

2025 Berkshire Hathaway annual meeting 2025 transcript

Opening Remarks

Warren Buffett: If everyone will please take their seats. This is my 60th annual meeting, and it's the biggest and I think it'll be the best yet. Before I start, I'd like to give you a few figures from yesterday because we set all kinds of records.

Yesterday we had 19,700 people join us in the afternoon between noon and 5:00, up from 16,200 which was the previous record the year before. In every aspect we set records. See's Candy did 317,000 *against* 283,000 the year before, and most of these were limited by capacity. There were lines throughout the entire day. Brooks did \$310,000 – an all-time record sales day for them. I think they have close to 3,000 runners lined up for Sunday, which is a lot of people. We've had 2,200 or 2,400 before, but 3,000 – and that doesn't count me, and it won't count me.

I could go up and down the line. Jazz wares did around \$250,000, double the previous years. They just sell as fast as they can sell. Most every place had people lined up at the cash register, sometimes for a longer wait than we'd wish. But we'll learn the game eventually. Every company set records.

There's no way of knowing how many people we have here today. We have people listening in around the world, but I think we'll probably set records in a great variety of ways.

I would like to first introduce our directors. I'm Warren Buffett, and I was born and raised here in Omaha. We have Greg Abel – he was born and raised in Canada, and we have Ajit Jain who was born and raised in India. So we have a very diverse group.

I will introduce our directors alphabetically, and if they'll stand as I introduce them – withhold your applause till the end so we can get through the list:

Howard Buffett

Susan Buffett

Steve Burke

Ken Chenault

Chris Davis

Sue Decker, who's our lead director

Charlotte Guyman

Tom Murphy Jr.

Ron Olson – and I'll have a few more things to say about him

Wally Scott

Meryl Witmer

And with that, you've got our all-star cast. Ron, if you don't mind standing, I would like to point out that Ron has reached our director age limit at Berkshire. I think we had five directors over 90 not so long ago, but we have the highest age limit of any company Sue has checked. Ron has been on the board for 28 years and has been associated with Charlie Munger at Munger Tolles for many years beyond that. He has been around at various times of crisis, joy, disappointments, and surprises at Berkshire and has been of invaluable help to us. So I'd like to give a special hand to Ron Olson.

I think I'll do something else that isn't usually done at annual meetings. I listened to Apple's quarterly call on Thursday afternoon – it's the only investment quarterly call that I listen to. I understand Tim Cook is here, and it'll be tough for me to see him from up here, but there he is. I'm somewhat embarrassed to say that Tim Cook has made Berkshire a lot more money than I've ever made Berkshire Hathaway.

I knew Steve Jobs briefly, and Steve of course did things that nobody else could have done in developing Apple. Steve picked Tim to succeed him, and he really made the right decision. Steve died young as you know, and nobody but Steve could have created Apple, but nobody but Tim could have developed it as he has. So on behalf of all of Berkshire, thank you Tim.

There are a couple other people I'd like to thank. I don't do any work in terms of the show or anything else around Berkshire, but what you see today is the product of a lot of people at Berkshire. The people of Berkshire put on this show every year – our chief financial officer and just everybody pitches in. It's a remarkable organization that way. But it's led this year and in the last few years by Melissa Shapiro, and she's made this whole thing work.

We also had an idea a while back... maybe 65 years ago, I met Carrie Sa's grandfather and his wife. They had nine children, and Susie and I joined a playhouse group. I don't look like the kind of guy that would join a playhouse group, but it turned out to be a great move in many ways. I enjoyed the plays, but beyond that I met not only Carrie's grandfather, who ran an insurance company in Omaha – Bill Kaiser – but I also met the Kiewit boys' parents, Louis and Francis.

In connection with Carrie, her father ran a company called Central States, and later on we bought that company and her father ran it. Her sister went to work for Berkshire some years ago and then left to have a family with four kids. Carrie moved right in and had amazing talents. About 10 or 11 years ago, I asked Carrie to do a 50th anniversary book about Berkshire and just use her imagination. She'd never edited a book, never published a book, never dealt with printers before, but she put together the 50th anniversary book.

Then Carrie got married and had three kids, so she had to leave us. We go to a baseball game once a year and invite some of our distinguished alumni like Carrie to join us. Even though she was raising three children, she volunteered to create a 60th anniversary book. She kept doing things with her kids and every now and then I'd ask how it was going. She got it done about a week before the meeting because I gave her the assignment very late.

Yesterday we sold about 4,400 books. We printed 8,000 – we intended to print 5,000 – so we have roughly 3,600 left for today. It's kind of whimsical but accurate, and she came out with just the book I hoped she would. Carrie wouldn't take a dime, but I did get her to name her favorite charity – the Stephen Center, which takes care of homeless people and does many other things. It's located about five or six miles south of here and has been doing wonderful work. Her grandfather helped form it, and her husband has now joined the board.

We are selling 20 special copies of the book. We sold 10 prior to the meeting and raised a few hundred thousand doing that – I think we sold one for \$100,000. The only difference between these and the \$25 version is that Carrie and I signed them. The six we sold yesterday brought \$148,000, which is about \$25,000 per book. We saved four more, and this afternoon when we disband at 1:00, the area behind us with the bookstore will sell the final four. When we're all through, I'll match whatever we've raised from the 20 books, and we'll give the Stephen Center a boost both financially and in awareness.

When you look at that book, Carrie really did the whole thing. There's a lot of information in there, and she dug through it all. She came by a couple times to check a fact or two, but she got material from the Munger family – she just did a wonderful job. I couldn't get her to take a penny for it, so I'm going to ask her to do a lot of other things in the future.

With that, I think we've covered all the business. We will move to questions, alternating between Becky with questions she's received from around the country and from our audience which we have organized by zones.

Q&A Session

Becky Quick: Thanks Warren. This first question comes from Bill Mitchell. I received more questions about this than any other question. He writes, "Warren, in a 2003 Fortune article, you argued for import certificates to limit trade deficits and said these import certificates basically amounted to a tariff, but recently you called tariffs an act of economic war. Has your view on trade barriers changed or do you see import certificates as somehow distinct from tariffs?"

Warren Buffett: Well, the import certificates were distinct, but their goal was to balance imports against exports so that the trade deficit would not grow in an enormous way. It had various provisions to help third world countries catch up a little bit. They were designed to balance trade, and I think you can make very good arguments that balanced trade is good for the world.

It makes sense for cocoa to be raised in Ghana and coffee in Colombia and a few other things. Over time, America has gone from being an agricultural country – this was nothing but an agricultural country 250 years ago – to a very industrial country. We did not want to run greater and greater deficits building up greater and greater debts against the country.

So I designed this import certificate plan, which Charlie thought was a little too much like Rube Goldberg – it's gimmicky, but it's certainly better than what we're talking about now. There's no question that trade can be an act of war, and I think it's led to bad things like the attitudes it's brought out in the United States. We should be looking to trade with the rest of the world. We should do what we do best, and they should do what they do best.

With eight countries possessing nuclear weapons, including a few I would call quite unstable, I don't think it's a great idea to design a world where a few countries say, "Haha, we've won" while other countries are envious.

My import certificate idea went nowhere. The main thing is that trade should not be a weapon. The United States has become an incredibly important country starting from nothing 250 years ago – there's never been anything like it. And it's a big mistake when you have 7.5 billion people who don't like you very well and you have 300 million people crowing about how well they've done.

I don't think it's right and I don't think it's wise. The more prosperous the rest of the world becomes, it won't be at our expense – the more prosperous we'll become and the safer we'll feel and your children will feel someday. But don't expect my import certificate idea to go down in history with Adam Smith's Wealth of Nations.

Audience Member (Zone 1): Mr. Buffett, Mr. Abel, and Mr. Jain. Good morning. I'm St. J. from Hong Kong. Mr. Buffett and Mr. Munger did a very good and successful investment in Japan in the past five or six years. The recent CPI in Japan is currently above 3%, not far away from its 2% target. Bank of Japan seems very determined in raising rates while Fed, ECB, and other central banks are considering cutting them. Do you think BOJ makes sense to proceed with the rate hike? Will its planned rate hike deter you from further investing in the Japanese stock market or even considering realizing your current profits? Thank you very much for arranging this greatest event every year. Finally, I wish you health always and to keep holding this shareholder meeting.

Warren Buffett: Well, I'm going to extend the same goodwill to Japan that you've just extended to me. I'll let the people of Japan determine their best course of action in terms of economics. It's an incredible story.

It's been about six years now since our Japanese investments. I was just going through a little handbook that probably had two or three thousand Japanese companies in it. One problem I have is that I can't read that handbook anymore – the print's too small. But there were these five trading companies selling at ridiculously low prices. So I spent about a year

acquiring them. And then we got to know the people better, and everything that Greg and I saw, we liked better as we went along.

So we got fairly close to the 10% limit that we told the companies we would never exceed without their permission. We did ask them whether that limit could be relaxed, and it's in the process of being relaxed somewhat. I would say that – I'll speak for Greg beyond me – in the next 50 years, we won't give a thought to selling those positions.

Japan's record has been extraordinary. My guess is that Tim Cook would tell you that iPhone sales there are about as great as any country outside the United States. American Express would tell you that they sell their product very well in Japan. Coca-Cola, another big investment of ours, does extraordinarily well in Japan. They have a number of habits and a civilization that operates differently than ours. Japan is by far the biggest market for Coca-Cola's soft drink containers.

We have been treated extremely well by the five companies. They talk primarily with Greg. I went over there a year or two ago, but Greg's more cosmopolitan than I am.

Greg Abel: When you think of the five companies, there's definitely a couple meetings a year, Warren. The thing we're building with the five companies is, one, it's been a very good investment, but we really envision holding the investment for 50 years or forever. We also are building relationships to do incremental things with each of those companies. We really hope to do big things with them globally. They bring different perspectives and different opportunities, and that's why we're building that long-term relationship with them.

They have different customs, different approaches to business – that's true around the world. We don't have any intention of trying to change what they've done because they do it very successfully. Our main activity is just to cheer and clap, and I can still do that at 94.

We will not be selling any stock. That will not happen in decades, if then. My guess is that they will find things – they cover the world pretty much – and we will find opportunities that may be very large for any individual company there. They may be assisted by some help we bring to the situation, but that will be an expanding relationship.

It's too bad that Berkshire has gotten as big as it is because we love that position and I'd like it to be a lot larger. Even with the five companies being very large in Japan, we've got a market in the range of \$20 billion invested, but I'd rather have \$100 billion than \$20 billion. That's how I feel about several other investments we have. But size is an enemy of performance at Berkshire, and I don't know any good way to solve that problem.

Charlie always told me that having a few problems was good for me. The Japan investment has just been right up our alley.

Greg Abel: I absolutely agree, Warren. I do believe we'll see some very large opportunities long term, and that's just been a great plus of that relationship.

Warren Buffett: I would say they want to present us with opportunities, and we would like to receive them. We've got the money. We get along very well with each other. They have some different customs than we have. They drink Georgia coffee as their number one Coca-Cola product. I haven't converted them to Cherry Coke, and they're not going to convert me to Georgia Coffee. But it's a perfect relationship. I just wish we could get more like it.

I never dreamt of that when I picked up that handbook. It's amazing what you can find when you just turn the page. We showed a movie last year about "turn every page," and I would say that turning every page is one important ingredient to bring to the investment field. Very few people do turn every page, and the ones who turn every page aren't going to tell you what they're finding. So you've got to do a little of it yourself.

Becky Quick: This next question comes from Advate Prasad in New York. He writes, "Today, Berkshire holds over \$300 billion in cash and short-term investments, representing about 27% of total assets, a historically high figure compared to the 13% average over the last 25 years. This has also led Berkshire to effectively own nearly 5% of the entire US Treasury market. Beyond the need for liquidity to meet insurance obligations, is the decision to raise cash primarily a de-risking strategy in response to high market valuations? Or is it also a deliberate effort to position Berkshire's balance sheet for a smoother leadership transition, providing Greg Abel with maximum flexibility and a clean slate for future capital allocation decisions?" And I will add one line from another shareholder, Mike Conway, who asks, "Are you encouraged you may see some fat pitches coming your way?"

Warren Buffett: Well, I wouldn't do anything nearly so noble as to withhold investing myself just so that Greg could look good later on. If he gets any edge of what I leave behind, I'll resent it.

The amount of cash we have – we would spend \$100 billion if something is offered that makes sense to us, that we understand, offers good value, and where we don't worry about losing money. The problem with the investment business is that things don't come along in an orderly fashion, and they never will.

I've had about 16,000 trading days in my career. It would be nice if every day you got four opportunities or something like that with equal attractiveness. If I was running a numbers racket, every day would have the same expectancy that I would keep 40% of whatever the handle was, and the only question would be how much we transacted. But we're not running that kind of business.

We're running a business which is very opportunistic. Charlie always thought I did too many things. He thought if we did about five things in our lifetime, we would end up doing better than if we did 50, and that we never concentrated enough.

We would rather have conditions develop where we would have like 50 billion in cash rather than 335 billion in treasuries. But that's just not the way the business works. We have made a lot of money by not wanting to be fully invested at all times.

We don't think it's improper for passive investors to make a few simple investments and sit with them for life. But we've made the decision to be in the business, so we think we can do a little better by behaving in a very irregular manner.

If you told me that I had to invest \$50 billion every year until we got down to \$50 billion in cash, that would be the dumbest thing in the world. Things get extraordinarily attractive very occasionally. The long-term trend is up. But nobody knows – Greg doesn't know, Ajit doesn't know, nobody knows what the market is going to do tomorrow, next week, or next month. Nobody knows what business is going to do tomorrow, next week, or next month. But they spend all their time talking about it because it's easy to talk about, though it has no value.

The process of leafing through things like that big Japanese book I can't read anymore – that's a treasure hunt. Every now and then you find something. Occasionally, very occasionally – but it'll happen again, I don't know when – it could be next week, it could be 5 years off, but it won't be 50 years off – we will be bombarded with offerings that we'll be glad we have the cash for.

