Berkshire Hathaway

Figures current as of October 2026

The company Warren Buffett built over sixty years and handed to Greg Abel in 2026: what it owns, how the insurance float funds it, the railroad, the utilities, and the businesses, the portfolio and the cash, the five choices for every dollar, the succession's first year, and the arguments over whether the machine still compounds.

MODULE 1 — Foundations: The Holding Company

Goal: Map what Berkshire owns, who owns it, and the words it uses.

The three parts and the structure, the vocabulary in a table, and the shareholders, from Buffett's votes to the index funds.

MODULE 2 — The History

Goal: Trace the machine from a failing mill to a conglomerate.

The eras from 1965 to the handover in a table, and the method the history taught: quality, float, whole businesses, cash at the center, and patience.

MODULE 3 — The Engine: Insurance and Float

Goal: Understand what funds everything.

What float is, the insurers in a table, the auto insurer GEICO against Progressive, and the value of float, worked.

MODULE 4 — The Operating Businesses

Goal: Read what Berkshire owns outright.

The segments' earnings in a table, the railroad and the rail merger, the utilities and the wildfires, the 2026 purchases, and the argument over the conglomerate, with both cases.

MODULE 5 — The Portfolio

Goal: Read the stock holdings and the method behind them.

The largest holdings in a table, the selling of 2024-25, and the turn of 2026, from Alphabet and Delta to Japan.

MODULE 6 — Capital Allocation

Goal: Understand the five choices, the cash, and the record.

Reinvest, acquire, buy stocks, buy back, or hold cash; what $365 billion can do and Berkshire against the S&P 500 since 1965, both worked; and the argument over the cash, with both cases.

MODULE 7 — The Succession

Goal: Read the first year without Buffett as chief executive.

The plan and its execution, the first year in a table, and whether the machine was the man, with both cases.

MODULE 8 — Where Things Stand, and What to Watch

Goal: Close with the argument, the contradictions, and the dates.

The argument in one page, five contradictions, a dated watch list, and the last word.

A note on the ground. A company is a different subject from a system: it has a management, a share price, and a record, and the temptation is to write the record as praise or as prosecution. This course takes most of its figures from Berkshire's own filings, letters, and results, which disclose more than most companies do. Where the subject is argued, over the conglomerate, the cash, and the succession, each side's case comes before the course's reading. It is education, not investment advice.

Key Numbers, as of October 2026

The Figures This Course Uses, With Their Sources

This table holds the headline figures the whole course uses, and the modules point back to it rather than repeat them. Most come from Berkshire's annual report (Form 10-K), its quarterly reports (Form 10-Q), and its 13F filings, the quarterly lists of its stock holdings that it files with the Securities and Exchange Commission (SEC). A company's market value is its share price times its shares outstanding, and it moves every day the market is open.

Measure	Figure	Source and date
Market value	About $1.10 trillion (Class A $774,295 a share; Class B $515.62), the world's 14th-largest company	Close, October 9, 2026; companiesmarketcap.com
Operating earnings	$44.5 billion in 2025, down 6%; $24.3 billion in the first half of 2026, up 17%	Berkshire's 2025 annual report and 2026 quarterly reports
Cash and Treasury bills	$365.5 billion on June 30, 2026, after a record $397.4 billion on March 31	Berkshire's 2026 quarterly reports (Form 10-Q)
Stock portfolio	$323.8 billion on June 30, 2026, the five largest holdings two-thirds of it	Second-quarter 10-Q
Insurance float	About $177.5 billion on June 30, 2026	Second-quarter report, August 8, 2026
Shareholders' equity	$747.9 billion on June 30, 2026; on October 9 the shares traded at about 1.5 times it	Second-quarter 10-Q; calculated
Employees	About 388,000 at the end of 2025, 28 of them at headquarters in Omaha	2025 Form 10-K; Reuters, April 2026
Buffett's stake	About 13.2% of the economic interest and 29.7% of the votes, after his July 14, 2026 gift	Berkshire's 2026 proxy statement and Buffett's July 2026 filings
Leadership	Greg Abel, chief executive since January 1, 2026; Howard Buffett, chairman since September 18, 2026; Warren Buffett, chairman emeritus	Berkshire's announcements

Market values move every trading day; these are the ones the course uses. Each business's results are in its own module.

Who's Who

The People, Companies, and Agencies This Course Names

Name	Who or what	Module
Ajit Jain	Vice chairman for insurance operations; joined Berkshire in 1986	3, 7
Alleghany	Insurance group Berkshire bought in 2022	3
Alphabet	Google's parent company	5
Apple	Maker of the iPhone; Berkshire's largest stock holding	5
Benjamin Graham	Buffett's teacher, the founder of value investing	2
Berkshire Hathaway Energy (BHE)	The holding company for Berkshire's utilities and pipelines	4
BNSF (Burlington Northern Santa Fe)	The western railroad Berkshire owns	4
Charlie Munger	Buffett's partner and vice chairman, who died in November 2023	2
Charlie Shamieh	General Re's chairman	7
GEICO (Government Employees Insurance Company)	Berkshire's direct auto insurer	3

Name	Who or what	Module
General Re	Reinsurer Berkshire bought in 1998	3
Greg Abel	Berkshire's chief executive since January 1, 2026	7
Howard Buffett	Warren Buffett's son; Berkshire's chairman since September 2026	7
Japanese trading houses	Itochu, Marubeni, Mitsubishi, Mitsui, and Sumitomo, Japan's five large trading conglomerates	5
Kraft Heinz	Packaged-food company, about 27.5% owned by Berkshire	5
Lennar	Homebuilder, more than 10% owned by Berkshire since September 2026	5
Nancy Pierce	GEICO's chief executive since December 2025	3
National Indemnity	The Omaha insurer Berkshire bought in 1967	2, 3
Occidental Petroleum	Oil producer, about 27% owned by Berkshire	4, 5
OxyChem	Occidental's chemical business, now a Berkshire subsidiary	4
PacifiCorp	BHE's utility in six western states	4
Pilot	Truck-stop chain, wholly owned by Berkshire since 2024	4
Precision Castparts	Aerospace-parts maker Berkshire bought in 2016	2, 6
Progressive	GEICO's main rival in auto insurance	3
See's Candies	California candy maker Berkshire bought in 1972	2
Surface Transportation Board (STB)	The federal regulator of railroad mergers	4
Taylor Morrison	Homebuilder Berkshire bought in 2026	4
Ted Weschler	Portfolio manager at Berkshire since 2012	7
Todd Combs	Portfolio manager from 2011 and GEICO's chief executive until December 2025	7
Tokio Marine	One of Japan's largest insurers, 2.5% owned by Berkshire since 2026	3
Union Pacific; Norfolk Southern	The western and eastern railroads seeking to merge	4
Warren Buffett	In control of Berkshire since 1965, chairman from 1970, and chief executive from 1970 through 2025; chairman emeritus since September 2026	All

