

Buffett's Letters To Berkshire Shareholders 1997	巴菲特致股东的信 1997 年
<p>Our gain in net worth during 1997 was \$8.0 billion, which increased the per-share book value of both our Class A and Class B stock by 34.1%. Over the last 33 years (that is, since present management took over) per-share book value has grown from \$19 to \$25,488, a rate of 24.1% compounded annually. (u)</p>	<p>1997 年本公司的净值增加了 80 亿美元，每股帐面净值不管是 A 级股或 B 级股皆成长了 34.1%，总计过去 33 年以来，也就是自从现有经营阶层接手之后，每股净值由当初的 19 元成长到现在的 25,488 美元，年复合成长率约为 24.1%*。</p>
<p>1. All figures used in this report apply to Berkshire's A shares, the successor to the only stock that the company had outstanding before 1996. The B shares have an economic interest equal to 1/30th that of the A.</p>	<p>*1 在年报中所谓的每股数字系以 A 级普通股约当数为基础，这是本公司在 1996 年以前流通在外唯一的一种股份，B 级普通股拥有 A 级普通股三十分之一的权利。</p>
<p>Given our gain of 34.1%, it is tempting to declare victory and move on. But last year's performance was no great triumph: Any investor can chalk up large returns when stocks soar, as they did in 1997. In a bull market, one must avoid the error of the preening duck that quacks boastfully after a torrential rainstorm, thinking that its paddling skills have caused it to rise in the world. A right-thinking duck would instead compare its position after the downpour to that of the other ducks on the pond.</p>	<p>看到我们高达 34.1% 的超高报酬率，大家可能忍不住要高呼胜利口号，并勇往前进，不过若是考量去年股市的状况，任何一个投资人都能靠着股票的飙涨而大赚一票，面对多头的行情，大家一定要避免成为一只呱呱大叫的骄傲鸭子，以为是自己高超的泳技让他冲上了天，殊不知面对狂风巨浪，小心的鸭子反而会谨慎地看看大浪过后，其它池塘里的鸭子都到哪里去了。</p>
<p>So what's our duck rating for 1997? The table on the facing page shows that though we paddled furiously last year, passive ducks that simply invested in the S&P Index rose almost as fast as we did. Our appraisal of 1997's performance, then: Quack.</p>	<p>那么我们这只鸭子在 1997 年的表现又如何呢？报表显示虽然去年我们拼命的向前划，不过到最后我们发现其它被动投资 S&P 500 指数的鸭子的表现一点也不比我们差，所以总结我们在 1997 年的表现是：呱呱！</p>
<p>When the market booms, we tend to suffer in comparison with the S&P Index. The Index bears no tax costs, nor do mutual funds, since they pass through all tax liabilities to their owners. Last year, on the other hand, Berkshire paid or accrued \$4.2 billion for federal income tax, or about 18% of our beginning net worth.</p>	<p>当股市正热时，相较于 S&P 500 指数，我们比较吃亏，因为指数或共同基金不必负担租税成本，他们可以直接将税负转嫁到投资人的身上，相对地在另一方面伯克希尔光是去年就必须认为高达 42 亿美元的联邦所得税，这相当于我们年初净值的 18%。</p>
<p>Berkshire will always have corporate taxes to pay, which means it needs to overcome their drag in order to justify its existence. Obviously, Charlie Munger, Berkshire's Vice Chairman and my partner, and I won't be able to lick that handicap</p>	<p>由于伯克希尔必须要负担企业所得税，所以为了要证明其存在的意义，它就一定要能够克服这先天的障碍，不过很显然的伯克希尔的主要合伙人查理曼格跟我很难每年都打败这样的</p>

<p>every year. But we expect over time to maintain a modest advantage over the Index, and that is the yardstick against which you should measure us. We will not ask you to adopt the philosophy of the Chicago Cubs fan who reacted to a string of lackluster seasons by saying, "Why get upset? Everyone has a bad century now and then."</p>	<p>差杆，当然就长期而言，我们还是预期伯克希尔能够打败大盘指数，这也是大家可以评断我们表现的最低标准，我想我们应该不会让大家像芝加哥小熊队球迷在面对连续几个战绩不佳球季时，自我调侃所说的：有什么好沮丧的?? 谁都可能不好过的一世纪。</p>
<p>Gains in book value are, of course, not the bottom line at Berkshire. What truly counts are gains in per-share intrinsic business value. Ordinarily, though, the two measures tend to move roughly in tandem, and in 1997 that was the case: Led by a blow-out performance at GEICO, Berkshire's intrinsic value (which far exceeds book value) grew at nearly the same pace as book value.</p>	<p>帐面净值的增加当然不是经营伯克希尔的最终目标，因为真正重要的是每股实质价值，虽然在伯克希尔通常两者会以相当接近的频率波动，就像是1997年便是如此，受惠于GEICO爆炸性的成长，伯克希尔的实质价值(远高于帐面价值)以接近帐面价值成长的幅度增加。</p>
<p>For more explanation of the term, intrinsic value, you may wish to refer to our Owner's Manual, reprinted on pages 62 to 71. This manual sets forth our owner-related business principles, information that is important to all of Berkshire's shareholders.</p>	<p>有关"实质价值"等名词的解释，请大家参阅股东手册，手册中揭示了本公司经营的宗旨，也包含了许多对伯克希尔股东相当重要的信息。</p>
<p>In our last two annual reports, we furnished you a table that Charlie and I believe is central to estimating Berkshire's intrinsic value. In the updated version of that table, which follows, we trace our two key components of value. The first column lists our per-share ownership of investments (including cash and equivalents) and the second column shows our per-share earnings from Berkshire's operating businesses before taxes and purchase-accounting adjustments (discussed on pages 69 and 70), but after all interest and corporate expenses. The second column excludes all dividends, interest and capital gains that we realized from the investments presented in the first column. In effect, the columns show what Berkshire would look like were it split into two parts, with one entity holding our investments and the other operating all of our businesses and bearing all corporate costs.</p>	<p>在过去两年的年报中，我们提供给各位一张查理跟我认为最能够估计伯克希尔实质价值的表，在下面这张更新过数字的表中，主要有两项跟价值息息相关的指标，第一栏是我们平均每股持有的投资金额(包含现金与约当现金)，第二栏则是每股在扣除利息与营业费用之后，来自本业的营业利益(但未扣除所得税与购买法会计调整数)，当然后者已经扣除了所有来自第一栏投资所贡献的股利收入、利息收入与资本利得，事实上，若是把伯克希尔拆成两部份的话，就等于是一家持有我们投资部位的控股公司，以及另一家经营旗下所有事业负担全部成本盈亏的营利事业。</p>
<p>Pre-tax Earnings Per Share Investments Excluding</p>	<p>对于那些无视于我们 38,000 名辛勤</p>

<p>All Income from Year Per Share Investments 1967 \$ 41 \$ 1.09 1977 372 12.44 1987 3,910 108.14 1997 38,043 717.82 Pundits who ignore what our 38,000 employees contribute to the company, and instead simply view Berkshire as a de facto investment company, should study the figures in the second column. We made our first business acquisition in 1967, and since then our pre-tax operating earnings have grown from \$1 million to \$888 million. Furthermore, as noted, in this exercise we have assigned all of Berkshire's corporate expenses -- overhead of \$6.6 million, interest of \$66.9 million and shareholder contributions of \$15.4 million -- to our business operations, even though a portion of these could just as well have been assigned to the investment side.</p>	<p>奉献员工的存在，而武断地将伯克希 尔当做是一家投资公司的乡野匹夫， 应该要请他们看看第二栏的数字，打 从 1967 年我们进行第一次的并购开 始，本公司的税前营业盈余已从当时 的 100 万美元成长到现在的 8.88 亿美 元，这还是吸收了伯克希尔全部的开 销，包含 660 万美元的企业营运费用、 6,690 万美元的利息支出与 1,540 万 美元的股东指定捐赠款后的结余，虽 然这其中有一部份是与投资活动相关 的支出。</p>
<p>Here are the growth rates of the two segments by decade:</p>	<p>下表是这两个部门每十年的成长率：</p>
<p>During 1997, both parts of our business grew at a satisfactory rate, with investments increasing by \$9,543 per share, or 33.5%, and operating earnings growing by \$296.43 per share, or 70.3%. One important caveat: Because we were lucky in our super-cat insurance business (to be discussed later) and because GEICO's underwriting gain was well above what we can expect in most years, our 1997 operating earnings were much better than we anticipated and also more than we expect for 1998.</p>	<p>回顾 1997 年伯克希尔两个部份都缴 出漂亮的成绩单，每股投资金额增加 了 9,543 美元，约 33.5%；而每股营 业盈余则增加了 296.43 美元，约 70.3%，当然其中有一个很重要的关 键，那就是我们的霹雳猫保险业务(后 面还会在详加说明)的运气不错，同时 GEICO 保险的表现甚至优于以往，这 使得 1997 年的营业表现超乎当初的 预期，甚至超过未来 1998 年可能的表 现。</p>
<p>Our rate of progress in both investments and operations is certain to fall in the future. For anyone deploying capital, nothing recedes like success. My own history makes the point: Back in 1951, when I was attending Ben Graham's class at Columbia, an idea giving me a \$10,000 gain improved my investment performance for the year by a full 100 percentage points. Today, an idea producing a \$500 million pre-tax profit for Berkshire adds one percentage point to our performance. It's no wonder that my annual results in the 1950s were better by nearly thirty percentage points than my annual gains in any subsequent decade. Charlie's experience was</p>	<p>我相信未来不管是投资或营业盈余的 成长速度一定会向下滑落，对于任何 负责资金运用的人而言，成功必然导 致衰退，就拿我个人的投资历史来说， 回想当初我在 1951 年进入哥伦比亚 拜在葛拉汉名下时，只要抓住能够赚 到 1 万美元的投资机会就能让我的投 资绩效超过百分之百，不过时至今日， 一笔能赚 5 亿美元的成功投资个案， 也不过只能让伯克希尔增加区区一个 百分点的投资绩效，也难怪个人在 1950 年代早期的投资绩效会比接下 来几十年的年度绩效差距达 30 个百 分点以上，而查理本身的经历也很相</p>

<p>similar. We weren't smarter then, just smaller. At our present size, any performance superiority we achieve will be minor.</p>	<p>似，不是我们变笨了，而是因为我们目前的规模实在是太大了，现在任何一项重大进展都会因为规模庞大的关系而显得微不足道。</p>
<p>We will be helped, however, by the fact that the businesses to which we have already allocated capital -- both operating subsidiaries and companies in which we are passive investors -- have splendid long-term prospects. We are also blessed with a managerial corps that is unsurpassed in ability and focus. Most of these executives are wealthy and do not need the pay they receive from Berkshire to maintain their way of life. They are motivated by the joy of accomplishment, not by fame or fortune.</p>	<p>当然只要我们投资的子公司以及股票具有远景，我们绝对能够因此受益，同时也要感谢旗下这群卓越的能力与专注力的经营管理团队，大家要知道这些经理人本身大多都已经很有钱了，根本就不需要靠伯克希尔这份薪水过活，他们不为名，也不为利，纯粹是冲着那份成就感。</p>
<p>Though we are delighted with what we own, we are not pleased with our prospects for committing incoming funds. Prices are high for both businesses and stocks. That does not mean that the prices of either will fall -- we have absolutely no view on that matter -- but it does mean that we get relatively little in prospective earnings when we commit fresh money.</p>	<p>虽然对于现有的投资部位感到相当满意，但是我们也对于陆续进来的资金找不到理想的去路而感到忧心，目前不管是整家公司或是单一股票的市场价格都过高，但我并不是要预言股价将会下跌，我们从来就不对股市发表任何看法，这样说的意思只是要提醒大家未来新投入资金的预期报酬将会大大减少。</p>
<p>Under these circumstances, we try to exert a Ted Williams kind of discipline. In his book <i>The Science of Hitting</i>, Ted explains that he carved the strike zone into 77 cells, each the size of a baseball. Swinging only at balls in his "best" cell, he knew, would allow him to bat .400; reaching for balls in his "worst" spot, the low outside corner of the strike zone, would reduce him to .230. In other words, waiting for the fat pitch would mean a trip to the Hall of Fame; swinging indiscriminately would mean a ticket to the minors.</p>	<p>在这种情况下，我们试着学习职棒传奇明星 Ted Williams 的作法，在他的“打击的科学”一书中解释到，他把打击区域划分为 77 个框框，每个框框就约当一个棒球的大小，只有当球进入最理想的框框时，他才挥棒打击，因为他深深知道只有这样做，他才能维持四成的超高打击率，反之要是勉强去挥击较差的框框，将会使得他的打击率骤降到二成三以下，换句话说，只有耐心等待超甜的好球，才是通往名人堂的大道，好坏球照单全收的人，迟早会面临被降到小联盟的命运。</p>
<p>If they are in the strike zone at all, the business "pitches" we now see are just catching the lower outside corner. If we swing, we will be locked into low returns. But if we let all of today's balls go by, there can be no assurance that the next ones we see will be more to our liking. Perhaps the attractive prices of the past</p>	<p>目前迎面朝我们而来的“投”资机会大多只在好球带边缘，如果我们选择挥棒，则得到的成绩可能会不太理想，但要是我们选择放弃不打，则没有人敢跟你保证下一球会更好，或许过去那种吸引人的超低价格已不复存在，所幸我们不必像 Ted Williams 一样，</p>

