

Buffett On Bridge

AS THE DUKE OF WELLINGTON TRAINED ON THE PLAYING FIELDS OF ETON, WARREN BUFFETT TRAINS AT THE BRIDGE TABLE.

BY ALEXANDRA ALGER



My virtual bridge game with Warren Buffett is off to a bad start. My partner is Sharon Osberg, Buffett's regular partner and a Wells Fargo senior vice president. Buffett is teamed up with his old friend Charlie Graham, who used to run a Buick dealership in Omaha.

This being an Internet game, we're all sitting in our own homes, in front of computers—I in New York, Osberg in San Francisco, Buffett in Omaha and Graham in San Diego.

Osberg and Buffett each type in a message to me. A bidding box appears on my computer screen, blocking their words. Click, click. I can't get my mouse to move that box! Click, click. "Wait," I type. "I can't see what you're saying, the bidding box is in the way."

My husband, in disgust, wrenches the mouse from me

and moves the box. "I won't chronicle this in next year's annual report," Buffett jokes, trying to put me at my ease.

It's 9:30 p.m. EST on a recent Thursday night, and we are one of 125 foursomes at OKbridge, a virtual bridge club. Buffett, a.k.a. tbone—his log-on name and favorite food—is a regular. Pick any night of the week, and odds are tbone's here, with friends from all over the U.S.

Buffett's been a bridge fan almost as long as he's been a stock market player. He learned the game while at the University of Pennsylvania in the 1940s. But thanks to the Internet, he's now an addict, logging 12 hours a week on OKbridge without even leaving his home. Seeing Buffett's obsession, his friend Bill Gates has tried to limit his own enthusiasm for the game. Buffett explains: "He doesn't want to get addicted, so he only plays with me."

Buffett and sidekick Charlie Munger once took on Gates and Sharon Osberg at Gates' place. They started around noon. "Seven hours later dinner guests were knocking at the door, but Bill wanted to keep playing" Buffett recalls.

What is it about bridge that fascinates brainy people like Buffett and Gates? Fifty years ago no one would have had to ask. Bridge was a national pastime. But today, according to U.S. Playing Card Co., while 40% of American households play cards, only 2% play bridge. Most bridge addicts are old enough to be grandparents. At the American Contract Bridge League, the median member is 66 — exactly Buffett's age.

Maybe there are too many distractions today. Maybe young Americans lack the attention span. At any rate, Buffett thinks they are missing out. "It's got to be the best intellectual exercise out there," he says. "You're seeing through new situations every ten minutes."

Bridge is a highly cerebral game—the luck of the draw is much less important than how you play what you draw. You must make decisions based on necessarily vague signals from your partner, from fragmentary evidence and from a disciplined memory for the cards already played.

Sophisticated players recognize bridge as a game of probability—like the stock market. To win you have to figure out the location of the cards you don't have. (Any big market player will recognize the parallels.) "It's a game of a million inferences," Buffett explains. "There are a lot of things to draw inferences from—cards played and cards not played. These inferences tell you something about the probabilities."

To play bridge well consistently you have to play with the odds, which involves shrewd guessing. "In the stock market you don't base your decisions on what the markets are doing, but on what you think is rational," Buffett says. "In bridge, too, if you always do the rational thing, you'll be a winner over time, though not necessarily that night."

He adds: "Bridge is about weighing gain/loss ratios. You're doing calculations all the time. It's also a partnership game. You can mess up your partner or bring out the best in him. You can't win alone."

You'd think a guy like Buffett, who as a child could spout the populations of U.S. cities, would be a bridge whiz. In fact his enthusiasm outruns his talent here, and he is modest enough to admit it. "In business you don't have to do extraordinary things to get extraordinary results," he says. "You have to have a sound approach, but you don't have to be brilliant. But you have to have some special gifts at bridge to be at the

very top. You have to have an extremely good memory for cards, and an ability to draw inferences.

"If you play with someone like Bob Hamman [the top-ranked bridge player in the world] they can look like they're having a drink or eating a sandwich, but they'll know everything that's going on."

If people like Buffett feel humble playing against the Hammans of this world, imagine how I felt matched against Buffett and partnered with Sharon Osberg. She is a two-time world bridge champion. And she's the one who got Buffett — famous for saying he'd never need a computer—to buy an IBM PC so they could play together regularly.

If only Osberg could help me bid. I sit staring at my first hand. Bids start to appear on my monitor. How do they make decisions so quickly? Osberg bids hearts and ends up winning the hand for us. Tbone and Graham win the next.

"You would've beaten us if Sharon had had six spades instead of five," reads a message from tbone.

"How'd you know she had five?" I ask. "Because she bid spades," comes the typed reply.

It's one of the most basic rules in bridge: To open bidding in spades or hearts, you should have at least five of that suit. "Bidding or lack of bidding always means something," he notes.

Finally I have a really good hand. Osberg and I are on the offensive, having bid three hearts. We're going to try for 9 out of the 13 tricks. Feeling confident, I play a few cards very quickly. "You don't get points for speed," tbone types. "Don't make a move until you know what the next move is going to be. S.J. Simon, chapter two." The reference is to Buffett's favorite bridge book, *Why You Lose at Bridge*, a 1946 classic that's still in print.

Sure enough, I'm hurt by my quick moves. We win but only just. Graham won one trick with a jack I didn't know he had. Better players keep count of what high cards haven't been played—I'd lost track.

"It takes a while to get the hang of it, but that's what makes it such a terrific game," tbone writes. "There are always new levels."

Will getting better at bridge make me better at picking investments? "No," comes Buffett's reply. "But the better you understand the game the more fun it is." **F**

OF THE BILLIONAIRES I HAVE KNOWN, MONEY JUST BRINGS OUT THE BASIC TRAITS IN THEM. IF THEY WERE JERKS BEFORE THEY HAD MONEY, THEY ARE SIMPLY JERKS WITH A BILLION DOLLARS.