BUFFETT PARTNERSHIP, LTD.
810 KIEWIT PLAZA
OMAHA 31, NEBRASKA

January 18, 1963

The Ground Rules

Some partners have confessed (that's the proper word) that they sometimes find it difficult to wade through my entire annual letter. Since I seem to be getting more long-winded each year, I have decided to emphasize certain axioms on the first pages. Everyone should be entirely clear on these points. To most of you this material will seem unduly repetitious, but I would rather have nine partners out of ten mildly bored than have one out of ten with any basic misconceptions.

1. In no sense is any rate of return guaranteed to partners. Partners who withdraw one-half of 1% monthly are doing just that--withdrawing. If we earn more than 6% per annum over a period of years, the withdrawals will be covered by earnings and the principal will increase. If we don't earn 6%, the monthly payments are partially or wholly a return of capital.

2. Any year in which we fail to achieve at least a plus 6% performance will be followed by a year when partners receiving monthly payments will find those payments lowered.

3. Whenever we talk of yearly gains or losses, we are talking about market values; that is, how we stand with assets valued at market at yearend against how we stood on the same basis at the beginning of the year. This may bear very little relationship to the realized results for tax purposes in a given year.

4. Whether we do a good job or a poor job is not to be measured by whether we are plus or minus for the year. It is instead to be measured against the general experience in securities as measured by the DowJones Industrial Average, leading investment companies, etc. If our record is better than that of these yardsticks, we consider it a good year whether we are plus or minus. If we do poorer, we deserve the tomatoes.

5. While I much prefer a five-year test, I feel three years is an absolute minimum for judging performance. It is a certainty that we will have years when the partnership performance is poorer, perhaps substantially so, than the Dow. If any three-year or longer period produces poor results, we all should start looking around for other places to have our money. An exception to the latter statement would be three years covering a speculative explosion in a bull market.

6. I am not in the business of predicting general stock market or business fluctuations. If you think I can do this, or think it is essential to an investment program, you should not be in the partnership.

7. I cannot promise results to partners. What I can and do promise is that:

a. Our investments will be chosen on the basis of value, not popularity;

b. That we will attempt to bring risk of permanent capital loss (not short-term quotational loss) to an absolute minimum by obtaining a wide margin of safety in each commitment and a diversity of commitments; and

c. My wife, children and I will have virtually our entire net worth invested in the partnership.

Our Performance in 1962

I have consistently told partners that we expect to shine on a relative basis during minus years for the Dow, whereas plus years of any magnitude may find us blushing. This held true in 1962.

Because of a strong rally in the last few months, the general market as measured by the Dow really did not have such a frightening decline as many might think. From 731 at the beginning of the year, it dipped to 535 in June, but closed at 652.

At the end of 1960, the Dow stood at 616, so you can see that while there has been a good deal of action the past few years, the investing public as a whole is not too far from where it was in 1959 or 1960. If one had owned the Dow last year (and I imagine there are a few people playing the high flyers of 1961 who wish they had), they would have had a shrinkage in market value of 79.04 or 10.8%.

However, dividends of approximately 23.30 would have been received to bring the overall results from the Dow for the year to minus 7.6%. Our own overall record was plus 13.9%. Below we show the year-by-year performance of the Dow, the partnership before allocation to the general partner, and the limited partners' results for all full years of Buffett Partnership, Ltd.'s and predecessor partnerships' activities:

Year	Overall Results from Dow	Partnership Results (1)	Limited Partners Results (2)
1957	-8.4%	10.4%	9.3%
1958	38.5%	40.9%	32.2%
1959	20.0%	25.9%	20.9%
1960	-6.2%	22.8%	18.6%
1961	22.4%	45.9%	35.9%
1962	-7.6%	13.9%	11.9%

(1) For 1957-61 consists of combined results of all predecessor limited partnerships operating throughout entire year after all expenses but before distributions to partners or allocations to the general partner.

(2) For 1957-61 computed on basis of preceding column of partnership results allowing for allocation to general partner based upon present partnership agreement.