It would be a lot more fun if it would happen tomorrow, but it's very unlikely to happen tomorrow. It's not unlikely to happen in five years, and the probabilities get higher as you go along. It's kind of like death – if you're 10 years old, the chances that you're going to die the next day are low. If you get to be 115, it's almost a certainty, particularly if you're a male, as all the longevity records are held by females. I tried to get Charlie to have a sex change so he could test out whether it would extend his life. He did pretty well for being a male, I'll put it that way.

Audience Member (Zone 2): Good morning, Warren, Greg and Ajit. My name is Jackie Han. I'm from China and now work in Toronto, Canada. This is my eighth Berkshire Hathaway meeting. At this point, I've probably spent more time with you than most people spend on Netflix. As you might guess, coming from a Chinese family, we always had a soft spot for real estate. So the question isn't why don't you own a house, it's why are you still buying stocks instead of more property? So here is my question: With today's high interest rates and global uncertainty, do you still believe in being greedy when others are fearful, or is value investing facing new challenges in today's environment? Thank you.

Warren Buffett: Well, in respect to real estate, it's so much harder than stocks in terms of negotiation of deals, time spent, and the involvement of multiple parties in the ownership. Usually when real estate gets in trouble, you find out you're dealing with more than just the equity holder.

There have been times when large amounts of real estate have changed hands at bargain prices, but usually stocks were cheaper and they were a lot easier to do. Charlie did more real estate. Charlie enjoyed real estate transactions, and he actually did a fair number of them in the last 5 years of his life. But he was playing a game that was interesting to him.

I think if you'd asked him to make a choice when he was 21 – either be in stocks exclusively for the rest of his life or real estate for the rest of his life – he would have chosen stocks. There's just so much more opportunity, at least in the United States, that presents itself in the security market than in real estate.

In real estate, you're usually dealing with a single owner or a family that owns a large property they've had a long time. Maybe they've borrowed too much money against it. Maybe the population trends are against them. But to them, it's an enormous decision.

When you walk down to the New York Stock Exchange, you can do billions of dollars worth of business, totally anonymous, and you can do it in 5 minutes. The trades are complete when they're complete. In real estate, when you make a deal with a distressed lender, when you sign the deal, that's just the beginning. Then people start negotiating more things, and it's a whole different game with a different type of person who enjoys the game.

We did a few real estate deals that came our way in 2008 and 2009, but the amount of time they would take compared to doing something intelligent and probably better in securities – there was just no comparison. In a real estate deal, every sentence is important to the person. In stocks, if somebody needs to sell 20,000 shares of Berkshire and they call us and the price is right, it's done in 5 seconds and it closes right away.

The completion rate for working on anything in stocks, assuming you've got a meeting of the minds on price, is essentially 100%. In real estate, the negotiation just begins when you agree on deals, and then they take forever. For a 94-year-old, it's not the most interesting thing to get involved in something where the negotiations could take years.

We have seen some huge failures in real estate. If you go all the way back to Zeckendorf in the 1960s, he was going to change the world, and Century City in California is a product of his vision. If you go to Reichmann with the Canary Wharf buildings in London, he was sitting on top of the world, but people tend to get in trouble in that business.

The banks usually don't want to recognize problems, but it takes a long time to go through the bank processes. They just got through redoing the Musk loan that he made when he was buying Twitter three years ago. Real estate transactions have parties on both sides that aren't ready to act. We find it much better when people are ready to pick up the phone and you can do hundreds of millions of dollars worth of business in a day. I've been spoiled, but I like being spoiled, so we'll keep it that way.

Becky Quick: This question comes from Sam England in San Francisco and it's for Warren and Ajit. As AI systems become more capable and harder to interpret, how do you see that affecting the insurance industry's ability to assess, price, and transfer risk? Are there parallels to past disruptions Berkshire has navigated in underwriting or capital allocation?

Ajit Jain: There is no question in my mind that AI is going to be a real game-changer. It's going to change the way we assess risk, we price risk, we sell risk, and then the way we end up paying claims.

Having said that, I certainly also feel that people end up spending enormous amounts of money trying to chase the next fashionable thing. We are not very good at being the fastest or the first mover. Our approach is more to wait and see until the opportunity crystallizes and we have a better point of view in terms of risk of failure, upside, and downside.

Right now the individual insurance operations do dabble in AI and try to figure out the best way to exploit it. But we have not yet made a conscious big-time effort in terms of pouring a lot of money into this opportunity. My guess is we will be in a state of readiness, and should that opportunity pop up, we'll jump in promptly.

Warren Buffett: I wouldn't trade everything that's developed in AI in the next 10 years for Ajit. If you gave me a choice of having a hundred billion dollars available to participate in the property casualty insurance business for the next 10 years and a choice of getting the top AI product from whoever's developing it or having Ajit making the decisions, I would take Ajit anytime – and I'm not kidding about that.

Audience Member (Zone 3): Hello, I'm Sean Seagull from Chicago, Illinois. Thank you for investing your time and to you and the executive committee for putting on this meeting and for bringing together a diverse group of people in attendance under one roof. Out of all the companies that Berkshire Hathaway owns, there was one that you acquired – the Chicago-based company Portillo's Hot Dogs. How did you know that this would be a good fit for the overall company's portfolio?

Warren Buffett: Well, I'll have to ask Greg about that because I don't know anything about it. So, maybe he bought it when I was looking the other way. But I think I got to call a friend on this one. I like to think I know most of our companies, but I really don't know a thing about it. I'm sorry, but that may be a good thing. I do know something about hot dogs, though. And we do have a lot of companies in Chicago.

Greg Abel: Through Marmon, that's been a great opportunity where we've accumulated a variety of excellent companies under that portfolio, but I don't believe Portillo's falls under that.

Warren Buffett: I look at the financial statements of about 50 or 60 of our companies every month. But in the case of Marmon, for example, Marmon itself owns over 100 companies. It was created by Jay Pritzker and his brother Bob, and it was a remarkable company when we bought it, but it was highly diversified already and then we've diversified it further. So it is something of a Berkshire within Berkshire.

We found that's working very well as an arrangement. Jay Pritzker was a remarkable manager, and there are various branches of the Pritzker family. In 1954, they changed the federal tax code very dramatically in the United States – quite a blow to me because I'd been at Columbia reading a J.K. Lasser book about the tax code, and then they went and changed the whole thing. But 1954 was a big year of change, and those years come every now and then, like 1986, and you may see a big one one of these days.

There was a company called Rockwood Chocolates in Brooklyn, and they made Rockwood Chocolate Bits, which we used to sell at the Buffett grocery store for people to make chocolate chip cookies. It turned out that cocoa, which lately has had a big run, was 5 cents a pound in 1941 when LIFO was first allowed for tax purposes. The Rockwood chocolate company went on the LIFO method, so they owned about 30 million pounds of cocoa.

Then cocoa took a run in 1955. I had just moved to New York. There was a provision in the new tax code that if you were in two or more businesses and did certain things and had been in them for 5 years and got out of one of them, there would be no capital gains tax on LIFO inventory gains. Tax rates were around 48% or 52%, so there was this huge profit because cocoa had gone up in price, but that made it terrible for them selling Rockwood chocolate bits because the retail price of the chocolate bits did not match what was going on at wholesale. Something almost identical has been happening in the chocolate business recently – Hershey just reported they're going to have a bad quarter as we're paying \$4.50 a pound for chocolate because of events in West Africa.

In any event, Jay Pritzker bought control of Rockwood. I was 24 or 25 years old, and they called a meeting to split off one of the chocolate businesses in a way that would enable them to recognize the gain on these cocoa beans without paying 50% federal taxes. So I went to the meeting in Brooklyn, and nobody was there except one guy – I was 24 and he was 29, and it was Jay Pritzker.

Jay gave me a lecture or really a lesson on the tax code. I could have gone to graduate school for years and never learned as much as he taught me that day. Later we actually bought the Marmon Company, which after some other transformations grew from what was once Rockwood.

Marmon, among other things, developed the car that won the first Indianapolis Speedway race and invented the rear view mirror. At the Indianapolis 500, they used to have two people in the car – one to look back and see what the other racers were doing and one to drive. When our guy got sick, they invented the rear view mirror. So if you want to see what's going on in the laboratories of Berkshire Hathaway, we've got people working on things like the rear view mirror.

Greg Abel: A friend did call. Peter Eastwood, who runs one of our Berkshire subsidiaries and does a great job, tracked down that Portillo's is owned by a private equity firm called Berkshire Partners. So that was the basis of the question, but it's not associated with Berkshire Hathaway. So, we got to the bottom of that one.

Warren Buffett: That's just a sample of the way we operate around here.

Becky Quick: This question comes from Jessica Pune who says, "You've long been a strong believer in the American tailwind and the resilience of the United States, and history has proven you correct. Today, the US appears to be undergoing significant and potentially revolutionary changes. Some investors are now questioning the concept of American exceptionalism. In your view, are investors being overly pessimistic about the US economy or is the country indeed entering a period of fundamental change that requires a reassessment from a new perspective?"

Warren Buffett: Well, I would say that Jessica, who I believe is the step-granddaughter of one of our managers that I mentioned in the annual report, asks a good question. America has been undergoing significant and revolutionary change ever since it was developed. I mentioned that we started out as an agricultural society with high promises that we didn't deliver on very well. We said all men were created equal, and then we wrote a constitution that counted blacks as three-fifths of a person. In Article 2, you'll find male pronouns used 20 times and no female pronouns. So it took until 1920, with the 19th amendment, to finally give women the vote that we had promised back in 1776.

We're always in the process of change, and we'll always find all kinds of things to criticize in the country. But the luckiest day in my life is the day I was born, because I was born in the United States. At that time, about 3% of all births in the world were taking place in the United States. I was just lucky, and I was lucky to be born white, among other things.

If you don't think the United States has changed since I was born in 1930, you're not paying attention. We've gone through all kinds of things – great recessions, world wars, the development of the atomic bomb that we never dreamt of when I was born. So I would not get discouraged about the fact that we haven't solved every problem that's come along.

If I were being born today, I would just keep negotiating in the womb until they said I could be in the United States. We're all pretty lucky. We've got two non-United States guys here who now live in the US.

Audience Member (Zone 4): Hi, Mr. Buffett. My name is Daniel and I'm from Tenafly, New Jersey. First of all, I just want to say how grateful I am for getting the opportunity to ask you a question. When it comes to your principles of investing, you often talk about how important it is to be patient. Has there ever been a situation in your investing career where breaking that principle and acting fast has benefited you? Thank you.

Warren Buffett: That's a good question. There are times when you have to act fast. In fact, we've made a great deal of money because we're willing to act faster than anybody around.

Jessica Pune is the step-granddaughter of Ben Rosner, a manager of ours. In 1966, I got a call from a fellow named Phil Steinberg in New York. He said, "I represent Mrs. Anenberg. We have a business we'd like to sell you." So I called Charlie up, got a few details, and it sounded very interesting.

Charlie and I went to Will Steinberg's office in New York – he was a marvelous guy. He was handling things for Mrs. Anenberg, whose husband had been the partner of Ben Rosner, but he had died, and Ben got kind of tense about working with her.

So he offered us this business at a bargain price – \$6 million. It had \$2 million of cash, a \$2 million piece of property on Market Street in Philadelphia, and it was making \$2 million a year pre-tax.

Ben Rosner was there, and he was upset about doing business with his partner's widow. She was extremely wealthy. He said to me and Charlie, "I'll run this business for you until December 31st, and then I'm out of here." Charlie and I went out in the hallway, and I said, "If this guy quits at the end of the year, you can throw away every book on psychology I've ever read."

That began a wonderful relationship. We bought the company and had a great partnership. People in the East had a stereotype in their mind of what people from the Midwest were like. Ben had been married first to a woman from Iowa, and he just figured that anybody from the Midwest was okay.

The trick when you get in business with somebody who wants to sell you something for \$6 million that's got \$2 million of cash, a couple million of real estate, and is making \$2 million a year, is you don't want to be patient at that moment. You want to be patient in waiting to get the occasional call. My phone will ring sometime with something that wakes me up. You just never know when it'll happen.

That's what makes it fun. So patience is a combination of patience and a willingness to do something that afternoon if it comes to you. You don't want to be patient about acting on deals that make sense, and you don't want to be very patient with people talking to you about things that will never happen.

Greg Abel: As you're being patient, I happen to know – and I think that goes for Ajit also and all our managers – while we're looking at opportunities and as you touched on, we want to act quickly, but never underestimate the amount of reading and work that's being done to be prepared to act quickly. We know that when the opportunity presents itself, whether it be equities or private companies, we're ready to act, and that's a large part of being patient – using the time to be prepared.

Warren Buffett: And of course it doesn't come in anything like an even flow. It's the most uneven sort of activity you could get into. The main thing is you have to be willing to hang up after 5 seconds and you have to be willing to say yes after 5 seconds. You can't be filled with self-doubt in this business.

One of the great pleasures – it is the great pleasure actually in this business – is having people trust you. That's really why I work at 94 when I've got more money than anybody could count. It means nothing in terms of how I'm going to live or how my children are going to live or anything else.

But both ~~Charlie and I just enjoyed the fact that people trusted us~~. They trusted us 60 or 70 years ago in partnerships we had. We never sought out professional investors to join our partnerships. Among all my partners, I never had a single institution – I never wanted an institution. I wanted people. I didn't want people who were sitting around having presentations every three months and being told what they wanted to hear. That's what we got, and that's why we've got this group here today.

It's all worked out. But you don't want to be patient when the time comes to act – you want to get it done that day.

Becky Quick: This question is from Flavio Montenegro, a shareholder from Guatemala. A couple of years ago in this meeting, Mr. Jain outlined the significant challenges GEICO faced in modernizing and integrating its IT systems. It was also mentioned that competitors were ahead in their pricing strategies because of the use of telematics. Today, Geico's turnaround is evident through strong pricing and operational improvements. Could you provide more details on the specific actions taken under Todd's leadership and how those changes will help sustain a long-term competitive advantage in the coming years?

