## Contents

*Acknowledgments*  
xiii  
*Introduction*  
1

**ABOUT LIFE**  
13  
Omaha? Omawhere? Omawhat?  
13  
Live how you want to live  
15  
Eat what you want to eat  
15  
Have a hobby  
16  
Be passionate  
19  
Aim high  
20  
Aim well  
23  
Focus on your goals  
23  
Keep life in perspective  
23  
Be honest  
27  
Tell the whole truth, please  
28  
Letter to the *Wall Street Journal*  
30  
Cultivate good character  
36  
Believe in yourself  
37  
But don’t get too stuck on yourself  
38  
Dodge the hype  
44  
Share your wisdom  
44  
Disregard old age  
45

**Also:**

*Attention Investors: Warren Buffett is crossing the street*  
20

vii
CONTENTS

Nice guys finish first—sometimes 24
Choose your heroes well 40
Rose Blumkin, matriarch of the Nebraska Furniture Mart 47

ABOUT FRIENDS 51
Know what friendship is 51
Go to bat for your pals 51
Guiding Governor Schwarzenegger 52
Build lifelong friendships 54

Also:
Charlie Munger 54

ABOUT FAMILY 58
Don’t spoil your kids 58
The Buffett children 62
Work things out with your wife 75
Be kind to your mother 81

Also:
What others say about Warren Buffett 70
Astrid Menks, Buffett’s second wife 78
The controversial Susan Buffett Foundation 79
What Leila Buffett had to say about her son 82
What the critics say 82

ABOUT WORK 85
Work for the fun of it 85
Start early 88
Contents ix

Work where you want to work 89
Work with good people 90
Give a pat on the back 92
Be loyal to your partners 93
Guard your time 95
Know when to quit 97

ABOUT RUNNING A BUSINESS 99
Communicate well 99
Know when to say no 100
Set an example 101
Take care of shareholders 104
Hire well, manage little 110
Put a premium on experience 111
Be smart about allocating capital 111
Be brave 112
Use crossover skills 112
The mighty machine called Berkshire Hathaway 113

Also:
The *Berkshire Hathaway* annual meeting 102
*Goodbye to a good idea* 106
*The Salomon scandal* 108
*Berkshire Hathaway online* 109

ABOUT INVESTING 116
Have a philosophy 116
Recognize the enemy: inflation 117
Experience epiphany 119
Never mind what the professors say 125
Meet Mr. Market—your servant, not your guide 126
Ignore Mr. Market’s moods 129
Listen for opportunity’s call 130
Know the difference between price and value 133
Seek intrinsic value 133
Expect to be out of step 134
Earnings, earnings, earnings 137
Look forward, not back 138
Avoid risk 139
Don’t gamble 141
Watch for unusual circumstances 143
Don’t be surprised by circumstances 143
Avoid excessive debt 144
Look for screaming bargains 145
Arbitrage when possible 145
Be patient 148
Think for yourself 149
Have the right tools 150
Be wary of Wall Street 151
Only buy securities that you understand 152
An old dog prowls new markets 153
PetroChina 155
An expanding circle of competence 157
Buy reading glasses 160
Become an investigative reporter 161
Keep it simple 162
Think big 164
Know what you’re looking for 166
Don’t sweat the math 167
Admire frugality 169
Set realistic goals 171
Face facts 171
Expect change 174
Be capable of change 175
Admit your mistakes 182
No thumb sucking 185
Join AA (Airlines Anonymous) 186
Learn from your mistakes 190
Buy storybook stocks 191
Seek excellent companies 193
Stick with quality 196
Junk bonds 197
Appreciate franchise value 199
Respect pricing power 202
Find a company with cheap float (then try
to not misplace the company) 203
Learn to like Monopoly 204
Find managers who think like owners 205
Management is important, but a good company is more important 206
Avoid the Institutional Imperative (the tendency for corporations to act like lemmings) 206
Favor companies that repurchase their own stock 207
Don’t worry about diversification 207
Invest for the long term 208
To sum up 209
And when you’ve become wealthy by following in the footsteps of Buffett, pay your dues to society 210
Investing is one way of contributing to the public well-being 210
When rewards are disproportionate 211
# CONTENTS

Pay your taxes and don’t complain 214  
Give as generously as you receive 218  
Thoughts on charitable giving 223  
Will Buffett’s gift affect the company? 226  
The last word 227

**Also:**

- Benjamin Graham 120  
- The Used-Cigar-Butt School of Investing 135  
- He tells them, but they don’t listen 172  
- Baby Berkshire shares 175  
- What does the Bill and Melinda Gates Foundation do? 224

- Berkshire’s Book Value vs. the S&P 500 251  
- Berkshire Hathaway Share Price 233  
- Time Line 235  
- Endnotes 241  
- Permissions 271