<p>were the aberrations, not the full prices of today. Unlike Ted, we can't be called out if we resist three pitches that are barely in the strike zone; nevertheless, just standing there, day after day, with my bat on my shoulder is not my idea of fun.</p>	<p>可能因为连续三次不挥棒而遭三振出局，只是光是扛着棒子站在那里，日复一日，也不是一件令人感到愉快的事。</p>
<p>Unconventional Commitments</p>	<p>非常态性投资</p>
<p>When we can't find our favorite commitment -- a well-run and sensibly-priced business with fine economics -- we usually opt to put new money into very short-term instruments of the highest quality. Sometimes, however, we venture elsewhere. Obviously we believe that the alternative commitments we make are more likely to result in profit than loss. But we also realize that they do not offer the certainty of profit that exists in a wonderful business secured at an attractive price. Finding that kind of opportunity, we know that we are going to make money -- the only question being when. With alternative investments, we think that we are going to make money. But we also recognize that we will sometimes realize losses, occasionally of substantial size.</p>	<p>有时我们的资金不一定能够找到最理想的好去处-也就是经营良好、价码合理的企业，这时我们就会将资金投入一些期间较短但品质不错的投资工具上，虽然我们很明白这样的做法可能无法像我们买进好公司那样稳健的获利，甚至在少数的状况下有可能赔大钱，不过总得来说我们相信赚钱的机率还是远高于赔钱，唯一的关键在于其获利何时能够实现。</p>
<p>We had three non-traditional positions at yearend. The first was derivative contracts for 14.0 million barrels of oil, that being what was then left of a 45.7 million barrel position we established in 1994-95. Contracts for 31.7 million barrels were settled in 1995-97, and these supplied us with a pre-tax gain of about \$61.9 million. Our remaining contracts expire during 1998 and 1999. In these, we had an unrealized gain of \$11.6 million at yearend. Accounting rules require that commodity positions be carried at market value. Therefore, both our annual and quarterly financial statements reflect any unrealized gain or loss in these contracts. When we established our contracts, oil for future delivery seemed modestly underpriced. Today, though, we have no opinion as to its attractiveness.</p>	<p>截至年底，我们总共有三项异于往常的投资，首先是 1,400 万桶的原油期货合约，这是我们在 1994-1995 年间所建立 4,570 万桶原油的剩余部位，预计在 1998-1999 年陆续到期，目前未实现获利约有 1,160 万美元，而已经结仓的 3,170 万桶原油合约总共贡献我们 6,190 万美元的获利，会计原则规定期货合约必须依市场价格评价，因此这些合约所有未实现的损益皆已反应在我们年度或每季的财务报表上，当初我们之所以会建立这些部位，主要考量当时的石油期货价位有些低估，至于现在的市场状况我们则没有任何意见。</p>
<p>Our second non-traditional commitment is in silver. Last year, we purchased 111.2 million</p>	<p>至于第二项则是白银，去年我们一口气买进总共 1.112 亿盎司的白银，以</p>

<p>ounces. Marked to market, that position produced a pre-tax gain of \$97.4 million for us in 1997. In a way, this is a return to the past for me: Thirty years ago, I bought silver because I anticipated its demonetization by the U.S. Government. Ever since, I have followed the metal's fundamentals but not owned it. In recent years, bullion inventories have fallen materially, and last summer Charlie and I concluded that a higher price would be needed to establish equilibrium between supply and demand. Inflation expectations, it should be noted, play no part in our calculation of silver's value.</p>	<p>目前的市价计算，总共贡献 1997 年 9,740 万美元的税前利益，某个角度来说，这仿佛又让我回到过去，记得在三十年前，我因为预期美国政府货币将自由化而买进白银，自此之后，我便一直追踪贵金属的基本面，只是并没有其它的买进动作，直到最近这几年，银条的存货突然大幅下滑，查理跟我得到一个结论，那就是白银的价格应该要稍微向上调整以维持供给与需求的平衡，至于一般人较注意的通膨预期则不在我们计算价值的范围之内。</p>
<p>Finally, our largest non-traditional position at yearend was \$4.6 billion, at amortized cost, of long-term zero-coupon obligations of the U.S. Treasury. These securities pay no interest. Instead, they provide their holders a return by way of the discount at which they are purchased, a characteristic that makes their market prices move rapidly when interest rates change. If rates rise, you lose heavily with zeros, and if rates fall, you make outsized gains. Since rates fell in 1997, we ended the year with an unrealized pre-tax gain of \$598.8 million in our zeros. Because we carry the securities at market value, that gain is reflected in yearend book value.</p>	<p>最后一项是 46 亿美元以帐面摊销长期的美国零息债券，这些债券不支付利息，相反的是以透过折价发行的方式回馈给债券持有人，也因此这类债券的价格会因市场利率变动而大幅波动，如果利率上升，持有零息债券的人可能损失惨重，反之若利率下跌，投资人就可能因此大赚一笔，而因为 1997 年的利率大幅下滑，所以光是 1997 年我们的未实现利益就高达 5.98 亿美元，这些利益已全数反应在公司年底的帐上。</p>
<p>In purchasing zeros, rather than staying with cash-equivalents, we risk looking very foolish: A macro-based commitment such as this never has anything close to a 100% probability of being successful. However, you pay Charlie and me to use our best judgment -- not to avoid embarrassment -- and we will occasionally make an unconventional move when we believe the odds favor it. Try to think kindly of us when we blow one. Along with President Clinton, we will be feeling your pain: The Munger family has more than 90% of its net worth in Berkshire and the Buffetts more than 99%.</p>	<p>当然不把现金好好的摆着而拿去投资零息债券不是没有风险的，这种基于总体经济分析的投资绝对不敢保证百分之百能够成功，不过查理跟我绝对会运用我们最佳的判断能力，大家可不是请我们来闲闲没事干，当我们认为胜算颇大时，我们就会大胆地去做一些异于往常的举动，当然万一不小心突锤时，还请大家多多包含，就如同柯林顿总统一样，我们绝对与各位感同身受，因为曼格家族有 90% 的资产系于伯克希尔，而巴菲特家族更高达 99%。</p>
<p>How We Think About Market Fluctuations</p>	<p>我们对于股市波动的看法</p>
<p>A short quiz: If you plan to eat hamburgers throughout your life and are not a cattle producer, should you wish for higher or lower</p>	<p>一则小谜语：如果你打算一辈子吃汉堡维生，自己又没有养牛，那么你是希望牛肉价格上涨或是下跌呢？同样</p>

<p>prices for beef? Likewise, if you are going to buy a car from time to time but are not an auto manufacturer, should you prefer higher or lower car prices? These questions, of course, answer themselves.</p>	<p>的要是你三不五时会换车，自己又不是卖车的，你会希望车子的价格上涨或是下跌呢？这些问题的答案很显然显而易见。</p>
<p>But now for the final exam: If you expect to be a net saver during the next five years, should you hope for a higher or lower stock market during that period? Many investors get this one wrong. Even though they are going to be net buyers of stocks for many years to come, they are elated when stock prices rise and depressed when they fall. In effect, they rejoice because prices have risen for the "hamburgers" they will soon be buying. This reaction makes no sense. Only those who will be sellers of equities in the near future should be happy at seeing stocks rise. Prospective purchasers should much prefer sinking prices.</p>	<p>最后我再问各位一个问题：假设你预估未来五年内可以存一笔钱，那么你希望这期间的股票市场是涨还是跌？这时许多投资人对于这个问题的答案就可能是错的，虽然他们在未来的期间内会陆续买进股票，不过当股价涨时他们会感到高兴，股价跌时反而觉得沮丧，这种感觉不等于当你去买汉堡吃时，看到汉堡涨价却欣喜若狂，这样的反应实在是没有什么道理，只有在短期间准备卖股票的人才应该感到高兴，准备买股票的人应该期待的是股价的下滑。</p>
<p>For shareholders of Berkshire who do not expect to sell, the choice is even clearer. To begin with, our owners are automatically saving even if they spend every dime they personally earn: Berkshire "saves" for them by retaining all earnings, thereafter using these savings to purchase businesses and securities. Clearly, the more cheaply we make these buys, the more profitable our owners' indirect savings program will be.</p>	<p>对于不准备卖股票的伯克希尔股东来说，这样的选择再明显也不过了，首先就算他们将赚来的每一分钱都花掉，伯克希尔也会自动帮他们存钱，因为伯克希尔会透过将所赚得的盈余再投资其它事业与股票，所以只要我们买进这些投资标的的成本越低，他们将来间接所获得的报酬自然而然就越高。</p>
<p>Furthermore, through Berkshire you own major positions in companies that consistently repurchase their shares. The benefits that these programs supply us grow as prices fall: When stock prices are low, the funds that an investee spends on repurchases increase our ownership of that company by a greater amount than is the case when prices are higher. For example, the repurchases that Coca-Cola, The Washington Post and Wells Fargo made in past years at very low prices benefitted Berkshire far more than do today's repurchases, made at loftier prices.</p>	<p>此外，伯克希尔许多重要的投资部位都持续不断地买回自家公司的股份，在这种情况下，股票价格越低对我们越有利，因为这代表同样的一笔钱可以买进更多的股份，从而间接提高我们持股的比例，举例来说，过去几年可口可乐、华盛顿邮报与富国银行皆以非常低的价格大量买回自家股票，其所带来的效益要比在现在的高价再进行要来得有利的多。</p>
<p>At the end of every year, about 97% of Berkshire's shares are held by the same investors who owned them at the start of the year. That makes them</p>	<p>每年度结束，大约有 97%的伯克希尔股东会选择不继续持有本公司的股份，这些人都是储蓄爱好者，所以每当股</p>

<p>savers. They should therefore rejoice when markets decline and allow both us and our investees to deploy funds more advantageously.</p>	<p>市下跌时，他们都会感到高兴，因为这代表我们以及被投资公司的资金可以作更好的运用。</p>
<p>So smile when you read a headline that says "Investors lose as market falls." Edit it in your mind to "Disinvestors lose as market falls -- but investors gain." Though writers often forget this truism, there is a buyer for every seller and what hurts one necessarily helps the other. (As they say in golf matches: "Every putt makes someone happy.")</p>	<p>所以下次当你看到“股市爆跌-投资人损失不贷”的新闻头条时，就知道应该要改成“股市爆跌-不投资的人损失不贷而投资的人赚翻了”，虽然记者常常忘记这样的真理，不过只要有卖方就代表会有买方，一方损失就代表有另一方会得利，就像是高尔夫球场上常讲的，每当一个柏忌出现时，就会有人在旁边暗爽。</p>
<p>We gained enormously from the low prices placed on many equities and businesses in the 1970s and 1980s. Markets that then were hostile to investment transients were friendly to those taking up permanent residence. In recent years, the actions we took in those decades have been validated, but we have found few new opportunities. In its role as a corporate "saver," Berkshire continually looks for ways to sensibly deploy capital, but it may be some time before we find opportunities that get us truly excited.</p>	<p>当初我们靠着在 1970 与 1980 年代股价低迷时所做的一些投资，确实让我们赚了不少，这是一个对股市短暂过客不利但对股市长期住户有利的市场，近几年来，我们在那个年代所做的一些投资决策陆续获得了验证，不过现在我们却找不到类似的机会，身为企业资金的积蓄者，伯克希尔致力于寻找资金合理运用的方法，不过以现在的状况来看，我们可能还需要一段时间才能再找到真正让我们感到兴奋的投资机会。</p>
<p>Insurance Operations -- Overview</p>	<p>保险事业营运-总检讨</p>
<p>What does excite us, however, is our insurance business. GEICO is flying, and we expect that it will continue to do so. Before we expound on that, though, let's discuss "float" and how to measure its cost. Unless you understand this subject, it will be impossible for you to make an informed judgment about Berkshire's intrinsic value.</p>	<p>真正令我们感到兴奋的是保险事业的营运，GEICO 正处于爆炸性的成长阶段，而且这种情况预期还会继续维持下去，在进一步说明之前，让我们先解释一下何谓浮存金，以及如何来衡量它的取得成本，因为除非你对于这个课题有所了解，否则你根本就不可能有办法对伯克希尔实际的价值做合理的判断。</p>
<p>To begin with, float is money we hold but don't own. In an insurance operation, float arises because premiums are received before losses are paid, an interval that sometimes extends over many years. During that time, the insurer invests the money. Typically, this pleasant activity carries with it a downside: The premiums that an insurer takes in usually do not cover the losses and expenses it eventually must pay. That leaves it running an "underwriting loss," which is the</p>	<p>首先浮存金是一项我们持有但不属于我们的资金，在保险公司的营运中，浮存金的产生原因在于保险公司在真正支付损失理赔之前，一般会先向保户收取保费，在这期间保险公司会将资金运用在其它投资之上，当然这样的好处也必须付出代价，通常保险业者收取的保费并不足以因应最后支付出去的相关损失与费用，于是保险公司便会发生承保损失，这就是浮存</p>

<p>cost of float. An insurance business has value if its cost of float over time is less than the cost the company would otherwise incur to obtain funds. But the business is a lemon if its cost of float is higher than market rates for money.</p>	<p>金的成本，而当一家公司取得浮存金成本，就长期而言低于从其它管道取得资金的成本时，它就有存在的价值，否则一旦保险事业取得浮存金的成本若远高于货币市场利率时，它就像是一颗酸柠檬。</p>
<p>A caution is appropriate here: Because loss costs must be estimated, insurers have enormous latitude in figuring their underwriting results, and that makes it very difficult for investors to calculate a company's true cost of float. Estimating errors, usually innocent but sometimes not, can be huge. The consequences of these miscalculations flow directly into earnings. An experienced observer can usually detect large-scale errors in reserving, but the general public can typically do no more than accept what's presented, and at times I have been amazed by the numbers that big-name auditors have implicitly blessed. As for Berkshire, Charlie and I attempt to be conservative in presenting its underwriting results to you, because we have found that virtually all surprises in insurance are unpleasant ones.</p>	<p>有一点必须特别注意的是，因为损失成本必须仰赖估算，所以保险业者对于承保结算的成绩有相当大伸缩的空间，连带使得投资人很难正确地衡量一家保险公司真正的浮存金成本，估计错误，通常是无心，但有时却是故意，与真实的结果往往会有很大的差距，而这种结果直接反映在公司的损益表上，有经验的行家通常可以经由公司的准备提列情形发现重大的错误，但对于一般投资大众来说，除了被迫接受财务报表的数字之外，别无他法，而我个人常常被这些经过各大会计师事务所背书的财务报告所吓到，至于就伯克希尔本身而言，查理跟我在编列财务报表时，都尽量采取最保守的做法，因为就我们个人的经验而言，保险业所发生的意外，通常都不是什么好消息。</p>
<p>As the numbers in the following table show, Berkshire's insurance business has been a huge winner. For the table, we have calculated our float -- which we generate in large amounts relative to our premium volume -- by adding net loss reserves, loss adjustment reserves, funds held under reinsurance assumed and unearned premium reserves, and then subtracting agents' balances, prepaid acquisition costs, prepaid taxes and deferred charges applicable to assumed reinsurance. Our cost of float is determined by our underwriting loss or profit. In those years when we have had an underwriting profit, such as the last five, our cost of float has been negative. In effect, we have been paid for holding money.</p>	<p>不过如同下表中的数字所显示的，伯克希尔的保险事业可说是大获全胜，表中的浮存金，系将所有的损失准备、损失费用调整准备与未赚取保费加总后，再扣除应付佣金、预付购并成本及相关再保递延费用，相对于我们的保费收入总额，我们的浮存金部位算是相当大的，至于浮存金的成本则决定于所发生的承保损失或利益而定，在某些年度，就像是最近五年，由于我们有承保利益，所以换句话说，我们的资金成本甚至是负的，光是持有这些资金我们就已经开始让我们赚钱了。</p>
<p>Since 1967, when we entered the insurance business, our float has grown at an annual compounded rate of 21.7%. Better yet, it has cost</p>	<p>自从1967年我们进军保险业以来，我们的浮存金每年就以21.7%复合成长率增加，更棒的是，这些资金完全不</p>

