

# First on CNBC: CNBC Transcript: Legendary Investor Warren Buffett Speaks with Becky Quick on CNBC's "Closing Bell" Today

12 Hours Ago



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**WHEN:** Today, Wednesday, April 23rd

**WHERE:** CNBC's "Closing Bell"

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BECKY QUICK: THANK YOU VERY MUCH AGAIN WE ARE AT SMITH & WOLLENSKY TODAY WARREN BUFFETT HAS JUST HAD LUNCH WITH WINNERS OF THE ANNUAL GLIDE FOUNDATION AUCTION. THIS IS AN AUCTION THAT WENT OFF LAST YEAR. WARREN THIS WAS THE 14TH ANNUAL AUCTION YOU HAVE NOW RAISED \$15.6 MILLION FOR THE GLIDE FOUNDATION I KNOW THAT THE NEW AUCTION GOES UP ON JUNE 1ST LOOKING FOR NEXT YEAR BUT HOW WAS THE LUNCH THIS YEAR?

WARREN BUFFETT: LUNCH WAS GREAT I ALWAYS HAVE A GOOD TIME AND THERE WERE 8 PEOPLE AND I KNEW A COUPLE OF THEM FROM BEFORE THEY ARE ALL GOING TO COME TO THE ANNUAL MEETING AND IT'S A TREAT FOR ME.

QUICK: THEY DIDN'T WANT TO BE IDENTIFIED THEY SNUCK OUT OF HERE DESPITE ALL THE MEDIA THAT IS HERE THIS TIME.

BUFFETT: YEAH THEY WEREN'T LOOKING FOR PUBLICITY BUT WE HAD A VERY GOOD TIME.

QUICK: OKAY I AM GLAD TO HEAR IT. WHILE YOU WERE IN THERE WAS A LITTLE BIT OF NEWS THAT WAS HAPPENING OUT HERE. WE HAVE BEEN HEARING ABOUT THE COKE SHAREHOLDERS MEETING IT TURNS OUT THAT THE VOTES ARE IN 83% OF SHAREHOLDERS VOTED IN FAVOR OF COKE'S PLAN THE EQUITY PLAN THAT MEANS THAT 17% VOTED NO. HOW DID YOU VOTE

YOUR SHARE.

BUFFETT: WELL WE ABSTAINED. SO THAT WOULD HAVE BEEN 9% I DON'T KNOW WHETHER THEY TOOK THAT OUT BEFORE CALCULATING THE 83 AND 17 PERCENT WE ABSTAINED.

QUICK: THAT WAS 83% OF THE VOTES THAT WERE CAST. WHY DID YOU ABSTAIN?

BUFFETT: WE ABSTAINED BECAUSE WE DIDN'T AGREE WITH THE PLAN. WE THOUGHT IT WAS EXCESSIVE. AND I LOVE COKE, I LOVE THE MANAGEMENT I LOVE THE DIRECTORS SO I DIDN'T WANT TO VOTE NO IT IS KIND OF UNAMERICAN TO VOTE NO IN A COKE MEETING. I DIDN'T WANT TO EXPRESS ANY DISAPPROVAL OF MANAGEMENT BUT WE DID DISAPPROVE OF THE PLAN COMPARED TO PAST PLANS WAS A SIGNIFICANT CHANGE AND THERE'S ALREADY A 9% OR SO OVERHANG IN TERMS OF OPTIONS OUTSTANDING RELATIVE TO THE AMOUNT OF SHARES OUTSTANDING. 8 TO 9% AND THIS AUTHORIZATION OF ANOTHER 500 MILLION SHARES NOT ALL OF WHICH WOULD HAVE GONE ON OPTIONS BUT THAT'S ANOTHER 11% OF THE COMPANY AND I THOUGHT IT WAS TOO MUCH AND I TALKED TO MY PARTNER CHARLIE MUNGER AND HE THOUGHT IT WAS TOO MUCH SO WE ABSTAINED.

