

# 2025 Berkshire Hathaway Inc. Annual Meeting

Question and Answer with Warren Buffett, Greg Abel,  
and Ajit Jain

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The insights of Warren Buffett and, in prior years, the late Charles Munger, at the Berkshire Hathaway shareholders' meeting are a delightful way to learn about business and investing generally and Berkshire Hathaway Inc., specifically. Rather than a transcript, these are my edited notes, commentary, and occasional clarification of comments at the meeting. They are a glimpse of the meeting through the eyes of a longtime follower and admirer of Buffett and Berkshire. For specific references or further study, video of the meeting can be found online along with Berkshire's financial filings and Buffett's letters to shareholders.

Buffett, age 94, is the legendary investor and longtime Chairman and CEO of Berkshire Hathaway, the 8th most valuable company in the United States and the 10th largest employer with almost 400,000 employees.<sup>1</sup> Buffett gained control of Berkshire Hathaway sixty years ago in 1965 and subsequently transitioned it from a small, barely profitable textile mill to a large insurance, industrial and service-industry conglomerate, compounding Berkshire's market value per share at almost 20% annualized, about twice the rate of return on American stocks since then.<sup>2</sup> Buffett was joined by Greg Abel and Ajit Jain, both Vice-Chairmen of Berkshire. Abel leads Berkshire's non-insurance operations and is Buffett's designated successor as CEO. Jain leads Berkshire's insurance operations.

The big takeaway from the 2025 meeting, which came at the end of the meeting, is the announcement that Buffett will step down as CEO at the end of 2025 in favor of Greg Abel. Abel has a strong record as a business leader and capital allocator at Berkshire and has been the acknowledged successor to Buffett for several years. There

was limited discussion of the announcement. Buffett said that only he and his children knew this announcement was coming, but he wanted to make it in time for the directors of Berkshire to consider it before the next day's board meeting. With the board's approval, the final business decisions will be Abel's as CEO though Buffett will remain as Chairman of Berkshire and would hope to be helpful in certain situations. Buffett said he has no intention to sell any Berkshire stock but will continue to give it away gradually. He added that his decision to keep Berkshire stock is economic as he thinks Berkshire's prospects are better under Abel than himself. Buffett remains sharp though says he is aging faster than before. In my view, Abel is aptly named and at 63, he will bring energy as well as great experience to the CEO role. With that energy, Abel may be more active in operating discussions with Berkshire's many and varied businesses.

As usual, Buffett opened the meeting by introducing the board of directors of Berkshire. He singled out director Ron Olson for praise and thanks. Olson is retiring after 28 years of service to Berkshire and a long association with Charlie Munger before that. Buffett also singled out Tim Cook, the CEO of Apple who was attending the meeting. Buffett said only Steve Jobs could have created Apple, but only Tim Cook could have developed Apple like it is. He thanked Melissa Shapiro for planning the annual meeting and Carrie Sova for creating both the 50th anniversary and this year's 60th anniversary book on Berkshire since Buffett took control of it.

Buffett then opened the meeting to questions to either himself, Greg Abel and Ajit Jain which alternated between shareholder questions filtered by CNBC journalist Becky Quick and questions directly from the audience. The transcript of this Q&A session runs to over 50 pages. This summary tries to be succinct while capturing the spirit of the event. It does not distinguish between rephrasing or verbatim use of speakers' words. With minds and experience like that represented on the stage, sometimes answering a shareholder's question is just the starting point to a wonderful bit of wisdom.

<sup>1</sup>Source: <https://companiesmarketcap.com/usa/largest-american-companies-by-number-of-employees/>. As of 0814/2025.

<sup>2</sup>Source: Berkshire Hathaway Inc. 2024 Annual Report: <https://www.berkshirehathaway.com/2024ar/2024ar.pdf>

Question and Answer Session Highlights:

**Q1: Buffett recently called tariffs an economic act of war, has his view on international trade, trade barriers and trade deficits changed since his 2003 Fortune article proposing import/export certificates? Are trade certificates distinct from tariffs?**

Buffett replied that the certificates were distinct with a goal to balance imports against exports so that the trade deficit would not grow enormously. They were designed to balance trade and help less-developed countries catch up a bit. Balanced trade is good for the world and the more trade the better. Countries should do what they do best, make what they are best at, cocoa in Ghana and coffee in Colombia, for example. The U.S. started as a very agricultural economy and is now very industrial. The trouble with greater and greater trade deficits is we build up debts against our country. Buffett said that Charlie Munger thought his proposal was gimmicky, but Buffett thinks it is better than what's being talked about now.

