PLAINTIFF'S EXHIBIT 640

Omaha World-Herald www.omaha.com

Subscribe Home Delivery Help Sell Your Newspaper Subscribe

Wide range of health care options for you and your family

business

Looking for something to do tonight?

Published Sunday May 5, 2007

Author says work has been 'wonderful'

BY STEVE KNOBER
WORLD-HERALD STAFF WRITER

Alice Schroeder loves research, but she never figured her in-depth understanding of insurance would turn her into an author. An author with an almost-guaranteed best-seller for her first try at writing a book.

The key is the subject: Warren Buffett.

And this won't be just another Buffett book, one of dozens written about the legendary Omaha investor.

This will be The Book.

Instead of writing an autobiography, Buffett delegated the task to Schroeder. He, his friends and his family members, including longtime partner Charlie Munger, are cooperating fully with the project.

"I will be so sad when it ends, because it has been the most wonderful thing I've ever done in my life," said Schroeder, 50, of Greenwich, Conn.

"The material that was given me by Warren's friends, Charlie, and all his family is so amazing. Even if I were a terrible writer, with material this good it should still be an enjoyable book. It's just such a great story."

She began the job four years ago, and Berkshire shareholders will have to wait one more year. Bantam Dell Publishing Group is to launch the book at next year's annual shareholder meeting.

While Schroeder knew insurance and business, she had to learn the craft of writing - setting a scene, recording dialogue, capturing the story of Warren Buffett on paper.

"Warren deserves a story that is told in a way that will really bring to life his uniqueness and how much larger than life he really is," she said. "I tried to use his own words as much as possible. I want the reader to feel they've had a long conversation with him."

The writing also was challenging because the book, largely chronological, will have excerpts of Buffett's letters and other writings.

"He's a masterful writer," Schroeder said, with an engaging, conversational style. "Writing alongside Warren Buffett's quotes was an immense challenge. If the book succeeds, people shouldn't feel jarred when they go from his words to mine."

Describing scenes from Buffett's life has been tricky because "he doesn't have a visual memory," she said. "He can't tell you what things looked like. He just doesn't think that way. He remembers numbers."

Schroeder's relationship with Berkshire goes back to 1998, when she was an analyst with PaineWebber Inc. in New York and clients wanted to know about Berkshire's growing property-casualty insurance operation.

Berkshire had joined the insurance industry's big leagues by purchasing one of the world's largest reinsurance companies, General Reinsurance Group.

"I quickly concluded that Berkshire was a big insurance company with some simple businesses and could be teased apart that way," Schroeder said.

She saw Berkshire as "a two-sided coin" - insurance on one side and everything else on the other.

Her 54-page report on Berkshire, the first comprehensive look by a Wall Street analyst, caught Buffett's eye, and soon he was telling associates that Schroeder was the only insurance analyst he bothered reading.

"It was clear to me that she was a superior analyst, both in her knowledge of the insurance business and in her willingness to do the legwork to garner facts," Buffett wrote in the New York Times.

He gave Schroeder unusually close access to Berkshire's managers, including himself. In 1999 she estimated Berkshire's value between $91,000 and $97,000 a share, as much as 50 percent more than its $65,000 price at the time.

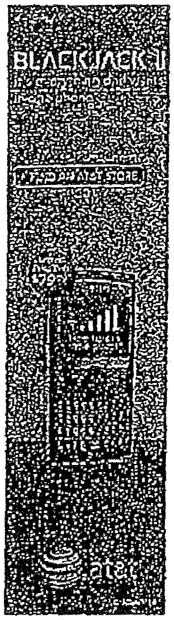
Although it would be 2004 before the stock price equaled Schroeder's estimate, Buffett valued her work so highly that in 2003 he recruited her for a task he had long hoped to do himself: write about his life.

Once Buffett decided he wouldn't write an autobiography, the floodgates of information opened.

Friends and family members told stories they had been saving for Warren's book. Berkshire

Make the most of your Sell your stuff

Δ π EXHIBIT 1
Deponent Schroeder
Date 7/9/08 Rptr. am
WWW.DEPOBOOK.COM



opened its files, including Buffett's decades of correspondence. For a year and a half, Schroeder spent two weeks each month in Omaha, mostly staying at the Doubletree Hotel, often dining with Buffett at his favorite restaurants.