<p>us nothing, and in fact has made us money. Therein lies an accounting irony: Though our float is shown on our balance sheet as a liability, it has had a value to Berkshire greater than an equal amount of net worth would have had.</p>	<p>用成本，事实上它还能帮我们赚钱，可惜讽刺的是，就会计原则而言，浮存金在会计报表系属于负债，但实际上，这些负债对于伯克希尔而言，其价值远高于列在帐上的其它股东权益。</p>
<p>The expiration of several large contracts will cause our float to decline during the first quarter of 1998, but we expect it to grow substantially over the long term. We also believe that our cost of float will continue to be highly favorable.</p>	<p>虽然在 1998 第一季几项重大合约到期后，我们拥有的浮存金会略微减少，但就长期而言，我们还是预期浮存金会大幅成长，同时我们也相信取得浮存金的成本仍然会继续维持这种令人满意的态势。</p>
<p>Super-Cat Insurance</p>	<p>巨灾保险</p>
<p>Occasionally, however, the cost of our float will spike severely. That will occur because of our heavy involvement in the super-cat business, which by its nature is the most volatile of all insurance lines. In this operation, we sell policies that insurance and reinsurance companies purchase in order to limit their losses when mega-catastrophes strike. Berkshire is the preferred market for sophisticated buyers: When the "big one" hits, the financial strength of super-cat writers will be tested, and Berkshire has no peer in this respect.</p>	<p>然而有时候我们浮存金的成本也会突然大幅上扬，主要的原因在于我们从事的巨灾保险业务，本身属于保险业中变动最大的一种险种，从事这类业务，我们将保单卖给其它保险公司与再保公司以分散其面临超大型意外灾害所可能承担的风险，事实上，伯克希尔是有经验的业者最喜爱往来的对象，因为他们深深知道当有“大事”真正发生时，所有巨灾保险的承保业者都会面临财务实力的严峻挑战，而伯克希尔无疑的是同业之最。</p>
<p>Since truly major catastrophes are rare occurrences, our super-cat business can be expected to show large profits in most years -- and to record a huge loss occasionally. In other words, the attractiveness of our super-cat business will take a great many years to measure. What you must understand, however, is that a truly terrible year in the super-cat business is not a possibility -- it's a certainty. The only question is when it will come.</p>	<p>而由于真正重大的灾害并不是每年都发生，所以我们的巨灾业务极有可能在连续几年赚大钱后，突然又发生重大的损失，换句话说，我们这项巨灾保险业务到底有多吸引人可能要花上好几年才有办法看得清，不过大家必须明了，所谓的重大损失的年头不是可能会发生，而是肯定会发生，唯一的问题是它什么时候会降临。</p>
<p>Last year, we were very lucky in our super-cat operation. The world suffered no catastrophes that caused huge amounts of insured damage, so virtually all premiums that we received dropped to the bottom line. This pleasant result has a dark side, however. Many investors who are "innocents" -- meaning that they rely on representations of salespeople rather than on underwriting knowledge of their own -- have come</p>	<p>去年我们在巨灾业务的表现还算不错，全世界一整年到头都没有发生足以造成重大损失的大型灾害，也就是说基本上一整年收到的所有保费都自动落到我们的口袋里，只是事情并不如想象中完美，有许多不知情的投资人，并非基于本身对于保险承保的认识而是在业务人员的怂恿推销之下，进场买进一种叫做“巨灾债券”的有价</p>

<p>into the reinsurance business by means of purchasing pieces of paper that are called "catastrophe bonds." The second word in this term, though, is an Orwellian misnomer: A true bond obliges the issuer to pay; these bonds, in effect, are contracts that lay a provisional promise to pay on the purchaser.</p>	<p>证券，事实上这根本就是一个错误的名词，真正的债券意指到期后发行人有义务支付债款，然而这种债券，本质上其实是一种给予买方一种附条件承诺限制的合约。</p>
<p>This convoluted arrangement came into being because the promoters of the contracts wished to circumvent laws that prohibit the writing of insurance by entities that haven't been licensed by the state. A side benefit for the promoters is that calling the insurance contract a "bond" may also cause unsophisticated buyers to assume that these instruments involve far less risk than is actually the case.</p>	<p>这种拐弯抹角的做法主要是推销业者为了要规避政府禁止非保险业从事相关业务而衍生出来的商品，而业者之所以将它取名叫做债券的原因在于这样的做法可以吸引不知情的投资人，承担远比其表面上还高的许多的风险。</p>
<p>Truly outsized risks will exist in these contracts if they are not properly priced. A pernicious aspect of catastrophe insurance, however, makes it likely that mispricing, even of a severe variety, will not be discovered for a very long time. Consider, for example, the odds of throwing a 12 with a pair of dice -- 1 out of 36. Now assume that the dice will be thrown once a year; that you, the "bond-buyer," agree to pay \$50 million if a 12 appears; and that for "insuring" this risk you take in an annual "premium" of \$1 million. That would mean you had significantly underpriced the risk. Nevertheless, you could go along for years thinking you were making money -- indeed, easy money. There is actually a 75.4% probability that you would go for a decade without paying out a dime. Eventually, however, you would go broke.</p>	<p>这些商品若未经过仔细的核算价格的话，很可能会形成极高的风险，更严重的是灾害保险通常还有一种特色，那就是问题要经过许久之后才会慢慢地浮现，举个例来说明，二颗骰子要掷出十二点的机率约为 36 分之一，现在假设我们一年只掷一次，每次可以收取 100 万的赌注，但一旦掷出十二点时庄家的你必须支付五千万美元，或许刚开始你会以为这 100 万美元得来全不费工夫，甚至有 75.4% 的机率保证你在前十年都不必付出一毛钱，但最后你会发现就长期而言，接受这样的赌注对庄家来说实际上是亏大了，甚至有可能让你倾家荡产。</p>
<p>In this dice example, the odds are easy to figure. Calculations involving monster hurricanes and earthquakes are necessarily much fuzzier, and the best we can do at Berkshire is to estimate a range of probabilities for such events. The lack of precise data, coupled with the rarity of such catastrophes, plays into the hands of promoters, who typically employ an "expert" to advise the potential bond-buyer about the probability of losses. The expert puts no money</p>	<p>在玩这种骰子游戏时，其机率还很容易计算，但是要说到估算大型飓风与地震的发生机率的难度就高的多了，我们自认能做的最多只有大约估计一个范围，然而缺乏详细的信息，加上大型的灾害本来就很少发生，正好让一些有心人士有机可乘，通常会雇用一些“专家”对有意投资这类债券的客户解说发生损失的可能性，而这些所谓的专家玩得根本就是一种无本</p>

<p>on the table. Instead, he receives an up-front payment that is forever his no matter how inaccurate his predictions. Surprise: When the stakes are high, an expert can invariably be found who will affirm -- to return to our example -- that the chance of rolling a 12 is not 1 in 36, but more like 1 in 100. (In fairness, we should add that the expert will probably believe that his odds are correct, a fact that makes him less reprehensible -- but more dangerous.)</p>	<p>生意,因为不论他估算的到底准不准,事先都可以拿到一笔订金,更令人讶异的是,回到前面的主题,你会发现无论赌注有多高,专家永远会告诉你掷出 12 点的机率不是 36 分之一,而是 100 分之一,(平心而论,我们必须强调这些专家可能真的认为自己的看法是对的,这虽然让人不忍予以苛责但却更加凸显他们的危险性)。</p>
<p>The influx of "investor" money into catastrophe bonds -- which may well live up to their name -- has caused super-cat prices to deteriorate materially. Therefore, we will write less business in 1998. We have some large multi-year contracts in force, however, that will mitigate the drop. The largest of these are two policies that we described in last year's report -- one covering hurricanes in Florida and the other, signed with the California Earthquake Authority, covering earthquakes in that state. Our "worst-case" loss remains about \$600 million after-tax, the maximum we could lose under the CEA policy. Though this loss potential may sound large, it is only about 1% of Berkshire's market value. Indeed, if we could get appropriate prices, we would be willing to significantly increase our "worst-case" exposure.</p>	<p>越来越多的资金涌入投资这类巨灾债券,使得巨灾的投保费率大幅下滑,其结果可能真如其名,终将导致巨大的灾害,为此我们大幅减少 1998 年在这方面的业务量,还好我们先前已签了好几件长期的合约使得冲击相对减小,其中最大的两件在去年的年报中已向各位报告过,一件是佛罗里达的飓风险,另一个是与加州地震局 CEA 签订的加州地震险,在最坏的情况下,我们必须承受的损失是税后六亿美元,这也是 CEA 保单规定的上限,虽然这个数字看起来很大,但占伯克希尔市值的比例也不过只有 1%,当然我必须再强调的是,只要保费合理,我们很愿意大幅提高最坏状况的风险上限。</p>
<p>Our super-cat business was developed from scratch by Ajit Jain, who has contributed to Berkshire's success in a variety of other ways as well. Ajit possesses both the discipline to walk away from business that is inadequately priced and the imagination to then find other opportunities. Quite simply, he is one of Berkshire's major assets. Ajit would have been a star in whatever career he chose; fortunately for us, he enjoys insurance.</p>	<p>伯克希尔的巨灾保险业务在 Ajit Jain 的努力下,从无到有,对伯克希尔可谓贡献良多,Ajit 一方面有拒绝订价不合理保单的勇气,一方面又发挥创造力,开创新的业务,他可以称得上是伯克希尔最珍贵的资产之一,我觉得他不论从事什么行业都可以成为那一行的明星,还好他对于保险业还算是相当有兴趣。</p>
<p>Insurance -- GEICO (1-800-555-2756) and Other Primary Operations</p>	<p>保险-盖可及其它主要保险事业</p>
<p>Last year I wrote about GEICO's Tony Nicely and his terrific management skills. If I had known then what he had in store for us in 1997, I would have searched for still greater superlatives.</p>	<p>去年我提到盖可的 Tony Nicely 以及他优异的管理技能,不过我要是早知道他在 1997 年的表现,我可能会试着去用更好的形容词,现年 54 岁的 Tony</p>

<p>Tony, now 54, has been with GEICO for 36 years and last year was his best. As CEO, he has transmitted vision, energy and enthusiasm to all members of the GEICO family -- raising their sights from what has been achieved to what can be achieved.</p>	<p>在盖可服务已有 36 年之久, 在去年更达到个人事业的巅峰, 身为公司的总裁, 他的识见、能量与热情感染到公司上上下下的每一个人, 激励他们不断地超越巅峰。</p>
<p>We measure GEICO's performance by first, the net increase in its voluntary auto policies (that is, not including policies assigned us by the state) and, second, the profitability of "seasoned" auto business, meaning policies that have been with us for more than a year and are thus past the period in which acquisition costs cause them to be money-losers. In 1996, in-force business grew 10%, and I told you how pleased I was, since that rate was well above anything we had seen in two decades. Then, in 1997, growth jumped to 16%.</p>	<p>我们运用好几种方法来衡量盖可的表现, 首先是自愿加入汽车保单数量的净增加数(也就是不包含州政府分配给我们的保单数), 第二长期汽车保单业务的获利状况, 系指那些持续一年以上, 已经过了初次取得成本而开始赚钱的保单, 1996 年有效保单的数量成长了 10%, 当时我曾告诉大家这是相当令人兴奋的一件事, 因为这是 20 年来的新高, 不过到了 1997 年, 保单数量的成长率又大幅跃升为 16%!</p>
<p>Below are the new business and in-force figures for the last five years:</p>	<p>下表是新加入自愿保单以及有效保单数量的统计:</p>
<p>Of course, any insurer can grow rapidly if it gets careless about underwriting. GEICO's underwriting profit for the year, though, was 8.1% of premiums, far above its average. Indeed, that percentage was higher than we wish it to be: Our goal is to pass on most of the benefits of our low-cost operation to our customers, holding ourselves to about 4% in underwriting profit. With that in mind, we reduced our average rates a bit during 1997 and may well cut them again this year. Our rate changes varied, of course, depending on the policyholder and where he lives; we strive to charge a rate that properly reflects the loss expectancy of each driver.</p>	<p>当然任何一家保险公司都可以不顾承保品质而快速的成长, 然而盖可本年度的承保获利却是保费收入的 8.1%, 这数字远优于一般同业水准, 确实这数字也远高于我们本身的预期, 我们原先的目标是将低成本营运所贡献的获利回馈给我们的客户, 仅保留 4% 的获利比例, 基于这样的信念, 我们将 1997 年的保险费率再度略微调降, 同时在明年有可能也会采取相同的做法, 当然最后的费率还须参阅保户本身状况以及居住的地区, 我们最终还是希望费率的改变可以合理地反映每位驾驶人发生损失的预期机率。</p>
<p>GEICO is not the only auto insurer obtaining favorable results these days. Last year, the industry recorded profits that were far better than it anticipated or can sustain. Intensified competition will soon squeeze margins very significantly. But this is a development we welcome: Long term, a tough market helps the low-cost operator, which is what we are and intend to remain.</p>	<p>盖可并不是近年来唯一取得好成绩汽车保险业者, 去年整个产业获得高于原先预期的获利成果, 但这种好光景很难维持下去, 因为来自同业激烈的竞争很快地就会压缩获利的空间, 然而面对可能的发展, 我们胸有成竹, 就长期而言, 艰困的市场环境有利于低成本营运的业者生存, 这也是一直以来我们努力维持的竞争优势。</p>
<p>Last year I told you about the record 16.9% profit-sharing contribution that GEICO's</p>	<p>去年我也曾跟各位报告过盖可员工为自己挣得高达 16.9% 的盈余分红比</p>

