
Harvard Undergraduates Visit

WARREN BUFFETT

*October 5-7, 2006
Omaha, Nebraska*



Brought to you by Harvard Undergraduate Women in Business and Smart Woman Securities



September 27, 2006

Welcome to the Warren Buffett Trip! Next week, we will embark on a once in a lifetime opportunity to visit Mr. Warren Buffett, the “Oracle of Omaha.” Over the past few months, we have worked to bring you a great trip to the heartland of America. We are very excited to give Harvard undergraduate students the opportunity to meet with Mr. Buffett and interact with him directly, in addition to the various other events we will be having during our visit.

In addition to our time with Mr. Buffett, we will be visiting an array of companies and hearing from some truly dynamic business leaders from various industries. The trip was designed to give you a well-rounded sense of different experiences and perspectives in the business world. We truly hope that you will make the most of your time in Omaha and have a wonderful visit. In this program, you will find logistical information (the schedule, a map, and our phone numbers) and specific profiles of the companies and speakers we will be hearing from. We hope these profiles will give you a glimpse into the wonderful speakers we will be visiting next week!

We would like extend our sincerest gratitude to Mr. Buffett for his willingness to host our participants for this great visit. We also would like to kindly thank Debbie Bosanek in Mr. Buffett’s office for her continued support throughout our planning process. Lastly, we would like to thank the generosity of our various speakers in their willingness to host us at their companies or attend our dinner on Thursday, October 5th. This trip would not be the same without their gracious support and interest in Harvard students.

Sincerely,

Tracy Britt
Class of 2007
Warren Buffett Trip Co-Coordinator
HUWIB President
SWS Co-Founder

Tiffany Niver
Class of 2008
Warren Buffett Trip Co-Coordinator
HUWIB Internal Events and Recruitment Chair
SWS Founding Partner



2006 Warren Buffett Trip

Thursday, October 5:

- All Day * Students Arriving in Omaha
- 12:15pm * Buses depart Doubletree Hotel
(1616 Dodge Street-Downtown, 402-346-7600)
- 1:00 – 3:00pm * Gallup Organization
- 3:30 – 5:30pm * Questions and Answers with Wally Weitz
(Rick’s Café Boatyard, 345 Riverfront Drive, 402-345-4545)
- 6:00 – 9:00pm * Reception and Dinner (Rick’s Café Boatyard)
- 9:00pm * Buses return to Doubletree Hotel

Friday, October 6:

- 7:45am * Buses depart Doubletree Hotel
- 8:30am – 9:30am * Nebraska Furniture Mart (Berkshire Company)
- 10:00am – 12:00pm * Questions and Answers with Warren Buffett
- 12:30pm – 2:00pm * Lunch with Warren Buffett (Gorat’s Steakhouse)
- 2:30 – 4:00pm * Borsheim’s Jewelry Store (Berkshire Company)

Saturday, October 7:

- All Day * Students Departing Omaha

Should you have any complications with travel, delays or other questions, please call one of the Co-Coordinators at the numbers below.

*Tracy Britt - 617-233-6607
Tiffany Niver - 617-448-7917*

The Gallup Organization

Thursday, October 5

The Gallup Organization has studied human nature and behavior for more than 70 years. Gallup employs many of the world's leading scientists in management, economics, psychology, and sociology. Gallup performance management systems help organizations boost organic growth by increasing customer engagement and maximizing employee productivity through measurement tools, coursework, and strategic advisory services. Gallup's 2,000 professionals deliver services at client organizations, through the Web, at Gallup University's campuses, and in 40 offices around the world.

Solutions for Organizations

Gallup's performance improvement systems are founded on a proprietary model -- The Gallup Path -- that links every employee's contribution to the organization's financial performance. To help organizations increase their profits, Gallup offers tools to:

- devise and implement an effective organizational performance strategy
- provide executive performance coaching for senior leaders
- measure and improve customer engagement
- measure and improve employee engagement
- recruit and hire world-class performers
- teach all employees to identify, deploy, and develop their strengths
- create an objective and easy-to-use performance evaluation and development system
- develop an effective succession management system
- design a performance-based compensation system for all roles
- increase sales force effectiveness
- increase the overall impact of brand management programs
- improve marketing strategies through objective, research-based ideas and insights

Gallup has significant expertise in the automotive, business services, education, financial services, healthcare, hospitality, retail, and manufacturing industries.

Solutions for Individuals

Gallup serves individuals through its books, subscription publications, and open enrollment courses of Gallup University.

Q&A with Wally Weitz

Thursday, October 5

Wally Weitz is President of Wallace R. Weitz & Company. Weitz, a Chartered Financial Analyst, manages the Hickory Fund and Partners III Opportunity Fund and co-manages the Value Fund and Partners Value Fund.

Weitz's investment career began in 1961, at age 12, as he invested the profits from various entrepreneurial ventures. After going through a charting phase in high school, Weitz discovered Benjamin Graham's Security Analysis and was converted to value investing.

