualty `` P/C '' insurer receive premium upfront pay claim later extreme case arising certain worker compensation accident payment stretch decade collect-now pay-later model leaf u holding large sum money call `` float '' eventually go others Meanwhile get invest float Berkshire 's benefit Though individual policy claim come go amount float hold remains remarkably stable relation premium volume Consequently business grows float grown take look following table Float Yearend million 1970 39 1980 237 1990 1,632 2000 27,871 2010 65,832 premium exceed total expense eventual loss register underwriting profit add investment income float produce profit occurs enjoy use free money better yet get paid holding Alas wish insurer achieve happy result creates intense competition vigorous year cause P/C industry whole operate significant underwriting loss loss effect industry pay hold float example State Farm far country 's largest insurer well-managed company incurred underwriting loss seven last ten year period aggregate underwriting loss 20 billion Berkshire operated underwriting profit eight consecutive year total underwriting gain period 17 billion believe likely continue underwrite profitably though certainly future year accomplish float better cost-free benefit would party deposited 66 billion u paid u fee holding money let u invest fund benefit 10 Let emphasize cost-free float outcome expected P/C industry whole year industry premium inadequate cover claim plus expense Consequently industry 's overall return tangible equity many decade fallen far short average return realized American industry sorry performance almost certain continue Berkshire 's outstanding economics exist terrific manager running unusual business 've already told GEICO two large operation bevy smaller one well star way First Berkshire Hathaway Reinsurance Group run Ajit Jain Ajit insures risk one else desire capital take operation combine capacity speed decisiveness importantly brain manner unique insurance business Yet never expose Berkshire risk inappropriate relation resource Indeed far conservative large insurer respect past year Ajit significantly increased life reinsurance operation developing annual premium volume 2 billion repeat decade standing start 1985 Ajit created insurance business float 30 billion significant underwriting profit feat CEO insurer come close matching accomplishment added great many billion dollar value Berkshire Even kryptonite bounce Ajit another insurance powerhouse General managed Tad Montross bottom sound insurance operation requires four discipline 1 understanding exposure might cause policy incur loss 2 conservative evaluation likelihood exposure actually causing loss probable cost 3 setting premium deliver profit average prospective loss cost operating expense covered 4 willingness walk away appropriate premium can't obtained Many insurer pass first three test flunk fourth urging Wall Street pressure agency force broker simply refusal testosterone-driven CEO accept shrinking volume led many insurer write business inadequate price `` guy must well '' spell trouble business none insurance Tad observed four insurance commandment show result General 's huge float better cost-free leadership expect average continue Finally group smaller company specializing odd corner insurance world aggregate result consistently profitable table show float provide u substantial Charlie treasure company manager record four segment property-casualty life insurance business Underwriting Profit Yearend Float million Insurance Operations 2010 2009 2010 2009 General 452 477 20,049 21,014 BH Reinsurance 176 250 30,370 27,753 GEICO 1,117 649 10,272 9,613 Primary 268 84 5,141 5,061 2,013 1,460 65,832 63,441 Among large insurance operation Berkshire 's impress best world 11 Manufacturing Service Retailing Operations activity part Berkshire cover waterfront Let 's look though summary balance sheet earnings statement entire group Balance Sheet 12/31/10 million Assets Cash equivalent 2,673 Accounts note receivable 5,396 Inventory 7,101 current asset 550 Total current asset 15,720 Goodwill intangible 16,976 Fixed asset 15,421 asset 3,029 51,146 Liabilities Equity Notes payable 7 1,805 current liability 8,169 Total current liability 9,974 De

ferred tax 3,001 Term debt liability 6,621 Equity 31,550 51,146 Earnings Statement million 2010 2009 2008 Revenues 66,610 61,665 66,099 Operating expense including depreciation 1,362 2010 1,422 2009 1,280 2008 62,225 59,509 61,937 Interest expense 11 98 139 Pre-tax earnings 4,274 2,058 4,023 Income tax non-controlling interest 1,812 945 1,740 Net earnings 2,462 1,113 2,283 include purchase-accounting adjustment group company sell product ranging lollipop jet airplane business enjoy terrific economics measured earnings unleveraged net tangible asset run 25 after-tax 100 Others produce good return area 12-20 Unfortunately poor return result serious mistake made job capital allocation error came misjudged either competitive strength business purchasing future economics industry operated try look ten twenty year making acquisitions sometimes eyesight poor company section improved earnings last year four set record Let's look first record-breaker • TTI electronic component distributor sale 21 previous high recorded 2008 pre-tax earnings topped earlier record 58 sale gain spanned three continents North America 16 Europe 26 Asia 50 thousand item TTI distributes pedestrian many selling the dollar magic TTI's exceptional performance created Paul Andrews CEO associate 12 • Forest River RV boat manufacturer record sale nearly 2 billion record earnings well Forest River 82 plant yet visit one home office matter's need Pete Liegl company's CEO run terrific operation Come view product annual meeting Better yet buy one • CTB farm-equipment company set earnings record told 2008 Annual Report Vic Mancinelli company's CEO keep getting better Berkshire paid 140 million CTB 2002 since paid dividend 160 million eliminated 40 million debt Last year earned 106 million pre-tax Productivity gain produced much increase bought CTB sale per employee 189,365 405,878 • Would believe shoe H. H. Brown run Jim Issler best known Born brand set new record sale earnings helped selling 1,110 pair shoe annual meeting Jim brilliantly adapted major industry change work mention overseen Frank Rooney 89 superb businessman still dangerous fellow bet golf course huge story sector's year-to-year improvement occurred NetJets can't overstate breadth importance Dave Sokol's achievement company leading provider fractional ownership jet airplane NetJets long operational success owning 2010 market share five times nearest competitor overwhelming leadership stem wonderful team pilot mechanic service personnel crew job 2010 customer satisfaction delineated regular survey hitting new high Even though NetJets consistently runaway winner customer financial result since acquisition 1998 failure 11 year 2009 company reported aggregate pre-tax loss 157 million figure far understated since borrowing cost NetJets heavily subsidized free use Berkshire's credit NetJets operating stand-alone basis loss year would several hundred million greater charging NetJets appropriate fee Berkshire's guarantee Despite fee came 38 million 2010 NetJets earned 207 million pre-tax 2010 swing 918 million 2009 Dave's quick restructuring management company's rationalization purchasing spending policy ended hemorrhaging cash turned Berkshire's major business problem solidly profitable operation Dave meanwhile maintained NetJets industry-leading reputation safety service many important way training operational standard considerably stronger required FAA Maintaining top-of-the-line standard right thing also selfish reason championing policy family flown 5,000 hour NetJets's equal airborne 24 hour day seven month fly thousand hour future receive special treatment used random mix least 100 plane 300 crew Whichever plane crew always know flying best-trained pilot private aviation largest earner manufacturing service retailing sector Marmon collection 130 business soon in ownership company 80 carrying scheduled purchase 17 stock Pritzker family cost 1.5 billion purchase remaining Pritzker holding 2013 2014 whichever date selected family Frank Ptak run Marmon wonderfully look forward 100 ownership 13 Next Marmon two largest earner sector Iscar McLane excellent year 2010 Grady Rosier McLane entered wine spirit distribution business supplement 32 billion operation distributor food product cigarette candy sundries purchasing Empire Distributors operator Georgia North Carolina teamed David Kahn company's dynamic CEO David leading effort expand geographically yearend already made first acquisition Horizon Wine Spirits Tennessee Iscar profit 159 2010 may well surpass pre-recession level 2011 Sales improving throughout world particularly Asia Credit Eitan Wertheimer Jacob Harpaz Danny Goldman exceptiona

1 performance one far superior Iscar main competitor good news business related home construction however continue struggle Johns Manville MiTek Shaw Acme Brick maintained competitive position profit far level year ago Combined operation earned 362 million pre-tax 2010 compared 1.3 billion 2006 employment fallen 9,400 housing recovery probably begin within year event certain occur point Consequently 1 MiTek made committed five bolt-on acquisition past eleven month 2 Acme recently acquired leading manufacturer brick Alabama 50 million 3 Johns Manville building 55 million roofing membrane plant Ohio completed next year 4 Shaw spend 200 million 2011 plant equipment situated America business entered recession strong exit stronger Berkshire time horizon forever Regulated Capital-intensive Businesses two large business BNSF MidAmerican Energy important common characteristic distinguish many others Consequently give sector letter split financial statistic GAAP balance sheet income statement key characteristic company huge investment long-lived regulated asset funded large amount long-term debt guaranteed Berkshire credit needed business earning power even adverse business condition amply cover interest requirement example recessionary 2010 BNSF 's car loading far peak level company 's interest coverage 6:1 company heavily regulated never-ending need make major investment plant equipment also need provide efficient customer-satisfying service earn respect community regulator return need assured allowed earn reasonable earnings future capital investment Earlier explained important railroad country 's future Rail move 42 America 's inter-city freight measured ton-miles BNSF move railroad 28 industry total little math tell 11 inter-city ton-miles freight U.S. transported BNSF Given shift population West share may well inch higher add huge responsibility major essential part American economy 's circulatory system obliged constantly maintain improve 23,000 mile track along ancillary bridge tunnel engine car carrying job must anticipate society 's need merely react Fulfilling societal obligation regularly spend far depreciation excess amounting 2 billion 2011 'm confident earn appropriate return huge incremental investment Wise regulation wise investment two side coin MidAmerican participate similar `` social compact `` expected put ever-increasing sum satisfy future need customer meanwhile operate reliably efficiently know obtain fair return investment 14 MidAmerican supply 2.4 million customer U.S. electricity operating largest supplier Iowa Wyoming Utah important provide state well pipeline transport 8 country 's natural gas Obviously many million Americans depend u every day MidAmerican delivered outstanding result owner Berkshire 's interest 89.8 customer Shortly MidAmerican purchased Northern Natural Gas pipeline 2002 company 's performance pipeline rated dead last 43 43 leading authority field recent report published Northern Natural ranked second top spot held pipeline Kern River electric business MidAmerican comparable record Iowa rate increased since purchased operation 1999 period major electric utility state raised price 70 rate far certain metropolitan area two utility operate side side electric bill customer run far neighbor told comparable house sell higher price city located service area MidAmerican 2,909 megawatt wind generation operation end 2011 regulated electric utility country total amount MidAmerican invested committed wind staggering 5.4 billion make sort investment MidAmerican retains earnings unlike utility generally pay earn tell proud accomplished society Matt Rose BNSF David Sokol Greg Abel MidAmerican also proud grateful accomplished Berkshire shareholder relevant figure MidAmerican Earnings million 2010 2009 U.K. utility 333 248 Iowa utility 279 285 Western utility 783 788 Pipelines 378 457 HomeServices 42 43 net 47 25 Operating earnings corporate interest tax 1,862 1,846 Interest Berkshire 323 318 Interest Berkshire junior debt 30 58 Income tax 271 313 Net earnings 1,238 1,157 Earnings applicable Berkshire 1,131 1,071 Includes interest earned Berkshire net related income tax 19 2010 38 2009 BNSF Historical accounting 2/12/10 purchase accounting subsequently million 2010 2009 Revenues 16,850 14,016 Operating earnings 4,495 3,254 Interest Net 507 613 Pre-Tax earnings 3,988 2,641 Net earnings 2,459 1,721 15 Finance Financial Products smallest sector includes two rental company XTRA trailer CORT furniture Clayton Homes country 's leading producer financier manufactured home leasing business improved performance last year albeit low base XTRA increased utilization equipment 63 2009 75 2010 thereby raising pre-