Module 1 — Foundations: The Holding Company

What It Owns, Who Owns It, and the Words It Uses

Recommended Reading / Reference

Book: Warren Buffett, *The Essays of Warren Buffett* (Lawrence Cunningham, ed.), the letters arranged by subject

Reference: Berkshire's shareholder letters, all of them since 1977, and its annual reports at berkshirehathaway.com; its quarterly 10-Q reports; and its 13F filings

1a. What Berkshire Is

Berkshire Hathaway is a holding company. It owns businesses outright, owns shares in other companies, and keeps a very large reserve of cash, and it runs all of it from a headquarters of 28 people in Omaha, Nebraska (Key Numbers).

It has three parts. The insurance operation, led by GEICO, National Indemnity, and General Re, collects premiums before it pays claims and invests the money in between, the 'float' of Module 3. The operating businesses, from the BNSF railroad and Berkshire Hathaway Energy's utilities to manufacturers, retailers, and service companies such as Precision Castparts and Dairy Queen, send their spare cash to Omaha (Module 4). The portfolio, led by Apple, American Express, Alphabet, Coca-Cola, and Bank of America, is where money goes when no whole business is available at the right price (Module 5).

The structure is the subject. Berkshire owns businesses for their cash, holds shares for their compounding, keeps cash for the day prices fall, and pays no dividend. The principle behind all of it is that the chief executive can put each dollar to better use than the shareholders could. For sixty years that principle rested on Warren Buffett, who took control in 1965 and was chief executive from 1970, and on January 1, 2026 the job passed to Greg Abel (Module 7).

1b. The Vocabulary

Term	Meaning	Why it matters
Float	Premiums collected before claims are paid, held and invested in the meantime	Money Berkshire holds at a cost below zero when its insurance is profitable (Module 3)
Underwriting profit	Premiums left over after claims and expenses	What makes the float's cost negative
Operating earnings	Profits from the businesses, leaving out gains and losses on investments	The number to read; net earnings swing with the portfolio's prices
Look-through earnings	Berkshire's own operating earnings, plus its share of the retained profits of the companies it holds shares in, which its accounts mostly leave out, less the tax it would owe on them	Buffett's measure of what the whole company really earns
Intrinsic value	What a business is worth on the cash it will produce, discounted to today	The test for every purchase and buyback; Berkshire never publishes a figure
Margin of safety	Paying well below intrinsic value	Graham's rule, and one reason for the cash
Circle of competence	Investing only in what one understands	Why Berkshire largely avoided technology companies for decades before buying Apple
Owner earnings	Cash a business produces after the spending needed to keep it competitive	Buffett's 1986 definition of what a business truly earns

Term	Meaning	Why it matters
Class A and Class B	The original shares, never split, and the cheaper shares created in 1996	Where the votes sit (1c)

1c. Who Owns It

Berkshire's shareholders are unlike any other large company's. Buffett owns about 13% of the economic interest and nearly 30% of the votes (Key Numbers), almost all in Class A shares, which he has been giving away every year since 2006. Most of the gifts went to the Gates Foundation until 2025. In July 2026 he gave about $6 billion to his late wife's foundation and his three children's, leaving the Gates Foundation out, and he has said he means to give away all his shares.

The Class A share has never been split, on Buffett's view that a high price keeps out speculators. The Class B share, created in 1996 and split 50-for-1 in 2010, is worth 1/1,500th of an A share and carries 1/10,000th of its vote. That is why Buffett's minority of the economic interest carries nearly 30% of the votes, and why his gifts, made in B shares converted from his A shares, slowly disperse his control.

Index funds hold the B shares as they hold everything in the S&P 500, the index of about 500 leading large American companies. The rest of the base is older, longer-held, and more individual than most large companies': owners who have held since the 1980s and once filled an Omaha arena every May. What the base gives the company is patience. No other company worth $1 trillion keeps a third of its value in cash and Treasury bills and pays no dividend, and keeping the shareholders' consent to that is a task the succession inherits.

Module 1 Key Points

Foundations: The Holding Company

• Berkshire has three parts: an insurance operation that invests its float, the businesses it owns outright, and a stock portfolio.

• It is run from Omaha by 28 people, pays no dividend, and keeps about a third of its value in cash and bills.

• Operating earnings, which leave out the portfolio's price swings, are the number to read; net earnings move with the market.

• Buffett holds about 13% of the economic interest and nearly 30% of the votes, and is giving it all away.

• The shareholders' patience, their consent to cash instead of dividends, is the asset the succession must keep.