QUICK: YOUR MATH DOES IT MATCH UP WITH DAVID WINTERS WHO HAS BEEN THE ACTIVIST WHO HAS BEEN VERY VOCAL. BY HIS MATH HE THINKS IT WOULD BE SOMETHING LIKE A DILLUSION OF 16% TO EXISTING SHAREHOLDERS THAT ARE THERE. MUHTAR KENT HAS COME OUT FOR THE COMPANY AND SAYS HE THINKS IT IS MORE LIKE 1%.

BUFFETT: WELL IT IS CLOSER TO THE 1 THAN IT IS TO THE 16 IN TERMS OF DILUTION BECAUSE THEY WOULD REPURCHASE THEY WOULD USE THE PROCEEDS THEY RECEIVED ON THE OPTIONS TO REPURCHASE SHARES SO THEY SAID THE BREAKDOWN BETWEEN GIVING PERFORMANCE SHARES IN TERMS OF WHAT THEY CALL OPTION...IT WOULD BE 40% THAT AND 60% OPTIONS. IF THEY REPURCHASE THE SHARES IT WOULD NOT BE AS LOW AS 1% BUT WOULD BE FAR FROM THE HIGHER NUMBERS.

QUICK: WELL DAVID WINTERS WAS JUST OUT WITH A STATEMENT AND I GUESS HE JUMPED THE GUN A LITTLE BIT BECAUSE HE CRITICIZED YOU HE SAID IN HIS STATEMENT WE ARE SURPRISED WARREN BUFFETT HAD THE OPPORTUNITY TO TAKE A STAND AGAINST EXCESSIVE MANAGEMENT COMPENSATION AND FAILED TO SEIZE IT. WHY ARE YOU TELLING US THIS NOW AND NOT BEFORE THE VOTE?

BUFFETT: I DID NOT WANT TO BE IN A POSITION CAMPAIGNING FOR EITHER SIDE IN RESPECT. IF WE WERE GOING TO CAST OUR VOTE IT WOULD BE KNOWN HOW WE CAST OUR VOTE BUT I HAVE ENORMOUS RESPECT FOR MUHTAR KENT HE IS THE MAN TO BE RUNNING COCA COLA AND WE NEVER SOLD A SHARE OF COKE I RESPECT THE COKE ORGANIZATION I JUST DON'T LIKE THE PLAN.

QUICK: DID YOU TALK TO MUHTAR KENT ABOUT YOUR THOUGHTS ON THIS?

BUFFETT: I DID BUT IT WAS ONLY AFTER THE PROXY WAS OUT. HE DID NOT KNOW MY VIEWS AHEAD OF TIME.

QUICK: YOUR SON IS ON THE BOARD OF COCA COLA HE VOTED IN FAVOR OF THIS PLAN.

BUFFETT: THAT'S TRUE. I'VE BEEN ON BOARDS FOR 55 YEARS 19 PUBLIC BOARDS I'VE NEVER HEARD OF A VOTE AGAINST THE COMPENSATION PLAN BROUGHT IN BY THE COMPENSATION COMMITTEE. WHAT HAPPENS IN A BOARD I THINK PEOPLE SOMETIMES HAVE A MISTAKEN NOTION ABOUT HOW BOARDS ACT BUT THE COMPENSATION COMMITTEE COMES IN THEY'VE WORKED FOR A FEW HOURS MAYBE A FEW DAYS THEY'VE HAD CONSULTANTS AND THEY SAY WE'VE APPROVED THIS PLAN I'VE NEVER YET HEARD ON ANY OF THE 19 BOARDS I WAS ANYBODY SAY IN THE MEETING THAT THEY WERE AGAINST IT. NOW I'VE HAD HEARD THEM SAY IT OUTSIDE THE MEETING BUT TAKING ON A COMMITTEE THAT'S REPORTED YOU'VE ASSIGNED THE JOB TO THE COMMITTEE AND TAKING THEM ON IS A LITTLE BIT LIKE BELCHING AT THE DINNER TABLE I MEAN YOU CAN'T DO IT TOO OFTEN. IF YOU DO YOU FIND YOU ARE EATING AT THE KITCHEN PRETTY SOON.

QUICK: DID YOU EVER VOTE FOR SOMETHING WHILE YOU WERE ON A BOARD THAT YOU DISAGREED WITH?