tax earnings 35 million 17 million 2009 CORT experienced pickup business year progressed also significantly tightened operation combination increased pre-tax result loss 3 million 2009 18 million profit 2010 Clayton produced 23,343 home 47 industry 's total 50,046 Contrast peak year 1998 372,843 home manufactured industry share 8 Sales would terrible last year circumstance financing problem commented upon 2009 report continue exacerbate distress explain Home-financing policy government expressed loan found acceptable FHA Freddie Mac Fannie Mae favor site-built home work negate price advantage manufactured home offer finance manufactured-home buyer company experience therefore instructive party preparing overhaul country 's home-loan practice Let 's take look Clayton owns 200,804 mortgage originated also mortgage portfolio purchased origination contract average FICO score borrower 648 47 640 banker tell people score generally regarded questionable credit Nevertheless portfolio performed well condition stress 's loss experience last five year originated loan Net Losses Percentage Year Average Loans 2006 1.53 2007 1.27 2008 1.17 2009 1.86 2010 1.72 borrower get trouble lose job health problem get divorced etc recession hit hard want stay home generally borrowed sensible amount relation income addition keeping originated mortgage account mean securitizing otherwise reselling stupid lending going pay price concentrate mind home buyer throughout country behaved like buyer America would crisis approach simply get meaningful down-payment gear fixed monthly payment sensible percentage income policy kept Clayton solvent also kept buyer home Home ownership make sense Americans particularly today 's lower price bargain interest rate thing considered third best investment ever made purchase home though would made far money instead rented used purchase money buy stock two best investment wedding ring 31,500 paid house family gained 52 year terrific memory come 16 house nightmare buyer 's eye bigger wallet lender often protected government guarantee facilitates fantasy country 's social goal put family house dream rather put house afford Investments show common stock investment yearend market value 1 billion 12/31/10 Shares Company Percentage Company Owned Cost Market million 151,610,700 American Express Company 12.6 1,287 6,507 225,000,000 BYD Company Ltd 9.9 232 1,182 900 000 000 ne v^oca-v^oia v^-ompaaiy o.0 1,299 13,154 29,109,637 ConocoPhillips 2.0 2,028 1,982 45,022,563 Johnson Johnson 1.6 2,749 2,785 97,214,584 Kraft Foods Inc 5.6 3,207 3,063 19,259,600 Munich 10.5 2,896 2,924 3,947,555 POSCO 4.6 768 1,706 72,391,036 Procter Gamble Company 2.6 464 4,657 25,848,838 Sanofi-Aventis 2.0 2,060 1,656 242,163,773 Tesco pic 3.0 1,414 1,608 78,060,769 U.S. Bancorp 4.1 2,401 2,105 39,037,142 Wal-Mart Stores Inc 1.1 1,893 2,105 38,936,125 Wells Fargo Company 6.8 8,015 11,123 Others 3,020 4,956 Total Common Stocks Carried Market 33,733 61,513 actual purchase price also tax basis GAAP `` cost `` differs case write-ups write-down required reported earnings reflect dividend portfolio company pay u share undistributed earnings investees however 2 billion last year retained earnings important experience matter experience investor past century undistributed earnings either matched exceeded market gain albeit highly irregular manner Indeed sometimes correlation go reverse one investor said 2009 `` worse divorce 've lost half net worth still wife `` future expect market gain eventually least equal earnings investees retain earlier estimate Berkshire 's normal earning power made three adjustment relate future investment income include anything undistributed earnings factor described first adjustment decidedly negative Last year discussed five large fixed-income investment contributing substantial sum reported earnings One Swiss note redeemed early day 2011 two others Goldman Sachs General Electric preferred stock likely gone yearend General Electric entitled call preferred October stated intention Goldman Sachs right call preferred 30 day notice held back Federal Reserve bless unfortunately likely give Goldman green light long 17 three company redeeming must pay u premium aggregate 1.4 billion redemption nevertheless unwelcome occur earning power significantly reduced 's bad news two probable offset yearend held 38 billion cash equivalent earning pittance throughout 2010 point however better rate return add least 500 million perhaps much investment income sort increase money-market yield unlikely come soon appropriate nevertheless u include improved rate estimate `` normal `` earning power Even higher rate come furthermore could get lucky find opportunity

use cash hoard decent return day ca n't come soon update Aesop girl convertible worth five phone book addition dividend current common stock holding almost certainly increase largest gain likely come Wells Fargo Federal Reserve friend respect Goldman Sachs frozen dividend level major bank whether strong weak last two year Wells Fargo though consistently prospering throughout worst recession currently enjoying enormous financial strength earning power therefore forced maintain artificially low payout n't fault Fed various reason across-the-board freeze made sense crisis immediate aftermath point probably soon Fed 's restriction cease Wells Fargo reinstate rational dividend policy owner deserve time would expect annual dividend one security increase several hundred million dollar annually company hold likely increase dividend well Coca-Cola paid 88 million 1995 year finished purchasing stock Every year since Coke increased dividend 2011 almost certainly receive 376 million Coke 24 million last year Within ten year would expect 376 million double end period would n't surprised see share Coke 's annual earnings exceed 100 paid investment Time friend wonderful business Overall believe `` normal '' investment income least equal realized 2010 though redemption described cut take 2011 perhaps 2012 well Last summer Lou Simpson told wished retire Since Lou mere 74 age Charlie regard appropriate trainee Berkshire call surprise Lou joined GEICO investment manager 1979 service company invaluable 2004 Annual Report detailed record equity omitted update performance made mine look bad need Lou never one advertise talent Simply put Lou one investment great miss Four years ago told needed add one younger investment manager carry Charlie Lou n't around time multiple outstanding candidate immediately available CEO job backup investment area 's easy identify many investment manager great recent record past result though important suffice prospective performance judged record achieved crucial manager 's understanding sensitivity risk way measured beta choice many academic respect risk criterion looking someone hard-to-evaluate skill ability anticipate effect economic scenario previously observed Finally wanted someone would regard working Berkshire far job 18 Charlie met Todd Combs knew fit requirement Todd case Lou paid salary plus contingent payment based performance relative P arrangement place deferral carryforwards prevent see-saw performance met undeserved payment hedge-fund world witnessed terrible behavior general partner received huge payouts upside bad result occurred walked away rich limited partner losing back earlier gain Sometimes general partner thereafter quickly started another fund could immediately participate future profit without overcome past loss Investors put money manager labeled patsy partner long CEO continue manage great majority Berkshire 's holding bond equity Todd initially manage fund range one three billion dollar amount reset annually focus equity restricted from investment Fund consultant like require style box `` long-short '' `` macro '' `` international equity '' Berkshire style box '' smart '' time may add one two investment manager find right individual probably 80 manager 's performance compensation dependent portfolio 20 manager want compensation system pay big individual success also foster cooperation competition Charlie longer around investment manager responsibility entire portfolio manner set CEO Board Directors good investor bring useful perspective purchase business would expect consulted vote wisdom possible acquisition end course Board make call major acquisition One footnote issued press release Todd 's joining number commentator pointed `` little-known '' expressed puzzlement n't seek `` big-name '' wonder many would known Lou 1979 Ajit 1985 matter Charlie 1959 goal find 2-year-old Secretariat 10-year-old Seabiscuit Whoops may smartest metaphor 80-year-old CEO use Derivatives Two year ago 2008 Annual Report told Berkshire party 251 derivative contract used operation subsidiary MidAmerican left Gen Today comparable number 203 figure reflecting addition portfolio unwinding expiration contract continuing position personally responsible fall largely two category view category engaging insurance-like activity receive premium assuming risk others wish shed Indeed thought process employ derivative transaction identical use insurance business also understand get paid up-front enter contract therefore run counterparty risk 's important first category derivative consists number contract written 2004-2008 required payment bond default company included certain high-yield index minor exception expose

d risk five year contract covering 100 company aggregate received premium 3.4 billion contract originally told 2007 Annual Report said expected contract would deliver underwriting profit meaning loss would be premium received addition said would benefit use float 19 Subsequently know well encountered financial panic severe recession number company high-yield index failed required to pay loss 2.5 billion Today however exposure largely behind a higher-risk contract expired Consequently appears almost certain earn underwriting profit originally anticipated addition use interest-free float averaged 2 billion life contract short charged right premium protected a business condition turned terrible three years ago large derivative position whose contract goes by the name "equity put" involves insurance wrote party wishing protect possible decline equity price U.S. U.K. Europe Japan contract tied various equity index P 500 U.S. FTSE 100 U.K 2004-2008 period received 4.8 billion premium 47 contract ran 15 year contract price index termination date count payment required first step updating contract report late 2010 instigation counterparty unwound eight contract due 2021 2028 originally received 647 million premium contract unwinding required to pay 425 million Consequently realized gain 222 million also interest-free unrestricted use 647 million three years 2010 transaction left a 39 equity put contract remaining book yearend initiation received premium 4.2 billion future contract course uncertain one perspective price relevant index contract expiration date price December 31 2010 foreign exchange rate unchanged would owe 3.8 billion expiration occurring 2018 2026 call amount "settlement value" yearend balance sheet however carry liability remaining equity put 6.7 billion word price relevant index remain unchanged date record 2.9 billion gain year come difference liability figure 6.7 billion settlement value 3.8 billion believe equity price likely increase liability fall significantly settlement date gain point even greater course far sure thing sure use remaining "float" 4.2 billion average 10 years Neither float arising high-yield contract included in insurance float figure 66 billion Since money fungible think portion fund contributing purchase BNSF told almost derivative contract free obligation post collateral fact cut premium could otherwise charged fact also left a feeling comfortable financial crisis allowing a day commit advantageous purchase Foregoing additional derivative premium proved well worth Reporting Misreporting Numbers Count n't Earlier letter pointed number Charlie find useful valuing Berkshire measuring progress Let's focus number omitted many medium feature others net income Important though number may company almost always meaningless Berkshire Regardless business might Charlie could quite legally cause net income given period almost number would like 20 flexibility realized gain loss investment go net income figure whereas unrealized gain case loss excluded example imagine Berkshire 10 billion increase unrealized gain given year concurrently 1 billion realized loss net income would count loss would reported be operating in come meanwhile realized gain previous year headline might proclaim earnings X reality business might much improved really thought net income important could regularly feed realized gain simply huge amount unrealized gain upon draw Rest assured though Charlie never sold security effect sale would net income soon report deep disgust "game playing" number practice rampant throughout corporate America 1990s still persists though occurs be frequently be blatantly used Operating earnings despite short coming general reasonable guide business Ignore net income figure however Regulations require report find reporter focusing speak performance realized unrealized gain loss fully reflected calculation book value Pay attention change metric course operating earnings right track p.s. can't resist pointing capricious reported net income equity put termination date June 30 2010 would required pay 6.4 billion counterparties date Security price generally rose next quarter move brought corresponding figure 5.8 billion September 30th Yet Black-Scholes formula use valuing contract required to increase balance-sheet liability period 8.9 billion 9.6 billion change effect tax accrual reduced net income quarter 455 million Charlie believe Black-Scholes produce wildly inappropriate value applied long-dated option set one absurd example page two years ago tangibly put money mouth entering equity put contract implicitly asserted Black-Scholes calculation used counterparties customer faulty continue nevertheless a