After earning a B.A. in Economics at Carleton College in 1970, Weitz spent three years in New York doing security analysis, primarily on the small companies in which G.A. Saxton made over-

the-counter markets. In 1973 he joined Chiles, Heider & Co., a regional brokerage firm in Omaha, and spent ten years as an analyst and portfolio manager. In 1983, he started Wallace R. Weitz & Company, and now heads a group of seven investment professionals that manage approximately \$6 billion.

Weitz's approach to value investing has evolved over the years. It combines Graham's price sensitivity and insistence on a "margin of safety" with a conviction that qualitative factors that allow a company to have some control over its destiny can be more important than statistical measurements, such as historical book value or reported earnings.

Weitz and his wife live in Omaha and have three children. He has the good fortune to be paid for pursuing his favorite hobby, investing, but he also enjoys golf, skiing, tennis, reading, and working with charitable and educational foundations.

Rick's Café Boatyard

Thursday, October 5

Rick's Café Boatyard opened in November of 2002. It is the anchor for the new vibrant riverfront development. It sits on the historic Lewis and Clark Landing. It's nautical theme fits in nicely with the City Marina and the plan of Omaha's river walk.

Rick's Café is a sister store to it's original location in Indianapolis, Indiana. Both restaurants pride themselves in the breathtaking views they offer their guests. With its expertise in fresh seafood and prime steaks, the ambiance is matched with live jazz. With a combination of delightful dishes, live music nightly and a banquet facility with views unmatched, this restaurant has class. Whether you are in the mood for drinks on the deck or a lavish night out on the town, Rick's can accommodate any occasion. It encompasses an upscale atmosphere with quality and value. With the Qwest Center in its backyard there are plenty of reasons to visit this Casablanca dream on the river.

Reception and Dinner

Thursday, October 5

Ann Ashford

Ms. Ashford has been Vice President-Human Resources of Valmont Industries since Dec 1999.

David G. Brown

David Brown is President and CEO of the Greater Omaha Chamber of Commerce, an organization with a membership base of 3,400 and an operating budget of more than \$6 million. The chamber is a catalyst organization that ensures Omaha is a vibrant place to do business, work and live. Brown and his staff of 50 have positioned the chamber as a leader in public policy, economic, workforce, and small business development and is respected as one of the best chambers in the region. The chamber prides itself in providing its members with numerous networking opportunities and other quality services.

Under Brown's leadership, the chamber has facilitated development projects that represent a potential for \$534,547,000 in new capital investment and 2,400 new jobs in the community within the past year. The Greater Omaha Economic Development Partnership (GO!) has successfully raised nearly \$17 million, and the chamber's public policy division remains focused upon

legislation that helps to recruit, expand and retain business, investment and jobs in the Greater Omaha area.

In addition to his professional responsibilities, Mr. Brown contributes his time, energy and expertise to numerous community service organizations including the United Way of the Midlands, Boy Scouts of America, College World Series, Nebraska Methodist College, Alegent Hospital Community Benefit Trust, Wells Fargo Community Advisory Board, STRATCOM Advisory Council, Knights of Aksarben and the Aksarben Future Trust.

David is a graduate of Dartmouth College with academic specialties in industrial location and environmental studies. There he played on the 1978 Ivy League Champion Football team and was the recipient of the Earl P. Hamilton Award. He completed economic development courses at the National Development Council, the American Management Association, Bell Leadership Academy and Gallup University.

Accomplishing nearly 25 years of experience in economic development and chamber administration, Mr. Brown began his career in organizational leadership 1983 as president of the Monroe County, Michigan Industrial Development Corporation and director of the Port of Monroe. His career path led him to serve as President of the Fort Wayne, Indiana Chamber for six years and eight years as President and CEO of the Greenville, South Carolina Chamber prior to joining the Omaha Chamber in October of 2003.

David and his wife Maggie have two sons; Gregory, 21 and Elijah, 11.

David A. Diamond

David A. Diamond, Executive Vice President and Chief Financial Officer, Mutual of Omaha. In this position, Diamond is responsible for all financial operations of the company as well as actively pursuing, identifying and evaluating new business opportunities.

Prior to joining Mutual of Omaha, Diamond served as president and managing director for Nationwide Global, the international insurance operation of Nationwide Mutual Insurance Company, an insurance and financial services organization headquartered in Columbus, Ohio. Diamond, a graduate of Miami University in Oxford, Ohio, began his financial career as an accountant at Ernst & Young. He moved to Nationwide in 1988 and served in a variety of key positions throughout the organization, including Senior VP and Corporate Controller; Senior VP, Corporate Strategy; and Managing Director, Nationwide Strategic Investment Fund.

Diamond is a member of the American Institute of CPAs, and has recently been elected to the board of directors of the Omaha Symphony.

Michael C. Dunlap

Michael S. Dunlap, 43, is Nelnet's Chairman and Co-Chief Executive Officer. From December 2001 until August 2003, Mr. Dunlap served as Nelnet's President and sole Chief Executive Officer, and from January 1996 to December 2001, he served as Chairman of Nelnet's predecessor. Mr. Dunlap has been a member of the Nelnet Board of Directors since 1989. Mr. Dunlap is currently

the Chairman of the Board, INFOVISA, and non-executive Chairman of Union Bank and Trust Company, a Nelnet affiliate where he has held various positions for approximately 20 years, including Chief Executive Officer. Mr. Dunlap is also a Director and President of Farmers & Merchants Investment Inc., the parent of Union Bank and Trust Company and a Nelnet affiliate.

