Watchlist Investing

Patiently finding and following great public companies

Issue #48 | April 2025

> **“One person said to me, 'I have a list of 300 potentially attractive stocks, and I constantly watch them, waiting for just one of them to become cheap enough to buy.' Well, that's a reasonable thing to do. But how many people have that kind of discipline? Not one in 100.”**
> **– Charlie Munger**

In this issue:

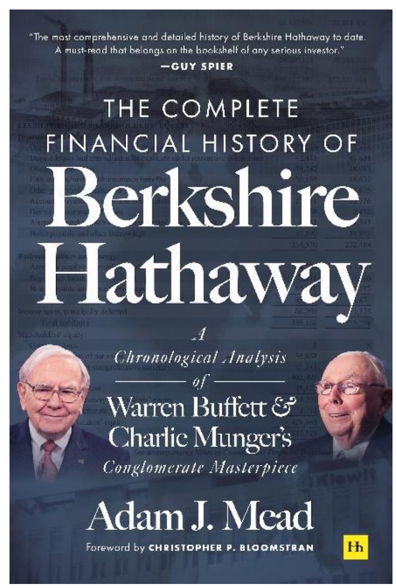
Deep Dive UPDATE

Berkshire Hathaway

The Ultimate Conglomerate

Tickers: BRK.A / BRK.B | Disclosure: Long

BERKSHIRE HATHAWAY INC.



Berkshire Hathaway is an incredible business carefully crafted over more than half a century by two of the world's greatest investors, Warren Buffett, and Charlie Munger, in addition to dozens of families and hundreds of thousands of employees.

The company’s long history of deserved success weighs on its prospects due to its huge present size, but most of the attributes that made it successful remain today.

Shares are up about 25% from a year ago and trade slightly above my estimate of intrinsic business value. Berkshire remains a foundational company of the Watchlist.

Readers of this update issue will find I’ve removed the history section and gone straight to the sum-of-the-parts methodology.

I’d encourage new subscribers to read Issue #14 – April 2022 for a more in-depth overview that includes other valuation methodologies. You can also read prior year’s analysis: Issue #25 – April 2023 and Issue #36 – April 2024 for last year’s analysis.

Resources

If you are new to Berkshire and don't have a working understanding of the company, or would like a refresher, below are some resources I'd recommend:

- **Books**
  - **The Complete Financial History of Berkshire Hathaway:** Who wrote that again? My tome on Berkshire is as detailed as they come if you're looking for a book that relives the history of Berkshire year by year. Key business concepts and accounting terms are explained, often using Warren Buffett's own words.
  - **The Warren Buffett Way:** I've probably read this book a dozen times. It was the first one I read on Berkshire. Robert Hagstrom does a great job showing the reader how Buffett thinks about investing.
  - **BRK Letters to Shareholders:** Max Olson compiled all of Buffett's letters to shareholders in one book. You hear directly from Buffett as BRK is built, brick by brick.
  - **Snowball:** Alice Schroeder wrote the only authorized biography of Warren Buffett, which includes many details about his personal life as he went about building BRK.
- **Glossary of Terms:** Taking the time to define unique terms in this newsletter would take up too much space. Fortunately, I've already put together a glossary of terms at my website, The Oracles Classroom.
- **Free BRK Deep Dives:** My friend, Christopher Bloomstran, releases his annual client letters each year, which include a comprehensive analysis of Berkshire (he's been a shareholder since 2000). Chris was generous enough to write the foreword to my book.

A VERY BRIEF INTRODUCTION:

To the uninitiated BRK looks like a mutual fund or ETF. They see the headlines touting its latest stock market moves and think of it as a way to invest alongside Warren Buffett in his personal investment vehicle. These individuals miss BRK's rich history of *business* ownership, with stock market investments being just one outlet for capital allocation.

At the same time, I frequently see experienced investors and media commentators not quite grasp BRK's magic and how the pieces all fit together. These people miss the fact that each of the conglomerate's many pieces strengthen and reinforce the entire enterprise, sometimes in subtle-but-important ways. In short, the whole of BRK *is* worth more than its parts.

Berkshire Hathaway as it stands today is the culmination of over half a century of careful capital allocation by Warren Buffett, Charlie Munger, and others. It also includes scores of managers and families that built many of its businesses before they came under the umbrella of the conglomerate.

BRK's main economic engine is its diversified insurance operations, which provide the dual benefit of generating a profit *and* a huge amount of capital to invest elsewhere (more on this later). The other major segments of BRK include:

- Berkshire Hathaway Energy, its extensive utility business
- BNSF, one of the largest railroads in North America
- MSR Group, a collection of hundreds of diversified operating businesses
- Investments, a portfolio of partial ownership interests in publicly traded companies

We'll dig into each of these segments in turn shortly and examine how they all fit together.

INDUSTRY OVERVIEW: Please refer to Issue #14 – April 2022 for a brief history of the conglomerate as a business structure, some short profiles of early conglomerates, and lessons Buffett and Munger learned from them and incorporated into Berkshire. These lessons, summarized, are:

- It's possible to own multiple companies in one holding structure
- There can be tax advantages to a conglomerate structure
- Capital allocation can include the issuance of shares, but the practice can be abused
- Financial engineering isn't a substitute for real business value creation
- Financial engineering and accounting schemes aren't sustainable over the long term
- Forcing so-called synergies is a mistake. Mingling in operations can be detrimental to the companies and the conglomerate

FINANCIAL ANALYSIS / VALUATION

Valuing Berkshire is in some ways daunting and in other ways simple. Daunting because of the sheer scale of the enterprise. Yet simple because a lot of the value resides in a few major "chunks".

The sum of the parts analysis is the most reliable method for valuing Berkshire. Breaking the company into separate parts allows for focused attention on each source of value. I'll go step-by-step through the table below.

Berkshire Hathaway: Sum of the Parts

Market cap $ millions (April 22, 2025):	$1,110,000
A-Eq. Shares out (Feb. 10, 2025):	1,438,223

Asset	Input (YE '24)	Adjustment	Valuation	Market Cap %	Note
Cash	$318,036	100%	$318,036	29%	Insurance and other; excludes cash at rail and energy; excludes payable for Treasuries
Fixed maturity (bonds)	$15,364	100%	$15,364	1%	
Investments:	$271,588				Only US-listed stocks; KHC/OXY valued as equity method
Valuation adjustment	-$33,950				Adjusted Apple to 20x earnings (implied 45% overvaluation)
Deferred tax liab.	-$34,048				21% x (unrealized gain less valuation adjustment)
Investments, net			$203,590	18%	(Look-thru earnings = $10.9bn)
Equity method investments	$23,957	100%	$23,957	2%	10x earnings of Berkadia, other; KHC & OXY at fair value
BNSF	$5,031	15x net earnings	$75,465	7%	Likely worth closer to $90 or $100 billion
BRK Energy	$4,770	15x cash earnings	$71,550	6%	$3,730m earnings + $273m wildfire losses + $140m settlement + $627m cash tax savings
Manuf., Service, Retailing	$13,072	15x net earnings	$196,080	18%	Now includes Pilot
Insurance underwriting	$3,530	12x UW profits	$42,360	4%	$88.3bn premiums @ 4% normalized underwriting gain
Holdco debt	-$21,091	100%	-$21,091	-2%	
Total			**$925,311**	**83%**	

Book value equity	$561,273
Value / book	1.65
Per A-Share:	*$643,371*
Per B-Share:	*$429*
BNSF to $90 billion	$14,535
Adjustments	$14,535
Adjusted total value:	$939,846
Per B-Share:	*$436*

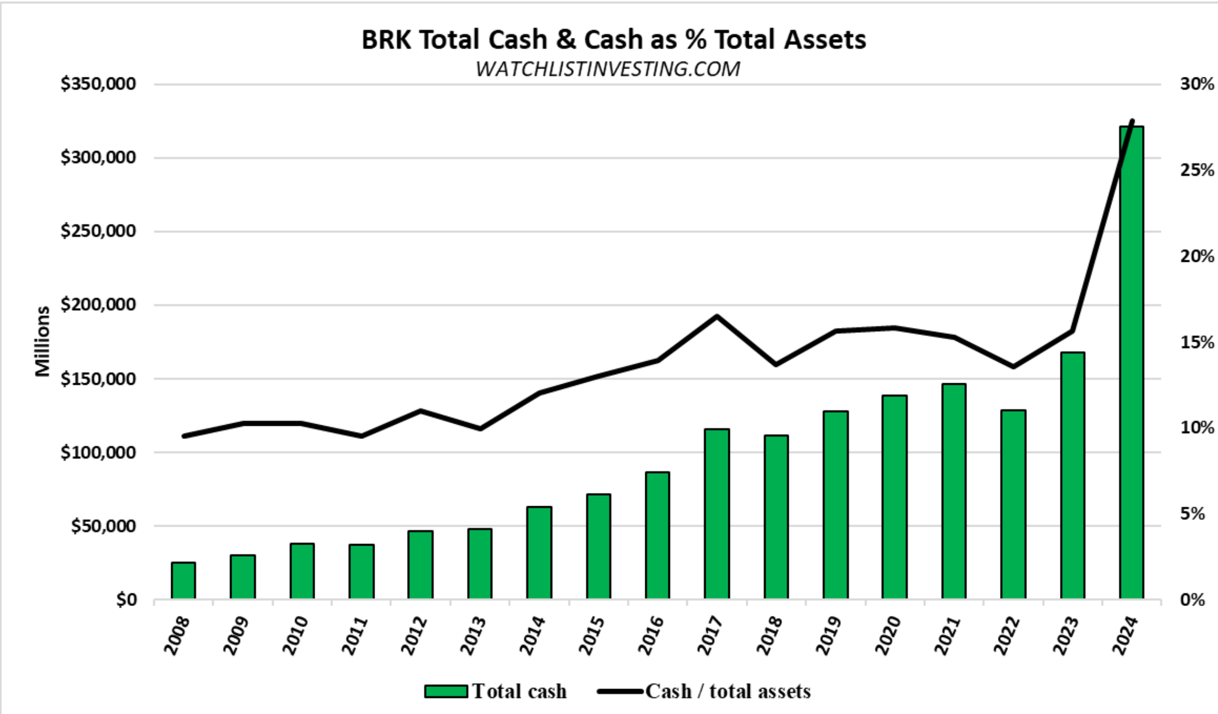
Cash:

An important note on accounting for cash. Berkshire's consolidated balance sheet includes a $12.8 billion "Payable for purchase of U.S. Treasury Bills" which must be deducted from the stated value of cash and Treasuries on the consolidated balance sheet. This payable arises when Berkshire committed to the purchase of Treasuries on the last day of the year but hadn't settled the cash.

Included in the table is cash from BRK's insurance and other category on its consolidated balance sheet. It excludes cash residing on the books of BNSF and BRK Energy. Why? Because those businesses, generally speaking, need their cash as a part of their business models. That leaves $318 billion cash in the insurance operations and the various manufacturing, service, and retailing businesses, up from $163 billion a year ago and $125 billion two years ago. The primary reason for the increase in cash: a massive reduction in its holdings of Apple (more on that below).

In theory all that cash could be sent to shareholders. In practice BRK has a stated amount of $30 billion that it says will be held as an absolute minimum in the insurance operation. This figure was a few years ago increased from $20 billion and reflects the growth in the insurance operation. As a proxy for BRK's preferred minimum level of cash we can look at paid insurance claims. In 2024, BRK paid $50.5 billion to claimants for loss events. That $30 billion for practical purposes is probably $40 billion now that Alleghany is part of Berkshire and may even be as high as that $50 billion mark. Should we deduct this from the valuation on the grounds that it's part of running the insurance operation, no different than cash held at the rail or energy business? You wouldn't be wrong to make that adjustment although I've decided to keep it in.[1]

Berkshire's cash is now the highest on record both in absolute terms and relative to assets.