se formula presenting financial statement Black-Scholes accepted standard option valuation almost leading business school teach would accused shoddy accounting deviated Moreover would present auditor insurmountable problem client counterparties use Black-Scholes value contract hold would impossible auditor attest accuracy value two far apart Part appeal Black-Scholes auditor regulator produce precise number Charlie can't supply one believe true liability contract far lower calculated Black-Scholes can't come exact figure anymore come precise value GEICO BNSF Berkshire Hathaway inability pinpoint number n't bother u would rather approximately right precisely wrong John Kenneth Galbraith slyly observed economist economical idea made one learned graduate school last lifetime University finance department often behave similarly Witness tenacity almost clung theory efficient market throughout 1970s 1980s dismissively calling powerful fact refuted `` anomaly '' always love explanation kind Flat Earth Society probably view ship 's circling globe annoying inconsequential anomaly 21 Academics current practice teaching Black-Scholes revealed truth need re-examination matter academic 's inclination dwell valuation option highly successful investor without slightest ability value option student learning value business 's investing Life Debt fundamental principle auto racing finish first must first finish dictum equally applicable business guide every action Berkshire Unquestionably people become rich use borrowed money However 's also way get poor leverage work magnifies gain spouse think 're clever neighbor get envious leverage addictive profited wonder people retreat conservative practice learned third grade relearned 2008 series positive number however impressive number may evaporates multiplied single zero History tell u leverage often produce zero even employed smart people Leverage course lethal business well Companies large debt often assume obligation refinanced mature assumption usually valid Occasionally though either company-specific problem worldwide shortage credit maturity must actually met payment cash job Borrowers learn credit like oxygen either abundant presence go unnoticed either missing 's noticed Even short absence credit bring company knee September 2008 fact overnight disappearance many sector economy came dangerously close bringing entire country knee Charlie interest activity could pose slightest threat Berkshire 's well- combined age 167 starting bucket list forever conscious fact partner entrusted u many case major portion saving addition important philanthropy dependent prudence Finally many disabled victim accident caused insured counting u deliver sum payable decade would irresponsible u risk constituency need pursue point extra return little personal history may partially explain extreme aversion financial adventurism n't meet Charlie 35 though grew within 100 yard lived 52 year also attended inner-city public high school Omaha father wife child two grandchild graduated Charlie however work young boy grandfather 's grocery store though period employment separated five year grandfather 's name Ernest perhaps man aptly named one worked Ernest even stock boy without shaped experience facing page read letter sent 1939 Ernest youngest son Uncle Fred Similar letter went four child still letter sent Aunt Alice found along 1,000 cash executor estate opened safe deposit box 1970 Ernest never went business school never fact finished high school understood importance liquidity condition assured survival Berkshire taken 1,000 solution bit pledged hold least 10 billion cash excluding held regulated utility railroad business commitment customarily keep least 20 billion hand withstand unprecedented insurance loss largest date 3 billion Katrina insurance industry 's expensive catastrophe quickly seize acquisition investment opportunity even time financial turmoil 22 Dear Fred Catherine period good many year known great many people time another suffered various way simply ready cash known people sacrifice holding order money necessary time good many year grandfather kept certain amount money could put hand short notice number year made point keep reserve occasion come would need money quickly with- disturbing money business couple occasion found convenient go fund Thus feel everyone reserve hope never happens chance day v/111 need money need badly thought view started fund placing \$00,00 envelope name married year added something 1000.00 fund Ten year elapsed since married fund completed wish place envelope safety deposit box keep purpose created time come need part would suggest use little possible replace soon possible

ible might feel invested bring income Forget – mental satisfaction 1000 00 laid away put hand worth interest might bring especially investment something could realize quickly year feel good idea might repeat ohildren information might mention never Buffett ever left large estate never one leave something never spent made always saved part made worked pretty well letter written expiration ten year married 23 keep cash largely U.S. Treasury bill avoid short-term security yielding basis point policy adhered long frailty commercial paper money market fund became apparent September 2008 agree investment writer Ray DeVoe 's observation `` money lost reaching yield point gun '' Berkshire n't rely bank line n't enter contract could require posting collateral except amount tiny relation liquid asset Furthermore dime cash left Berkshire dividend share repurchase past 40 year Instead retained earnings strengthen business reinforcement running 1 billion per month net worth thus increased 48 million 157 billion four decade intrinsic value grown far American corporation come close building financial strength unrelenting way cautious respect leverage penalize return minor amount load liquidity though let u sleep well Moreover episode financial chaos occasionally erupt economy equipped financially emotionally play offense others scramble survival 's allowed u invest 15.6 billion 25 day panic following Lehman bankruptcy 2008 Annual Meeting annual meeting held Saturday April 30 th Carrie Kizer home office ringmaster theme year Planes Trains Automobiles give NetJets BNSF BYD chance show always door open Qwest Center 7 a.m. new Berkshire movie shown 8:30 9:30 go directly question-and-answer period break lunch Qwest stand last 3:30 short recess Charlie convene annual meeting 3:45 decide leave day 's question period please Charlie talking Act fast terse best reason exit course shop help filling 194,300-square-foot hall adjoins meeting area product dozen Berkshire subsidiary Last year part location racke d record sale nine-hour period sold 1,053 pair Justin boot 12,416 pound See 's candy 8,000 Dairy Queen Blizzards® 8,800 Quikut knife 's 16 knife per minute better Remember Anyone say money ca n't buy happiness simply n't learned shop GEICO booth staffed number top counselor around country ready supply auto insurance quote case GEICO able give shareholder discount usually 8 special offer permitted 44 51 jurisdiction operate One supplemental point discount additive qualify another given certain group Bring detail existing insurance check whether save money least half believe sure visit Bookworm carry 60 book DVDs including Chinese language edition Poor Charlie 's Almanack ever-popular book partner ca n't read Chinese buy copy carry around make look urbane erudite need ship book purchase shipping service available nearby big spender merely gawker visit Elliott Aviation east side Omaha airport noon 5:00 p.m. Saturday fleet NetJets aircraft get pulse racing Come bus leave private jet 24 attachment proxy material enclosed report explains obtain credential need admission meeting event plane hotel car reservation signed American Express 800-799-6634 give special help Carol Pedersen handle matter terrific job u year thank Hotel room hard find work Carol get one Airlines often jacked price sometimes dramatically Berkshire weekend coming far away compare cost flying Kansas City versus Omaha drive 2 Vi hour may save significant money particularly planned rent car Omaha Nebraska Furniture Mart located 7 7-acre site 72 nd Street Dodge Pacific `` Berkshire Weekend '' discount pricing Last year store 33.3 million business annual meeting sale volume far know exceeds one-week total retail store anyplace obtain Berkshire discount must make purchase Tuesday April 26 th Monday May 2 nd inclusive also present meeting credential period 's special pricing even apply product several prestigious manufacturer normally ironclad rule discounting spirit shareholder weekend made exception appreciate cooperation NFM open 10 a.m. 9 p.m. Monday Saturday 10 a.m. 6 p.m. Sunday Saturday year 5:30 p.m. 8 p.m. NFM picnic invited Borsheims two shareholder-only event first cocktail reception 6 p.m. 9 p.m. Friday April 29 th second main gala held Sunday May 1 st 9 a.m. 4 p.m. Saturday open 6 p.m. Sunday around 1 p.m. Borsheims smile shoeshine selling jewelry sold men 's shirt J.C. Penney 's 63 year ago Fve told Susan Jacques Borsheims CEO 'm still hotshot salesman see doubt eye cut loose buy something wife sweetheart presumably person Make look good huge crowd Borsheims throughout weekend convenience the before shareholder price available Monday April 25 1h Saturday May 7 th period please

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nate may wish include participated exercise past others offered idea verbally However 's important get periodic update added many business need thought writing rather trying carry around memory course operation run two Blumkins Merschmans pair Applied Underwriters etc case forget item note short informal handwritten etc mark `` Person al Warren `` Thanks help thanks way run business make job easy WEB/db P.S Another minor request Please turn proposal speak make contribution intercede Gates Foundation etc Sometimes request act intermediary accompanied `` ca n't hurt ask `` easier u say `` `` added favor n't suggest instead write call Multiply 76 business periodic `` think 'll interested one `` understand better say firmly immediately 105 BERKSHIRE HATHAWAY INC. Shareholders Berkshire Hathaway Inc. per-share book value Class Class B stock increased 4.6 2011 last 47 year since present management took book value grown 19 99,860 rate 19.8 compounded annually Charlie Munger Berkshire 's Vice Chairman partner feel good company 's progress 201 1 highlight • primary job Board Directors see right people running business sure next generation leader identified ready take to morrow 19 corporate board Berkshire 's director top list time diligence devoted succession planning 's effort paid 2011 started Todd Combs joined u investment manager shortly yearend Ted Weschler came aboard men outstanding investment skill deep commitment Berkshire handling billion dollar 2012 brain judgment character manage entire portfolio Charlie longer running Berkshire Board equally enthusiastic successor CEO individual great deal exposure whose managerial human quality admire two superb backup candidate well transfer responsibility required seamless Berkshire 's prospect remain bright 98 net worth Berkshire stock go various philanthropy heavily concentrated one stock defies conventional wisdom 'm fine arrangement knowing quality diversity business caliber people manage asset successor enjoy running start however infer discussion Charlie going anywhere continue excellent health love • September 16 th acquired Lubrizol worldwide producer additive specialty chemical company outstanding record since James Hambrick became CEO 2004 pre-tax profit increasing 147 million 1,085 million Lubrizol many opportunity `` bolt-on `` acquisition specialty chemical field Indeed 've already agreed three costing 493 million James disciplined buyer superb operator Charlie eager expand managerial domain • major business well last year fact five largest non-insurance company BNSF Iscar Lubrizol Marmon Group MidAmerican Energy delivered record operating earnings aggregate business earned 9 billion pre-tax 2011 Contrast seven year ago owned one five MidAmerican whose pre-tax earnings 393 million Unless economy weakens 2012 fabulous five set record aggregate earnings comfortably topping 10 billion per-share figure used report apply Berkshire 's share Figures B share 1/1 500 th shown 3 total entire string operating company spent 8.2 billion property plant equipment 2011 smashing previous record 2 billion 95 outlay made U.S. fact may surprise believe country lack investment opportunity welcome project abroad expect overwhelming majority Berkshire 's future capital commitment America 2012 expenditure set record insurance operation continued delivery costless capital fund myriad opportunity business produce `` float `` money n't belong u get invest Berkshire 's benefit pay le loss expense receive premium additionally earn underwriting profit meaning float cost u le nothing Though sure underwriting loss time time 've nine consecutive year underwriting profit totaling 17 billion nine year float increased 41 billion current record 70 billion Insurance good u Finally made two major investment marketable security 1 5 billion 6 preferred stock Bank America came warrant allowing u buy 700 million common share 7.14 per share time September 2 2021 2 63.9 million share IBM cost u 10.9 billion Counting IBM large ownership interest four exceptional company 13.0 American Express 8.8 Coca-Cola 5.5 IBM 7.6 Wells Fargo also course many smaller important position view holding partnership interest wonderful business marketable security bought sold based near-term prospect share earnings however fully reflected earnings dividend receive business show financial report time though undistributed earnings company attributable ownership huge importance u 's used variety way increase future earnings dividend investee may also devoted stock repurchase increase share company 's future earnings owned present position throughout last year dividend `` Big Four `` would 862 million 's would reported Berkshire 's income st

