

# SECURITIES AND EXCHANGE COMMISSION

## FORM N-Q

Quarterly schedule of portfolio holdings of registered management investment company filed on  
Form N-Q

Filing Date: **2008-08-29** | Period of Report: **2008-06-30**  
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### FILER

#### **BUFFALO BALANCED FUND INC**

CIK: **919228** | IRS No.: **431680315** | State of Incorpor.: **MD** | Fiscal Year End: **0331**  
Type: **N-Q** | Act: **40** | File No.: **811-08364** | Film No.: **081046720**

#### Mailing Address

*KORNITZER CAPITAL  
MANAGEMENT, INC.  
5420 WEST 61ST PLACE  
SHAWNEE MISSION KS 66205*

#### Business Address

*KORNITZER CAPITAL  
MANAGEMENT, INC.  
5420 WEST 61ST PLACE  
SHAWNEE MISSION KS 66205  
1-800-492-8332*

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-08364

Buffalo Balanced Fund, Inc.  
(Exact name of Registrant as specified in charter)

5420 West 61<sup>st</sup> Place  
Shawnee Mission, KS 66205  
(Address of principal executive offices) (Zip code)

Kent W. Gasaway  
5420 West 61<sup>st</sup> Place  
Shawnee Mission, KS 66205  
(Name and address of agent for service)

(913) 384-1513  
Registrant's telephone number, including area code

Date of fiscal year end: March 31, 2009

Date of reporting period: June 30, 2008

**Item 1. Schedule of Investments.**

**Buffalo Balanced Fund  
Schedule of Investments  
June 30, 2008 (Unaudited)**

Shares or Face Amount		Value
<b>COMMON STOCKS - 60.36%</b>		
<b>Consumer Staples - 10.36%</b>		
<i>Beverages - 3.16%</i>		
80,000	The Coca-Cola Co.	\$ 4,158,400
25,000	PepsiCo, Inc.	1,589,750
		<u>5,748,150</u>
<i>Food &amp; Staples Retailing - 1.67%</i>		
40,000	Costco Wholesale Corp.	2,805,600
10,000	Whole Foods Market, Inc.	236,900
		<u>3,042,500</u>
<i>Food Products - 4.06%</i>		
70,000	ConAgra Foods, Inc.	1,349,600
25,000	Del Monte Foods Co.	177,500
30,000	General Mills, Inc.	1,823,100
20,000	Kellogg Co.	960,400
39,800	Kraft Foods, Inc. - Class A	1,132,310
25,000	Wm. Wrigley Jr. Co.	1,944,500
		<u>7,387,410</u>
<i>Household Products - 1.47%</i>		
30,000	Colgate-Palmolive Co.	2,073,000
10,000	Kimberly-Clark Corp.	597,800
		<u>2,670,800</u>
<b>Total Consumer Staples (Cost \$15,496,038)</b>		<b><u>18,848,860</u></b>
<b>Energy - 26.50%</b>		
<i>Energy Equipment &amp; Services - 3.63%</i>		
39,000	Patterson-UTI Energy, Inc.	1,405,560
30,000	Schlumberger Ltd. (b)	3,222,900
40,000	Weatherford International Ltd. (a)(b)	1,983,600
		<u>6,612,060</u>
<i>Oil &amp; Gas - 22.87%</i>		
45,000	Anadarko Petroleum Corp.	3,367,800
25,000	Apache Corp.	3,475,000
25,000	BP, PLC - ADR	1,739,250
70,000	ChevronTexaco Corp.	6,939,100
85,000	ConocoPhillips	8,023,150
35,000	Exxon Mobil Corp.	3,084,550
80,000	Frontier Oil Corp.	1,912,800
25,000	Hess Corp.	3,154,750
70,000	Marathon Oil Corp.	3,630,900
20,000	Royal Dutch Shell PLC - ADR	1,634,200
80,000	Suncor Energy, Inc. (b)	4,649,600
		<u>41,611,100</u>
<b>Total Energy (Cost \$20,756,578)</b>		<b><u>48,223,160</u></b>
<b>Financials - 3.95%</b>		
<i>Commercial Banks - 0.72%</i>		
25,000	Marshall & Ilsley Corp.	383,250
35,000	Wilmington Trust Corp.	925,400
		<u>925,400</u>

