

# Tweedy, Browne Company LLC

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To Our Shareholders:

We will be sending our September 30<sup>th</sup> semi-annual report to shareholders of the Tweedy, Browne Funds shortly. However, given the current turmoil in the financial markets and perhaps the most volatile stock markets we have seen in our 30+ years of investing, we wanted to share with you some facts as well as some of our thoughts. We, and you indirectly because you are invested with us, are in a business that requires perspective and reasoned decision making; skills that are in short supply during the best of times and rare during the worst of times. We think evidence of this is seen in the enormous price swings each day in the markets as well as in individual securities where price swings of 10% are not unusual. (This certainly makes the efficient market theory debatable in our opinion.) There is no question that fear is an ideal fuel for pessimism. In saying this we are by no means minimizing the problems in the financial markets attributable in large part to the mortgage debacle and freezing up of liquidity. Warren Buffett, in a recent interview with Charlie Rose (available on the internet at [www.charlirose.com](http://www.charlirose.com)), referred to liquidity as the oxygen of the financial system: you don't know it's there until it disappears.

As investors we are faced with the difficult task of making logical decisions in an uncertain time. What we won't do is offer a post mortem on the mess we are in. How we got here is obviously less important than how we get out. There will be lots of time for what we call the paternity suit phase. Our guess is that any logical analysis will turn up so many fingerprints and produce so much finger pointing that no one will get off free. Nor are we much interested in the media's gleeful post mortems on the second death of Gordon Gecko in less than 20 years. Finally, we will attempt to avoid clichés. To say the least, we, like you, do not enjoy serious markdowns in our investments. We constantly ask ourselves whether the businesses we own have good fundamental economics and the financial resources to get through a very difficult economic environment and prosper as conditions begin to improve. Obviously, we think they do.

We will make a few general observations:

- There are extraordinarily talented people with enormous resources both in the US and abroad working to restore liquidity and confidence to the markets. We would expect to see increasingly coordinated efforts by governments around the world now that the schadenfreude phase is over and the realization that it is everybody's problem has sunk in.

- The stock market has probably been the most powerful wealth-generating machine in the history of both the United States and Europe, and is a reflection of the fundamentals underlying our economic system.
- With apologies for what sounds like a cliché, you don't make money buying at the top and selling at the bottom.
- Try to avoid projecting current conditions endlessly into the future. Things will change and likely for the better.
- We are not so naïve as to predict that all this will clear up in a few months, but extending our view out to a few years we are of the opinion things will be much improved. We think timing is impossible.
- We are seeing businesses with great economic fundamentals being driven down to unreasonable valuations in the stock markets around the world creating opportunities for patient, long-term capital.

On the specifics of our Funds, the Worldwide High Dividend Yield Value Fund has 24.1% cash, the Value Fund has 19.0% cash and the Tweedy, Browne Global Value Fund has 10.2% cash. The cash position in the Tweedy, Browne Funds includes US Treasury Bills and a position in the Dreyfus Government Prime Money Market Fund (ticker DVPXX). This Dreyfus Money Market vehicle invests in securities issued or guaranteed as to principal and interest by the US government or its agencies or instrumentalities. We believe that the businesses we own have fundamentally good economics, easily understandable business dynamics and in our judgment sound liquidity. We wish times were better but we think we will be fine if we stay patient and rational.

We will have much more to say in our semi-annual letter. In the meantime, we are confident that confidence will return and are reminded of the words of Ben Graham, who said that while the stock market in the short run is a voting machine, in the long run it is a weighing machine. We appreciate your business and your confidence.

Very truly yours,

TWEEDY, BROWNE COMPANY LLC

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***Managing Directors***

*Current and future portfolio holdings are subject to risk. Investing in foreign securities involves additional risks beyond the risks of investing in U.S. securities markets. These risks include currency fluctuations; political uncertainty; different accounting and financial standards; different regulatory environments; and different market and economic factors in various non-U.S. countries. In addition, the securities of small, less well-known companies may be more volatile than those of larger companies. Value investing involves the risk that the market will not recognize a security's intrinsic value for a long time, or that a security thought to be undervalued may actually be appropriately priced when purchased. Investors should refer to the Funds' prospectus for a description of risk factors associated with investments in securities held by the Funds.*

*Tweedy, Browne Global Value Fund, Tweedy, Browne Value Fund, and Tweedy, Browne Worldwide High Dividend Yield Value Fund are distributed by  
Tweedy, Browne Company LLC.*

*This material must be preceded or accompanied by a prospectus for Tweedy, Browne Fund Inc.*