BUFFETT: SURE

QUICK: LIKE WHAT?

BUFFETT: WELL I HAVE VOTED FOR COMPENSATION PLANS THAT I DIDN'T AGREE WITH. I'VE EVEN SORT OF MUTTERED A YES ON SOME MERGERS THAT I DIDN'T THINK MADE SENSE. IT HAPPENS.

QUICK: I'M STILL TRYING TO GET MY HEAD AROUND THIS. YOU WENT AHEAD AND ABSTAINED THE VOTES ON THIS, BUT DID YOU LOOK AT THIS COMPENSATION PLAN, OR DID YOU LOOK AT THE EQUITY PLAN BEFORE DAVID WINTERS POINTED IT OUT?

BUFFETT: I READ THE FULL DETAILS ACTUALLY AFTER -- AFTER THAT. I JUST HADN'T READ THE MATERIAL YET, BUT IN 2002 COKE HAD A PLAN THAT INVOLVED 240 MILLION SHARES. THAT LASTED SIX YEARS. THEY HAD A PLAN IN 2008, SIX YEARS LATER, THAT WAS 280 MILLION SHARES, AND THAT LASTED SIX YEARS, AND THEN THIS PLAN WHEN I READ ABOUT IT WAS FOR 500 MILLION SHARES WHICH THEY WOULD EQUATE TO 340 MILLION, BUT STILL 340 OR 500 AND THEY WERE GOING TO USE IT, THEY SAID, IN FOUR YEARS, AND THAT REALLY STRUCK ME AS QUITE EXCESSIVE, SO I -- I DIDN'T ACTUALLY READ THAT TIL AFTER WINTERS WROTE THE LETTER, BUT I WOULD HAVE FELT THE SAME WAY.

QUICK: THIS IS A SITUATION NOW THOUGH THAT THE COMPANY, AGAIN, HAD 83% OF THE VOTES THAT WERE CAST VOTING IN FAVOR OF IT. WHAT DO YOU THINK THEY WILL DO NOW?

BUFFETT: WELL, I -- I DON'T KNOW THE ANSWER TO THAT. THEY HAVE THE STOCK AUTHORIZED. THEY SAID IN THE REPORT THAT THEY EXPECTED IT TO LAST FOUR YEARS. I HOPE IT LASTS A LOT LONGER THAN THAT BECAUSE I THINK THAT THAT WOULD BE

EXCESSIVE TO ISSUE THAT NUMBER OF SHARES OR OPTIONS OR PERFORMANCE SHARES OR EQUIVALENTS IN A FOUR YEAR PERIOD.

QUICK: SO IF THEY SIMPLY EXTENDED THE NUMBER OF YEARS THAT THEY WERE TO TAKE TO ISSUE THOSE, YOU'D BE OKAY WITH THE PLAN?

BUFFETT: SURE. IT REALLY JUST DEPENDS ON HOW MUCH YOU'RE ISSUING ALL OF THE TIME. HOW MUCH OF THE FUTURE UPSIDE YOU'RE GIVING AWAY EACH YEAR, AND RIGHT NOW SOMETHING BETWEEN 8% AND 9% OF THE UPSIDE ON THE STOCK IS COVERED BY OPTIONS ALREADY ISSUED. THAT'S OUT THERE, AND THEY HAVE BEEN ISSUING OPTIONS YEAR AFTER YEAR AFTER YEAR. I MEAN, SO, ANYBODY WHO HAS WORKED THERE FOR TEN YEARS HAS PROBABLY GOT TEN YEARS WORTH OF OPTIONS, IT'S NOT LIKE INCENTIVES ARE LACKING, BUT YOU CAN GIVE AWAY TOO MUCH OF A COMPANY.

QUICK: WILL YOU SELL ANY SHARES OF COCA-COLA? HAVE YOU SOLD ANY SHARES OF COCA-COLA?

BUFFETT: NO. NO. AND NO INTENTION WHATSOEVER OF SELLING SHARES. I LOVE THE COMPANY, AND I THINK THAT THE EXACT -- THE RIGHT CEO IS RUNNING IT, AND I THINK IT'S GOT A FINE FUTURE.