Fixed maturity investments:

Bonds amount to just 1% of market cap. Berkshire tends to keep its maturities short and credit good, so I'm not worried at all about mark-to-market losses. Here's a peek under the hood (2024 10K p.K-81):

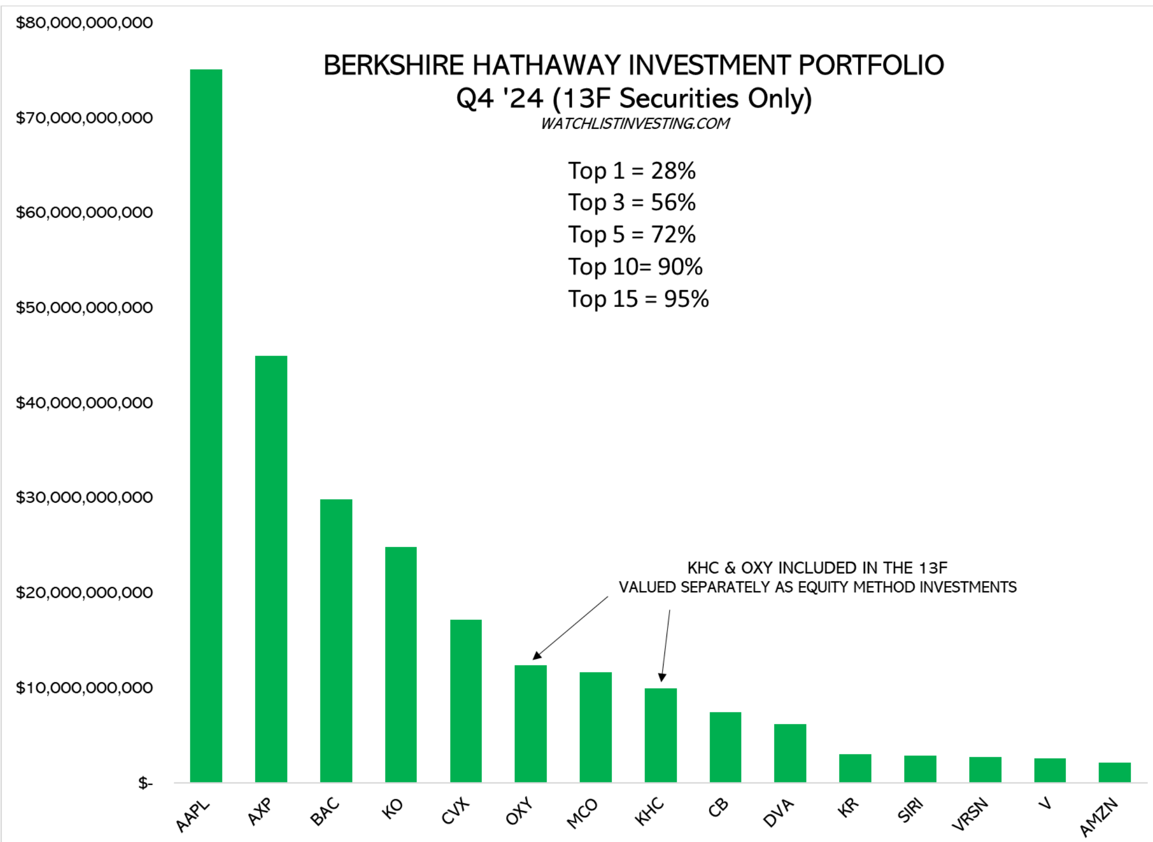
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Mortgage-backed securities	Total
Amortized cost	$ 10,228	$ 4,202	$ 532	$ 123	$ 129	$ 15,214
Fair value	10,107	4,267	718	133	139	15,364

[1] If an acquisition or series of investments came along that would drop cash below the $30 billion level BRK would likely finance the difference with debt, effectively using the cash with a small carrying cost.

Equity investments:

I generally assume the equity portfolio is valued fairly unless an extreme case jumps out in one of the larger holdings. Last year I shaved $62.5 billion (18%) off the $354 billion balance sheet figure to account for Apple's rich valuation, adjusting it to 20x earnings. This year, with holdings of Apple down by two-thirds to *just* 300 million shares worth $75 billion, the adjustment was $34 billion. After adjusting for deferred tax liability[2] (accounting for the valuation adjustment, too), I arrive at a net equity value of $204 billion at year end 2024.

As a valuation check, the look through earnings of the 13-F portfolio amount to some $10.3 billion. On the headline value of $245 billion this amounts to a seemingly rich 24x earnings. On the net value of $179 billion (i.e. excluding the Japanese trading companies and excluding Kraft Heinz and Occidental Petroleum) it comes out to 17x or an earnings yield of 5.8%.



[2] Using a 21% rate. You can adjust this upward to account for the possibility of higher tax rates in the future. Or you could adjust it down to reflect the fact that BRK won't pay this tax for decades if at all, which means a time value of money adjustment factor could be appropriate.

Equity method investments:

Ownership of between 20% and 50% requires equity method accounting where the investee (BRK) must report a single line for its share of earnings and equity on its income statement and balance sheet, respectively. The two major investments in this category are Kraft Heinz (27.2% ownership) with a fair value of $10 billion and Occidental Petroleum (28.2% excluding warrants) with a fair value of $13 billion. For simplicity I kept them in this category and used the fair value amounts instead of the carrying value. The difference between carrying value and market value was about $7.6 billion.

Other equity method investments include Berkadia, a 50/50 joint venture with Jeffries (formerly Leucadia), a commercial real estate loan servicer, in addition to Electric Transmission Texas, LLC, an entity held in BRK Energy no longer disclosed in Berkshire's consolidated financial statements.

It should also be noted that American Express is not carried as an equity method investment despite BRK owning 21.6% of the company. That's because BRK has an agreement with AMEX to vote with the AMEX board of directors and a passivity agreement with the Federal Reserve. This arrangement has been in place since 1995. It was done to avoid BRK becoming a financial holding company.

Burlington Northern Santa Fe:

BNSF became a wholly owned subsidiary of BRK in 2010. Railroads were long a poor area of investment. A combination of high capital intensity, unions, and regulation created an environment of poor returns on capital. That began to change as the industry consolidated and partially deregulated.

Investments in productivity – now largely complete – such as double-stacking container cars (requiring heavy investments in bridges and tunnels), made rails four times more efficient than trucks and caught the attention of Warren Buffett and Charlie Munger. When BRK purchased BNSF, it was earning pre-tax returns on capital of around 20%.

BNSF is one of a handful of Class I railroads in North America. It competes in the Western US and its primary competitor is **Union Pacific (UNP | Disclosure: None)**. Today BNSF has 32,500 route miles of track (23,000 owned, the remainder leased) in 28 states and three Canadian provinces. As a common carrier, BNSF must accept all freight. It groups its freight into four categories: consumer products, industrial products, agricultural products, and coal. In 2024, BNSF moved over 9,500 cars/units (its measurement of volume).

The following financial snapshot comes directly from the 2024 BRK annual report. The three key figures to pay attention to are carloadings, operating earnings (EBIT), and after-tax earnings. Revenues are volatile because of pass-through fuel prices, and net income, while useful, is affected by tax rates.

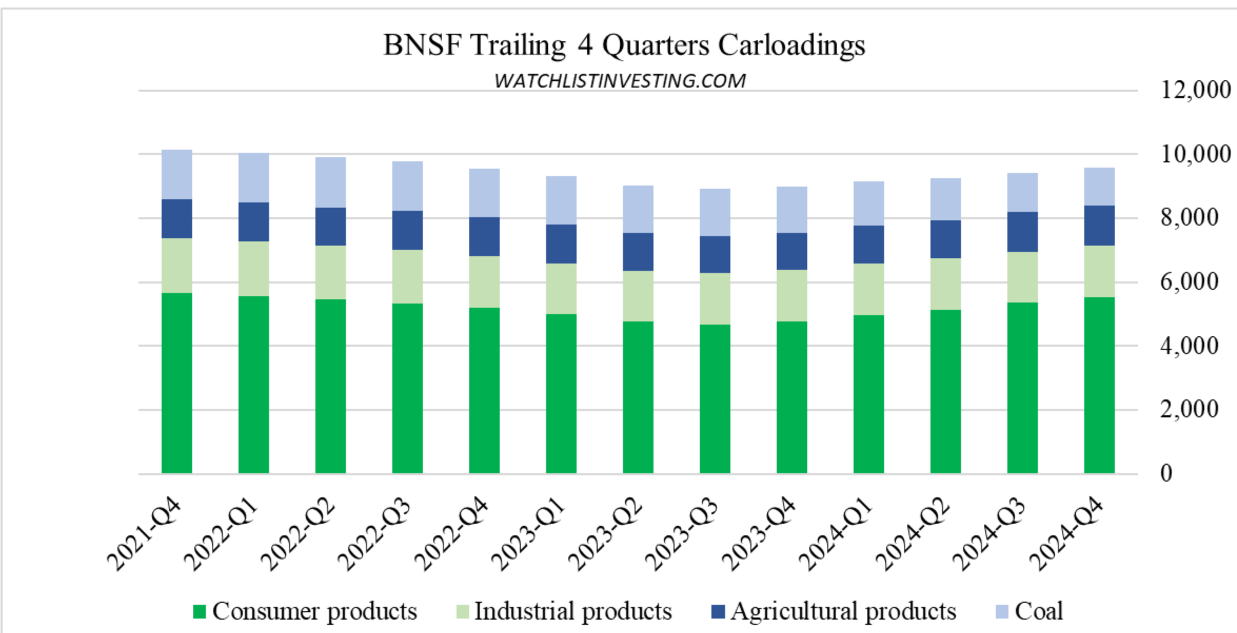
Even a cursory glance at the chart below reveals the pain BSNF experienced over the past two years. After riding a pandemic-led boom, carloadings are off by 5% compared to three years ago. Coal, in secular decline, is off 21% over that same time.

Railroads don't operate in isolation. Overcapacity in the trucking industry (going on 2+ years of weakness now) caused a "freight recession" in spot rates when volumes declined, leading rail's primary substitute to become more competitive. Volumes naturally shifted from rail to truck as a consequence. Over the long-term, however, rail maintains a significant advantage in terms of efficiencies over long distances, especially for heavier items.

	2024	2023	2022	Percentage Change 2024 vs 2023	Percentage Change 2023 vs 2022
Railroad operating revenues	$ 23,355	$ 23,474	$ 25,203	(0.5)%	(6.9)%
Railroad operating expenses	15,886	16,059	16,600	(1.1)	(3.3)
Railroad operating earnings	7,469	7,415	8,603	0.7	(13.8)
Other revenues (expenses), net	257	247	130	4.0	90.0
Interest expense	(1,078)	(1,048)	(1,025)	2.9	2.2
Pre-tax earnings	6,648	6,614	7,708	0.5	(14.2)
Income taxes	1,617	1,527	1,762	5.9	(13.3)
Net earnings	$ 5,031	$ 5,087	$ 5,946	(1.1)	(14.4)
Effective income tax rate	24.3%	23.1%	22.9%		

A summary of BNSF's railroad freight volumes by business group follows (cars/units in thousands).

	Cars/Units 2024	Cars/Units 2023	Cars/Units 2022	Percentage Change 2024 vs 2023	Percentage Change 2023 vs 2022
Consumer products	5,537	4,765	5,202	16.2%	(8.4)%
Industrial products	1,596	1,605	1,618	(0.6)	(0.8)
Agricultural products	1,251	1,165	1,200	7.4	(2.9)
Coal	1,205	1,468	1,529	(17.9)	(4.0)
	9,589	9,003	9,549	6.5	(5.7)



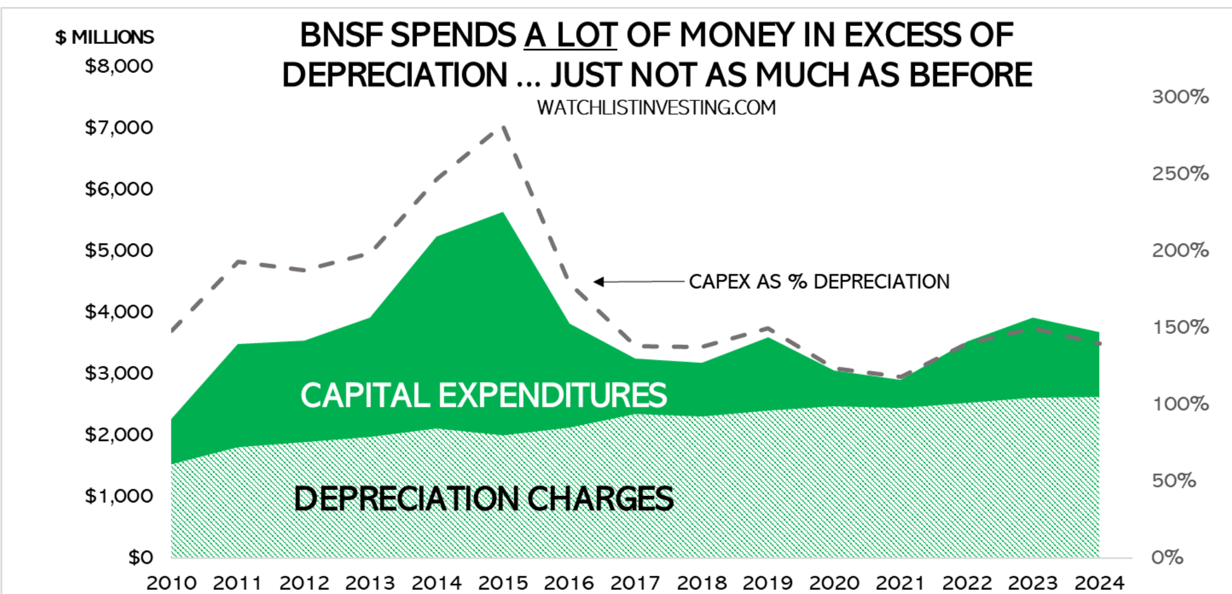
BRK paid $44.5 billion for BNSF which consisted of $34.2 billion equity and $10.4 billion of assumed debt. (The actual price was slightly lower because BRK owned shares prior to taking the company private. An accounting oddity; see p.542 of my book.)