The following table shows the cumulative or compounded results in the same three categories, as well as the average annual compounded rate:

Year	Overall Results from Dow	Partnership Results	Limited Partners Results
1957	-8.4%	10.4%	9.3%
1957-58	26.9%	55.6%	44.5%
1957-59	52.3%	95.9%	74.7%
1957-60	42.9%	140.6%	107.2%
1957-61	74.9%	251.0%	181.6%
1957-62	61.6%	299.8%	215.1%
Annual Compounded Rate	8.3%	26.0%	21.1%

My (unscientific) opinion is that a margin of ten percentage points per annum over the Dow is the very maximum that can be achieved with invested funds over any long period of years, so it may be well to mentally modify some of the above figures.

Partners have sometimes expressed concern as to the effect of size upon performance. This subject was reflected upon in last year's annual letter. The conclusion reached was that there were some situations where larger sums helped and some where they hindered, but on balance, I did not feel they would penalize performance. I promised to inform partners if my conclusions on this should change. At the beginning of 1957, combined limited partnership assets totaled $303,726 and grew to $7,178,500 at the beginning or 1962. To date, anyway, our margin over the Dow has indicated no tendency to narrow as funds increase.

Investment Companies

Along with the results of the Dow, we have regularly included the tabulations on the two largest open-end investment companies (mutual funds) following a common stock policy, and the two largest diversified closedend investment companies. These four companies, Massachusetts Investors Trust, Investors Stock Fund, TriContinental Corp. and Lehman Corp. manage over $3 billion and are probably typical of most of the $20 billion investment company industry. My opinion is that their results parallel those of most bank trust departments and investment counseling organizations which handle, in aggregate, vastly greater sums.

The purpose of this tabulation, which is shown below, is to illustrate that the Dow is no pushover as an index of investment achievement. The advisory talent managing just the four companies shown commands annual fees of approximately $7 million and this represents a very small fraction of the industry. Nevertheless, the public batting average of this highly-paid talent indicates results slightly less favorable than the Dow. In no sense is this statement intended as criticism. Within their institutional framework and handling the many billions of dollars involved, I

consider such average results virtually the only possible ones. Their merits lie in other than superior results.

Both our portfolio and method of operation differ substantially from the companies mentioned above. However, most partners, as an alternative to their interest in the partnership would probably have their funds invested in media producing results comparable with investment companies, and I, therefore feel they offer a meaningful test of performance.

Year	Mass. Inv. Trust (1)	Investors Stock (1)	Lehman (2)	Tri-Cont. (2)	Dow	Limited Partners
1957	-11.4%	-12.4%	-11.4%	-2.4%	-8.4%	9.3%
1958	42.7%	47.5%	40.8%	33.2%	38.5%	32.2%
1959	9.0%	10.3%	8.1%	8.4%	20.0%	20.9%
1960	-1.0%	-0.6%	2.5%	2.8%	-6.2%	18.6%
1961	25.6%	24.9%	23.6%	22.5%	22.4%	35.9%
1962	-9.8%	-13.4%	-13.0%	-10.0%	-7.6%	11.9%

(1) Computed from changes in asset value plus any distributions to holders of record during year.

(2) From 1962 Moody's Bank & Finance Manual for 1957-61. Estimated for 1962.

COMPOUNDED

Year	Mass. Inv. Trust	Investor Stock	Lehman	Tri-Cont.	Dow	Limited Partners
1957	-11.4%	-12.4%	-11.4%	-2.4%	-8.4%	9.3%
1957-58	26.4%	29.2%	24.7%	30.0%	26.9%	44.5%
1957-59	37.8%	42.5%	34.8%	40.9%	52.3%	74.7%
1957-60	36.4%	41.6%	38.2%	44.8%	42.9%	107.2%
1957-61	71.3%	76.9%	70.8%	77.4%	74.9%	181.6%
1957-62	54.5%	53.2%	48.6%	59.7%	61.6%	215.1%
Annual Compounded Rate	7.5%	7.4%	6.8%	8.1%	8.3%	21.1%

The Joys of Compounding

I have it from unreliable sources that the cost of the voyage Isabella originally underwrote for Columbus was approximately $30,000. This has been considered at least a moderately successful utilization of venture capital. Without attempting to evaluate the psychic income derived from finding a new hemisphere, it must be pointed out that even had squatter's rights prevailed, the whole deal was not exactly another IBM. Figured very roughly, the $30,000 invested at 4% compounded annually would have amounted to something like $2,000,000,000,000 (that's $2 trillion for those of you who are not government statisticians) by 1962. Historical apologists for the Indians of Manhattan may find refuge in similar calculations. Such fanciful geometric progressions illustrate the value of either living a long time, or compounding your money at a decent rate. I have nothing particularly helpful to say on the former point.