Ajit Jain: Todd has done a great job in turning around the operations. When he took over, there were two major issues that GEICO was behind its competitors on. First, the term we've been using is "matching rate to risk," and second, telematics. We were at the bottom of the list in telematics about five or six years ago. Since then, we have made rapid strides. Telematics, which used to be a source of competitive disadvantage to us, is no longer so, and I would argue that our telematics at GEICO is about as good as anyone else's today.

In terms of matching rate to risk, there again, I think we have caught up with our competitors and we're as good as anyone else in the field. All this, together with the cost reduction effort that Todd gets a lot of credit for – he has basically reduced the workforce by 20,000. Starting with around 50,000, he's brought it down to 30,000, which translates to at least \$2 billion per year in savings.

So all this has allowed GEICO to become a much more focused competitor. So much so that in the last seven quarters, GEICO has shown a combined ratio that has an eight in front of it. I never thought I'd live to see the day when anyone could have a combined ratio as low as it is right now. GEICO has done a great job – its 80 combined ratio translates to the largest profit

anyone is making on the underwriting side in the personal automobile business.

We've achieved a lot, but I don't want to be so arrogant as to say "mission accomplished." We've achieved a lot, but I still think we need to do a lot more in technology. AI is going to be a big force, and we need to be in a state of readiness.

Warren Buffett: It's a fascinating case study, and that's what's so interesting about the whole game of business – each one is a little different. They all have challenges of certain sorts, but they also have opportunities.

We paid \$50 million for half of GEICO in 1976. We now own 100%, and 502 billion that we earned in the first quarter is \$1 billion, which on a \$50 million investment is 20-to-1 in a quarter. That takes years to develop, but the interesting thing is that the auto insurance policy, which didn't even exist 120 years ago, is by far the largest item in the property casualty insurance business. It's huge.

Ajit Jain: The only thing I'd like to add is that in addition to the underwriting profit, GEICO provides \$29 billion of float.

Warren Buffett: Yes, and that's not unimportant when you paid *50milliontogetabusinesssthat'sgivingyou* 29 billion to work with for nothing and on top of that gives you a billion dollars of profit in a quarter.

The interesting thing about auto insurance is that we're selling the same product as in 1936 when the company was started. We're just being more sophisticated about pricing it. The founder, who came from USAA, made the judgment that government employees (the name GEICO stands for Government Employees Insurance Company) were better drivers than average. He wasn't an actuary, but he made that observation, left USAA, and started GEICO with a few hundred thousand dollars. He made money from underwriting the first year and the second year.

This isn't a public offering type deal with phony accounting for 10 years – he just priced it to make money, and that's exactly what's been done since 1936. The policy really looks a lot like the one from back then. This huge field has sprung up around us and it's still growing. Nobody likes to buy insurance, but they sure like to drive.

GEICO is a fascinating story. About three times over the years, the company has gotten sidetracked one way or another and then gotten back to basics. It's a wonderful business.

We showed at this annual meeting one time a message from Lorimer Davidson. In January 1951, he was the only person in the building when I'd gone down on a Saturday to visit. It turned out they didn't work on Saturdays in Washington, and I pounded on the door until finally a janitor let me in. I said to the janitor, "Is there anybody I can talk to here except you?" and he didn't take it personally. He said, "Well, there's one guy up on the sixth floor," and a fellow named Lorimer Davidson did wonderful things for me.

You get a few breaks in life in terms of people you meet who just change your life dramatically. If you've had a handful of those, you treasure them. We've had them on this board of Berkshire – Tom Murphy, Sandy Gottesman, Walter Scott, Bill Scott – we've made lifelong assets out of people that are the right sort, with incredible talent, who are lots of fun to work with, always doing more than their share. To get a chance to talk to Lorimer Davidson on a Saturday afternoon, you just listen carefully. That comes in the category of "turn every page." You just get lucky in life, and you want to take advantage of your luck.

Audience Member (Zone 5): My name is Benjamin Graham Sanderson from Pasadena, California. Warren, thank you for all you've taught us over the years. Earlier, you said nobody but Steve Jobs could have created Apple, but nobody but Tim Cook could have developed it like he has. Warren, nobody but you could have created Berkshire. And I presume you view Greg as an outlier among outliers, but he seems so normal. Sorry, Greg. So, I was hoping you could share what specifically about Greg makes him your preferred successor. And Greg, we're excited to get to know you more over the next few decades. Thank you.

Warren Buffett: You've hit on the most important question in terms of the business. We've got a wonderful group of businesses. We've got an ability to do things that nobody else can do, which is hard to get in a capitalistic system that's been developed as fully as the United States has been. I mean, imagine being able to create something in a very big playing field – it would be very hard to develop anything like it. I don't think you could develop the people around it, let alone the capital position, history, and everything else.

It takes a long long time and it takes getting around you a small cadre of people which then spreads out somewhat. Where you've got mutual trust, where people do more than their share. I've been around a lot of businesses over the years, and by nature I'm somewhat critical of everything. I'm looking for what's wrong in things because that's part of investing – looking at what you're missing.

But we have people that, if they're asked to put on a show like this instead of doing their regular job, they participate. I went around the groups of people who were exhibiting yesterday for an hour and a half, and these are people thanking me and totally enthused about coming and doing a lot of work for which they don't get paid anything extra. They work hard and they enjoy their work.

You really want to work at something you enjoy. I've had five bosses in life and I liked every one of them – they were all interesting. I still decided that I'd rather work for myself than anybody else. But if you find people that are wonderful to work with, that's the place to go. I've told my kids basically that you don't get lucky like I did when I found what interested me at seven or eight years of age. It could have taken a lot longer, but you want to find what you love.

There's a movie called "The Glenn Miller Story," and Glenn Miller went from having a broken-down band for 15 years to turning out the first gold record. He "found the sound" and created the first gold record – the Chattanooga Choo Choo in 1941. He turned around from being a nothing with a band to finding the sound.

I've always told my kids that their sound isn't my sound, but you don't necessarily find it on the first job you take. But if you get lucky like I did, you find it when you're very young and then you just keep doing it. Don't worry too much about starting salaries and be very careful who you work for because you will take on the habits of the people around you. There are certain jobs you shouldn't take.

You've got the greatest country in the world and the greatest time in the world. You can't even dream all the dreams you could have about a place like Berkshire. But the big thing you have to do is always be sure you can play the next day. In terms of financial activities on a meaningful scale, you don't want to do anything that risks what's been created.

If very stupid things are happening around you, you do not want to participate. If people are making more money because they're borrowing money or participating in securities that are pieces of junk but they hope to find a bigger sucker later on, you have to forget that. **That'll bite you at some point.** The basic game is so good, and you've been so lucky to be born now.

If I'd been born in 1700, I'd say, "I want to go back in the womb. What the hell with this? It's too hard." But now I've come along to do something where I can just play around all day with things I enjoy doing. It's a pretty wonderful life.

Greg Abel: I couldn't be more humbled and honored to be in this role, but to have actually been part of Berkshire for 25+ years, to have had the opportunity to work with you and Ajit and our board and many other people in our company – as you touched on, when you find something like Berkshire that's so special, you fall in love with it and it becomes what you want to do every day. It's just an incredible opportunity. So, thank you.

Warren Buffett: And to the gentleman who asked the question, if you don't find it immediately, don't starve to death in the meantime, but you will find it. It's somewhat like finding the right person in marriage – you may not marry the person you met on your first date. Sometimes it pays to wait.

Becky Quick: This is a question from Mark Bonnke and Helen Friedrien in Rapid City, South Dakota. As the US dollar quickly loses value in relation to other foreign currencies in 2025, is Berkshire Hathaway taking steps to minimize this currency risk and its impact on quarterly and annual earnings? If so, please explain. And I'll just add from Mary Chang, another shareholder: Berkshire currently borrows in Japanese yen to offset its currency risk and its Japanese stock investments. In the future, will you invest in foreign currency denominated assets unhedged?

Warren Buffett: Well, we always have – the Japanese situation is different because we intend to stay so long with that position and the funding situation is so cheap that we've attempted to some degree to match purchases against yen-denominated funding. But that's not a policy of ours. In fact, that's the first time we've done that. We've owned lots of securities in foreign currencies.

We do nothing in terms of its impact on quarterly and annual earnings. We don't do anything based on its impact on quarterly and annual earnings. There's never been a board meeting I can remember where I've said, "If we do this, our annual earnings will be this, therefore we ought to do it." The number will turn out to be what it'll be. What counts is where we are five or 10 or 20 years from now.

If you start focusing on what number you're going to produce, you will quickly get tempted to play around with the numbers and sometimes seriously play around with the numbers. I've seen people I trust in all kinds of other ways, but they regard playing around with numbers as perfectly okay. That's just not something we do – we just don't think about that.

Actually, the yen relationship in the last quarter resulted in certain GAAP charges, but it doesn't make any difference. It'll change next month or next year. Obviously, we wouldn't want to own anything in a currency that we thought was really going to hell.

That's the big thing we worry about with the United States currency. The tendency of a government to want to debase its currency over time – there's no system that beats that. You can pick dictators, you can pick representatives, you can do anything, but there will be a push toward weaker currencies.

I mentioned very briefly in the annual report that fiscal policy is what scares me in the United States because of the way it's made, and all the motivations are toward doing things that can cause trouble with money. But that's not limited to the United States – it's all over the world, and in some places, it gets out of control regularly. They devalue at rates that are breathtaking, and that's continued.

People can study economics and you can have all kinds of arrangements, but in the end, if you've got people who control the currency, you can issue paper money or engage in clipping currencies like they used to centuries ago. There will always be people who, by the nature of their job – I'm not singling them out as particularly evil – but the natural course of government is to make the currency worthless over time. That's got important consequences, and it's very hard to build checks and balances into the system to keep that from happening.

We've had a lot of fun here watching what happens when people try to make sure they aren't running fiscal risks. That game isn't over and never will be over in finality. If you look up the great inflations of post-World War II, it's just a list that goes on forever, and the same names keep popping up.

So currency value is a scary thing, and we don't have any great system for beating that. We do in this particular Japanese position because we expect to hold it for 50 or 100 years or more, and we'll be owning something denominated in yen and easily predictable. As long as the carry on it is right, we'll attempt to issue Japanese-denominated liabilities, but that's not because of anything we care about in terms of quarterly or annual earnings.

Greg Abel: Relative to the question, there's no question we were fundamentally very comfortable with investing in the five Japanese companies and recognizing we're investing in yen. The fact we could then borrow in yen was almost just a nice incremental opportunity. But we were very comfortable both with the Japanese companies and with the currency we would ultimately realize in yen.

Warren Buffett: We only made one big currency play, which was connected a little bit with when I wrote that article for Fortune. We went long 12 other currencies – I remember only four or five of them are really big currencies. When I say we got long, that means we're short the dollar. We held that position for a couple years and made several billion dollars on it, which was significant to us then and still is.

Charlie always felt that if he had to pick an area outside of stocks in which to invest – and he knew a lot about bonds, real estate, and other things – he thought he could make a lot of money in foreign currency. But we've done it once. It's not inconceivable we would do it again, but it's unlikely.

There could be things happen in the United States that would make us want to own a lot of other currencies. I suppose if we made some very large investment in a European country, there might be a situation where we would do a lot of financing in their currency. But it's not a regular activity. It was something that was obvious to do in the Japanese situation where we had the ability to borrow at a very low carrying cost, and we felt very good about the income we'd be receiving from these securities.

If the present conditions, which they won't – they never do – prevail for decades and decades, we would probably keep doing the same sort of thing. But things change in the world, so don't take that as a prediction.

Audience Member (Zone 6): Good morning Warren, Greg, and Ajit. Thank you so much for hosting this event. Good to be here. My name is Dash Boyar and I'm from the great country of Mongolia. A little background about my country: Mongolia is an emerging market and landlocked country sandwiched between Russia and China. But we are rich in history and minerals and have full democracy and a growing economy.

Last week, we hosted our second annual Mongolia investor conference in New York to attract investors like yourself. I know you meet and give advice informally to government leaders such as South Korea, China, and India. What advice would you give to government and business leaders of emerging markets like Mongolia to attract institutional investors like yourself? It'd be great if you have long-term plans for exposure to emerging markets as a

hedge or an opportunistic investment. Lastly, I welcome all of you to Mongolia, and my country folks would be very happy if you can make it to our economic forum this July.

Warren Buffett: I have trouble planning a trip to Council Bluffs, which is just a few miles from here. But thank you for the invitation.

I actually met a fellow here at the annual meeting about 20 years ago or more who did a lot in Mongolia. He did very well there and actually moved there for quite a while.

If you're looking for advice to give the government over there, it's to develop a reputation for having a solid currency over time. We don't really want to go into any country where we think there's a significant probability of runaway inflation. That's too hard to figure. Other people have figured out ways to make money in hyperinflationary situations, but that's not our game, and I don't think I'd play it well. So that would be a factor for us.

The chances are we won't find anything in Mongolia that fits our size requirements aside from that. But like I say, I think my friend that I met here 20 years ago has done very well in Mongolia.

If the country develops a reputation for being business-friendly and currency-conscious, that bodes very well for the residents of that country, particularly if it has some natural assets that it can build around. I don't know that much about the minerals there or anything of the sort, but who would have bet on the United States in 1790?

We didn't have to have perfection. We just had to be better than the other guy for quite a while. We started out with nothing and ended up with close to 25% of the world's GDP, faster growth rates, generally sounder currencies, and all kinds of things. So I wish you well.