Mr. Dunlap serves on the President's Community Council for Union College and the Board of Directors for the University of Nebraska Foundation. He currently serves as Chairman of the Education Committee of the Young Presidents' Organization, Nebraska Chapter. In addition, Mr. Dunlap is a member of the Board of Directors of First National Life Insurance Company USA, Linweld, Inc., Capital Casualty Company, and BankFirst of Norfolk.

Mr. Dunlap is a member of the Nebraska State Bar Association. He received a B.S. degree in Finance and Accounting in 1986 and a J.D. degree from the University of Nebraska in 1988.

Mayor Mike Fahey

Mike Fahey entered his second term as mayor June 6, 2005 and continues to build upon his accomplishments from over five years in office. He continues to work to strengthen neighborhoods and parks, enhance our professional police and fire departments, build our city to higher design standards through Omaha by Design and to promote our city to new businesses as well as tourism and convention planners.

Mayor Fahey was first elected to office in 2001 and was sworn in as Omaha's 49th mayor June 12. After a successful career as an entrepreneur and businessman, Fahey viewed public service as an opportunity to give back to the City of Omaha.

In 1978, Fahey started a small title insurance business, American Land Title Company. He sold American Land Title in 1990 but remained at the company serving as CEO and helped guide the growth and direction of the title company, as it became one of the nation's largest. He retired from the company in 1997. Creating a company and running a small business gave him invaluable experience and as a business executive he managed large budgets, met payroll, and created hundreds of jobs.

Throughout the years, Fahey served in a variety of community leadership positions including the boards of Holy Name Housing, The American Red Cross Heartland Chapter and Creighton Prep High School. For ten years, starting in 1981, Fahey served on the Omaha Planning Board and served as chairman for many of those years. Fahey graduated from Creighton University in 1973, with a Bachelor of Arts degree.

While Mike Fahey is honored to serve the citizens of Omaha as Mayor, his most rewarding job is his role as father. He has four grown children - three sons and a daughter.

Stephen Frary

In 2000, Frary took over as CEO of Oriental Trading Company. Before he worked for Time Warner for seven years as president of Time Life e-Commerce; before that, he was president of

Time Life International and of Time Life Books. Prior to that, through his job with a venture capital firm, he worked with a successful catalog start-up company and was a management consultant to a variety of direct marketing and catalog clients.

Vickie K. Hagen

Vickie Hagen is Vice President and General Manager of the Omaha Creative Group. Omaha Creative Group is the marketing, advertising, public relations and product development division of Omaha Steaks. Since joining the company in 1981 as the mail order sales manager, Vickie has held positions of increasing responsibility including director of sales, director of marketing and general manager of the Gourmet Food Division. In her current position, Vickie has responsibility for all the company marketing, PR and product development as well as responsibility for five of the sales areas of the company including direct mail, online, telesales, retail stores and business-to-business selling.

Vickie holds a Bachelor of Science in Business Administration from the University of Nebraska at Omaha and a degree in Merchandising from the University of Bridgeport in Bridgeport, Connecticut. Vickie is responsible for developing and implementing Omaha Steaks' award-winning marketing programs, that have resulted in building the company into the nation's largest direct response marketer of premium Midwestern beef and gourmet foods.

Aaron C. Hilkemann

Aaron C. Hilkemann was appointed President of Duncan Aviation, Inc. in August of 1997. Prior to this position, Mr. Hilkemann held the position of Executive Vice President and Chief Operating Officer. Additionally, Mr. Hilkemann retains the responsibilities of Chief Financial Officer of Duncan Enterprises. Prior to joining Duncan in January of 1996, Mr. Hilkemann was employed at FirstTier Financial, Inc. since 1988 and held the position of Vice President and Director of Financial Operations. His background includes eight years of public accounting experience with KPMG Peat Marwick where he served as a Senior Audit Manager and concentrated in the areas of manufacturing, construction and banking industries.

Mr. Hilkemann has been active in various community organizations, including the Omaha Theater Company for Young People, Youth Emergency Services, Inc., March of Dimes and Western Heritage Museum.

Dean Hollis

R. Dean Hollis is President and Chief Operating Officer of ConAgra Foods Consumer Foods, promoted to this position in December, 2005. Consumer Foods manages the consumer brands and foods that are sold by ConAgra Foods to retail and foodservice customers.

Prior to his current assignment, Dean served as Executive Vice President of ConAgra Foods Retail Products. In this role, Dean served as President of Frozen Foods, providing executive leadership to the Refrigerated Foods and Deli business units, and leading Sales and Operations planning for all of Retail Products. Dean served as President of Frozen Foods and interim President of Grocery

Foods from April 2004 to February 2005. He was appointed President of Frozen Foods in March 2000.