QUICK: YOU'VE SAID IN THE PAST THAT PEOPLE SHOULD BUY COMPANIES THAT COULD BE RUN BY A HAM SANDWICH, AND YOU'VE EVEN SAID COCA-COLA IS ONE OF THOSE COMPANIES THAT COULD BE RUN BY A HAM SANDWICH.

BUFFETT: I DON'T THINK I SAID THAT.

QUICK: I'M QUOTING IT FROM THE SNOWBALL, I THINK. IT WAS A QUOTE FROM THE SNOWBALL.

BUFFETT: WELL THEN, ALICE SCHROEDER SAID THAT. YEAH.

QUICK: OK SO ALICE SCHROEDER SAID THAT YOU'VE SAID THAT...

BUFFETT: IN FACT, I'M QUITE SURE I'VE NEVER SAID THAT. I THINK I KNOW WHO SAID IT, BUT I'M NOT GOING TO NAME HIM.

QUICK: I GUESS THAT GETS US BACK TO THE QUESTION. IS IT IMPORTANT TO HAVE A GREAT MANAGER RUNNING THE COMPANY?

BUFFETT: IT'S HUGELY IMPORTANT, HUGELY IMPORTANT. AND ACTUALLY THERE'S BEEN -- COCA-COLA FOR A WHILE AFTER ROBERTO WAS NOT RUN SO WELL. MUHTAR IS THE RIGHT PERSON TO BE RUNNING IT AND IT MAKES A BIG DIFFERENCE WHO IS RUNNING IT.

QUICK: LET ME ASK YOU ABOUT ANOTHER STOCK THAT YOU OWN, IBM.

BUFFETT: RIGHT.

QUICK: THAT COMPANY CAME OUT WITH A DISAPPOINTING EARNINGS REPORT. REVENUE WAS DOWN FOR ANOTHER

QUARTER AND THAT SURPRISED THE STREET. SOME PEOPLE HAVE SUGGESTED, AND THERE'S RUMORED FLOATING AROUND, THAT YOU HAVE SOURED ON THE STOCK, HAVE YOU?

BUFFETT: THAT'S NOT TRUE, NO. I'VE ACTUALLY BOUGHT A FEW SHARES THIS YEAR.

QUICK: YOU'VE BOUGHT STOCK IN IBM THIS YEAR.

BUFFETT: I'VE NEVER SOLD A SHARE.

QUICK: SINCE THE EARNINGS REPORT THAT CAME OUT.

BUFFETT: NO, NOT SINCE THE EARNINGS REPORT THIS YEAR. THE EARNINGS REPORT SHOULD NOT HAVE BEEN A SURPRISE. IT WAS ACTUALLY ROUGHLY WHAT THEY SAID IN THE EARNINGS CALL A QUARTER EARLIER. THE REVENUES WERE DOWN 2% I THINK ON A CONSTANT CURRENCY BASIS, AND I EXPECTED, THAT AND I DON'T THINK THEY SAID ANYTHING DIFFERENT. THEY SAID EARLIER THEY EXPECTED TO EARN ABOUT 250. THEY SIGNALLED THE CHARGE THEY WERE GOING TO MAKE AHEAD OF TIME FOR LAYOFFS ESSENTIALLY, SO I -- IT DID NOT STRIKE ME AS A BIG SURPRISE WHAT THEY REPORTED. NOW, MAYBE A SURPRISE A YEAR FROM NOW OR TWO YEARS FROM NOW, BUT I'VE NOT BEEN SURPRISED BY WHAT THEY REPORTED.

QUICK: WOULD YOU BUY ADDITIONAL SHARES OF IBM? YOU BOUGHT SOME EARLIER THIS YEAR, WOULD YOU CONTINUE TO BUY?

BUFFETT: DEPENDS ON THE PRICE.