Becky Quick: This question is from Peter Shen in New Jersey. It's for Mr. Buffett and Mr. Jain. In recent years, large private equity firms like Blackstone, Apollo, and KKR have aggressively expanded into insurance, raising permanent capital, managing float, and aiming to replicate the model that Berkshire pioneered decades ago. Given that these firms are now directly competing for insurance assets, often using higher leverage and more aggressive investment strategies, how do you view their impact on Berkshire's insurance operations and underwriting discipline? Do you believe that the private equity model poses risks to policyholders in the broad financial system, and has this competition made it more challenging for Berkshire to find and price insurance opportunities safely and profitably today?

Ajit Jain: Part of the question is very easy. There's no question the private equity firms have come into the space, and we are no longer competitive in the space. We used to do a fair amount in this space, but in the last 3-4 years, I don't think we've done a single deal.

You should separate this whole segment into two parts: the property casualty end of the business and the life end of the business. The private equity firms you mentioned are all very active in the life end of the business, not the property casualty end.

You are right in identifying the risks these private equity firms are taking on both in terms of leverage and credit risk. While the economy is doing great and credit spreads are low, these firms have taken the assets from very conservative investments to ones where they get a lot more return. As long as the economy is good and credit spreads are low, they will make money – they'll make a lot of money because of leverage.

However, there is always the danger that at some point the regulators might get cranky and say they're taking too much risk on behalf of their policyholders, and that could end in tears. We do not like the risk-reward that these situations offer, and therefore we put up the white flag and said we can't compete in this segment right now.

Warren Buffett: I think there are people that want to copy Berkshire's model, but usually they don't want to copy it by also copying the model of the CEO having all of his money in the company forever. They have a different equation – they're interested in something else. That's capitalism, but they have a whole different situation and probably a somewhat different fiduciary feeling about what they're doing.

Sometimes it works and sometimes it doesn't work. If it doesn't work, they go on to other things. If what we do at Berkshire doesn't work, I spend the end of my life regretting what I've created. So it's just a whole different personal equation.

There is no property casualty company that can basically replicate Berkshire. That wasn't the case at the start – at the start we just had National Indemnity a few miles from here, and anybody could have duplicated what we had. But that was before Ajit came with us in 1986, and at that point the other fellows should have given up.

Audience Member (Zone 7): Hi, my name is Marie. I'm from Melrose, Massachusetts. Thank you for the time today. As a young person interested in investing like myself, I would love to hear your insights, Mr. Buffett. What were some pivotal lessons you learned early in your career? And what advice do you have for young investors who are looking to develop their investment philosophy? Thank you.

Warren Buffett: Those are good questions. Who you associate with is just enormously important. Don't expect that you'll make every decision right on that, but you are going to have your life progress in the general direction of the people that you work with, that you admire, that become your friends.

I mentioned a few fellows that have died in the last couple years. All of those people were people that, if we were working together on something one-ten-thousandth the size of Berkshire, they'd be the kind of people you'd choose. They're people that make you want to be better than you are. You want to hang out with people that are better than you are and that you feel are better than you are because you're going to go in the direction of the people you associate with.

That's something you learn later in life – it's hard to really appreciate how important some of those factors are until you get much older. But when you've got people around you like Tom Murphy and Sandy Gottesman and Walter Scott, you're just going to live a better life than if you just go out and look at somebody that's making a lot of money and decide you're going to try and copy them.

I would try to be associated with smart people too where I could learn a lot from them, and I would try to look for something that I would do if I didn't need the money. What you're really looking for in life is something where you've got a job that you'd hold if you didn't need the money, and I've had that for a very long time.

All the fellows I named had it, and they also always did more than their share and never sought more than their share of the credit. They behaved the way you'd like anybody you work with to behave. When you find them, you treasure them, and when you don't find them, you still keep doing whatever enables you to eat. But you don't give up on looking around, and you will find people who do wonderful things for you.

I mentioned earlier going down to GEICO and knocking on the door when the door was locked. Who knows what was behind that door? But in 10 minutes, I found that I had a man that was going to be just wonderfully helpful to me. And of course, if somebody's going to be helpful to you, you want to try to figure out ways to be helpful to them. So you get a compounding of good intentions and good behavior. Unfortunately, you can get the reverse of that in life, too.

I was lucky in having a good environment for living that kind of life, and other people have a whole different environmental situation they have to overcome. But don't feel guilty about your good luck if you've got it. If you live in the United States, with 8 billion people in the world and 330 million in the United States, you've already won the game to a great degree. Just keep making the most of it.

You don't want to associate with people or enterprises that ask you to do something that you shouldn't be doing. Different professions select for different types of people. It's interesting to me that in the investment business, so many people get out of it after they've made a pile of money. You really want something that you'll stick around for whether you need the money or not.

Greg doesn't need the money, Ajit doesn't need the money – not remotely – but they enjoy what they do and they're so damn good at it. I've had the advantage of seeing how that works over time.

The best manager I ever knew – and there's a lot of contention for who that would be – but actually was Tom Murphy Sr., who lived to almost 98. I've never seen anybody who could get the potential out of other people more than Murph. If you wanted to become a better person, you'd want to work for Tom Murphy. There are all kinds of successful people that

don't bring that to the party. I'm not saying that's the only way to succeed, but I think it's the most pleasant way to succeed for sure.

The Berkshire experience is pretty dramatic – to operate with Sandy Gottesman from 1963 until he died a couple years ago, Walter Scott for 30 years – you really can't miss it. You'll learn all the time, but you'll not only learn how to be successful at business, you'll learn how to be successful at life.

So that's my recommendation. And for some reason, apparently you live longer too. It's pretty amazing – these people I'm talking about, including myself. I think a happy person lives longer than somebody that's doing things they don't really admire that much in life.

Becky Quick: The first quarter ended March 31st and it did show that Berkshire's cash pile expanded from the end of the last year. But the greatest market turmoil came in April. Martin Devine, a shareholder from Scotland who is attending the meeting today, wants to know: has the recent market volatility presented Berkshire with opportunities? And Martin just wrote in an addendum in the last 40 minutes or so, pointing out that you mentioned Berkshire almost invested \$10 billion recently and wanting to know if you could talk more about that.

Warren Buffett: Well, I can give you a good answer to the second part, which is no. But \$10 billion wouldn't have done that much anyway.

What has happened in the last 30-45 days, 100 days, whatever this period has been, is really nothing. There have been three times since we acquired Berkshire that Berkshire has gone down 50% in a fairly short period of time – three different times. Nothing was fundamentally wrong with the company at any time. This is not a huge move.

The Dow Jones average was at 381 in September of 1929 and got down to 42. That's going from 100 to 11. This has not been a dramatic bear market or anything of the sort. I've had about 17,000 or 18,000 trading days. There have been plenty of periods that are dramatically different than this.

When I was born on August 30, 1930, the Dow Jones was at 240. Between that and the low, it went from 240 to 41. So if people think there's been a really major change, there hasn't been. If it had gone up 15% instead of down 15%, people would take that with remarkable grace. But if it makes a difference to you whether your stocks are down 15% or not, you need to get a somewhat different investment philosophy because the world is not going to adapt to you. You're going to have to adapt to the world.

You will see a period in the next 20 years that will be a "hair curler" compared to anything you've seen before. That just happens periodically. The world makes big mistakes, and surprises happen in dramatic ways. The more sophisticated the system gets, the more the surprises can come out of left field.

That's part of the stock market, and that's what makes it a good place to focus your efforts if you've got the proper temperament for it and a terrible place to get involved if you get frightened by markets that decline and get excited when stock markets go up. I don't mean to sound particularly critical – I know people have emotions, but you've got to check them at the door when you invest.

Audience Member (Zone 8): Good morning, Mr. Buffett, Mr. Abel, and Mr. Jain. My name is Peter Chen. I'm from Shanghai, China. This is my first time attending this shareholders meeting. I would like to ask a question about the wisdom of life. Have you ever encountered any major setbacks or low points in your life, and how did you get through and overcome them? Thank you very much.

Warren Buffett: Well, everybody gets setbacks. Some people have particularly bad luck in that respect, and others get through with fairly minor ones. Charlie had setbacks, I had setbacks – it's part of life, and they're not any fun.

I don't have any great advice about having the time of your life while you're having some major setback, but it comes with life. You certainly have a setback when you die, and everybody's got that one guaranteed. Some people get extraordinary bad luck, and other people get extraordinary good luck. Usually the people who get good luck don't really think it was so much luck as themselves, but you're just going to have setbacks.

I think you're less likely to have setbacks now in terms of medical problems and various things in life. You were born at a good time. If you look all the way through the history of China, when would you rather have been born? 100 years ago, 500 years ago, 1,000 years ago, or now? It's just hands down – you've been lucky.

If I came from 20 generations of shepherds, I think I'd get kind of tired of looking at sheep every day. Everything in life has been made so much better. You've got to figure that you drew a lucky straw by staying in the womb for a couple hundred thousand years and then emerging at the right time.

So I would focus on the things that have been good in your life rather than the bad things that happen, because bad things do happen. It can often be a wonderful life even with some bad breaks. So far that really hasn't happened with me, but it's happened with some of my friends.

For 94 years I've been able to drink whatever I want to drink. They predict all kinds of terrible things for me, but it hasn't happened yet. If you look at the lifespan of professional athletes after a while, you really decide that you're better off if you weren't the first one chosen to be on the baseball team or the basketball team.

Charlie and I never really exercised that much or did anything – we were carefully preserving ourselves for these years.

Look at the bright side of things to the extent that you can. You're lucky enough to be here today, you're healthy, you've come from a long distance, and you're getting a chance to learn more about something that interests you. Compare that with the situation a couple hundred years ago that you would have been offered.

Becky Quick: This question comes from Himanshu Bindal for Ajit and Warren. Autonomous vehicles are already driving across roads in American cities with no driver involvement. How do Warren and Ajit think about any disruption risk from these autonomous vehicles to GEICO's auto insurance business, which is built around understanding and underwriting human drivers? Wouldn't what we call auto insurance today just become product liability for autonomous vehicles and autonomous software companies?

Ajit Jain: There's no question that insurance for automobiles is going to change dramatically once self-driving cars become a reality. The big change will be what you identified. Most of the insurance that is sold and bought revolves around operator errors – how often they happen, how severe they are, and therefore what premium we ought to charge.

To the extent these new self-driving cars are safer and involved in fewer accidents, that insurance will be less required. Instead, it'll be substituted by product liability. So we at GEICO and elsewhere are certainly trying to get ready for that switch, where we move from providing insurance for operator errors to being more ready to provide protection for product errors and errors and omissions in the construction of these automobiles.

Warren Buffett: We expect change in all our businesses. If I'd settled for being in New England textiles – even though it worked well for 70 years or so prior – the world changes. If the game didn't change, it really wouldn't be very interesting. If every time you swung at a baseball you hit a home run, or every time you hit a golf ball you had a hole in one, it wouldn't be interesting.

The fact that there will be things you have to think about all the time as you go along and you'll make mistakes – that's really part of the fun. Your brain would turn to mush if you didn't have a few problems now and then.

Auto insurance will change, although it's remarkable how little it has changed in its relatively short history. Who knows what we'll be doing in transportation 100 years from now? If you go back a couple hundred years ago, who could have predicted the United States would look like what it does and people would move like they do and enjoy themselves like they do?

It's a dynamic world. The biggest thing we have to worry about, unfortunately, is that we've learned how to destroy the world too. We've got this wonderful world, but now we know there are eight countries – and probably a ninth coming – that can destroy it, and we don't necessarily have the perfect people leading each of those countries.

When Einstein came up with $E=mc^2$ back in 1905, he didn't dream that mass could be converted into energy in a way that would change the world. When I was born in 1930, they had known about Einstein's law of physics for 25 years, but nobody had thought about what it could do to change warfare in the future.

Then in August 1939, Roosevelt got the most famous letter in history from Leo Szilard. Szilard couldn't get his letter in front of Roosevelt because who had heard of Leo Szilard? But he got Einstein to sign it. Roosevelt probably understood about as much about physics as I do, but he understood that Einstein signed it. So he called in General Groves and said, "We should do something about this." All we did was learn how to destroy the world.

We needed to do it – Germany had Heisenberg and he looked like he was ahead of us. We can't put that genie back in the bottle. The world changes, and we've got wonderful things, but we also have a guy in North Korea with nuclear weapons. What does North Korea need nuclear weapons for? Can that be a good thing in the world? But they're not going to go away.

So it's a world of change. We are enjoying incredible change that's contributed to everybody in this room living so much better than people were living a couple hundred years ago. But we haven't changed human beings very much so far. We've certainly changed weapons of mass destruction, but we haven't made much progress with the human race. We'll see what happens with that.

But in the meantime, we'll see changes in auto insurance and cars, and that will be easier for us to deal with than when we had to deal with the problems of turning out textiles in New England. You deal with the world as it develops, and like I say, everybody here is living in the luckiest period. Enjoy your luck and try to figure out the answers to what's going to happen. We've done pretty well actually adapting to the changes.

Ajit Jain: I'd like to add that we talked about the shift to product liability and protection for accidents that take place because of an error in product design or supply. In addition to that shift, I think what we'll see is a major shift where the number of accidents will drop dramatically because of automatic driving. But on the other hand, the cost per repair every time there's an accident will go up very significantly because of the amount of technology in the car.

How those two variables interact with each other in terms of the total cost of providing insurance, I think, is still an open issue.

Warren Buffett: I'll give you two interesting figures to ponder. When I walked into GEICO's office in 1951, the average price of a policy was around *40 a year*. *Now it's easy to get up to 2,000* depending on location and other factors. During that same time, the number of people killed in auto accidents has fallen from roughly six per 100 million miles driven to a little over one.

So the car has become incredibly safer, and it costs 50 times as much to buy an insurance policy. When people talk about developments in car driving, it's a lot easier to look at the Buck Rogers aspect of it, but they don't actually think about what really happens to the math of the business.

The auto insurance industry has been a huge growth industry. Homeowners insurance prices in Nebraska have doubled in the last 10 years, adjusted for general inflation, and convective storms have just gone on a tear. It's still unprofitable to write homeowners insurance in Nebraska after doubling in the last 10 years.

