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**McGRAW-HILL PROFESSIONAL PUBLISHES**  
**75<sup>th</sup> ANNIVERSARY EDITION OF GRAHAM AND DODD'S**  
**SECURITY ANALYSIS**

**With New Commentary from Today's Most Prominent Value Investors and  
A New Foreword by Warren E. Buffett**

Benjamin Graham and David L. Dodd's *Security Analysis*, first published by McGraw-Hill nearly 75 years ago, forever changed the theory and practice of successful investing. Written in the midst of the Great Depression and in the wake of the 1929 stock market crash, the book convinced the nation that stocks were still worth buying, elevated security analysts to an actual Wall Street profession, and became a bible for generations of investors, the most famous being Warren Buffett. Its timeless advice is as relevant today as when it was first published.

To commemorate the 75<sup>th</sup> anniversary of the book and to make Graham's work even more accessible to the current generation of investors, McGraw-Hill Professional has published **SECURITY ANALYSIS: THE 6<sup>th</sup> Edition** (October 2008; \$75). McGraw-Hill assembled today's most prominent value investors. These practitioners are joined by top value investing academics and authors. They present new commentary that refreshes and updates the 1940 edition, which is considered the definitive edition by many Graham aficionados including Buffett. This edition includes a CD of the original text.

"*Security Analysis* is a monumental work that provides readers with the kind of historical perspective and profitable guidance that never ceases to be relevant in the realm of money and investing," says Philip Ruppel, president of McGraw-Hill Professional. "The Sixth Edition brings together a dream team from the world of finance, whose new commentary, insights, and analysis place Graham and Dodd's principles in a modern context."

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Warren E. Buffett has written a new foreword to this special edition, detailing what the book and its authors have meant to him: “I studied from *Security Analysis* while I was at Columbia in 1950-1951, when I had the extraordinary good luck to have Ben Graham and Dave Dodd as teachers. Together, the book and the men changed my life.”

Four editors coordinated this special 75<sup>th</sup> anniversary edition:

- **Seth A. Klarman**, president of Boston’s The Baupost Group, runs a series of highly successful investment partnerships using Graham and Dodd principles. In his preface, he discusses the timelessness of their philosophy, changes in the environment with which value investors must contend, and the unanswerable questions that will always require value investors to work hard. He is also the author of *Margin of Safety*, a contemporary, classic investment book.
- **James Grant**, founder and editor of *Grant’s Interest Rate Observer*, has been writing about markets and financial figures for over 30 years, and is the author of five books, including biographies of financier Bernard Baruch and President John Adams. He is a founding general partner of Nippon Partners, a hedge fund investing in Japan. Grant’s introduction takes us back to Graham and Dodd’s era to put *Security Analysis* in historical perspective.
- **Bruce Greenwald**, the Robert Heilbrunn Professor of Finance and Asset Management at Columbia Business School, also heads the Heilbrunn Center for Graham and Dodd Investing. His essay tears apart the corporate balance sheet and shares his unique insights on this most important of financial statements. He is the author of *Value Investing: From Graham to Buffett and Beyond*.
- **Jeffrey M. Laderman**, CFA, a 25-year veteran of *BusinessWeek*, has written and edited articles on everything from stock market crises to trading scandals. He served as the editor of the Sixth Edition.

To update each of the seven parts of *Security Analysis*, a team of leading value investors with expertise in the seven areas was assembled. Each contributor wrote a new introduction in their area of expertise, from fixed-income to distressed investing, that places *Security Analysis* in its modern context:

- **Roger Lowenstein**, one of the America’s top financial journalists, gives his keen insights into contemporary value investing. Lowenstein is a regular contributor to *The New York Times Magazine*, *Portfolio*, and *Smart Money*, and is the best-selling author of four books, including *Buffett: The Making of an American Capitalist*; and *When Genius Failed: The Rise and Fall of Long-Term Capital*. His most recent book is *While America Aged*.

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- **Howard Marks, CFA**, chairman of Los Angeles-based Oaktree Capital Management, was an early investor in high-yield bonds and a devotee of Graham and Dodd. At first glance, those two ideas appear to be antithetical, but Marks says that's not the case. His intro to Part II, which is about fixed-income investments, explains how *Security Analysis* can be profitably applied to the corporate bond market.
- **J. Ezra Merkin**, president of Gabriel Capital Management in New York City, is one of today's leading investors in corporate bankruptcy and distressed securities. In his essay, "Blood and Judgement," Merkin lays out various bankruptcy scenarios using real examples, and analyzes the investment opportunities from a value buyer's perspective.
- **Bruce Berkowitz**, the founder of Fairholme Capital Management and one of the managers of The Fairholme Fund, a value mutual fund. This Miami-based investor offers his insights on corporate dividends and their modern-day equivalent, free cash flow. Using examples and anecdotes from his own experience, Berkowitz provides this key update to Graham and Dodd's wisdom.
- **Glenn Greenberg, CFA**, co-founder and managing director of New York-based Chieftain Capital Management, admits flat out that he never read *Security Analysis* in business school, and even midway through his career, found the text a bit fusty. Going back to the book after more than three decades on Wall Street, he finds it remarkable for its enduring advice. His essay shows us how to assess companies and their income statements with a value investor's eye.
- **David Abrams** heads his own investment partnership, Boston-based Abrams Capital Management. Abrams offers his early experiences in the investment business and lessons as he describes "The Great Illusion of the Stock Market" and makes the dry subject of warrants and options come alive.
- **Thomas Russo** is a partner in Lancaster, Pa.-based Gardner Russo & Gardner and general partner of Semper Vic Partners, L.P. Russo has specialized in global value investing for over 20 years. His essay introduces the part of the book that was never written—value investing in global markets. The subject was small bore in the authors' day, but of great importance now

Seth Klarman says: "This is a fabulous new edition of *Security Analysis*. We have retained the integrity of the original text but added new overviews, as well as commentary on each section. Experienced value investors and novices alike will have much to gain from this revised classic. While the world has changed in more ways than they could have imagined, so much of what Graham and Dodd taught is completely relevant today. Their insights still illuminate the way for modern day value investors. It is an honor and real privilege to collaborate on this edition of *Security Analysis*."

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James Grant states: ““Ben Graham could write, he could invest, and he could write about investing. He produced an investing book, *Security Analysis*, that promises to endure for as long as there are stocks and bonds. And he conceived that book while suffering the torments of the 1929-32 bear market. He is my hero.”

Bruce Greenwald says: “More than a half-century after it was written, the classic second edition remains one of the best textbooks for aspiring professional investors currently available. It is a privilege to help reintroduce it to a new generation.”

### **About McGraw-Hill Professional:**

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