atement share quartet 's earnings however would far greater 3.3 billion Charlie believe 2.4 billion go unreported book creates least amount value Berkshire fuel earnings gain future year expect combined earnings four dividend well increase 2012 matter almost every year long time come decade current holding four company might well account earnings 7 billion 2 billion dividend would come u 've run good news development hurt u 2011 year back spent 2 billion buying several bond issue Energy Future Holdings electric utility operation serving portion Texas mistake big mistake large measure company 's prospect tied price natural gas tanked shortly purchase remains depressed Though annually received interest payment 102 million since purchase company 's ability pay soon exhausted unless gas price rise substantially wrote investment 1 billion 2010 additional 390 million last year yearend carried bond market value 878 million gas price remain present level likely face loss perhaps amount virtually wipe current carrying value Conversely substantial increase gas price might allow u recoup even write-down However thing turn totally miscalculated gain/loss probability purchased bond tennis parlance major unforced error chairman 4 • Three large attractive fixed-income investment called away u issuer 2011 Swiss Goldman Sachs General Electric paid u aggregate 12.8 billion redeem security producing 1.2 billion pre-tax earnings Berkshire 's lot income replace though Lubrizol purchase offset • Last year told `` housing recovery probably begin within year '' dead wrong five business whose result significantly influenced housing activity connection direct Clayton Homes largest producer home country accounting 7 constructed 2011 Additionally Acme Brick Shaw carpet Johns Manville insulation MiTek building product primarily connector plate used roofing materially affected construction activity aggregate five housing-related company pre-tax profit 513 million 2011 's similar 2010 1.8 billion 2006 Housing come back sure time number housing unit necessarily match number household allowing normal level vacancy period year prior 2008 however America added housing unit household Inevitably ended far many unit bubble popped violence shook entire economy created still another problem housing Early recession household formation slow 2009 decrease dramatic devastating supply/demand equation reversed Every day creating household housing unit People may postpone hitching uncertain time eventually hormone take `` doubling-up '' may initial reaction recession living in-law quickly lose allure current annual pace 600,000 housing start considerably less number new household formed buyer renter sopping 's left old oversupply process run course different rate around country supply-demand situation varies widely locale healing take place however housing-related company sputter employing 43,315 people compared 58,769 2006 hugely important sector economy includes construction everything feed remains depression believe major reason recovery employment severely lagged steady substantial comeback seen almost sector economy Wise monetary fiscal policy play important role tempering recession tool n't create household eliminate excess housing unit Fortunately demographic market system restore needed balance probably long day come build one million residential unit annually believe pundit surprised far unemployment drop happens reawake true since 1776 America 's best day lie ahead Intrinsic Business Value Charlie measure performance rate gain Berkshire 's per-share intrinsic business value gain time outstrips performance P 500 earned paycheck n't overpaid price way pinpoint intrinsic value useful though considerably understated proxy per-share book value yardstick meaningless company Berkshire however book value roughly track business value 's amount Berkshire 's intrinsic value exceeds book value swing wildly year year though increase year time divergence likely become ever substantial absolute term remaining reasonably steady however percentage basis numerator denominator business-value/book-value equation increase 5 've regularly emphasized book-value performance almost certain outpace P 500 bad year stock market certainly fall short strong up-year test time Last year 's annual report included table laying result 42 five-year period since took Berkshire 1965 i.e. 1965-69 1966-70 etc. showed book value beating P string held 2007-11 almost certainly snap though P 500 put together five-year winning streak may well way write also included two table last year set forth key quantitative ingredient help estimate per-share intrinsic value wo n't repeat full discussion find reproduce

d page 99-100 update table shown per-share investment 201 1 increased 4 98,366 pre-tax earnings business insurance investment increased 18 6,990 per share Charlie like see gain area primary focus building operating earnings time business currently increase aggregate earnings hope also purchase large operation give u boost eight subsidiary would included Fortune 500 stand-alone company leaf 492 go task clear 'm prowl Share Repurchases Last September announced Berkshire would repurchase share price 110 book value market day buying 67 million stock price advanced beyond limit Nonetheless general importance share repurchase suggests focus bit subject Charlie favor repurchase two condition met first company ample fund take care operational liquidity need business second stock selling material discount company 's intrinsic business value conservatively calculated witnessed many bout repurchasing failed second test Sometimes course infraction even serious one innocent many CEOs never stop believing stock cheap instance le benign conclusion seems warranted n't suffice say repurchase made offset dilution stock issuance simply company excess cash Continuing shareholder hurt unless share purchased intrinsic value first law capital allocation whether money slated acquisition share repurchase smart one price dumb another One CEO always stress price/value factor repurchase decision Jamie Dimon J.P. Morgan recommend read annual letter Charlie mixed emotion Berkshire share sell well intrinsic value like making money continuing shareholder surer way buying asset stock know worth least x 1 e .9x .8x even lower one director say 's like shooting fish barrel barrel drained fish quit flopping Nevertheless n't enjoy cashing partner discount even though may give selling shareholder slightly higher price would receive bid absent buying therefore want exiting partner fully informed value asset selling limit price 110 book value repurchase clearly increase Berkshire 's per-share intrinsic value cheaper buy greater gain continuing shareholder Therefore given opportunity likely repurchase stock aggressively price limit lower know however interest supporting stock bid fade particularly weak market buy share cash-equivalent holding 20 billion Berkshire financial strength unquestionable take precedence else discussion repurchase offer chance address irrational reaction many investor change stock price Berkshire buy stock company repurchasing share hope two event First normal hope earnings business increase good clip long time come second also hope stock underperforms market long time well corollary second point `` Talking book '' stock effective would actually harmful Berkshire helpful commentator customarily assume 6 Let 's use IBM example business observer know CEOs Lou Gerstner Sam Palmisano superb job moving IBM near-bankruptcy twenty years ago prominence today operational accomplishment truly extraordinary financial management equally brilliant particularly recent year company 's financial flexibility improved Indeed think major company better financial management skill materially increased gain enjoyed IBM shareholder company used debt wisely made value-adding acquisition almost exclusively cash aggressively repurchased stock Today IBM 1.16 billion share outstanding 63.9 million 5.5 Naturally happens company 's earnings next five years enormous importance u Beyond company likely spend 50 billion year repurchase share quiz day long-term shareholder Berkshire cheer period wo n't keep suspense wish IBM 's stock price languish throughout five years Let 's math IBM 's stock price average say 200 period company acquire 250 million share 50 billion would consequently 910 million share outstanding would 7 company stock conversely sell average 300 five-year period IBM acquire 167 million share would leave 990 million share outstanding five years would 6.5 IBM earn say 20 billion fifth year share earnings would full 100 million greater `` disappointing '' scenario lower stock price would higher price later point share would worth perhaps 1 Vi billion `` high-price '' repurchase scenario taken place logic simple going net buyer stock future either directly money indirectly ownership company repurchasing share hurt stock rise benefit stock swoon Emotions however often complicate matter people including net buyer future take comfort seeing stock price advance shareholder resemble commuter rejoices price gas increase simply tank contains day 's supply Charlie n't expect win many way thinking 've observed enough human behavior know futility want aware personal calculus confession order early day rejoiced market rose read Chapter Eight Ben Graham 's Intelligent Invest

or chapter dealing investor view fluctuation stock price Immediately scale fell eye low price became friend Picking book one luckiest moment life end success IBM investment determined primarily future earnings important secondary factor many share company purchase substantial sum likely devote activity repurchase ever reduce IBM share outstanding 63.9 million abandon famed frugality give Berkshire employee paid holiday let 's examine four major sector operation vastly different balance sheet income characteristic others Lumping together therefore impedes analysis 'll present four separate business Charlie view may repurchasing Berkshire share offer thought section intrinsic value compare carrying value 7 Insurance Let 's look first insurance Berks hire 's core operation engine propelled expansion year Property-casualty `` P/C `` insurer receive premium upfront pay claim later extreme case arising certain worker compensation accident payment stretch decade collect-now pay-later model leaf u holding large sum money call `` float `` eventually go others Meanwhile get invest float Berkshire 's benefit Though individual policy claim come go amount float hold remain s remarkably stable relation premium volume Consequently business grows float grown following table show Year Float mil 1970 39 1980 237 1990 1,632 2000 27,871 2010 65,832 2011 70,571 's unlikely float grow much current level 's mainly already outsized amount relative premium volume decline float add would almost certainly gradual therefore impose unusual demand fund u premium exceed total expense eventual loss register underwriting profit add investment income float produce profit occurs enjoy use free money better yet get paid holding Unfortunately wish insurer achieve happy result creates intense competition vigorous year cause P/C industry whole operate significant underwriting loss example State Farm far country largest insurer well-managed company besides incurred underwriting loss eight last eleven year lot way lose money insurance industry resourceful creating new one noted first section report operated underwriting profit nine consecutive year gain period totaled 17 billion believe likely continue underwrite profitably though certainly future year accomplish float better cost-free profit would party deposited 70.6 billion u paid u fee holding money let u invest fund benefit attractive float affect intrinsic value calculation float deducted full liability calculating Berkshire 's book value pay tomorrow unable replenish 's incorrect way view float instead viewed revolving fund float costless long-enduring true value liability far lower accounting liability Partially offsetting overstated liability 15.5 billion `` goodwill `` attributable insurance company included book value asset effect goodwill represents price paid float-generating capability insurance operation cost goodwill however bearing true value insurance business produce large sustained underwriting loss goodwill asset attributable deemed valueless whatever original cost Fortunately 's case Berkshire Charlie believe true economic value insurance goodwill would pay purchase float similar quality far excess historic carrying value value float one reason huge reason believe Berkshire 's intrinsic business value substantially exceeds book value Let emphasize cost-free float outcome expected P/C industry whole n't think much `` Berkshire-quality `` float existing insurance world year including 2011 industry 's premium inadequate cover claim plus expense Consequently 8 industry 's overall return tangible equity many decade fallen far short average return realized American industry sorry performance almost certain continue Berkshire 's outstanding economics exist terrific manager running extraordinary insurance operation Let tell major unit First float size Berkshire Hathaway Reinsurance Group run Ajit Jain Ajit insures risk one else desire capital take operation combine capacity speed decisiveness importantly brain manner unique insurance business Yet never expose Berkshire risk inappropriate relation resource Indeed far conservative respect large insurer example insurance industry experience 250 billion loss mega-catastrophe loss triple anything ever faced Berkshire whole would likely record moderate profit year many stream earnings Concurrently major insurer reinsurers would far red would face insolvency standing start 1985 Ajit created insurance business float 34 billion significant underwriting profit feat CEO insurer come close matching accomplishment added great many billion dollar value Berkshire Charlie would gladly trade second Ajit Alas none another insurance powerhouse General managed Tad Montr