Before his Frozen Foods assignment, Dean was President of ConAgra Frozen Specialty Foods, which consisted of ConAgra Foods Frozen Foods Special Channels Group, Deli, as well as The Gilardi Foods Company. Dean has been with ConAgra Foods since 1987, holding increasingly responsible positions in Sales, Trade Marketing, and General Management positions.

Prior to joining ConAgra Foods, Dean was with the TreeSweet Companies, holding management positions in both Sales and Trade Marketing. Dean began his career in the Consumer Products division of Georgia-Pacific, where he spent four years in a variety of Sales positions.

Dean is a 1982 graduate of Stetson University in DeLand, Florida, where he is on the Board of Directors and Chairs the Marketing and Development committee. Dean resides in Omaha with his wife, Lisa, and their five children.

John Kotouc

A native Nebraskan, John Kotouc graduated from Omaha Westside High School and went on to pursue studies at Harvard University. He continued his education, earning a J.D. from the University of Nebraska's College of Law, as well as a B.D. from Westminster Seminary in Philadelphia, PA. John has been involved in banking for three generations and is the Chairman and CEO of American National Bank. John and his wife live in Omaha and have two children, T.J. and Camille. John has been very active in the Omaha community including on the Board of Bellevue University as well as Co-Chairs of the Luis Palau Heartland Festival in May 2006.

Donna Kush

Donna Kush is the Director of Corporate Communications for TD Ameritrade and she oversees the corporate communications strategy at Ameritrade, including public relations and internal communications. Kush has been instrumental in enhancing the Company image and brand through integrated internal and external corporate messaging. She continues to build national media and institutional investor exposure, which has strengthened credibility and financial integrity at Ameritrade and within the industry. Kush also created and implemented effective communication programs for the 2004 acquisition of Bidwell & Company, 2002 Datek merger as well as the NDB.com acquisition in 2001.

Before starting the corporate communications department in June 2000, she was the offline advertising manager in Ameritrade Marketing. Kush helped execute components of the Company's \$200 million advertising campaign, which included TV, print and radio advertising. Before joining Ameritrade in 1999, she managed the marketing and public relations department at Nebraska Health System, a two-hospital 20 clinic regional health care system. Kush received her M.A. in Journalism and Mass Communications from the University of Nebraska-Lincoln (UNL), where she also earned her bachelor's degree. She is currently on the alumni board of the UNL College of Journalism and Mass Communications, and an active member of both PRSA and NIRI.

Clark Lauritzen

Clark Lauritzen, Managing Director, joined First National in 2003. Prior to joining the Mergers & Acquisitions group, he served as a commercial lender for First National Bank of Omaha. He has also served as an officer and director of the Lauritzen Corporation, a holding company for First National Nebraska and 10 banks in Nebraska and Iowa. Previously, Clark worked in the Financial Institutions Group of Goldman Sachs Investment Banking Division. In this role, he advised clients as a buy and sell side advisor. Clark received his M.B.A. from the Harvard Business School and his B.A. from Princeton University.

Jan Madsen

Jan Madsen currently serves as the Chief Financial Officer for the Financial Institution Services division of First Data Corporation. In this role, she has overall financial responsibility for several businesses that provide services into the domestic Financial Institution market and generate over \$2 billion of annual revenue. Businesses include debit processing, credit and retail processing, print, plastics and mail services, IVR and call center services and remittance and payment processing.

Since joining First Data in 1994, Jan has managed many other operational and finance departments, including treasury and settlement operations, corporate financial planning and analysis, corporate accounting and acquisition support and six sigma. In addition, Jan had CFO responsibilities for the International Card Issuing division with businesses in the United Kingdom, Australia, Italy and Japan.

Prior to joining First Data, Jan was a manager at Arthur Andersen & Co. Jan is also involved in the Omaha community and currently serves on the Board of Directors of Big Brothers Big Sisters of the Midlands.

Robert T. Maher

Robert T. Maher has been working at Woodmen of the World Life Insurance Society since 1981. He began as a Systems Analyst, and moved up the ranks to Mortgage Loan and Real Estate Analyst, Portfolio Manager, Assistant Manager of the Securities Department, Assistant Vice President, and is now currently Vice President and Investment Division Manager. Mr. Maher got his BSBA in Business Administration at the University of Nebraska at Lincoln in 1981, and then earned his BSBA in Real Estate at the University of Nebraska at Omaha in 1989. He currently serves as Vice President of the Woodmen of the World Nebraska Jurisdiction, Treasurer of the National Fraternal Congress of America, and is a broker and member of the Omaha Area Board of Realtors, to name a few of his memberships to esteemed organizations. He enjoys golf and hockey and spending time with his wife, Christina and children, Luke and Madison.

Jane Miller

Jane E. Miller is Chief Operating Officer and Executive Vice President of The Gallup Organization, Omaha, Nebraska. Ms. Miller joined Gallup in 1980, became Vice President of Operations in 1992 and assumed her current role in 2000. Gallup is a performance management and consulting organization.