There's no question that trade can be an act of war – it shouldn't be a weapon. It's a mistake in Buffett's view for 300 million people to crow about their successes and invite the envy of the other 7.5 billion in the world. It won't be at U.S. expense if the rest of the world becomes more prosperous. The U.S. will grow in prosperity too and we'll all be safer. Buffett's trade certificate idea went nowhere – he doesn't expect it to rank with Adam Smith's Wealth of Nations.

**Q2: Berkshire's investment in Japan has been very successful. Should the Bank of Japan proceed with an interest rate hike given its effect on currency?**

Buffett responded that Japan should determine its best course so far as economic and monetary policy. He explained that Berkshire's investment in Japan goes back six years when he was looking through a handbook on Japanese securities and saw these five trading companies selling for ridiculously low prices and spent about a year acquiring a large position in the stocks. As he and Greg Abel got to know the people there, they liked the investment more and more, so have requested permission to own more than 10% of the outstanding shares in these companies. Berkshire has in the range of \$20 billion invested in the 5 companies but would love for it to be larger. The investment has a 50-year horizon. On searching broadly to find the investment, Buffett said turning every page is an important ingredient to bring to the investment field. Very few people turn every page and the ones that do aren't going to tell you what they're finding, so you must do it yourself.

**Q3: Berkshire holds over \$300 billion in U.S. Treasury bills, about**

**5% of the U.S. T-bill market, and representing an historic high of 27% of Berkshire's total assets compared to an average 13% over the last 25 years. Why is that?**

Buffett replied that Berkshire came close to investing \$10 billion recently and would invest \$100 billion if the right opportunity came along – something they understand, that makes sense, that offers good value, and with no worry about losing. In the investment business, good opportunities don't come along in an orderly fashion. Buffett has seen something like 16,000 trading days over his long investment career. It would be nice if every day he got three or four attractive opportunities but that's not how it works. The long-term trend of stocks is up, so it's not improper for passive investors to invest on a regular basis. However, Berkshire is opportunistic with its investments and thinks it will do better waiting for its desired pitch. [Buffett often uses the analogy of a baseball batter waiting for the right pitch in discussing investing.] Very occasionally things get extraordinarily attractive in markets. It would be a lot of fun investing that cash if that were to happen tomorrow, though that's unlikely, but the longer you look out, the more likely it becomes.

**Q4: Why not invest in real estate instead of stocks?**

Buffett explained that it is much harder to negotiate and close a transaction in real estate than in the stock market. Large amounts of real estate have changed hands at bargain prices at times, but stocks were cheaper and much easier to execute. With stocks, billions of dollars of businesses trade quickly and are settled the next day. In real estate, making a deal is just the start of a long closing process with many opportunities for a deal to go awry. Berkshire did a few real estate deals in 2008 and 2009, but it was far easier to do something intelligent and likely better in securities than in real estate.

**Q5: How might advancements in Artificial Intelligence affect the insurance industry's ability to assess, price, and transfer risk.**

Ajit Jain answered that AI would be a game changer generally and will change the way Berkshire evaluates, prices, and sells risk as well as how it pays claims. That said, people will spend enormous sums to chase the next fashionable things. Berkshire isn't great at being the first mover. Their approach is to wait for the opportunity to crystalize some to develop a better view of the risk of failure, upside, and downside. The individual insurance operations are experimenting in Artificial Intelligence (AI) to figure out how to use it but haven't made a large investment in the opportunity yet. Should the opportunity develop, Berkshire can jump in quickly. Buffett added that if you gave him the choice of having the top AI model by whoever is developing it or Ajit Jain to invest \$100 billion in insurance, he would take Ajit every time.

**Q6: Are investors being too pessimistic in questioning the idea of American exceptionalism – the developmental tailwind and resilience – that America has shown in the past?**

Buffett answered that America has been in significant and revolutionary change from the start. The Declaration of Independence said all men are created equal, but it took time and struggle to deliver that. Women didn't get the vote until the 19th amendment in 1920. The U.S. started as an agricultural society and is far from that today. We're always in the process of change. We'll always find things to criticize in the country. But the luckiest day of Buffett's life was the day he was born in the United States. The U.S. is still the place he would want to do it again. So, he wouldn't get discouraged about unsolved problems or new ones coming along.

**Q7: Buffett talks about the importance of being patient in his investment principles. Has he ever benefitted from breaking that principle and acting fast?**

Buffett offered that Berkshire has made a lot of money at times by being willing and able to act faster than anyone else. He told an amusing story of being able to buy a business for \$6 million that had \$2 million in cash, \$2 million in real estate and that was making \$2 million pretax a year by acting quickly. He said it's a combination of being patient in finding deals that make sense, but when that opportunity comes, you need a willingness to act that afternoon. Greg Abel added that a large part of being patient is the reading and studying to be prepared to act when the opportunity comes. Deal opportunities don't come in an even flow. You must be able to say yes or no quickly.