		1,308,650
	<i>Insurance - 3.23%</i>	
50,000	The Allstate Corp.	2,279,500
45,000	The Chubb Corp.	2,205,450
55,000	Cincinnati Financial Corp.	1,397,000
		<u>5,881,950</u>
	<b>Total Financials (Cost \$8,491,323)</b>	<b><u>7,190,600</u></b>
	<b>Health Care - 6.53%</b>	
	<i>Health Care Equipment &amp; Supplies - 0.70%</i>	
20,000	Baxter International, Inc.	1,278,800
		<u>1,278,800</u>
	<i>Pharmaceuticals - 5.83%</i>	
60,000	Abbott Laboratories	3,178,200
30,000	Eli Lilly & Co.	1,384,800
35,000	GlaxoSmithKline, PLC - ADR	1,547,700
40,000	Johnson & Johnson	2,573,600
40,000	Wyeth	1,918,400
		<u>10,602,700</u>
	<b>Total Health Care (Cost \$10,314,436)</b>	<b><u>11,881,500</u></b>
	<b>Industrials - 6.02%</b>	
	<i>Aerospace &amp; Defense - 2.33%</i>	
11,000	The Boeing Co.	722,920
20,000	Lockheed Martin Corp.	1,973,200
25,000	United Technologies Corp.	1,542,500
		<u>4,238,620</u>
	<i>Commercial Services &amp; Supplies - 1.87%</i>	
100,000	Pitney Bowes, Inc.	3,410,000
		<u>3,410,000</u>
	<i>Industrial Conglomerates - 1.82%</i>	
100,000	General Electric Co.	2,669,000
10,000	ITT Corp.	633,300
		<u>3,302,300</u>
	<b>Total Industrials (Cost \$11,266,436)</b>	<b><u>10,950,920</u></b>
	<b>Information Technology - 5.22%</b>	
	<i>Semiconductor &amp; Semiconductor Equipment - 3.41%</i>	
100,000	Applied Materials, Inc.	1,909,000
200,000	Intel Corp.	4,296,000
		<u>6,205,000</u>
	<i>Software - 1.81%</i>	
120,000	Microsoft Corp.	3,301,200
		<u>3,301,200</u>
	<b>Total Information Technology (Cost \$9,218,887)</b>	<b><u>9,506,200</u></b>
	<b>Materials - 1.35%</b>	
	<i>Chemicals - 1.06%</i>	
45,000	E.I. du Pont de Nemours & Co.	1,930,050
		<u>1,930,050</u>
	<i>Metals &amp; Mining - 0.29%</i>	
15,000	Alcoa, Inc.	534,300
		<u>534,300</u>
	<b>Total Materials (Cost \$2,581,487)</b>	<b><u>2,464,350</u></b>
	<b>Utilities - 0.43%</b>	
	<i>Electric Utilities - 0.43%</i>	
25,000	OGE Energy Corp.	792,750
		<u>792,750</u>
	<b>Total Utilities (Cost \$906,026)</b>	<b><u>792,750</u></b>

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**TOTAL COMMON STOCKS (Cost \$79,031,211)****109,858,340**

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**CONVERTIBLE BONDS - 5.78%****Consumer Discretionary - 4.48%***Hotels Restaurants & Leisure - 0.83%*

Magna Entertainment Corp.

3,000,000 7.250%, 12/15/2009 1,500,000*Media - 3.65%*

Lions Gate Entertainment Corp. - ADR

3,500,000 2.938%, 10/15/2024 3,679,375

3,000,000 3.625%, 03/15/2025 2,970,0006,649,375**Total Consumer Discretionary (Cost \$9,416,445)****8,149,375**

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**Health Care - 1.30%***Biotechnology - 1.30%*

Amylin Pharmaceuticals, Inc.

