

Berkshire Hathaway Annual Meeting

May 3, 2025

(Notes taken by Professor David Kass, Department of Finance, Robert H. Smith School of Business, University of Maryland)

Approximately 40,000 shareholders attended the annual meeting.

Warren Buffett (94) is on the stage with **Greg Abel** (63) and **Ajit Jain** (72)

Buffett mentioned that this was his 60th annual meeting. The previous week he listened to Apple's quarterly call which is the only quarterly call that he listens to. "Tim Cook has made Berkshire a lot more money than I've ever made Berkshire Hathaway."

Questions were submitted by shareholders to **Becky Quick** of CNBC, who alternated with the audience.

Q1. Becky Quick: "Warren in a 2003 Fortune article, you argued for import certificates to limit trade deficits and said the import certificates basically amounted to a tariff, but recently you called tariffs an act of economic war...do you see import certificates as distinct from tariffs?"

Buffett: There's no question that tariffs can be an act of war. 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. My import certificate idea went nowhere. The main thing is that trade should not be a weapon.

Q2. Audience: Will the Bank of Japan's planned rate hike deter you from further investing in the Japanese stock market?

Buffett: It's been six years since our Japanese investments. Five trading companies selling at ridiculously low prices. So, I spent a year acquiring them. 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 is in the process of being relaxed somewhat. In the next 50 years we will not give a thought to selling these positions. Japan's record has been extraordinary. They talk primarily with Greg.

Abel: We have about \$20 billion invested in these companies. I'd rather have \$100 billion than \$20 billion.

Q3. Quick: Berkshire holds over \$300 billion in cash representing 27% of assets compared to the 13% average over the last 25 years. Is this a decision to de-risk in response to high market valuations? Or is it also a deliberate effort to position

Berkshire's balance sheet for a smoother transition to Greg Abel providing him with maximum flexibility and a clean slate for future capital allocation decisions?

Buffett: I wouldn't do anything nearly so noble as to withhold investing myself just so that Greg could look good later on. 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. We would rather have conditions develop where we would have \$50 billion in cash rather than \$335 billion in treasuries. We have made a lot of money by not wanting to be fully invested at all times. Things get extraordinarily attractive very occasionally. The long-term trend is up. I don't know when but we will be bombarded with offerings that we'll be glad we have cash for.

Q4. Audience: Why are you still buying stocks instead of more property? Is value investing facing new challenges in today's environment?

Buffett: In real estate it is so much harder than stocks in terms of negotiation of deals, time spent, and the involvement of multiple parties in ownership. Charlie did more real estate. He enjoyed real estate transactions. But he was playing a game that was interesting to him. There is just so much more opportunity, at least in the United States, that presents itself in the security market than in real estate. On the New York Stock Exchange, you can do billions of dollars worth of business, totally anonymous, and you can do it in 5 minutes. In real estate, when you make a deal with a distressed lender, that's just the beginning. Then people start negotiating more things. We have seen some huge failures in real estate such as Zeckendorf in the 1960's and Reichmann with the Canary Wharf buildings in London.

Q5. Quick: 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?

Jain: AI is going to be a real game changer. 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.

Buffett: I wouldn't trade everything that's developed in AI in the next 10 years for Ajit.

Q6. Audience: A question about Berkshire's acquisition of Portillo's Hot Dogs in Chicago.

Abel: A friend just called. Portillo's is owned by a private equity firm called Berkshire Partners (not Berkshire Hathaway).

Q7. Quick: Is the U.S. entering a period of fundamental change?

Buffett: America has been undergoing significant change ever since it was developed. We've gone through all kinds of things – great recessions, world wars, the development of the atomic bomb.

Q8. Audience: How has acting fast benefited you?

Buffett: There are times when you have to act fast. We were offered a 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. We bought the company. 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 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.

Q9. Quick: What changes has Todd Combs made at GEICO?

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, is matching rate with risk and the second telematics. We were at the bottom of the list in telematics about five or six years ago. Our telematics at GEICO is about as good as anyone else's today. In terms of matching rate to risk, we have caught up with our competitors. Todd also reduced the workforce by 20,000 from 50,000 down to 30,000, which translates to at least \$2 billion per year in savings. GEICO's 80 combined ratio translates to the largest profit anyone is making on the underwriting side in the personal automobile business. 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.

Buffett: The auto insurance policy is by far the largest item in the property casualty business.

Jain: GEICO provides \$29 billion float.