Buffett added you can't be filled with self-doubt in this business. He said that one of the great pleasures in his business experience is having people trust him. Buffett and Munger both, going back to their investment partnership days, enjoyed the trust of individuals as partners. That's one of the things that kept them going in their 90s when they had all the money that anyone could count. Buffett never had an institution or sought professional investors among his partners. He preferred individuals who trusted him and his judgment without needing an update presentation every three months.

**Q8: Could you provide an update on the actions at GEICO under Todd Combs' leadership that led to the improved business performance?**

Jain said Todd Combs has done a great job in turning around GEICO's operations. There were two issues that GEICO had fallen behind competitors on: 1) matching insurance rate to the risk

assumed and 2) telematics which provides the driving characteristics on each vehicle. GEICO has made great strides in both areas in the last five or six years which have coupled with work force reductions and cost cutting that are saving \$2 billion per year. Todd has achieved a lot, but there is more to do in technology to be in a state of readiness so far as Artificial Intelligence.

Buffett added that what is so interesting about the game of business is that Berkshire's businesses are each a little different. They all have challenges of some sorts but there are opportunities as well. Berkshire paid \$50 million for what turned out to be half of GEICO in 1976. GEICO earned \$2 billion in the first quarter of 2025 and provides \$29 billion in insurance float (funds it can invest). GEICO is a fascinating business story. It was founded in 1936 on the idea it could offer lower rates to government employees as they were likely safer drivers. It's more sophisticated today but offers a similar product as then. About three times over its history GEICO has gotten sidetracked, but then it gets back to basics and it's a wonderful business. [Berkshire bought what became the first 50% of GEICO when it was sidetracked in the 1970s.]

Buffett told the story of meeting Lorimer Davidson of GEICO on a Saturday in 1950 and Davidson explaining the business to him. Meeting Davidson was a huge break for Buffett that he treasures. He mentioned others like Tom Murphy, Sandy Gottesman, Walter Scott, and Bill Scott in that category. Berkshire has made lifelong assets out of people that are the right sort with incredible talent but that are also fun to work with and do more than their share. Buffett said this comes under the category of turning every page. Some people you'll want to turn the page on quickly but when you get lucky in life with others, you want to take advantage of your good fortune.

**Q9: Earlier you said only Steve Jobs could have created Apple, but only Tim Cook could have developed it like he has. That's true of Buffett and Berkshire as well, and I assume Greg Abel is an outlier among outliers, but could you be more specific about what makes him your preferred successor?**

Buffett answered that Berkshire has a wonderful group of businesses and an ability to do things that no one else can do. That's a hard place to get to in a capitalistic system that's well developed like the United States. Berkshire has the people, the capital position, the history, and everything else. How do you get to that position? The answer is it takes a long time and a lot of people where you've got mutual trust and where people do more than their share.

Berkshire is an environment where people do the extra things, where they are great to work with, and that's the kind of place you want to be. Buffett told the story of Glenn Miller in the Glenn Miller Movie and how Miller had to find his sound and when he did, Chattanooga

Choo-Choo became the first gold record. Buffett told his kids each person must find their own sound. They may not find it in their first job but keep looking. Be careful who you associate with as you take on the habits of those around you. Some things you just shouldn't do.

Berkshire is in a great place and time. In handing Berkshire over to Greg Abel, you can't even dream all the dreams you could have. You always must be sure you can play the next day. Berkshire is rich and you only have to get rich once, so don't do anything to risk what's already been created. If stupid things are happening around you, don't participate. If others are making more money because they are leveraged or speculating in junk, just forget it. Asked if he had anything to add or subtract to that, Abel said nothing to subtract. He is more humbled than honored to be in this role and to have been part of Berkshire for 25 years to work with Buffett, Jain and the board and many other people in the company. Berkshire is so special you fall in love with it and it's what you want to do every day. An incredible opportunity.

**Q10: Does Berkshire take steps to limit the risk of currency depreciation, and foreign currency risk on quarterly and annual earnings? Berkshire's Japanese equity investments are funded by borrowing in Japanese Yen, would Berkshire make foreign investments that are unhedged for currency changes?**

Buffett answered that he's always concerned with money, in any currency, losing its value, but not so much with hedging its impact on quarterly earnings. He thinks it's a mistake to try to manage quarterly or annual earnings in any way because managers quickly get tempted to play around with the numbers when they do that. If you'll play with the numbers a little, then you'll eventually play with them a lot.

The natural course of government, any government, is to make the currency worth less over time [worthless in the extreme]. Fiscal policy in the U.S. scares Buffett because of how it is done, and the motivations of politicians can cause trouble over time. This concern isn't limited to the U.S. Since World War II, the list of great inflations is long with some countries as repeat offenders, so the potential for devaluation of currency is scary. Berkshire doesn't have a great system for beating that.

