Buffett adds investment exec as part of succession

JOSH FUNK - AP Business Writer - Associated Press

Berkshire Hathaway has hired a second hedge fund manager to help run the company's investment portfolio and prepare for what it described as the eventual retirement of 81-year-old billionaire Warren Buffett.

Berkshire said Monday that Ted Weschler will join the Omaha-based company early next year. The 50-year-old has announced to the partners of his hedge fund, Peninsula Capital Advisors, that he will begin winding up the fund so he can join Berkshire.

The announcement helps clarify the investment part of Berkshire's succession plan, but because the company plans to split Buffett's job into separate CEO, chairman and investment manager jobs, it's still not clear who will lead Berkshire after Buffett is gone.

Weschler founded Peninsula Capital in 1999, and is a managing partner of the firm, based in Charlottesville, Va. The hedge fund makes investments in publicly traded companies. Peninsula Capital held a concentrated portfolio of nine stocks as of June 30 that was worth nearly $2 billion, according to documents filed with the Securities and Exchange Commission.

Berkshire has said that the board has a list of four internal candidates to replace Buffett as chief executive, but Buffett has always refused to name them.

Berkshire said Buffett will continue to manage most of the company's investments "until his retirement."

Stifel Nicolaus analyst Meyer Shields said he believes the use of the word retirement may be significant because previously Buffett had suggested he would continue working until he either became incapacitated or died.

"The word retirement seems sort of jarring to us," Shields said.

Buffett did not immediately respond to a request for an interview Monday.

Weschler's hiring comes after Berkshire last fall named Todd Combs to help run a portfolio of roughly $1 billion to $3 billion of investments. Weschler also will run a segment, but Monday's release didn't specify the size of the portfolio he will run.

Monday's announcement said that Combs and Weschler will eventually share responsibility for Berkshire's entire equity and debt portfolio, after Buffett no longer serves as CEO. The announcement said that they could be aided by one additional

manager, and their management of the entire portfolio would be subject to the direction of the CEO at that time, as well as the company's board.

"With Todd and Ted on board, Berkshire is well-positioned for successor investment management at the time Mr. Buffett is no longer CEO," the company said.

Weschler did not immediately respond to a message left at his office Monday morning.

Shields said he doesn't know much about Weschler, but he appears to have a solid investment record.

Weschler may have bought his job interview with Buffett through an annual auction that benefits the Glide Foundation in San Francisco. Fortune magazine reports that Weschler paid nearly $5.3 million to win the last two auctions for private lunches with Buffett and asked that the Glide Foundation keep his identity anonymous.

In addition to helping run Peninsula Capital, Weschler is a director of WSFS Financial Corp. Peninsula held 1.5 million shares of WSFS as of June 30.

In 1989, Weschler was a founding partner of Quad-C, a private equity firm. Before that, he spent six years with W.R. Grace & Co. in several positions. Peninsula held nearly 10.8 million shares of W.R. Grace.

He received his bachelor's degree in economics from The Wharton School of the University of Pennsylvania.

Before joining Berkshire Hathaway, Combs managed the Castle Point Capital hedge fund for five years.

Class B shares of Berkshire Hathaway stock rose 41 cents in late morning trading to $68.18.

Besides investments, Berkshire owns roughly 80 subsidiaries, including clothing, furniture and jewelry firms, but its insurance and utility businesses typically account for more than half of the company's net income. It has major investments in such companies as Coca-Cola Co. and Wells Fargo & Co.

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Business Writer Mark Jewell reported from Boston.

Online:

Berkshire Hathaway Inc.: www.berkshirehathaway.com

http://www.chem.info/news/2011/09/buffett-adds-investment-exec-part-succession