NEWS RELEASE

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Comments by Warren E. Buffett in conjunction with his annual contribution of Berkshire Hathaway shares to five foundations

Today is a milestone for me. In 2006, I pledged to distribute all of my Berkshire Hathaway shares – more than 99% of my net worth – to philanthropy. With today's $4.1 billion distribution, I'm halfway there.

In June of 2006, I owned 474,998 "A" shares. Now, I own 238,624 shares, worth about $100 billion. *All* remain destined for philanthropy. Having reached the midway point of my plan, I would like to supply a bit of history and suggest a few subjects for further thought by philanthropists, government and the public.

(1) *My personal situation:*

The easiest deed in the world is to give away money that will never be of any real use to you or your family. The giving is painless and may well lead to a better life for both you and your children.

The second step of disbursing huge sums is more challenging, particularly when the goal is to focus on crucial problems that have long been difficult to conquer or even dent. The specter of weapons of mass destruction remains undiminished. Can private philanthropy temper the threats to society that cyber is serving up?

My own case illustrates the first, more pleasant, point. Over many decades I have accumulated an almost incomprehensible sum simply by doing what I love to do. I've made no sacrifice nor has my family. Compound interest, a long runway, wonderful associates and our incredible country have simply worked their magic. Society has a use for my money; I don't.

Please understand that these remarks are no swan song; I continue at my enjoyable job, doing what I like, aided by associates I like and working to deploy the savings of people who have long trusted me. I still relish being on the field and carrying the ball. But I'm clearly playing in a game that, for me, has moved past the fourth quarter into overtime.

(2) The most admirable philanthropists:

A much more admirable form of philanthropy than mine involves the giving of personal time and effort. I've done little of that.

Those who give their love and time in order to directly help others – perhaps adding a monetary gift that requires them to give up the purchase of something meaningful for their own use – are the heroes of philanthropy. America has millions of such givers.

These people receive no recognition whether they mentor the young, assist the elderly or devote precious hours to community betterment. They do not have buildings named after them, but they silently make those establishments – schools, hospitals, churches, libraries, whatever – work smoothly to benefit those who have received the short straws in life.

I have not given my time or energy in comparable measure.

(3) *A contrast within my family:*
My older sister, Doris, who died during the past year, used both her heart and head to help thousands in a one-by-one manner. I labeled her efforts "retail" philanthropy. In contrast, I elected the much easier "wholesale" path, in *very* large part depending on the five foundations I selected in 2006. To them, I've delegated the hard work.

After 16 years of pursuing my philanthropic plan, I'm delighted with its workings. Each of the five foundations set its own course and the leaders of all five work hard and effectively. My own involvement has essentially been nil, which leaves me to do what I love.

For years I have been a trustee – an inactive trustee at that – of only one recipient of my funds, the Bill and Melinda Gates Foundation (BMG). I am now resigning from that post, just as I have done at all corporate boards other than Berkshire's. The CEO of BMG is Mark Suzman, an outstanding recent selection who has my full support. My goals are 100% in sync with those of the foundation, and my physical participation is in no way needed to achieve these goals.

(4) *Philanthropy is now a hot topic:*
The attention is appropriate – one reason being that all or a portion of philanthropic contributions *can* generate significant tax deductions for the donor. That benefit, however, is *far* from automatic.

In my own case, the $41 billion of Berkshire shares I have donated to the five foundations has led to only about 40¢ of tax savings per $1,000 given. That's because I have relatively little *income*. My *wealth* remains almost entirely deployed in tax-paying businesses that I own through my Berkshire stockholdings, and Berkshire regularly reinvests earnings to further grow its output, employment and earnings. The income I receive from other assets allows me to live as I wish. My needs are simple; what made me happy at 40 makes me happy at 90.

Nevertheless, tax deductions are important to many – particularly to the super-rich – who give large amounts of cash or securities to philanthropy. It is fitting that Congress periodically revisits the tax policy for charitable contributions, particularly in respect to donors who get "imaginative."

(5) At what point in their lives should the wealthy fund philanthropy?
My 16 annual contributions to the five foundations I've funded were worth $41 billion when disbursed. As I instructed, the funds were spent or committed quite promptly.

Had I waited until *now* to give the shares, they would have instead brought $100 billion to the five foundations. The question then becomes: Would society ultimately have benefitted more if I had waited longer to distribute the shares?

My first wife and I were totally in sync in respect to our philanthropic goals. She, however, favored giving away large sums when we were young – when our net worth was a tiny fraction of its eventual size. I held out for later, remaining charmed by the results of compounding. I was restrained as well by the desire to retain unassailable control of Berkshire. It was only after my wife's death that I, at 75, stepped on the accelerator.

Deciding when to switch from building philanthropic-destined funds to depleting them involves a complicated calculation based on the nature of the assets involved, family matters, the seldom-confessed instinct to not "let go" and a host of other variables. One size definitely does not fit all.

(6) Dynastic wealth remains an option in America.
Dynastic behavior is less the norm here than in most countries and its appeal will likely diminish. After much observation of super-wealthy families, here's my recommendation: Leave the children enough so that they can do anything but not enough that they can do nothing.

I'm delighted that my three children – now in their mid-60s – pursue philanthropic efforts that involve both money *and* time. More important, *they* are happy that they can be involved in helping others. They have their mother's genes.

(7) Conclusion:
I'm optimistic. Though naysayers abound – as they have throughout my life – America's best days most certainly lie ahead. What's happened here since 1776 has not been a historical fluke.

Philanthropy will continue to pair human talent with financial resources. So, too, will business and government. Each force has its particular strengths and weaknesses. Combined, they will make the world a better place – a *much* better place – for future generations.

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