

## Buffett Visit With Students Began \$1.7 Bln Takeover

Knoxville, Tennessee, April 3 (Bloomberg) -- When University of Tennessee finance club members make their annual visit to billionaire investor Warren Buffett in Omaha, they usually bring a school souvenir. This year, they brought him an acquisition.

On Feb. 3, as the group of about 40 Buffett proteges was wrapping up its two-day trip, the students gave the 72-year-old Berkshire Hathaway Inc. chairman a signed copy of the 2002 autobiography of James Clayton, founder of Knoxville, Tennessee-based Clayton Homes Inc., the largest U.S. mobile home manufacturer. Two months later, Clayton's company accepted Buffett's takeover offer of \$1.7 billion in cash.

"I'm glad you gave me the book instead of a basketball or football," Buffett wrote yesterday in an e-mail to Al Auxier, the club's faculty adviser and a friend of Clayton's. "Tell your students they have firmly established their credentials as dealmakers."

Clayton Homes had the elements of a Buffett deal -- it was family run, dominant in its industry, and cheap because it was in a business that had been beaten down, with a 50 percent decline in U.S. manufactured home sales since 1998.

According to Auxier, Clayton -- a University of Tennessee alumnus -- asked him for an introduction to Buffett after a student who does odd jobs for Clayton showed him photos of the visit to the Cloud Room at Berkshire's Kiewit Plaza headquarters in Omaha.

Buffett answered students' questions, talked about his investing philosophy over Cherry Cokes, and recommended the autobiography of former Wal-Mart Stores Inc. Chairman Sam Walton, Auxier said. That's one of the reasons the professor, who had brought his club four times before, knew Buffett would like "First a Dream," Clayton's story of growing up during the Depression.

``This book -- I think it probably persuaded him that this was fine property," said Auxier. Buffett hasn't offered the students a finder's fee, Auxier said. ``We were just trying to help out friends. We never even asked."

--Helen Stock in the New York newsroom, or at (1) (212) 318-2315, or at [hstock@bloomberg.net](mailto:hstock@bloomberg.net), with reporting by Scott Schnipper and David Plumb. Editors: Urban, Bray, Dickson, Urban.

Story illustration: For a slide show of stock and financial information on Berkshire Hathaway, type {BRK/A US <Equity> CNP10320720109 <GO>}. To pause on a screen, press the space bar. To resume, press <GO>. To see the day's top news about financial companies, see {TOP FIN <GO>}.