Buffett: \$29 billion to work with for nothing. Nobody likes to buy insurance, but they sure like to drive. You get a few breaks in life in terms of people you meet who just change your life dramatically (Lorimar Davidson at GEICO). You just get lucky in life, and you want to take advantage of your luck.

Q10. Audience: What specifically about Greg Abel makes him your preferred successor?

Buffett: We've got a wonderful group of businesses. You really want to work at something you enjoy. I've had five bosses in my life and I liked every one of them. 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. You want to find what you love. Don't worry about starting salaries. There are certain jobs you shouldn't take.

Abel: I couldn't be more humbled and honored to be in this role.

Q11: Quick: As the U.S. 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? 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?

Buffett: The Japanese situation is different because we intend to stay long with that position and the funding situation is so cheap. We've owned lots of securities in foreign currencies. We do nothing in terms of impact on quarterly and annual earnings. The natural course of government is to make currency worthless over time. We only made one big currency play. We went long 12 other currencies (that means we're short the dollar). We held that position for a couple of years and made several billions of dollars on it.

Q12. Audience: What advice would you give to government and business leaders of emerging markets like Mongolia to attract institutional investors?

Buffett: We don't really want to go into any country where we think there's a significant probability of runaway inflation. The chances are we won't find anything in Mongolia that fits our size requirements.

Q13. Quick: In recent years, large private equity firms like Blackstone, Apollo, and KKR have been trying to replicate the model that Berkshire pioneered decades ago. What impact have they had on Berkshire's insurance operations?

Jain: Private equity firms have come into this space, and we are no longer competitive in the space. In the last 3-4 years I don't think we've done a single deal.

Buffett: I think there are people who want to copy Berkshire's model, but there is no property casualty company that can basically replicate Berkshire.

Q14. Audience: What are some pivotal lessons you learned early in your career?

Buffett: Who you associate with is just enormously important. I would try to be associated with smart people 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. If somebody's going to be helpful to you, you want to try to figure out ways to be helpful to them. Greg doesn't need the money, Ajit doesn't need the money but they enjoy what they do. The best

manager I ever knew was Tom Murphy Sr., who lived to be almost 98. You'd want to work for Tom Murphy. I think a happy person lives longer.

Q15: Quick: Has the recent market volatility presented Berkshire with opportunities? You mentioned that Berkshire almost invested \$10 billion.

Buffett: 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. 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 of anything of the sort. When I was born on August 30, 1930, the Dow Jones was at 240 and it went to 41. You will see a period in the next 20 years that will be a "hair curler" compared to anything we have seen before. That just happens periodically. The world makes big mistakes and surprises happen in dramatic ways. The stock market is a good place if you have the proper temperament for it and a terrible place if you get frightened by markets that decline and get excited when stock markets go up. I know people have emotions, but you've got to check them at the door when you invest.

Q16: Audience: Have you ever encountered any major setbacks in your life and how did you overcome them?

Buffett: Everybody gets setbacks. Some people have particularly bad luck in that respect. Some people get extraordinarily bad luck, and other people get extraordinarily good luck. 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. Charlie and I never really exercised that much or did anything.

Q17. Quick: Would autonomous vehicles result in disruption risk to GEICO's auto insurance business. Would auto insurance today become product liability insurance for autonomous vehicles?

Jain: Most insurance that is sold revolves around operator errors – how often they happen, how severe they are and therefore, what premium 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 will be substituted by product liability.

Buffett: We expect change in all of our businesses. The world changes. Auto insurance will change.

Jain: The shift to product liability will provide protection for accidents that take place because of an error in product design. The number of accidents will drop. But the cost of repair will go up 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 is an open issue.

Buffett: When I walked into GEICO's office in 1951, the average price of a policy was \$40 a year. Now it is \$2,000 depending on location and other factors. During the same time the number of people killed in auto accidents has fallen from six per hundred million miles driven to a little over one. The car has become incredibly safer and it costs 50 times as much to buy an insurance policy. The auto insurance industry has been a huge growth industry. It is unprofitable to write homeowners insurance in Nebraska even after the premium has doubled in the last 10 years. We try to get into high probability things.

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

Buffett: Yes. We released our 10-Q this morning. Our insurance underwriting income was down dramatically for the first quarter. 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. The railroad is earning a little more than last year, but it is not earning what it should be earning at the present time. The energy company last year was having problems and those are absent this year.