BNSF to BRK Dividend History		
$ millions	Dividend	Cumulative
2010	$ 1,250	$ 1,250
2011	3,500	4,750
2012	3,750	8,500
2013	4,000	12,500
2014	3,500	16,000
2015	4,000	20,000
2016	2,500	22,500
2017	4,575	27,075
2018	5,450	32,525
2019	4,425	36,950
2020	4,830	41,780
2021	3,800	45,580
2022	5,000	50,580
2023	3,100	53,680
2024	4,000	57,680

The rail earned $4.7 billion in 2010, the first full year of ownership. Fourteen years later, through 2024, BRK's rail has shipped $57.7 billion in dividends to Omaha.[3] Debt has only increased to $23.5 billion over that time, meaning BRK hasn't treated its rail like a private-equity shop and levered up the balance sheet. After-tax earnings of $5 billion in 2024 would pay off *all* BNSF's long-term debt in under 5 years.

As a quasi-government-regulated monopoly, BNSF is limited in how much it can earn by the Surface Transportation Board. It earns a fair return for putting up the capital necessary to move America's goods. Nonetheless, it's been a home run for Berkshire.

The first decade under its ownership witnessed a continued investment in physical infrastructure with depreciation regularly outpacing capital expenditures, sometimes by 2x. This allowed significant investment of capital at known returns.



Although that pace has slowed in recent years BNSF can still take a good amount of capital. This has implications for returns on capital because of the tax code.

[3] While a lot of data is taken from the BRK annual report / 10K, BSNF also files with the SEC because of its public debt. Lots of goodies are in that report, such as the amount paid as dividends. See here.

Accelerated deprecation for tax purposes means BSNF's returns on capital and returns on equity are anywhere from a quarter to almost a full percentage point higher than its net income would suggest. In 2024, the rail earned 10.5% on equity capital, goodwill included. Adjusted for goodwill ROE is 14.5%. Considering the headwinds faced in the last few years, BNSF is almost certainly underearning. Normalized net profit should run at least $6 billion if not closer to $7 billion.

What is such an economic entity worth? We can look at UNP, which is about the same size as BNSF. As of April 22, 2025, UNP had a market cap of $130 billion. Is BNSF worth that much? Probably not, and we should do our own analysis. I think an entity like BSNF, with known returns on capital, decent reinvestment prospects, and a solid duopoly position in a growing Western United States, is worth 15x earnings. That provides a going-in return of 6.6% with modest work for growth to make up the rest.

If we use current earnings of $5.0 billion we get a value of $75 billion. That seems far too low. Considering we can point to specific reasons why the rail is underearning currently, we might use a figure of $6 billion to $7 billion, which would put the value at $90 billion to $105 billion.

For conservatism I've excluded the benefit of lower cash taxes (just $264 million last year but running at about $500 million annually historically). If we capitalized the normalized run rate of $500 million at 15x we'd come up with an extra $7.5 billion of value. I'd prefer to leave this as a margin of safety.

BNSF ROIC Analysis

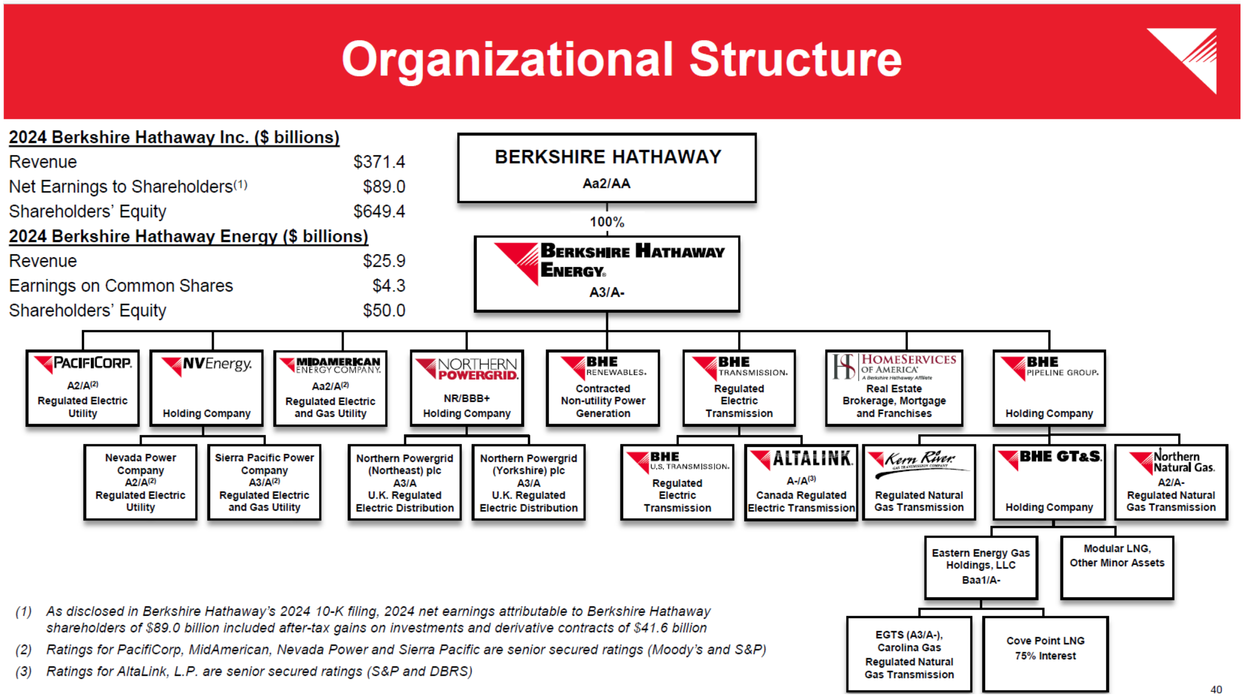
$ millions	2020	2021	2022	2023	2024
Equity capital	44,004	46,449	47,236	49,263	50,641
Long-term debt	23,220	23,219	23,452	23,482	23,497
Goodwill	(14,851)	(14,852)	(14,852)	(15,350)	(15,351)
Tangible invested capital	52,373	54,816	55,836	57,395	58,787
Average tangible invested capital		53,595	55,326	56,616	58,091
EBIT		8,798	8,600	7,415	7,469
After-tax earnings		5,990	5,946	5,087	5,031
Pre-tax ROIC		16.4%	15.5%	13.1%	12.9%
After-tax ROIC		11.2%	10.7%	9.0%	8.7%
Cash-adjusted after-tax ROIC		12.1%	10.8%	9.3%	9.1%
After-tax ROE		12.9%	12.6%	10.3%	9.9%
Cash adjusted after-tax ROE		13.9%	12.6%	10.7%	10.5%

Berkshire Hathaway Energy:

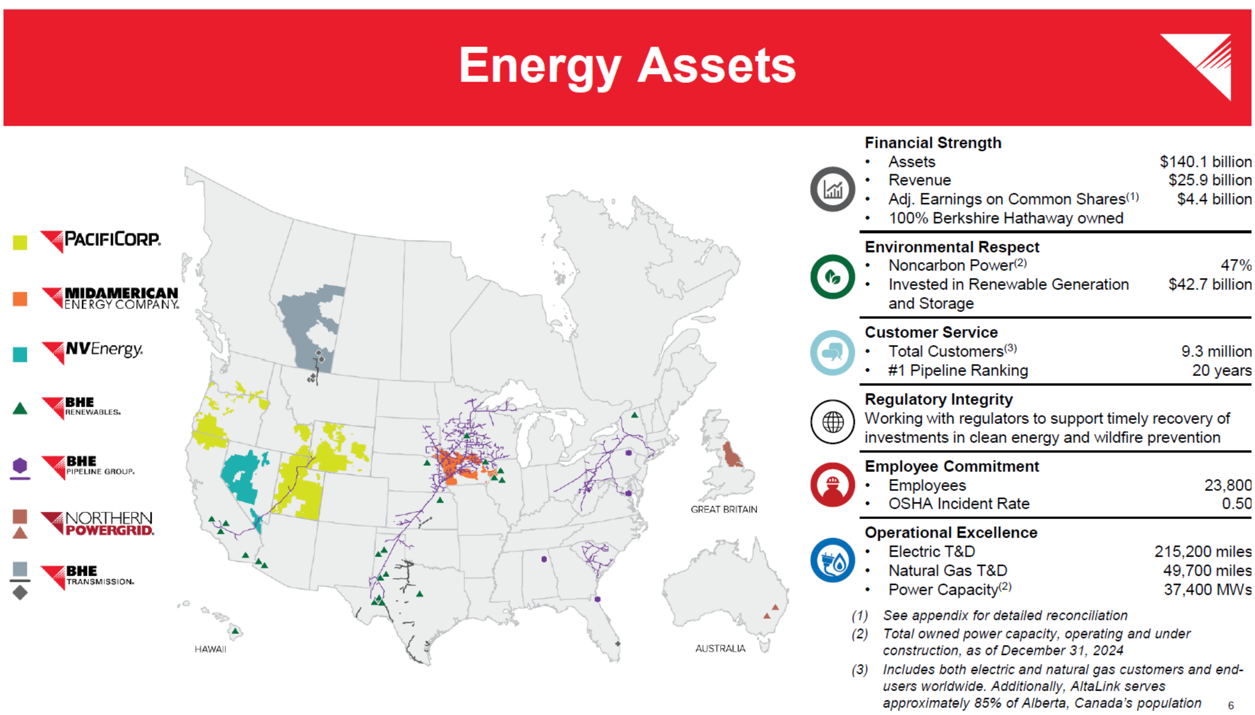
Regular readers may tire of me using this quip, but I like it too much: If BHE had a motto it might read: “Milk Me Later”. Most utilities are boring cash cows that distribute most of their earnings every year. BHE is anything but boring and hasn’t paid a dividend since BRK purchased a majority economic interest in MidAmerican Energy (later renamed BRK Energy) in 2000. In 1999, MidAmerican had total shareholders’ equity of $1 billion and revenues of $4.4 billion. Fast forward to 2024, and equity has grown to $51 billion and energy revenues were $21.6 billion. That growth has come from a combination of retained earnings and additional capital contributions along the way. BHE has spent the past two decades building a world-class base of utility assets whose *ability* to distribute earnings continues to grow impressively. We are nowhere near the point where BHE will have to slow down, provided the regulatory and political environment remains supportive.

BHE has grown from a base in the Midwest to become one of the largest, most respected, and most efficient operators in the United States. Here is an overview of the major segments of the company as they exist today:

- MidAmerican Energy Company: Regulated electric and gas utility
- PacifiCorp: Regulated electric utility
- BHE US Transmission: Regulated electric transmission
- NVEnergy: Holding company for:
    - Nevada Power Company: Regulated electric utility
    - Sierra Pacific Power Company: Regulated electric and gas utility
- Northern Powergrid: Holding co. for two United Kingdom-based electric distributors
- Altalink: Alberta, Canada-based regulated transmission
- BHE Pipeline Group:
    - Kern River: Regulated natural gas transmission
    - Northern Natural Gas: Regulated natural gas transmission
    - BHE GT&S: Various natural gas assets acquired from Dominion Energy



The following slide from the 2025 BHE Investor Presentation provides a great overview (I'd recommend combing through the entire report if you have time, it's impressive.)



A few important points about BHE:

- Monopoly protection = limited return: From an economic perspective BHE enjoys the protection of a regulated monopoly. However, its returns on capital are set by each jurisdiction in which it operates. Nonetheless, BHE earns a low double-digit ROE averaged across its many businesses.

- Deserved success: BHE has an impressive track record of operating its assets incredibly efficiently. Its electric rates are double-digits *lower* than the US national average, including 12% lower for Pacific Power customers, 34% lower for Rocky Mountain Power customers, and 44% lower for MidAmerican Energy customers. Incredible!

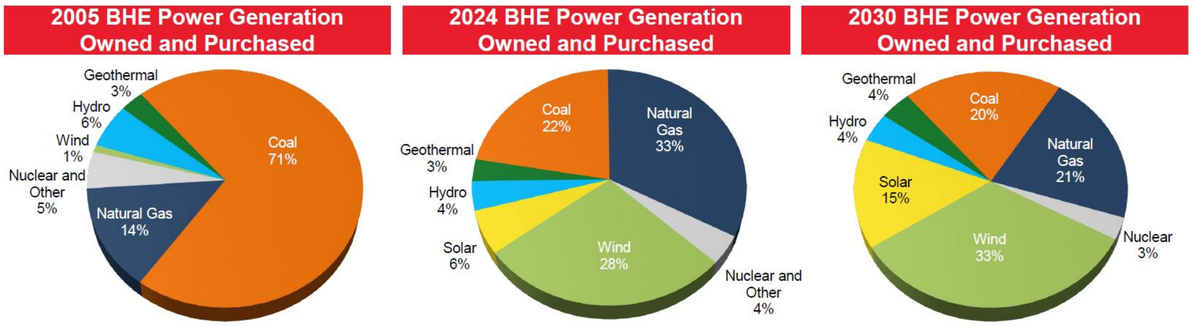
- Limited commodity exposure: Through its natural gas pipelines BHE transports 15% of *all* natural gas in the US. It's a boring toll bridge business that has the advantage of no direct exposure to commodities prices. In 2021, BHE acquired certain assets of Dominion Energy in the eastern US, including Cove Point LNG (25% ownership), a liquified natural gas export terminal in Virginia. On September 1, 2023, BHE acquired an additional 50% limited partnership interest in Cove Point for $3.3 billion, which increased its ownership to 75% (it previously owned 100% of the general partnership interests).

