

LONG TERM INVESTOR

Woodstock for capitalists: an AGM with a difference



The Berkshire Hathaway AGM is a social and intellectual event where Warren Buffett meets the shareholders – including Peter Webb, who offers you his view of a weekend that mixes business with pleasure. Your seat awaits you

Once a year Omaha, Nebraska, becomes the focus of the financial world's attention. Not far from the banks of the Missouri river and what feels like a million miles from Wall Street, a City with an economy mainly based on agriculture becomes the Mecca for the financial world. Here 20,000 people flock each year to the best-attended AGM in the world, nicknamed 'Woodstock for capitalists'. They come to hear Warren Buffett and his partner Charlie Munger talk about investing, business and life in general and share with others the thrill of being a Berkshire Hathaway shareholder.

What pulls more and more people back each year? For shareholders, the first stop of the weekend is Borshiems, the discount jeweller that Buffett owns. Awaiting shareholders is a cocktail reception and attractive discounts on a wide variety of goods.

Borshiems is a pretty normal-sized shop. With many thousands of shareholders to serve it is packed solid and buzzing with activity. Such a scene would probably fall foul of health and safety laws in the UK but here it is a smorgasbord of purchasing.

Outside, the music is loud and the party in full swing. The parking lot has a large marquee. In and around it, food, drink and conversation flow as the weekend gets under way. The most popular question appears to be, 'How long have you held Berkshire stock?' It is almost a proxy for your intelligence and net worth. The atmosphere is festive and friendly, you feel as if you are part of a big family celebrating a birthday or a wedding. Much eating and drinking is done before shareholders head off, knowing that tomorrow they will need to rise early.

Down to business

By 6am the following morning there is already quite a line outside the Qwest centre in

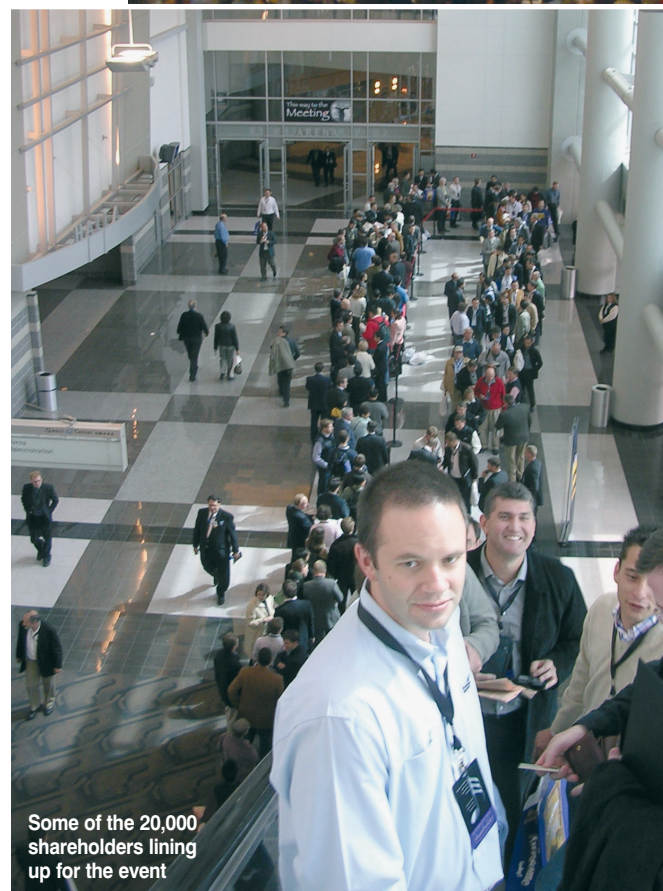
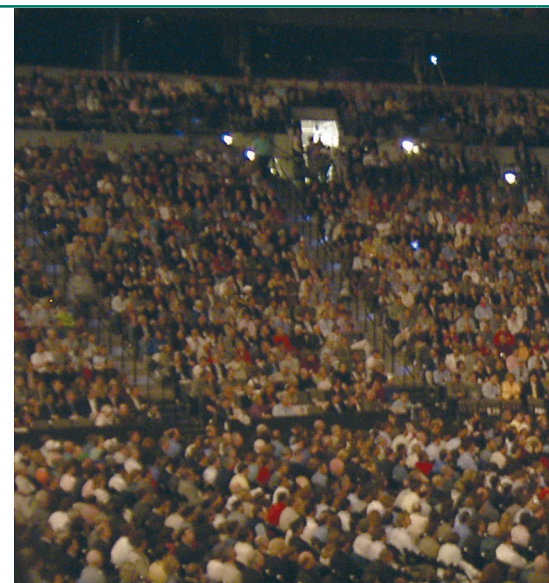
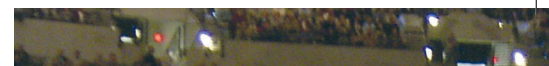
downtown Omaha, completed less than three years ago. It is difficult to think where else in Omaha such a large event could be staged. The centre has two main entrances and both lines fill up quickly. Four or five people deep, they snake around the edge of the building filling every available space. As I walk down the line there is a cacophony. Last year an estimated 400 international shareholders visited the event but this year the audience seems to be much bigger.