Lisa A. Olson

Lisa Olson serves as Senior Vice President of Corporate Relations and Communications. In this capacity, Olson is responsible for internal and external communications for the Financial Institutions Services division of First Data Corporation. In addition, she helps manage the public policy program for the corporation as well as community relations.

First Data Corporation is a leading provider of electronic commerce and payment solutions for businesses and consumers worldwide. Serving 4.6 million merchant locations, 1,700 card issuers and millions of consumers, First Data powers the global economy by making it easy, fast and secure for people and businesses around the world to buy goods and services using virtually any form of payment.

Lisa joined the company in 1995 and has held several management positions within First Data Resources as well as First Data Corporation. She was vice president of marketing and communications for First Data Resources, which is the original business that started in Omaha, Nebraska over 35 years ago. Now, the corporation has grown into a \$7 billion dollar global leader with over 25,000 employees in over 45 countries.

Prior to joining First Data, she led the customer communication team at Union Pacific Railroad. In addition, her past government experience includes work for the State of Nebraska within the Nebraska Department of Economic Development. She holds a bachelor's degree in journalism from the University of Nebraska in Lincoln, Nebraska.

She currently serves on several boards including the Greater Omaha Chamber of Commerce, Nebraska State Chamber of Commerce and Industry, United Way of the Midlands, Durham Western Heritage Museum and many others. Lisa is married to Stephen G. Olson II, a partner in the Omaha law firm of Engles, Ketcham Olson and Keith. They have one son, Stephen G. Olson III "Trey"

Frank S. Sklarsky

Frank Sklarsky joined ConAgra Foods as executive vice president and chief financial officer in 2004. In this role, he oversees all financial and information technology functions at ConAgra Foods, including: the Controller's Office; Treasury; Tax; Internal Audit; Capital and Marketing Investments; and Mergers, Acquisitions, and Divestitures, as well as the Finance areas serving the Retail, Foodservice, and Food Ingredients segments, and all enterprise functions.

Prior to joining ConAgra Foods, Sklarsky was vice president, Product Finance, for DaimlerChrysler. He held several other positions of increasing responsibility with DaimlerChrysler and Dell Computer. He began his career as a senior accountant with Ernst and Young.

Sklarsky holds a bachelor's degree in accounting from Rochester Institute of Technology and a Master of Business Administration from Harvard Business School. He also is a certified public accountant.

Michael Yanney

In 1984, Michael Yanney, a graduate from the University of Nebraska, founded America First Companies (now The Burlington Capital Group). Since then, the company has sponsored funds, both private and public, with total assets in excess of \$3.6 billion and has served more than 100,000 investors. At first, the company ventured into the multifamily real estate industry. Then, in 1987, when the savings and loan industry was in a shambles, America First bought two savings and loans and successfully managed them as EurekaBank, which was sold at a substantial profit in 1992. With the fall of the Iron Curtain, America First recognized an urgent need for investment in the agribusiness/food processing sector in the former Soviet Union. Now, America First is serving as venture capitalists in a major way in developing countries.

As one of the largest investment banking firms in the Midwest, America First has about 9,000 employees. The company has never sponsored a fund that did not perform and has distributed more than \$1.8 billion to their investors.

Yanney stepped down three years ago from the positions of CEO and President, and now serves only as the chairman. He has passed the titles on to his daughter Lisa, whom he credits for his inspiration along with his wife, Gail.

Other Notable Reception Guests

Thursday, October 5

Mr. Marc D. Hamburg, CFO/VP, Berkshire Hathaway

Erin Limas, CFO, Borsheim's Jewelry Store

Dianne Seeman Lozier

Troy Perry, CEO, Vrana Construction

Vicky Rudolph, TD Ameritrade

Nebraska Furniture Mart

Friday, October 6

Russian immigrant Rose Blumkin began her spectacular version of the American Dream in 1937 when she opened Nebraska Furniture Mart in the basement of a small shop in downtown Omaha. Following her simple business tenet to "Sell cheap and tell the truth," Mrs B's dedication and savvy would spearhead an uninterrupted 69-year sales growth span for the "Mart."

Even a devastating Category 5 tornado in 1975 couldn't alter the course that Mrs B and her store were following. With millions of dollars in damage to the store, Mrs. B and her son, Louie B, simply regrouped to build a bigger and bolder Nebraska Furniture Mart.

Amidst constant modernization updates to the store and 77-acre campus, a massive electronics and appliance store was added in 1994. In 2003 Nebraska Furniture Mart added a state-of the art warehouse and distribution center and a new store in Kansas City, Kansas. The Kansas City store which encompasses more than 700,000 square feet of retail and distribution facilities is the first location outside of Omaha to offer its full compliment of products.

So impressed with the reputation and success of his hometown store, billionaire investor Warren Buffett used a simple handshake with Mrs. Blumkin to close a famous \$60 million deal. Mr.

Buffett would say of Mrs. B and the 1983 purchase of 90% of the business, "I would rather have her word than that of all the Big 8 auditors . . . it's like dealing with the Bank of England." In 2000 a remodel of Nebraska Furniture Mart Omaha was completed. Also in 2000, the Homemakers store company in Des Moines became a part of Nebraska Furniture Mart.

