

The Evolution of Warren Buffett's Career from 1936 to 2013

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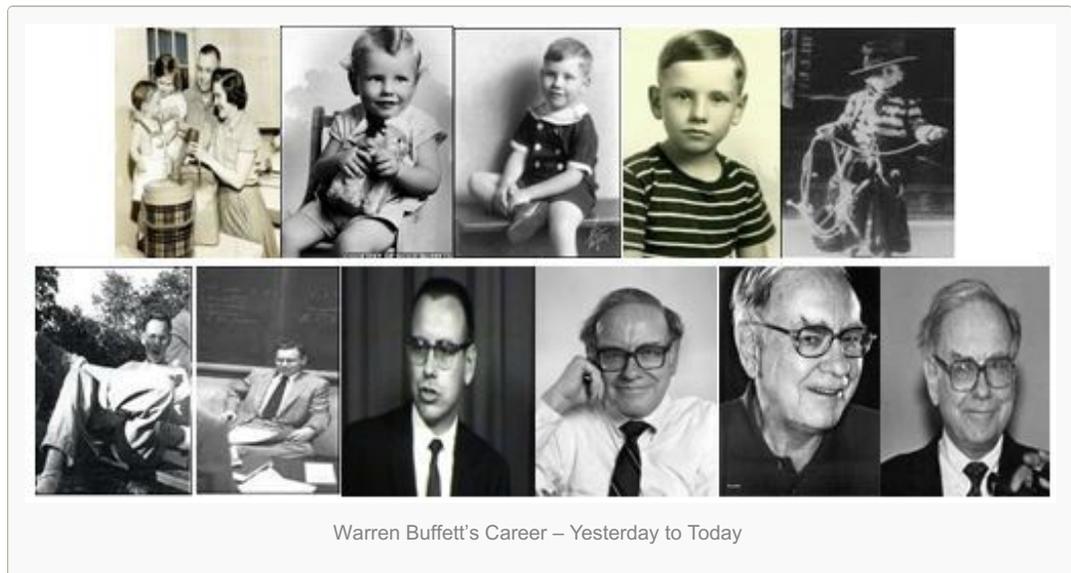
This is a guest post by Balaji.G, author of [Investing007](#).

I have always been curious to know about all the investments Warren Buffett made in his career.

Here's my attempt to provide a timeline of how Buffett evolved into what he is today.

1936 – Age 6

Buffett started selling Juicy Fruit chewing gum packs. When asked for 1 piece, he would not sell as he thought he may be left with 4 pieces he could not sell. He made 2 cents profit per pack.



Buffett would also purchase Coca-Cola six packs for 25 cents from his grandfather's grocery store – Buffett and Son. He would sell each Coke for 5 cents. Profit of 5 cents per pack.

1941 – Age 11

At 11 years old, Buffett buys his first stock – 6 shares of Cities Service (now known as CITGO – an Oil company) at \$38 per share. He bought 3 for himself and 3 for his sister Doris.

That is all the money he had at that time. Practiced little to no diversification at a young age which he continued to do throughout his investment career. The stock price fell to \$27 but soon went to \$40. He sold the stock at \$40, but, the stock shot up to \$202 in the next few years.

He later cited this experience as an early lesson in patience in investing.

1943 – Age 13

Buffett files his first tax return and deducts his bike as a work expense for \$35.

1945 – Age 15

Buffett makes \$175 a month selling Washington Post newspapers and saves \$1200 to buy a 40 acre farmland in Omaha, Nebraska.

1947 – Age 17

Buffett joins his friend Donald Danly to start a company called Wilson Coin Operated Machines. The business buys a pinball machine at a cost of \$25 and places it in a nearby barber shop. Wilson Coin makes \$50 per week for Buffett and Donald.

Buffett does tax returns for himself and Wilson Coin. In next few months they own 3 machines and a year later sells it for \$1200.

1949 to 1954 – Age 19 to 24

Buffett's savings reaches \$9800.