So it's very hard to predict what these big changes mean. You just have to keep thinking all the time. But you don't want to read some research report that says the world's coming to an end or the world's going to be wonderful because of this or that – there are about 50 other developments going on at the same time that you need to think about and keep observing as you go along.

You never reach a final answer in this business – you reach a point of action that you take. We try to get into high probability things and play the game in the same way. But it will be different than you think, and you should wake up every morning and think about that if you're in the business of managing businesses.

Greg Abel: Warren, as we approach the break, would you like to address the operating earnings?

Warren Buffett: Yes, let's put up the information. We released our 10-Q this morning. We always try to do it on a Saturday so nobody gets a jump on other people.

You'll see that our insurance underwriting income was down dramatically for the first quarter. Last year was as good a year as you'll see in insurance – everything broke our way. Prices are down this year, and risks are up this year. But we do have unusual advantages in the insurance business that can't really be replicated by our competition.

We just announced within the last 24 hours that we, Zurich, and Chubb have arranged a joint operation to be the writer of really large sums that very few people can do. Of course, we've got to write them at the right price in terms of liability, but we can do that sort of thing without blinking.

Our investment income did not change that much because we have a float that grows a little bit, which gives us more money for investment, and then we have retained earnings which grow. So we would expect in any year to have like \$40 billion or more that we'll build up unless we find things to do with it.

The interest rates on short-term bills are less than they were before, so you had that negative effect pulling investment income down, but not that much, and we had more money. So we came up with a little more in the way of earnings.

The railroad is earning a little more than last year, but it's not earning what it should be earning at the present time. But that's solvable and is getting solved. It's still an incredible asset for Berkshire.

The energy company last year was having particular problems, and those are absent this year. So those earnings are up. Then among our range of general businesses, they were pretty much a push.

Greg Abel: Of our 49 businesses that we measure closely, 21 were up and 28 were down. So you can tell it was really a mixed quarter when you go across the non-insurance operating businesses.

Warren Buffett: Our financial condition continues to hold a lot more in cash and treasuries than I would like, but that's simply a question of when opportunities occur. If you get real opportunities every five or six years, you have to be patient.

Charlie always pointed out that we made most of our money out of about eight or nine ideas over 50 years. We talked about it every day and read every report and did everything else. But if you think you can get an idea a day from listening to your broker or reading financial information, forget it. Every now and then you get extraordinary opportunities, and most of the time you don't have much of an edge.

We also have our float which continues to build. There's no property casualty company that has our float.

Ajit Jain: Clearly we are heads and shoulders above anyone else.

Warren Buffett: That is money that, as long as we're writing at an underwriting profit, is absolutely free money. We would expect that over a 50 or 100-year period that we would be able to say the same thing. But there will be years when you have a very bad underwriting record, and it'll eat into the float earnings.

Ajit Jain: I think if you look at the entire range including life insurance, our cost of float is negative 2.2%. That means we've got the float plus somebody's given us 2.2% of cash.

Warren Buffett: It's like running a bank where people leave their money with you and you pay a minus 2.2% and you don't have any check clearing or anything else to do. We run our business with a different mindset than any other P&C company in the world, and I wouldn't be talking about it if I thought they could duplicate it.

The final page is on share repurchases. Clearly we haven't made any share repurchases so far this year. If Berkshire buys Berkshire shares in repurchases, we now pay more than you will pay if you buy Berkshire shares.

I don't think people generally know that, but there is a tax that was introduced a year or so ago where we pay 1%. That not only hurts us because we pay more for it than you do – it's a better deal for you than for us – but it actually hurts some of our investee companies quite substantially.

Tim Cook has done a wonderful job running Apple, but he spent about \$100 billion in a year repurchasing shares, and there's a 1% charge attached to that now. So that's a billion dollars a year that he pays when he buys Apple stock compared to what you pay. It doesn't sound like much, but there are people who want to increase that particular rate dramatically.

We will only buy in our shares if we think that they are almost certainly underpriced as valued very conservatively. We get that opportunity occasionally, but the higher that charge goes that the federal government charges us for doing it, the less we will be able to do repurchases.

So on that happy note, we will rejoin at 11:00, continue till 1:00, and in the meantime enjoy yourself. I think all our exhibit doors are still open. So bring your wallets to the cash registers.

Afternoon Session Transcript

Warren Buffett: Okay, everyone. We're ready to go. I'm going to lead off by actually recommending a movie. I know that's why you came, but I would recommend to all of you that you go to Amazon Prime. I've got no financial interest in this. But go to Amazon Prime and click on a documentary called "Becoming Katherine Graham." It's an incredible story from 50 or so years ago. To some extent, I had the good luck to be kind of a viewer of some American history that I think is fascinating. If you feel that I misled you, you can write me a note, but I promise to report how many readers didn't agree. But check out "Becoming Katherine Graham" and you'll see a remarkable story of American history.

Audience Member (Zone 9): Hi Warren. My name is Robert and I'm a shareholder from Toronto, Canada. Three years ago Charlie Rose asked you a question to the effect of what you wanted to be remembered for and your reply was "he was a teacher." So in that spirit, Greg, I'm curious to hear maybe a story of where you learned something very profound from Warren. And vice versa, if we have the time, Warren, what's something that you maybe learned from Greg?

Greg Abel: Well, Warren is obviously a remarkable teacher and I benefit from that every day and for many years. I'm fortunate that if I had to be remembered as something right now, I'd want to be remembered as a great father, but equally a coach. And that goes to family, friends, and just being involved with the kids I coach in hockey or baseball or whatever it may be. I think we've got a great opportunity to give back to them at a very young age.

I love thinking of Warren truly as a teacher and I get the opportunity to continue to learn every day. Warren and I have strong dialogue every week and we're always talking around opportunities in Berkshire or things that are going on globally or in the US, and each one's truly a learning moment.

I'll maybe go back to the very first meeting with Warren because it still stands out in my mind. Warren was thinking about acquiring Mid-America Energy Holdings Company at that time, and we had the opportunity with my partners to go over there on a Saturday morning. We were discussing the business and Warren had the financial statements in front of him. Like anybody, I was sort of expecting a few questions on how the business was performing, but Warren locked in immediately to what was on the balance sheet and the fact we had some derivative contracts, the "weapons of mass destruction."

In the utility business, we do have derivatives because they're used to match certain positions. They're never matched perfectly, but we have them and they're required in the regulated business. I remember Warren going to it immediately and asking about the composition and what was the underlying risk, wanting to thoroughly understand. It wasn't that big of a position, but it was absolutely one of the risks he was concerned about as he was acquiring Mid-America, especially in light of Enron and everything that had gone on.

The followup to that was a year or 18 months later. There was an energy crisis in the US around electricity and natural gas, and various companies were making significant sums of money. Warren's follow-up question to me was, "How much money are we making during this energy crisis? Are we making a lot? Do we have speculative positions in place?" The answer was we weren't making any more than we would have been six months ago because all those derivatives were truly to support our business and weren't speculative. That focus on understanding the business and the risks around it still stands out in my mind.

Warren Buffett: It's one thing we've really never talked about here, but I spend more time looking at balance sheets than I do income statements. Wall Street doesn't pay much attention to balance sheets, but I like to look at balance sheets over an 8 or 10 year period before I even look at the income account because there are certain things it's harder to hide or play games with on the balance sheet than with the income statement.

Neither one gives you the total answer on anything, but you should understand what the figures are saying and what they don't say and what they can't say and what the management would like them to say that the auditors wouldn't like them to say. You learn more from balance sheets in my view than most people give them credit for.

I'm not worried about being remembered. People don't remember enough about Katherine Graham, for example, in terms of this story that shaped America in many ways.

Charlie was probably the best person you could imagine in what he learned. Charlie was never satisfied with just superficial things about any subject. He really wanted to understand it and he always would tell me that you shouldn't take a position on anything until you can describe the arguments against it better than the person who is arguing with you – that you should be able to argue their case better than they can. He was a remarkable teacher. And so were those other fellows I mentioned. And of course my dad was an incredible teacher. Make the most of the people you meet that are going to make you a better person and probably, forget about the rest to quite an extent.

Becky Quick: This question comes from David Rubin, a shareholder from Scottsdale, Arizona. It's a question for Greg. We've heard over the decades and are familiar with Warren and Charlie's investment thesis and their circle of competence. During the first 10 years after taking over as CEO, Greg will be tasked with allocating more capital during that time than Berkshire has had to allocate in its history. Given this, I'd like to hear from Greg about his views on capital allocation, particularly into new businesses.

Greg Abel: This bar is not too high! We start from a great place at Berkshire. We've got a great culture within the business. We have values that we as a management team, as defined by Warren and Charlie and everybody associated with the business – we've got great values that really set Berkshire up well for the future.

As we deploy capital and allocate capital, it's critical to Berkshire going forward, and equally it's around managing risk. When I think of our values, a couple are absolutely critical. One: we will maintain the reputation of Berkshire and that of our company. I view that in investing or how we operate things across each of our businesses. That will always be a priority and something we'll ensure is in the forefront of our minds.

Looking at our balance sheet, as Warren commented, we will have a fortress of a balance sheet. I thought Sue Decker, our lead director, said it well yesterday. We've got a significant amount of cash right now, but it's an enormous asset to have that and that will continue to be a philosophy. When we can deploy it, we'll deploy it well. We recognize it as a strategic asset that allows us to weather difficult times and not be dependent on anybody.

We will remain Berkshire and will never be dependent on a bank or some other party for Berkshire to be successful. With allocation of capital comes management of risk and understanding risk. That falls upon all our managers, insurance and non-insurance, but we'll bring that across Berkshire.

The other value I would touch on relates to where I'm going: ultimately we have a great set of operating companies that produce significant cash flows, be it in the insurance companies creating float or our various non-insurance companies producing significant cash flows on an annual basis. We intend to continue to ensure that's a strength of Berkshire going forward.

With those cash flows and with the float, and with significant resources already on our balance sheet, we'll continue to move forward with a very similar philosophy. It's an identical philosophy to what we've had currently and for the past 60 years.

We'll start by looking at opportunities within our business – are our insurance and non-insurance businesses properly capitalized and do they have the opportunity to manage their business? They'll operate in an autonomous way, but Berkshire still manages the capital that will go into those businesses or what potentially will come out of them.

The next opportunity is to acquire businesses in their totality, 100%. There are great times when we can do that. Warren touched on the \$10 billion acquisition in the last quarter. But the value relative to the risk have to be right. If it's right, we want to own it. If it's not the time, there'll be another time to own assets like that.

Then there's the opportunity to own pieces of companies through equity. But as Warren's always highlighted, though we own a piece of a company, we own a piece of that cash flow, a piece of their balance sheet. It's not just a share certificate. We'll approach it with the thought that we're going to own this company for the long term.

We need to thoroughly understand what the economic prospects of those companies will look like – as Warren said earlier – 5 years from now, 10 years from now, 20 years from now. If we don't have a view of that, we won't be investing, be it 100% or 2% of a company through equities. We have to thoroughly understand what those prospects look like and the underlying risks of the businesses. It's really the investment philosophy and how Warren and the team have allocated capital for the past 60 years. It will not change, and it's the approach we'll take going forward.

Warren Buffett: I don't want to go on too long on this, but this is important. It's very obvious that the country needs an incredible improvement, rethinking, redirection to some extent in the electric grid. We've outgrown what would be the model that America should have. In a sense, it's a problem something akin to the interstate highway system where you needed the power of the government really to get things done because it doesn't work so well when you get 48 or 50 jurisdictions that each has their own way of thinking about things.

In World War II, we called in people at a dollar an hour. We knew we had to turn out ships like crazy. We knew that we had to convert Ford Motor from being a car manufacturer into an aircraft manufacturer in a matter of days, not weeks or months.

There are certain really major investment situations where we have capital like nobody else has in the private system. We have particular knowhow in the whole generation and transmission arena. The country is going to need it. But we have to figure out a way that makes sense from the standpoint of the government, from the standpoint of the public, and from the standpoint of Berkshire, and we haven't figured that out yet.

It's a clear and present use of hundreds of billions of dollars. You have people that set up funds and they're getting paid for just assembling stuff, but that's not the way to handle it. The way to handle it is to have some kind of government-private industry cooperation similar to what you do in a war. When they were doing the highway system, I don't think the government set up its own guys that were going to pour cement, but you needed cooperation. We're at that point in terms of energy, but I don't think we've made any progress particularly.

Greg Abel: These are very unique situations that reflect where we're at. There will be very significant investment opportunities across a variety of industries. As Warren touched on, in the electric industry or energy space, we obviously know that well with our existing business. The capital required to meet the long-term needs of what's currently projected as demand is enormous, and we as Berkshire will be in a good position to help address those needs. But the model around it and the risks that need to be addressed to deploy that type of capital will be different than they are today.

The muscle of the federal government will be needed. But the test of whether you can have 48 or 50 jurisdictions that are cooperating to do something that has opposition – there will be opposition in every single state. If they'd taken a vote during World War II or on the interstate highway system, it would have been slowed down to an incredible degree.

So the question is how to use the strengths that this country has to actually turn it into what it should be capable of while still preserving a republic with 48 connected and a couple unconnected states. It'll be interesting to see what happens. We do have capital and we actually have some knowledge that very few places have. We know what the game's about, but putting together that energy with knowledge and with capital is just not easy.

It should be something that we're capable of in the country, but the country was not designed for having 48 different jurisdictions that could mess up anything that you were attempting to do. During wartime, it's one thing to get agreement, but during peace time, it's a different problem. That's going to be one for the next generation.

Audience Member (Zone 10): Good morning Mr. Buffett and Mr. Abel. I'm Darcus Tang. I'm 14 years old. My father brought me here for two consecutive years, and I promise I will come back every year. I queue up at 2 in the morning for every meeting you hold. My dad owned BRKA shares and he said I need to work hard to earn my piece of BRKB. We are both from China, Hong Kong, and I would like to ask what's the essential element for a global teenager like me if we want to be part of Berkshire? What piece of knowledge should I learn so you hire me in the future?