Abel: Of our 49 businesses that we measure closely, 21 were up and 28 were down,

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

Jain: Clearly we are heads and shoulders above anyone else. Our cost of float is negative 2.2%, That means we've got the float plus somebody's given us 2.2% of cash.

Buffett: It's like running a bank where people leave their money with you and you pay a minus 2.2%. We haven't made any share repurchases so far this year. There is a 1% tax for repurchasing shares. We pay more than you do. 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. That's a billion dollars a year. We will only buy our shares if we think that are almost certainly underpriced.

AFTERNOON SESSION

Q18. Audience: Greg, what have you learned from Warren, and Warren what have you learned from Greg?

Abel: I want to be remembered as a great father and a great coach. I coach hockey and baseball and want to give back to kids at a young age. Warren is truly a great teacher. Warren focused on understanding the business and the risks around it.

Buffett: I spend more time looking at balance sheets than I do income statements. You learn more from balance sheets. Charlie was a remarkable teacher. My dad was an incredible teacher.

Q19. Quick: What are Greg's views on capital allocation, particularly into new businesses?

Abel: We will have a fortress of a balance sheet. We have a significant amount of cash right now which is an enormous asset. We will deploy it well. It allows us to weather difficult times and not be dependent on anybody. With the allocation of capital comes management of risk and understanding risk. We will have opportunities to acquire whole businesses and parts of businesses.

Buffett: There are certain really major investment situations where we have capital like nobody else has in the private system. We have particular know-how in the whole generation and transmission arena.

Q20. Audience: I'm 14 years old. What piece of knowledge should I learn so you would hire me in the future?

Abel: Hard work takes all of us a long way in life.

Buffett: Keep a lot of curiosity and read a lot.

Q21. Quick: What is your strategy on how to protect our company from future liabilities due to wildfires blamed on our electric utility companies out west?

Buffett: We made some mistakes in the past when we bought PacifiCorp in 2005. We made a mistake by not carving it up into the seven states that we were buying.

Abel: The reality is the risk around wildfires. We can't eliminate the risk, but we can reduce it. We try to make sure we are not causing the fire. In 2020 in PacifiCorp we didn't de-energize the system as the fire was approaching. We should try to ensure the fire does not spread further.

Quick: Doesn't that open you up to other risk. If you shut down your system, a hospital gets shut down, somebody dies?

Abel: You earn a very set return for taking on a very defined risk associated with an 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.

Buffett: There are some problems that can't be solved. If you're in something where you're going to lose, the big thing to do is quit.

Abel: Our largest challenge is the 2020 wildfire. The fire burnt into our service territory, and we became responsible for that fire effectively through the courts. We can't be the insurer of last resort. We just can't be responsible for everything that happens in a state.

Buffett: It is important that the United States have an intelligent energy policy.

Q22. Audience: A shareholder asks to meet with Warren Buffett for one hour.

Buffett: If I grant an hour to everybody of the 40,000 here, we'll have an interesting time the rest of my life. He then describes how when he was young he would drive around the country visiting small companies where CEOs would speak to him to recommend which stock they would recommend of their competitors and which stock they would short.

Q23. Quick: A shareholder was happy that Berkshire acquired 100% of Berkshire Hathaway Energy. It was done in two steps. The second larger transaction represented a 44% reduction in valuation in just two years. What factors contributed to this difference?

Buffett: We don't know how much we'll lose out of PacifiCorp and decisions that are made. 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. It was an extrapolation of a societal trend. 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. The public utility business is not as good a business as it was a couple of years ago. We'd like to see public utilities do well, but our responsibilities are to the shareholders of Berkshire.

Q24. Audience: What is your estimate of Berkshire's earning power in the latest fiscal year?

Buffett: Our underlying earning power was affected negatively by what happened in the utility field. Our earning power was not enlarged by any large acquisitions. If Berkshire went down 50% next week, I would regard that as a fantastic opportunity. Berkshire will increase its earning power over time as we retain money. In the investment business

everything isn't properly appraised and the more fearful other people get, the better your opportunities get.

Q25. Quick: With all of the big cap technology companies announcing massive capital investment endeavors around AI, have you rethought your comment in 2017 that the companies don't need any money?