- Ownership: With the purchase of the late Walter Scott's remaining ownership interest in 2024, Berkshire now owns 100% of its utility (save for some minor minority interests at the subsidiary level). Berkshire Hathaway first purchased a 76% ownership interest in BHE in 2000. In 2022, Greg Abel sold his 1% interest in BHE to BRK for $870 million, using part of the proceeds to purchase shares in the parent company. Then, in September 2024, Berkshire disclosed that it had purchased the Scott shares for an implied purchase price of $49 billion, substantially lower than the Abel purchase. See my October 2024 post for more details.

- Use of tax credits: Your eyes may deceive you at first glance of BHE's financial statements. Pre-tax income is lower than after tax income because of the significant tax credits received because of its renewable energy investments. BHE can take full advantage of these only because it is consolidated for tax purposes with a major taxpayer in its parent company, BRK.

  Through 2024 BHE has invested $42.7 billion in renewable energy projects, transforming its owned portfolio to 47% non-carbon. BHE plans to phase out most non-renewable generation by 2050 and is on track to achieve a 50% reduction in CO_2 by 2030.

- A few oddities: BHE is home to two oddities. One is the fact that it is the largest residential real estate brokerage in the United States. Berkshire Hathaway Home Services came with the original acquisition of MidAmerican in 2000 (it was then simply called Home Services). Brokerage revenues in 2024 were $4.3 billion which netted $33 million. The other oddity is an investment in electric car company BYD worth $415 million at year end, down from $2.2 billion at the end of 2023, $3.8 billion at the end of 2022, and $7.7 billion at the end of 2021, as a result of selling shares. BYD was a rare Charlie Munger-initiated investment that cost $232 million.



	2024	2023	2022
Revenues:			
Energy operating revenue	$ 21,566	$ 21,280	$ 21,069
Real estate operating revenue	4,354	4,322	5,268
Other income	428	406	56
Total revenue	26,348	26,008	26,393
Costs and expenses:			
Energy cost of sales	6,616	7,057	6,757
Energy operating expenses	10,403	11,412	9,233
Real estate operating costs and expenses	4,509	4,316	5,117
Interest expense	2,528	2,283	2,140
Total costs and expenses	24,056	25,068	23,247
Pre-tax earnings	2,292	940	3,146
Income tax benefit*	(1,871)	(2,022)	(1,629)
Net earnings after income taxes	4,163	2,962	4,775
Noncontrolling interests of BHE subsidiaries	137	352	423
Net earnings attributable to BHE	4,026	2,610	4,352
Noncontrolling interests and preferred stock dividends	296	279	448
Net earnings attributable to Berkshire shareholders	$ 3,730	$ 2,331	$ 3,904
Effective income tax rate	(81.6)%	(215.1)%	(51.8)%

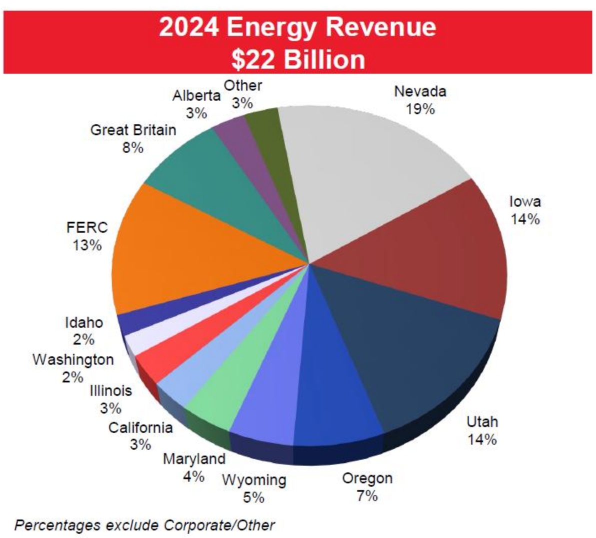
				Percentage Change	
	2024	2023	2022	2024 vs 2023	2023 vs 2022
U.S. utilities	$ 1,961	$ 906	$ 2,295	116.4%	(60.5)%
Natural gas pipelines	1,232	1,079	1,040	14.2	3.8
Other energy businesses	1,334	1,024	1,356	30.3	(24.5)
Real estate brokerage	(107)	13	100	**	(87.0)
Corporate interest and other	(394)	(412)	(439)	(4.4)	(6.2)
	$ 4,026	$ 2,610	$ 4,352	54.3	(40.0)

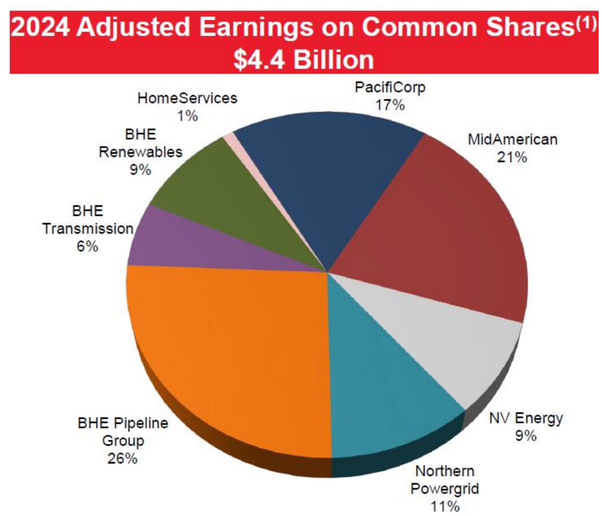
The slide below does a nice job presenting the contributions from the various units and separates the impact from the wildfire losses, the HomeServices settlement, and BYD. (Note the figures don't reconcile exactly to the presentation in the BRK 10K above.)

Earnings on Common Shares

($ millions) Earnings on common shares	Years Ended December 31, 2024	2023	2022
PacifiCorp[1]	$ 787	$ 797	$ 969
MidAmerican	991	980	947
NV Energy	444	394	427
Northern Powergrid	547	165	385
BHE Pipeline Group	1,232	1,079	1,040
BHE Transmission	263	246	247
BHE Renewables	447	518	643
HomeServices[1]	33	13	100
BHE and Other[1]	(394)	(446)	(495)
Adjusted earnings on common shares[1]	4,350	3,746	4,263
PacifiCorp wildfire losses, net of recoveries and income taxes	(261)	(1,265)	(48)
HomeServices settlement, net of income taxes	(140)	-	-
Gain/(loss) on BYD, net of income taxes	351	505	(1,540)
Earnings on common shares	$ 4,300	$ 2,986	$ 2,675

The pie charts below show the breadth of operations within the utility. The diversification of entities and states provides some protection against unfavorable regulatory changes, though not against wholesale shifts in policy in the United States.





Source: BHE 2025 Investor Conference Presentation

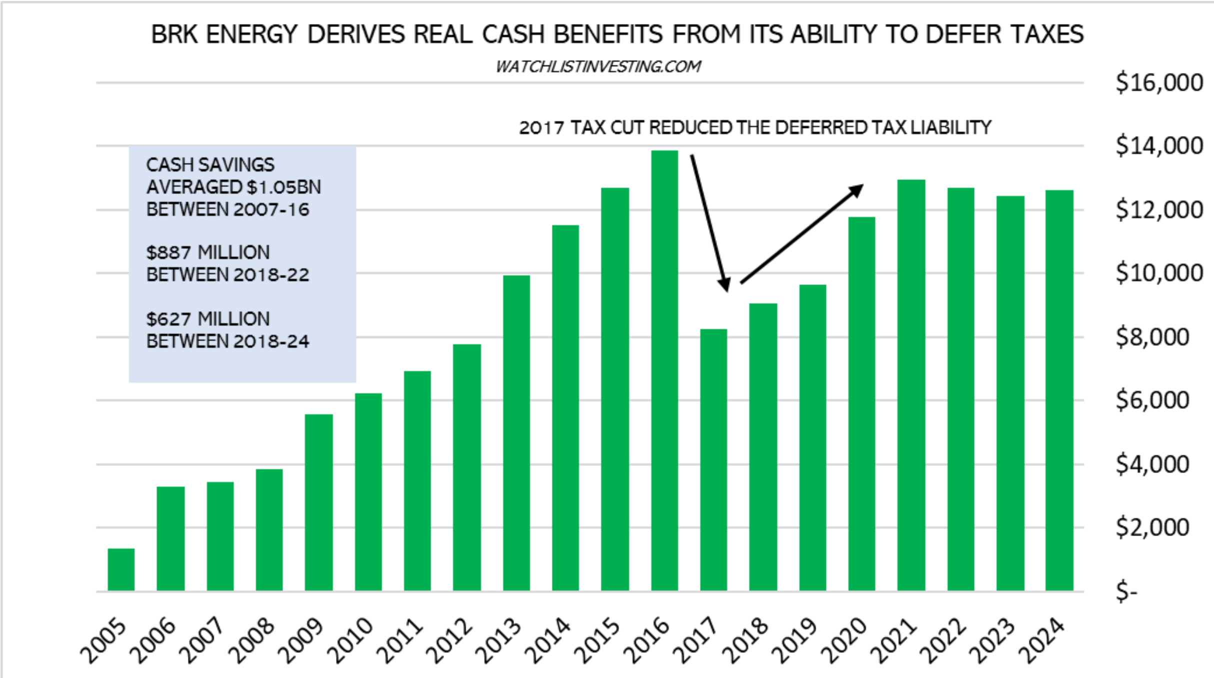
Valuation gets a little complicated because of the wildfire losses. If we assume that they are transitory (and, importantly, that there is no permanent loss of earning power) then adding back $273 million of after-tax wildfire losses and the $140 million HomeServices settlement increases Berkshire's share of net earnings to $4.14 billion. I think a 15x multiple in today's interest rate environment is fair, which gives us a value of $62 billion.

But wait, there's more…

BHE historically has benefitted from deferred income taxes, which are above and beyond the negative tax rate. Given the huge backlog of capital projects ($32 billion and likely more on the way) I now feel comfortable capitalizing BHE's cash savings from deferred taxes. These savings averaged $1 billion between 2007 and 2016. Between 2018 and 2022 they averaged a lower $887 million, and between 2018 and 2024 they averaged $627 million. Capitalizing $627 million at the same 15x adds $9.4 billion and takes the value of $62 billion from above to $71.6 billion.

Reconciling Buffett's Math

In prior years I've attempted to reconcile my math to Buffett's implied valuation and have come very close. This year my valuation comes out uncomfortably higher than the implied $49 billion valuation from the Walter Scott transaction. Perhaps the Scott family agreed to a formula that unintentionally captured a temporarily depressed earnings stream. Or maybe Buffett was more pessimistic at that time. Maybe the Scott family was too eager to sell its shares, and Buffett shrewdly used the wildfire uncertainty to get a low but fair price for continuing shareholders (i.e. Berkshire Hathaway). Or maybe I'm wrong and there's a permanent impairment of value I'm not considering. Hopefully we will gain some clarity on May 3.



Manufacturing, Service, and Retailing Businesses:

It is almost unbelievable how many individual businesses reside within the MSR segment. The MSR Group contains old favorites like See's Candies (acquired in 1972) to iconic Nebraska Furniture Mart (1983), and other well-known companies like Benjamin Moore, Dairy Queen, and Fruit of the Loom, plus a slew of companies in the B2B space that are boring-but-beautiful. To be fair there are some laggards, but Berkshire has largely avoided major mistakes in acquiring subsidiaries.

Below is the list of MSR businesses from the 2024 BRK annual. The "real" count is not 48 but probably over 150. That's because a few have subsidiaries of their own. The largest "mini conglomerate" here is Marmon with over 100 separate units. As of January 1, 2024, Marmon now includes the first mini-conglomerate Berkshire acquired in 1986: Scott Fetzer with about two dozen separate units.

MANUFACTURING:	
Acme	1,839
Benjamin Moore	2,006
Brooks Sports	1,326
Clayton Homes	20,645
CTB	2,511
Duracell	3,153
Fechheimer	424
Forest River	11,425
Fruit of the Loom	17,258
Garan	2,677
H. H. Brown Shoe Group	1,126
IMC International Metalworking Companies	14,333
Jazwares	1,551
Johns Manville	7,984
Larson-Juhl	525
LiquidPower Specialty Products	497
Lubrizol	7,922
Marmon[(1)]	30,019
MiTek	6,003
Precision Castparts	24,594
Richline	2,044
Shaw Industries	17,689
W&W|AFCO Steel	2,561
	180,112

SERVICE AND RETAILING:	
Affordable Housing Partners	32
Ben Bridge Jeweler	464
Berkshire Hathaway Automotive	10,130
Borsheims	144
Business Wire	345
Charter Brokerage	167
CORT	2,235
Dairy Queen	547
Detlev Louis	1,508
FlightSafety	4,660
Helzberg Diamonds	1,519
IPS	3,386
Jordan's Furniture	1,046
McLane Company	24,815
Nebraska Furniture Mart	4,671
NetJets	9,106
Oriental Trading	1,100
Pampered Chef	300
Pilot Travel Centers	29,202
R.C. Willey Home Furnishings	2,184
See's Candies	2,564
Star Furniture	264
TTI	9,341
WPLG	190
XTRA	385
	110,305

Fortunately for us BRK has organized the MSR companies into segments and provided a fair amount of detail on each. I'm using the word fair in a slightly negative sense here. By now you should have realized the sheer size of BRK. The annual report has been consistent at around 150 pages even as the conglomerate swelled in size. Detail is lost as it grows. Buffett used to provide more information on the composition of the MSR balance sheet but even that is gone. (Chris Bloomstran has done Yeoman's work to reconstruct it but I wish BRK would just provide it.) So, we're largely without great balance sheet data but I'll fill in the missing pieces where I can.