In terms of the investment in Japan, Berkshire expects to invest there for 50 or 100 years, so issuing low-cost Japanese Yen-denominated liabilities makes sense, but it isn't anything Berkshire cares about in terms of quarterly or annual earnings. Berkshire made several billion dollars on foreign currency investments some years ago, so it's conceivable to do that again. It's unlikely, but things could develop that would make them want to own a lot of

foreign currencies. Or if Berkshire made some very large European investment, it might fund some of it with debt denominated in the European currency. In the case of Japan, it was sort of obvious to do given the low cost of carry. Abel added that Berkshire is very comfortable with the long-term investment in the Japanese companies and the funding was a nice incremental opportunity.

A subsequent questioner asked what advice Buffett would give to a developing country like Mongolia. Buffett replied that the government should develop a reputation for having a sound currency and being business friendly. He doesn't want to invest anywhere there is a significant risk of runaway inflation. The combination of being business friendly and currency conscious bodes well for a country.

**Q11: Are private equity firms like Apollo, Blackstone, and KKR moving into the insurance industry a challenge for Berkshire's insurance business or a risk to the broader financial system?**

Ajit Jain explained that private equity firms are very active on the life side of the insurance business and not so much on the property and casualty side. Berkshire used to be active on the life side as well but hasn't done a deal in several years. Jain said that private equity has increased returns on investment portfolios by moving conservative credit investments into higher risk assets. All is fine while the economy is doing well, and credit spreads remain low. There is danger on the other side of this or if insurance regulators object. Berkshire hasn't liked the risk reward of these situations and is not competing in the life segment now.

Buffett added that the private equity folks likely have a different fiduciary feeling about what they are doing than he does. People want to copy the Berkshire model, but don't want to copy the CEO having all his money in the company forever. If it doesn't work for them, they move on to something else. However, Buffett has his fortune and reputation entirely invested in Berkshire, so he doesn't want to spend the end of his life regretting what he's created.

**Q12: A variety of questioners, primarily young people, sought life advice from Buffett. How to succeed in life, how to invest, what to study, how to deal with adversity?**

Buffett said your life will progress in the general direction of the people you associate with. Don't expect to get all those decisions right. Hang out with people that are better than you are because you are going to move in the direction of the people you spend your time with. Try to associate with smart people you can learn from, people who do more than their share and don't seek more than their share of the credit. You don't want to associate with people or enterprises that ask you to do things that you shouldn't. Different professions

select different types of people. If someone is helpful to you, you want to figure how to be helpful to them. You can't miss if you learn all the time, but it's not just business, you want to learn how to be successful in life. A happy person is going to live longer than somebody doing things they don't really admire.

To a teenager who asked how to become a part of Berkshire in the future, Greg Abel agreed that the young man's father was on to something in telling him to work hard. A good work ethic and an attitude that you want to contribute can take one a long way in life. If you work hard, you'll find things you love in life and learn. Stay curious and read a lot as Charlie Munger would say.

When a high school student asked what classes or activities were important in his development as an investor, Buffett replied that teachers can make an incredible impression on you. There are formal and informal teachers as you go through life. What you hope to find are those that are well intentioned and have a lot of experience and knowledge to share. Buffett's father was in the investment business, so hanging out with him sparked an interest. Then he discovered the public library and read every book on investments.

Buffett said he and Munger were a lot alike, if they were interested in something they dove deeply into it. Munger would want to know how something worked, and Buffett was only interested that it worked. Buffett called that his shortcoming. At high school and the three different colleges, he remembers two or three teachers at each that really interested him. Some of them took Buffett under their wings. Teachers love having a young student who is really interested in their subject. He joked that it helped to look a little lost and like maybe you needed the help. You have to have a fascination for what you're doing and a bit of a talent. There are plenty of things he could have spent 10,000 hours on with no progress at all – he cited tap dancing – but reading Benjamin Graham for 10 hours was really beneficial. Each person has to find their own path.

Buffett offered that he learned a lot early in his career from talking to multiple companies in an industry to learn about it, especially if he could get them talking about the other companies in the industry. He'd ask which company in an industry, other than their own, they'd want to invest in and why, and then which to avoid. That approach is harder to do today because investor relations departments see their sole job as promoting their own company. Berkshire doesn't play the investor relations game but if you study Berkshire's material, you can learn quite a lot about Berkshire.