Module 1 Quiz

Check Your Understanding

1. What are Berkshire's three parts?

A) Insurance, owned businesses, and a stock portfolio
B) Insurance, banking, and a stock portfolio
C) Railroads, utilities, and an index fund
D) Owned businesses, real estate, and bonds

2. How many people work at Berkshire's headquarters in Omaha?

A) About 300
B) About 28
C) A dozen
D) About 4,000

3. What dividend does Berkshire pay?

A) A small yearly dividend
B) Dividends only in good years
C) A quarterly dividend
D) No dividend at all

4. What does Buffett's stake give him, after his July 2026 gift?

A) A majority of the votes through Class A
B) About 30% of the economics and the votes
C) About 13% of the economics, 30% of the votes
D) Half of the votes, held through a family trust

5. How does a Class B share compare with a Class A share?

A) 1/1,500 of its value and 1/1,500 of its vote
B) 1/50 of its value and 1/50 of its vote
C) 1/1,500 of its value and 1/10,000 of its vote
D) Equal value per dollar, but no vote

Module 2 — The History

From a Failing Mill to a Conglomerate

Recommended Reading / Reference

Book: Roger Lowenstein, *Buffett: The Making of an American Capitalist*

Reference: Berkshire's letters from 1965 on, and the 2014 letter's fifty-year retrospective

2a. The Eras

Era	Years	What happened	What it established
The mill	1965-1969	Buffett's investment partnership took control of a failing New England textile maker in 1965; the last mill closed in 1985	The name, and the lesson that a bad business at a cheap price is still a bad business
The insurance insight	1967-1976	National Indemnity bought for $8.6 million (1967); See's Candies for $25 million (1972); the first GEICO shares (1976)	Float as the source of funds, and See's as the case for quality
The great purchases	1977-1998	The Buffalo News and Nebraska Furniture Mart; the Coca-Cola stake (1988); the Salomon crisis (1991); the rest of GEICO (1996); General Re for $22 billion in stock (1998)	Whole businesses for their cash, minority stakes in great franchises; the letters became a textbook
The conglomerate	1999-2015	MidAmerican Energy (2000), later Berkshire Hathaway Energy; the 2008 lifelines to Goldman Sachs and General Electric; BNSF for about $44 billion including debt (2010); Lubrizol (2011); Heinz with 3G Capital (2013)	The operating businesses outgrew the portfolio
Apple and the cash	2016-2024	Precision Castparts for $37 billion (2016); Apple from 2016; the Japanese trading houses (2019-20); Occidental (2019 and 2022); Munger's death (2023); two-thirds of the Apple shares sold (2024)	The largest stock position and the largest sale in the company's history
The handover	2021-2026	Abel confirmed as successor (2021); at the May 3, 2025 meeting Buffett said Abel would take over at year-end; Abel became chief executive on January 1, 2026; Howard Buffett became chairman on September 18, 2026	The first new chief executive since 1970

Berkshire's letters and announcements.

2b. The Method

The history is a method being learned in public. Buffett began as Benjamin Graham's student, buying 'cigar butts', companies worth more dead than alive, at a fraction of what their assets would fetch. The textile mill was one of them, and it taught why the approach fails at scale: a cheap price does not fix a business that earns nothing.

The first element of the method, Charlie Munger's contribution, was the shift to quality: pay a fair price for a business with a lasting advantage and let it compound. See's Candies was the proof. Bought for $25 million in 1972, it had earned Berkshire $1.9 billion before tax by 2014 while needing very little new capital.

The second was funding. Buffett saw from 1967 that an insurer's float is a loan from its policyholders, and that a disciplined insurer is paid to hold it (Module 3). The third was structure: buy whole businesses and

leave their managers alone. The fourth was the center: keep the businesses' spare cash at the parent and move it to wherever the return is highest. The fifth was patience, the willingness to hold cash for years and a good business forever.

The method's critics say it belonged to its era: a small investor in markets full of mispricing, funded by float, in an American economy whose growth carried almost every holding. Whether it survives both its era and its author is the question of Modules 6 and 7 and the closing module.

Module 2 Key Points

The History

• Buffett took control of Berkshire, a failing textile maker, in 1965; its lesson: a cheap price cannot fix a bad business.

• National Indemnity supplied the float from 1967; See's Candies, from 1972, taught the shift from cheap businesses to good ones.

• In 1999-2015, the era of BNSF, the operating businesses outgrew the portfolio; Apple became Berkshire's largest position and, in 2024, its largest sale.

• The method has five parts: quality, cheap funding from float, whole businesses left alone, cash moved from the center, and patience.

• Abel, confirmed as successor in 2021, became chief executive on January 1, 2026, the first new chief executive since 1970.

Module 2 Quiz

Check Your Understanding

1. What lesson did the textile mill teach Buffett?

A) Textiles thrive with better management
B) A cheap price does not fix a bad business
C) Old industries are best bought whole
D) New England labor costs too much to compete

2. What did See's Candies, bought in 1972, teach Berkshire?

A) That quality is worth a fair price
B) That candy was a fast-growing industry
C) That retailers need constant reinvestment
D) That book value is the best measure of worth

3. What did Berkshire pay for BNSF in 2010, including debt?

A) Roughly $22 billion
B) $9.7 billion
C) About $120 billion
D) About $44 billion

4. Why did the float matter to the method?

A) It let Berkshire borrow cheaply from banks
B) It paid for the textile mill's last years
C) It allowed Berkshire to escape regulation of its insurers
D) It was policyholders' money, usually at a negative cost

5. Who became chief executive on January 1, 2026, and who became chairman that September?

A) Ajit Jain; Greg Abel
B) Greg Abel; Howard Buffett
C) Ted Weschler; Ajit Jain
D) Greg Abel; Ajit Jain

Module 3 — The Engine: Insurance and Float

What Funds Everything

Recommended Reading / Reference

> **Reference:** Berkshire's annual reports, the insurance sections and the float tables; Buffett's 2017 letter on what float is worth; Abel's 2025 letter on GEICO and reinsurance

3a. What Float Is

An insurer collects premiums today and pays claims later: months later for a car crash, decades later for an asbestos claim or a reinsurance treaty. In between it holds the money. That money, the float, is in effect a loan from the policyholders. It must eventually be paid out, but it can be invested in the meantime.

If the premiums exceed the claims and expenses, the insurer earns an underwriting profit, and the loan carries a negative interest rate: the insurer is paid to hold it. Berkshire's float was about $16 million when it bought National Indemnity in 1967, $39 million in 1970, $88 billion in 2015, and about $176 billion at the end of 2025. Its insurers have made an underwriting profit in every year since 2003 except 2017 and 2022, so the money has cost less than nothing.