<p>associates had earned and explained that two simple variables set the amount: policy growth and profitability of seasoned business. I further explained that 1996's performance was so extraordinary that we had to enlarge the chart delineating the possible payouts. The new configuration didn't make it through 1997: We enlarged the chart's boundaries again and awarded our 10,500 associates a profit-sharing contribution amounting to 26.9% of their base compensation, or \$71 million. In addition, the same two variables -- policy growth and profitability of seasoned business -- determined the cash bonuses that we paid to dozens of top executives, starting with Tony.</p>	<p>例，同时也解释只有两项简单的参数计算出这个比例，那就是保单的成长率与长期业务的获利状况，我还说由于 1996 年的表现在是超乎预期以致于原先预估支付奖金的图表，因不敷使用而必须加大，不过到了今年新的图表竟然又不够用，为此我们再度提高上限，总计全公司上上下下的 10,500 名员工，一共可以领到相当于底薪的 26.9%，总金额高达 7,100 万美元，当然这两项参数，同时也适用于包含 Tony 在内，数十位高阶经理人的奖金红利。</p>
<p>At GEICO, we are paying in a way that makes sense for both our owners and our managers. We distribute merit badges, not lottery tickets: In none of Berkshire's subsidiaries do we relate compensation to our stock price, which our associates cannot affect in any meaningful way. Instead, we tie bonuses to each unit's business performance, which is the direct product of the unit's people. When that performance is terrific -- as it has been at GEICO -- there is nothing Charlie and I enjoy more than writing a big check.</p>	<p>在盖可，我们支付薪资红利的方式很能够获得劳资双方的认同，我们颁发的是红利奖章而不是乐透彩券，伯克希尔旗下的子公司员工的薪资报酬与母公司的股价一点关系都没有，因为前者并没有能力直接影响后者，相反地，我们将子公司的薪资与各单位的各自表现完全绑在一起，因为后者的成败必须由前者负全部的责任，当某事业单位的表现杰出时，就像盖可去年的情况一样，查理跟我乐于签发大笔大笔的支票。</p>
<p>GEICO's underwriting profitability will probably fall in 1998, but the company's growth could accelerate. We're planning to step on the gas: GEICO's marketing expenditures this year will top \$100 million, up 50% from 1997. Our market share today is only 3%, a level of penetration that should increase dramatically in the next decade. The auto insurance industry is huge -- it does about \$115 billion of volume annually -- and there are tens of millions of drivers who would save substantial money by switching to us.</p>	<p>不过盖可 1998 年的承保获利很可能会下滑，但是保单数量应该还会继续成长，我们已准备好加紧油门，盖可保险今年预计的营销费用将突破一亿美元的大关，这数字比起 1997 年要增加 50% 以上，截至目前为止，我们的市场占有率约为 3%，预计在未来的十年内还会大幅增加，整个汽车保险市场的大饼相当可观，每年约有 1,150 亿美元的市场胃纳量，预估将有上千万的驾驶人因为将保单转移到我们这边而节省相当可观的保费。</p>
<p>In the 1995 report, I described the enormous debt that you and I owe to Lorimer Davidson. On a Saturday early in 1951, he patiently explained the ins and outs of both GEICO and its industry to me -- a 20-year-old stranger who'd arrived at</p>	<p>在 1995 年的年报中，我曾经提到我们欠 Lorimer Davidson 一个大人情，因为要不是当年他很有耐心地跟一个素未谋面却冒冒失失闯入 GEICO 公司总部的二十岁小毛头深入浅出地介绍</p>

<p>GEICO's headquarters uninvited and unannounced. Davy later became the company's CEO and has remained my friend and teacher for 47 years. The huge rewards that GEICO has heaped on Berkshire would not have materialized had it not been for his generosity and wisdom. Indeed, had I not met Davy, I might never have grown to understand the whole field of insurance, which over the years has played such a key part in Berkshire's success.</p>	<p>GEICO 以及其所属产业种种的话，也不会有今天的伯克希尔跟我本人，Davy 后来也成为该公司的总裁，并与我维持长达 47 年亦师亦友的情谊，没有他的宽容与智能，伯克希尔也没有办法靠着 GEICO 的成功而发扬光大。</p>
<p>Davy turned 95 last year, and it's difficult for him to travel. Nevertheless, Tony and I hope that we can persuade him to attend our annual meeting, so that our shareholders can properly thank him for his important contributions to Berkshire. Wish us luck.</p>	<p>Davy 去年已高龄 95 岁，旅途奔波对他来说是一件很辛苦的事，不过 Tony 跟我还是会尽量说服他参与今年的股东会，好让大家能够藉这个机会好好地感谢他对伯克希尔所做的贡献，希望我们能够如愿。</p>
<p>Though they are, of course, far smaller than GEICO, our other primary insurance operations turned in results last year that, in aggregate, were fully as stunning. National Indemnity's traditional business had an underwriting profit of 32.9% and, as usual, developed a large amount of float compared to premium volume. Over the last three years, this segment of our business, run by Don Wurster, has had a profit of 24.3%. Our homestate operation, managed by Rod Eldred, recorded an underwriting profit of 14.1% even though it continued to absorb the expenses of geographical expansion. Rod's three-year record is an amazing 15.1%. Berkshire's workers' compensation business, run out of California by Brad Kinstler, had a modest underwriting loss in a difficult environment; its three-year underwriting record is a positive 1.5%. John Kizer, at Central States Indemnity, set a new volume record while generating good underwriting earnings. At Kansas Bankers Surety, Don Towle more than lived up to the high expectations we had when we purchased the company in 1996.</p>	<p>当然除了 GEICO 保险以外，我们其它主要的保险事业，虽然规模较小，但所缴出来的成绩单总的来说，同样令人激赏，国家产险传统业务的承保获利率高达 32.9%，同时也贡献出相较于保费收入高比例的浮存金，累计过去三年，这个由 Don Wurster 领导的部门平均获利率为 24.3%，另外在由 Rod Eldred 领导的 Homestate 业务部份，在必须吸收地区业务扩展的费用下，仍然缴出 14.1% 的承保获利，累计最近三年的获利率为 15.1%，此外伯克希尔的劳工退休金业务部份，在加州的 Brad Kinstler 主持下，虽然面临困难的环境，但产生承保损失的相对轻微，平均三年的承保成绩是正的 1.5%，还有由 John Kizer 领导的 Central States 保险在保费收入缔造新高的同时，也贡献相当不错的承保获利，最后是我们 1996 年买进的 Kansas 银行家保险，Don Towle 的表现甚至超过我们当初设立的高标准。</p>
<p>In aggregate, these five operations recorded an underwriting profit of 15.0%. The two Dons, along with Rod, Brad and John, have created significant value for Berkshire, and we believe there is more to come.</p>	<p>总计下来，这五家保险子公司平均的承保获利率是 15.0%，两位 Dons 加上 Rod、Brad 及 John，为伯克希尔创造了可观的利益，而且我们也相信后势可期。</p>

Sources of Reported Earnings	帐列盈余的来源
<p>The table that follows shows the main sources of Berkshire's reported earnings. In this presentation, purchase-accounting adjustments are not assigned to the specific businesses to which they apply, but are instead aggregated and shown separately. This procedure lets you view the earnings of our businesses as they would have been reported had we not purchased them. For the reasons discussed on pages 69 and 70, this form of presentation seems to us to be more useful to investors and managers than one utilizing generally-accepted accounting principles (GAAP), which require purchase-premiums to be charged off business-by-business. The total earnings we show in the table are, of course, identical to the GAAP total in our audited financial statements.</p>	<p>下表显示伯克希尔帐列盈余的主要来源，在这张表中商誉的摊销数与购买法会计调整数会从个别被投资公司分离出来，单独加总列示，之所以这样做是为了让旗下各事业的盈余状况，不因我们的投资而有所影响，过去我一再地强调我们认为这样的表达方式，较之一般公认会计原则要求以个别企业基础做调整，不管是对投资者或是管理者来说，更有帮助，当然最后损益加总的数字仍然会与经会计师查核的数字一致。</p>
<p>Overall, our operating businesses continue to perform exceptionally well, far outdoing their industry norms. We are particularly pleased that profits improved at Helzberg's after a disappointing 1996. Jeff Comment, Helzberg's CEO, took decisive steps early in 1997 that enabled the company to gain real momentum by the crucial Christmas season. In the early part of this year, as well, sales remained strong.</p>	<p>总的来说，我们旗下的营利事业的表现远优于一般的同业，尤其是 Helzberg 钻石在渡过令人失望的 1996 年之后，获利状况大幅提升，Helzberg 公司的总裁 Jeff Comment 在 1997 年初断然地采取各项措施，带领整个公司在重要的圣诞旺季大有斩获，而截至今年上半年为止，销售状况依旧强劲。</p>
<p>Casual observers may not appreciate just how extraordinary the performance of many of our businesses has been: If the earnings history of, say, Buffalo News or Scott Fetzer is compared to the records of their publicly-owned peers, their performance might seem to have been unexceptional. But most public companies retain two-thirds or more of their earnings to fund their corporate growth. In contrast, those Berkshire subsidiaries have paid 100% of their earnings to us, their parent company, to fund our growth.</p>	<p>一般的人可能无法体会，我们众多旗下事业的表现到底有多杰出，虽然相较于其他已上市的同业，水牛城新闻报或是史考特飞兹的获利表现看起来并不突出，不过大家要了解，大部分的上市公司通常会将三分之二以上的盈余保留不分配以支应内部的成长，但是伯克希尔大部分的子公司却将所赚取的盈余分毫不差的缴回母公司，是他们贡献的资金促成母公司伯克希尔进一步的成长。</p>
<p>In effect, the records of the public companies reflect the cumulative benefits of the earnings they have retained, while the records of our operating subsidiaries get no such boost. Over time, however, the earnings these subsidiaries</p>	<p>事实上这些上市公司的盈余对于其获利表现有累积效果，相较之下，我们的子公司却没有这方面的支助，然而就长期而言，这些子公司上缴的资金对于伯克希尔在其它地方的获利能力</p>

<p>have distributed have created truly huge amounts of earning power elsewhere in Berkshire. The News, See's and Scott Fetzer have alone paid us \$1.8 billion, which we have gainfully employed elsewhere. We owe their managements our gratitude for much more than the earnings that are detailed in the table.</p>	<p>却有极大的贡献，总计水牛城新闻、喜斯糖果与史考特飞兹，这三家公司这几年来贡献的盈余就高达 18 亿美元，而我们也得以好好地运用这些资金，所以我们对于这些经理人的感谢绝不仅止于帐面上所看到的那些盈余数字而已。</p>
<p>Additional information about our various businesses is given on pages 36 - 50, where you will also find our segment earnings reported on a GAAP basis. In addition, on pages 55 - 61, we have rearranged Berkshire's financial data into four segments on a non-GAAP basis, a presentation that corresponds to the way Charlie and I think about the company. Our intent is to supply you with the financial information that we would wish you to give us if our positions were reversed.</p>	<p>在年报中你可以找到依照一般公认会计原则编制，详细的部门别信息，另外你还可以找到经过重编，依照伯克希尔四大部门的信息，这是查理跟我能完整呈现伯克希尔现况的模式，我们的目的是希望能够换个角度设想，提供大家所有必要的信息。</p>
<p>Look-Through Earnings</p>	<p>完整透视盈余</p>
<p>Reported earnings are a poor measure of economic progress at Berkshire, in part because the numbers shown in the table presented earlier include only the dividends we receive from investees -- though these dividends typically represent only a small fraction of the earnings attributable to our ownership. Not that we mind this division of money, since on balance we regard the undistributed earnings of investees as more valuable to us than the portion paid out. The reason is simple: Our investees often have the opportunity to reinvest earnings at high rates of return. So why should we want them paid out?</p>	<p>我们认为帐列盈余很难表现伯克希尔实际的营运状况，部份原因在于列示在本公司帐上的股利收入，事实上仅占被投资公司收益的一小部份，其实我们并不要求盈余一定要分配，事实上对我们而言，我们更重视未分配的那一部份，因为他们极可能为我们创造出更高的价值，原因很简单，因为我们的被投资公司往往比母公司更有机会把资金投入到高投资报酬的用途之上，既然如此又何必一定要强迫他们把盈余分配回来呢？</p>
<p>To depict something closer to economic reality at Berkshire than reported earnings, though, we employ the concept of "look-through" earnings. As we calculate these, they consist of: (1) the operating earnings reported in the previous section, plus; (2) our share of the retained operating earnings of major investees that, under GAAP accounting, are not reflected in our profits, less; (3) an allowance for the tax that would be paid by Berkshire if these retained earnings of investees had instead been distributed to us. When tabulating "operating</p>	<p>为了要更真实的反应伯克希尔实际的经营状况，于是乎我们运用了完整透视盈余的观念，这个数字总共包含(1)前段所提到的帐列盈余，加上(2)主要被投资公司的保留盈余，按一般公认会计原则未反应在我们公司帐上的盈余，扣除(3)若这些未反应的盈余分配给我们时，估计可能要缴的所得税。在这里我们所谓的营业盈余系已扣除资本利得、特别会计调整与企业其它非常态的项目。</p>