**Q13: Did the investment market volatility from February to early April, with the market down 19% from its high, present any opportunities for Berkshire?**

Buffett scoffed at the idea that the recent decline was anything at all. He explained that Berkshire stock has declined 50% in a short period three different times in his 60 years since taking control. Nothing was fundamentally wrong at the company any time, so the recent investment market moves aren't huge in comparison. Buffett reached back to the market crash of 1929 to emphasize this point. The Dow Jones average hit a high of 381 in September of 1929. By the time Buffett was born in August of 1930, the Dow had dropped 37% in eleven months to \$240, and it still had another 82% to go to reach its bottom at \$42. When stocks go up 15% instead of down 15%, people handle that with amazing grace. If it makes a difference to you whether stocks are up or down 15%, you may need a different investment approach because the world is not going to adapt to you. Sometime in the next 20 years you'll likely see something that would make your hair curl. That happens in markets sometimes. Mistakes and surprises happen and the more sophisticated the system gets, the more the surprises come out nowhere. That's part of what makes the markets a good place if you have the right temperament, but a terrible place if you get excited by markets that go up and frightened by markets that go down.

**Q14: How will autonomous driving change the automobile insurance business for GEICO?**

Ajit Jain answered that insurance for automobiles is going to change dramatically once self-driving cars become reality. Most insurance sold and bought today revolves around the frequency and severity of operator errors. To the extent that self-driving is safer, there will be less need for that, though demand for product liability for production errors and omissions in making autos may grow. Berkshire's insurance businesses will look at that.

Buffett added that they expect big change in all of their businesses. There wouldn't be a Berkshire today if Buffett had settled for just being in textiles, Berkshire's original business, despite that working well for 70 years prior to that. The game of business and investing wouldn't be interesting if it was too easy. It's interesting in auto insurance how little the game has changed, but it's only been around for 100 years. The U.S. has changed remarkably in a couple hundred years and who could've predicted that – it's a dynamic world. We live so much better and differently than before. We have this wonderful world, but mankind now has the power to destroy it all. We know there are eight countries and probably a ninth coming along with atomic bombs and we don't necessarily have perfect people leading each one of those. Berkshire will see changes in auto insurance business that will be important, but those will be easier to deal with than the problems of turning out textiles in New England.

Jain added that the number of accidents is likely to decline with self-driving cars, but the cost to repair may go up significantly. How these

variables interact is an open issue. [There may also be a mix of vehicles on the road for some time to come.] Buffett cited the cost of an average auto policy was \$50 in 1950 when he first looked at GEICO. It's now about \$2,000. Cars have become incredibly safer since then and the deaths per 100 million miles driven has fallen from 6 in 1950 to about 1, but it costs about 50 times more to buy insurance.

When people talk about new developments in business, it's sometimes easy to talk about the futuristic aspects without really thinking about the math of what happens in the business. It's hard to predict what the big changes mean. You have to keep thinking about them. You don't want to read and act on some research report that says the world is coming to an end in any business, or conversely, that it is going to be wonderful because there are 50 other developments going on at the same time that you need to think about. *Answers don't come with 100% certainty in business [or investing], but you reach points of action. Berkshire tries to get into high probability things they think they can do, but the future will be different than you think. You must keep observing and adapting as you go along.*

### **Prior to taking a mid-morning break, Buffett reviewed the first quarter earnings report Berkshire issued that same morning.**

Buffett noted that insurance underwriting profit was down in the first quarter. Insurance in 2024 had been as good a year as one gets in insurance. Prices are down in 2025, but Berkshire has advantages in insurance that really can't be duplicated elsewhere, though that doesn't mean others aren't trying. Profits at the BNSF railroad were up though the railroad still isn't earning what it ought to earn in comparison to other railroads. Berkshire Energy earnings were up as last year's particular problems are absent in 2025. Other businesses were flat, and investment income was up due to interest on growing cash balances. Berkshire holds more cash than Buffett would like which is a function of being patient for opportunities with balances at \$328 billion versus \$318 billion at year end. Insurance float grew and its cost remains negative which is like a bank being paid to hold someone's deposits. Berkshire had not repurchased any of its shares to date in 2025 implying the stock may not be selling at a clear discount to its worth conservatively calculated, though Buffett also called out the 1% Federal tax on share repurchase amounts as a deterrent which he hoped would not grow.

Prior to starting the second half of the Q&A session, Buffett praised and recommended watching the documentary *Becoming Katherine Graham* on Amazon Prime. Katherine Graham, the long-time CEO of The Washington Post Company, became a close friend of Buffett's when Berkshire invested in the company in the 1970s.

### **Q15: What has Greg Abel learned from working with Buffett and vice-versa?**

Abel answered that Buffett is obviously a great teacher which he benefits from every day. They have great dialogue discussing opportunities within Berkshire and things going on around the world. Each day is a learning experience.