That is the engine. Other conglomerates borrow from banks and bondholders at market rates; Berkshire borrows from its policyholders and is usually paid to do it. The difference, compounded over sixty years, explains much of the company. The float is also one reason for the cash, because an insurer must be able to pay the largest catastrophe it covers without selling anything (Module 6).

3b. The Insurers

Business	What it does	Scale	2025-26 note
GEICO	Direct auto insurance, sold online and by phone rather than through agents	Third in American auto insurance, with about 11.6% of the market; $44.5 billion of premiums in 2025	Underwriting profit falling since 2024 (3c)
Berkshire Hathaway Primary Group	Commercial and specialty insurance: National Indemnity's commercial lines, MedPro (medical liability), GUARD (small business), and Alleghany's insurers	Alleghany bought for $11.6 billion in 2022	The steady middle of the group, under Ajit Jain's oversight
Berkshire Hathaway Reinsurance Group	Insurance for other insurers, through National Indemnity, General Re (bought for about $22 billion in stock in 1998), and TransRe: catastrophe cover and retroactive deals that take on old liabilities for a lump sum	The 2017 deal with AIG (American International Group): about $10.2 billion of premium to cover up to $20 billion of old losses	Underwriting profit of $1.85 billion before tax in 2025, down 32%; Abel expects to write less while prices fall. In 2026 it bought 2.5% of Tokio Marine, one of Japan's largest insurers, and agreed to reinsure a share of its business for ten years

Berkshire's 2025 annual report and 2026 quarterly reports; 2025 market shares from the National Association of Insurance Commissioners.

3c. GEICO Against Progressive

GEICO is the clearest test of what the float costs. It sells car insurance directly, without agents, and its low costs carried it from seventh place when Berkshire took full control in 1996 to second place in the 2010s. Progressive moved earlier into pricing each driver by data, including telematics, the devices and apps that record how a car is driven. It passed GEICO in 2022, and on the 2025 figures it stood level with State Farm at the top, each with about 18.6% of the market.

After an underwriting loss in 2022, GEICO raised its rates sharply. Abel's first letter said the increases 'restored margins but come at the cost of lower retention'. Policies fell by more than a tenth in the year to September 2023 and grew again in 2025.

The margin is now falling again. GEICO's underwriting profit was $6.8 billion before tax in 2025, against $7.8 billion in 2024, as injury claims grew more costly and advertising rose. In the first half of 2026 it fell to $2.4 billion from $4.0 billion, a drop of about 40%, on more frequent and more costly claims and underwriting expenses 28% higher, mainly for commissions and advertising. In the second quarter the combined ratio, claims and expenses as a share of premiums, rose to 91.2% from 83.5%.

Nancy Pierce has run GEICO since December 2025, when Todd Combs left (Module 7). Her choice is the float's most important one: spend to win back customers and accept a thinner margin, or hold prices and keep shrinking. GEICO is the largest of the insurers, so its margin sets much of the float's cost.

3d. The Value of Float

Worked example — the value of float

Take Berkshire's float, about $176 billion at the end of 2025, and ask what it is worth against what it would cost to replace. **The cost.** In 2025 the insurers earned an underwriting profit of $9.5 billion before tax. That is a cost of about minus 5.4% on the float: Berkshire was paid to hold other people's money. Bad years are rare and small. In 2017, the year of Hurricanes Harvey, Irma, and Maria, the underwriting loss was $3.2 billion, a cost of 2.8% on that year's $114.5 billion of float. In 2022 Hurricane Ian cost about $3.4 billion, yet the year's underwriting loss was only $98 million. **The alternative.** Suppose Berkshire had to borrow the same $176 billion in the bond market as a borrower rated AA, the second-highest grade. At an assumed 5%, the interest would be about $8.8 billion a year. The float saved that interest and earned the underwriting profit besides: an advantage of about $18 billion in 2025. **What it earns.** The float is invested with the rest of the capital, in Treasury bills, the portfolio, and the businesses. The insurers' investment income was $15.3 billion before tax in 2025, most of it interest on bills and dividends on stocks. **The duration.** Float has no maturity date. As long as Berkshire writes insurance, new policyholders' money replaces the old, and retroactive deals such as AIG's carry float that runs off over decades. **Three lessons.** The float is worth more than the underwriting profits that create it. Its value depends on the discipline that keeps its cost below zero, which is why GEICO's falling margin matters. And it ties the cash to the insurance, the question of Module 6.

Module 3 Key Points

The Engine: Insurance and Float

• Float is premiums held before claims are paid; when underwriting is profitable, Berkshire is paid to hold it.

• The float grew from about $16 million in 1967 to about $176 billion at the end of 2025.

• Since 2003 the insurers have lost money on underwriting only in 2017 and 2022; in 2025 they earned $9.5 billion before tax.

• GEICO, now third behind State Farm and Progressive, saw its first-half 2026 underwriting profit fall by about 40%.

• An insurer must be able to pay its largest catastrophe without selling anything, which ties the float to the cash.

Module 3 Quiz

Check Your Understanding

1. What is float?

A) Cash the parent holds for share buybacks
B) Shares that trade freely on the exchange
C) Premiums held before claims are paid
D) The insurers' reserves of Treasury bonds

2. What was the insurers' underwriting profit before tax in 2025?

A) About $9.5 billion
B) A loss of $3.2 billion
C) $98 million
D) About $15.3 billion

3. On the 2025 figures, where does GEICO rank in American auto insurance?

A) First, ahead of State Farm
B) Second, behind State Farm
C) Third, behind State Farm and Progressive
D) Second, behind Progressive but ahead of State Farm

4. Why does the course tie the float to the cash?

A) Regulators require insurers to hold all float in Treasury bills
B) The float's cost rises whenever Berkshire buys stocks
C) GEICO's falling margin forced Berkshire to hoard its cash
D) An insurer must be able to pay its largest catastrophe without selling

5. Who has run GEICO since December 2025?

A) Ajit Jain
B) Nancy Pierce
C) Charlie Shamieh
D) Howard Buffett

Module 4 — The Operating Businesses

What Berkshire Owns Outright

Recommended Reading / Reference

Reference: Berkshire's annual report segment tables; BNSF's and Berkshire Hathaway Energy's own filings with the SEC; the Surface Transportation Board's docket on the Union Pacific–Norfolk Southern merger