<p>earnings" here, we exclude purchase-accounting adjustments as well as capital gains and other major non-recurring items.</p>	
<p>The following table sets forth our 1997 look-through earnings, though I warn you that the figures can be no more than approximate, since they are based on a number of judgment calls. (The dividends paid to us by these investees have been included in the operating earnings itemized on page 11, mostly under "Insurance Group: Net Investment Income.")</p>	<p>各位可以从下表看出我们是如何计算出 1997 年透视盈余的,不过我还是要提醒各位这些数字只不过是估计数,很多都是基于简单的判断,(被投资公司所分配的股利收入已经包含在保险事业的净投资收益项下)。</p>
<p>Acquisitions of 1997</p>	<p>1997 年的购并活动</p>
<p>In 1997, we agreed to acquire Star Furniture and International Dairy Queen (a deal that closed early in 1998). Both businesses fully meet our criteria: They are understandable; possess excellent economics; and are run by outstanding people.</p>	<p>1997 年我们同意买下星辰家具与国际乳品皇后(后者在 1998 年初正式敲定),两家公司都完全符合我们的标准,产业性质单纯、拥有绝佳的竞争优势且由杰出的人才所经营。</p>
<p>The Star transaction has an interesting history. Whenever we buy into an industry whose leading participants aren't known to me, I always ask our new partners, "Are there any more at home like you?" Upon our purchase of Nebraska Furniture Mart in 1983, therefore, the Blumkin family told me about three outstanding furniture retailers in other parts of the country. At the time, however, none was for sale.</p>	<p>星辰家具的交易有个相当有趣的故事,每当我们跨足一个原本我们不熟悉的产业,我都会习惯性地问一问新加入的合作伙伴,"除了你们以外,还有没有像你们一样的企业?",早在 1983 年我们买下内布拉斯加家具店时,我就问过 B 太太家族这个问题,当时她告诉我全美其它地方还有三家不错的家具零售商可以考虑,不过很可惜在当时没有任何一家有出售的意愿。</p>
<p>Many years later, Irv Blumkin learned that Bill Child, CEO of R.C. Willey -- one of the recommended three -- might be interested in merging, and we promptly made the deal described in the 1995 report. We have been delighted with that association -- Bill is the perfect partner. Furthermore, when we asked Bill about industry standouts, he came up with the remaining two names given me by the Blumkins, one of these being Star Furniture of Houston. But time went by without there being any indication that either of the two was available.</p>	<p>多年后, B 太太家族的 Irv 得知当初获得推荐的三家公司之一 -R.C. Willey 家具总裁 Bill Child 有意与人合并,我们立刻把握良机促成交易,这项交易也在 1995 年的年报向各位报告过,事后我们也很满意这次的结合, Bill 是再理想不过的合作伙伴,当然我也不忘问问 Bill 相同的问题,请他推荐其它杰出的同业,结果得到的答案与 B 太太所说的一致,其中一家就是位于修士顿的星辰家具,只是随着时光的流逝没有一家有意愿出售。</p>
<p>On the Thursday before last year's annual meeting, however, Bob Denham of Salomon told me</p>	<p>而就在去年年度股东会的前一个星期四,所罗门公司的董事长丹汉告诉我</p>

<p>that Melvyn Wolff, the long-time controlling shareholder and CEO of Star, wanted to talk. At our invitation, Melvyn came to the meeting and spent his time in Omaha confirming his positive feelings about Berkshire. I, meanwhile, looked at Star's financials, and liked what I saw.</p>	<p>星辰家具的大股东兼总裁-Melvyn Wolff, 有意愿跟我谈谈, 于是在我们的邀约下, Melvyn 光临奥玛哈与我们会谈, 进一步确认对于伯克希尔的正面观感, 而在此同时我也看了星辰家具的财务报表, 一切正如我所预期。</p>
<p>A few days later, Melvyn and I met in New York and made a deal in a single, two-hour session. As was the case with the Blumkins and Bill Child, I had no need to check leases, work out employment contracts, etc. I knew I was dealing with a man of integrity and that's what counted.</p>	<p>几天后, Melvyn 与我再度在纽约碰面, 前后只花了两个钟头的会谈就把整个交易敲定, 而如同先前与 B 太太家族及 Bill Child 的经验一样, 我不需要再去查核租约、员工雇用合约等, 我知道我正在和一位具有正直人格的人打交道, 这样就足够了。</p>
<p>Though the Wolff family's association with Star dates back to 1924, the business struggled until Melvyn and his sister Shirley Toomin took over in 1962. Today Star operates 12 stores -- ten in Houston and one each in Austin and Bryan -- and will soon move into San Antonio as well. We won't be surprised if Star is many times its present size a decade from now.</p>	<p>虽然 Wolff 家族与星辰家具的关系可以追溯到 1924 年以前, 但是该公司直到 Melvyn 跟他姐姐 Shirly 在 1962 年接手经营后才有起色, 时至今日, 星辰总共有 12 家分店, 其中十家在修斯顿、另外两家在奥斯丁与拜伦, 还有一家新店即将在圣安东尼奥开张, 我想星辰要是在未来十年内以倍数的方式扩张, 我一点都不会感到意外。</p>
<p>Here's a story illustrating what Melvyn and Shirley are like: When they told their associates of the sale, they also announced that Star would make large, special payments to those who had helped them succeed -- and then defined that group as everyone in the business. Under the terms of our deal, it was Melvyn and Shirley's money, not ours, that funded this distribution. Charlie and I love it when we become partners with people who behave like that.</p>	<p>下面的一则故事充分说明 Melvyn 与 Shirley 是怎么样的人: 当星辰家具正式宣布出售公司时, 他们同时也公布将支付一笔大额的红利给所有帮助公司成功的人士, 范围包含公司上上下下所有的员工, 而根据交易的合约内容, 这笔钱将由 Melvyn 与 Shirley 自掏腰包, 查理跟我相当赞赏即将与我们共事的合伙人能有这样的举动。</p>
<p>The Star transaction closed on July 1. In the months since, we've watched Star's already-excellent sales and earnings growth accelerate further. Melvyn and Shirley will be at the annual meeting, and I hope you get a chance to meet them.</p>	<p>星辰家具的交易案在七月一日正式定案, 而在之后的几个月, 星辰家具本来已经表现相当不错的营收又继续大幅成长, Melvyn 与 Shirley 将会出席今年的股东年会, 届时希望大家能够前来与他们见见面。</p>
<p>Next acquisition: International Dairy Queen. There are 5,792 Dairy Queen stores operating in 23 countries -- all but a handful run by franchisees -- and in addition IDQ franchises 409 Orange Julius operations and 43 Karmelkorn operations. In 190 locations, "treat centers"</p>	<p>另一个购并案: 国际乳品皇后, 简称乳品皇后 IDQ, 总共有 5,792 个营业据点, 分布在全球的 23 个国家, 除了少数系加盟店外, 其余皆为自营, 此外还有 409 家 Orange Julius 加盟店与 43 家 Karmelkorn, 其中有 190 个</p>

provide some combination of the three products.	据点同时提供三种选择。
For many years IDQ had a bumpy history. Then, in 1970, a Minneapolis group led by John Mooty and Rudy Luther took control. The new managers inherited a jumble of different franchising agreements, along with some unwise financing arrangements that had left the company in a precarious condition. In the years that followed, management rationalized the operation, extended food service to many more locations, and, in general, built a strong organization.	早期乳品皇后的命运多舛，在 1970 年代当时，由来自明尼拿波里斯的 John Mooty 与 Rudy Luther 接手经营，新的经营阶层面对的是由前手遗留下来混乱的加盟合约以及不合理的融资计划所造成岌岌可危的窘况，所幸在接下来的几年内，新经营阶层导正这种乱象，并且对外扩张新增了许多营业据点，让公司经营逐渐步入坦途。
Last summer Mr. Luther died, which meant his estate needed to sell stock. A year earlier, Dick Kiphart of William Blair & Co., had introduced me to John Mooty and Mike Sullivan, IDQ's CEO, and I had been impressed with both men. So, when we got the chance to merge with IDQ, we offered a proposition patterned on our FlightSafety acquisition, extending selling shareholders the option of choosing either cash or Berkshire shares having a slightly lower immediate value. By tilting the consideration as we did, we encouraged holders to opt for cash, the type of payment we by far prefer. Even then, only 45% of IDQ shares elected cash.	去年夏天 Luther 先生过世，他的股份因而必须对外出售，而在这之前经由 William Blair 公司的总裁 Dick Kiphart 的介绍，使我得以结识 John Mooty 与乳品皇后的总裁 Mike Sullivan，且这两人让我印象相当深刻，也因此伯克希尔可以趁此机会与乳品皇后合并，而我们也提出与之前购并国际飞安公司时相同的条件，提供乳品皇后股东换成现金或股票两种不同的选择，其中换成伯克希尔股份的条件略低于现金，主要是因为大家尽量选择换成现金，不过即便如此，总共也只有 45% 的股东决定领取现金。
Charlie and I bring a modicum of product expertise to this transaction: He has been patronizing the Dairy Queens in Cass Lake and Bemidji, Minnesota, for decades, and I have been a regular in Omaha. We have put our money where our mouth is.	在这次的交易中，查理跟我稍微发挥了一下对于产品的知识，查理他几十年来固定光顾位于明尼苏达州凯斯湖与 Bemidji 的乳品皇后，而我则是奥玛哈地区乳品皇后的常客，我们等于是“把钱花在嘴巴上”。
A Confession	自我检讨
I've mentioned that we strongly prefer to use cash rather than Berkshire stock in acquisitions. A study of the record will tell you why: If you aggregate all of our stock-only mergers (excluding those we did with two affiliated companies, Diversified Retailing and Blue Chip Stamps), you will find that our shareholders are slightly worse off than they would have been had I not done the transactions. Though it hurts me to say it, when I've issued	我之所以会一再强调倾向利用现金而非伯克希尔股票进行购并的原因在于，记录显示我们所有利用股票并购的合并案(扣除早期的多元零售与蓝筹邮票两个案子不算)，大家会发现所得的结果可能比不购并还差，虽然这样子讲对我很伤，不过我还是必须承认，每当我发行股票，就等于是让股东们亏钱。

<p>stock, I've cost you money.</p>	
<p>Be clear about one thing: This cost has not occurred because we were misled in any way by sellers or because they thereafter failed to manage with diligence and skill. On the contrary, the sellers were completely candid when we were negotiating our deals and have been energetic and effective ever since.</p>	<p>不过有一点要澄清的是，之所以会如此绝对不是因为我们遭到卖方的误导或是在被买下后不用心经营，相反的，这些卖方在交易谈判当时皆坦诚布公，同时也很努力经营事业。</p>
<p>Instead, our problem has been that we own a truly marvelous collection of businesses, which means that trading away a portion of them for something new almost never makes sense. When we issue shares in a merger, we reduce your ownership in all of our businesses -- partly-owned companies such as Coca-Cola, Gillette and American Express, and all of our terrific operating companies as well. An example from sports will illustrate the difficulty we face: For a baseball team, acquiring a player who can be expected to bat .350 is almost always a wonderful event -- except when the team must trade a .380 hitter to make the deal.</p>	<p>主要的问题在于，我们原本就已经拥有的绝佳企业组合，因此不论拿什么新的东西来换都不划算，也就是说每当我们发行新股用来购并新的企业时，就等于是间接减少我们原本拥有的绝佳企业的股权比例，不论是只有部份股权的可口可乐、吉列刮胡刀及美国运通，或者是旗下所有营利事业皆是如此，在运动场上有一个例子可以充分说明我们所面临的难题，对一只棒球队来说，挖到一位打击率高达三成五的选手肯定是件令人欣喜的事，除非是你必须被迫用一个打击率高达三成八的球员去交换。</p>
<p>Because our roster is filled with .380 hitters, we have tried to pay cash for acquisitions, and here our record has been far better. Starting with National Indemnity in 1967, and continuing with, among others, See's, Buffalo News, Scott Fetzer and GEICO, we have acquired -- for cash -- a number of large businesses that have performed incredibly well since we bought them. These acquisitions have delivered Berkshire tremendous value -- indeed, far more than I anticipated when we made our purchases.</p>	<p>正因为目前我们的球员名单已布满了打击率三成八的高手，所以我们总是希望尽量用现金来进行购并，而事实证明我们的成绩远高于预期，从1967年的国家产险开始，接着是喜斯糖果、水牛城新闻报、史考特飞兹以及盖可保险等等，这些企业在我们用现金买下之后的表现再再令人激赏，它们也为伯克希尔增添了无数的价值，这实在是远高于我们当初的预期。</p>
<p>We believe that it is almost impossible for us to "trade up" from our present businesses and managements. Our situation is the opposite of Camelot's Mordred, of whom Guenevere commented, "The one thing I can say for him is that he is bound to marry well. Everybody is above him." Marrying well is extremely difficult for Berkshire.</p>	<p>我们相信实在是很难将我们现在拥有的事业与其经营阶层交换出去，我们现在的处境与 Camelot Mordred 刚好相反，Guenevere 说他一定可以找到理想的伴侣，因为世上所有人的条件都比他还要好，但是对伯克希尔来说，要找到足以匹配的伴侣实在是难上加难。</p>
<p>So you can be sure that Charlie and I will be very reluctant to issue shares in the future. In those cases when we simply must do so -- when certain</p>	<p>所以大家可以预见的是在未来查理跟我会越来越不愿意以发行新股的方式进行购并，要是遇到非如此不可的</p>