The example that stands out was Abel's first meeting with Buffett when Berkshire was looking to buy MidAmerican Energy (now Berkshire Energy), and the business partners of MidAmerican went in to discuss the business. Buffett focused immediately on the balance sheet and the derivatives, or weapons of mass destruction as Buffett has referred to them, that MidAmerican used in its utility business to help match costs with expenses. Buffett wanted to thoroughly understand the positions and the risks. About 18 months later when there was an electric-energy crisis in the U.S., Buffett followed up to inquire how much money MidAmerican was making during the crisis? The answer was not really any more money because the derivatives were there to support the business rather than to speculate. So that focus on deeply understanding the business he was acquiring and the risks around it stands out.

Buffett commented that he spends more time looking at balance sheets than income statements. There are things that are harder to hide or play games with on the balance sheet than the income statement. He looks at the balance sheet over a decade before he even looks at the income statements. You learn more from balance sheets than most people give credit for. Buffett continued that Charlie Munger was a great example of digging deeply into a subject. Munger was never satisfied with superficial knowledge. *Munger would say that he never wanted to take any position on anything until he could describe the arguments for or against something better than the person who was arguing the other side.*

### **Q16: What are Abel's views on capital allocation, particularly as in 10 years of running Berkshire Abel would be tasked with allocating more capital than Berkshire had allocated in its prior history?**

Abel responded that Berkshire starts in a great place with a great culture and values as defined by Buffett and Munger. He'll maintain Berkshire's culture, reputation, and its fortress balance sheet. The cash that Berkshire holds is a strategic asset that allows it to weather hard times and never be dependent on others. Berkshire's operating businesses produce significant cash flows. He will allocate capital with an understanding of risk to first make sure their businesses are properly capitalized and that capital flows either in or out of businesses as it should. He will look at buying whole companies if the value relative to the risk is right. He can also look at parts of companies as Buffett has. The approach to owning parts of business

is the same, to think about it as a business to be owned for a long period rather than a share certificate to trade and thoroughly understand the prospects and the risks. Really the same as Buffett and team have done for sixty years.

Buffett interjected to encourage Abel to talk about the opportunity to invest hundreds of billions in improving the nation's electric generation and transmission system. Berkshire has know-how in generation and transmission, but the U.S. needs to figure out a system that works for the public and investors for Berkshire to commit capital there. Abel agreed but noted the model around risk and return needed to evolve to deploy that type of capital. Buffett thought the power of the Federal government would be needed as having 48 state systems was impractical to making great progress.

### Q17: How can Berkshire Energy protect itself from liabilities associated with the wildfires in the West?

Buffett commented that it was a mistake when buying PacifiCorp to keep it aggregated rather than breaking it up into separate state entities. Every part of the country needs power, but different areas have different approaches with some leaning toward public-power ownership and others toward private ownership. Abel said the reality is that wildfires happen, and the risk wasn't going away, so Berkshire Energy has to reduce that risk. They start by addressing the assets, how they maintain and operate the assets so as not to cause fires and also hardening the assets to protect them. Utilities have now realized they need to power down during weather events that threaten to create fires. Rather than keeping the lights on, the focus switches to protecting the public and stopping fires from spreading further. That requires planning and educating the public. And working with the state legislatures and regulators to explain that the risks currently encountered are not the risks contemplated in going into the power business. The utilities don't earn the type of return to justify these risks, so some different solutions are needed.

Buffett added that some problems can't be solved and if they can't solve them, they should not be in the business of taking investors' money to tackle things with no solution. Berkshire is not in the business of trying to solve unsolvable problems or doing stupid things with shareholders' money. Doing stupid things with other people's money is one of the problems with government – they don't want to bring that to private enterprise. Abel added that utilities cannot be the insurer of last resort for wildfires in their territories. Buffett stressed the importance of the U.S. developing an intelligent energy policy though that is hard to do with 330 million people arguing their own self-interest.

### Q18: Why did the observed value of Berkshire Energy change so

much between a transaction in 2022 that valued it at \$87 billion and another in 2024 that valued it 45% lower at \$48 billion?

Buffett answered that the value of Berkshire Energy changed considerably between 2022 and 2024 because of what happened in the utility industry with wildfires and liability judgments. A smaller factor was the change in how residential real estate brokerage commissions are determined which affected the realty business that Berkshire Energy owns. Public utility businesses are not as good businesses as they were previously. It's been pretty dramatic, particularly since the utility industry needs the investment, but the events and reactions aren't encouraging investors to invest. Buffett would like to see public utilities do well, but his responsibilities are to Berkshire shareholders.