4a. The Segments

Line	Businesses	2025 earnings, after tax	2026 note
Insurance underwriting	GEICO, the primary group, and the reinsurance group	$7.3 billion	Down 13% in the second quarter, on GEICO (Module 3)
Insurance investment income	Interest and dividends on the float and the insurers' capital	$12.5 billion	Moves with bill yields: each percentage point on the insurers' bills is about $3 billion a year before tax
BNSF	The western railroad	$5.5 billion	Up 6% in the second quarter (4b)
Berkshire Hathaway Energy	PacifiCorp, MidAmerican, and NV Energy; gas pipelines; HomeServices, the real-estate brokers	$4.0 billion	Up 27% in the second quarter; the wildfire claims (4b)
Manufacturing, service, and retailing	Precision Castparts, Lubrizol, Marmon, Clayton Homes, Shaw, Benjamin Moore, and Duracell; McLane, Pilot, NetJets, FlightSafety, See's, Dairy Queen, and the car dealers	$13.6 billion	OxyChem joined in January and Taylor Morrison in July (4c)
Other	Berkshire's share of Occidental's and Kraft Heinz's earnings, parent-company investment income, currency effects, and other items	$1.6 billion	Included $3.6 billion of parent-company investment income and a $642 million currency loss in 2025

Berkshire's 2025 annual report and second-quarter 2026 report. The six lines sum to the operating earnings in Key Numbers; the stakes in Occidental and Kraft Heinz are in Module 5.

4b. The Railroad and the Utilities

BNSF is the largest railroad in the West, with 32,500 route miles in 28 states and three Canadian provinces. It earned $5.5 billion after tax in 2025 on revenue of $23.4 billion. Buffett called its purchase 'an all-in wager on the economic future of the United States.'

Its largest question in 2026 is someone else's merger. Union Pacific and Norfolk Southern have applied to combine into the first coast-to-coast railroad in the United States, and the Surface Transportation Board accepted their revised application in May 2026. BNSF has asked the board to reject it. In September 2026 it said that, if the merger is approved, it will seek the right to run its own trains over 824 miles of Norfolk Southern's track between Chicago and eastern Pennsylvania. The board's schedule runs into 2027 (Module 8).

Berkshire Hathaway Energy has been wholly owned since Berkshire bought out the Scott family's 8% in 2024. It earned $4.0 billion after tax in 2025, more than its $2.3 billion before tax, because tax credits for wind and solar power exceeded its taxes.

The utilities carry the largest unpriced risk in the company. In 2023 an Oregon jury found PacifiCorp liable for four of the Labor Day fires of 2020, in the James class action. By June 30, 2026 PacifiCorp had accrued about $2.85 billion of estimated losses for those fires, others in 2020, and California's McKinney fire of 2022, and had paid about $2.3 billion. Damages trials in the James case had awarded about $1.25 billion to 201 plaintiffs when the Oregon Court of Appeals reversed the liability verdict in April 2026. The Oregon Supreme Court is next (Module 8).

Utah passed a law in 2024 that created a fire fund and capped damages; Oregon's bills have stalled. Buffett told the 2024 meeting that Berkshire would not 'throw good money after bad,' and Abel said in February 2026 that 'PacifiCorp is not an insurer of last resort and should not be treated as a deep pocket.'

4c. The New Purchases

Two whole companies have joined the businesses since late 2025. OxyChem, Occidental's chemical business, was agreed in October 2025 for $9.7 billion and closed on January 2, 2026 for about $9.4 billion after adjustments. Occidental kept its old environmental liabilities. Abel's first letter called it 'a compelling addition to our operating businesses' and said Berkshire 'will always aim for ownership of productive businesses over U.S. Treasuries.'

Taylor Morrison, the homebuilder, was the first acquisition Abel agreed to as chief executive. Berkshire agreed on May 31, 2026 to pay $72.50 a share in cash, a 24% premium: about $6.8 billion for the shares and $8.5 billion including debt. The deal closed on July 24. It is a bet on American housing, alongside the portfolio's stake in Lennar (Module 5), and it used about 2% of the cash.

Pilot, the truck-stop chain Berkshire has owned fully since January 2024, shows the risk on the other side. Its earnings fell to $0.19 billion before tax in 2025 from $0.61 billion in 2024.

4d. The Model, and the Argument Over the Conglomerate

Berkshire buys businesses from founders and families who want a permanent home. It leaves the managers in place, sets no budgets, and takes the cash they do not need. Headquarters has no strategy staff and no synergy program. Whether that structure should survive its founder is argued.

The case for keeping it whole. Its defenders say the structure is the advantage. Cash moves from the businesses that produce it to those that need it without tax, and the float funds them all. The railroad and the utilities give the insurers a base of steady earnings, so the insurers can take risks no stand-alone insurer would. And a seller knows a Berkshire business will never be resold, which brings owners who would never call a private-equity firm.

The case for breaking it up. Its critics say the hands-off model has real costs. A company run from a headquarters of 28 people cannot see a failing subsidiary until the numbers show it, as GEICO's slide against Progressive did. A utility left alone can build a liability the parent did not price, as PacifiCorp did. Spun off, they argue, BNSF and the utilities would be valued like their peers, and shareholders could choose their own mix.

The evidence. It is thin on both sides, because no break-up has been tried and Buffett's votes have kept the question theoretical. GEICO's slide and PacifiCorp's fires are real costs of the hands-off model. BNSF's steady earnings and the float's funding of everything are real benefits of the whole. Abel told the May 2026 meeting that Berkshire would not be broken up: 'We want Berkshire to endure.'

This course's reading. The case for the whole rests on the float and the free movement of cash, and both still hold. The weak point is hands-off ownership of businesses that need attention. GEICO and the utilities, not the share price, are the tests of whether the model works under Abel.

Module 4 Key Points

The Operating Businesses

• Operating earnings come from six lines; the manufacturing, service, and retail businesses, at $13.6 billion after tax in 2025, are the largest.