Finally, Mr. Buffett, I learned a lot from this meeting and of course I will come here every year. I wish you can attend as many as possible. You and Mr. Charlie Munger are the most respectful people who have inspired me and my father a lot. I wish you happy and healthy, and maybe one day in the future we can make the world more prosperous all together like

you said.

Greg Abel: Well, I think your dad said it best. He highlighted that to become part of Berkshire, to own some Berkshire shares, you're going to have to work hard. Hard work takes all of us a long way in life, and I would never diminish that. There's a lot of things that matter in life, but if you start with a great work ethic and have that attitude that you want to contribute, you're going to go a long way in life. You'll find great enjoyment because, as Warren said, if you work hard, you're going to find the things you love in life and it'll lead to that. We truly look forward to the day you're part of Berkshire.

Warren Buffett: Keep a lot of curiosity and read a lot, as Charlie would say.

Becky Quick: This question comes from Matthew Teisac in Leighton, Utah. He said, "Please discuss your strategy on how to protect our company from future liabilities due to wildfires blamed on our electric utility companies out west."

Warren Buffett: That's a very good question. We made some mistakes in the past when we bought PacifiCorp in 2005. Walter Scott, David Sol, and myself – three guys who were capitalists at heart and dealing with our own money – we made a mistake by not carving it up into the seven states that we were buying. It came with an aggregation where it wasn't state by state, and we kept the same structure. That was a big mistake.

Every part of the country is going to need electricity, and there are going to be places where privately held electric utilities would be very foolish to operate. How that gets resolved in a democracy, we will find out.

Greg Abel: The reality is the risk around wildfires – do the wildfires occur – they're not going away, and we know that. The risk probably goes up each year. But what we can do is reduce the risk of it impacting our system and our underlying assets, and unfortunately the liabilities that come with such events. We can't eliminate the risk, but we can reduce it.

Our teams in the west are addressing this across all our energy infrastructure because wildfires have now occurred in Texas and throughout the US. We're all very focused on how we manage that risk. We start by addressing the actual assets, how we're maintaining them and where we invest in them. We try to make sure that they're either not causing the fire or potentially even hardening the system as to what they can withstand. It's very much an operational focus.

We then take it even further. The utilities started to recognize when we have these unusual weather events – and Warren touched on what's been happening in Nebraska with storms – but they're equally occurring out west. When we have those, we've gotten very good at saying we have to manage the system differently and potentially de-energize because there's likely to be an event.

But the one thing we hadn't tackled – this is very relevant to the significant event we had back in 2020 in PacifiCorp – is we didn't de-energize the system as the fire was approaching. Our employees and the whole management team have been trained all their lives to keep the lights on, and the last thing they want to do is turn those lights off and have a system de-energized.

After those events and as we looked at how we're going to move forward in managing the assets and reducing risk, we recognized as a team that we have to de-energize those assets. Now as we get fires encroaching at a certain number of miles, we de-energize because we do not want to contribute to the fire nor harm any of our consumers or contribute to a death. We had to take our team to managing a different risk now. It's not around keeping the lights on, it's around protecting the general public and ensuring the fire does not spread further.

We're probably the one utility or across our utilities that does that today, and we strongly believe in that approach.

Moderator (Becky): Doesn't that open you up to other risk if you shut down your system, a hospital gets shut down, somebody dies?

Greg Abel: That's something we do deal with a lot because we have power outages that occur by accident. When we look at critical infrastructure, that's an excellent point and we're constantly re-evaluating it. We do receive a lot of feedback from our customer groups as to how to manage that.

We spend a lot more time educating the consumers and our customer groups. We explain what will happen and need to understand their unusual situations and how we can best tackle that so we don't take on another liability. There's a lot around de-energization.

To take it to the last step – and Warren touched on this in general on energy policy – we have to work with our states and our regulators to ensure they understand this was never a risk we took on or envisioned when we were investing in utilities, nor would any of the investors who've invested in other energy companies.

You earn a very set return for taking on a very defined risk associated with that asset, and this has gone well beyond that. We don't earn the type of returns nor can you earn a large enough return to take on these risks. So it's not just solving the return side. We really have to solve the risk side, which means we work with our regulators and state legislators to get to the right answer. That'll be an ongoing process. There are no silver bullets, but every day our teams across utilities are working hard to reduce that risk, recognizing the fundamental risk of the wildfires is not going away.

Warren Buffett: There's some problems that can't be solved, and we shouldn't be in the business of taking investors' money and tackling things that we don't know the solution for. You can present the arguments, but it's a political decision when you are dealing with states or the federal government.

If you're in something where you're going to lose, the big thing to do is quit. You present your case as well as you can, but if you don't hold the pen in the end, we don't have any business taking your money and doing dumb things with it. We can do our best to explain what the intelligent things are, but it's your money.

It's very hard to tell how to handle politically determined decisions that are going to go to court in many cases. We know what we think a sensible system would be, and we ought to explain what we think it is and do the best to get our position because it's pro-social to have the right solution. But there's some problems that can't be solved, and we are not in the business of trying to solve insolvable problems.

The problem you have, of course, is that the people that work for you - that's their job. So they want to have reasons to keep going. Those are tough choices if you're managing, but that's why they have managers.

Greg Abel: I was just going to add that effectively, for example with the utilities and the wildfires, we can't just become the insurer of last resort that's going to cover any cost and all costs irrespective of what occurred. That's a little bit of the situation we're in right now with our largest challenge, a 2020 wildfire.

There were four fires occurring at a challenging time. One we've always asserted was a lightning strike that was not inside our service territory. The fire burnt into our service territory and we became responsible for that fire effectively through the courts. We continue to hold firm that we're not responsible for that - we didn't contribute to it, we didn't initiate it, nor did we feel we ever contributed to it. But it's getting to where if you look at the risk that's there, we have to manage through things like that.

We'll get through that litigation. We're happy to report, for example, on that one, after 5 years, the Oregon Forestry Department has come out and said the other fires we did have that we were able to manage and extinguish did not contribute to that fire. And that fourth fire is the largest fire of the four - it's 60% of the claims. We're 5 years into effectively getting that information into the courts.

That will outline our legal strategy going forward, but these are things we're dealing with. We continue to learn from this as a utility industry. We're working with each of the legislators to make sure we get clear definition of where liability falls, what the economic damages can be, but most importantly, what the non-economic damages can be. Again, with the thought we can't be the insurer of last resort. We just can't be responsible for everything that happens in a state.

Warren Buffett: If we want to do it with our own money, we can do it, but we're not going to do things with your money that we think are stupid. You ought to get rid of us if we do. It's easier to do stupid things with other people's money than it is with your own. That's one of the problems government has generally - we don't want to bring it to private enterprise.

But it is important that the United States have an intelligent energy policy, just as it was important during World War II that we learned how to make ships instead of cars extremely fast. We figured out the answer. We combined private enterprise with the power of government.

But how feasible that is in a democracy – it was clearly obvious during World War II what needed to be done and we did it. But it's not so clear when you get 330 million people all arguing their own self-interest and having the people often who are making the decisions reacting as they did 20 years earlier, when they don't really bear the responsibility for the decision. But anyway, that's management and we'll do our best.

Audience Member (Zone 11): Hello, my name is Alitia Burk and I'm from Poland but I currently live in Chicago. This question is on behalf of an inspiring man that I know, Wid Ahmed, who's here with us today.

Mr. Buffett, nearly 74 years ago, on a cold Saturday in January 1951, you traveled 8 hours by train from New York to Washington. You went all the way on nothing but hope that someone might teach you more about the insurance industry. Arriving at GEICO's office to find the doors locked, you persisted until a janitor let you inside. You credit that meeting with Lorimer Davidson for the insurance float that was the rocket fuel behind Berkshire's success.

In 2011, when I was 15, I wrote to you with similar determination asking to meet. You kindly wrote back saying you had only 3,000 days left and more pressing priorities. Well, Mr. Buffett, it's now been 5,000 days since you replied. And so inspired by your persistence in 1951 and the tenacity of Mrs. B, I humbly renew my request for just a quarter of the time Davey gave you – a single hour in your office.

You may wonder why must it be you? You have often shared an anecdote about a Polish Jew who survived Auschwitz who said to you once, "Warren, I'm very slow to make friends because when I look at someone I ask myself, would they hide me?" You said that the number of people would hide you was the best test of a life well lived. Well, I believe that at this meeting you have not 40,000 shareholders but 40,000 people who would hide you. You are testament to a life extraordinarily well-lived.

So respectfully I ask again Mr. Buffett, before father time wins, will you please grant Wid Ahmed an hour of your time or any time you can dedicate?

Warren Buffett: I grant an hour to everybody of the 40,000 here. We'll have an interesting time the rest of my life.

But I will give you one tip. I found that when I was very young, I would drive around to various companies all over the country. Because I was very young and these were offbeat companies, they didn't have investor relations departments then, almost every CEO would see me because they figured they'd never see me again. And they weren't getting calls like that.

I would ask them two questions. I would explain to them – it's not a bad idea, incidentally – if you're going to walk into somebody's office and you say you want 10 minutes of their time, take an hourglass and stick it on the desk of the person you're talking to and turn it up so it's going to go for 10 minutes. You say you're going to leave in 10 minutes unless they ask you to stay. That sets the terms.

But once you have that, if they're in the coal business, which happened to be one that I was interested in 70 years ago or so, you just ask them one question: if they were to be stuck on a desert island and they had to own only one of their competitors' stock during the 10 years they were going to be on that island, which one would it be, and why? And then after they give you that answer, you ask the same thing if they were to short one of their competitors' stock, which would it be and why?

Because every manager likes to talk about their competitors. They're like little school kids when they get into talking about their competitors. I probably learned more about various industries by just making sure that they didn't think I'd stay too long and that in the meantime they would have the floor and talk about their competitors. I kept my own mouth shut in those days. That's a lesson I've lost somewhere along the line.

They've departmentalized investor relations in all companies of size frankly now. You've got 3,000 companies or whatever they have and they all have departments and each one of them has an investor relations department. Their job is to say this is the best thing you can do today is buy our stock. Well, that whole concept is total idiocy. But it's a big business and it gets bigger and the investor relations department gets bigger. It's what we have now.

But do a little of your own work your own way. Berkshire Hathaway has got plenty of material out there for you to read. And when you get through reading it all, you'll know way more than most the people that work at Berkshire. So, you don't need a personal interview. If we take an hour times even the 40,000 people we may have here, plus Becky's many listeners and viewers, it just doesn't work. I admire your effort, but you'll just have to settle for the admiration that you get.

Becky Quick: This is a question that you touched on in a lot of ways in the last answer, but I did get this question from a few different people, so I'd like to ask it.

Ricardo Bri, a longtime shareholder based in Panama, says that he was very happy to see Berkshire acquire 100% of BHE. It was done in two steps: one in late 2022 – 1% was purchased from Greg Abel for \$870 million implying a valuation of BHE of \$87 billion, and then in 2024 the remaining 8% was purchased from the family of Walter Scott Jr. for \$3.9 billion implying a valuation of \$48.8 billion for the enterprise. That second larger transaction represented a 44% reduction in valuation in just two years.

Ricardo writes that PacifiCorp liabilities seem too small to explain this. Therefore, what factors contributed to the difference in value for BHE between those two moments in time?

Warren Buffett: Well, we don't know how much we'll lose out of PacifiCorp and decisions that are made, but we also know that certain of the attitudes demonstrated by that particular example have analogues throughout the utility system. There are a lot of states that so far have been very good to operate in, and there are some now that are rat poison, as Charlie would say, to operate in.

That knowledge was accentuated when we saw what happened in the Pacific Northwest, and it's eventuated by what we've seen as to how utilities have been treated in certain other situations. So it wasn't just a direct question of what was involved at PacifiCorp. It was an extrapolation of a societal trend.

Secondly, we also had a decision we didn't expect at all in the real estate business. Those kind of things can change values, and courts can change values. It's a lot easier to make those decisions when you just own marketable securities than when you own businesses. I've made plenty of those decisions as I've watched what has happened in various industries and companies over 70 years.

Greg made the decision, which was fine with us, to get out. He had no knowledge of what was going to be happening in either the real estate field or the utility field.

We're not in the mood to sell any business. But Berkshire Hathaway Energy is worth considerably less money than it was two years ago based on societal factors. And that happens in some of our businesses. It certainly happened to our textile business. The public utility business is not as good a business as it was a couple of years ago.

If anybody doesn't believe that, they can look at Hawaiian Electric and look at Edison in the current wildfires situation in California. There are societal trends that are changing things.

I just got a note here on my monitor that says the books are now sold out. So you'll have to spend your money on other things.

But that's the explanation – values change and they don't always change upward. When we made the deal with Greg, we would have been happy to buy out the Scott family at that price. And when we made a deal with the Scott company, we wouldn't have been happy to pay Greg the price that he received.

But that's like Berkshire shares – we bought in stock at X and we buy in stock at less than X if conditions change. Over the years we pay more and more because it builds in value, but it doesn't do it in a straight line.

I would say that our enthusiasm for buying public utility companies is different now than it would have been a couple years ago. That happens in other industries, too, but it's pretty dramatic in public utilities. And it's particularly dramatic in public utilities because they are going to need lots of money. So, if you're going to need lots of money, you probably ought to behave in a way that encourages people to give you lots of money.

We will see where we go. We'd like to see public utilities do well, but our responsibilities are to the shareholders of Berkshire.

Audience Member (Zone 1): Dear Warren, dear Greg, dear fellow owners, it's such a pleasure to be here. My name is Revy Paneida. I was born in communist Albania, but I'm now teaching economics in London, England. The wonderful writing of Warren and Charlie has significantly shaped my thinking and teaching. I thank you both very much for the many insights over the years.

Warren has often written about the importance of Berkshire's earning power to owners. My question is, what was in your estimate Berkshire's earning power in the latest fiscal year? It would be great if you can comment on any significant items that either increased or decreased the earning power as compared to reported net income measures for Berkshire. Thank you.