At 7am the doors open and the shareholders pile in. Two main objectives await them: one, get a good seat and two, go shopping. Shortly after it opens the 20,000 all-seater stadium is covered with reserved signs, newspapers, seat sitters and huddles of shareholders. Meanwhile, at the other end of the building, Berkshire subsidiary companies have packed out a large exhibition area with their merchandise. Also present are appropriate displays, promotional material and food malls to cater to the shareholders' hunger.

Merchandise

This year sees the release of a limited-edition Berkshire Hathaway Monopoly game and there's a scramble for the product at the Borshiems stand. An equally improbable line snakes its way out of the book store and far into the exhibition area: it is here that people are desperate to get their hands on *Poor Charlie's Almanac*, a summary of the life and thoughts of Buffett's partner, Berkshire Hathaway vice-chairman Charlie Munger.

Board games and books are not the only

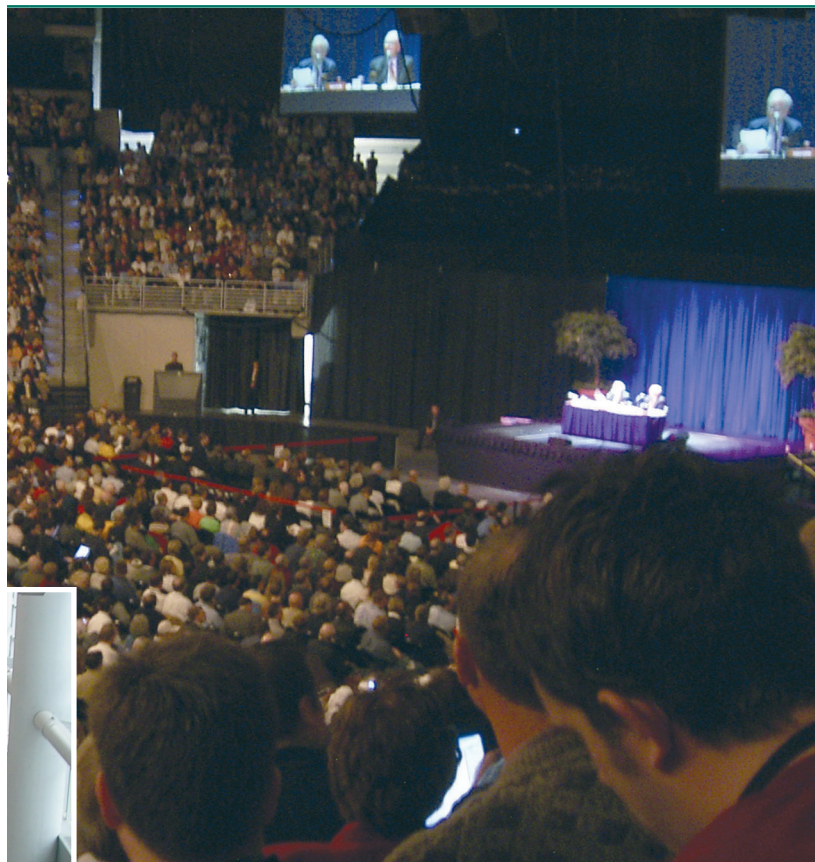


Some of the 20,000 shareholders lining up for the event

items to buy. On view are carpets, clothes, paints, manufactured homes and ice-cream, to name but a few of the products. Most vendors are doing very brisk business. Dotted around the room are also a variety of oddities including walking bricks and a 10ft tall Gecko that will sell you car insurance if you are not careful. Slowly the rush dies down and people make their way to the main arena.