• BNSF earned $5.5 billion in 2025 and has asked regulators to reject the Union Pacific–Norfolk Southern merger.

• PacifiCorp had accrued about $2.85 billion for its wildfire losses by mid-2026; an appeals court reversed the James liability verdict in April 2026.

• Taylor Morrison, bought for about $6.8 billion and closed in July 2026, was the first acquisition Abel agreed to as chief executive.

• The conglomerate's case rests on the float and the free movement of cash; its weakness is hands-off ownership of businesses that need attention.

Module 4 Quiz

Check Your Understanding

1. Which line of operating earnings earned the most after tax in 2025?

A) Manufacturing, service, and retailing
B) Insurance investment income on the float
C) Underwriting profit from all the insurers
D) The BNSF railroad and the energy utilities

2. What has BNSF asked the Surface Transportation Board to do?

A) Approve its own merger with CSX
B) Block Union Pacific's new grain terminals in Texas
C) Reject the Union Pacific–Norfolk Southern merger
D) Cap the fees that Amtrak pays to run trains on its track

3. What happened to the James wildfire verdict against PacifiCorp in April 2026?

A) The Oregon Supreme Court upheld it in full
B) PacifiCorp settled all claims for $54 billion
C) A federal court moved the case to Utah
D) An appeals court reversed it

4. Which was the first acquisition Abel agreed to as chief executive?

A) OxyChem, the chemical maker
B) Taylor Morrison, the homebuilder
C) Pilot, the truck-stop chain
D) Alleghany, the specialty insurance group

5. What is the case for keeping Berkshire whole, as its defenders make it?

A) Cash moves among the parts tax-free, and float funds them all
B) Spun off, the railroad would be valued like its peers
C) Hands-off owners cannot see a failing business early
D) Shareholders could choose their own mix of businesses

Module 5 — The Portfolio

The Holdings and the Method Behind Them

Recommended Reading / Reference

Reference: Berkshire's quarterly 13F filings, which list its American-listed holdings at each quarter's end; the 10-Q's equity table, which adds the Japanese holdings; Abel's 2025 letter on the trading houses

5a. The Largest Holdings

Five holdings make up two-thirds of the portfolio (Key Numbers). The table lists the largest, with when Berkshire began buying each.

Holding	Shares	Value, June 30, 2026	Since	Note
Apple	227.9 million	$66.0 billion	2016	Cut from 905.6 million shares at the end of 2023 (5b)
American Express	151.6 million	$51.3 billion	1991	Unchanged for more than twenty years
Alphabet	106.0 million, Class A and Class C	$37.8 billion	2025	Built mostly in 2026 (5b)
Coca-Cola	400 million	$32.5 billion	1988	Unchanged since 1994; cost $1.3 billion
Bank of America	483.4 million	$27.5 billion	2011	Cut from about 1.03 billion shares in mid-2024
Chevron	84.4 million	$14.0 billion	2020	Cut by about a third in early 2026
Occidental Petroleum	264.9 million, plus preferred stock and warrants	$12.9 billion for the common shares	2019	About 27% of the company (5b)
Chubb	34.2 million	$11.7 billion	2023	The insurer
Moody's	24.7 million	$11.2 billion	2000	The credit-rating agency
Kraft Heinz	325.6 million	$7.7 billion	2013, as Heinz	About 27.5% of the company (5b)
DaVita	28.9 million	$6.4 billion	2011	The kidney-dialysis company
Delta Air Lines	57.3 million	$5.4 billion	2026	Bought again, after the airline stakes of 2016-2020 (5b)
The five Japanese trading houses	Just over 10% of each	About $44 billion, a September 2026 estimate	2019	Not in the 13F, which lists only American-listed holdings (5b)

The 13F filed August 14, 2026 lists 26 companies worth $299.3 billion. The $323.8 billion in Key Numbers, from the 10-Q, adds the Japanese stakes and leaves out Occidental and Kraft Heinz, which Berkshire counts by its share of their earnings.

5b. The Method, and the Changes

The method is to buy part of a great business at a sensible price and hold it for decades. Coca-Cola, bought between 1988 and 1994 for $1.3 billion, was worth about 25 times its cost in June 2026. Buffett's line was that Berkshire's favorite holding period is forever.

The method has misses. Berkshire bought the four largest American airlines in 2016 and sold them all in 2020, when the pandemic grounded them. It wrote down Kraft Heinz by $5 billion in mid-2025 and Occidental by $5.7 billion at the end of that year, both before tax.

From late 2022 to early 2026 Berkshire sold more stock than it bought for fourteen straight quarters. It sold three-quarters of its Apple shares, from 905.6 million at the end of 2023 to 227.9 million at the end of 2025, and more than half its Bank of America shares from mid-2024. Buffett pointed to taxes at the 2024 meeting and kept Apple the largest holding. The cash more than doubled over the two years.

2026 reversed the direction. In the first quarter Berkshire sold out of fifteen holdings, among them Visa, Mastercard, Amazon, and UnitedHealth, cut Chevron, and bought Delta, Macy's, and more Alphabet. In the second quarter it was a net buyer of $19.8 billion, the first net buying in fourteen quarters. Most of it went into Alphabet, including about $10 billion of shares bought directly from the company on June 1.

Abel said Alphabet called him 'on a Sunday morning' in late May; he asked for a 6.5% discount and called Buffett before agreeing. Module 7 asks whose decision it was. Buffett had begun the position himself in 2025. Berkshire also kept buying Lennar, the homebuilder, and passed 10% of it in September.

Japan is the portfolio's other long bet. Berkshire began buying Itochu, Marubeni, Mitsubishi, Mitsui, and Sumitomo in 2019 and disclosed the stakes in 2020. At the end of 2025 they were worth $35.4 billion against a cost of $15.4 billion, and they paid $862 million of dividends that year. All five passed 10% by May 2026.

Berkshire paid for them largely with yen borrowing, $15.2 billion at an average rate of 1.4% at June 30, 2026. The dividends cover the interest several times over, and a weaker yen shrinks the debt along with the assets. Abel called the stakes 'a long-term investment that we intend to hold for many decades.'