Warren Buffett: Well, I think our underlying earning power was affected negatively here a while back by what happened in the utility field. I think that our earning power was not enlarged by any large acquisitions that come along, but they come along periodically. We will see something at some point that could add to earning power. I mean, why else would we do it?

That's very situational and of course it depends so much on what the general market is doing and what interest rates are doing and what psychology is doing. We will make our best deals when people are the most pessimistic. That's been true ever since I was born in 1930. Things got much more attractive over the next two years, and apparently I didn't do anything about it – I blew it by worrying about the kid in the next crib or something.

Over my lifetime I've had fabulous opportunities sometimes, and they happen because humans are human. I don't get fearful by things that other people are afraid of in a financial way. The idea that if Berkshire went down 50% next week – I would regard that as a fantastic opportunity and it wouldn't bother me in the least. Most people react differently.

It's not that I don't have emotions, but I don't have emotions about the prices of stocks. Those decisions get all the way to my brain, whereas emotions can get bogged down some other place.

Berkshire will increase its earning power over time as we retain money. We are making decisions every day. People are working. We're retaining earnings. We will build the earning power, but it won't be coming in any even stream. And it certainly won't be matched dollar for dollar on either the upside or the downside in market prices. But that's what makes it a good business – the investment business is that everything isn't properly appraised, and the more fearful other people get, the better your opportunities get.

Becky Quick: This question comes from Achie Patel and it's about the big cap technology stocks. In the 2017 annual meeting, you said Warren, you really don't need any money to run these companies and referred to them as ideal businesses, referring to the big tech companies – Apple, Alphabet, Microsoft, and Amazon. With all of those companies now announcing massive capital investment endeavors around AI ambitions, have you rethought the above comment just in terms of them being asset light and what you think of them as a result?

Warren Buffett: Well, it's always better to make a lot of money without putting up anything than it is to make a lot of money by putting up a lot of money.

A business that takes no capital to speak of – Coca-Cola, the finished product which has gone through bottling companies takes a lot of capital, but in terms of selling the syrup or concentrate, that doesn't take a lot of capital. So, one is a fabulous business and one depends where it is.

Coca-Cola is popular every place, but if you're in the bottling business, it costs real money. You have real trucks out there and all kinds of machinery and capital expenditures coming up. We've got businesses that take very little capital that make really high returns on capital. The ones the politicians talk about as making high returns actually aren't making high returns usually in terms of capital.

Property casualty insurance is kind of a rare business because you need capital as a guarantee fund that you will keep your promises, but you can use it to buy other low capital-intensive businesses. You can buy Apple and have it support that business. That can be a pretty good business and it's one of the reasons we've done well over time.

It'll be interesting to see how much capital intensity there is now with the Magnificent 7 compared to a few years ago. Basically, Apple has not really needed any capital over the years and it's repurchased shares with a dramatic reduction. Whether that world is the same in the future or not is something yet to be seen.

Hollywood's answer was always to get their money from other people to put up the capital. A lot of people have gotten very rich in the country by essentially figuring out how to get others to put up the capital. That's what people do in the money management business – they get very rich because they get an override on other people's capital.

Incidentally, if all of you were paying 1% for investment management fees at Berkshire last year, you would have paid \$8 billion for managing, and you really wouldn't have had to do it. Investment management is a very good game because other people put up the capital and you charge them for the capital whether they do well or not, and then you charge them a lot more if they do well. It's a well-designed business for the people who practice it – and who can blame them? That is capitalism.

I saw that in operation when I was working at Salomon, but I didn't need to see it. I knew what existed anyway. The trick in life is to get somebody else's capital and get an override on it. Charlie and I decided it wasn't too elegant a business after a while. We were not criticizing the efficacy of it – it just didn't appeal to us after a while. I did it for 12 years though.

The one difference that Charlie and I did from other people is we put all our own money into it. So we really did share the losses with our own capital, but we got an override on other people's capital. People have made advances where they get the override on other people's capital without putting up any of their own capital to speak of. That's a very good business, but it can lead to a lot of abuse.

Warren Buffett: Capitalism in the United States has succeeded like nothing you've ever seen. But what it is is a combination of this magnificent cathedral which has produced an economy like nothing the world's ever seen, and then it's got this massive casino attached.

In the casino, everybody's having a good time and there's lots of money changing hands, but the cathedral is what you've got to make sure gets fed too. The temptation is very high now to go over to the casino where people say we've got magic boxes and all kinds of things that'll do wonderful things for you. That's where people are happiest, where you get the most promises, where the most money is for the people that are pushing things.

The balance between the casino and the cathedral – it's very important that the United States in the next hundred years make sure that the cathedral is not overtaken by the casino. People really like to go to casinos – it's just so much more fun. They bring bells when you win, they bring you drinks and everything else. It's designed to move money from one pocket to another.

In the cathedral, they're designing things that will be producing goods and services for 300 and some million people like it's never been done before in history. It's an interesting system we developed, but it's worked. It dispenses rewards in what seems like a terribly capricious manner. The idea that people get what they deserve in life – it's hard to make that argument. But if you argue with it that any other system works better, the answer is we haven't found one.

Audience Member (Zone 2): Hi, my name is Patrick Nester. I am 13 years old and from Tampa, Florida. I'm here with my brother John who's 15 and my dad. Thank you for hosting this meeting. This is my first ever shareholder meeting. My question is, what high school class or activity helped influence you to who you are today as the greatest investor of all time?

Warren Buffett: The teachers you get in your life have this incredible impression on you, and a lot of it are the formal teachers you have, but some are informal teachers too. I've learned from certain employers so much. You really hope you're learning from everybody you find who's well-intentioned and has had a lot of experience. I had a lot of good luck in that.

I would say that where I was really lucky was my dad was in the investment business. So I would go down on Saturday and I'd wait for him to go to lunch, and I'd read the books that were around there that nobody else ever read. Numbers talk to me, and I could never get my fill of them.

Then I discovered the public library and I read every book there was on investments, literally, in the Omaha public library. I enjoyed learning about that. Unlike Charlie – if Charlie was reading about electricity, he would want to have known everything that Thomas Edison knew and more, and go through the same thought processes and understand how everything worked. I didn't care how it worked. I just cared whether it worked. That's a limitation – I'm confessing here, I'm not bragging.

As Charlie would say, people would always ask, "If you could only have lunch with one person living or dead, who would it be?" And Charlie said, "I've already had lunch with all of them because I've read all their books."

I think having curiosity and finding sympathetic teachers is very useful. I ran into a couple of teachers both in high school and college. In fact, I would say that I went to three different universities and I went to high school in Washington, and at each place I found about two or three really outstanding people. I just spent my time with them and didn't pay much attention to the other classes.

I was lucky to find something that fit me very early on. If my ambition had been to become a ventriloquist or whatever it might have been, it wouldn't have worked. I just spent hours and hours and hours on investing.

I don't believe in that book that talked about spending 10,000 hours at something. I could spend 10,000 hours at tap dancing and you'd throw up if you watched me. But if I spent 10 hours reading Ben Graham, I would be damn smart when I got through.

Minds are really different. I watch great bridge players, great physicians – people have really different talents. I think you're supposed to have 88 billion cells in your brain. I'm not sure that all of mine are flashing bright lights, but you are different than anybody else. That's what my dad always used to tell me – that you're something different. It may not be good at the moment, but you find your own path and you will find the people in schooling that want to talk to you.

People that teach, in general, love having a young student who's actually really interested in the subject, and they'll spend extra time with you. I ran into that. I had Graham and Dodd at Columbia. Dave Dodd treated me like a son basically. But I was interested in what they were saying and they found it kind of entertaining that I was so interested, so I would look around at what really fascinates you. I wouldn't try and be somebody else.

You'll find the teachers at a school, and you'll find some outstanding people that are teachers. I've had at least 10 people that have had huge impacts on my life, and every one of them was positive because I got to select, in a sense. A number of people really like helping younger people. I found that in school, and it probably helps to look a little bit lost like you need help.

I would say my school experiences were good, but I attribute it much more to the individual than to the institutions.

Becky Quick: This question comes from Scott Williams in Portland, Oregon. He said, "Do you think the net benefit of DOGE will be positive or negative for the long-term health of the United States?"

Warren Buffett: I think that bureaucracy is something that is amazingly prevalent and contagious even in our capital system, and big corporations overwhelmingly most of them look like they could be run better. I'm sure Berkshire does in many respects. And government is the ultimate. It really doesn't have any checks on it.

That's why it scares you to some extent about what the future of the currency will be, because they can print currency. If you have people that get elected by promising people things – that doesn't mean that they aren't sincere about all kinds of items, but there's no politician that says to anybody that has money, "I really think you have bad breath and if you don't mind, would you step away from me." It just doesn't happen.

I think the problem of how you control revenue and expenses in government is the one that is never fully solved and has really hurt dramatically many civilizations. I don't think we're immune from it, and we've come close to it.

We're operating at a fiscal deficit now that is unsustainable over a very long period of time. We don't know whether that means two years or 20 years because there's never been a country like the United States. But as Herbert Stein, the famous economist, said, "If something can't go on forever, it will end." We are doing something that is unsustainable, and it has the aspect to it that it gets uncontrollable to a certain point.

Paul Volcker kept that from happening in the United States, but we came close. We've come close multiple times. We've still had very substantial inflation in the United States, but it's never been runaway yet. That's not something you want to try and experiment with because it feeds on itself.

I wouldn't want the job of trying to correct what's going on in revenue and expenditures of the United States with roughly a 7% gap when probably a 3% gap is sustainable. The further away you get from that, the more you get to where the uncontrollable begins. It's a job I don't want, but it's a job I think should be done. And Congress does not seem good at doing it.

We've got a lot of problems always as a country, but this is one we bring on ourselves. We have a revenue stream, a capital-producing stream, a brains-producing machine like the world has never seen. And if you picked a way to screw it up, it would involve the currency. That's happened a lot of places.

In theory, you would make it so there was substantial downside for anybody that screwed things up, but there isn't downside. There's upside. It's the problem of the most successful company in the history of the country, in the history of the world.

Audience Member (Zone 3): Hello Mr. Buffett. My name is Saskia from Germany, and first of all I want to thank you because you made such a great impact in my life and the lives of people I love, and that's priceless.

Mr. Buffett, imagine it's 1776 and you're sitting alongside Benjamin Franklin helping to shape the foundation of a new nation. What core economic principles would you advocate for building a fair, resilient, and opportunity-driven capitalist society – one that supports long-term prosperity for future generations?

Warren Buffett: That's a good question, but I would probably say to Ben Franklin, "You just keep thinking and don't talk to me because you'll come up with some better ideas than I will." He was an incredibly remarkable person. He was almost probably the last person to almost have a grasp of every aspect of activity in the country.

He invented all kinds of things. Incidentally, we were talking about the power of compound interest – he left a will that left a sum of money to Philadelphia and another sum to Boston that would serve as an example for a couple hundred years of the power of compounding. He was so far ahead of his time that the best thing I could do if I was under that tree with him was to get out of his way and let him keep thinking.

He saw the problems that success could bring to a society as well as other problems. The problems of how to take 8 billion people – because there's no way we can separate ourselves from the rest of the world. We can be an example to the rest of the world, and I think it behooves us since we have had all this good fortune in this country and we do have a pretty good system.

I don't think you get very far by lecturing the world on how you're the one that should tell them what they should do with their lives. I think you get a certain amount of resentment when, just a few hundred years ago, a whole different group of countries were running the world, and now you start giving them advice. I think it's a real mistake in communication or persuasion to lecture a bunch of people when you've just won the game.

I would advise Ben to figure out how to win the game and keep a certain amount of humility at the same time. And I would tell him to try and design a system that doesn't invent too many things that can destroy the planet – that become uncontrollable once you get them out there.

There was no alternative to us developing the atom bomb, but the expansion of the number of people that have the ability from one to eight, and nine probably pretty soon with Iran that's a mistake that society just could not afford to make. Solving the problem with nine variables instead of simply one.

It's totally understandable – my dad was in Congress when the atom bomb was first used. It's amazing how Sam Rayburn kept the House of Representatives uninformed because they were supposed to appropriate all the money. They had 435 congressmen there and they had no idea they were appropriating money for Los Alamos or what was going on in Chicago or Tennessee.

We do have a society that is far beyond anything that Ben Franklin dreamt of. It's moving in the right direction toward solving some problems where we made broad declarations about all men being created equal, etc. Then we did some of the things we did, but generally speaking we moved in the right direction.

But we face problems – I don't know how Ben Franklin would attack the problem of what you do once you get weapons of mass destruction in many hands, and when you essentially look at the world as something where there are winners and losers, and the winners humiliate the losers and do all kinds of things.

I'll let the people who are a lot younger figure out the answers on that. But it's still the most wonderful – there's never been anything you could dream like what has happened in the United States. So it's the best place and the best time to be alive by miles in the street.

Just think of a couple hundred years ago and somebody yanking out a few of your teeth and pouring whiskey down you. The subsistence, and particularly in this Midwest – just imagine waiting till the Missouri froze over every year just to see whether you can get your wagon across, and maybe having a pregnant woman in the back. It's just amazing what has happened of a positive nature during my lifetime.

The question is how do you keep it and how do you improve it? I do think that fundamental to all of it is having a currency that does not get debased. What that does to the stability of a society where all the people that trust their government get screwed and all the people that figure out ways to profit off of it become rich or richer – I don't think you want a society that operates in that manner.

Becky Quick: This question is for you, Greg. It comes from a shareholder named Jay Milroy, who writes, "Mr. Buffett has a hands-off approach to managing the operating subsidiaries. How would you describe your approach?"

Greg Abel: Well, we've got our managers over there and I would say going back to 2018, it's been very fortunate to be in this role because one, I had to learn a lot of the businesses and there's no question as Warren bought the businesses, he had that general knowledge.