QUICK: THE PRICE TODAY I THINK IS TRADING RIGHT AROUND 191.63 ON THE LAST TRADE. I THINK YOUR AVERAGE COST WAS SOMEWHERE CLOSER TO \$173. I LOOK BACK AND THE ANNUAL REPORT I THINK YOU'VE SEEN A GAIN OF ABOUT 12%. BOUGHT IT AT AROUND A COST OF \$11.86 BILLION, IT IS NOW WORTH CLOSER TO \$13.05 BILLION. SO WHAT IS THE RIGHT PRICE?

BUFFETT: THESE ARE JUST FIGURES YOU CARRY AROUND? WE COULD BUY IT, BUT, I MEAN, I DON'T ANNOUNCE ANYTHING THAT WE'RE GOING TO BUY OR SELL, BUT I -- I WOULDN'T RULE IT OUT. I PAID THAT MUCH FOR THE STOCK.

QUICK: OKAY. SO EARLIER THIS YEAR YOU ACTUALLY WERE BUYING SHARES OF THAT. CAN I ASK YOU ALSO ABOUT JUST ACTIVIST INVESTING IN GENERAL. FIRST OF ALL, DAVID WINTERS, WHAT DO YOU THINK OF DAVID WINTERS BECAUSE ONE PERSON THIS MORNING ACTUALLY CALLED HIM A GADFLY? IS HE EVELYN Y. DAVIS.

BUFFETT: HE'S NOT A GADFLY. I MEAN HE'S GOT TWO AND HALF MILLION -- I THINK HE'S OWNED THE STOCK FOR MANY YEARS. INCIDENTALLY, WE HEARD FROM OTHER SHAREHOLDERS AFTER HE MADE HIS LETTER PUBLIC, THAT OWNED LARGE BLOCKS OF STOCK THAT FELT THE SAME WAY AND I DON'T KNOW HOW THEY VOTED.

QUICK: COCA-COLA SHAREHOLDERS.

BUFFETT: COCA-COLA SHAREHOLDERS. AND, I MEAN, THAT'S AN ISSUE THAT COMES WITH TO THE SHAREHOLDERS TO VOTE ON AND YOU'RE EXPECTED TO CAST YOUR VOTE ON THE ISSUE. AND HE DISAGREED WITH IT. I DISAGREED. I DIDN'T VOTE AGAINST IT. I ABSTAINED, BUT IT'S A PERFECTLY PROPER THING. IF YOU'RE GOING TO GIVE AWAY A PART OF THE COMPANY. SHAREHOLDERS SHOULD PROBABLY VOTE ON IT.

QUICK: WE'VE SEEN ACTIVIST INVESTORS TAKE ALL OF KINDS OF NEW PAGES AND CREATE NEW PLAY BOOKS. BILL ACKMAN JUST TEAMING UP WITH VALEANT TO GO AFTER ALLERGAN. HE SAID HE'S ALREADY HEARD FROM ANOTHER PUBLIC COMPANY WHO HAS IDENTIFIED A TARGET THAT THEY WOULD LIKE HIM TO HELP OUT WITH, TOO. DOES ANY OF THIS STRIKE YOU AS STRANGE? DOES IT SEEM LIKE FAIR BEHAVIOR OR DOES IT SOUND LIKE FRONT RUNNING?

BUFFETT: I DON'T KNOW THE ARRANGEMENT THAT HE HAD WITH VALEANT.

QUICK: HE AND VALEANT GOT TOGETHER. IT WAS VALEANT'S IDEA. VALEANT PUT SOME MONEY INTO THIS DEAL WITH THEM. THEY AGREED TO GO AFTER IT TOGETHER AND THEN HE BOUGHT THE STAKE OF THE 9.7%, 9.6%.

BUFFETT: MY GUESS IS HE HAD LEGAL ADVICE ON IT.

QUICK: HE DID. ROBERT KHUZAMI TOLD HIM HE THOUGHT IT WAS FINE.

BUFFETT: YEAH AND I THINK IF VALEANT HAD BOUGHT IT ITSELF, I DON'T THINK THEY HAVE A PROBLEM.

QUICK: WELL EXCEPT FOR VALEANT CAN'T BUY THAT BIG OF A STAKE IN ANOTHER MAKER. I THINK THERE WERE LIMITATIONS TO HOW MUCH STOCK THAT THEY COULD BUY.