loss bottom sound insurance operation need adhere four discipline must 1 understand exposure might cause policy incur loss 2 conservatively evaluate likelihood exposure actually causing loss probable cost 3 set premium deliver profit average prospective loss cost operating expense covered 4 willing walk away appropriate premium can't obtained Many insurer pass first three test flunk fourth simply can't turn back business competitor eagerly writing old line `` guy must well `` spell trouble business none insurance Indeed good underwriter need independent mindset akin senior citizen received call wife driving home `` Albert careful `` warned `` heard radio 's car going wrong way Interstate `` `` Mabel n't know half `` replied Albert `` 's one car hundred `` Tad observed four insurance commandment show result General 's huge float better cost-free leadership expect average continue first year acquired General major headache 's treasure Finally GEICO insurer cut teeth 61 year ago GEICO run Tony Nicely joined company 18 completed 50 year service 2011 GEICO much-envied record come Tony 's brilliant execution superb almost-impossible-to-replicate business model Tony 's 18-year tenure CEO market share grown 2.0 9.3 instead remained static decade took premium volume would 3.3 billion rather 15.4 billion attained 2011 extra value created Tony associate major element Berkshire 's excess intrinsic value book value still 90 auto-insurance market left GEICO rake n't bet Tony acquiring chunk year year future low cost permit low price every day Americans discover Gecko favor urge visit GEICO.com quote lizard another endearing quality Unlike human spokesman spokeswoman extensively represent insurance company little fellow agent addition three major insurance operation group smaller company plying trade odd corner insurance world aggregate result consistently profitable float provide substantial Charlie treasure company manager 9 yearend acquired Princeton Insurance New Jersey writer medical malpractice policy bolt-on transaction expands managerial domain Tim Kenesey star CEO Medical Protective Indiana-based med-mal insurer Princeton brings 600 million float amount included following table record four segment property-casualty life insurance business Underwriting Profit Yearend Float million Insurance Operations 2011 2010 2011 2010
 BH Reinsurance 714 176 33,728 30,370 General 144 452 19,714 20,049 GEICO 576 1,117 11,169 10,272 Primary 242 268 5,960 5,141 248 2,013 70,571 65,832 Among large insurance operation Berkshire 's impress best world Regulated Capital-intensive Businesses two large business BNSF MidAmerican Energy important common characteristic distinguishing many business Consequently assign sector letter also split combined financial statistic GAAP balance sheet income statement key characteristic company huge investment long-lived regulated asset partially funded large amount long-term debt guaranteed Berkshire credit needed business earning power even terrible business condition amply cover interest requirement le robust economy 2011 example BNSF 's interest coverage 9.5x MidAmerican meanwhile two key factor ensure ability service debt circumstance stability earnings inherent exclusively offering essential service diversity earnings stream shield action single regulatory body Measured ton-miles rail move 42 America 's inter-city freight BNSF move railroad 37 industry total little math tell 15 inter-city ton-miles freight U.S. transported BNSF exaggeration characterize railroad circulatory system economy railroad largest artery place huge responsibility must without fail maintain improve 23,000 mile track along 13,000 bridge 80 tunnel 6,900 locomotive 78,600 freight car job requires ample financial resource economic scenario human talent instantly effectively deal vicissitude nature widespread flooding BNSF labored last summer fulfill societal obligation BNSF regularly invests far depreciation charge excess amounting 1.8 billion 2011 three major U.S. railroad making similar outlay Though many people decry country 's inadequate infrastructure spending criticism levied railroad industry pouring money fund private sector investment project needed provide better extensive service future railroad making huge expenditure country 's publicly-financed highway system would face even greater congestion maintenance problem exist today Massive investment sort BNSF making would foolish could earn appropriate return incremental sum commits confident value delivers Many years ago Ben Franklin counseled `` Keep thy shop thy shop keep thee `` Translating regulated business might today say `` Take care customer regulator customer 's represent

ative take care '' Good behavior party begets good behavior return 10 MidAmerican pa
 rticipate similar `` social compact '' expected put ever-increasing sum satisfy futu
 re need customer meanwhile operate reliably efficiently know obtain fair return inve
 stment MidAmerican 89.8 owned Berkshire supply 2.5 million customer U.S. electricity
 operating largest supplier Iowa Utah Wyoming important provider six state well pipel
 ine transport 8 country 's natural gas Obviously many million Americans depend u eve
 ry day n't disappointed MidAmerican purchased Northern Natural Gas pipeline 2002 com
 pany 's performance pipeline rated dead last 43 43 leading authority field recent re
 port Northern Natural ranked second top spot held pipeline Kern River electric busin
 ess MidAmerican comparable record recent survey customer satisfaction MidAmerican U.
 S. utility ranked second among 60 utility group surveyed story far different many ye
 ar back MidAmerican acquired property MidAmerican 3,316 megawatt wind generation ope
 ration end 2012 far regulated electric utility country total amount invested committ
 ed wind staggering 6 billion make sort investment MidAmerican retains earnings unlik
 e utility generally pay earn addition late last year took two solar project one 100
 -owned California 49 -owned Arizona cost 3 billion construct Many wind solar project
 almost certainly follow tell proud accomplished society Matt Rose BNSF Greg Abel Mid
 American also proud grateful accomplished Berkshire shareholder relevant figure MidA
 merican Earnings million U.K. utility ^^k Iowa utility ^F .^r Western utility Pipel
 ines • -^^L HomeServices M. ,, net Operating earnings corporate interest tax Interest
 Berkshire Interest Berkshire junior debt Income tax 2011 2010 469 333 279 279 771 78
 3 388 378 39 42 36 47 1,982 1,862 323 323 13 30 315 271 1,331 1,238 1,204 1,131 Incl
 udes interest earned Berkshire net related income tax 8 201 1 19 2010 BNSF Historica
 l accounting 2/12/10 purchase accounting subsequently million 2071 ~2010 Revenues 1
 9,548 16,850 Operating earnings 5,310 4,495 Interest Net 560 507 Pre-Tax earnings 4,
 741 3,988 Net earnings 2,972 2,459 book value recorded balance sheet BNSF MidAmerica
 n carry substantial goodwill component totaling 20 billion instance however Charlie
 believe current intrinsic value far greater book value 11 Manufacturing Service Reta
 iling Operations activity part Berkshire cover waterfront Let 's look though summary
 balance sheet earnings statement entire group Balance Sheet 12/31/11 million Assets
 Cash equivalent 4,241 Accounts note receivable Inventory current asset Total current
 asset 6,584 8,975 631 Goodwill intangible Fixed asset asset 20,431 24,755 17,866 3,6
 61 66,713 Liabilities Equity Notes payable 1,611 current liability 15,124 Total curr
 ent liability 16,735 Deferred tax Term debt liability Non-controlling interest Berks
 hire equity 4,661 6,214 2,410 36,693 66,713 Earnings Statement million 2011 2010 200
 9 Revenues 72,406 66,610 61,665 Operating expense including depreciation 1,431 201 1
 1,362 2010 1,422 2009 ^^k 67,239 62,225 59,509 Interest expense 130 111 98 Pre-tax
 earnings .^b^ 5.037 4.274 2.058 Income tax non-controlling interest 1,998 1,812 945
 Net earnings 3,039 2,462 1,113 include purchase-accounting adjustment Includes earni
 ngs Lubrizol September 16 group company sell product ranging lollipop jet airplane b
 usiness enjoy terrific economics measured earnings unleveraged net tangible asset ru
 n 25 after-tax 100 Others produce good return area 12-20 however poor return result
 serious mistake made job capital allocation error came misjudged either competitive
 strength business purchased future economics industry operated try look ten twenty y
 ear making acquisition sometimes eyesight poor Charlie 's better voted `` present ''
 several errant purchase Berkshire 's newer shareholder may puzzled decision hold mis
 take earnings never consequential Berkshire 's valuation problem company require man
 agerial time winner management consultant Wall Street advisor would look laggard say
 `` dump '' wo n't happen 29 year regularly laid Berkshire 's economic principle repo
 rt page 93-98 Number 1 1 describes general reluctance sell poor performer case lag i
 ndustry factor rather managerial shortcoming approach far Darwinian many may disappr
 ove understand position However made continue make commitment seller business buy re
 tain business thick thin far dollar cost commitment substantial may well offset good
 will build among prospective seller looking right permanent home treasured business
 loyal associate owner know get u ca n't delivered others commitment good many decade
 come 12 Please understand however Charlie neither masochist Polly anna either failin

g set forth Rule 1 1 present business likely cash drain longer term labor strife end
 emic take prompt decisive action situation happened couple time 47 -year history non
 e business strait requiring u consider disposing steady substantial comeback U.S. ec
 onomy since mid-2009 clear earnings shown front section compilation includes 54 comp
 any one Marmon owner 140 operation eleven distinct business sector short look Berksh
 ire looking across corporate America let 's dig little deeper gain greater insight h
 appened last year four housing-related company section group excludes Clayton carri
 d Finance Financial Products aggregate pre-tax earnings 227 million 2009 362 million
 2010 359 million 201 1 subtract earnings combined statement see multiple diverse non
 -housing operation earned 1,831 million 2009 3,912 million 2010 4,678 million 201 1
 291 million 201 1 earnings came Lubrizol acquisition profile remaining 2011 earnings
 4,387 million illustrates comeback much America devastation wrought 2008 financial p
 anic Though housing-related business remain emergency room business left hospital he
 alth fully restored Almost manager delivered outstanding performance last year among
 manager run housing-related business therefore fighting hurricane-force headwind exa
 mple • Vic Mancinelli set record CTB agricultural equipment operation purchased CTB
 2002 139 million subsequently distributed 180 million Berkshire last year earned 124
 million pre-tax 109 million cash Vic made number bolt-on acquisition year including
 meaningful one signed yearend • TTI electric component distributor increased sale re
 cord 2.1 billion 12.4 2010 Earnings also hit record 127 2007 year purchased business
 2011 TTI performed far better large publicly-traded company field 's surprise Paul A
 ndrews associate besting year Charlie delighted Paul negotiated large bolt-on acquis
 ition early 2012 hope follow • Iscar 80 -owned cutting-tools operation continues ama
 ze u sale growth overall performance unique industry Iscar manager Eitan Wertheimer
 Jacob Harpaz Danny Goldman brilliant strategist operator economic world cratering No
 vember 2008 stepped buy Tungaloy leading Japanese cutting-tool manufacturer Tungaloy
 suffered significant damage tsunami hit north Tokyo last spring would n't know Tunga
 loy went set sale record 2011 visited Iwaki plant November inspired dedication enthu
 siasm Tungaloy management well staff wonderful group deserve admiration thanks • McL
 ane huge distribution company run Grady Rosier added important new customer 2011 set
 pre-tax earnings record 370 million Since purchase 2003 1.5 billion company pre-tax
 earnings 2.4 billion also increased LIFO reserve 230 million price retail product di
 stributes candy gum cigarette etc risen Grady run logistical machine second none loo
 k bolt-ons McLane particularly new wine-and-spirits distribution business 13 Jordan
 Hansell took NetJets April delivered 201 1 pre-tax earnings 227 million particularly
 impressive performance sale new plane slow year December however uptick seasonally n
 ormal permanent uncertain year ago NetJets number one worry cost far line revenue ca
 sh hemorrhaging Without Berkshire 's support NetJets would gone broke problem behind
 u Jordan delivering steady profit well-controlled smoothly-running operation NetJets
 proceeding plan enter China first-class partner move widen business `` moat `` fract
 ional-ownership operator remotely size breadth NetJets operation none ever Ne Jets u
 nrelenting focus safety service paid marketplace 's joy watch Marmon 's progress Fra
 nk Ptak 's leadership addition achieving internal growth Frank regularly make bolt-o
 n acquisition aggregate materially increase Marmon 's earning power three costing 27
 0 million last month Joint venture around world another opportunity Marmon midyear M
 armon partnered Kundalia family Indian crane operation already delivering substantia
 l profit Marmon 's second venture family following successful wire cable partnership
 instituted year ago eleven major sector Marmon operates ten delivered gain earnings
 last year confident higher earnings Marmon year ahead `` Buy commodity sell brand ``
 long formula business success produced enormous sustained profit Coca-Cola since 188
 6 Wrigley since 1891 smaller scale enjoyed good fortune approach See 's Candy since
 purchased 40 year ago Last year See 's record pre-tax earnings 83 million bringing t
 otal since bought 1.65 billion Contrast figure purchase price 25 million yearend car
 rying-value net cash le zero Yes read right capital employed See 's fluctuates seaso
 nally hitting low Christmas Credit Brad Kinstler taking company new height since bec
 ame CEO 2006 Nebraska Furniture Mart 80 owned set earnings record 201 1 netting ten