### Q19: What is the earnings power of Berkshire, and can you comment on any adjustments to it?

Buffett said Berkshire's earnings power was hurt by what had happened in the utility industry in the last few years. There had been no large acquisitions recently to enhance earnings power, but they come along periodically. Market levels and interest rates affect the outlook for that. Berkshire makes its best deals when people are most pessimistic. Buffett is fearful of all kinds of things – walking a tight rope, for example – but financial things don't scare him the way they do other people. If Berkshire stock went down 50% in the next week, he would regard that as a great opportunity. Berkshire's earnings power will grow over time as it retains earnings and deploys capital, but it won't happen in an even way. Everything isn't properly appraised in the investment business. The crazier and more emotional people get, the better the opportunities become.

### Q20: Are technology companies becoming more capital intensive with their investments in Artificial Intelligence?

Buffett explained that it's always better to make money without putting up anything than by having to put up a lot. A business that takes little capital is better than one that takes a lot. He cited Coca-Cola as an example. The syrup concentrate business of Coke takes very little capital and earns very high returns on capital as the denominator is small in the calculation. The bottling and distribution business with all the equipment and trucks it requires needs a lot of capital investment and earns lower returns on capital because the denominator is so much larger. In the property casualty insurance business, Berkshire's largest business, you need capital as a guarantee fund for the promises to pay losses, but you can invest that capital in low intensive businesses, like Berkshire did with Apple. Apple needed very little capital and has used its profits to buy back a lot of stock. The "Magnificent Seven" tech companies (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) are more capital

intensive today than before with the big investments they are making in AI.

A lot of people have gotten rich by figuring out how to get others to put up the capital. The basis of the money management industry is getting an override on other people's capital. Munger and Buffett did that for a while, with the difference that they had their own money invested alongside their partners. Today, people have figured out how to get an override on the capital without putting in much or any of their own capital. That's a good business but it can lead to a lot of abuse.

Buffett asked Abel if things were similar in Canada where he grew up. Abel said the capital system in Canada is very comparable to the U.S. Certain responsibilities [like healthcare] fall to the government in Canada that are privatized in the U.S. but so far as capitalism, the drive and the desire to allocate capital properly is very similar.

Buffett alluded to capitalism as being like a cathedral with a casino attached. The cathedral has the reverence, while the casino, the gambling, excitement, and spectacle. In capitalism, the cathedral produces the goods and services for the populace, and the casino moves money from one pocket to another, including raising the capital for the production/cathedral side. Promoters love the casino side. It's an interesting system that works, though capitalism needs to keep the two sides in balance and not let the promoters take over the casino or the casino dominate the cathedral.

### Q21: Will DOGE (Department of Government Efficiency) be a positive or negative long-term for the U.S.?

Buffett joked "Why don't you give me a hard one," though he avoided the controversies about DOGE's spending cuts. He explained that bureaucracy is prevalent and contagious. Even in our capitalist system, most big corporations look like they could be run better, and government is the ultimate without really any checks on it. That's what is scary about the future of the currency as the government prints money. People get elected by promising things to others. Doesn't mean they aren't sincere, but elected representatives don't tend to say no. The problem of controlling revenue and expenses in government is never really solved and it's dramatically hurt many civilizations. The present budget deficit is unsustainable at 7%. Probably only a 3% gap between revenue and spending is sustainable. It can't go on forever, but you don't know if the trouble is in two years or twenty. It can get uncontrollable at some point. We had very substantial inflation in the 1970s but Paul Volcker kept it from becoming runaway. Runaway inflation is not something we should experiment with. The U.S. has a revenue stream, a capital-producing stream and a brain-producing stream like the world has never seen. But we can screw it all up with the

currency. It's a problem we bring on ourselves. Fixing it needs to happen but it's not a job Buffett wants.

### Q22: Imagine it's 1776 and Buffett is sitting alongside Benjamin Franklin, helping to found a new nation. What economic principles would Buffett recommend for building a fair, resilient, and opportunity-driven capitalist society that supports long-term prosperity for future generations?

Buffett called that an interesting question. He paid tribute to the work of Benjamin Franklin among the U.S. founders saying Franklin grasped every aspect of activity in the country and how the power of compounding would bring success as well as problems. If Buffett had been there at the start, the best thing he could do would be to stay out of Franklin's way. When you come to the problems of today, Buffett thinks about the eight billion people in the world because there is no way to separate ourselves from the rest. The U.S. should serve as an example to the world. The U.S. has had such good fortune and has a pretty good system for others to follow. Setting a good example works better than trying to lecture others on what they should do – that just fuels resentment. Society today is far beyond anything Franklin could have imagined. It has generally moved in the right direction in solving problems and addressing the broad promises of the Declaration of Independence – all being created equal and so forth.

Buffett's advice to Franklin would be to figure out how to win the game but keep a certain amount of humility at the same time. And also try to design a system that doesn't invent too many things that can destroy the planet. We've gone from one to possibly nine countries that have the ability to destroy the planet with atomic bombs. Problems among countries [and people] get harder to solve with bigger numbers and when the winners look to demean the other participants. Human achievement and standards of living have come very far from a couple of hundred years ago. How do we maintain the progress and make the world better? Not debasing the currency because of what that does to economic stability would be important too.