BUFFETT: I DON'T KNOW THE ANSWER TO THAT ONE.

QUICK: DOES IT STRIKE YOU THAT ACTIVIST INVESTORS ARE GETTING STRONGER AND STRONGER?

BUFFETT: WELL, THEY ARE. THE CEOs ARE TERRIFIED OF ACTIVISM. I CAN TELL YOU THAT. THEY ARE ALL TALKING TO INVESTMENT BANKERS AND LAWYERS AND SAYING WHAT DO WE DO ABOUT THIS?

QUICK: WHO IS IN THE RIGHT, OR IS IT TOUGH TO PAINT ALL ACTIVIST INVESTORS WITH ONE BRUSH?

BUFFETT: I DON'T THINK YOU CAN GENERALIZE ABOUT IT. I THINK THERE ARE COMPANIES WHERE MANAGEMENT HAS NOT DONE A GOOD JOB AND I'M NOT REFERRING TO ANYTHING SPECIFIC HERE, BUT, I MEAN, CERTAINLY IF PEOPLE WANT TO STEP UP AND BUY A LOT OF STOCK IN THE COMPANY, IT'S HARD TO ARGUE WITH THEIR RIGHT TO DO THAT.

QUICK: THERE HAVE BEEN MAJOR DOW COMPONENTS THAT HAVE BEEN MENTIONED AS POTENTIAL TAKEOVER TARGETS, EVEN IN IBM, SOME PEOPLE HAVE SUGGESTED. DO YOU THINK

THAT WOULD BE TO THE GOOD OF SHAREHOLDERS OR TO THE DETRIMENT?

BUFFETT: I THINK IT WOULD BE CASE BY CASE. BUT I'M NOT LOOKING FOR ANYBODY TO DO THAT IN IBM.

QUICK: OKAY. ALSO LIKE TO TALK TO YOU A LITTLE BIT ABOUT DAVID EINHORN. HE WAS JUST OUT TALKING ABOUT HOW HE SEES A POTENTIAL TECH BUBBLE BUILDING ONCE AGAIN. HE TALKED ABOUT THE COOL KID STOCKS AND I GUESS YOU CAN DEFER FROM THAT HE MEANS COMPANIES LIKE A FACEBOOK OR SOME OF THESE BIG INTERNET COMPANIES THAT HAVE SOARED VERY RAPIDLY. HE'S SHORTING A BASKET OF THESE STOCKS NOW BECAUSE HE THINKS IT LOOKS LIKE IT DID BACK BEFORE 2001. YOU WERE SOMEBODY WHO DIDN'T UNDERSTAND VALUATIONS AT THE TECHNOLOGY COMPANIES BACK THEN. DO YOU SEE SIMILAR CHARACTERISTICS TO THE TECHNOLOGY STOCKS TODAY?

BUFFETT: I DON'T THINK IT'S LIKE -- THE PERIOD PRIOR TO 2001, I DON'T. THERE'S A LOT OF COMPANIES WHOSE VALUATIONS I DON'T UNDERSTAND BUT THAT'S ALWAYS BEEN TRUE AND THEN YOU GET INTO A PERIOD LIKE RIGHT BEFORE 2001 WHERE YOU COULD ALMOST SELL ANYTHING AND CAPITALIZE EYEBALLS AND ALL OF THAT. I DON'T THINK IT'S REACHED THAT POINT AND I CERTAINLY DON'T THINK THE GENERAL MARKET LEVEL HAS GOT A BUBBLE UNDER IT.

QUICK: THAT'S AN INTERESTING POINT. WE'RE NOT FAR OFF OF ALL-TIME HIGHS, PROBABLY LESS THAN A PERCENT FOR BOTH THE DOW AND S&P 500. YOU DON'T FEEL LIKE THINGS ARE GETTING TOO FROTHY HERE?

