

**THE ESSAYS OF WARREN BUFFETT:  
LESSONS FOR CORPORATE AMERICA**







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ESSAYS BY

**WARREN E. BUFFETT**

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*“The speech I love is a simple, natural speech,  
the same on paper as in the mouth;  
a speech succulent and sinewy, brief and compressed,  
not so much dainty and well-combed as vehement and brusque.”*

**Michel de Montaigne**  
***The Essays of Montaigne (1580)***

*“The sincerity and marrow of the man reaches to his sentences.  
I know not anywhere a book that seems less written.  
Cut these words and they would bleed; they are vascular and alive.”*

**Ralph Waldo Emerson**  
***Representative Man (1850)***  
**(Referring to Montaigne and his *Essays*)**

*“Some books should be tasted, some devoured,  
but only a few should be chewed and digested thoroughly.”*

**Francis Bacon**  
***The Essays of Francis Bacon (1696)***





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## PREFACE

The year 2015 marks the fiftieth anniversary of Berkshire Hathaway under Warren Buffett's leadership, a milestone worth commemorating. The tenure sets a record for chief executive not only in duration but in value creation and philosophizing. This fourth edition of *The Essays of Warren Buffett: Lessons for Corporate America* celebrates its twentieth anniversary. As the book Buffett autographs most, its popularity and longevity attest to the widespread appetite for this unique compilation of Buffett's thoughts that is at once comprehensive, non-repetitive, and digestible.

The original edition of *The Essays of Warren Buffett* was the centerpiece of a symposium held two decades ago at the Benjamin N. Cardozo School of Law under the auspices of its Heyman Center on Corporate Governance. This gathering brought hundreds of students together for a two-day dissection of all the ideas in the compilation, featuring a series of vibrant debates among some 30 distinguished professors, investors, and managers, with Warren and Charles T. Munger, Berkshire's vice chairman, participating throughout from their seats in the front row.

In the two decades since initial publication, I have often taught *The Essays*, as this book has come to be known, in my classes and seminars at four different universities. The book is adopted by scores of professors at other schools for classes such as investment, finance and accounting. Investment firms have distributed copies to their professional employees and clients as part of training programs. I am grateful for the positive feedback from these students, teachers, and other users and delighted to know that the lessons are being taught.

As in previous editions of *The Essays*, this one retains the architecture and philosophy of the original edition but adds selections from Warren's most recent annual shareholder letters, including his fiftieth anniversary retrospective. All the letters are woven together into a fabric that reads as a complete and coherent narrative of a sound business and investment philosophy. As an aid to all readers, and to enable readers of the previous editions to see what is new in this one, a disposition table at the end of the book shows the various places in this collection where selections from each year's letter appear. Footnotes throughout indicate the year of the annual report from which essays are taken. To avoid interrupting the narrative flow, omissions of text within excerpts are not indicated by ellipses or other punctuation.

The new edition is called for not because anything has changed about the fundamentals of Warren's sound business and investment philosophy but because articulation of that philosophy is always delivered in the context of contemporary events and business conditions. So periodic updating is warranted to maintain its currency.

In preparing the previous editions, I was aided by numerous people, to whom I expressed gratitude in those editions, and I want to thank them again. Among those, I especially thank Warren Buffett. His generosity not only made the symposium possible but his participation enriched it manifold; his willingness to entrust the rearrangement and ongoing republication of his letters to me is a great honor. His partner, Charlie Munger, deserves explicit repeated thanks too, for not only did he participate in the 1996 symposium from the front row he also graciously chaired, on a moment's notice, one of the panels. He also granted me permission to reprint some of his letters in this collection as well, including his fiftieth anniversary retrospective.

At Berkshire's 2011 annual meeting, Charlie stressed to me how different Berkshire had become in the fifteen years since our symposium—and yet how much it remained the same. Back then, Berkshire looked more like a mutual fund, with 80 percent of its assets in minority common stock positions and 20 percent in wholly owned businesses; today, the ratio is reversed and Berkshire looks more like a conglomerate. Yet then and now, the company and its constituents are united by a core set of common values, values defined by the tone Warren set at the top and that animate *The Essays*. I thank the many thousands of devoted fans, followers, and friends who have been avid readers of *The Essays* over the past 20 years and look forward to continuing our journey.

*Lawrence A. Cunningham*  
*New York City*  
*November 1, 2015*