In 2003 Nebraska Furniture Mart opened a new state-of-the-art 651,000 square foot distribution center in Omaha, and a new 712,000 square foot Nebraska Furniture Mart retail store in Kansas City, Kansas.

Warren E. Buffett, Berkshire Hathaway

Friday, October 6

Berkshire Hathaway Inc. is a holding company owning subsidiaries engaged in a number of diverse business activities. The most important of these is the property and casualty insurance business conducted on both a direct and reinsurance basis through a number of subsidiaries. Included in this group of subsidiaries is GEICO, one of the four largest auto insurers in the United States and two of the largest reinsurers in the world, General Re and the Berkshire Hathaway Reinsurance Group.

Numerous business activities are conducted through non-insurance subsidiaries. Included in the non-insurance subsidiaries are several large manufacturing businesses. *Shaw Industries* is the world's largest manufacturer of tufted broadloom carpet. *Benjamin Moore* is a formulator, manufacturer and retailer of architectural and industrial coatings. *Johns Manville* is a leading manufacturer of insulation and building products. *Acme Building Brands* is a manufacturer of face brick and concrete masonry products. *MiTek Inc.* produces steel connector products and engineering software for the building components market. *Fruit of the Loom*, *Garan*, *Fechheimer*, *H.H. Brown Shoe Group* and *Justin Brands* manufacture, license and distribute apparel and footwear under a variety of brand names. *McLane Company* is a wholesale distributor of groceries and nonfood items to convenience stores, wholesale clubs, mass merchandisers, quick service restaurants and others. *FlightSafety International* provides training of aircraft and ship operators. *NetJets* provides fractional ownership programs for general aviation aircraft. *Nebraska Furniture Mart*, *R.C. Willey Home Furnishings*, *Star Furniture* and *Jordan's Furniture* are retailers of home furnishings. *Borsheim's*, *Helzberg Diamond Shops* and *Ben Bridge Jeweler* are retailers of fine jewelry. Berkshire's finance and financial products businesses primarily engage in proprietary investing strategies (*BH Finance*), commercial and consumer lending (*Berkshire Hathaway Credit Corporation* and *Clayton Homes*) and transportation equipment and furniture leasing (*XTRA* and *CORT*).

In addition, Berkshire's other non-insurance business activities include: *Buffalo News*, a publisher of a daily and Sunday newspaper; *See's Candies*, a manufacturer and seller of boxed chocolates and other confectionery products; *Scott Fetzer*, a diversified manufacturer and distributor of commercial and industrial products, the principal products are sold under the *Kirby* and *Campbell Hausfeld* brand names; *Albecca*, a designer, manufacturer, and distributor of high-quality picture framing products; *CTB International*, a manufacturer of equipment for the livestock and agricultural industries; *International Dairy Queen*, a licensor and service provider to about 6,000 stores that offer prepared dairy treats and food; *The Pampered Chef*, the premier direct seller of kitchen tools in the U.S.; and *Forest River*, a leading manufacturer of leisure vehicles in the U.S. Operating decisions for the various Berkshire businesses are made by managers of the business units.

Investment decisions and all other capital allocation decisions are made for Berkshire and its subsidiaries by Warren E. Buffett, in consultation with Charles T. Munger. Mr. Buffett is Chairman and Mr. Munger is Vice Chairman of Berkshire's Board of Directors.

A Message from Warren E. Buffett
Borsheim's Jewelry Store (Speaker: Erin Limas, CFO)
What You Should Know About the Jewelry Business

Friday, October 6

You don't need to understand the economics of a generating plant in order to intelligently buy electricity. If your neighbor is an expert on that subject and you are a neophyte, your electric rates will be identical.

But jewelry purchases are different. What you pay for an item vs. what your neighbor pays for a comparable item can be, and often is, widely different. Understanding the economics of the business will tell you why.

To begin with, all jewelers turn their inventory very slowly, and that ties up a lot of capital. A once-a-year turn is par for the course. The reason is simple: People buy jewelry infrequently, and when they do, they are making both a major and very individual purchase. Therefore, they want to view a wide selection of pieces before zeroing in on a single item.

Given that their turnover is low, a jeweler must obtain a relatively wide profit margin on sales in order to achieve even a mediocre return on their investment. In this respect, the jewelry business is just the opposite of the grocery business, in which rapid turnover of inventory allows good returns on investment though profit margins are low.

In order to establish a selling price for their merchandise, a jeweler must add to the price they pay for that merchandise, both their operating costs and desired profit margin. Operating costs seldom run less than 40% of sales and often exceed that level. This fact requires most jewelers to price their merchandise at double its cost to them or even more. The math is simple: Jewelers charge \$1 for merchandise that has cost them 50 cents. Then, from their gross profit of 50 cents they typically pay 40 cents for operating costs, which leaves 10 cents of pre-tax earnings for every \$1 of sales. Taking into account the massive investment in inventory, the 10-cent profit is adequate but far from exciting.