<p>shareholders of a desirable acquiree insist on getting stock -- we will include an attractive cash option in order to tempt as many of the sellers to take cash as is possible.</p>	<p>情况时，也就是被购并者坚持要拿股票的时候，我们也会附带提供一个比较优渥的现金价格，以促使更多的股东选择领取现金。</p>
<p>Merging with public companies presents a special problem for us. If we are to offer any premium to the acquiree, one of two conditions must be present: Either our own stock must be overvalued relative to the acquiree's, or the two companies together must be expected to earn more than they would if operated separately. Historically, Berkshire has seldom been overvalued. In this market, moreover, undervalued acquirees are almost impossible to find. That other possibility -- synergy gains -- is usually unrealistic, since we expect acquirees to operate after we've bought them just as they did before. Joining with Berkshire does not normally raise their revenues nor cut their costs.</p>	<p>此外当我们购并已公开发行的公司还会遇到另一项问题，那就是如果我们提供被购并者任何溢价的话，必须要能够符合以下两项条件其中之一，要嘛就是相对于对方，伯克希尔的股价被高估；要嘛就是两家公司合并后所赚得的利益高于两家独立营运时的利益。关于这个问题，就过去的经验，伯克希尔的股价很少被高估，相对地以目前的市场状况，实在很难再找到其它股价相对被低估的公司，至于另外一个可能性，也就是所谓的合并综效，通常都很不切实际，我们顶多能期望被购并的事业在被买下之后的表现跟之前一样好就不错了，因为加入伯克希尔不代表营收就能够自动增加或成本就能够自动地减少。</p>
<p>Indeed, their reported costs (but not their true ones) will rise after they are bought by Berkshire if the acquiree has been granting options as part of its compensation packages. In these cases, "earnings" of the acquiree have been overstated because they have followed the standard -- but, in our view, dead wrong -- accounting practice of ignoring the cost to a business of issuing options. When Berkshire acquires an option-issuing company, we promptly substitute a cash compensation plan having an economic value equivalent to that of the previous option plan. The acquiree's true compensation cost is thereby brought out of the closet and charged, as it should be, against earnings.</p>	<p>而其中还有一些以选择权充当薪资酬劳配套措施的公司，在我们买下之后，其帐列成本往往会暴增(但并不会影响实际真实的成本)，事实上应该说是这些公司过去的获利状况被高估，因为他们所采取的是在我们看来典型的，完全忽略发行选择权潜藏企业成本的不当会计手法，也因此当伯克希尔买下一家有发行选择权的公司时，我们会立刻将之更换成以现金报酬为主，但却与原来认股权同样优惠的奖励计划，如此一来，被购并的这家公司其实际的薪资酬劳成本方能摊开在阳光底下，具体反应公司的获利状况。</p>
<p>The reasoning that Berkshire applies to the merger of public companies should be the calculus for all buyers. Paying a takeover premium does not make sense for any acquirer unless a) its stock is overvalued relative to the acquiree's or b) the two enterprises will earn more combined than they would separately. Predictably, acquirers normally hew to the second argument</p>	<p>伯克希尔在购并公开公司所采用的原则也是所有买家必修的学分，买方没有理由以溢价进行购并，除非在以下特殊的情况下，a)相对于被购并者，其股价被高估，或者是b)两家原本独立的企业在合并之后所赚取的利润高于原先的总和，而显而易见的买方通常会采取第一个理由，因为很少有公</p>

<p>because very few are willing to acknowledge that their stock is overvalued. However, voracious buyers -- the ones that issue shares as fast as they can print them -- are tacitly conceding that point. (Often, also, they are running Wall Street's version of a chain-letter scheme.)</p>	<p>司会公开承认自己的股价被高估，然而贪得无厌的买家，以比印钞票还快的速度印股票的这群人，最后却不得不默认自己的股价确实被高估，通常他们玩的宛如华尔街版的连锁信游戏。</p>
<p>In some mergers there truly are major synergies -- though oftentimes the acquirer pays too much to obtain them -- but at other times the cost and revenue benefits that are projected prove illusory. Of one thing, however, be certain: If a CEO is enthused about a particularly foolish acquisition, both his internal staff and his outside advisors will come up with whatever projections are needed to justify his stance. Only in fairy tales are emperors told that they are naked.</p>	<p>虽然有些合并案确实可以发挥综合效益，但通常买家所付出的代价过高，且通常成本节省与营收增加的预期效益最后都会成一场空，不过有一点可以确定的是，不管这个购并案多么的不合理，只要老板有强烈的意愿，其内部的同僚与外部的专家顾问都能够提出一份看似合理的评估报告来支持其立场，只要在童话中才有人敢大胆地告诉国王他没有穿衣服。</p>
<p>Common Stock Investments</p>	<p>股票投资</p>
<p>Below we present our common stock investments. Those with a market value of more than \$750 million are itemized.</p>	<p>下表是伯克希尔市价超过七亿五千万美元以上的股票投资。</p>
<p>We made net sales during the year that amounted to about 5% of our beginning portfolio. In these, we significantly reduced a few of our holdings that are below the \$750 million threshold for itemization, and we also modestly trimmed a few of the larger positions that we detail. Some of the sales we made during 1997 were aimed at changing our bond-stock ratio moderately in response to the relative values that we saw in each market, a realignment we have continued in 1998.</p>	<p>今年我们大概处分了 5%左右的投资部位，其中包含一些市价未达七亿五千万表列门槛的股票被大幅地处分掉，此外也有一部份超过七亿五千万的股票被小幅的调整，主要是为了调整债券与股票投资部位间的比例，以因应我们认为市场相对价值的认知，这个动作一直到 1998 年仍在持续进行。</p>
<p>Our reported positions, we should add, sometimes reflect the investment decisions of GEICO's Lou Simpson. Lou independently runs an equity portfolio of nearly \$2 billion that may at times overlap the portfolio that I manage, and occasionally he makes moves that differ from mine.</p>	<p>不过有一点必须强调的是，报表上显示的投资部位，有时反应的是 GEICO 保险公司 Lou Simpson 所做的决策，Lou 独自管理将近 20 亿美元的股票投资组合，当然其中有些部位与我重叠，但通常他的投资动作与我有别。</p>
<p>Though we don't attempt to predict the movements of the stock market, we do try, in a very rough way, to value it. At the annual meeting last year, with the Dow at 7,071 and long-term Treasury yields at 6.89%, Charlie and I stated that we did</p>	<p>虽然我们从来不愿尝试去预测股市的动向，不过我们却试着大约评估其合理价位，记得在去年的股东会时，道琼指数约为 7,071 点，长期公债的殖利率为 6.89%，查理跟我就曾公开发表</p>

<p>not consider the market overvalued if 1) interest rates remained where they were or fell, and 2) American business continued to earn the remarkable returns on equity that it had recently recorded. So far, interest rates have fallen -- that's one requisite satisfied -- and returns on equity still remain exceptionally high. If they stay there -- and if interest rates hold near recent levels -- there is no reason to think of stocks as generally overvalued. On the other hand, returns on equity are not a sure thing to remain at, or even near, their present levels.</p>	<p>示，如果符合以下两点条件，则股市并未高估，1) 利率维持不变或继续下滑，以及 2) 美国企业继续维持现有的高股东权益报酬率。现在看起来，利率确实又继续下滑，这一点算是符合条件，另一方面，股东权益报酬率仍旧维持在高档，换句话说，若这种情况继续维持下去，同时利率也能够维持现状，则一般来说没有理由认为现在的股市过于高估，不过从保守角度来看，股东权益报酬率实在很能永远维持在现有的这种荣景。</p>
<p>In the summer of 1979, when equities looked cheap to me, I wrote a Forbes article entitled "You pay a very high price in the stock market for a cheery consensus." At that time skepticism and disappointment prevailed, and my point was that investors should be glad of the fact, since pessimism drives down prices to truly attractive levels. Now, however, we have a very cheery consensus. That does not necessarily mean this is the wrong time to buy stocks: Corporate America is now earning far more money than it was just a few years ago, and in the presence of lower interest rates, every dollar of earnings becomes more valuable. Today's price levels, though, have materially eroded the "margin of safety" that Ben Graham identified as the cornerstone of intelligent investing.</p>	<p>记得 1979 年的夏天，在当时的股票市场当中，便宜的股票垂手可得，为此我特地在富比士写了一篇文章，名为“在股票市场中，想让大家有乐观的共识是要付出相当大的代价的”，当时市场弥漫着怀疑与悲观的情绪，不过当时我力排众议认为对于这种现象投资人应该要感到高兴，因为悲观的情绪使得许多公司的股价跌到相当吸引人的价位，不过现在看来我们似乎已经快要达到乐观的共识了，当然这不表现在就不能买股票，近年来美国企业的获利大增，搭配现在的利率水准，企业赚取的每一块盈余比起过去来说要珍贵的许多，虽然以现在的股票价位，已经严重地脱离的葛拉汉一再强调的安全边际，这是智能型投资哲学的基石。</p>
<p>In last year's annual report, I discussed Coca-Cola, our largest holding. Coke continues to increase its market dominance throughout the world, but, tragically, it has lost the leader responsible for its outstanding performance. Roberto Goizueta, Coke's CEO since 1981, died in October. After his death, I read every one of the more than 100 letters and notes he had written me during the past nine years. Those messages could well serve as a guidebook for success in both business and life.</p>	<p>去年年报我花了相当多的篇幅谈到我们现有最大的投资部位-可口可乐，虽然目前可口可乐仍然继续扩大其在全世界饮料市场的霸主地位，不过很不幸的是，该公司总裁 Roberto Goizueta 却在去年十月过世，在他死后，我再一度阅读过去九年来，我与 Goizueta 超过上百篇的往来书信，这些讯息确实可以做为如何成功经营企业与人生的最佳教材。</p>
<p>In these communications, Roberto displayed a brilliant and clear strategic vision that was always aimed at advancing the well-being of Coke</p>	<p>在这些书信中，Roberto 展现出高瞻远瞩的识见，总是将重点摆在如何增进可口可乐股东的权益，Roberto 很</p>

<p>shareholders. Roberto knew where he was leading the company, how he was going to get there, and why this path made the most sense for his owners -- and, equally important, he had a burning sense of urgency about reaching his goals. An excerpt from one handwritten note he sent to me illustrates his mind-set: "By the way, I have told Olguita that what she refers to as an obsession, you call focus. I like your term much better." Like all who knew Roberto, I will miss him enormously.</p>	<p>清楚他要将公司带往何处，以及要如何才能到达目的地，同时了解为何这样的方法最适合所有的股东，当然更重要的是他对于达成这样目标抱持着强烈的渴望，有一张他手写给我的字条最能充分说明当时他的心境，“对了，我跟 Olguita 提到有关于她常常讲的“着魔”，我个人比较喜欢巴菲特的说法“专注”，就像是所有认识 Roberto 的人一样，我会永远怀念他！”</p>
<p>Consistent with his concern for the company, Roberto prepared for a seamless succession long before it seemed necessary. Roberto knew that Doug Ivester was the right man to take over and worked with Doug over the years to ensure that no momentum would be lost when the time for change arrived. The Coca-Cola Company will be the same steamroller under Doug as it was under Roberto.</p>	<p>一如他对于公司的关心，Roberto 早就安排好接班的问题，他认为 Doug Ivester 正是最佳的人选，与他共事多年的经验足以确保在公司领导高层更迭的同时，公司的运作不致受到任何的影响，相信在 Doug 的领导之下，可口可乐仍能一本初衷勇往直前。</p>
<p>Convertible Preferreds</p>	<p>可转换特别股</p>
<p>Two years ago, I gave you an update on the five convertible preferreds that we purchased through private placements in the 1987-1991 period. At the time of that earlier report, we had realized a small profit on the sale of our Champion International holding. The four remaining preferred commitments included two, Gillette and First Empire State, that we had converted into common stock in which we had large unrealized gains, and two others, USAir and Salomon, that had been trouble-prone. At times, the last two had me mouthing a line from a country song: "How can I miss you if you won't go away?"</p>	<p>两年前，我曾经就 1987 到 1991 年间进行的五项可转换特别股投资做了一番现况报告，在报告出具的当时，我们出脱了冠军国际部份的持股实现小部份的获利，剩下的四项投资中，吉列与第一帝国早已转换成普通股，并享有高额的未实现获利，而美国航空与所罗门兄弟则发生严重的经营问题，这两项投资让我不得不哼起一首乡村歌曲的歌词，“要是你不离开，我又怎么会想念你呢？”</p>
<p>Since I delivered that report, all four holdings have grown significantly in value. The common stocks of both Gillette and First Empire have risen substantially, in line with the companies' excellent performance. At yearend, the \$600 million we put into Gillette in 1989 had appreciated to \$4.8 billion, and the \$40 million we committed to First Empire in 1991 had risen to \$236 million.</p>	<p>而就在报告发布之后，所有四项投资的价值皆大幅增加，吉列与第一帝国的普通股股价飙涨，与公司的经营基本面一致，截至年底，当初我们在 1989 年投入吉列的 6 亿美元已经增值为 48 亿美元，而在 1991 年投入第一帝国的 4,000 万美元，则已增值至 2.36 亿美元。</p>
<p>Our two laggards, meanwhile, have come to life in a very major way. In a transaction that finally</p>	<p>在此同时另外两个后段班，也已起死回生，其中所罗门最近决定并入旅行</p>