He joins Columbia University and learns from Benjamin Graham. He was willing to work for Benjamin Graham, even for free, but was not offered a job.

Buffett returned to Omaha, purchased a Texaco station, but did not go well. He was also working as an investment salesman for Buffett-Falk & Company, at his father's brokerage firm.

In 1954, Benjamin Graham called him again and offered him a job for \$12,000 a year. During this period, Buffett was able to also work closely with Walter Schloss.

1956 – Age 26

Graham decides to retire and fold his business. Buffett's savings have grown from \$9,800 to \$140,000.

Buffett returned to Omaha and on May 1, created Buffett Associates Ltd. Seven family members and friends invest a total of \$105k. Buffett invested only \$100k.

1957 – Age 27

Buffett created more partnerships and was managing a total of 5 partnerships, all from his home.

1958 – Age 28

After 3 years, Buffett doubled the partner's money.

1959 – Age 29

Buffett was introduced to Charlie Munger by his friend Edwin Davis at a dinner. Charlie Munger later becomes the Vice Chairman of Berkshire Hathaway.

1961 – Age 31

Buffett is running seven partnerships by 1961; Buffett Associates, Buffett Fund, Dacee, Emdee, Glenoff, Mo-Buff, and Underwood.

The partnerships are worth a few million and Buffett made his first million dollar investment in Dempster – a windmill manufacturing company.

Sanborn Map Company accounted for 35% of the partnerships' assets. He explained to the partners that in 1958 Sanborn was selling at \$45 per share when the value of its investment portfolio itself was at \$65 per share which meant that it was undervalued by \$20 per share with a map business coming in for nothing.

Buffett reveals that he earned a spot on the board of Sanborn.



Buffett and Munger Best Friends Forever

1962 – Age 32

Buffett goes to New York to meet his old acquaintances to include more partners and raise capital. He collects a few hundreds of thousand dollars. Buffett partnerships is worth \$7.2 million. Buffett then merges all partnerships into one and rename it as Buffett Partnerships Ltd.

Munger introduces Buffett to Harry Bottle, CEO of Dempster, who cut costs, laid off workers, and turned around Dempster to generate cash. At this time, Buffett notices Berkshire Hathaway selling for \$8 a share and starts buying aggressively.

1963 – Age 33

Buffett sells Dempster for a \$2.3 million gain, 3x times the invested amount.

Buffett aggressively purchases Berkshire paying \$14.86 per share while the company had working capital of \$19 per share. This did not include the value of fixed assets. Buffett partnership becomes a single largest shareholder of Berkshire Hathaway.

1964 – Age 34

American Express is victim to the [salad oil scandal](#) and shares fall to \$35. Buffett saw the value and bought 5% of the company.

1965 – Age 35

Buffett invests \$4 million in Walt Disney after a meeting with Walt Disney himself which is almost 5% of the company. Buffett takes full control of Berkshire Hathaway and names Ken Chase to be the CEO.

1966 – Age 36

Buffett closes the partnership to new money. Buffett writes in his letter that “unless it appears that circumstances have changed (under some conditions added capital would improve results) or unless new partners can bring some asset to the partnership other than simply capital, I intend to admit no additional partners to BPL.”

Buffett invests in Hochschild, Kohn which was a department store in Baltimore.

Buffett’s personal investment in the partnership is now approximately \$6.8 million.

1967 – Age 37

Buffett Partnership now owns 59.5% of Berkshire Hathaway. Berkshire Hathaway pays a 10 cent dividend. This is the first and only dividend it has paid ever.

The Partnership is worth \$65 million. Buffett’s personal investment is \$10 million. Buffett tells his partners that in the current raging bull market he is unable to find good investments.

He also briefly considered leaving investing to pursue other interests.

American Express hits \$180, making a \$20 million profit on \$13 million investment.

Berkshire Hathaway acquires National Indemnity Insurance for \$8.6 million.

Berkshire acquires National Fire and Marine Insurance Company.

1968 – Age 38

Partnership is worth \$104 million.

