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For Immediate Release

**DEAR SHAREHOLDER: The Best Executive Letters
From Warren Buffett, Prem Watsa & Other Great CEOs**

Edited by Lawrence A. Cunningham

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“Lawrence Cunningham was the first to distill the wisdom of Warren Buffett's letters in his ground-breaking Essays of Warren Buffett. Now he analyzes and extracts important information from the letters of other financial legends.” — Laura Rittenhouse, CEO, Rittenhouse Rankings, Inc.

“Lawrence Cunningham pulls together the best excerpts from the best (shareholder) letters. He demonstrates the qualities of superior letters, and the ones he has excerpted illustrate what makes a successful company and a great CEO. There's much to be learned from this volume.”
— Howard Marks, Director and Co-Chairman, Oaktree Capital

**Lawrence Cunningham's New Book, DEAR SHAREHOLDER,
Is Definitive Source of Business and Investing Wisdom
From Top CEOs Including Buffett, Bezos, and Others**

There is no more authoritative resource on subjects ranging from leadership and management to capital allocation and company culture than shareholder letters. But with thousands of such letters written every year, how can one unearth the best insights? In **DEAR SHAREHOLDER** (Harriman House, April 2020), business expert and law professor, Lawrence A. Cunningham, presents a carefully curated and edited selection of letters from top CEOs who are among the finest writers in the genre.

These letters showcase the ultimate in business and investment knowledge from an all-star group of more than twenty leaders of companies as diverse as amazon.com, Berkshire Hathaway, IBM, Google, and Coca-Cola, including Jeff Bezos, Warren Buffett, Ginni Rometty, Larry Page, Roberto Goizueta, Prem Watsa, and Indra Nooyi. As Cunningham explains, “Letters to shareholders contain some of the best writing on business and provide invaluable insight into the culture of an organization. These communications can be particularly valuable for investors probing for high-quality companies and managers. They are of general value for their insights on business and economics as well.”

More

Cunningham divides the letters in **DEAR SHAREHOLDER** into three chronological sections, Classic, Vintage, and Contemporary, beginning in 1979 with an excellent example from Warren Buffet, the dean of shareholder letters, through Robert Keane's recent letters on behalf of Cimpress N.V. Topics that these CEIs address, include:

Company History, Culture, and Strategy – Some leaders believe in guiding principles, others in corporate culture, but all discuss strategy and competitive advantages. For example, amazon.com's Jeff Bezos wrote, "At Amazon's current scale, planting seeds that will grow into meaningful new businesses takes some discipline, a bit of patience, and a nurturing culture . . . In my view, Amazon's culture is unusually supportive of small businesses with big potential, and I believe that's a source of competitive advantage."

Focusing on the Long Term – These executives hold fast to a long-term horizon. They are not focused on the current quarter or year. For example, Coca-Cola's Roberto Goizueta wrote in the 1990s, "Last year, we behaved in very much the same way we did during the 12 years before. Since the early 1980s, we have clearly understood that the best way to generate consistently strong short-term results is to keep our attention riveted on the long-term."

Capital Allocation, Buybacks, Dividends, and Investing – The ideal overall allocation is the one that puts each dollar to its most valuable use. These CEOs often examined the highly topical issue of buybacks vs dividends as well as the best use of capital. Charles Fabrikant of SEACOR wrote, "With multiple business lines there is a chance, not a certainty, that one will offer an attractive opportunity for using capital. I realize that some investors may not like mixed drinks, but this philosophy of diversity is core to our business strategy."

Compensation, Ownership and Succession – All these leaders understand the importance of incentives, believing strongly in aligning the interests of managers and shareholders. Weston Hicks of Alleghany Corporation, wrote, "Management stock options, although sometimes appropriate for entrepreneurial, early-stage growth companies, are less effective in providing management with motivation to consistently compound value into the future. Instead, management stock options can result in management choosing to take outsized risks, reaping the rewards when things go right and losing nothing when they don't."

Management, Quality and Trust – The writers speak of quality and rationality, stressing trust and conservatism. They tend to analyze as opposed to lecture, and to examine mistakes and challenges, rather than laud triumphs or best-cases. Cumming, Steinberg, Handler and Friedman of Leucadia National Corporation-Jefferies Financial Group wrote, “To those of you who have read these missives for the last several years, we must appear to be genetically gloomy about the future. We are unreconstructed. We fear for the diminishment of our capital. Our government in Washington is disheveled. We observe with wonder and amazement the longest bull market in this century... How high can up be? When will the business cycle *bicycle* in the other direction?”

Metrics, Leverage, Liquidity and Value – The CEOs write about business metrics and how they think about performance. They tend to take prudent approaches to both leverage and liquidity, disfavoring debt and conserving liquidity. Most do not view stock prices as an important barometer of success. Prem Watsa of Fairfax Financial Holdings wrote, “Stock prices have always fluctuated—and will always fluctuate . . . Our consistent policies to attract long-term investors, combined with a lack of promotion, should result in less fluctuation than stocks in general over the long-term—but in the short term we will experience our share of ‘air pockets’.”

For anyone looking for outstanding companies run by first-rate managers, shareholder letters are a valuable resource. As Lauren C. Templeton, President, Templeton & Phillips Capital Management says, “Lawrence Cunningham delivers a curated classic that is both binge worthy and a permanent addition to any investor’s library.”

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About the Author

Lawrence A. Cunningham, editor of **DEAR SHAREHOLDER**, is well-known to Berkshire shareholders and other followers of Warren Buffett. A business law professor and consultant based in New York City and Washington DC, his acclaimed books include *The Essays of Warren Buffett* and *Berkshire Beyond Buffett*, both of which Buffett has designated for sale inside the Berkshire Annual Meeting. A member of the George Washington University faculty, Cunningham is the Founding Director of GW in New York, an intensive training program for aspiring Wall Street lawyers.

A graduate of the University of Delaware and Cardozo Law School and former corporate lawyer at Cravath, Swaine & Moore, Cunningham consults on corporate governance and has served on several boards, private and public, currently including Constellation Software Inc. He also serves on the Dean’s Advisory Council of the University of Delaware College of Business.