The following table indicates the compounded value of $100,000 at 5%, 10% and 15% for 10, 20 and 30 years. It is always startling to see how relatively small differences in rates add up to very significant sums over a period of years. That is why, even though we are shooting for more, we feel that a few percentage points advantage over the Dow is a very worthwhile achievement. It can mean a lot of dollars over a decade or two.

	5%	**10%**	**15%**
10 Years	$162,889	$259,374	$404,553
20 Years	$265,328	$672,748	$1,636,640
30 Years	$432,191	$1,744,930	$6,621,140

Our Method of Operation

Our avenues of investment break down into three categories. These categories have different behavior characteristics, and the way our money is divided among them will have an important effect on our results, relative to the Dow, in any given year. The actual percentage division among categories is to some degree planned, but to a great extent, accidental, based upon availability factors.

The first section consists of generally undervalued securities (hereinafter called “generals”) where we have nothing to say about corporate policies and no timetable as to when the undervaluation may correct itself .Over the years, this has been our largest category of investment, and more money has been made here than in either of the other categories. We usually have fairly large positions (5% to 10% of our total assets) in each of five or six generals, with smaller positions in another ten or fifteen.

Sometimes these work out very fast; many times they take years. It is difficult at the time of purchase to know any compelling reason why they should appreciate in price. However, because of this lack of glamour or anything pending which might create immediate favorable market action, they are available at very cheap prices. A lot of value can be obtained for the price paid. This substantial excess of value creates a comfortable margin of safety in each transaction. Combining this individual margin of safety with a diversity of commitments creates a most attractive package of safety and appreciation potential. We do not go into these generals with the idea of getting the last nickel, but are usually quite content selling out at some intermediate level between our purchase price and what we regard as fair value to a private owner.

Many times generals represent a form of "coattail riding" where we feel the dominating stockholder group has plans for the conversion of unprofitable or under-utilized assets to a better use. We have done that ourselves in Sanborn and Dempster, but everything else equal we would rather let others do the work. Obviously, not only do the values have to be ample in a case like this, but we also have to be careful whose coat we are holding.

The generals tend to behave market-wise very much in sympathy with the Dow. Just because something is cheap does not mean it is not going to go down. During abrupt downward movements in the market, this segment may very well go down percentage-wise just as much as the Dow. Over a period of years, I believe the generals will outperform the Dow, and during sharply advancing years like 1961. This is the section of our portfolio that turns in the best results. It is, of course, also the most vulnerable in a declining market, and in 1962, not only did we not make any money out of our general category, but I am even doubtful if it did better than the Dow.

Our second category consists of "work-outs. These are securities whose financial results depend on corporate action rather than supply and demand factors created by buyers and sellers of securities. In other words, they are securities with a timetable where we can predict, within reasonable error limits, when we will get how much and what might upset the applecart. Corporate events such as mergers, liquidations, reorganizations, spin-offs, etc., I lead to work-outs. An important source in recent years has been sell-outs by oil producers to major integrated oil companies.

This category will produce reasonably stable earnings from year to year, to a large extent irrespective of the course of the Dow. Obviously, if we operate throughout a year with a large portion of our portfolio in work outs, we will look extremely good if it turns out to be a declining year for the Dow, or quite bad if it is a strongly advancing year.

We were fortunate in that we had a good portion of our portfolio in work outs in 1962. As I have said before, this was not due to any notion on my part as to what the market would do, but rather because I could get more of what I wanted in this category than in the generals. This same concentration in work-outs hurt our performance during the market advance in the second half of the year.

Over the years, work-outs have provided our second largest category. At any given time, we may be in five to ten of these; some just beginning and others in the late stage of their development. I believe in using borrowed money to offset a portion of our work-out portfolio, since there is a high degree of safety in this category in terms of both eventual results and intermediate market behavior. For instance, you will note when you receive our audit report, that we paid $75,000 of interest to banks and brokers during the year. Since our borrowing was at approximately 5%, this means we had an average of $1,500,000 borrowed from such sources. Since 1962 was a down year in the market, you might think that such borrowing would hurt results. However, all of our loans were to offset work-outs, and this category turned in a good profit for the year. Results, excluding the benefits derived from the use of borrowed money, usually fall in the 10% to 20% per annum range. My self-imposed standard limit regarding borrowing is 25% of partnership net worth, although something extraordinary could result in modifying this for a limited period of time.