At Borsheim's the equation is far different from what I have just described. Because of our single location and the huge volume we generate, our operating expense ratio is usually around 20% of sales. As a percentage of sales, our rent costs alone are fully five points below those of our typical competitor. Therefore, we can, and do, price our goods far below the prices charged by other jewelers. In fact, if they priced to match us, they would operate at very substantial losses. Moreover, in a virtuous circle, our low prices generate ever increasing sales, further driving down our expense ratio, which allows us to reduce prices still more.

How much difference does our cost advantage make? It varies by competitor but, by my calculation, what costs you \$1,000 at Borsheim's will, on average, cost you about \$1,350 elsewhere. This is called the "Borsheim's Price". There are very few instances where we are unable to offer you those great savings due to restrictions, but you will always know upfront if an item is non-discountable.

Of course, price means nothing unless you are sure of the quality of what you are getting. When products are branded, such as watches and chinaware are, comparisons are simple. But jewelry is usually a "blind" item - and that puts virtually all purchasers at the mercy of the seller.

I can remember well how helpless I used to feel in a Fifth Avenue or Rodeo Drive jewelry store, where the only thing I knew for sure was that the operator had extraordinarily high overhead - and that they had to cover it in their sales price. I was also wary of the "upstairs" solo operator who operated on consignment merchandise, since that would have cost them more than merchandise bought outright, and would necessarily have inflated their retail price. And, finally, I always worried about the quality of what I was getting I couldn't tell the difference between an emerald or a diamond worth \$10,000 and one whose value was \$100,000. (I still can't.)

My sense of helplessness led me to an obvious conclusion: "If you don't know jewelry, know your jeweler." For that reason, I made all of my jewelry purchases at Borsheim's for many years before Berkshire Hathaway bought the company. I didn't know stones, but I did know Ike Friedman, the retailing genius who had built the business from nothing into one of the nation's largest independent jewelry stores. When I purchased Ike's business, I did it without an audit but with full confidence that I was getting value received. And that's just what I got - precisely as I had when I purchased a single piece of jewelry from him.

The main point of this letter is to tell you that you don't have to live near Omaha to benefit from Borsheim's. Our "shop-at-home" program brings Borsheim's to our qualified customers. Simply contact Borsheim's to describe what you're looking for - to any degree of detail. We will assemble selections that best reflect your wishes and send them to you. Then, in the comfort of your own home or office, you can conveniently and leisurely select the item(s) you most prefer, or return the entire selection.

Our results from this "shop-at-home" program have been amazing. Customers have loved it and keep coming back for more. Each year, we send out several thousand packages, ranging in value from \$100 to \$500,000. Call us at 800-642-GIFT (4438) to learn how to qualify for Borsheim's "shop-at-home" program.

At Borsheim's the service will be exemplary, the price will be exceptional and the merchandise will always be what you are told that it is. You have my word.

The following is an excerpt from Mr. Buffett's 2005 letter to shareholders and can be found in the 2005 Annual Report. We encourage all trip participants to read Mr. Buffett's letters on the company website at www.berkshirehathaway.com.

Note: The following table appears in the printed Annual Report on the facing page of the Chairman's Letter

Berkshire's Corporate Performance vs. the S&P 500

Year	Annual Percentage Change		Relative Results (1)-(2)
	in Per-Share Book Value of Berkshire (1)	in S&P 500 with Dividends Included (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
Average Annual Gain — 1965-2005	21.5	10.3	11.2
Overall Gain — 1964-2005	305,134	5,583	

Notes: Data are for calendar years with these exceptions: 1965 and 1966, year ended 9/30; 1967, 15 months ended 12/31.

Starting in 1979, accounting rules required insurance companies to value the equity securities they hold at market rather than at the lower of cost or market, which was previously the requirement. In this table, Berkshire's results through 1978 have been restated to conform to the changed rules. In all other respects, the results are calculated using the numbers originally reported.

The S&P 500 numbers are **pre-tax** whereas the Berkshire numbers are **after-tax**. If a corporation such as Berkshire were simply to have owned the S&P 500 and accrued the appropriate taxes, its results would have lagged the S&P 500 in years when that index showed a positive return, but would have exceeded the S&P 500 in years when the index showed a negative return. Over the years, the tax costs would have caused the aggregate lag to be substantial.

BERKSHIRE HATHAWAY INC.

To the Shareholders of Berkshire Hathaway Inc.:

Our gain in net worth during 2005 was \$5.6 billion, which increased the per-share book value of both our Class A and Class B stock by 6.4%. Over the last 41 years (that is, since present management took over) book value has grown from \$19 to \$59,377, a rate of 21.5% compounded annually.¹

Berkshire had a decent year in 2005. We initiated five acquisitions (two of which have yet to close) and most of our operating subsidiaries prospered. Even our insurance business in its entirety did well, though Hurricane Katrina inflicted record losses on both Berkshire and the industry. We estimate our loss from Katrina at \$2.5 billion – and her ugly sisters, Rita and Wilma, cost us an additional \$.9 billion.