1969 – Age 39

Berkshire acquires Sun Newspapers (Publishing), Rockford Bank (Banking), Illinois National Bank (Banking) and Blacker Printing Company (Publishing).

Buffett decides to close the partnership and liquidate the assets to the partners.

From 1957-1969 Buffett Partnership returns were 29.5%.

Warren has three recommendations to partners.

1. Consider joining Bill Ruane’s Sequoia Fund
2. Take the cash
3. Take shares in Berkshire Hathaway that Warren now controls

Warren’s personal stake is now worth \$25 million.

1970 – Age 40

The Buffett Partnership is completely dissolved and divested of its assets.

1972 – Age 42

Through Blue Chips Stamp Company, Berkshire buys See's Candies (Chocolates) and Wesco Financial Corp (Financial Services).

1973 – Age 43

Berkshire starts buying stocks in the Washington Post company (Publishing). Buffett becomes close friends with Katharine Graham who controlled the company and its flagship newspaper and becomes a member of the board of directors.

1974 – Age 44

Due to falling stock prices, the value of Berkshire Hathaway portfolio begins to fall. Warren's personal network falls by more than 50%.

1975 – Age 45

Buffett merges Berkshire and Diversified – the firm controlled by Munger.

Munger gets 2% stock of Berkshire and becomes its vice chairman.

1976 – Age 46

Berkshire invests \$4 million in GEICO (Insurance) when its stock price was just above \$2.

Buffett continually invests in GEICO until 1996, when Berkshire acquires the company.

Berkshire's subsidiary, National Fire and Marine Insurance Company, acquires Central Fire & Casualty Company, and Cypress Insurance Company.

1977 – Age 47

Berkshire invests in the Buffalo Evening News (Publishing) for \$32.5 million. He also invests in Interpublic

Buffett Partnership Yearly Performance			
Year	Dow Jones	Partnership	Ltd Partners
1957	-8.4%	10.4%	9.3%
1958	38.5%	40.9%	32.2%
1959	20.0%	25.9%	20.9%
1960	-6.2%	22.8%	18.6%
1961	22.4%	45.9%	35.9%
1962	-7.6%	13.9%	11.9%
1963	20.6%	38.7%	30.5%
1964	18.7%	27.8%	22.3%
1965	14.2%	47.2%	36.9%
1966	-15.6%	20.4%	16.8%
1967	19.0%	35.9%	28.4%
1968	7.7%	58.8%	45.6%

Cumulative or Compounded Basis			
Year	Dow Jones	Partnership	Ltd Partners
1957	-8.4%	10.4%	9.3%
1957-58	26.9%	55.6%	44.5%
1957-59	52.3%	95.9%	74.7%
1957-60	42.9%	140.6%	107.2%
1957-61	74.9%	251.0%	181.6%
1957-62	61.6%	299.0%	215.1%
1957-63	94.9%	454.5%	311.2%
1957-64	131.3%	608.7%	402.9%
1957-65	164.1%	943.2%	588.5%
1957-66	122.9%	1156.0%	704.2%
1957-67	165.3%	1606.9%	932.6%
1957-68	185.7%	2610.6%	1403.5%
<i>Compound Rate</i>	9.1%	31.6%	25.3%

Buffett Partnership Performance

(Advertising) and Ogilvy & Mather (Advertising), Kaiser Industries (Metals and Mining), and Knight-Rider (Publishing).

1978 – Age 48

Berkshire invests in SAFECO (Insurance), ABC Broadcasting (TV Network).

1979 – Age 49

Berkshire is trading at \$290 per share.

Warren's personal net worth is now approximately \$100 million and receives a \$50k annual salary.

Berkshire starts to buy shares in General Foods (Foods), Handy & Harman (Metals and Mining), Affiliated Publications (Publishing), Media General (Publishing), FW Woolworth (Retail), Amerada Hess (Oil), Precision Steel Warehouse (Materials and Construction).

