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## Do CEOs Deserve Privacy? Warren Buffett Answers the Question Correctly

By: Ben W. Heineman Jr.

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*The Oracle of Omaha understands that, for chief executives, personal issues are public concerns*



A tough test for CEOs and companies is when to disclose adverse health events.

CEOs of major companies are public figures, and significant changes in their health status are "material" events requiring disclosure under the securities laws, because the information would influence an investor's decision to buy or sell the stock.

Steve Jobs continually flunked this test, [failing for years](#) to [disclose in a timely way](#) key events in his struggle with pancreatic cancer.

Yesterday, Warren Buffett passed the test with a short letter to shareholders that included answers to the relevant questions:

- What was the diagnosis (prostate cancer)?

- When and how did he learn about illness (less than a week ago as part of regular exam --caught early)?
- Has the cancer spread (no)?
- What is the treatment (radiation, starting in July)?
- Any restrictions on ability to do job (no, other than short-term travel limits)?
- What is prognosis (condition not life-threatening at present)?
- When will Buffett give updates ("I will let shareholders know immediately should my health situation change. Eventually, of course, it will; but I believe that day is a long way off")?

Buffett's disclosure is a model because he addresses the core issues. Of course, unlike Jobs, his news was basically good -- the prostate cancer was caught early, treatment is routine, and the prognosis is good. But I, at least, have little doubt that had the illness been more dire, Buffett would have disclosed it in exactly the same manner.

He knows that the information is material to shareholders. And, any privacy rights are overridden by his importance to the company.

The practices on CEO health disclosures are inconsistent, although the trend, Jobs to the contrary, has been to disclose.

Nonetheless, despite many requests that the SEC clarify what disclosure is required in this area, it has chosen not to do so. It should, with some minimum standards for all publicly held companies. When a CEO or other vital leader has a significant illness or disability, it is a very significant corporate event.

In any event, companies are free to develop their own approaches to such disclosure. All companies should anticipate such an event.

And all should be prepared to address the sequence of questions Buffett answered in his short shareholder letter.

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