time 1983 acquired stake 's big news important NFM 's acquisition 433-acre tract north Dallas build almost certain highest-volume home-furnishings store country Currently title shared two store Omaha Kansas City record-setting sale of 400 million 2011 several year Texas store completed look forward cutting ribbon opening Berkshire manager work take bow new store offer unequalled variety merchandise sold price can't matched bring huge crowd near far drawing power extensive holding land site enable u attract number major store high-volume retailer reading contact experience NFM Blumkin family run real joy business built Rose Blumkin known `` Mrs. B '' started company 1937 500 dream sold interest 89 worked 103 retiring died next year sequence point Berkshire manager even think retiring Mrs. B 's son Louie 92 helped mother build business returned World War II along wife Fran friend 55 year turn Louie 's son Ron Irv taken company new height first opening Kansas City store gearing Texas 14 `` boy '' many great time together count among best friend Blumkins remarkable family Never inclined let extraordinary gene pool go waste rejoicing day several member fourth Blumkin generation joined NFM Overall intrinsic value business Berkshire sector significantly exceeds book value many smaller company however true made share mistake buying small company Charlie long ago told `` something 's worth 's worth well '' listened harder event large purchase generally worked well extraordinarily well case overall sector winner u Certain shareholder told hunger discussion accounting arcanum 's bit GAAP-mandated nonsense hope enjoy Common sense would tell varied subsidiary carried book cost plus earnings retained since purchase unless economic value materially decreased case appropriate write-down must taken 's essentially reality Berkshire except weird situation Marmon purchased 64 company 2008 put interest book cost 4.8 billion far good early 2011 pursuant original contract Pritzker family purchased additional 16 paying 1.5 billion called formula reflected Marmon 's increased value instance however required immediately write 614 million purchase price retroactive end 2010 n't ask Obviously write-off connection economic reality excess Marmon 's intrinsic value carrying value widened meaningless write-down Finance Financial Products sector smallest includes two rental company XTRA trailer CORT furniture Clayton Homes country 's leading producer financier manufactured home Aside 100 -owned subsidiary also include category collection financial asset 50 interest Berkadia Commercial Mortgage 's instructive look transpired three operating business economy fell cliff late 2008 experience illuminate fractured recovery later came along Results two leasing company mirrored `` non-housing '' economy combined pre-tax earnings 13 million 2009 53 million 2010 155 million 2011 improvement reflecting steady recovery seen almost non-housing business contrast Clayton 's world manufactured housing like site-built housing endured veritable depression experiencing recovery date Manufactured housing sale nation 49,789 home 2009 50,046 2010 51,606 2011 housing booming 2005 146,744 Despite difficult time Clayton continued operate profitably largely mortgage portfolio performed well trying circumstance largest lender manufactured home sector also normally lending lower-and-middle-income family might expect u suffer heavy loss housing melt down sticking old-fashioned loan policy meaningful payment monthly payment sensible relationship regular income Clayton kept loss acceptable level done even though many borrower negative equity time well-known U.S. went rail home-ownership mortgage-lending policy mistake economy paying huge price u participated destructive behavior government lender borrower medium rating agency name core folly almost universal belief value house certain increase time dip would inconsequential acceptance premise justified almost price practice housing transaction Homeowners everywhere felt richer rushed `` monetize '' increased value home refinancings massive cash infusion fueled consumption binge throughout economy seemed great fun lasted largely unnoted fact Large number people `` lost '' house foreclosure actually realized profit carried refinancings earlier gave cash excess cost case evicted homeowner winner victim lender 15 2007 bubble burst bubble must fourth year cure though long painful sure succeed Today household formation consistently exceeding housing start Clayton 's earnings improve materially nation 's excess housing inventory worked see thing today however believe intrinsic value three business sector differ materially book value Investments s

how common stock investment yearend market value 1 billion 12/31/11 Percentage Share
 s Company Company Cost Market Owned million 151,610,700 American Express Company 13.
 0 1,287 7,151 200,000,000 Coca-Cola Company 8.8 1,299 13,994 29,100,937 ConocoPhillips
 2.3 2,027 2,121 63,905,931 International Business Machines Corp 5.5 10,856 11,751
 31,416,127 Johnson Johnson 1.2 1,880 2,060 79,034,713 Kraft Foods Inc 4.5 2,589 2,95
 3 20,060,390 Munich 11.3 2,990 2,464 3,947,555 POSCO 5.1 768 1,301 72,391,036 Procter
 r Gamble Company 2.6 464 4,829 25,848,838 Sanofi 1.9 2,055 1,900 291,577,428 Tpsrn p
 ip 3.6 1,719 1,827 78,060,769 U.S. Bancorp 4.1 2,401 2,112 39,037,142 Wal-Mart Store
 s Inc ^^^-^^ 1.1 1,893 2,333 400,015,828 Wells Fargo Company 7.6 9,086 11,024 Others
 6,895 9,171 Total Common Stocks Carried Market 48,209 76,991 actual purchase pr
 ice also tax basis GAAP `` cost '' differs case write-ups write-down required made c
 hange investment holding 2011 three move important purchase IBM Bank America 1 billi
 on addition made Wells Fargo position banking industry back foot Wells Fargo prosper
 ing earnings strong asset solid capital record level Bank America huge mistake made
 prior management Brian Moynihan made excellent progress cleaning though completion p
 rocess take number year Concurrently nurturing huge attractive underlying business e
 ndure long today 's problem forgotten warrant buy 700 million Bank America share lik
 ely great value expire case Coca-Cola 1988 railroad 2006 1 late IBM party reading co
 mpany 's annual report 50 year n't Saturday March last year thinking crystallized Th
 oreau said `` 's look matter 's see '' Todd Combs built 1.75 billion portfolio cost
 last year Ted Weschler soon create one similar size receives 80 performance compensa
 tion result 20 partner 's quarterly filing report relatively small holding likely bu
 y made though medium often overlook point rather holding denoting purchase Todd Ted
 16 One additional point two new arrival Ted Todd helpful next CEO Berkshire making a
 cquisition excellent `` business mind '' grasp economic force likely determine futur
 e wide variety business aided thinking understanding predictable unknowable little n
 ew report derivative position described detail past report Annual report since 1977
 available www.berkshirehathaway.com One important industry change however must noted
 Though existing contract minor collateral requirement rule changed new position Cons
 equently initiating major derivative position shun contract type could require insta
 nt posting collateral possibility sudden huge posting requirement arising out-of-the
 -blue event worldwide financial panic massive terrorist attack inconsistent primary
 objective redundant liquidity unquestioned financial strength insurance-like derivat
 ive contract whereby pay various issue included high-yield bond index default coming
 close contract exposed u loss already expired remainder terminate soon 2011 paid 86
 million two loss bringing total payment 2.6 billion almost certain realize final ``
 underwriting profit '' portfolio premium received 3.4 billion future loss apt minor
 addition averaged 2 billion float five-year life contract successful result time gre
 at credit stress underscore importance obtaining premium commensurate risk Charlie c
 ontinue believe equity-put position produce significant profit considering 4.2 billi
 on float held fifteen year 222 million profit 've already realized contract repurcha
 sed yearend Berkshire 's book value reflected liability 8.5 billion remaining contra
 ct come due time payment would 6.2 billion Basic Choices Investors One Strongly Pref
 er Investing often described process laying money expectation receiving money future
 Berkshire take demanding approach defining investing transfer others purchasing powe
 r reasoned expectation receiving purchasing power tax paid nominal gain future succi
 nctly investing forgoing consumption order ability consume later date definition flo
 w important corollary riskiness investment measured beta Wall Street term encompassi
 ng volatility often used measuring risk rather probability reasoned probability inve
 stment causing owner loss purchasing-power contemplated holding period Assets fluctu
 ate greatly price risky long reasonably certain deliver increased purchasing power h
 olding period see non-fluctuating asset laden risk Investment possibility many varie
 d three major category however 's important understand characteristic let 's survey
 field • Investments denominated given currency include money-market fund bond mortga
 ge bank deposit instrument currency-based investment thought `` safe '' truth among
 dangerous asset beta may zero risk huge past century instrument destroyed purchasing

power investor many country even holder continued receive timely payment interest principal ugly result moreover forever recur Governments determine ultimate value money systemic force sometimes cause gravitate policy produce inflation time time policy spin control Even U.S. wish stable currency strong dollar fallen staggering 86 value since 1965 took management Berkshire take le 7 today buy 1 time Consequently tax-free institution would needed 4.3 interest annually bond investment period simply maintain purchasing power manager would kidding thought portion interest `` income '' 17 tax-paying investor like picture far worse 47-year period continuous rolling U.S. Treasury bill produced 5.7 annually sound satisfactory individual investor paid personal income tax rate averaging 25 5.7 return would yielded nothing way real income investor 's visible income tax would stripped 1.4 point stated yield invisible inflation tax would devoured remaining 4.3 point 's noteworthy implicit inflation `` tax '' triple explicit income tax investor probably thought main burden `` God Trust '' may imprinted currency hand activates government 's printing press human High interest rate course compensate purchaser inflation risk face currency-based investment indeed rate early 1980s job nicely Current rate however come close offsetting purchasing-power risk investor assume Right bond come warning label today 's condition therefore like currency-based investment Even Berkshire hold significant amount primarily short-term variety Berkshire need ample liquidity occupies center stage never slighted however inadequate rate may Accommodating need primarily hold U.S. Treasury bill investment counted liquidity chaotic economic condition working level liquidity 20 billion 10 billion absolute minimum Beyond requirement liquidity regulator impose purchase currency-related security offer possibility unusual gain either particular credit mispriced occur periodic junk-bond debacle rate rise level offer possibility realizing substantial capital gain high-grade bond rate fall Though 've exploited opportunity past may 1 80 degree removed prospect Today wry comment Wall Streeter Shelby Cullom Davis made long ago seems apt `` Bonds promoted offering risk-free return price deliver return-free risk '' second major category investment involves asset never produce anything purchased buyer 's hope someone else also know asset forever unproductive pay future Tulips thing briefly became favorite buyer 17 th century type investment requires expanding pool buyer turn enticed believe buying pool expand still Owners inspired asset produce remain lifeless forever rather belief others desire even avidly future major asset category gold currently huge favorite investor fear almost asset especially paper money whose value noted right fearful Gold however two significant shortcoming neither much use procreative True gold industrial decorative utility demand purpose limited incapable soaking new production Meanwhile one ounce gold eternity still one ounce end motivates gold purchaser belief rank fearful grow past decade belief proved correct Beyond rising price generated additional buying enthusiasm attracting purchaser see rise validating investment thesis `` bandwagon '' investor join party create truth past 15 year Internet stock house demonstrated extraordinary excess created combining initially sensible thesis well-publicized rising price bubble army originally skeptical investor succumbed `` proof delivered market pool buyer time expanded sufficiently keep bandwagon rolling bubble blown large enough inevitably pop old proverb confirmed `` wise man beginning fool end '' 18 Today world 's gold stock 170,000 metric ton gold melded together would form cube 68 foot per side Picture fitting comfortably within baseball infield 1,750 per ounce gold 's price write value would 9.6 trillion Call cube pile Let 's create pile B costing equal amount could buy U.S. cropland 400 million acre output 200 billion annually plus 16 Exxon Mobils world 's profitable company one earning 40 billion annually purchase would 1 trillion left walking-around money sense feeling strapped buying binge imagine investor 9.6 trillion selecting pile pile B Beyond staggering valuation given existing stock gold current price make today 's annual production gold command 160 billion Buyers whether jewelry industrial user frightened individual speculator must continually absorb additional supply merely maintain equilibrium present price century 400 million acre farmland produced staggering amount corn wheat cotton crop continue produce valuable bounty whatever currency may Exxon Mobil probably delivered trillion d