I absolutely had to engage with each of them and they've been great in sharing their business models, their approach, their thoughts around where the risks and opportunities are. And I think as we went through that there's no question I had questions and wanted to engage with them. Warren talks about curiosity being important as you go through things.

That would be my style to have questions and comments around their business, their frameworks. At the same time, they have great businesses and they run them very autonomously and that remains in place. But if there's opportunities to see where maybe I've seen something in another business or an opportunity I may see in their industry, we're going to discuss it and see if that's something we should pursue or if we are properly addressing the risk.

And I found all our managers to be absolutely engaging on that and want to have those dialogues. And I'd say that's a reflection of my approach. I'd also say that when you think of our managers, again, very autonomous. They run their businesses. They know it better than I ever will.

But if I see an opportunity that it's well worth their time to talk to another one of our managers, if it's Geico and they've gone through a technology transformation, they're not by themselves that need to be thinking that way. We want to make sure the right folks are talking and figuring out how we can benefit from the prior experiences.

So, I would say more active but hopefully in a very positive way, and we've got an exceptional group. So, it's worked out exceptionally well as I've gone through that period of time.

Warren Buffett: It's working way better with Greg than with me because I just didn't want to work as hard as he worked and I could get away with it because we've got a basically good business, very good business and I wasn't in danger of you firing me by virtue of both ownership and the fact that we would do pretty well.

But the fact that you can do pretty well doesn't mean you couldn't do better. And Greg can do better at many things. Many people want to be managed, need help in being managed. Some don't. Some you just leave alone.

We've had managers it would have been crazy to start giving instructions to because they just quit. And I wouldn't blame them because I'd be the same type myself. But a lot of people really do welcome direction and help, particularly when they're getting it from somebody like Greg that really lives the life himself and doesn't just come down from on high and say "here's what you do" while I do something else. A manager that behaves differently than what he's asking the people beneath them to behave – it just doesn't work over time.

And people want a manager that they admire and they're not going to admire them if those people profess to behave in one manner and behave in another manner. It's easier – this is a sad thing, but it's easier for an organization to see its quality move downward than it is upward.

I mean, if the boss behaves badly, it causes everybody to behave badly. That is really catching. It's not as catching on the way up in upper management. But if the manager is doing a lot of little things to grease his own situation, pretty soon, let's say you're running a retail establishment, pretty soon all the employees or a lot of the employees are telling their friends that they get a discount with the retail operation and if they want something they'll put it on their account and then get the discount.

Once you start deviating downward, it is really contagious and it is hard to rebuild. So, you really need someone that behaves well on top and is not playing games for their own benefit. And we get a lot of managers that bend over backwards not to do that sort of thing. And then we get a few that bend over forwards. And if you get enough companies, you're going to get a lot of different forms of behavior, and Greg does something about it and I've generally been lax in doing something about it, but he's done a way better job at that than I have.

Audience Member (Zone 4): Hello, Mr. Buffett and Mr. Abel. My name is Kansas Lomire. I am a junior at Elkhorn South High School and was born and raised in Omaha. My question is directed to Greg Abel.

Berkshire Hathaway is the second largest utility provider in the United States and a 2025 Reuters investigation found that its coal fleet is the dirtiest in the nation. There is currently no concrete plan to retire coal and fully transition to renewable energy. I'm 17 years old. Considering that, what do you have to say to young people like me who will live with the consequences of climate change caused by companies like Berkshire?

Greg Abel: Thank you for both your question and your comments because it is important to understand Berkshire Hathaway Energy but also how they operate. Maybe using Iowa as a starting example because I think that was one of the states cited in the report.

One of the important things that I'd say early in us acquiring our energy companies – I go back to when we acquired Mid American in 1999, Berkshire purchased Mid-American in 2000. One thing that became very clear to myself and our teams was that what we do within our utilities is really driven in two fronts. One, we absolutely have to meet the requirements and the law that's laid out federally, but most importantly, we had to recognize we implement public policy across these states.

And that was an interesting conversation when I go back to Iowa. Again, the report cited that as a significant problem. It was early in the 2000s when for the first time in Iowa we were going to as a utility be short of power. So, we didn't have the energy and we entered into a significant discussion with our governor at the time and really sat down and said, "Where do

you want us to go as Mid-American and what resources do you want as a state?"

At that time, we were predominantly a coal based state. We recognize that obviously and fundamentally personally viewed it as a risk, but we needed to have that conversation with our state as to how we would manage that going forward. The interesting thing was that as we had that conversation in the early 2000s again with the leadership of our state, it was clearly decided we wanted to continue to be long power, i.e. not be short for our customers.

We discussed the type of resource and I remember a very clear conversation around we wanted to stay balanced across a variety of energy sources. At that time it was really coal and natural gas, and at that time we made the decision to build the largest wind project in the US in Iowa.

So we undertook an effort to build three resources, a coal plant, a gas plant, and what was the first wind project we owned in Mid-American. Again, it was very consistent with what the state wanted. But we also laid some important groundwork there because we started to define the importance of renewable energy, non-carbon resources, but it has to be consistent with what the state wanted.

And we've gone on over the since that period of time to deploy \$16 billion into Iowa associated with renewable energy. Again, very consistent with what our state wanted us to do, i.e. the underlying policy. We don't get to make that decision and just spend 16 billion. It's done in conjunction with our governors, our legislators, our regulators.

And at the same time, we've had the opportunity to retire five of the 10 coal units. Now, as the report highlighted, I understand people would like those other five coal units retired at this time, but to think we deployed 16 billion to retire five and it's a very good outcome for our customers.

We've been able to maintain our rates. They're some of the lowest in the country. So, it's been done very efficiently. But the reality is we still need those five coal units to keep the system stable. We cannot have a Spain Portugal situation.

So we absolutely respect the input. We absolutely respect the process and will continue to work with each of our states to identify the path they would like to chart and we work hard to ensure there's good balanced outcomes because we recognize the challenges associated with others' desires. So, I think you'll continue to see our utilities implement policy consistent with the needs of their stakeholders, their customers, and at the same time always respecting what's required by any of the federal standards.

Becky Quick: This question comes from Billy D. Ross. He writes, "Mr. Buffett, as a nurse from New York State, I've spent years struggling to secure good health insurance for myself, even while working on the front lines to save lives. In New York, accessing insurance means navigating a confusing state-run system that feels like it's designed to overwhelm."

"I'm curious what ultimately led to the end of your healthcare venture with JP Morgan and Amazon and given your commitment to value and long-term thinking, would you ever consider taking another look at health insurance reform in the US?"

Warren Buffett: We're spending close – it's hard to get the precise figure, but close to 20% of GDP on health. And if you go back to 1960, there were a number of countries that were each spending around 5%. And then the lines began to diverge dramatically. But the mathematical fact that there are only 100 percentage points in the equation didn't change.

So we tried that experiment with JP Morgan and Amazon and we had three people that didn't think they knew the answer, but thought that in my case I use the term that it was a tapeworm in the economy. We also found out that the tapeworm was alive in every part of the country. I mean the hospitals liked it. The hospitals had prominent people working with people. People generally like their doctor, didn't like the system. I mean all kinds of things, but in the end, JP Morgan and Amazon and Berkshire were not going to have any effect on changing that 20%.

Now that 20% – there are only 100 percentage points available and other countries spend six or 7% and perhaps use our system to their advantage which is also very true. That is an enormous percentage of an economy and we simply – it was too entrenched to really do much in the way of change.

And we spent some money on it and we did some work and we learned a good bit about our own systems and we saw the degree to which the present system was ingrained in so many people's lives, whether the health care providers or whether everybody. And these aren't evil people. I mean, they're just going about something and trying to save lives.

But we found that whether it was in Canada or France or Britain or wherever it might be, that if you looked at our costs that they were just far higher and to some extent we were subsidizing the rest of the world. And people would come to the United States to do the really unusual or challenging aspects of health in terms of operations and that sort of thing.

But we made no progress and there comes a point where the government – and I mean it's so involved in the situation and health is so important to most to everybody, and we couldn't – as I said to Jamie and Jeff, I said well the tapeworm won.

There are problems of society when you get 20% of your GDP going into a given industry, the degree of enthusiasm for changing that industry, the political power that the industry will have, and that doesn't mean they're evil. It's just everybody – they just end up there.

So I don't know – we came to the conclusion we didn't know the answer, the three of us, and we had the money to do it and we didn't know how to change how 330 million people felt about their doctor, felt about our healthcare, what they felt entitled to.

It won't change by itself and government is the only one that can change it and the only people in government that can change it are getting majority of 435 people and 100 people. And my dad lost one election in his life in 1948 and he was a very strong Republican and in 1950 he went back and beat the guy that beat him in 1948 and he got the doctors behind him. And they believe 100% in what they're doing. They're helping people every day.

And during the pandemic, the sacrifices made by people to save other people – just incredible. Can you imagine working in something where they're bringing in people that are going to die by the dozens and dozens and dozens and you try to somehow keep your own morale up and keep working with them. So, you can't argue about the importance of it.

But our costs are so different than any country in the world that it's a huge element and we're a very rich country. So we can do things other countries can't do. And through our elected representatives and a whole variety of things over time, we've developed a system that is enormously resistant to any kind of major change and it's important in every community that it's in.

So, I wish we had an answer for you, but I was somewhat pessimistic going in and I was a little more pessimistic when we came out. But I'm glad we did what we did and we learned something about our own failings in the process. So, Berkshire in effect got its money's worth, but we didn't kill the tapeworm.

Trying to change things in government is an interesting proposition in the country because you get self-selection in terms of the people that go into government and continue in it. And to some extent they keep having to make decisions that they don't like as they go along, and they learn to accept them or rationalize them or whatever it may be.

But it's still – this country's worked out better than any country in the world. So you can't argue it was a failure, but you can't argue that there are certain problems that are terribly tough to figure out ways to solve. And of course, one of them gets back to the fiscal problem I mentioned before because it's easy to spend money and it's hard to cut people's receipts.

And if you get elected, you're going to say to yourself, well, I can do more good if I stay, and then if I really vote my conscience on this sort of thing. So, you give away a little bit here and a little bit there and a little bit there and finally you don't recognize yourself in the mirror anymore. And that's – I grew up in a political family, but I watched how people behaved and they behave like human beings which is what you have to expect and I behave like human beings.

We still manage to keep moving forward in dramatic way. It's so much better to live here than it was 100 years ago or 200 years ago. It's dramatic. So you can't say the system's a failure, but you can say that it is very difficult to make major changes in it.

Audience Member (Zone 5): Hi Warren Greg. My name is Pig Huang Chen. I'm from Taiwan. This is my seventh time here. First of all, I want to thank you Warren for your generosity of sharing your wisdom and lesson. You changed my life and you are my role model and my hero. And my question is, Warren, you mentioned that Greg will be in charge of capital allocation in the future and I'd like to know your perspective on is it easier for business operator to be an investor or for investor to be a business operator. Thank you.

Warren Buffett: No, that's a good question. I see we call him Greg even. Thank you. And I'll – you'll take it and it's a lot tougher to be an operator. I mean it is. It's easier to sit in a room like I do and play around with money. It's just an easier life. That doesn't mean it's a more admirable life. It doesn't, but it's actually been a pleasant life for me. So, I don't complain in the least.

And I've been able to choose my friends, which has made an enormous difference in my life. I've never had to work for anybody that I really didn't admire. I mean, that's a luxury in life. I had five different people I worked for and they were fantastic, whether it was the manager of the local Penneys which used to be located a couple miles from here, and newspaper managers, everything. I have never been really disappointed by any teacher I've had.

But I have to admit that I've been able to choose what I do with my day to an extraordinary degree compared to being a business operator. And in many cases, I wouldn't like to compete to be a top-notch business operator in terms of some of the behavior that might be forced upon me.

I am the master. I mean, I've found myself in this position where I can run the kind of company I want to run and that's an extraordinary luxury.

Warren Buffett: I have a five-minute warning, so I would like to turn to a subject that I want to discuss with you for a few minutes.

Tomorrow we're having a board meeting of Berkshire and we have 11 directors. Two of the directors who are my children, Howie and Susie, know of what I'm going to talk about. The rest of them – this will come as news to them.

I think the time has arrived where Greg should become the chief executive officer of the company at year-end. I want to spring that on the directors effectively and then give that as my recommendation. Let them have the time to think about what questions or what structures or anything that they want, and then the meeting following that, which will come in a few months, we'll take action on whatever the view is of the 11 directors. I think they'll be unanimously in favor of it.

That would mean that at year-end Greg would be the chief executive officer of Berkshire. I would still hang around and could conceivably be useful in a few cases. But the final word would be what Greg said, in operations, in capital deployment, whatever it might be.

I could be helpful, I believe, in certain respects if we ran into periods of great opportunity or anything. I think that Berkshire has a special reputation that when there are times of trouble for the government, we are an asset and not a liability, which is very hard to have because usually the public and government get very negative on business if there's a time like that.

But Greg would have the tickets. Whether it's acquisitions – I think the board would be more welcome to giving him more authority on large acquisitions probably if they knew I was around. But Greg would be the chief executive, period.

The plan is – and Greg doesn't know anything about this until what he's hearing right now – that the board will be able to ask me questions tomorrow about more of the specifics of what they should be thinking about. They'll digest it, and then at the next board meeting after that, if they act, then obviously we have something to announce to the world as a material change and we'll go forward with that operation.

I will play with the ouija board or whatever comes out in terms of doing things. But I have no intention, zero, of selling one share of Berkshire Hathaway – it will get given away.

I would add this – the decision to keep every share is an economic decision because I think the prospects of Berkshire will be better under Greg's management than mine. There may come a time when we get a chance to invest a lot of money, and if that time comes, I think it may be helpful with the Board that they know I've got all my money in the company and I think it's smart. And I've seen what Greg has done. So that's the news hook for the day. And thanks for coming.

The enthusiasm shown by the audience's response can be interpreted in two ways. But I'll take it as positive. Thank you.