1980 – Age 50

Berkshire buys stock in RJ Reynolds (Tobacco), ALCOA (Metals and Mining), Pinkerton (Professional Services), Cleveland-Cliffs Iron (Metals and Mining), National Detroit (Banking), Times Mirror (Publishing), National Student Marketing (Financial Services).

1981 – Age 51

Berkshire buys Arcata (Forest products/Paper), and GATX (machinery).

1982 – Age 52

Buffalo Evening News is the only local newspaper of Buffalo and its name is changed to Buffalo News.

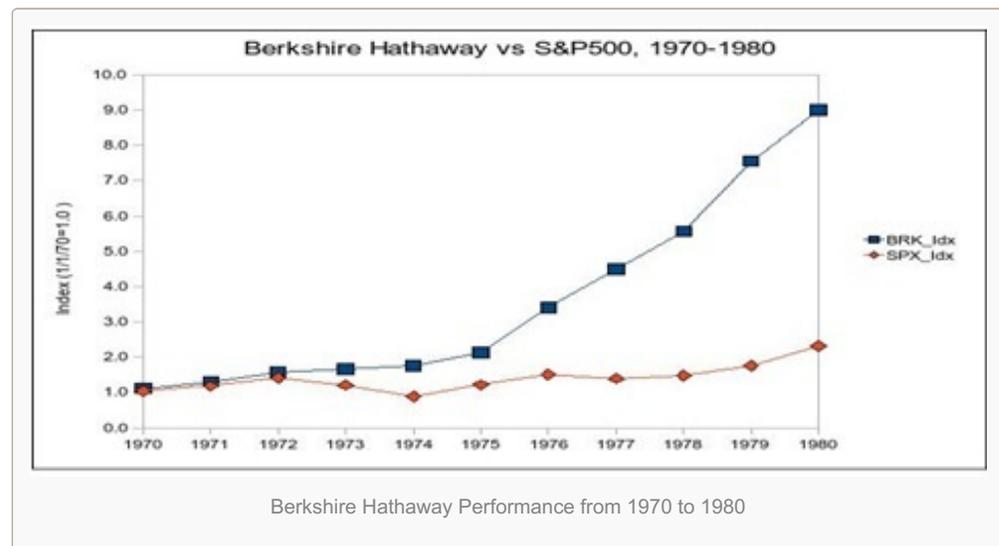
The newspaper earns \$19 million in its first year without competition. By the late eighties, the Buffalo News is earning \$40 million a year.

Berkshire invests in Time (Publishing), Crum & Forster (Insurance).

1983 – Age 53

Berkshire merges with Blue Chip Stamps which was a majority owned subsidiary of Berkshire.

Berkshire Hathaway purchases Nebraska Furniture Mart (Furniture) for \$60 million.



Berkshire portfolio is worth \$1.3 billion.

Begins with a stock price of \$775 and ends the year at \$1310.

Warren's personal net worth has ballooned to \$620 million and he makes the Forbes millionaire list for the first time.

1984 – Age 54

Berkshire buys \$139 million of Washington Public Power Supply System Bonds, invests in Exxon (Oil) and Northwest Industries (Diversified).

1985 – Age 55

Buffett shuts down Berkshire Hathaway's textile business.

He helps merge ABC TV Network and Capital Cities (Communications). Buffett is forced to leave the board of Washington Post, as the legislation prohibited him from sitting on the boards of both Capital Cities and Washington Post.

Berkshire purchases Scott and Fetzer who boast products like Kirby vacuums and World Book Encyclopedia. Also buys Fecheimer Brothers (Uniform company) and Beatrice (Food).

1986 – Age 56

Berkshire acquires Fecheimer Brothers Company and invested in Lear Seagler (Aerospace)

Berkshire's stock price soars above the \$3,000 mark.

1987 – Age 57

The stock market crashes in October and Berkshire loses 25% of its value.

The stock prices goes from \$4,200 to \$3,100 and Buffett's wealth falls by \$320 million.

Berkshire buys 12% of Salomon Brothers (Investment Bank).

