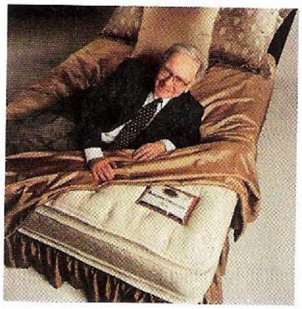
STAR POWER
Sophia Loren in her heyday. "She was it," says Buffett, who wants to be reborn as her boyfriend

SLEEPING WELL
Buffett at the Nebraska Furniture Mart, a family-owned Omaha institution that he bought, posing with the Warren, his namesake bed



A SWEET DEAL
Berkshire Hathaway bought Dairy Queen in 1998. Buffett is frequently seen munching Dilly Bars

LIQUID ASSETS
Buffett claims to consume 60 oz. of Coke a day (and owns 8.6% of the company)

A JET SETTER
Buffett named his first jet the *Indefensible*. He says he spends over $1 million a year in expenses related to private air travel

RESTAURANT
Like many things Buffett loves, this Omaha restaurant is family-owned. He prefers the veal and chicken parmigiana

in the U.S. "I am 100% sure that people in this country will be doing more business 10 years from now than they are today."

It's easier to have a bullish view on America from Omaha, where unemployment is only 4%, family-owned businesses abound, and the economy in general was never as bifurcated as in many coastal or Rust Belt areas. But Buffett insists his optimism isn't emotional but quantitative: he focuses not on media headlines about America's inevitable decline or cheerleading about innovation and education but on the underlying data. Basic demographics favor the U.S. over nearly every other rich country in the world. And with corporate America so lean and inventories so low, the growth engine, in his view, has to kick in soon.

The numbers over the past few months have been good: jobless claims are ticking down, and consumer confidence is up. That's great news for Berkshire, since Buffett's portfolio is made up almost exclusively of large U.S. companies and American blue-chip multinationals. Even in the midst of the financial crisis and recession that followed, he remained a U.S. bull. Berkshire spent $15.6 billion in the 25 days after Lehman Brothers' September 2008 collapse, buying up many assets on the cheap. Although Berkshire lost 9.6% of its net worth in 2008, Buffett did better than most everyone else and came across as a stabilizing influence during the financial crisis, speaking out on behalf of the government's management efforts. (He wrote a "Dear Uncle Sam" thank-you letter for the bailouts to the Obama Administration in the New York *Times*.) "You can see what happens when you have a Plan B, as you have had in Europe, where people have dithered and been unable to come together," he notes. "I think Paulson, Bernanke, Geithner, Sheila Bair, President Bush and Obama—they all behaved magnificently."

In 2009, when investors were pulling money out of the U.S. and pouring it into emerging markets, Buffett bought BNSF (Burlington Northern Santa Fe), the country's second largest railroad, for $33 billion. It was "the most important purchase Berkshire ever made," says Buffett. It was a bet on higher energy prices (which would favor coal-hauling railways over trucking firms) as well as on a general pickup in consumer demand. "Over time, the movement of goods in the United States will increase, and BNSF should get its full share of the gain," Buffett wrote in the 2010 Berkshire Hathaway annual report. "Buffett has bought himself an immensely stable business throwing off predictable returns for about half of what it's worth," says Whitney Tilson, a fund manager and cofounder of the Value Investing Congress, who follows Buffett and Berkshire Hathaway closely. "Railroads are never going to be usurped by China. In fact, Burlington will only benefit from more trade."

That underscores two crucial facts about much of Buffett's portfolio. First, it's built to be idiotproof—many of the businesses are very conservative plays, such as utilities or top-shelf blue chips that throw off reliable, inflation-beating dividends. As owner of one of the largest reinsurance businesses in the world, Buffett has studied his actuarial tables; while he thinks it's a fair bet that he'll be running the company in five years, he's preparing for the day when he's not. His successor will almost certainly be a trusted individual from within the company. Still, much of the goodwill capital of Berkshire lives in Buffett himself. Many of the best deals the company has done in recent years have come to him, rather than being sought out, because he confers such luster on any company he touches. Often he negotiates extremely preferential terms. For Buffett, buying a beleaguered institution like Bank of America is actually a relatively low-risk bet on the fact that U.S. financial institutions are emerging from the crisis stronger than their international peers, thanks to those generous government bailouts. It may take a while, even a decade, for banking to fully recover, but Buffett can afford to wait.

That reflects the second key point: many of Buffett's investments aren't bets on America so much as they are bets on the ability of American companies to continue exporting capitalism around the world. Companies like American Express, Coca-Cola, Kraft and Procter & Gamble are giant global franchises that get an increasing amount of their growth from emerging markets while still paying out a reliable dividend. They are in many ways safer than U.S. Treasury bills, which Buffett continues to hold as part of his cash-on-hand mantra, but begrudgingly. He would always, as he recently noted, rather buy "productive assets."

IBM, the global tech giant that Buffett bought into last year, is part of that strategy. The buy confused some industry observers, since Buffett has always shied away from tech stocks. But IBM is no longer primarily a tech company; it's a service company—one that makes a lot of its money doing the safe and steady work of helping governments and large businesses around the world automate themselves.

In a speech delivered at the famous Allen & Co. Sun Valley Conference in 1999, at the height of the Internet bubble, Buffett succinctly explained the virtues of being a Luddite: "[The automobile was] the most important invention, probably, of the first half of the 20th century. It had an enormous impact on people's lives. If you had seen at the time of the first cars how this country would develop in connection with autos, you would have said, 'This is the place I must be.' But of the 2,000 companies, as of a few years ago, only three car companies survived. So autos had an enormous impact on America but the opposite direction on investors."