You will note on our yearend balance sheet (part of the audit you will receive) securities sold short totaling some $340,000. Most of this occurred in conjunction with a work-out entered into late in the year. In this case, we had very little competition for a period of time and were able to create a 10% or better profit (gross, not annualized) for a few months tie-up of money. The short sales eliminated the general market risk.

The final category is I “control” situations, where we either control the company or take a very large position and attempt to influence policies of the company. Such operations should definitely be measured on the basis of several years. In a given year, they may produce nothing as it is usually to our advantage to have the stock be stagnant market-wise for a long period while we are acquiring it. These situations, too, have relatively little in common with the behavior of the Dow. Sometimes, of course, we buy into a general with the thought in mind that it might develop into a control situation. If the price remains low enough for a long period, this might very well happen. Usually, it moves up before we have a substantial percentage of the company's stock, and we sell at higher levels and complete a successful general operation.

Dempster Mill Manufacturing Company

The high point of 1962 from a performance standpoint was our present control situation --73% owned Dempster Mill. Dempster has been primarily in farm implements (mostly items retailing for $1,000 or under), water systems, water well supplies and jobbed plumbing lines. The operations for the past decade have been characterized by static sales, low inventory turnover and virtually no profits in relation to invested capital.

We obtained control in August, 1961 at an average price of about $28 per share, having bought some stock as low as $16 in earlier years, but the vast majority in an offer of $30.25 in August. When control of a company is obtained, obviously what then becomes all-important is the value of assets, not the market quotation for a piece of paper (stock certificate).

Last year, our Dempster holding was valued by applying what I felt were appropriate discounts to the various assets. These valuations were based on their status as non-earning assets and were not assessed on the basis of potential, but on the basis of what I thought a prompt sale would produce at that date. Our job was to compound these values at a decent rate. The consolidated balance sheet last year and the calculation of fair value are shown below.

(000's omitted)

Assets	Book Figure	Valued @	Adjusted Valuation	Liabilities	
Cash	$166	100%	$166	Notes Payable	$1,230
Accts. Rec. (net)	$1,040	85%	$884	Other Liabilities	$1,088
Inventory	$4,203	60%	$2,522		
Ppd. Exp. Etc.	$82	25%	$21		
Current Assets	$5,491		$3,593	Total Liabilities	$2,318
Cash Value Life ins., etc.	$45	100 Est. net auction value	$45	Net Work per Books:	$4,601
Net Plant Equipment	$1383		$800	Net Work as Adjusted to Quickly Realizable Values	$2,120
Total Assets	$6,919		$4,438	Shares outstanding 60,146 Adj. Value per Share	$35.25

Dempster's fiscal year ends November 30th, and because the audit was unavailable in complete form, I approximated some of the figures and rounded to $35 per share last year. Initially, we worked with the old management toward more effective utilization of capital, better operating margins, reduction of overhead, etc. These efforts were completely fruitless. After spinning our wheels for about six months, it became obvious that while lip service was being given to our objective, either through inability or unwillingness, nothing was being accomplished. A change was necessary.

A good friend, whose inclination is not toward enthusiastic descriptions, highly recommended Harry Bottle for our type of problem. On April 17, 1962 I met Harry in Los Angeles, presented a deal which provided for rewards to him based upon our objectives being met, and on April 23rd he was sitting in the president's chair in Beatrice.

Harry is unquestionably the man of the year. Every goal we have set for Harry has been met, and all the surprises have been on the pleasant side. He has accomplished one thing after another that has been labeled as impossible, and has always taken the tough things first. Our breakeven point has been cut virtually in half, slowmoving or dead merchandise has been sold or written off, marketing procedures have been revamped, and unprofitable facilities have been sold.

The results of this program are partially shown in the balance sheet below, which, since it still represents nonearning assets, is valued on the same basis as last year.