At 8.30am, the company meeting starts properly. This year it is headed by a tribute from Buffett's daughter Susie to her mother, who passed away last year. After an

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Win a special Monopoly set!

The hot product at this year's gathering of the Buffett faithful was the Berkshire Hathaway Monopoly game – currently worth \$46 according to the latest bidding on eBay.

Shares has one game to give away as a prize.

Just answer the following question: what is the name of Warren Buffett's business partner and Berkshire Hathaway vice-chairman?

Email the answer to editorial@shares.msm.co.uk by close of business tomorrow (Friday, 13 May). First correct answer out of the hat wins the prize and the winner will be announced next week.



appropriate pause for contemplation, the meeting is under way and as always is started with a company video. Like no company video you will ever see, it represents an hour of self-deprecating humour and frivolity, interspersed with serious messages and a brief promotion of the companies' products.

Then the main business begins. Starting at 9.30 and lasting for six hours, this is the chance for all those invited to quiz the world's second richest man face to face about anything on their minds, even if it is not directly related to the company. It is often light-hearted.

There is often a short confession of faith in the cause before the actual questions. Some questions are good, some are way too long and some are just plain bizarre.

Taking the floor

If you are to address an audience of nearly 20,000 wealthy and influential people, you should try to do yourself justice. This is what I intend to do as I take the mike for the sixth question. 'I've been an investor for many years and have done very well following a similar style to yourself, so thank you for that.'

Buffett fires back a wisecrack. 'Perhaps you can send us a cheque?' I pause before firing one back: 'If there's a deal to be had maybe I can come and see you afterwards?'

The main thrust of my question is why don't I see Berkshire Hathaway buying as much in the UK and Europe as it does in the

US? Buffet replies: 'In the UK there is a rule that requires reporting when you own 3% of a company's stock. Take a company worth £5 billion – if we bought £150 million we would have to report, and that tends to mess up subsequent purchases. We have owned stock in other UK companies but have thought twice before going over 3%. That's a deterrent, not an overwhelming deterrent but it's a deterrent none the less.'

'We would feel very comfortable with lots of UK business. There was an insurance company a year or so back that I would have very much liked to have owned but we couldn't come to terms. We use the same criteria in the UK as we use in the US: we look for management we like and trust, competitive advantage and a fair price. In fact, in light of our views on currency I would probably have a preference for the UK at the moment.'

Each shareholder has the right to ask whatever they wish and no questions are screened or monitored before being asked. Buffett chortles and wise cracks his way through the proceedings and it obvious he is really enjoying himself. Munger is a little more acerbic. It makes for great entertainment.

Face to face

At the close of questions it is not over for all shareholders. A recent addition to the meeting is the opportunity to meet Buffett and Munger personally. While security is tight

and time limited it's a once-in-a-lifetime opportunity for many.

Later that evening is one more event, this time at the Nebraska Furniture Mart (another Buffett purchase) – a barbeque for all the shareholders. We eat, drink and chat before heading downtown to spend the night drifting from bars to restaurants and eventually back to our hotels early in the morning.

It is with a tinge of sadness that most depart on the Sunday. The feeling that people get from being shareholders of Berkshire Hathaway is that you can get not only wealthier but perhaps also wiser and more worldly. This appears to be an objective targeted by Buffett and reinforced at every opportunity. It has the effect of making the continuation of the company much more certain and it is also likely to leave a deeper legacy long after Buffett and Munger are gone.

I suppose Berkshire Hathaway is not really a company or a thing, it is a 'way' and it is unlikely to be replaced. There are probably not many more years left to witness the event in its full glory. My advice to you is that even if you have to ride on a donkey for 20 days to get there it will be worth the effort.

To attend the meeting you need to be a class A or B shareholder. 'A' shares currently trade at \$84,000 and 'B' shares \$2800. If you choose to become a shareholder then I very much look forward to meeting you at next year's AGM. ■