Below is the overall MSR table from the 2024 BRK annual. Note that it does make certain adjustments for economic reality, such as acquisition accounting and impairments.

Important note: In 2024, Berkshire moved Pilot to the service and retailing segment.

	2024	2023	2022	Percentage change 2024 vs 2023	Percentage change 2023 vs 2022
Revenues					
Manufacturing	$ 77,231	$ 75,405	$ 75,781	2.4%	(0.5)%
Service and retailing	138,672	144,342	91,512	(3.9)	57.7
	$ 215,903	$ 219,747	$ 167,293	(1.7)	31.4
Pre-tax earnings					
Manufacturing	$ 11,895	$ 11,445	$ 11,177	3.9%	2.4%
Service and retailing	4,948	6,144	5,042	(19.5)	21.9
	16,843	17,589	16,219	(4.2)	8.4
Income taxes and noncontrolling interests	3,771	4,227	3,707		
Net earnings*	$ 13,072	$ 13,362	$ 12,512		
Effective income tax rate	21.7%	22.2%	22.2%		
Pre-tax earnings as a percentage of revenues	7.8%	8.0%	9.7%		

What follows is detail and some of my commentary on the Manufacturing segment specifically.

We see a rational breakdown of the manufacturing businesses into three buckets: industrial products, building products, and consumer products.

The industial segment is headed by Precision Castparts, an aerospace manufacturer BRK overpaid for in 2016. A pandemic-related slowdown resulted in a rare write-off of $10 billion of goodwill associated with PCC in 2020. In 2024, PCC earned $1.9 billion pre-tax on revenues of $10.4 billion, up from $1.5 billion pre-tax on revenues of $9.3 billion in 2023 and from $1.2 billion on $7.5 billion of revenues in 2022. BRK paid $37 billion including debt for PCC. PCC earned about $2.5 billion pre-tax in 2015, the year before BRK acquired it, illustrating the degree to which it has fallen. Aerospace demand is forecast to rise and PCC should see its results follow suit if it can increase production to meet that demand.

Lubrizol, an oil additives business BRK acquired in 2011 for $10 billion including debt has had its share of challenges too. Revenues of $6.4 billion in 2024 (flat from 2023) produced pre-tax earnings of __?___. Ahh the frustration. BRK tells gives us the magnitude of change but not the dollar figure. Fortunately, we have a nugget of information from 2020 and can back into rough profitability.

Gasp! A kernel of info. Let's use it!

	Text from BRK annual…
2024	Lubrizol's pre-tax earnings increased 30.7% in 2024…
2023	Lubrizol's pre-tax earnings in 2023 were relatively unchanged compared to 2022.
2022	Lubrizol's pre-tax earnings in 2022 increased 48.6% compared to 2021.
2021	Lubrizol's pre-tax earnings in 2021 decreased 50.8% compared to 2020.
2020	Lubrizol's pre-tax earnings in 2020 were approximately $1.0 billion, essentially unchanged compared to 2019.
2019	Lubrizol's pre-tax earnings in 2019 for the fourth quarter and year decreased 50.5% and 14.6%, respectively, compared to the same periods in 2018.
2018	Lubrizol's pre-tax earnings in 2018 increased 43.5% compared to earnings in 2017
2017	Lubrizol's pre-tax earnings increased 17% in 2017 compared to 2016

Below is the rough inferred record dating to 2017. The large drop in earnings in 2021 was in part related to a fire in its Illinois facility. The large increase in 2022 was the result of a $242 million insurance recovery related to a fire in France in 2019. Earnings in 2023 included recoveries of $11 million. That earnings were "relatively unchanged" in 2023 means margins expanded, which fits the description in the annual report noting that Lubrizol had favorable changes in product mix and lower raw material costs. Earnings in 2024 increased on 4% higher volume and lower input costs.

Reconstructing Lubrizol's History

Year	Revenues	% change	Pre-tax earnings	% change	Pre-tax margin
2024	$6,400	0.0%	$971	30.7%	15.2%
2023	$6,400	-4.0%	$743	0.0%	11.6%
2022	$6,700	3.2%	$743	48.6%	11.1%
2021	$6,500	8.6%	$500	-50.0%	7.7%
2020	$5,950	-8.0%	$1,000	0.0%	16.8%
2019	$6,500	-5.2%	$1,000	-14.6%	15.4%
2018	$6,800	5.9%	$1,171	-43.5%	17.2%
2017	$6,421	2.6%	$2,072	17.0%	32.3%
2016	$6,258		$1,771		28.3%

Highlight = known information.

Marmon is a 100+ business industrial conglomerate[4] BRK acquired in stages between 2008 and 2013 for $9 billion. It generated total revenues of $12.2 billion in 2024, down 1.7% from 2023. All BRK tells us is that pre-tax earnings decreased 8.7%. I've estimated pre-tax earnings at about $1.57 billion based on known information. Complicating matters, beginning in 2024 Marmon includes Scott Fetzer, Berkshire's first conglomerate purchase in 1986. Fitting it should tuck into Marmon, nesting doll-like.

[4] Marmon's business is delineated into 11 groups which is further consolidated into 3 segments. They span everything from electrical components, plumbing, HVAC, railcar leasing, and many, many more businesses serving construction, automotive, heavy-duty trucks, and restaurant markets, to steal a line from the BRK annual.

Reconstructing Marmon's History

Year	Revenues	% change	Pre-tax earnings	% change	Pre-tax margin
2024	$12,200	-1.7%	$1,568	-8.7%	12.8%
2023a	$12,500	11.0%	$1,717	13.1%	13.7%
2023	$11,900	11.6%	$1,717	13.1%	14.4%
2022	$10,700	9.6%	$1,518	11.3%	14.2%
2021	$9,800	27.9%	$1,364	40.3%	13.9%
2020	$7,600	-8.2%	$972	-24.3%	12.8%
2019	$8,300	1.8%	$1,284	1.0%	15.5%
2018	$8,200	5.5%	$1,271	-5.6%	15.5%
2017	$7,773	4.1%	$1,347	-3.5%	17.3%
2016	$7,466		$1,395		18.7%

Highlight = known information. 2019 earnings inferred by known dollar change. Dollar figures were rounded in the annual report (e.g. revenues were $10.9 billion in 2023).

In 2024, Berkshire moved Scott Fetzer into Marmon. The year 2023 is the original presentation. The revised presentation (i.e. pro-forma for Scott Fetzer in 2023) is 2023a.

The sole piece of known information in this series: “Marmon’s pre-tax earnings in 2020 decreased $312 million (24.3%) … “

The last large business in the industrial category is IMC. Originally named Iscar, BRK made its first major overseas acquisition (in Israel) in two parts beginning in 2006. The total price tag was just over $6 billion. We were finally given a scrap of information in 2022 that helped back into some of its revenue history.

Revenues in 2024 were $3.9 billion, down 2.2% from 2023. Unfortunately, BRK was tight-lipped with information on pre-tax earnings. It’s incredible to think that a massive business like IMC only gets a eight-line paragraph to describe its performance. It would be awesome to have more detail but in reality we don’t *really* need it to understand BRK’s value.

What we do know is IMC’s sales volumes declined due to “sluggish customer demand across all major regions”. Berkshire also tells us IMC made one or more acquisitions in 2024. BRK notes that a “large portion of IMC’s products are manufactured in Israel” but notes that operations havn’t been significantly affected.

Reconstructing IMC's History

Year	Revenues	% change	Pre-tax earnings	% change	Pre-tax margin
2024	$3,900	-2.2%		-7.8%	
2023	$4,000	8.0%		6.9%	
2022	$3,700	4.5%		-2.5%	
2021	$3,541	19.5%		47.7%	
2020	$2,963	-13.2%		-26.6%	
2019	$3,413	-1.3%		-12.8%	
2018	$3,458	16.1%			
2017	$2,979	13.3%			
2016	$2,629				

Highlight = known information.

I won’t go into as much detail in every segment. The companies are close enough economic cousins that it’s simply not necessary. Building products, which includes companies like Clayton Homes, Shaw, Johns Manville, Acme Building Brands, Benjamin Moore, and MiTek experienced higher revenues (+2.2%) and lower pre-tax earnings (-1.3%) directly related to a slowdown in the housing market. These are all very good businesses with demonstrated pricing power and cycles are just part of the reality of owning them.

Clayton is worth highlighting for several reasons, not least of which is its size and recent profitability. It started as a manufactured home builder and has become a powerhouse in site-built homes too over the past few years. BRK bought Clayton in 2003 for $1.7 billion.

In 2024, Clayton reported pre-tax earnings of $1.9 billion (-5.6%) on revenues of $12.4 billion (+8.5%). Looking deeper, new home unit sales increased 11.5% but a mix of lower-priced homes and higher costs to produce them contributed to the decline in pre-tax earnings. Berkshire also cites higher interest borrowing (interest expense up 38% and borrowings up $6.6 billion or 37% to $24.3 billion) as weighing on profitability.

At the end of 2024, Clayton Financial Services held a portfolio of $27.2 billion, up from $23.8 billion a year prior. It funds its portfolio by borrowing from BRK at a spread.[5] In this way BRK truly has created a synergy as Clayton gets better financing and BRK can put its credit to work without distorting the economics for its subsidiary. (Buffett has called this an “every tub on its own bottom philosophy”.) Looking at the implied capital in the Clayton finance operation ($27.2 billion portfolio less $24.3 billion borrowings = $2.9 billion capital), it operates with bank-like leverage of about ten times. If Clayton were a stand-alone bank it would rank 70th largest in the US.

[5] Most of the debt raised by Berkshire Hathaway Finance Corporation (BHFC) is used to fund Clayton’s portfolio of mortgages and consumer finance receivables at certain subsidiaries.

Consumer products businesses include Forest River, an RV manufacturer acquired in 2005, numerous apparel companies like Fruit of the Loom and the footwear such as H.H. Brown and Brooks, battery company Duracell, and a jewelry manufacturer. The Alleghany acquisition brought Jazwares, a global toy company, to this category beginning October 19, 2022.

This group rebounded in 2024 after years of spotty results. Overall, consumer products reported 10.9% higher pre-tax earnings on 2.2% higher revenues. As always, the details matter.

Forest River, a cyclical business if ever there was one, saw revenues increase 6.4% on 7.9% greater units and a decline in price/mix (lower for RVs, higher for bus/commercial). Pre-tax earnings for Forest River weren't disclosed.

The remainder of reporting is spotty: Brooks increased revenues by 9.1%; Duracell by 2.5%. Apparel and footwear as a whole increased earnings 37% on an unknown base.

Service and retailing:

	2024	2023	2022	Percentage change 2024 vs 2023	Percentage change 2023 vs 2022
Revenues					
Service	$ 20,697	$ 20,588	$ 19,006	0.5%	8.3%
Retailing	19,177	19,408	19,297	(1.2)	0.6
Pilot	46,891	51,739	—	(9.4)	
McLane	51,907	52,607	53,209	(1.3)	(1.1)
	$ 138,672	$ 144,342	$ 91,512		
Pre-tax earnings					
Service	$ 2,305	$ 2,995	$ 3,047	(23.0)%	(1.7)%
Retailing	1,395	1,726	1,724	(19.2)	0.1
Pilot	614	968	—	(36.6)	
McLane	634	455	271	39.3	67.9
	$ 4,948	$ 6,144	$ 5,042		
Pre-tax earnings as a percentage of revenues					
Service	11.1%	14.5%	16.0%		
Retailing	7.3%	8.9%	8.9%		
Pilot	1.3%	1.9%			
McLane	1.2%	0.9%	0.5%		

Service businesses consist of NetJets (fractional jet ownership), FlightSafety (pilot simulator training), TTI (electrical components distributor), Dairy Queen, XTRA (trailer leasing), CORT (furniture leasing), Charter Brokerage (a 3rd party chemical logistics business), Business Wire, and a Miami TV station. The Alleghany acquisition brough IPS Integrated Project Services to this group. IPS provides services in the facilities construction management industry.

Revenues from aviation services (NetJets and FlightSafety) increased 9.1% due to an increase in the number of aircraft and increases in flight hours at NetJets, but pre-tax earnings fell 10.9% due to higher costs and impairment charges. IPS revenues increased 14.4%.

TTI's business has taken a large hit over the last few years, after several years of strength. In 2024, revenues declined 10% and pre-tax earnings fell 51%. That was after 2023 when revenues declined 2.7% and pre-tax earnings were off 17.3%.

Retailing includes Berkshire Hathaway Automotive, which is the renamed Van Tuyl Group BRK acquired for $4.2 billion in 2015.[6] BHA and its 83 dealerships, 31 collision centers, and two auto auctions were responsible for 69% of retailing revenues of $19.2 billion (doing the math: $13.2 billion). New vehicle sales increased 7.9% and used vehicle sales decreased 2.0%.