"I ate steak after steak after steak," she said. She finally begged for something else, and Buffett said he had been testing her to see how much steak she could stand.

He spent hours talking about his life, both personal and business, and Schroeder spent hours watching him in action. She interviewed "a couple hundred" people about Buffett and Berkshire, including his late wife, Susan, and other family members.

Buffett put himself in a "vulnerable position" by his open discussions, she said. "He hasn't held back. He's been quite open, and he's trusted me to figure out how to tell the story."

She said she enjoyed the research immensely. "I could have made a lifetime out of studying all this stuff. He finally said, 'Go write the book.'"

News that the book was in the works brought wide attention, and more than a dozen publishers took part in a 2005 auction that reportedly brought a $7 million advance for the North American rights.

A book by former Federal Reserve Chairman Alan Greenspan brought an $8.5 million advance, but that included world book and movie rights, both of which are still unsold in Schroeder's case.

To edit the book, Bantam Dell, a division of Random House, assigned Ann Harris, a top editor whose experience includes editing works by Nobel Prize-winning physicist Stephen Hawking.

Harris said Bantam hasn't made specific plans yet for the book, which is scheduled to be published in a year.

"We've got a wonderful topic. We've got a terrific writer," Harris said. "We're very high on it. We know it's going to be a great book."

The book, tentatively titled "The Snowball: How Warren Buffett Collected Friends, Wisdom and Wealth," is not an "as-told-to" book. That's when a professional writer creates the "autobiography" of a person who is not a writer but who keeps control over the book.

"It's my book," Schroeder said. Buffett doesn't have editorial control of the book but will read it for accuracy before it is published. "He's broadly tolerant of other people having different opinions from his. He hasn't tried to micromanage me."

Schroeder said she hopes to send a first draft to her editor by June and has shown parts of it already, receiving general comments in return.

"It's not anything like any of the other (Buffett) books. It doesn't read like a biography or a self-help. It reads like a story," she said.

She has shown parts to a close friend in Texas, a housewife who is typical of what she hopes will be her audience. She loved it and wants to read more, Schroeder said.

"It's not a business book. It's a book about the business of life. There's a lot of business lore and histories in it, but it's not a book that is only of interest to people in business. It's a book that everyone would walk away with a lot of general wisdom.

"It's also fun, because anything to do with Warren can't help but be fun. It's not at all a serious book."

She estimated the book will have about 2,000 footnotes, a way to include details while moving the story ahead.

Schroeder has been a regular for the past decade at the Berkshire annual meetings and is attending again this year. She hopes to be "inconspicuous," at least until next year if she ends up signing copies of the book.

All through the writing process, she said, she has been "bombarded" by e-mails, most asking how the book is going. There are too many to answer and still meet her schedule, so she is planning a Web site that would give periodic updates.

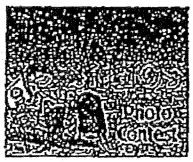
There's talk of a movie based on the book, which contains new material and new insights into Buffett's life and philosophy. Schroeder declined to comment on that possibility.

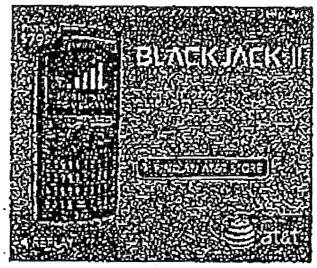
As for her own future, Schroeder isn't sure. She remains an advisory director of Morgan Stanley, although her company duties for the moment are "pretty light."

"I think a lot of it depends on how the book itself is received. I'm so focused on getting it done, I don't know about life after the book."

Contact the Omaha World-Herald newsroom

Copyright ©2008 Omaha World-Herald©. All righ is reserved. This material may not be published, broadcast, rewritten, displayed or redistributed for any purpose without permission from the Omaha World-Herald.





©2008 Omaha World-Herald. All rights reserved. Copyright | Terms of Use | Privacy Policy | Site Map

RSS Feeds | Write a Letter to the Editor | Submit a Calendar Event | Order Photos or Reprints

Questions? Comments? Suggestions? webmaster@omaha.com

This site best viewed at 1024x768 in Mozilla Firefox™. Firefox.