1988 – Age 58

Buffett starts buying Coca-Cola (Beverages) and eventually gains a 7% stake in the company for \$1.2 billion.

Berkshire buys Freddie Mac (Financial Services).

1989 – Age 59

Berkshire acquires Borsheim's (Jewelry) from the Friedman Family. Berkshire's stock price rises from \$4,800 to \$8,000 per share.

Berkshire buys Gillette (Toiletries) and Buffett's personal fortune rises to \$3.8 billion.

1990 – Age 60

Berkshire buys 10% of Wells Fargo (Banking).

1991 – Age 61

Berkshire acquires H. H. Brown (Footwear) and starts buying M&T Bank (Banking).

Buffett serves as the CEO of Solomon Brothers following the firm's treasury bond trading scandal. Berkshire invests in Guinness (Beverages).

1992 – Age 62

Berkshire acquires Central States Indemnity Company (Insurance) of Omaha and Buffett continues to serve as interim Chairman at Solomon Brothers.

Berkshire becomes the largest shareholder of General Dynamics (Aerospace).

Berkshire's stock shoots past the \$10,000 mark.

1993 – Age 63

Berkshire acquires Dexter (Footwear) which turns out to be a bad investment.

1994 – Age 64

The Warren Buffett Way by Robert G. Hagstrom Jr. is published and becomes a bestseller.

Berkshire invests in McDonald's (Restaurants), Gannett (Publishing) and PNC Bank (Banking).

1995 – Age 65

Berkshire acquires Helzberg's Diamond Shops (Jewelry) and R. C. Willey (Home Furnishings).

Berkshire Hathaway's annual meeting is so well attended that it is held in Omaha's Holiday Convention Center for the first time. Berkshire stock crosses \$25,000 per share.

1996 – Age 66

Berkshire acquires the remaining stake in GEICO to become 100% owned subsidiary.

Berkshire acquires Flight Safety International (provider of professional aviation training).

Wesco Financial, a subsidiary of Berkshire, acquires Kansas Bankers Surety Co (Insurance).

1997 – Age 67

Berkshire acquires Star Furniture (Furniture) and International Dairy Queen (Fast Food restaurants), and also invests in Travelers (Insurance).

Buffett invested 2% of his investment portfolio in silver.

Buffett makes a huge investment in US Airways (Airlines) which turns out to be a bad investment decision.

1998 – Age 68

Berkshire acquires General Re (Re-insurance) and Executive Jet, later renamed to NetJets (Private Aviation).

1999 – Age 69

Berkshire acquires Jordan's Furniture Company, a Massachusetts based furniture powerhouse. Also buys parts of MidAmerican Energy Holdings Company, a utility company.

2000 – Age 70



Buffett is still going strong.

Berkshire acquires a long list of companies.

- Ben Bridge (Jewelry)
- CORT, the leading national provider of rental furniture, accessories and related services in the growing "rent-to-rent" furniture rental industry.
- Justin Industries including Acme Building Brands.
- Shaw Industries, the world's largest manufacturer of tufted broadloom carpets.
- Benjamin Moore, a leading manufacturer and retailer of premium paints, stains and industrial coatings that was founded in 1883.

Buffett is named the top money manager of the 20th century in a survey by the Carson Group, ahead of Peter Lynch and John Templeton.

2001 – Age 71

The acquisitions and purchases continue to increase.

Berkshire acquires Johns Manville Corp (building products), MiTek, a provider of steel connector products, design engineering software and ancillary services for the global building components market.

Berkshire goes on to acquire XTRA Corporation (transport containers), H&R Block (Financial Services) and Moody's Corporation (Financial Services).

Insurance claims from the 9/11 terrorist attack total \$2.28 billion.

Buffett apologizes to his shareholders for failing to foresee the risk and properly price insurance coverage.

2002 – Age 72

Berkshire acquire Larson-Juhl, a custom picture frame maker, Fruit of the Loom (textile), Albecca (picture framing), Garan (apparel), CTB (farming equipment) and The Pampered Chef (kitchenware).