BUFFETT: NO, NO, I THINK WE'RE IN A RANGE. IT'S A BIG ZONE. A BIG ZONE ALWAYS OF REASONABLENESS, BUT STOCKS OUGHT TO BE HIGHER EVERY TEN YEARS. I MEAN, THERE'S A CLAWBACK OF EARNINGS THAT GOES BACK YEAR AFTER YEAR. STOCKS WILL BECOME WORTH MORE DECADE AFTER DECADE. NOT IN ANY PRECISE MANNER OR ANYTHING OF THE SORT, BUT 10 YEARS, 20 YEARS 30 YEARS FROM NOW STOCKS WILL BE WORTH MORE THAN THEY ARE TODAY.

QUICK: YOU'VE GOTTEN CONCERNED ABOUT VALUATIONS IN THE PAST THOUGH. WHAT WOULD BE A WARNING SIGNAL TO YOU? WHAT WOULD BE SOMETHING THAT WOULD REALLY START TO MAKE YOU THINK TWICE ABOUT BUYING MORE STOCKS?

BUFFETT: IT WOULD BE VALUATION. I MEAN, IF THE NUMBERS GOT -- IF PRICES GOT TO NOSEBLEED LEVELS COMPARED TO EARNINGS FOR MANY STOCKS GENERALLY THEN I WOULD SAY, YOU KNOW, WE'RE IN ONE OF THOSE PERIODS WHERE STOCKS GOT AHEAD OF THEMSELVES, BUT STOCKS DO GET WORTH MORE OVER TIME BECAUSE COMPANIES RETAIN A LOT OF WHAT THEY EARN.

QUICK: IS THAT JUST PE RATIOS FOR FORWARD EARNINGS? IS THAT THE BEST WAY OF MEASURING IT?

BUFFETT: YEAH. IN THE END A STOCK TODAY IS WORTH ALL OF

THE CASH IT CAN DISTRIBUTE BETWEEN NOW AND JUDGMENT DAY, AND THE HIGHER THE PRICE GOES, IF THE -- IF THE AMOUNT THEY CAN DISTRIBUTE DOESN'T CHANGE, AT SOME POINT IT GETS AHEAD OF ITSELF.

QUICK: LET ME ASK YOU ABOUT THE ANNUAL MEETING COMING UP. IN YOUR ANNUAL LETTER TO SHAREHOLDERS YOU SAID YOU'D BE LOOKING FOR A BEAR WHO CAN SIT AND ASK QUESTIONS AT THE ANNUAL MEETING. I TAKE IT YOU DON'T HAVE A BEAR THAT'S GOING TO BE COMING THIS YEAR. I HEARD IT'S MORNINGSTAR, THE ANALYST THERE WHO WILL BE HANDLING IT. WHAT HAPPENED?

BUFFETT: WE GAVE UP A WEEK AGO FROM HEARING FROM ANY CREDENTIALLED BEAR THAT WAS SHORT THE STOCK SO ABOUT A WEEK AGO WE WERE GETTING CLOSE TO THE ANNUAL MEETING AND WE'VE GOT A SIXTH SEAT DOWN THERE IN FRONT IN TERMS OF QUESTIONERS, SO MORNINGSTAR HAD WRITTEN ME PREVIOUSLY SAYING THEY HOPED WHEN A VACANCY SHOWED UP, THAT THEY COULD HAVE THEIR ANALYST COME AND SO I WROTE THEM AND SAID COME THIS YEAR.

QUICK: THERE ARE NO BEARS ON BERKSHIRE, ARE WE TO UNDERSTAND THAT NO ONE APPLIED FOR THIS?

BUFFETT: SOMEWHERE THEY PROBABLY SHORT INTEREST AND I DON'T KNOW IF WE CAN TRACE ANY OF THOSE PEOPLE DOWN. WE DID NOT FIND ANYBODY WHO HAD A REAL BEAR INTEREST.

QUICK: ALL RIGHT.

BUFFETT: THEY ARE PROBABLY OUT THERE, BUT MAYBE THEY DIDN'T WANT TO SURFACE.

QUICK: ALL RIGHT. WARREN, I WANT TO THANK YOU VERY MUCH FOR YOUR TIME TODAY.

BUFFETT: THANK YOU.

QUICK: WE REALLY APPRECIATE IT.

BUFFETT: OKAY, THANK YOU.

QUICK: HOPE TO TALK TO YOU AGAIN SOON.

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