Other retailing businesses span the economy: four furnishing stores, including Nebraska Furniture Mart, R.C. Willey, Star Furniture, and Jordan's Furniture; See's Candies; Pampered Chef; Oriental Trading; three jewelry stores including Borsheims, Helzberg, and Ben Bridge; and Louis, a motorcycle accessory business based in Germany. Berkshire disclosed that home furnishing revenues represented 17% of retailing group revenues ($3.2 billion) and that revenues declined 6.4%.

On the whole, BHA pre-tax earnings were off 7.9% and other retailers as a whole were off a staggering 40.2%. Berkshire cites lower sales, lower sales, lower gross margins, and higher expenses.

McLane gets its own reporting line because of its huge revenue base of $51.9 billion, down 1.3% from 2023. McLane earned $634 million in 2024, up 39.3% from higher gross margin rates offset by lower sales and higher operating costs. Berkshire in prior years pointed to brutal competition as reason for McLane's slimmer-than-usual margins, which seemed to have stabilized around 0.50%. Not knowing enough about the business, I can't comment on whether that's changed structurally, but this makes two years of improved pre-tax margins, now at 1.2% Note: Given the high turnover of the business such slim margins produce satisfactory returns on capital.

New for 2024: Pilot! Berkshire's truck stop reported revenues of $46.9 billion, down 17.4% from 2023 on lower fuel prices and a decline in non-fuel volumes. Pre-tax earnings fell 41.9% to $614 million on a 4.3 percentage point fall in gross margin and 10.3% higher overhead. Included in that increase in overhead is spending to modernize its stores. It appears Pilot is significantly underearning due to the lingering effects of a still-ongoing trucking freight recession. In 2022, it earned $2.3 billion.

[6] Note the purchase price was distorted by large amounts of cash/investments on the books at the time of closing.

BRK Manufacturing, Service, and Retailing

	2019	2020	2021	2022	2023	2024
Identifiable assets at year-end	$ 137,803	$ 137,262	$ 142,293	$ 151,918	$ 178,740	$ 183,875
Intangible assets (ins. & other)	31,051	29,462	28,486	29,187	35,884	34,638
Tangible assets	106,752	107,800	113,807	122,731	142,856	149,237
Revenues	142,675	134,097	153,012	167,293	219,747	215,903
EBIT	12,365	10,889	14,552	16,219	17,589	16,843
Net earnings	9,372	8,300	11,120	12,512	13,362	12,512
Pre-tax return on identifiable assets		7.9%	10.4%	11.0%	10.6%	9.3%
After-tax return on identifiable assets		6.0%	8.0%	8.5%	8.1%	6.9%
Pre-tax return on tangible assets		10.2%	13.1%	13.7%	13.2%	11.5%
After-tax return on tangible assets		7.7%	10.0%	10.6%	10.1%	8.6%

Where to begin valuing this monstrous group of businesses? A somewhat crude but straightforward estimate of tangible capital of the MSR businesses indicates the group is earning around 10% on tangible capital (2020-24 average: 9.4%). We don't have great data on how much surplus cash the businesses have on their books, and we don't know how much debt they're using either. But it's a fair approximation.[7]

Following our methodology from the rail and energy businesses, a 15x multiple appears reasonable. Using 15x on $13.1 billion of net earnings puts the value of the MSR businesses at $196 billion.

Insurance:

BRK is home to some of the largest and strongest insurers in the world. Starting with the acquisition of National Indemnity Company in 1967, insurance has been the rocket fuel that's allowed supersize growth in all areas of BRK. Insurance – any insurance – is a promise. One party hands over cash today for the promise that the other party will assume agreed-upon risks that materialize tomorrow. The economics of insurance (cash today, promise tomorrow) create float and mean it's a tempting business for many, including the incompetent or crooked. The two big risks in insurance are improper reserving (failing to correctly estimate future costs) and poor investment decisions. Unsurprisingly, the industry is heavily regulated to protect consumers and the public.

The key to BRK's success over time stems from its relentless focus on underwriting profitability above all else. It takes great pains not to incentivize volume and is willing to bear long periods of volume declines (and it has, including one period of 13 straight years of declines at National Indemnity). It's easy to improperly price insurance and not find out until years later, after employees have been compensated and the rent paid, that you've underestimated future costs. It's a dangerous game.

[7] We can guess the amount of debt in MSR by taking Insurance and other debt of $44.5 billion and subtracting the $21 billion of parent company debt revealing a figure of $23.5 billion, which seems reasonable. If history is any guide the group maintains an equal and offsetting amount of cash.

Insurance can be grouped into two broad buckets. Short-tail lines are policies such as auto where losses are known quickly. Underwriting mistakes surface quickly, and adjustments can be made accordingly. Long-tail lines, by contrast, and as the name suggests, take a long time to pay out. Risks might surface decades in the future. The advantage of writing long-tail business is, if done correctly, the use of float for a long period of time. Berkshire plays in both sandboxes.

BRK's insurance operations are grouped into three buckets:

- GEICO: The 3rd largest auto insurer in the US with a market share of about 11.6%
- Berkshire Hathaway Primary Group: A collection of primary insurers (the companies assuming risks directly from a customer). When Alleghany joined Berkshire in 2022 it brought two primary insurers to this group, RSUI and CapSpecialty, which together wrote about $1.8 billion in net premiums in 2021.
- Berkshire Hathaway Reinsurance Group: A collection of reinsurers (companies that assume risks from other insurance companies). Alleghany added TransRe to Berkshire's insurance operations, which added about $5.4 billion of net premium volume.

GEICO:

GEICO first came on Warren Buffett's radar screen in the 1950s when he heard that his mentor, Benjamin Graham, was chairman of its board. He soon invested $10,000 of his own money in the company and sold for a quick 2x return. It wasn't until the mid-1970s when GEICO ran into trouble that GEICO reappeared, this time as an investment for BRK. BRK owned shares in GEICO for two decades and finally bought the remaining half of it in 1996.

GEICO's basic advantage is selling direct to consumers without the agency model employed by others like industry giant State Farm. Today **Progressive Corp. (PGR | Disclosure: None)** is close to dethroning State Farm as GEICO has given up market share to get its business back in order. State Farm's market share was recently 18.9% followed by Progressive at 16.7%, then GEICO at 11.6%.[8]

	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Premiums written	$ 42,916		$ 39,837		$ 39,107	
Premiums earned	$ 42,252	100.0	$ 39,264	100.0	$ 38,984	100.0
Losses and loss adjustment expenses	30,331	71.8	31,814	81.0	36,297	93.1
Underwriting expenses	4,108	9.7	3,815	9.7	4,567	11.7
Total losses and expenses	34,439	81.5	35,629	90.7	40,864	104.8
Pre-tax underwriting earnings (loss)	$ 7,813		$ 3,635		$ (1,880)	

[8] Source.

In 2024, GEICO earned premiums of $42 billion and wrote to a combined ratio of 81.5%, meaning it earned an incredible 18.5% of premiums after paying all expenses. (Progressive wrote to a similarly impressive 88.8%.)

It seems GEICO is poised to step on the gas again. Berkshire noted that advertising expenses increased in 2024 after years of cuts. Although policies-in-force fell 0.5%, Berkshire noted that the second half of the year experienced growth. It'll be nice to see the Gecko back on our screens again reminding us how to save on car insurance.

Although BRK hasn't provided the amount of float attributable to GEICO since 2016, we can estimate it at 1.0x annual losses and loss adjustment expenses, or about $30 billion for 2024.

Berkshire Hathaway Primary Group:

BHPG is a collection of primary insurers writing business in just about every realm of the commercial insurance world. Professional liability coverages, automobile (including specialized risks), property/casualty coverages, workers' compensation insurance, and directors & officers, among other lines. Some of the names in this group include Berkshire Hathaway Specialty, an outfit started from scratch in 2013 and grown into a sizable operation; Berkshire Hathaway Homestate Companies, a collection of state-specific insurers started in the 1970s and 1980s under Buffett's direction; MedPro Group, GUARD, National Indemnity, and US Liability Insurance Company. Beginning in October 2022 it included USLI and CapSpecialty from the Alleghany acquisition.

	2024		2023		2022	
	Amount	%	Amount	%	Amount	%
Premiums written	$ 18,836		$ 18,142		$ 14,619	
Premiums earned	$ 18,733	100.0	$ 17,129	100.0	$ 13,746	100.0
Losses and loss adjustment expenses	12,666	67.6	11,224	65.5	9,889	71.9
Underwriting expenses	5,212	27.8	4,531	26.5	3,464	25.2
Total losses and expenses	17,878	95.4	15,755	92.0	13,353	97.1
Pre-tax underwriting earnings	$ 855		$ 1,374		$ 393	

This collection earned $855 million on $18.7 billion premium volumes in 2024. BHPG is overshadowed by GEICO and the reinsurance operations because of their size, but the group has consistently underwritten to a 5% to 10% margin and grown premiums nicely over the years. Results in 2024 reflect a solid 5% underwriting profit. Notably, GUARD exited its admitted homeowners line and tightened underwriting, which led to a 16.3% decline in premiums in that unit. GUARD was also primarily responsible for higher underwriting costs with "significant" unfavorable loss development hitting the expense line for the group.

Berkshire Hathaway Reinsurance Group:

BHRG operates in the sometimes-mysterious world of reinsurance. Its products consist of promises like other insurers just more complicated and usually extended over longer periods of time. And with longer timeframes come longer-duration float.

Perhaps the most basic form of reinsurance is a quota share arrangement where a primary insurer contracts with a reinsurer to take a certain percentage of its business. This allows the primary insurer to keep writing business without bumping up against capital limits. Reinsurance can be prospective, meaning that the reinsurer covers loss events that haven't occurred. It can also be retroactive meaning it covers loss events that have happened but for which the ultimate claims are unknown.

Reinsurance also comes with wonderful accounting nuances. For example, an excess reinsurance contract that covers all future expected losses on a book of business usually comes with a premium lower than those expected losses because of the time value of money. This loss is booked as an immediate underwriting loss and only future changes in loss estimates are booked to underwriting expense. A retroactive policy, by contrast, might have the same economics (a certain amount of unknown future losses) except the accounting is generally neutral day one. That loss booked upfront on the excess policy is instead capitalized and amortized into underwriting expenses over time. I spend this much time discussing accounting because of the implications on financial statement analysis. In short, the economics of upfront cash and long payment times (i.e., lots of float) are good, but the accounting can make it appear worse.

	Pre-tax underwriting earnings (loss)		
	2024	2023	2022
Property/casualty	$ 3,800	$ 3,508	$ 2,180
Life/health	223	354	109
Retroactive reinsurance	(846)	(1,541)	(668)
Periodic payment annuity	(597)	(650)	(623)
Variable annuity	157	233	467
	$ 2,737	$ 1,904	$ 1,465

Getting into BHRG's results we can see the retroactive reinsurance line basically wrote no volume in between 2022-24. Yet pre-tax underwriting losses totaled $3 billion over the three years. That's in large part due to the deferred charge amortization asset put on the books at contract inception. These charges are currently hitting underwriting expense to the tune of about $1 billion annually. Both the retroactive reinsurance line and the periodic payment annuity business share similar economic and accounting characteristics. It's normal to see losses in these areas in the absence of any major developments. The property/casualty and life/health lines, by contrast *should* show earnings over time. Here it's important to understand that BRK is also involved in catastrophe insurance which can show big profits in benign years (like 2022-24) but big losses in years with significant hurricanes, wildfires, earthquakes, etc. BRK has stated that it prices policies to payout 90% of losses over time. The key is over time. BRK is essentially paid to absorb volatility and is unafraid to show losses so long as the probabilities are in its favor. And a small loss over time can still be favorable from an economic perspective if the cost of float is modest.

	2024	2023	2022
Balance at the beginning of the year:			
Gross liabilities	$ 111,082	$ 107,472	$ 86,664
Reinsurance recoverable on unpaid losses	(4,893)	(5,025)	(2,960)
Net liabilities	106,189	102,447	83,704
Losses and loss adjustment expenses incurred:			
Current accident year	57,563	59,244	59,463
Prior accident years	(2,322)	(3,541)	(2,672)
Total	55,241	55,703	56,791
Losses and loss adjustment expenses paid:			
Current accident year	(24,139)	(25,184)	(27,236)
Prior accident years	(26,436)	(27,065)	(23,083)
Total	(50,575)	(52,249)	(50,319)
Foreign currency effect	(297)	288	(508)
Net liabilities of acquired businesses	—	—	12,779
Balance at December 31:			
Net liabilities	110,558	106,189	102,447
Reinsurance recoverable on unpaid losses	4,593	4,893	5,025
Gross liabilities	$ 115,151	$ 111,082	$ 107,472

One of the most important tables to understand in BRK's financial statements is the unpaid claims table (above). It shows the change in claims during the year starting with last year's balance. Within that table lies a figure for overall loss development in prior accident years. A negative number is a good thing since it indicates conservatism. In other words, BRK over-reserved in prior years (i.e., the underwriting profit should have been higher if perfect knowledge of the future could be had). There are full loss development tables for each business line in the BRK annual report that I won't cut/paste here. They show how losses developed in each of the previous ten years, and again tell the story of an organization focused on profitability and conservatism.

Berkshire's capital strength is simply unsurpassed. At year end 2024 its insurance subsidiaries had a combined $310 billion of statutory surplus. That means it's only writing about 25 cents of premiums per dollar of capital. For context, auto insurers are typically limited to $3 in premium volume per $1 capital. Chubb and Swiss Re, other large reinsurers, typically write on a 1:1 basis.