### Q23: How does Greg Abel describe his approach to managing the operating subsidiaries of Berkshire?

Buffett had a one-word answer – better. Abel continued that he's been learning the businesses since 2018, talking to the managers and getting to know the business model. Asking questions and learning things. He's found the managers to be absolutely engaging, and they know their businesses better than he ever will. They run the businesses very autonomously and that remains, but if Abel sees opportunities in one place that should be pursued elsewhere, or risks that need to be considered, he wants to make those connections.

For example, GEICO has a lot of experience now with technology transformation. That experience can be helpful elsewhere. Abel would be more active in a hopefully very positive way.

Buffett said the management group is exceptional, and Buffett could mostly leave it alone to work. But just because it's worked doesn't mean it couldn't work better. And Abel can do it better. Some people want to be managed or need help by being managed. Others don't. A lot of people welcome direction and coming from someone like Abel who lives the life himself will be good. A manager that behaves differently than he is asking the people beneath him to behave doesn't work. People want a manager they admire. You really need someone at the top to set an example and then do something about it if the behavior isn't up to standard.

### Q24: What is Berkshire Energy doing about its coal-powered electric plants which a Reuters report found to be the dirtiest in the country?

Abel addressed this question by explaining the process and parties involved in determining power generation. Berkshire Energy must meet the requirements of federal law and also implement public policy across the states in which it operates. Abel cited the example of Iowa and the \$16 billion invested in renewable energy in the state since 2000. They can't decide on their own how to source the power but must do it in conjunction with the government and regulators in the state. [Regulators control what goes into the rate base and the allowed return on it.] Berkshire Energy has retired 5 coal plants with its renewable investment in Iowa, but it still needs the other 5 coal plants to balance the load, to not be short power that is demanded within the state, and to still have some of the lowest electric rates in the country. He respects the questioner's input as well as the process and will work with each state in the operating territories to identify the paths to chart.

### Q25: Why did Berkshire end its healthcare venture with JP Morgan and Amazon? Would you ever take another look at the U.S healthcare system?

Buffett explained that the U.S. healthcare spending is approaching 20% of GDP. Other countries spend far less, often for more universal coverage. Other countries likely use our spending to their advantage. In 1960, the U.S. and other countries spent only about 5% of GDP on healthcare. Buffett calls the U.S. growth in spending a tapeworm on the economy that is alive in every part of the country. Berkshire and its partners learned some things through the venture that help them individually, but the tapeworm won on the larger picture. The spending is too entrenched and broad for their effort to change the big picture within the economy. It would take government to change the system, so that's 435 representatives in

the House plus 100 in the Senate. It's difficult to get government to change something so large, with so many interests, and that is important in every community. It's easy to spend money but hard to cut people's receipts and politicians want to get reelected. Some problems are just terribly hard to solve. Despite this issue, the U.S. makes progress, and we live so much better than 100 years ago.

### Q26: Buffett has said that Greg Abel will be in charge of capital allocation as well as business operations in the future. Is it easier for a business operator to be an investor or an investor to be a business operator?

Buffett said that it's a lot tougher to be a business operator than a capital allocator. It's easy to sit in a room and play around with money. It doesn't mean it's a more admirable life. Buffett has had the luxury of being his own boss for most of his career. He had 5 different bosses earlier in his life and they were all fantastic, but for most of his career he's been able to choose how to spend his time to an extraordinary degree compared to a business operator. He's been in the position to run the kind of company he wanted to run. At this point, Buffett noted that he was getting the 5-minute warning on the Q&A session and then proceeded to his big announcement.

The meeting concluded with Buffett's announcement of Greg Abel becoming CEO which will begin a new era for Berkshire Hathaway, an exemplar of American business.

### Author's Note

It's been my great pleasure to experience and write about the Berkshire shareholders' meetings since 1986. When I attended my first meeting and wrote up a few pages of notes for clients, I realized the meeting was special but had no idea I'd find it just as interesting, if not more so, 39 years and 40 meetings later. It's been an extraordinary learning experience. Anyone interested in investing, business, or economics would do well to study Berkshire Hathaway and its leaders Warren Buffett and the late Charles Munger. There's also a fair amount of good human wisdom in their words and writings.

I believe Berkshire Hathaway is in good hands with Greg Abel becoming CEO. The shareholders' meeting is likely to continue to be an event among devotees. Hopefully, we will continue to hear and benefit from Warren Buffett as well. The next meeting will occur on Saturday, May 2, 2026, in Omaha, Nebraska.

Hutch Vernon, Senior Advisor  
Brown Advisory  
August 14, 2025

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