

**Insurance Times:** GEICO's Berkshire Hathaway rebounds after bypassing hi-tech  
March 20, 2001, Vol. XX No. 6

OMAHA, Neb. - A year after apologizing for Berkshire Hathaway's dismal stock performance, billionaire investor Warren Buffett offered a much cheerier letter to shareholders recently. The holding company's earnings grew by \$3.6 billion in 2000, or \$2,185 per share - outperforming the S-and-P 500 by more than 15 percent. That compared with earnings of \$1.6 billion, or \$1,025 per share, in 1999. Berkshire shares hit a 52-week low of \$40,800 last March but dramatically climbed to end 2000 at \$71,100 last week. Buffett and partner Charlie Munger, who are known for investing in low-tech companies like furniture, jewelry, publishing and insurance, did not depart from that trend last year. "I will tell you now that we have embraced the 21st century by entering such cutting-edge industries as brick, carpet, insulation and paint. Try to control your excitement," Buffett, the company chairman and CEO, wrote in this year's letter.

#### Recent Holdings

Among the holding companies' acquisitions since last March were Iowa utility parent MidAmerican Energy Holdings Co., Benjamin Moore Paint, boot-maker Justin Industries and carpet manufacturer Shaw Industries. Buffett kept with his pattern of candor and humor while making the assertion that Berkshire is now one of the few "clicks-and-bricks" businesses on Wall Street. "We went into 2000 with GEICO doing significant business on the Internet, and then we added Acme," Buffett also wrote. "You can bet this move by Berkshire is making them sweat in Silicon Valley." He was roundly criticized early last year for shunning high-tech stocks, which reached a high around mid-March and were making millionaires overnight. But Buffett's resistance paid off only weeks later when the bottom began to fall out of high tech stocks. Still, Buffett said the company's performance could have been better, noting underwriting losses of \$224 million in its auto insurance company GEICO last year. In 1999, GEICO had seen a profit of \$24 million. Spending on advertising for GEICO hurt the company's earnings and produced less business than expected, Buffett said.