<p>rewarded its long-suffering shareholders, Salomon recently merged into Travelers Group. All of Berkshire's shareholders -- including me, very personally -- owe a huge debt to Deryck Maughan and Bob Denham for, first, playing key roles in saving Salomon from extinction following its 1991 scandal and, second, restoring the vitality of the company to a level that made it an attractive acquisition for Travelers. I have often said that I wish to work with executives that I like, trust and admire. No two fit that description better than Deryck and Bob.</p>	<p>家集团的举动，终于让长久以来饱受苦难的股东获得的回报，伯克希尔所有的股东，包含我个人在内，实在是亏欠 Deryck Maughan 跟 Bob Denham 太多了，首先要感谢他们在 1991 年所罗门爆发丑闻时，拯救公司免于倒闭，之后更让公司恢复以往的活力，使得公司得以风光地嫁给旅行家集团，我常常说，我渴望与我喜爱、信任与崇拜的经理人共事，Deryck 与 Bob 正是这样绝佳的组合。</p>
<p>Berkshire's final results from its Salomon investment won't be tallied for some time, but it is safe to say that they will be far better than I anticipated two years ago. Looking back, I think of my Salomon experience as having been both fascinating and instructional, though for a time in 1991-92 I felt like the drama critic who wrote: "I would have enjoyed the play except that I had an unfortunate seat. It faced the stage."</p>	<p>虽然伯克希尔投资所罗门的最终成果到目前仍未定案，所幸目前的情况要比我两年前预期要好得多，回顾过去，我觉得投资所罗门的经验令人感到刺激有趣同时又具教化意义，虽然我在 1991 到 1992 年间的感觉就好像是一个戏迷曾这样写到“要是因为坐到一个不幸的位子，我可能就能够好好地欣赏表演，因为它正对着台上”。</p>
<p>The resuscitation of US Airways borders on the miraculous. Those who have watched my moves in this investment know that I have compiled a record that is unblemished by success. I was wrong in originally purchasing the stock, and I was wrong later, in repeatedly trying to unload our holdings at 50 cents on the dollar.</p>	<p>另一方面美国航空的重生过程近乎奇迹，熟悉整个投资过程的朋友都知道，个人在这项投资上获得了前所未有的胜利，一开始买进这家公司的股票就是一项错误，后来又反悔打算以半价出售再度犯了第二次的错误。</p>
<p>Two changes at the company coincided with its remarkable rebound: 1) Charlie and I left the board of directors and 2) Stephen Wolf became CEO. Fortunately for our egos, the second event was the key: Stephen Wolf's accomplishments at the airline have been phenomenal.</p>	<p>两项改变促使该公司得以东山再起， 1) 查理跟我辞去该公司董事的职位， 2) Stephen Wolf 接任成为该公司总裁，还好后者才是公司真正能够重生的主因，否则我们的脸可就丢大了，Stephen Wolf 的表现对整个航空业而言，可说是意义非凡。</p>
<p>There still is much to do at US Airways, but survival is no longer an issue. Consequently, the company made up the dividend arrearages on our preferred during 1997, adding extra payments to compensate us for the delay we suffered. The company's common stock, furthermore, has risen from a low of \$4 to a recent high of \$73.</p>	<p>当然美国航空还有很长的一段路要走，不过存活下来应该不是问题，也因此该公司在 1997 年顺利地偿还积欠我们的特别股股息，还包含延迟支付的赔偿损失，该公司的普通股股价更从原来的 4 块钱，一举涨到目前 73 块钱的新高。</p>

<p>Our preferred has been called for redemption on March 15. But the rise in the company's stock has given our conversion rights, which we thought worthless not long ago, great value. It is now almost certain that our US Airways shares will produce a decent profit -- that is, if my cost for Maalox is excluded -- and the gain could even prove indecent.</p>	<p>我们持有的特别股已在三月 15 日被赎回，不过受惠于该公司股价大涨，原本一文不值的转换权现在却变得价值不菲，可以肯定的是我们现在持有的美国航空普通股将为我们创造极高的获利，当然还要先把我的买胃药的钱给算进去。</p>
<p>Next time I make a big, dumb decision, Berkshire shareholders will know what to do: Phone Mr. Wolf.</p>	<p>我想哪天要是我再度干下什么愚蠢的投资决策，伯克希尔的股东肯定知道该怎么做了，没错，记得打电话给 Wolf 先生。</p>
<p>In addition to the convertible preferreds, we purchased one other private placement in 1991, \$300 million of American Express Percs. This security was essentially a common stock that featured a tradeoff in its first three years: We received extra dividend payments during that period, but we were also capped in the price appreciation we could realize. Despite the cap, this holding has proved extraordinarily profitable thanks to a move by your Chairman that combined luck and skill -- 110% luck, the balance skill.</p>	<p>除了可转换特别股，我们在 1991 年还透过私募的方式投资了三亿美元的美国运通俗称“Percs”的股票，这种证券基本上算是一种普通股，只不过在投资的前三年我们可以领取一笔特别的股利，条件是在同时间我们因为股价上涨所带来的资本利得将受到限制，然而即便如此，这笔投资还是因为本人的英明决策而获利不菲，当然其中也包含一些运气的成份，比例约是 110%(剩下的才是本人的能力)。</p>
<p>Our Percs were due to convert into common stock in August 1994, and in the month before I was mulling whether to sell upon conversion. One reason to hold was Amex's outstanding CEO, Harvey Golub, who seemed likely to maximize whatever potential the company had (a supposition that has since been proved -- in spades). But the size of that potential was in question: Amex faced relentless competition from a multitude of card-issuers, led by Visa. Weighing the arguments, I leaned toward sale.</p>	<p>根据约定我们的 Percs 必须在 1994 年八月以前转换成普通股，而就在前一个月我还一直在考虑是否应该在转换期限到期以前把这项投资给处分掉，当时考量的是虽然美国运通总裁 Harvey Golub 表现相当优异，他总是有办法将公司的潜力发挥到极致(这点从一开始便不断地获得证明)，只是这种潜能还是面临严重的挑战，那就是美国运通来自于以 Visa 为首的其它发卡单位激烈的竞争，在衡量各种利弊得失之后，我还是倾向于把这笔投资提前给处分掉。</p>
<p>Here's where I got lucky. During that month of decision, I played golf at Prouts Neck, Maine with Frank Olson, CEO of Hertz. Frank is a brilliant manager, with intimate knowledge of the card business. So from the first tee on I was quizzing him about the industry. By the time we reached the second green, Frank had convinced me</p>	<p>还好我走狗运，就在要做决定的那个月，我正好到缅因州和 Hertz 租车公司总裁 Frank Olson 一起打高尔夫球，Frank 是一位相当优秀的经理人，因为业务的关系相当熟悉信用卡的行业，所以打从第一洞开始我就一直追问他有关这行业的种种问题，到了第</p>

<p>that Amex's corporate card was a terrific franchise, and I had decided not to sell. On the back nine I turned buyer, and in a few months Berkshire owned 10% of the company.</p>	<p>二洞的果岭时, Frank 已经让我完全相信美国运通的企业卡是一项绝佳的生意, 所以当下我就决定不卖了, 等到后九洞时, 我更决定加码投资, 于是在回来的几个月后, 伯克希尔已经拥有该公司 10% 的股权。</p>
<p>We now have a \$3 billion gain in our Amex shares, and I naturally feel very grateful to Frank. But George Gillespie, our mutual friend, says that I am confused about where my gratitude should go. After all, he points out, it was he who arranged the game and assigned me to Frank's foursome.</p>	<p>现在我们光是在美国运通的投资潜在利益就有 30 亿美元, 当然这一切都要感谢 Frank, 不过我们俩人的好友-George Gillspie 却直说我搞错应该要感恩的对象了, 他强调要不是因为他安排这次的球会, 并且把我跟 Frank 摆在同一组的话, 也不会有今天这样的成果。</p>
<p>Quarterly Reports to Shareholders</p>	<p>给股东的季报</p>
<p>In last year's letter, I described the growing costs we incur in mailing quarterly reports and the problems we have encountered in delivering them to "street-name" shareholders. I asked for your opinion about the desirability of our continuing to print reports, given that we now publish our quarterly and annual communications on the Internet, at our site, www.berkshirehathaway.com. Relatively few shareholders responded, but it is clear that at least a small number who want the quarterly information have no interest in getting it off the Internet. Being a life-long sufferer from technophobia, I can empathize with this group.</p>	<p>在去年的年报中, 我曾经向各位透露由于邮寄季报的费用大幅增加, 同时要将季报寄给那些不是用本名登记的股东有其困难性, 所以征询大家是否可以接受直接将季报与年报公布在公司网站上, 取代原先印制与邮寄报告的做法, 虽然只有少数的股东响应, 但长期以来具有科技恐惧症的我很明白还是有少数想要年报信息的股东, 不习惯透过网络取得相关的信息, 我完全能够体会他们的想法。</p>
<p>The cost of publishing quarterlies, however, continues to balloon, and we have therefore decided to send printed versions only to shareholders who request them. If you wish the quarterlies, please complete the reply card that is bound into this report. In the meantime, be assured that all shareholders will continue to receive the annual report in printed form.</p>	<p>惟考量大幅增加的印刷费用, 最后我们还是决定除非股东有特别要求, 我们才邮寄印好的季报, 所以若你也有意要一份书面的季报, 请填写年报上所附的申请表格, 同时在此也提醒所有的股东, 我们还是会继续邮寄年报给所有的股东。</p>
<p>Those of you who enjoy the computer should check out our home page. It contains a large amount of current information about Berkshire and also all of our annual letters since 1977. In addition, our website includes links to the home pages of many Berkshire subsidiaries. On these sites you can learn more about our subsidiaries' products</p>	<p>至于喜欢利用计算机上网的股东们, 一定要到我们公司网站的首页看看, 里面包含大量有关伯克希尔现况的信息, 同时还有 1977 年到现在为止的公司年报, 此外网站上还有对旗下其它子公司的网站连结, 经由这些网站大家可以更了解子公司的产品信息, 有</p>

and -- yes -- even place orders for them.	的甚至可以透过网络直接下单购买。
We are required to file our quarterly information with the SEC no later than 45 days after the end of each quarter. One of our goals in posting communications on the Internet is to make this material information -- in full detail and in a form unfiltered by the media -- simultaneously available to all interested parties at a time when markets are closed. Accordingly, we plan to send our 1998 quarterly information to the SEC on three Fridays, May 15, August 14, and November 13, and on those nights to post the same information on the Internet. This procedure will put all of our shareholders, whether they be direct or "street-name," on an equal footing. Similarly, we will post our 1998 annual report on the Internet on Saturday, March 13, 1999, and mail it at about the same time.	根据证监会法令的规定，我们必须在每季结束后 45 天内申报季报，而透过网络公开信息的主要原因之一是我们希望如此重大的讯息可以以完整而不经媒体消化过滤的方式，在股市收盘后实时地传达给所有关心本公司状况的人士，因此我们决定在往后每季的最后一个星期五，今年分别是 5/15、8/14 及 11/13 将季报对证监会做申报的动作，并在当天晚上将相同的信息同步公布在公司的网站上，此举将能够使得伯克希尔所有股东，不管是以本人或挂名的方式持有，皆站在同等的地位之上，另外，我们也预计在 1999 年 3 月 13 日星期六将年报公布在网站上，并在同一时间将年报邮寄出去给所有的股东。
Shareholder-Designated Contributions	股东指定捐赠计划
About 97.7% of all eligible shares participated in Berkshire's 1997 shareholder-designated contributions program. Contributions made were \$15.4 million, and 3,830 charities were recipients. A full description of the program appears on pages 52 - 53.	大约有 97.7% 的有效股权参与 1997 年的股东指定捐赠计划，总计约 1,540 万美元捐出的款项分配给 3,830 家慈善机构，详细的名单参阅附录。
Cumulatively, over the 17 years of the program, Berkshire has made contributions of \$113.1 million pursuant to the instructions of our shareholders. The rest of Berkshire's giving is done by our subsidiaries, which stick to the philanthropic patterns that prevailed before they were acquired (except that their former owners themselves take on the responsibility for their personal charities). In aggregate, our subsidiaries made contributions of \$8.1 million in 1997, including in-kind donations of \$4.4 million.	累计过去 17 年以来，伯克希尔总计已按照股东意愿捐赠高达 1.131 亿美元的款项，除了之外，伯克希尔还透过旗下的子公司进行捐赠，而这些慈善活动都是早在他们被我们购并以前就行之有年的（除了先前的老板自行本身负责的个人捐赠计划之外），总的来说，我们旗下的关系企业在 1997 年总计捐出 810 万美元，其中包含 440 万美元等值的物品。
Every year a few shareholders miss out on our contributions program because they don't have their shares registered in their own names on the prescribed record date or because they fail to get the designation form back to us within the 60-day period allowed. Charlie and I regret this. But if replies are received late, we have to	每年都有一小部份的股东由于没有将股份登记在本人的名下，或是没能在 60 天的期限内，将指定捐赠的表格送回给我们，而没办法参加我们的指定捐赠计划，对此查理跟我感到相当头痛，不过我们必须忍痛将这些指定捐赠剔除，因为我不可能在拒绝其它不

reject them because we can't make exceptions for some shareholders while refusing to make them for others.	符合规定股东的同时，还破例让这些人参与。
To participate in future programs, you must own Class A shares that are registered in the name of the actual owner, not the nominee name of a broker, bank or depository. Shares not so registered on August 31, 1998, will be ineligible for the 1998 program. When you get the contributions form from us, return it promptly so that it does not get put aside or forgotten.	想要参加这项计划者，必须拥有 A 级普通股，同时确定您的股份是登记在自己而非股票经纪人或保管银行的名下，同时必须在 1998 年 8 月 31 日之前完成登记，才有权利参与 1998 年的捐赠计划，当你收到表格后，请立即填写后寄回，以免被丢在一旁给忘记了。
The Annual Meeting	年度股东会
Woodstock Weekend at Berkshire will be May 2-4 this year. The finale will be the annual meeting, which will begin at 9:30 a.m. on Monday, May 4. Last year we met at Aksarben Coliseum, and both our staff and the crowd were delighted with the venue. There was only one crisis: The night before the meeting, I lost my voice, thereby fulfilling Charlie's wildest fantasy. He was crushed when I showed up the next morning with my speech restored.	今年伯克希尔的伍斯达克将在五月 2 号到 4 号举行，整个大会将在五月 4 号星期一的年度会议召开后落幕，去年的年会在 Aksarben 体育馆召开，所有的工作人员及参与的来宾对于当天的会场都相当满意，唯一美中不足的是，在年会的前一天，我的嗓子沙哑了，当时几乎要如了查理的愿，只不过隔天当我恢复原本的声音时，在一旁的查理几乎要崩溃。
Last year about 7,500 attended the meeting. They represented all 50 states, as well as 16 countries, including Australia, Brazil, Israel, Saudi Arabia, Singapore and Greece. Taking into account several overflow rooms, we believe that we can handle more than 11,000 people, and that should put us in good shape this year even though our shareholder count has risen significantly. Parking is ample at Aksarben; acoustics are excellent; and seats are comfortable.	去年的股东会总共有 7,500 位股东出席，分别来自全美 50 州以及包含澳洲、巴西、以色列、沙特阿拉伯、新加坡与希腊等在内的 16 个国家，我想即使今年我们的股东人数又大幅增加，加上其它几个备用的房间，应该可以容纳超过 11,000 名以上的人员参加，会场备有足够的停车位，音效也不错，就连座椅坐起来也很舒服。
The doors will open at 7 a.m. on Monday and at 8:30 we will again feature the world premiere of a movie epic produced by Marc Hamburg, our CFO. The meeting will last until 3:30, with a short break at noon. This interval will permit the exhausted to leave unnoticed and allow time for the hardcore to lunch at Aksarben's concession stands. Charlie and I enjoy questions from owners, so bring up whatever is on your mind.	大门会在星期一早上七点开放，同时照例在八点半会播放由我们财务长 Marc Hamburg 精心制作具世界级水准的伯克希尔电影短片供大家欣赏，扣除中午短暂的休息时间，让精疲力尽的人可以偷偷离开到阿肯萨本中心的小吃摊吃点东西，整个会议将一直进行到下午三点半，查理跟我很喜欢老板们提出的各种问题，所以记得准备好你要问什么。
Berkshire products will again be for sale in the halls outside the meeting room. Last year -- not	再一次我们在会场外大厅备有伯克希尔各式各样的产品供大家选购，虽然