Berkshire and other investment groups buy \$500 million in bonds issued by Level 3 Communications, the former Omaha fiber network company.

Buffett enters a deal where \$11 billion worth of forward contracts is delivered in US dollars against other currencies. By April 2006, his total gain on these contracts is over \$2 billion.

2003 – Age 73

Berkshire acquires McLane (wholesale distributor), Clayton Homes (housing) and Burlington Industries, one of the world's most diversified marketers and manufacturers of soft goods for apparel and interior furnishings.

2004 – Age 74

Bill Gates is elected as a director for Berkshire Hathaway.

2005 – Age 75

Berkshire acquires Medical Protective Company (Medical malpractice carrier) and Forest River (leisure vehicles).

Despite insurance business losses of about \$2.5 billion caused by Hurricane Katrina, Berkshire records a gain of \$5.6 billion.

Berkshire's subsidiary, Shaw Industries, buys stock in Honeywell International. Berkshire joins the fun by buying Procter and Gamble (Consumer Goods) and Anheuser-Busch (Food and Beverage).

Berkshire stock crosses \$90,000 per share.

2006 – Age 76

Buffett announces in June that he will give away more than 80%, or about \$37 billion, of his \$44 billion

fortune to five foundations in annual gifts of stock, starting July 2006. The largest contribution will go to the Bill and Melinda Gates Foundation.

Berkshire stock crosses \$100,000 per share.

The list of acquisitions and stock purchases continue.

- Business Wire (media distributor)
- Russell Corporation (athletic apparel)
- 80% of the Iscar Metalworking Companies (IMC) in a transaction that valued IMC at US\$5 billion.
- Applied Underwriters (insurance)
- TTI Inc (electronic components distributor)
- Southern Energy Homes (utility)
- Brooke Sports (athletic apparel)

2007 – Age 77

In a letter to shareholders, Buffett announces that he is looking for a young successor or perhaps successors to run Berkshire.

Buffett had previously selected Lou Simpson, who manages the investment via GEICO, to fill that role. However, Simpson is only six years younger than Buffett.

The companies bought that year include

- Boat America Corporation, which owns Seaworthy Insurance Company and controls the Boat Owners Association of the United States.
- Leading jewelry manufacturers Bel-Oro International and Aurafin LLC, which merges into Richline Group.
- 60% of Marmon Holdings (holding company that owns companies producing electrical components).
- SE Homes (home construction)
- BoatUS (Boat America Corporation is the main supplier of towing, insurance and other services to the nonprofit boater's association)

2008 – Age 78

Berkshire buys out Marmon Holdings and Coachmen Industries becomes a part of Forest River (leisure vehicles).

Berkshire buys \$4.4b in bonds from Mars Inc (food and beverage). Makes \$680m in profit off the investment.

2009 – Age 79

Berkshire's subsidiary, Shaw Industries, acquires Sportex (a leading synthetic turf company).

Berkshire acquires Cavalier Homes (home building company).

A \$5 billion “paper” loss on investments and derivatives triggers a first-quarter loss for Berkshire. It is the biggest loss since the 9/11 terrorist attack. But earnings rebound later in the year.

2010 – Age 80

Berkshire buys out railroad company Burlington Northern for \$44 billion. As a result of the acquisition, Berkshire enters the S&P 500, replacing Burlington Northern Santa Fe.

Berkshire subsidiary, McLane Company, acquires Kahn Ventures.

Berkshire invests in Munich Re (Insurance).

2011 – Age 81

Berkshire acquires Lubrizol (Speciality Chemicals).

2012 – Age 82

Berkshire acquires Omaha World-Herald (Publishing) and invests in IBM (Technology).

2013 – Age 83

Berkshire acquires a 50% stake in H. J. Heinz Company (Food and Beverage).

2014 and Beyond

As Berkshire continues to accumulate more cash, it's capital spending will increase and you will no doubt see big deals occur going forward.



Buffett has one of the most illustrious investing careers the world has ever seen.

The story is not over yet.