Berkshire counts two holdings by its share of their earnings rather than their market price, because it has significant influence over them. In Occidental Berkshire owns about 27% of the common stock, $8.5 billion of preferred stock paying 8% and redeemable from 2029, and warrants for 83.9 million more shares at $59.59 each. In Kraft Heinz it owns about 27.5%. Kraft Heinz paused its plan to split in two in February 2026, after registering Berkshire's shares for possible resale in January.

Module 5 Key Points

The Portfolio

• The portfolio was worth $323.8 billion at mid-2026; five holdings, led by Apple and American Express, make up two-thirds of it.

• From late 2022 to early 2026 Berkshire sold more than it bought for fourteen straight quarters, including three-quarters of its Apple shares.

• In 2026 it turned buyer: Delta, Lennar, and Alphabet, including about $10 billion bought directly from the company.

• The five Japanese trading houses, each just over 10% owned and financed with cheap yen debt, are meant to be held for decades.

• The misses are part of the record: the airlines sold in 2020, and $10.7 billion of writedowns on Kraft Heinz and Occidental.

Module 5 Quiz

Check Your Understanding

1. What was Berkshire's largest stock holding at June 30, 2026?

A) Alphabet
B) Coca-Cola
C) Apple
D) American Express

2. How did Berkshire buy about $10 billion of Alphabet in June 2026?

A) Directly from the company
B) On the open market over a year
C) From Todd Combs's funds
D) Through a tender offer to all holders

3. What did Berkshire do in the second quarter of 2026?

A) Sold its last 227.9 million Apple shares
B) Sold half its Japanese stakes to repay yen debt
C) Bought $10 billion of Bank of America preferred
D) Bought $19.8 billion more stock than it sold that quarter

4. How has Berkshire largely paid for its Japanese stakes?

A) From Apple sale proceeds
B) Through bonds sold in yen
C) By issuing B shares
D) With dollars from the insurers' float

5. About how much of the portfolio do the five largest holdings make up?

A) About a third
B) About half
C) Almost nine-tenths
D) About two-thirds

Module 6 — Capital Allocation

The Five Choices, the Cash, and the Record

Recommended Reading / Reference

> **Reference:** Buffett's letters on buybacks and on the cash, especially 2011, 2018, and 2024; Abel's 2025 letter on dividends, buybacks, and liquidity; the performance table at the front of every annual report

6a. Five Choices

Every dollar the businesses and the float produce can go to one of five uses: reinvest in the businesses, buy whole companies, buy shares in other companies, buy back Berkshire's own shares, or hold cash. A sixth, paying a dividend, has been refused since the company's only dividend, in 1967.

Reinvestment comes first, and the railroad and the utilities absorb most of it, because regulators let utilities earn a return on what they build. Whole businesses come next, and large ones have been scarce: the last purchase above $30 billion was Precision Castparts in 2016. Stocks are the third use (Module 5).

Buybacks follow a rule the board adopted in 2018 and Abel kept: repurchase only when the price is below intrinsic value, 'conservatively determined', and the company keeps ample cash. Berkshire bought back about $72 billion of shares from 2020 to 2024, then none from May 2024 until March 2026. Abel resumed them in March 2026, with $235 million in the first quarter, $4.5 billion in the second, and more than $3.3 billion in July.

Cash is what is left, held mostly in Treasury bills that paid about 4.1% in October 2026. Abel's first letter set the dividend test: no dividend while each dollar retained creates more than a dollar of market value, reviewed by the board each year. On the cash he wrote: 'My role is to ensure our liquidity levels and capital deployment remain intentional and deliberate.'

6b. What $365 Billion Can Do

Worked example — what $365 billion can do

Take the $365.5 billion of cash and bills at June 30, 2026 and run it through the uses at October 2026's prices. **Hold it.** Bills at about 4.1% pay about $15 billion a year before tax, with no risk and no upside. **Buy back the shares.** Over the year to June 2026, operating earnings were about $48 billion. Against a market value of $1.10 trillion, that is an earnings yield of about 4.4%, a little above the bills. A buyback earns that yield plus whatever the shares are worth above their price, and at about 1.5 times book value that margin is a judgment call. **Buy a business.** A $100 billion company bought at 15 times earnings would yield about 6.7% before any improvement, the use the structure was built for. No such seller has appeared at that price. **Buy stocks.** The S&P 500 traded at 19.1 times the coming year's expected earnings and 26 times the past year's, earnings yields of about 5.2% and 3.8%. That is about what the bills pay, with the market's risk. **Reinvest.** The railroad and the utilities can absorb only so much at regulated returns. **The cost of waiting.** If the long-run return on stocks is about 10% a year, holding $365.5 billion in bills at 4.1% forgoes about $21.6 billion a year, about 2% of Berkshire's value. **The option.** At the market's low in March 2020, about $310 billion would have bought all of Coca-Cola, American Express, and Chevron. **Three lessons.** At October 2026's prices only a whole business bought at around 15 times earnings would clearly beat the bills, and no such seller has appeared, which is why it is cash. The buyback needs no seller, and Abel has

begun it. And the waiting costs about $22 billion a year, either the price of discipline or the cost of a method that no longer finds enough to buy (6d).

6c. Berkshire Against the Index, 1965 to 2025

Worked example — Berkshire against the S&P 500, 1965 to 2025

Every annual report opens with a table: the yearly change in Berkshire's share price against the S&P 500 with dividends reinvested, from 1965. Abel's first letter kept it. From 1965 through 2025 Berkshire compounded at 19.7% a year against the index's 10.5%. The overall gain was 6,099,294% against 46,061%: a dollar in Berkshire at the end of 1964 became about $61,000, and a dollar in the index about $462. Read by era, the shape changes. **1965 to 1998.** Berkshire compounded at about 28.9% a year against the index's 12.2%, the years of a small investor in mispriced markets, with the float at its most valuable. **1999 to 2009.** About 3.2% a year against 0.9%: the technology crash and the financial crisis hit the index harder, and the cash and the insurance carried Berkshire through. **2010 to 2025.** About 13.5% a year against 14.1%, sixteen years in which a company growing toward $1 trillion roughly matched a market led by technology. **The latest years.** Berkshire gained 10.9% in 2025 against the index's 17.9%, and 2.6% in 2026 through October 9 against the index's 14.1% rise before dividends. **Three readings.** Nearly all of the lead was built before 2000, on a capital base a small fraction of today's. The parity since 2010 is what Buffett predicted for years, the arithmetic of size: a company that must place tens of billions a year cannot find another See's. And the record leaves Abel a question: whether a $1 trillion Berkshire can still beat the market, or will offer roughly the market's return with less risk and a large cushion of cash.