<p>that I pay attention to this sort of thing -- we again set sales records, moving 2,500 pounds of See's candy, 1,350 pairs of Dexter shoes, \$75,000 of World Books and related publications, and 888 sets of Quikut knives. We also took orders for a new line of apparel, featuring our Berkshire logo, and sold about 1,000 polo, sweat, and T-shirts. At this year's meeting, we will unveil our 1998 collection.</p>	<p>我不是特别的用心，去年我们再度打破记录，总共搬走了 2,500 磅的糖果、1,350 双的鞋子以及价值超过 75,000 美元的世界百科全书与相关出版品，外加 888 组由旗下子公司 Quikut 所生产的小刀，同时我们也接受预订一种新款的服装，上面印有伯克希尔的 Logo，结果总计卖出 1,000 件各式 polo 衫、毛衣与 T 恤，在今天的股东会，我们还将推出 1998 年全新系列产品。</p>
<p>GEICO will again be on hand with a booth staffed by star associates from its regional offices. Find out whether you can save money by shifting your auto insurance to GEICO. About 40% of those who check us out learn that savings are possible. The proportion is not 100% because insurers differ in their underwriting judgments, with some favoring drivers who live in certain geographical areas and work at certain occupations more than we do. We believe, however, that we more frequently offer the low price than does any other national carrier selling insurance to all comers. In the GEICO informational material that accompanies this report, you will see that in 38 states we now offer a special discount of as much as 8% to our shareholders. We also have applications pending that would extend this discount to drivers in other states.</p>	<p>GEICO 公司再度会派出地区最优秀的业务员，在会场设立摊位，接受股东询问有关汽车保险的信息，记得去看看你是否能在汽车保险费上省一笔钱，我们估计至少有 40% 的股东可以因此而节省不少保费（我只所以没说 100% 的原因在于，每家保险业者对于风险的估计都不同，有些保险公司对于居住于某些特定地区的居民与从事某些特定职业的客户有偏好，不过我仍然坚信我们提供给一般民众的费率通常都低于其它全国性的业者，在随年报附赠的 GEICO 资料中，大家将可以看到我们提供给来自全美 38 州股东最高 8% 的折扣费率，至于其它州的股东也接受开放申请取得不等的折扣。</p>
<p>An attachment to the proxy material that is enclosed with this report explains how you can obtain the card you will need for admission to the meeting. We expect a large crowd, so get plane, hotel and car reservations promptly. American Express (800-799-6634) will be happy to help you with arrangements. As usual, we will have buses at the larger hotels that will take you to and from the meeting and also deliver you to Nebraska Furniture Mart, Borsheim's and the airport after its conclusion. You are likely, however, to find a car handy.</p>	<p>后面附有股东会开会投票的相关资料，跟各位解释如何拿到入场所许的识别证，由于预期会有相当多的人与会，我们建议大家最好先预订机位与住宿，美国运通(电话 800-799-6634)将会很高兴为您提供相关安排服务，如同以往，我们会安排巴士接送大家往返各大旅馆与会场之间，并在会后接送大家到内布拉斯加家具店与波仙珠宝店或是到饭店与机场，当然你可能会觉得如何有一辆车就更方便了。</p>
<p>NFM's main store, located on a 75-acre site about a mile from Aksarben, is open from 10 a.m. to 9</p>	<p>占地 75 英亩的 NFM 主馆距离会场约 1 英里远，营业时间平日从早上 10 点到</p>

<p>p. m. on weekdays, 10 a. m. to 6 p. m. on Saturdays, and noon to 6 p. m. on Sundays. During the period from May 1 to May 5, shareholders who present NFM with the coupon that will accompany their meeting ticket will be entitled to a discount that is otherwise restricted to its employees.</p>	<p>下午 9 点, 星期六从早上 10 点到下午 6 点, 星期日则从中午开到下午 6 点, 在五月 1 日到 5 日期间, 股东持随股东开会通知单附赠的点券到 NFM 购买各类商品, 将可获得员工价的优惠。</p>
<p>Borsheim's normally is closed on Sunday but will be open for shareholders from 10 a. m. to 6 p. m. on May 3rd. Last year was our second-best shareholder's day, exceeded only by 1996's. I regard this slippage as an anomaly and hope that you will prove me right this year. Charlie will be available for autographs. He smiles, however, only if the paper he signs is a Borsheim's sales ticket. Shareholders who wish to visit on Saturday (10 a. m. to 5:30 p. m.) or on Monday (10 a. m. -8 p. m.) should be sure to identify themselves as Berkshire owners so that Susan Jacques, Borsheim's CEO, can make you especially welcome. Susan, I should add, had a fabulous year in 1997. As a manager, she is everything that an owner hopes for.</p>	<p>平时礼拜天不营业的波仙珠宝, 特地在五月三日股东会当天会为股东与来宾开放, 从中午开到下午 6 点, 去年在星期六股东会前一天, 我们缔造了历史最佳的记录, 仅次于 1996 年, 我认为去年的下滑有点反常, 所以希望大家都能前来共襄盛举, 证明我的看法的对的, 查理会在现场接受大家的签名, 当然大家如果拿波仙的发票给他签, 他会更高兴, 另外选择在前一天或后一天前往参观的人, 记得表明伯克希尔股东的身分, 相信波仙的总裁-Susan Jacques 会给各位最热情的接待, 有一点我必须特别说明的是, Susan 在 1997 年表现相当优异, 她实在是所有老板心目中最理想的专业经理人。</p>
<p>On Sunday afternoon we will also have a special treat for bridge players in the mall outside of Borsheim's. There, Bob Hamman -- a legend of the game for more than three decades -- will take on all comers. Join in and dazzle Bob with your skill.</p>	<p>另外在星期日下午我们也会在波仙珠宝店外面的大厅举办一场桥牌大赛, 现场 Bob Hamman 桥牌界的传奇性人物也将出席, 接受各路英雄好汉的挑战, 记得来参加, 秀秀你的牌技给 Bob 看看。</p>
<p>My favorite steakhouse, Gorat's, opens one Sunday a year -- for Berkshire shareholders on the night before the annual meeting. Last year the restaurant started serving at 4 p. m. and finished about 1:30 a. m, an endurance trial that was the result of taking 1,100 reservations vs. a seating capacity of 235. If you make a reservation and then can't attend, be sure to let Gorat's know promptly, since it goes to great effort to help us and we want to reciprocate. You can make reservations beginning on April 1st (but not before) by calling 402-551-3733. Last year I had to leave Gorat's a little early because of my voice problem, but this year I plan to leisurely savor every bite of my rare T-bone and</p>	<p>我个人最爱的牛排馆-Gorat's 为了伯克希尔股东年会破例在星期天开门营业, 去年为了消化 1,100 位预订的席次, 只有 235 个座位的 Gorat's 牛排馆从下午四点开始营业, 一直到半夜一点半, 所以已经预订座位的人, 要是临时无法光临, 请记得一定要打电话取消订位, 因为 Gorat's 如此尽心尽力的为我们服务, 这是我们可以给他们最起码的回报, 今年该餐厅从四月一号开始接受预订 (电话 402-551-3733), 去年由于我的喉咙有问题, 所以必须提早离开, 但今年我一定会到 Gorat's 好好享用我最喜爱的丁骨\牛排加上双份的牛肉丸。</p>

double order of hash browns.	
After this warmup, Charlie and I will head for the Dairy Queen on 114th, just south of Dodge. There are 12 great Dairy Queens in metropolitan Omaha, but the 114th Street location is the best suited to handle the large crowd that we expect. South of the property, there are hundreds of parking spaces on both sides of the street. Also, this Dairy Queen will extend its Sunday hours to 11 p.m. in order to accommodate our shareholders.	吃完牛排后，查理跟我还会赶到位于道奇街 114 号的乳品皇后冰淇淋摊，在整个奥玛哈地区总计有 12 家乳品皇后，但是 114 街却是最适合接待大量群众的地点，在店的两旁有好几百个停车场供大家使用，同时该店也会延长假日营业时间到晚上 11 点，以接待所有前往光顾的伯克希尔股东。
The 114th Street operation is now run by two sisters, Coni Birge and Deb Novotny, whose grandfather put up the building in 1962 at what was then the outer edge of the city. Their mother, Jan Noble, took over in 1972, and Coni and Deb continue as third generation owner-managers. Jan, Coni and Deb will all be on hand Sunday evening, and I hope that you meet them. Enjoy one of their hamburgers if you can't get into Gorat's. And then, around eight o'clock, join me in having a Dusty Sundae for dessert. This item is a personal specialty -- the Dairy Queen will furnish you a copy of my recipe -- and will be offered only on Shareholder Sunday.	114 街的分店目前由 Coni Birge 与 Deb Novotny 两姊妹所经营，系由她们的祖父于 1962 年在当时还是市中心外围的现址创立，在 1972 年由她们的母亲接手经营，Coni 与 Deb 则是第三代的经营者，Jan、Coni 及 Deb 在星期天晚上将会在现场为大家服务，希望大家可以去和她们见见面，若是大家挤不进 Gorat's 的话，也可以尝尝两姊妹亲手做的汉堡，八点整我将会出现享用我的喜欢的冰风暴圣代，这是个人特调的秘方，当然你也可以要求乳品皇后照我的配方给你来一份，这可是只有在股东会当天才对外提供独家秘方。
The Omaha Royals and Albuquerque Dukes will play baseball on Saturday evening, May 2nd, at Rosenblatt Stadium. As usual, your Chairman, shamelessly exploiting his 25% ownership of the team, will take the mound. But this year you will see something new.	在前一天 5 月 2 日，星期六晚上，Rosenblatt 体育馆将会有一场奥玛哈皇家队对 Albuquerque Dukes 队的比赛，一如往年厚颜无耻的我会利用拥有该球队 25%的特权，站上投手丘担任先发，不过今年我保证各位一定会有新的感受。
In past games, much to the bafflement of the crowd, I have shaken off the catcher's first call. He has consistently asked for my sweeping curve, and I have just as regularly resisted. Instead, I have served up a pathetic fast ball, which on my best day was clocked at eight miles per hour (with a following wind).	过去几年，可能是受到现场观众喧闹声所影响，我总是不顾捕手对我所做出的暗号，虽然他一直要求我投出拿手的变化曲球，但我总是极力反抗，结果总是投出软趴趴的快速球，最快的球速也不过是每小时 8 英里(这还是在顺风的情况下)。
There's a story behind my unwillingness to throw the curve ball. As some of you may know, Candy Cummings invented the curve in 1867 and used it to great effect in the National Association, where he never won less than 28 games in a season.	其实我之所以不愿意投曲球背后有极大的隐情，大家或许知道，Candy Cummings 在 1867 年发明曲球的时候，曾在国家联盟引起极大的效应，这种球路使得他每个球季至少可以赢得

<p>The pitch, however, drew immediate criticism from the very highest of authorities, namely Charles Elliott, then president of Harvard University, who declared, "I have heard that this year we at Harvard won the baseball championship because we have a pitcher who has a fine curve ball. I am further instructed that the purpose of the curve ball is to deliberately deceive the batter. Harvard is not in the business of teaching deception." (I'm not making this up.)</p>	<p>28 场胜投，但是这样的投球方式也立刻引起最高当局的严厉批评，当时的哈佛校长 Charles Elliott 对外宣称，我听说今年哈佛棒球队靠着一位专门投曲球的投手赢得冠军，有人还告诉我，这种曲球基本上是一种欺骗打者的行为，我必须说的是，哈佛从来不教人这种骗人的勾当。</p>
<p>Ever since I learned of President Elliott's moral teachings on this subject, I have scrupulously refrained from using my curve, however devastating its effect might have been on hapless batters. Now, however, it is time for my karma to run over Elliott's dogma and for me to quit holding back. Visit the park on Saturday night and marvel at the majestic arc of my breaking ball.</p>	<p>而自从我知道 Elliott 校长的教诲之后，我就一直小心翼翼地避免使用到我这种杀人无数拿手的曲球，不过现在已经到了忍无可忍的地步了，我决定再度使出我的杀手戮，星期六晚上大家记得光临球场，让你们见识一下我这魔球的威力。</p>
<p>Our proxy statement includes information about obtaining tickets to the game. We will also provide an information packet describing the local hot spots, including, of course, those 12 Dairy Queens.</p>	<p>股东会资料将告诉大家如何取得球赛入场的门票，里面同时包含一本旅行小手册，介绍本地热门的旅游景点，当然也包括 12 家乳品皇后在内。</p>
<p>Come to Omaha -- the cradle of capitalism -- in May and enjoy yourself.</p>	<p>欢迎大家在五月莅临奥玛哈-资本主义的摇篮，也预祝大家玩得愉快。</p>
<p>Warren E. Buffett February 27, 1998 Chairman of the Board</p>	<p>华伦·巴菲特 董事会主席 1998 年 2 月 27 日</p>