2,300,000 2.500%, 04/15/2011 2,377,625

**Total Health Care (Cost \$2,301,865)****2,377,625**

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**TOTAL CONVERTIBLE BONDS (Cost \$11,718,310)****10,527,000**

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**CORPORATE BONDS - 26.41%****Consumer Discretionary - 9.60%***Automobiles - 2.00%*

Ford Motor Credit Company

4,000,000 7.375%, 10/28/2009 3,644,200*Hotels Restaurants & Leisure - 2.10%*

Circus Circus

2,000,000 7.625%, 07/15/2013 1,690,000

Isle of Capri Casinos

3,000,000 7.000%, 03/01/2014 2,130,000

3,820,000*Leisure Equipment & Products - 0.79%*

Eastman Kodak Co.

1,000,000 7.250%, 11/15/2013 977,500

Mikohn Gaming Corp.

461,000 11.875%, 08/15/2008 461,000

1,438,500*Media - 0.06%*

Fisher Communications, Inc.

100,000 8.625%, 09/15/2014 105,000

*Specialty Retail - 2.94%*

FTD, Inc.

4,000,000 7.750%, 02/15/2014 4,030,000

United Auto Group, Inc.

1,500,000 7.750%, 12/15/2016 1,320,000

5,350,000*Textiles, Apparel & Luxury Goods - 1.71%*

Interface, Inc.

3,000,000 9.500%, 02/01/2014 3,120,000

**Total Consumer Discretionary (Cost \$18,203,382)****17,477,700**

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**Consumer Staples - 4.04%***Food Products - 3.00%*

4,000,000	Pilgrims Pride Corp. 8.375%, 05/01/2017	2,960,000
3,000,000	Smithfield Foods, Inc. 7.750%, 07/01/2017	2,505,000
		<u>5,465,000</u>
	<i>Personal Products - 1.04%</i>	
2,000,000	Elizabeth Arden, Inc. 7.750%, 01/15/2014	1,885,000
	<b>Total Consumer Staples (Cost \$8,819,045)</b>	<b><u>7,350,000</u></b>
	<b>Energy - 5.38%</b>	
	<i>Oil &amp; Gas - 2.83%</i>	
5,300,000	United Refining Co. 10.500%, 08/15/2012	5,154,250
	<i>Oil, Gas &amp; Consumable Fuels - 2.55%</i>	
5,000,000	Swift Energy Co. 7.125%, 06/01/2017	4,637,500
	<b>Total Energy (Cost \$10,083,539)</b>	<b><u>9,791,750</u></b>
	<b>Health Care - 4.38%</b>	
	<i>Health Care Providers &amp; Services - 2.14%</i>	
3,000,000	Carriage Services, Inc. 7.875%, 01/15/2015	2,895,000
1,000,000	Psychiatric Solutions, Inc. 7.750%, 07/15/2015	995,000
		<u>3,890,000</u>
	<i>Pharmaceuticals - 2.24%</i>	
4,000,000	Warner Chilcott Corp. 8.750%, 02/01/2015	4,080,000
	<b>Total Health Care (Cost \$7,962,995)</b>	<b><u>7,970,000</u></b>
	<b>Industrials - 3.01%</b>	
	<i>Commercial Services &amp; Supplies - 2.46%</i>	
1,500,000	Greenbrier Companies, Inc. 8.375%, 05/15/2015	1,436,250
3,000,000	Iron Mountain, Inc. 8.625%, 04/01/2013	3,030,000
		<u>4,466,250</u>
	<i>Diversified Manufacturing - 0.55%</i>	
1,000,000	Blount, Inc. 8.875%, 08/01/2012	1,005,000
	<b>Total Industrials (Cost \$5,525,986)</b>	<b><u>5,471,250</u></b>
	<b>TOTAL CORPORATE BONDS (Cost \$50,594,947)</b>	<b><u>48,060,700</u></b>
	<b>SHORT TERM INVESTMENTS - 6.88%</b>	
	<b>Investment Companies - 0.45%</b>	
741,840	Fidelity Institutional Money Market Portfolio	741,840
76,391	SEI Daily Income Trust Treasury II Fund - Class B	76,391
	<b>Total Investment Companies</b>	<b><u>818,231</u></b>
	<b>U.S. Treasury Bills - 6.43%</b>	
	<i>Public Finance, Taxation and Monetary Policy - 6.43%</i>	
2,800,000	1.56%, 07/03/2008	2,799,757
2,800,000	1.68%, 07/10/2008	2,798,823
1,635,000	1.43%, 07/17/2008	1,633,964
4,475,000	1.28%, 07/24/2008	4,471,326
	<b>Total U.S. Treasury Bills</b>	<b><u>11,703,870</u></b>

