Mr. Warren E. Buffett
Chairman and CEO
Berkshire Hathaway, Inc.
1440 Kiewit Plaza
Omaha, NE 68131

ORIGINAL LETTER SENT BY CERTIFIED MAIL IN 2008 TO 20 FIRMS

November 24, 2008

Dear Mr. Buffett:

I observed with great interest the bet you made with Protégé Partners LLC, the expensive fund of hedge funds, which was highlighted on longbets.com. Like you, I share the concern of how investors are being misled by expensive product vendors who sell hopes of outperforming the markets while completely ignoring the risk of underperforming, which can easily be avoided by indexing.

Your wager, however, is inconsistent with your own practices. First, you bet on a large cap stock index fund, not your own Berkshire Hathaway portfolio that, like the hedge fund, introduces a risk of underperforming broad equity markets. Aside from that, your betting entry focuses only on large cap stocks and thus is not fully diversified. Like the Berkshire Hathaway portfolio, the hedge fund exposes investors to significant non-systematic risk, a risk that is avoidable in indexing. Finally, the nature of your bet does not represent how real, garden-variety investors actually invest.

People do not accumulate their wealth in one fell swoop. Real investors build wealth over time. Case in point: Over the last month, Berkshire Hathaway lost 20% of its value versus the 10% decline of VTI (the Vanguard Total Market index ETF), as of this writing. If one has $50 billion in assets, the price to their wealth of your bet is $5 billion. If the risk of this bet occurred in your early days, say when Berkshire was a mere $1 billion, the *wealth* cost of your losing bet against the markets would have been only $100 million, a $4.9 billion difference in the wealth cost to the bet. The returns were the same. The wealth impact was massively different. (See the enclosed white paper.)

If you really want to make a bet that represents the cost of excessive fees and the casino mentality of hedge funds and active managers attempting to outperform the markets, I challenge you to make a wager with me.

What I propose is that we act as REAL investors do. Instead of depositing a single sum of money at the beginning of the ten-year betting period, we each deposit $10,000 a year, like most investors do as they attempt to accumulate wealth. You are free to bet on a large cap stock index fund if you wish, but I would encourage you to instead put your money where your heart is and invest in Berkshire Hathaway stock.

Perhaps you could do both.

We will do the same and invest in our more diversified indexed "Growth" portfolio we make available to 401(k) plans, which is comprised of large, mid, and small cap stocks along with a small portion in treasuries and foreign stocks.

All management fees and portfolio trading costs would be based on the maximum published fees for any investment manager that participates. (I would like to invite twenty other money managers and brokerage firms into the competition- see attached) so that we raise a total of at least two million dollars for charity over the ten years of the bet. But, unlike your current bet featured on longbets.com, ***results will be measured in dollars of wealth, not investment returns*** because of the more realistic nature of the timing risk introduced by the annual contributions.

I respectfully request that you respond to me regarding your interest in participating in this $2 Million Investment Charity Challenge. If you really wish to teach investors the detrimental effect these exorbitant costs have on the products they're being sold, and the risks of underperforming that indexing allows them to avoid, then throwing your hat in the ring against an array of money managers will be more effective at highlighting the lesson you want them to learn.

Sincerely,

David B. Loeper, CIMA®, CIMC®
Chairman/CEO
Financeware, Inc.

CC:

Warren Buffet- Berkshire Hathaway	Bob Doll- Blackrock
T. Boone Pickens	Henry Kravis of Kohlberg, Kravis and Roberts
Ken Fisher- Fisher Investments	American Funds
Dimensional Fund Advisors (DFA)	Jim Cramer- CNBC
Suze Orman	Dave Ramsey
Merrill Lynch	Smith Barney
UBS	Wachovia Securities
Morgan Stanley	Goldman Sachs
JP Morgan	T. Rowe Price
John Bogle- Vanguard	Fidelity Investments