Buffett: Coca-Cola does not require a lot of capital to sell the syrup or concentrate. But the bottling business costs real money. We've got businesses that take very little capital that make really high returns on capital. Property casualty insurance is a rare business because you need capital as a guarantee fund but you can use it to buy other low capital intensive businesses. Apple has not really needed any capital over the years and it's repurchased shares with a dramatic reduction. People in the money management business get very rich because they get an override on other people's capital. 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. The trick in life is to get somebody else's capital and get an override on it. I did it for 12 years. The one difference that Charlie and I did 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. Capitalism in the United States has succeeded.

Q26. Audience: What high school class or activity helped influence you to become the greatest investor of all time?

Buffett: The teachers you get in your life have an incredible impression on you. I've learned from certain employers. I was really lucky my dad was in the investment business. I would go down on Saturday and read the books. I read every book on investments in the Omaha public library. Having curiosity and finding sympathetic teachers is very useful. I was lucky to find something that fit me very early on. I just spent hours and hours on investing. Minds are really different. People have really different talents. People who 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. Look around at what really fascinates you. I wouldn't try to be somebody else. I've had at least 10 people that have had huge impacts on my life. A number of people really like helping younger people.

Q27. Quick: Will the net benefit of DOGE be positive or negative for the long-term health of the United States?

Buffett: Bureaucracies can be run better. Government is the ultimate. It really does not have any checks on it. They can print currency. We have a fiscal deficit that is unsustainable over a very long period of time. The U.S has a revenue/expenditure gap of 7% when probably a 3% gap is sustainable. Congress does not seem good at lowering this gap.

Q28. Audience: Imagine its 1776 and you are sitting alongside Benjamin Franklin. What core economic principles would you advocate?

Buffett: I would tell him to try to design a system that doesn't invent too many things that can destroy the planet. 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. The United States is the best place, and this is the best time to be alive. The question is how do you keep it and how do you improve it? Fundamental to all of it is having a currency that does not get debased.

Q29. Quick: Greg, Mr. Buffett has a hands-off approach to managing the operating subsidiaries. How would you describe your approach?

Abel: My style would be to have questions and comments around their business, their frameworks. They run them autonomously and that remains in place. We want to make sure the right folks are talking and figuring out how we can benefit from the prior experiences.

Buffett: It's working way better with Greg than with me because I just didn't want to work as hard. 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. People want a manager that they admire.

Q30. Audience: Berkshire Hathaway is the second largest utility provider in the United States and its coal fleet is the dirtiest in the nation. There is no concrete plan to retire coal and fully transition to renewable energy. What about the consequences of climate change caused by companies like Berkshire?

Abel: In the early 2000s we made the decision to build the largest wind project in the US in Iowa. We deployed \$16 billion in Iowa associated with renewable energy consistent with what our state wanted us to do. We have had the opportunity to retire five of the 10 coal units. We've been able to maintain our rates. They're some of the lowest in the country, but the reality is we still need those five coal units to keep the

system stable. Our utilities implement policy consistent with the needs of their stakeholders, their customers and respecting what's required by any of the federal standards.

Q31. Quick: What ultimately led to the end of your healthcare venture with JP Morgan and Amazon?

Buffett: We spend close to 20% of GDP on health. People generally like their doctor, didn't like the system. But in the end JP Morgan and Amazon and Berkshire were not going to have any effect on changing the 20%. Other countries spend 6 or 7% of GDP. The system was too entrenched to really do much in the way of change. Our costs were far higher than Canada, France, or Britain and to some extent we were subsidizing the rest of the world. People would come to the United States to do the really unusual or challenging aspects of health in terms of operations. When you have 20% of GDP going into a given industry, it will have political power. We are a very rich country. So we can do things other countries can't do. It's easy to spend money and it's hard to cut people's receipts. It's so much better to live here than it was 100 years ago or 200 years ago.

Q32. Audience: You mentioned that Greg will be in charge of capital allocation in the future. Is it easier for a business operator to be an investor or for an investor to be a business operator?

Buffett: It's a lot tougher to be an operator. It's easier to sit in a room like I do and play around with money. It is an easier life. I've been able to choose my friends. I've never had to work for anybody that I didn't admire. I had 5 different people I worked for and they were fantastic. I've been able to choose what I do with my day as compared to being a business operator. I can run the kind of company I want to run and that's an extraordinary luxury.

Buffett: *The time has arrived where Greg should become the chief executive officer of the company at year-end. 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. The board would be more welcome to giving him more authority on large acquisitions probably if they knew I was around. I have no intention, zero, of selling one share of Berkshire Hathaway – it will be given away. 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. 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.*

Meeting Adjourned