ollar dividend owner also hold asset worth many trillion remember get 16 Exxons 170,000 ton gold unchanged size still incapable producing anything fondle cube respond Admittedly people century fearful 's likely many still rush gold 'm confident however 9.6 trillion current valuation pile compound century rate far inferior achieved pile B first two category enjoy maximum popularity peak fear Terror economic collapse drive individual currency-based asset particularly U.S. obligation fear currency collapse foster movement sterile asset gold heard `` cash king '' late 2008 cash deployed rather held Similarly heard `` cash trash '' early 1980s fixed-dollar investment attractive level memory occasion investor required supportive crowd paid dearly comfort preference knew coming third category investment productive asset whether business farm real estate Ideally asset ability inflationary time deliver output retain purchasing-power value requiring minimum new capital investment Farms real estate many business Coca-Cola IBM See 's Candy meet double-barreled test Certain company think regulated utility example fail inflation place heavy capital requirement earn owner must invest Even investment remain superior nonproductive currency-based asset Whether currency century based gold seashell shark teeth piece paper today people willing exchange couple minute daily labor Coca-Cola See 's peanut brittle future U.S. population move good consume food require living space People forever exchange produce others produce country 's business continue efficiently deliver good service wanted citizen Metaphorically commercial `` cow '' live century give ever greater quantity `` milk '' boot value determined medium exchange rather capacity deliver milk Proceeds sale milk compound owner cow 20th century Dow increased 66 11,497 paid load dividend well Berkshire 's goal increase ownership first-class business first choice entirety also owner way holding sizable amount marketable stock believe extended period time category investing prove runaway winner among three 've examined important far safest 19 Annual Meeting annual meeting held Saturday May 5th CenturyLink Center renamed '' Qwest '' Last year Carrie Kizer debuted ringmaster earned lifetime assignment Everyone loved job especially Soon 7 a.m. opening door new activity Newspaper Tossing Challenge Late last year Berkshire purchased Omaha World-Herald meeting shareholder-employees told folding throwing skill developed delivering 500,000 paper teenager immediately saw skepticism eye audience surprise reporter mantra `` mother say love check '' back claim meeting take corner making 35-foot toss World-Herald Clayton porch challenger whose paper land closer doorstep mine receive dilly bar 've asked Dairy Queen supply several contest though doubt needed large stack paper Grab one Fold rubber band Take best shot Make day 8:30 new Berkshire movie shown hour later start question-and-answer period break lunch CenturyLink stand last 3:30 short recess Charlie convene annual meeting 3:45 decide leave day 's question period please Charlie talking best reason exit course shop help filling 194,300-square-foot hall adjoins meeting area product dozen Berkshire subsidiary Last year part location racked record sale nine-hour period sold 1,249 pair Justin boot 11,254 pound See 's candy 8,000 Quikutz knife 's 15 knife per minute 6,126 pair Wells Lamont glove Marmon product whose existence news product focus money better Remember Anyone say money can't buy happiness simply n't shopped meeting Among new exhibitor year Brooks running-shoe company Brooks gobbling market share 2011 sale gain 34 tenth consecutive year record volume Drop congratulate Jim Weber company 's CEO sure buy couple pair limited edition '' Berkshire Hathaway Running Shoes '' GEICO booth staffed number top counselor around country ready supply auto insurance quote case GEICO able give shareholder discount usually 8 special offer permitted 44 51 jurisdiction operate One supplemental point discount additive qualify another given certain group Bring detail existing insurance check whether save money least half believe sure visit Bookworm carry 35 book DVDs including couple new one recommend MiTek informative history one successful subsidiary 'll learn interest company originally piqued receiving mail hunk ugly metal whose purpose could n't fathom Since bought MiTek 2001 made 33 `` tuck-in '' acquisition almost successful think 'll also like short book Peter Bevelin put together explaining Berkshire 's investment operating principle sum Charlie saying year annual report annual meeting need ship book purchase shipping service available nearby big spender a

spire become one visit Elliott Aviation east side Omaha airport noon 5:00 p.m. Saturday fleet NetJets aircraft get pulse racing Come bus leave private jet 'll OK credit attachment proxy material enclosed report explains obtain credential need admission meeting event Airlines sometimes jacked price Berkshire weekend coming far away comp are cost flying Kansas City versus Omaha drive two city 2 V hour may save significant money particularly planned rent car Omaha Spend saving u 20 Nebraska Furniture Mart located 77-acre site 72 nd Street Dodge Pacific `` Berkshire Weekend `` discount pricing Last year store 32.7 million business annual meeting sale volume exceeds yearly sale furniture store obtain Berkshire discount must make purchase Tuesday May 1 st Monday May 7 th inclusive also present meeting credential period 's special pricing even apply product several prestigious manufacturer normally ironclad rule discounting spirit shareholder weekend made exception appreciate cooperation NFM open 10 a.m. 9 p.m. Monday Saturday 10 a.m. 6 p.m. Sunday Saturday year 5 :30 p.m. 8 p.m. NFM picnic invited Borsheims two shareholder-only event first cocktail reception 6 p.m. 9 p.m. Friday May 4 th second main gala held Sunday May 6 th 9 a.m. 4 p.m. Saturday open 6 p.m. Sunday around 2 p.m. clerking Borsheims desperate beat sale figure last year come take advantage Ask `` Crazy Warren `` price huge crowd Borsheims throughout weekend convenience therefore shareholder price available Monday April 30 th Saturday May 12 th period please identify shareholder presenting meeting credential broke rage statement show Berkshire holder Sunday mall outside Borsheims blindfolded Patrick Wolff twice U.S. chess champion take comer eye wide open group six Nearby Norman Beck remarkable magician Dallas bewilder onlooker Additionally Bob Hamman Sharon Osberg two world 's top bridge expert available play bridge shareholder Sunday afternoon Two non-experts Charlie also table Gorat 's Piccolo 's open exclusively Berkshire shareholder Sunday May 6 th serving 10 p.m. Gorat 's opening 1 p.m. Piccolo 's opening 4 p.m restaurant favorite eat Sunday evening Actuarial table tell consume another 12 million calorie death 'm terrified thought leaving behind frontloading Sunday Remember make reservation Gorat 's call 402-551-3733 April 1 st Piccolo 's call 402-342-9038 Piccolo 's show class order giant root beer float dessert sissy get small one three financial journalist lead question-and-answer period meeting asking Charlie question shareholder submitted e-mail journalist e-mail address Carol Loomis Fortune may e-mailed cloomis fortunemail.com Becky Quick CNBC BerkshireQuestions cnbc.com Andrew Ross Sorkin New York Times arsorkin nytimes.com question submitted journalist choose dozen decides interesting important journalist told question best chance selected keep concise avoid sending last moment make Berkshire-related include two question e-mail send e-mail let journalist know would like name mentioned question selected year adding second panel three financial analyst follow Berkshire Cliff Gallant KBW Jay Gelb Barclays Capital Gary Ransom Dowling Partners analyst bring Berkshire-specific question alternate journalist audience Charlie believe shareholder access new Berkshire information simultaneously also adequate time analyze try issue financial information market close Friday talk one-on-one large institutional investor analyst new panel let analyst ask question perhaps even technical one manner may helpful many shareholder 21 Neither Charlie get much clue question asked know journalist analyst come tough one 's way like told expect least 54 question allow six analyst journalist 18 audience extra time take audience Audience questioner determined drawing take place 8:15 a.m. 13 microphone located arena main overflow room good reason regularly extol accomplishment operating manager truly All-Stars run business asset owned family believe mindset shareholder-oriented found universe large publicly-owned company financial need work joy hitting business `` home run `` mean much paycheck Equally important however 23 men woman work corporate office one floor way intend keep group efficiently deal multitude SEC regulatory requirement file 17,839-page Federal income tax return hello Guinness well state foreign return Additionally respond countless shareholder medium inquiry get annual report prepare country 's largest annual meeting coordinate Board 's activity list go handle business task cheerfully unbelievable efficiency making life easy pleasant effort go beyond activity strictly related Berkshire deal 48 university selected 200 applicant send student Omaha school year day a

lso handle kind request receive arrange travel even get hamburger lunch CEO better h
ome office crew along operating manager deepest thanks deserves well Come Omaha crad
le capitalism May 5 th tell February 25 2012 Warren E. Buffett Chairman Board 1 22