This capital strength has implications on the investment side of the balance sheet. Insurers in a more "normal" range of premiums/capital gain in additional premium volume (and presumably profits) but are restricted to "safe" assets like bonds for the most part. By operating with an eye toward profits first and foremost, and holding huge amounts of capital, BRK has elevated its operations above its peers. When BRK acquired BNSF, it was National Indemnity that became its parent company prior to BRK parent. This meant the insurance operation had an entire railroad, a utility-like cash flow generator, sitting there pumping out cash for claimants. (As of September 2023, BNSF is held at the parent company.) Other insurers can only dream of buying significant amounts of common stocks for their portfolio, let alone acquiring whole companies.

Because we've already assigned value to the investment portfolio earlier, we can't double count that when valuing the insurance operations. Instead, we can apply a normalized underwriting profit to current volumes (or your estimated run-rate for volume) and capitalize it. I use a 4% underwriting margin on current volume of $88.2 billion, which comes out to $3.5 billion of underwriting profits annually. Capitalize it at a 12x multiple (lower because it's pre-tax) and you get $42 billion of value from underwriting operations.

BRK's history suggests this is more than doable. I think there's a chance float could decline at some point in the future. If that happens it will act as a drag on the investment portfolio as cash goes out the door, reducing value. If BRK can write to a 4% profit margin and float shrinks 2%, that 2% margin remains as a source of value.

Holding Company:

Certain assets and debt at Berkshire reside at the holding company level. For example, the Kraft Heinz shares are owned directly by the parent company. I've taken the approach of including those separately above. The only remaining item to take care of is holding company debt, which at the end of 2024 amounted to $21.1 billion.

Sum of the parts value:

The last step is to simply sum the parts of the analysis, which gets us to $925 billion or about 1.65x book value or $429 per B share ($643,371 per A share). If we adjust BNSF to $90 billion that adds $14.5 billion and brings the B share value to $436. Considering the conservatism used in each step along the way I have a very high degree of confidence in this figure.

Remember, BRK is a collection of cash-generating assets not a point-in-time *thing* that never changes.

Two-Column Method:

Warren Buffett introduced the two-column method two decades ago as a short-hand way of tracking progress at Berkshire. For years he provided figures to shareholders before discontinuing the practice a few years ago. I won't go into great detail with this approach because it essentially incorporates work done earlier and is, in my view, inferior to those approaches. I find the following table a useful reminder of how far Berkshire has come over the years.

The basic idea behind the two-column method is that Berkshire's value stems from its investment portfolio and its wholly owned businesses. The assumptions behind this method include the fact that neither category of assets is improperly funded with debt (which isn't considered), and that float is economically equivalent to equity.

This approach differs from the sum of the parts method in that parent company debt isn't subtracted and investments are at stated value with no adjustments for valuation or deferred taxes. Still, as a rough approximation and as a check on the sum-of-the-parts method, it works.

Two-column method using per share amounts and pre-tax earnings					Value Per A-Share			Value Per B-Share		
	Cash & Investments	Pre-tax op. earnings	Pre-tax op. earnings/A-share	Investments per A-share	Cash & Investments + 10x pre-tax	Cash & Investments + 12x pre-tax	Cash & Investments + 12x pre-tax	Cash & Investments + 10x pre-tax	Cash & Investments + 12x pre-tax	Cash & Investments + 12x pre-tax
2024	$ 604,988	$ 40,829	$ 28,389	$ 420,650	$ 704,535	$ 761,312	$ 846,477	$ 470	$ 508	$ 564
2023	540,891	33,730	23,416	375,492	609,648	656,480	726,727	406	438	484
2022	461,877	29,599	20,277	316,412	519,182	559,736	620,567	346	373	414
2021	511,007	27,495	18,610	345,876	531,976	569,196	625,026	355	379	417
2020	436,594	19,669	12,739	282,775	410,169	435,647	473,865	273	290	316
2019	391,685	23,585	14,514	241,043	386,185	415,214	458,756	257	277	306
2018	301,910	21,335	13,002	183,987	314,005	340,009	379,014	209	227	253
2017	298,423	16,808	10,219	181,429	283,615	304,052	334,708	189	203	223
2016	240,698	13,085	7,958	146,381	225,958	241,874	265,747	151	161	177
2015	204,493	10,317	6,278	124,433	187,212	199,768	218,601	125	133	146
2014	203,194	19,667	11,971	123,679	243,388	267,329	303,242	162	178	202
2013	189,035	17,410	10,590	114,988	220,891	242,072	273,843	147	161	183
2012	168,211	14,357	8,739	102,384	189,770	207,247	233,462	127	138	156
2011	142,338	11,419	6,917	86,223	155,396	169,230	189,982	104	113	127
2010	129,292	11,560	7,014	78,448	148,589	162,617	183,659	99	108	122
2009	119,214	5,306	3,419	76,826	111,019	117,858	128,116	74	79	85
2008	101,447	10,313	6,657	65,482	132,050	145,364	165,335	88	97	110
2007	146,665	9,894	6,393	94,764	158,691	171,477	190,655	106	114	127
2006	130,233	9,827	6,370	84,422	148,124	160,864	179,975	99	107	120
2005	118,801	3,817	2,477	77,107	101,881	106,836	114,268	68	71	76
2004	103,990	4,623	3,004	67,581	97,624	103,633	112,646	65	69	75
2003	97,360	4,676	3,043	63,359	93,790	99,876	109,005	63	67	73
2002	79,207	2,425	1,580	51,612	67,414	70,574	75,315	45	47	50

Notes:
1. Investments include cash from insurance & other, equity securities, and fixed income investments.
2. Pre-tax operating earnings include underwriting gains and losses as reported.

Valuation Conclusion:

Using the sum-of-the-parts valuation we can reasonably estimate Berkshire Hathaway's intrinsic value is about $940 billion or $436 per B-Share.

Importantly, this is a point-in-time value. Berkshire is a collection of businesses, earning assets that will continue to pump out cash over time. We might reasonably expect, based on the factors concluded in the analyses above, that BRK can increase its intrinsic value by 10% per year. Buying at current prices means assuming a modest but confident future return.

Finally, below is an important table of some of the reasons why BRK is worth more as a going concern than broken up.

Synerg…Okay I won't use that dirty word with BRK. Here are a few reasons why BRK is worth more together than apart:

- **Tax credits:** Full benefit of tax credits at Berkshire Hathaway Energy. A standalone utility couldn't maximize them without the taxable base that other parts of BRK bring.
- **Movement of capital:** Capital can move between subsidiaries without tax consequences. This has implications for access to capital and prevents unnecessary buildup of capital and/or poor reinvestment because of lack of opportunities.
- **Parent company credit:** Berkshire can put its credit to work by using its superior credit rating to secure low-cost capital, which it can then re-lend internally to subsidiaries, capturing a spread and lowering borrowing costs for its subs.
- **Investment flexibility:** Unrivaled capital strength means uncommon flexibility. BRK insurance companies hold the assets of independently managed investments (both common stocks and wholly owned subsidiaries) which provide capital strength.
- **Focus:** BRK subsidiaries don't have distracting conference calls or investor days to prepare for. Expensive boards of directors are eliminated.

MANAGEMENT/OWNERSHIP:

"Berkshire's operating businesses are managed on an unusually decentralized basis." So reads a recurring line in the BRK annual report. Warren Buffett and Charlie Munger have also used the phrase "Delegation just shy of abdication" to describe BRK's system of trusting managers with complete control of operations, the very definition of autonomy. Still, some centralized functions are needed at BRK headquarters in Omaha. The most important is capital allocation.

Chairman and CEO, Warren Buffett, long played three roles: the first two titles just mentioned, and chief investment officer overseeing BRK's huge portfolio of common stock investments, and to a lesser degree its fixed income investments. Buffett, who will turn 94 in August, put a plan in place a decade ago to split his role into three parts.

Buffett suggested that his son, Howard, be appointed as non-executive chairman, for the sole purpose of acting as a safety valve in the event the new CEO goes rogue.

The CEO role was decided two years ago when Charlie Munger slipped his tongue and pointed to Greg Abel as the man to get the nod. This wasn't a surprise to longtime observers, as Abel, 62 years old, was named vice chairman, non-insurance operations in 2018 and has long been praised by both Buffett and Munger as a world-class executive. (Ajit Jain, 73, will continue to serve as vice chairman, insurance operations.)

About a decade ago Buffett named Todd Combs and Ted Weschler as investment managers. They currently oversee $15 billion apiece[9] of BRK's investment portfolio and will take over for Buffett when he steps down. In all likelihood both men will continue to serve BRK in other capacities, including consulting with Abel on acquisition candidates.

As of the March 2025 proxy, 14.7% of BRK was owned by insiders. Buffett's 14.4% share makes up the majority. He also controls 30% of the voting power by virtue of his large holdings of Class A shares, which have greater voting rights but proportionate economic rights to Class B shares. Other large holders include Susan Buffett with a 0.2% stake (largely due to the foundation she runs). Greg Abel owns 229 A-equivalent shares worth $174 million. Ajit Jain owns 249 A-equivalent shares worth $189 million. Both Greg and Ajit purchased their shares with cash.

RISKS:

Berkshire Hathaway is about as strong a business that has been built, but it's not without its risks.

- **Governance/succession:** Who will take over at the top in Omaha has largely been decided. But there are risks that the 2nd and 3rd generation of managers at the subsidiary level aren't as good as those currently in place or who sold their companies to BRK. Replacing a founder working for fun because they enjoy it and don't need the money is clearly an insurmountable challenge. However, I believe the autonomy given to managers will work in BRK's favor to motivate each new manager to perform to his/her best, even when Buffett is gone. The elevation of Greg Abel and Ajit Jain to vice chairman in 2018 introduced a layer between Buffett and the heads of BRK's subsidiaries that seems to be working well. Each manager is also required to have a "name in an envelope" in the event s/he can no longer serve in their role.

  It's also important to note that several subsidiaries have already gone through management changes without issue. Matt Rose at BNSF passed the reins to Carl Ice who passed them to Katie Farmer. Longtime See's Candies CEO, Chuck Huggins, passed the torch to Brad Kinstler and then to Pat Egan. Other BRK subsidiaries have had similarly successful handovers.

  Given Buffett's penchant for aged managers, it came as a surprise that Berkshire revised its governance guidelines in 2024 (disclosed in the 2025 proxy) to force retirement from its board after the age of 80 (with a provision for 5% or greater owners aka Buffett). I hope we hear more about this reasoning at the annual meeting. Perhaps Buffett wants spry directors overseeing the place when he's gone.

[9] Warren confirmed the $15 billion figure in a CNBC interview on April 12, 2023.

- **Capital allocation:** It's possible that the team of investment managers, the CEO, and the board, all succumb to the thinking that a use for BRK's surplus capital is just around the corner and wait too long to bleed off excess cash. There will come a time, probably within the next 5 to 10 years, where BRK is unable to buy back shares at a rational price and must institute a dividend. This will be a major shift in policy for an organization that last paid a dividend in 1967. However, I believe any dividend will likely start small and the policy will be crafted to maximize the value for shareholders considering all capital allocation opportunities.

- **Outside influence:** Calls for breaking up BRK will intensify after Buffett's death. Wall Street will be licking its chops to get its hands on BRK's crown jewels and try to convince insiders and shareholders to break up the conglomerate. This would be a terrible mistake. It could make sense for a few selective divestitures, such as was the case with Applied Underwriters, the Media Group, and Kirby a few years ago. However, management will need to weigh the immediate economic case with that of preserving BRK's reputation as a permanent home for good businesses. If BRK sells off divisions that are struggling it could inadvertently send a signal to business sellers that the Buffett promise is broken.

SUMMARY/CONCLUSION:

Berkshire Hathaway is an incredible business that was carefully crafted over more than half a century by two of the world's greatest investors, Warren Buffett, and Charlie Munger, in addition to dozens of families and hundreds of thousands of employees. The company's long history of deserved success weighs on its prospects due to its huge present size, but most of the attributes that made it successful remain today. Shares are up about from a year ago and trade slightly above intrinsic value. Berkshire remains a foundational company of the Watchlist.

Stay rational! —Adam

P.S. I'll be in Omaha for the BRK annual meeting beginning on Thursday, May 1. Come see me speak on the [Gabelli panel on Friday](). Buffett made a new 60th anniversary book the exclusive book available for sale at the annual meeting, so mine won't be for sale like in prior years. But you can still pick up a copy of my book at the Bookworm store downtown.