**TOTAL SHORT TERM INVESTMENTS (Cost \$12,522,101)**

**12,522,101**

**Total Investments (Cost \$153,866,569) - 99.43%**

**180,968,141**

Other Assets in Excess of Liabilities - 0.57%

1,029,353

**TOTAL NET ASSETS - 100.00%**

**\$ 181,997,494**

ADR - American Depositary Receipt

PLC - Public Limited Company

(a) - Non Income Producing

(b) - Foreign Issued Security

The cost basis of investments for federal income tax purposes at June 30, 2008 was as follows\*:

Cost of investments	\$	153,866,569
Gross unrealized appreciation		36,011,855
Gross unrealized depreciation		<u>(8,910,283)</u>
Net unrealized appreciation	\$	<u>27,101,572</u>

\*Because tax adjustments are calculated annually, the above table does not reflect tax adjustments.

For the previous fiscal year's federal tax information, please refer to the Notes to Financial Statements section in the Fund's most recent semi-annual or annual report.

The Buffalo Balanced Fund  
**FAS 157 - Summary of Fair Value Exposure at June 30, 2008**

In September 2006, the Financial Accounting Standards Board issued Standard No. 157, "Fair Value Measurements" ("FAS 157") effective for fiscal years beginning after

November 15, 2007. FAS 157 clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value and requires additional disclosure

about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable. The Fund (Portfolio) has adopted FAS 157

effective January 1, 2008. A summary of the fair value hierarchy under FAS 157 is described below:

Various inputs are used in determining the value of the Fund's investments. These inputs are summarized in the three broad levels listed below:

Level 1 - Quoted prices in active markets for identical securities.

Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)

Level 3 - Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used to value the Fund's net assets as of June 30, 2008:

Description	Investments in Securities	Other Financial Instruments
Level 1 - Quoted prices	\$ 110,676,570	\$ -
Level 2 - Other significant observable inputs	70,291,571	-
Level 3 - Significant unobservable inputs	-	-
<b>Total</b>	<b>\$ 180,968,141</b>	<b>\$ -</b>

\* Other financial instruments are derivative instruments not reflected in the Portfolio of Investments, such as futures, written options, forwards and swap contracts, which are valued at the unrealized appreciation (depreciation) on the instrument.

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## Item 2. Controls and Procedures.

The Registrant's President/Chief Executive Officer and Treasurer/Chief Financial Officer has concluded that the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on the evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act and Rule 15d-15(b) under the Securities Exchange Act of 1934, as amended.

(a)

There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant's internal control over financial reporting.

(b)

## Item 3. Exhibits.

*Separate certifications for each principal executive officer and principal financial officer of the Registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)). Filed herewith.*

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Buffalo Balanced Fund, Inc.

By /s/ Kent W. Gasaway  
Kent W. Gasaway, President and Treasurer

Date 8/25/2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following person on behalf of the Registrant and in the capacities and on the date indicated.

Buffalo Balanced Fund, Inc.

By /s/ Kent W. Gasaway  
Kent W. Gasaway, President and Treasurer

Date 8/25/2008

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## CERTIFICATION

I, Kent W. Gasaway, certify that:

1. I have reviewed this report on Form N-Q of the Buffalo Balanced Fund, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the schedules of investments included in this report fairly present in all material respects the investments of the Registrant as of the end of the fiscal quarter for which the report is filed;

4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) and internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) for the Registrant and have:

- (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

- (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of a date within 90 days prior to the filing date of this report, based on such evaluation; and

- (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer(s) and I have disclosed to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

- (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and

- (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: 8/25/2008

/s/ Kent W. Gasaway  
Kent W. Gasaway  
President and Treasurer