Transformer

```
In [14]: import torch
import torch.nn as nn
from torch.nn import functional as F

# hyperparameters
batch_size = 64
block_size = 256
max_iters = 5000
eval_interval = 500
learning_rate = 3e-4
device = 'cuda' if torch.cuda.is_available() else 'cpu'
eval_iters = 200
n_embd = 384
n_head = 6
n_layer = 6
dropout = 0.2
# -----

torch.manual_seed(1337)

with open('processed_text.txt', 'r', encoding='utf-8') as f:
    text = f.read()

# here are all the unique characters that occur in this text
chars = sorted(list(set(text)))
vocab_size = len(chars)
# create a mapping from characters to integers
stoi = { ch:i for i,ch in enumerate(chars) }
itos = { i:ch for i,ch in enumerate(chars) }
encode = lambda s: [stoi[c] for c in s] # encoder: take a string, output a list of
decode = lambda l: ''.join([itos[i] for i in l]) # decoder: take a list of integers

# Train and test splits
data = torch.tensor(encode(text), dtype=torch.long)
n = int(0.9*len(data)) # first 90% will be train, rest val
train_data = data[:n]
val_data = data[n:]

# data loading
def get_batch(split):
    # Determine the dataset to use based on the 'split' argument
    data = train_data if split == 'train' else val_data

    # Generate random starting indices within the data. The range is limited to `le
    # to avoid indexing beyond the data when forming sequences
    ix = torch.randint(0, len(data) - block_size, (batch_size,))
```

```

# Create the input tensor `x` by gathering slices of the data starting from each
# Each slice is of length `block_size`
x = torch.stack([data[i:i + block_size] for i in ix])

# Create the target tensor `y` by gathering slices starting from `i + 1` to `i + block_size`
# This is typically used in tasks where the model needs to predict the next item
y = torch.stack([data[i + 1:i + block_size + 1] for i in ix])

# Move the input and target tensors to the specified device (GPU or CPU)
x, y = x.to(device), y.to(device)

# Return the batches
return x, y

@torch.no_grad() # Disable gradient computation
def estimate_loss():
    out = {} # Dictionary to store the average loss for both training and validation
    model.eval() # Set the model to evaluation mode, which disables dropout and batch normalization

    # Iterate over both the training and validation splits
    for split in ['train', 'val']:
        losses = torch.zeros(eval_iters) # Initialize an array to store losses for this split

        # Evaluate the model over the number of evaluation iterations
        for k in range(eval_iters):
            X, Y = get_batch(split) # Obtain a batch of data
            logits, loss = model(X, Y) # Forward pass through the model to get Log Probabilities
            losses[k] = loss.item() # Store the scalar loss

        out[split] = losses.mean() # Calculate and store the mean loss for the current split

    model.train() # Set the model back to training mode to re-enable dropout and batch normalization
    return out # Return the dictionary containing average losses

class Head(nn.Module):
    """ one head of self-attention """

    def __init__(self, head_size):
        super().__init__() # Call to the superclass's constructor to initialize it

        # Define three linear transformations without bias for the key, query, and value
        self.key = nn.Linear(n_embd, head_size, bias=False) # Transform input to key
        self.query = nn.Linear(n_embd, head_size, bias=False) # Transform input to query
        self.value = nn.Linear(n_embd, head_size, bias=False) # Transform input to value

        # Register a triangular matrix as a buffer that does not require gradients
        # This lower triangular matrix is useful for masked attention to prevent attending to future tokens
        self.register_buffer('tril', torch.tril(torch.ones(block_size, block_size)))

        # Dropout layer to use in the attention scores or outputs for regularization
        self.dropout = nn.Dropout(dropout)

    def forward(self, x):
        B, T, C = x.shape # Unpack the shape of the input tensor x: B is batch size, T is time step, C is channels

```

```

k = self.key(x) # Compute the keys from the input using the previously def
q = self.query(x) # Compute the queries from the input using the previousl

# Compute attention scores (affinities) between every pair of queries and k
wei = q @ k.transpose(-2, -1) * k.shape[-1]**-0.5 # Dot product of queries

# Mask out the upper triangular part of the dot product matrix (including d
# This ensures causality in the attention mechanism: no position can attend
wei = wei.masked_fill(self.tril[:T, :T] == 0, float('-inf'))

# Apply softmax to normalize the weights on the last dimension (per-query)
wei = F.softmax(wei, dim=-1)

# Apply dropout to the attention weights to prevent overfitting
wei = self.dropout(wei)

v = self.value(x) # Compute the values from the input using the previously

# Compute the output as the weighted sum of value vectors, where weights ar
out = wei @ v # Weighted aggregation of values based on the attention scor

return out # Return the output of the attention layer

class MultiHeadAttention(nn.Module):
    """ multiple heads of self-attention in parallel """

    def __init__(self, num_heads, head_size):
        super().__init__() # Call the constructor of the superclass to perform any

        # Create a list of attention heads using ModuleList, which is useful for ha
        # `Head(head_size)` is presumed to be a class defining an individual attent
        self.heads = nn.ModuleList([Head(head_size) for _ in range(num_heads)])

        # Define a linear transformation to project the concatenated outputs of all
        # This linear layer combines and transforms the concatenated outputs of the
        self.proj = nn.Linear(head_size * num_heads, n_embd)

        # Dropout layer to use after combining the outputs of the attention heads,
        self.dropout = nn.Dropout(dropout)

    def forward(self, x):
        # Apply each attention head to the input and collect their outputs
        out = torch.cat([h(x) for h in self.heads], dim=-1) # Concatenate outputs

        # Pass the concatenated output through the projection layer to combine and
        out = self.proj(out)

        # Apply dropout to the output of the projection layer for regularization
        out = self.dropout(out)

        return out # Return the final output of the multi-head attention layer

class FeedFoward(nn.Module):
    """ a simple linear layer followed by a non-linearity """

```

```

def __init__(self, n_embd):
    super().__init__() # Initialize the superclass (nn.Module), which sets up

    # Define a sequential model to perform a series of operations:
    self.net = nn.Sequential(
        nn.Linear(n_embd, 4 * n_embd), # First Linear Layer: projects input fr
        nn.ReLU(), # Activation function: applies the non-l
        nn.Linear(4 * n_embd, n_embd), # Second Linear Layer: reduces the dimen
        nn.Dropout(dropout) # Dropout Layer: randomly zeroes some of
    )

def forward(self, x):
    return self.net(x)

class Block(nn.Module):
    """ Transformer block: communication followed by computation """
    def __init__(self, n_embd, n_head):
        super().__init__() # Initialize the superclass (nn.Module), crucial for Py

        head_size = n_embd // n_head # Calculate the size of each attention head b

        self.sa = MultiHeadAttention(n_head, head_size) # Initialize the MultiHead
        self.ffwd = FeedForward(n_embd) # Initialize the feed-forw

        self.ln1 = nn.LayerNorm(n_embd) # Layer normalization applied after the at
        self.ln2 = nn.LayerNorm(n_embd) # Layer normalization applied after the fe

    def forward(self, x):
        x = x + self.sa(self.ln1(x)) # Apply multi-head attention with a residual
        x = x + self.ffwd(self.ln2(x)) # Apply the feed-forward network with anoth
        return x # Return the processed output

class GPTLanguageModel(nn.Module):
    def __init__(self):
        super().__init__() # Initialize the superclass (nn.Module), which is neces

        # Embedding layer for converting token indices into dense vectors of fixed
        self.token_embedding_table = nn.Embedding(vocab_size, n_embd)

        # Embedding layer for position information, enabling the model to consider
        self.position_embedding_table = nn.Embedding(block_size, n_embd)

        # A sequence of transformer blocks, which are stacked to form the core of t
        self.blocks = nn.Sequential(*[Block(n_embd, n_head=n_head) for _ in range(n

        # Final layer normalization applied to the output of the last transformer b
        self.ln_f = nn.LayerNorm(n_embd)

        # Linear layer that projects from the embedding dimension back to vocabular
        self.lm_head = nn.Linear(n_embd, vocab_size)

```

```

# Custom weights initialization for all model parameters
self.apply(self._init_weights)

def _init_weights(self, module):
    if isinstance(module, nn.Linear):
        # Initialize weights of linear layers with a normal distribution
        torch.nn.init.normal_(module.weight, mean=0.0, std=0.02)
        # Initialize biases of linear layers to zeros, if the bias is present
        if module.bias is not None:
            torch.nn.init.zeros_(module.bias)

    elif isinstance(module, nn.Embedding):
        # Initialize weights of embedding layers with a normal distribution
        torch.nn.init.normal_(module.weight, mean=0.0, std=0.02)

def forward(self, idx, targets=None):
    B, T = idx.shape # Extract batch size (B) and sequence length (T) from input

    # Token embeddings: Convert token indices to embeddings
    tok_emb = self.token_embedding_table(idx) # (B,T,C), where C is the embedding dimension

    # Position embeddings: Create position embeddings for sequence positions and add to token embeddings
    pos_emb = self.position_embedding_table(torch.arange(T, device=device)) # (T,C)
    x = tok_emb + pos_emb # Combine token and position embeddings by element-wise addition

    # Transformer blocks: Sequentially pass the combined embeddings through all blocks
    x = self.blocks(x) # (B,T,C)

    # Layer normalization: Apply final layer normalization to the output of the last block
    x = self.ln_f(x) # (B,T,C)

    # Output layer: Project the normalized embeddings to the vocabulary space to produce logits
    logits = self.lm_head(x) # (B,T,vocab_size), where vocab_size is the vocabulary size

    # Loss computation: Only compute if targets are provided
    if targets is None:
        loss = None
    else:
        # Reshape logits and targets to match the expected dimensions for cross-entropy loss
        B, T, C = logits.shape
        logits = logits.view(B * T, C) # Flatten the batch and sequence length
        targets = targets.view(B * T) # Flatten the targets to match logits' shape
        # Compute cross-entropy loss between the predicted logits and the actual targets
        loss = F.cross_entropy(logits, targets)

    # Return logits and optionally the loss
    return logits, loss

def generate(self, idx, max_new_tokens):
    # idx is (B, T) array of indices, where B is the batch size and T is the sequence length
    for _ in range(max_new_tokens):
        # Crop idx to only consider the last `block_size` tokens for prediction
        idx_cond = idx[:, -block_size:] # Ensures the model's focus is limited to recent tokens

```



```

        # Generate predictions for the next token
        logits, _ = self(idx_cond) # Outputs are logits (B, block_size, vocab_

        # Focus only on the last time step of logits, as we're interested in pr
        logits = logits[:, -1, :] # Reduces logits to (B, vocab_size)

        # Convert logits to probabilities using softmax
        probs = F.softmax(logits, dim=-1) # Now probs is (B, vocab_size), repr

        # Sample from the probability distribution to determine the next token
        idx_next = torch.multinomial(probs, num_samples=1) # Results in (B, 1)

        # Append the newly predicted token to the existing sequence
        idx = torch.cat((idx, idx_next), dim=1) # Concatenates the new token t

    return idx # Return the generated sequence, now extended by max_new_tokens

model = GPTLanguageModel()
m = model.to(device)
# print the number of parameters in the model
print(sum(p.numel() for p in m.parameters())/1e6, 'M parameters')

# create a PyTorch optimizer
optimizer = torch.optim.AdamW(model.parameters(), lr=learning_rate)

for iter in range(max_iters):

    # every once in a while evaluate the loss on train and val sets
    if iter % eval_interval == 0 or iter == max_iters - 1:
        losses = estimate_loss()
        perplexity = math.exp(losses['val'])
        print(f"step {iter}: train loss {losses['train']:.4f}, val loss {losses['va

    # sample a batch of data
    xb, yb = get_batch('train')

    # evaluate the loss
    logits, loss = model(xb, yb)
    optimizer.zero_grad(set_to_none=True)
    loss.backward()
    optimizer.step()

# generate from the model
context = torch.zeros((1, 1), dtype=torch.long, device=device)
print(decode(m.generate(context, max_new_tokens=500)[0].tolist()))

```

10.798926 M parameters

step 0: train loss 4.5305, val loss 4.5346, perplexity 93.1816

step 500: train loss 1.6832, val loss 1.7935, perplexity 6.0105

step 1000: train loss 0.9907, val loss 1.3580, perplexity 3.8884

step 1500: train loss 0.5596, val loss 1.4419, perplexity 4.2288

step 2000: train loss 0.2464, val loss 1.7107, perplexity 5.5331

step 2500: train loss 0.1315, val loss 2.0051, perplexity 7.4270

step 3000: train loss 0.0997, val loss 2.1706, perplexity 8.7633

step 3500: train loss 0.0840, val loss 2.3364, perplexity 10.3442

step 4000: train loss 0.0766, val loss 2.4492, perplexity 11.5793

step 4500: train loss 0.0720, val loss 2.5067, perplexity 12.2641

step 4999: train loss 0.0687, val loss 2.6299, perplexity 13.8727

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wo year 2006 Annual Report detail Hsing Berkshire 's board equity Todd unit James