Assets	Book Figure	(000's omitted) Valued @	Adjusted Valuation	Liabilities	
Cash	$60	100%	$60	Notes payable	$0
Marketable securities	$758	Mrkt. 12/31/62	$834	Other liabilities	$346
Accts. Rec. (net)	$796	85%	$676	Total liabilities	$346
Inventory	$1,634	60%	$981		
Cash value life ins.	$41	100%	$41	Net Worth:	
Recoverable Income Tax	$170	100%	$170	Per Books	$4,077
Ppd. Exp. Etc.	$14	25%	$4	As Adjusted to quickly realizable values	$3,125
				Add: proceeds from potential exercise of option to Harry Bottle	$60
Current Assets	$3,473		$2,766		
				Shares outstanding 60,146	
Misc. Invest.	$5	100%	$5	Add: shs. Potentially outstanding under option 2000	
				Total shs. 62,146	
Net Plant Equipment	$945	Est. net auction value	$700		
				Adjusted value per share	$51.26
Total Assets	$4,423		$3,471		

Three facts stand out: (1) Although net worth has been reduced somewhat by the housecleaning and writedowns ($550,000 was written out of inventory; fixed assets overall brought more than book value), we have converted assets to cash at a rate far superior to that implied in our year-earlier valuation. (2) To some extent, we have converted the assets from the manufacturing business (which has been a poor business) to a business which we think is a good business --securities. (3) By buying assets at a bargain price, we don't need to pull any rabbits out of a hat to get extremely good percentage gains. This is the cornerstone of our investment philosophy: “Never count on making a good sale. Have the purchase price be so attractive that even a mediocre sale gives good results. The better sales will be the frosting on the cake.”

On January 2, 1963, Dempster received an unsecured term loan of $1,250,000. These funds, together with the funds all ready "freed-up" will enable us to have a security portfolio of about $35 per share at Dempster, or considerably more than we paid for the whole company. Thus our present valuation will involve a net of about $16 per share in the manufacturing operation and $35 in a security operation comparable to that of Buffett Partnership, Ltd.

We, of course, are devoted to compounding the $16 in manufacturing at an attractive rate and believe we have some good ideas as to how to accomplish this. While this will be easy if the business as presently conducted earns money, we have some promising ideas even if it shouldn't.

It should be pointed out that Dempster last year was 100% an asset conversion problem and therefore, completely unaffected by the stock market and tremendously affected by our success with the assets. In 1963, the manufacturing assets will still be important, but from a valuation standpoint it will behave considerably more like a general since we will have a large portion of its money invested in generals pretty much identical with those in Buffett Partnership, Ltd. For tax reasons, we will probably not put workouts in Dempster. Therefore, if the Dow should drop substantially, it would have a significant effect on the Dempster valuation. Likewise, Dempster would benefit this year from an advancing Dow which would not have been the case most of last year.

There is one final point of real significance for Buffett Partnership, Ltd. We now have a relationship with an operating man which could be of great benefit in future control situations. Harry had never thought of running an implement company six days before he took over. He is mobile, hardworking and carries out policies once they are set. He likes to get paid well for doing well, and I like dealing with someone who is not trying to figure how to get the fixtures in the executive washroom gold-plated.

Harry and I like each other, and his relationship with Buffett Partnership, Ltd. should be profitable for all of us.

The Question of Conservatism

Because I believe it may be even more meaningful after the events of 1962 I would like to repeat this section from last year’s letter:

"The above description of our various areas of operation may provide some clues as to how conservatively our portfolio is invested. Many people some years back thought they were behaving in the most conservative manner by purchasing medium or long-term municipal or government bonds. This policy has produced substantial market depreciation in many cases, and most certainly has failed to maintain or increase real buying power.

You will not be right simply because a large number of people momentarily agree with you. You will not be right simply because important people agree with you. In many quarters the simultaneous occurrence of the two above factors is enough to make a course of action meet the test of conservatism.

“You will be right, over the course of many transactions, if your hypotheses are correct, your facts are correct, and your reasoning is correct. True conservatism is only possible through knowledge and reason.

I might add that in no way does the fact that our portfolio is not conventional prove that we are more conservative or less conservative than standard methods of investing. This can only be determined by examining the methods or examining the results.

I feel the most objective test as to just how conservative our manner of investing is arises through evaluation of performance in down markets. Preferably these should involve a substantial decline in the Dow. Our performance in the rather mild declines of 1957 and 1960 would confirm my hypothesis that we invest in an extremely conservative manner.

I would welcome any partner's suggesting objective tests as to conservatism to see how we stack up. We have never suffered a realized loss of more than ½ of 1% of total net assets and our ratio of total dollars of realized gains to total realized losses is something like 100 to 1. Of course, this reflects the fact that on balance we have been operating in an up market.