APPENDICES:

Berkshire Hathaway - Insurance Underwriting

($ millions)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
GEICO													
Premiums earned	42,252	39,264	38,984	37,706	35,093	35,572	33,363	29,441	25,483	22,718	20,496	18,572	16,740
Underwriting gain/(loss) - pre-tax	$7,813	$3,635	($1,880)	$1,259	$3,428	$1,506	$2,449	($310)	$462	$460	$1,159	$1,127	$680
General Re													
Premiums earned				*Consolidated w/BHRG*					5,637	5,975	6,264	5,984	5,870
Underwriting gain/(loss) - pre-tax									$190	$190	$277	$283	$355
Berkshire Hathaway Reinsurance Group													
Premiums earned	$27,272	$27,010	$21,915	$20,197	$18,693	$16,341	$15,944	$24,013	$8,504	$7,207	$10,116	$8,786	$9,672
Underwriting gain/(loss) - pre-tax[1]	$2,737	$1,904	$1,389	($930)	($2,700)	($1,472)	($1,109)	($3,648)	$822	$421	$606	$1,294	$304
Berkshire Hathaway Primary Group													
Premiums earned[2]	$18,733	$17,129	$13,746	$11,575	$9,615	$9,165	$8,111	$7,143	$6,257	$5,394	$4,377	$3,342	$2,263
Underwriting gain/(loss) - pre-tax	$855	$1,374	$393	$607	$110	$383	$670	$719	$657	$824	$626	$385	$286
Total premiums earned	$88,257	$83,403	$74,645	$69,478	$63,401	$61,078	$57,418	$60,597	$45,881	$41,294	$41,253	$36,684	$34,545
Total underwriting gain/(loss) - pre-tax	11,405	6,913	(98)	936	838	417	2,010	(3,239)	2,131	1,895	2,668	3,089	1,625
Underwriting margin	12.9%	8.3%	(0.1%)	1.3%	1.3%	0.7%	3.5%	(5.3%)	4.6%	4.6%	6.5%	8.4%	4.7%
Average float	170,000	166,500	155,500	142,500	133,500	126,078	118,616	103,039	89,650	85,822	80,581	75,183	71,848
Cost of float	(6.7%)	(4.2%)	0.1%	(0.7%)	(0.6%)	(0.3%)	(1.7%)	3.1%	(2.4%)	(2.2%)	(3.3%)	(4.1%)	(2.3%)
Aggregate adverse (favorable) loss development[2]	($2,322)	($3,541)	($2,672)	($3,116)	($356)	($752)	($1,406)	($544)	($1,523)	($2,015)	($1,365)	($1,752)	($2,126)

Note: Berkshire Hathaway Primary Group and BHRG written premiums were not detailed.

Footnotes:
1. The $250 million pre-tax underwriting gain presented for BHRG in 2009 is the updated 2010 figure. The original amount was $349 million. In 2010, Berkshire moved the life and annuity business to BHRG from Finance and Financial Products.

2. Per the notes to the financial statements. Percentage is the ratio of loss development to earned premiums.

Sources: Berkshire Hathaway Annual Reports and author's calculations.

Berkshire Hathaway Insurance Group float, select data and information

Year-end Float ($ millions)							
Year	GEICO	General Reins.	BH Reins.	Other Primary	Total	Avg. Float	Float Cost
1994						3,057	(4.2%)
1995						3,607	(0.6%)
1996						6,702	(3.3%)
1997	2,917		4,014	455	7,386	7,093	(6.5%)
1998	3,125	14,909	4,305	415	22,754	15,070	(1.8%)
1999	3,444	15,166	6,285	403	25,298	24,026	5.8%
2000	3,943	15,525	7,805	598	27,871	26,585	6.1%
2001	4,251	19,310	11,262	685	35,508	31,690	12.8%
2002	4,678	22,207	13,396	943	41,224	38,366	1.1%
2003	5,287	23,654	13,948	1,331	44,220	42,722	(4.0%)
2004	5,960	23,120	15,278	1,736	46,094	45,157	(3.4%)
2005	6,692	22,920	16,233	3,442	49,287	47,691	(0.1%)
2006	7,171	22,827	16,860	4,029	50,887	50,087	(7.7%)
2007	7,768	23,009	23,692	4,229	58,698	54,793	(6.2%)
2008	8,454	21,074	24,221	4,739	58,488	58,593	(4.8%)
2009	9,613	21,014	26,223	5,061	61,911	60,200	(2.6%)
2010	10,272	20,049	30,370	5,141	65,832	63,872	(3.2%)
2011	11,169	19,714	33,728	5,960	70,571	68,202	(0.4%)
2012	11,578	20,128	34,821	6,598	73,125	71,848	(2.3%)
2013	12,566	20,013	37,231	7,430	77,240	75,183	(4.1%)
2014	13,569	19,280	42,454	8,618	83,921	80,581	(3.3%)
2015	15,148	18,560	44,108	9,906	87,722	85,822	(2.1%)
2016	17,148	17,699	45,081	11,649	91,577	89,650	(2.4%)
2017					114,500	103,039	3.1%
2018					122,732	118,616	(1.7%)
2019					129,423	126,078	(0.3%)
2020		*Detail no longer provided*			138,000	133,712	(0.6%)
2021		*(Alleghany 2022)*			147,000	142,500	(0.7%)
2022					164,000	155,500	0.1%
2023					169,000	166,500	(4.2%)
2024					171,000	170,000	(6.7%)

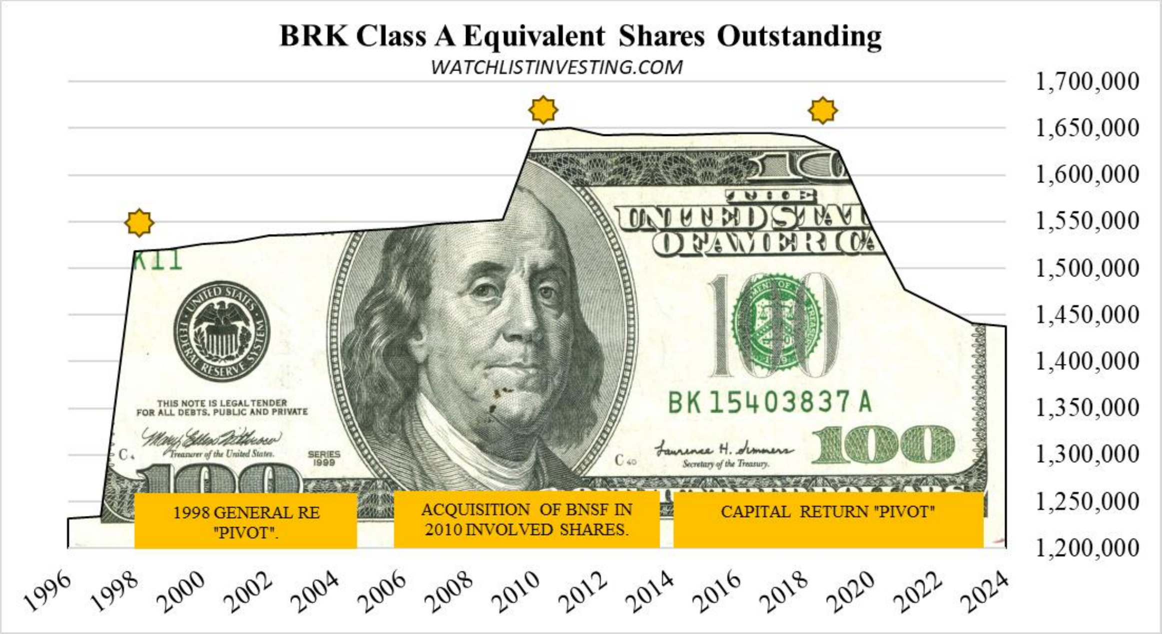
Year-end Float (% Growth)						
Year	GEICO	General Reins.	BH Reins.	Other Primary	Total	Avg. Float
1994						16.5%
1995						18.0%
1996						85.8%
1997						5.8%
1998	7.1%	n/a	7.2%	(8.8%)	208.1%	112.5%
1999	10.2%	1.7%	46.0%	(2.9%)	11.2%	59.4%
2000	14.5%	2.4%	24.2%	48.4%	10.2%	10.6%
2001	7.8%	24.4%	44.3%	14.5%	27.4%	19.2%
2002	10.0%	15.0%	18.9%	37.7%	16.1%	21.1%
2003	13.0%	6.5%	4.1%	41.1%	7.3%	11.4%
2004	12.7%	(2.3%)	9.5%	30.4%	4.2%	5.7%
2005	12.3%	(0.9%)	6.3%	98.3%	6.9%	5.6%
2006	7.2%	(0.4%)	3.9%	17.1%	3.2%	5.0%
2007	8.3%	0.8%	40.5%	5.0%	15.3%	9.4%
2008	8.8%	(8.4%)	2.2%	12.1%	(0.4%)	6.9%
2009	13.7%	(0.3%)	8.3%	6.8%	5.9%	2.7%
2010	6.9%	(4.6%)	15.8%	1.6%	6.3%	6.1%
2011	8.7%	(1.7%)	11.1%	15.9%	7.2%	6.8%
2012	3.7%	2.1%	3.2%	10.7%	3.6%	5.3%
2013	8.5%	(0.6%)	6.9%	12.6%	5.6%	4.6%
2014	8.0%	(3.7%)	14.0%	16.0%	8.6%	7.2%
2015	11.6%	(3.7%)	3.9%	14.9%	4.5%	6.5%
2016	13.2%	(4.6%)	2.2%	17.6%	4.4%	4.5%
2017					25.0%	14.9%
2018					7.2%	15.1%
2019					5.5%	6.3%
2020		*Detail no longer provided*			6.6%	6.1%
2021		*(Alleghany 2022)*			6.5%	6.6%
2022					11.6%	9.1%
2023					3.0%	7.1%
2024					1.2%	2.1%

Sources: Berkshire Hathaway Annual Reports and author's calculations.

WatchlistInvesting.com

$ millions	Cash: Insurance & Other	Cash: Rail, Utilities	Cash: Total cash	Total assets	Stocks	Float	LTD	Total equity	Cash / total assets	Cash / float	Net debt / equity	Stocks / equity	Stocks / assets
2002	12,748	-	12,748	169,544	28,363	41,224	8,169	64,037	8%	31%	-7%	44%	17%
2003	35,957	-	35,957	180,559	35,287	44,220	7,832	77,596	20%	81%	-36%	45%	20%
2004	43,427	-	43,427	188,874	37,717	46,094	8,837	85,900	23%	94%	-40%	44%	20%
2005	44,660	358	45,018	214,368	46,721	49,287	17,577	91,484	21%	91%	-30%	51%	22%
2006	43,400	343	43,743	248,437	61,533	50,887	32,605	108,419	18%	86%	-10%	57%	25%
2007	43,151	1,178	44,329	273,160	74,999	58,698	33,826	120,733	16%	76%	-9%	62%	27%
2008	25,259	280	25,539	267,399	49,073	58,488	36,882	113,707	10%	44%	10%	43%	18%
2009	30,129	429	30,558	297,119	56,562	61,911	37,909	135,785	10%	49%	5%	42%	19%
2010	35,670	2,557	38,227	372,229	59,819	65,832	58,574	162,934	10%	58%	12%	37%	16%
2011	35,053	2,246	37,299	392,647	76,063	70,571	60,654	168,961	9%	53%	14%	45%	19%
2012	44,422	2,570	46,992	427,452	87,081	73,125	62,736	191,588	11%	64%	8%	45%	20%
2013	44,786	3,400	48,186	484,931	115,464	77,240	72,224	224,485	10%	62%	11%	51%	24%
2014	60,268	3,001	63,269	525,867	115,529	83,921	79,890	243,027	12%	75%	7%	48%	22%
2015	68,293	3,437	71,730	552,257	110,212	87,722	84,289	258,627	13%	82%	5%	43%	20%
2016	82,431	3,939	86,370	620,854	134,835	91,577	101,644	285,428	14%	94%	5%	47%	22%
2017	113,044	2,910	115,954	702,095	164,026	114,500	102,587	351,954	17%	101%	-4%	47%	23%
2018	109,255	2,612	111,867	817,729	172,757	122,732	97,490	352,500	14%	91%	-4%	49%	21%
2019	124,973	3,024	127,997	817,729	248,027	129,423	103,368	428,563	16%	99%	-6%	58%	30%
2020	135,014	3,276	138,290	873,729	281,170	138,000	116,895	451,336	16%	100%	-5%	62%	32%
2021	143,854	2,865	146,719	958,784	350,719	147,000	114,262	514,930	15%	100%	-6%	68%	37%
2022	125,034	3,551	128,585	948,452	308,793	164,000	122,744	480,617	14%	78%	-1%	64%	33%
2023	163,291	4,350	167,641	1,069,978	353,842	169,000	128,271	567,509	16%	99%	-7%	62%	33%
2024	318,036	3,396	321,432	1,153,881	271,588	171,000	124,762	651,655	28%	188%	-30%	42%	24%

	Class A Equivalent	Repurchases ($ mil)
2024	1,438,223	$2,918
2023	1,441,483	8,976
2022	1,459,733	8,031
2021	1,477,429	26,942
2020	1,543,960	24,728
2019	1,624,958	5,016
2018	1,640,929	1,346
2017	1,644,846	-
2016	1,644,321	-
2015	1,643,393	-
2014	1,642,909	400
2013	1,643,954	-
2012	1,642,945	1,178
2011	1,650,806	67
2010	1,648,120	
2009	1,551,749	
2008	1,549,234	
2007	1,547,693	
2006	1,542,649	
2005	1,540,723	
2004	1,538,756	
2003	1,536,630	
2002	1,534,657	
2001	1,528,217	
2000	1,526,230	
1999	1,520,562	
1998	1,518,548	
1997	1,234,127	
1996	1,232,245	



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