Credit GEICO – and its brilliant CEO, Tony Nicely – for our stellar insurance results in a disasterridden year. One statistic stands out: In just two years, GEICO improved its productivity by 32%. Remarkably, employment fell by 4% even as policy count grew by 26% – and more gains are in store. When we drive unit costs down in such a dramatic manner, we can offer ever-greater value to our customers. The payoff: Last year, GEICO gained market-share, earned commendable profits and strengthened its brand. If you have a new son or grandson in 2006, name him Tony.

* * * * *

My goal in writing this report is to give you the information you need to estimate Berkshire's intrinsic value. I say "estimate" because calculations of intrinsic value, though all-important, are necessarily imprecise and often seriously wrong. The more uncertain the future of a business, the more possibility there is that the calculation will be wildly off-base. (For an explanation of intrinsic value, see pages 77 – 78.) Here Berkshire has some advantages: a wide variety of relatively-stable earnings streams, combined with great liquidity and minimum debt. These factors mean that Berkshire's intrinsic value can be more precisely calculated than can the intrinsic value of most companies.

Yet if precision is aided by Berkshire's financial characteristics, the job of calculating intrinsic value has been made more complex by the mere presence of so many earnings streams. Back in 1965, when we owned only a small textile operation, the task of calculating intrinsic value was a snap. Now we own 68 distinct businesses with widely disparate operating and financial characteristics. This array of unrelated enterprises, coupled with our massive investment holdings, makes it impossible for you to simply examine our consolidated financial statements and arrive at an informed estimate of intrinsic value.

¹ All figures used in this report apply to Berkshire's A shares, the successor to the only stock that the company had outstanding before 1996. The B shares have an economic interest equal to 1/30th that of the A.

We have attempted to ease this problem by clustering our businesses into four logical groups, each of which we discuss later in this report. In these discussions, we will provide the key figures for both the group and its important components. Of course, the value of Berkshire may be either greater or less than the sum of these four parts. The outcome depends on whether our many units function better or worse by being part of a larger enterprise and whether capital allocation improves or deteriorates when it is under the direction of a holding company. In other words, does Berkshire ownership bring anything to the party, or would our shareholders be better off if they directly owned shares in each of our 68 businesses? These are important questions but ones that you will have to answer for yourself.

Before we look at our individual businesses, however, let's review two sets of figures that show where we've come from and where we are now. The first set is the amount of investments (including cash and cash-equivalents) we own on a per-share basis. In making this calculation, we exclude investments held in our finance operation because these are largely offset by borrowings:

Year	Per-Share Investments*
1965	\$ 4
1975	159
1985	2,407
1995	21,817
2005	\$74,129
Compound Growth Rate 1965-2005.....	28.0%
Compound Growth Rate 1995-2005.....	13.0%

*Net of minority interests

In addition to these marketable securities, which with minor exceptions are held in our insurance companies, we own a wide variety of non-insurance businesses. Below, we show the pre-tax earnings (excluding goodwill amortization) of these businesses, again on a per-share basis:

Year	Per-Share Earnings*
1965	\$ 4
1975	4
1985	52
1995	175
2005	\$2,441
Compound Growth Rate 1965-2005.....	17.2%
Compound Growth Rate 1995-2005.....	30.2%

*Pre-tax and net of minority interests

When growth rates are under discussion, it will pay you to be suspicious as to why the beginning and terminal years have been selected. If either year was aberrational, any calculation of growth will be distorted. In particular, a base year in which earnings were poor can produce a breathtaking, but meaningless, growth rate. In the table above, however, the base year of 1965

was abnormally *good*; Berkshire earned more money in that year than it did in all but one of the previous ten.

As you can see from the two tables, the comparative growth rates of Berkshire's two elements of value have changed in the last decade, a result reflecting our ever-increasing emphasis on business acquisitions. Nevertheless, Charlie Munger, Berkshire's Vice Chairman and my partner, and I want to increase the figures in *both* tables. In this ambition, we hope – metaphorically – to avoid the fate of the elderly couple who had been romantically challenged for some time. As they finished dinner on their 50th anniversary, however, the wife – stimulated by soft music, wine and candlelight – felt a long-absent tickle and demurely suggested to her husband that they go upstairs and make love. He agonized for a moment and then replied, “I can do one or the other, but not both.”

About Harvard Undergraduate Women in Business:

Harvard Undergraduate Women in Business (HUWIB) seeks to empower a dynamic group of enterprising young women by uniting them through business education and experience. HUWIB offers a unique opportunity for undergraduate women at Harvard to expand and sharpen their knowledge of business opportunities, giving them the skills they will need to become future leaders in the corporate world. www.huwib.org

About Smart Woman Securities:

Smart Woman Securities (SWS) is a student-run investment fund based at Harvard University. The core purpose of SWS is to educate young women about investing in the financial markets through direct investment experience. By targeting undergraduate women, SWS focuses on giving students a platform to learn about the financial markets in a practical and applied setting. www.smartwomansecurities.com

Special thanks to our program designer, Kara Culligan, Harvard Class of 2009