However there have been many opportunities for loss transactions even in markets such as these (you may have found out about a few of these yourselves) so I think the above facts have some significance.

In 1962, we did realize a loss on one commitment or 1.0% and our ratio or realized gains to losses was only slightly over 3 to 1. However, compared to more conventional (often termed conservative which is not synonymous) methods of common stock investing, it would appear that our method involved considerably less risk. Our advantage over the Dow was all achieved when the market was going down; we lost a bit of this edge on the way up.

The Usual Prediction

I am certainly not going to predict what general business or the stock market are going to do in the next year or two, since I don't have the faintest idea.

I think you can be quite sure that over the next ten years, there are going to be a few years when the general market is plus 20% or 25% a few when it is minus on the same order, and a majority when it is in between. I haven’t any notion as to the sequence in which these will occur, nor do I think it is of any great importance for the long-term investor. If you will take the first table on page 3 and shuffle the years around, the compounded result will stay the same.

If the next four years are going to involve, say, a +40%, -30%, +10% and –6%, the order in which they fall is completely unimportant for our purposes as long as we all are around at the end of the four years. Over a long period of years, I think it likely that the Dow will probably produce something like 5% per year compounded from a combination of dividends and market

value gain. Despite the experience of the last decade, anyone expecting substantially better than that from the general market probably faces disappointment.

Our job is to pile up yearly advantages over the performance of the Dow without worrying too much about whether the absolute results in a given year are a plus or a minus. I would consider a year in which we were down 15% and the Dow declined 25% to be much superior to a year when both the partnership and the Dow advanced 20%.

For the reasons outlined in our method of operation, our best years relative to the Dow are likely to be in declining or static markets. Therefore, the advantage we seek will probably come in sharply varying amounts. There are bound to be years when we are surpassed by the Dow, but if over a long period we can average ten percentage points per year better than it, I will feel the results have been satisfactory.

Specifically, if the market should be down 35% or 40% in a year (and I feel this has a high probability of occurring one year in the next ten --no one knows which one), we should be down only 15% or 20%. If it is more or less unchanged during the year, we would hope to be up about ten percentage points. If it is up 20% or more, we would struggle to be up as much.

It is certainly doubtful we could match a 20% or 25% advance from the December 31, 1962 level. The consequence of performance such as this over a period of years would mean that if the Dow produces a 5% per year overall gain compounded, I would hope our results might be 15% per year.

The above expectations may sound somewhat rash, and there is no question but that they may appear very much so when viewed from the vantage point of 1965 or 1970. Variations in any given year from the behavior described above would be wide, even if the long-term expectation was correct. Certainly, you have to recognize the possibility of substantial personal bias in such hopes.

Miscellaneous

This year marked the transition from the office off the bedroom to one a bit (quite a bit) more conventional. Surprising as it may seem, the return to a time clock life has not been unpleasant. As a matter of fact, I enjoy not keeping track of everything on the backs of envelopes.

We are starting off this year with net assets of $9,405,400.00. At the start of 1962, Susie and I had three “nonmarketable security” investments of other than nominal size, and two of these have been sold. The third will be continued indefinitely. From the proceeds of the two sales, we have added to our partnership interest so that we now have an interest of $1,377,400.00. Also, my three children, mother, father, two sisters, two brothers-in-law, father-in-law, three aunts, four cousins, five nieces and nephews have interests directly or indirectly totaling $893,600.00.

Bill Scott who has fit into our operation splendidly has an interest (with his wife) of $167,400.00; A very large portion of his net worth. So we are all eating our own cooking.

You will note from the auditor's certificate that they made a surprise check during the year and this will be a continuing part of their procedure. Peat, Marwick, Mitchell & Co. again did an excellent job on the audit, meeting our rather demanding time schedules. Susie was in charge of equipping the office which means we did not follow my “orange crate" approach to interior decorating. We have an ample supply of Pepsi on hand and look forward to partners dropping in.

Beth Feehan continues to demonstrate why she is the high priestess of the CPS (certified professional secretary, that is) group.

Partners did a wonderful job of cooperating in the return of agreements and commitment letters, and I am most appreciative of this. It makes life a lot easier. Enclosed you will find Schedule “A” to your partnership agreement. You will be receiving your audit and tax figures very soon, and if you have questions on any of this be sure to let me hear from you.

Cordially,
Warren E. Buffett