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WARREN E. BUFFETT, CHAIRMAN

March 29, 1999

Mr. Arthur Levitt, Jr.
Chairman
Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street NW
Washington, DC 20549

Dear Arthur:

I read with interest your comments about corporate governance at mutual funds. This is a subject that long has fascinated me. In fact, I once testified before Ed Markey that in selecting independent directors, the management companies seem to have a distinct preference to Cocker Spaniels rather than Dobermans.

I think a great deal can be accomplished if the independent directors simply have to affirm in both the prospectus and each annual report that:

1. They have looked at an array of possible advisors for the fund and have determined that the one they have selected is at least the equal of any they have examined; and
2. After making that determination they have negotiated the best possible compensation arrangement on behalf of the shareholders, consistent with the size of the fund.

These are precisely the considerations that would be in the mind of a wealthy investor in selecting an advisor. Why should the trustees of the shareholders behave in any different manner when representing their "beneficiaries"?

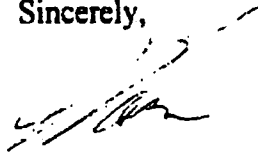
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I think such required affirmations would do more to further the interests of mutual fund shareholders than enacting dozens of regulations.

If a fund had 12b-1 fees, I might require a further affirmation. This would be to the effect that the benefits to be gained by shareholders from increased size of the fund would be greater than the costs to the shareholders of the 12b-1 fees.

At bottom, shareholders should expect the independent directors to behave with their money just as the director would behave if he/she had inherited \$10 million yesterday and was going out to hire an advisor. In my view this is 180 degrees removed from what is happening today.

Sincerely,

A handwritten signature in black ink, appearing to read "Warren E. Buffett", with a long, sweeping flourish extending upwards and to the right.

Warren E. Buffett

WEB/db