6d. The Argument Over the Cash

The case for the cash. Its defenders say cash is an option, and options are worth most when nobody else has one. In 2008 Berkshire's cash bought preferred stock paying 10% from Goldman Sachs and General Electric, on terms no one else could offer. An insurer that may owe tens of billions after a catastrophe must never be a forced seller. And at October 2026's prices, they argue, nothing large clears the hurdle, so the cash is discipline rather than idleness.

The case against the cash. Its critics say the option has grown too expensive. Forgone returns of about $22 billion a year compound into a very large cost over a decade. In 2020 the Federal Reserve's rescue of the markets left few forced sellers, so the crisis that was supposed to reward the cash bought little. A third of the company in cash and bills makes Berkshire partly a Treasury-bill fund, and shareholders could hold bills themselves. A dividend or much larger buybacks, they argue, would return the money to its owners.

The evidence. 2008 paid off: the crisis deals earned Berkshire billions. 2020 did not: Berkshire sold its airlines and bought little in the crash. Since its peak in March 2026 the cash has begun to fall, as Abel resumed buybacks and turned to net buying of stocks (Key Numbers).

This course's reading. The cash is a deliberate choice that costs about 2% of Berkshire's value a year. It is defensible while prices are high and the insurers need liquidity, but it needs a crisis or a large purchase to pay for itself. Abel's first year suggests he reads it the same way: the pile stays, but it has stopped growing.

Module 6 Key Points

Capital Allocation

• Every dollar has five uses: reinvest in the businesses, buy companies, buy stocks, buy back shares, or hold cash; dividends are refused.

• Buybacks require a price below intrinsic value, conservatively determined; they stopped in May 2024 and resumed under Abel in March 2026.

• At October 2026 prices, Berkshire's own earnings yield of about 4.4% barely beats Treasury bills at about 4.1%.

• From 1965 through 2025 Berkshire compounded at 19.7% a year against the index's 10.5%, nearly all the lead built before 2000.

• The cash forgoes about $22 billion a year; whether that buys discipline or shows a method finding too little is argued.

Module 6 Quiz

Check Your Understanding

1. What rule governs Berkshire's buybacks?

A) Whenever the shares fall below book value
B) Only after paying a dividend in the same year
C) Below intrinsic value, with ample cash left
D) In a fixed amount every quarter, whatever the price

2. How much did Berkshire spend on buybacks from 2020 to 2024?

A) About $177 billion
B) About $72 billion
C) About $365 billion
D) Roughly $25 billion

3. What does holding the cash cost, by the course's estimate?

A) About $22 billion a year, about 2% of Berkshire's value
B) Nothing, because the bills pay more than stocks
C) About $15 billion a year, the bills' whole yield
D) About $50 billion a year, a full year's earnings

4. How did Berkshire's compounded annual gain from 1965 through 2025 compare with the S&P 500's?

A) About equal
B) 10.5% against 19.7%
C) 19.7% a year against 10.5%
D) 29% against 12% for the index

5. What test did Abel's first letter set for paying a dividend?

A) Each dollar kept must add over a dollar of value
B) The shares must trade at more than twice their book value
C) Cash must stay above $300 billion at every year-end
D) The board must approve retention by a two-thirds vote

Module 7 — The Succession

The First Year Without Buffett as Chief Executive

Recommended Reading / Reference

Reference: Buffett's November 10, 2025 letter and his September 18, 2026 letter on the chairmanship; Abel's 2025 letter; the transcript of the May 2, 2026 annual meeting

7a. The Plan

Buffett announced at the end of the May 3, 2025 meeting that he would ask the board to make Greg Abel chief executive at the end of the year, and the board agreed the next day. Abel had run Berkshire Hathaway Energy from 2008 and, as vice chairman from 2018, all the businesses outside insurance. He took over on January 1, 2026.

In November 2025 Buffett wrote that he was 'going quiet': he would no longer write the annual report or talk at length at the meeting, though he would keep writing a Thanksgiving message. 'Greg Abel will become the boss at yearend,' he wrote. 'He is a great manager, a tireless worker and an honest communicator.'

On September 18, 2026 the board elected Howard Buffett chairman. Warren, at 96, became chairman emeritus and stayed a director. His letter set out the division of labor: 'Greg runs the company; Howard will guard its culture and values.' Howard's role as the culture's guardian, not a manager, had been planned for years.

The investment side changed too. Todd Combs left in December 2025 to run a $10 billion strategic investment group at JPMorgan Chase, and GEICO passed to a new chief executive (Module 3). Abel is now responsible for about 94% of the portfolio, and Ted Weschler manages about 6%.

Ajit Jain, who turned 75 in 2026, still runs insurance. The Wall Street Journal reported in May 2026 that General Re's chairman, Charlie Shamieh, is his eventual successor; Berkshire has not confirmed it.

7b. The First Year

Area	Buffett's last years	Abel's first year, 2026
Earnings	Operating earnings down 6% in 2025	Up 17% in the first half (Key Numbers)
Buybacks	None from May 2024	Resumed in March; more than $8 billion by the end of July (6a)
Stocks	Thirteen quarters of net selling through 2025; Apple and Bank of America cut	Net buying in the second quarter, led by Alphabet (Module 5)
Acquisitions	OxyChem agreed in October 2025	Taylor Morrison, the first agreed under Abel (Module 4)
Insurance	GEICO's margins restored	GEICO's margin falling under a new chief executive (Module 3)
The meeting	Crowds of 40,000 and more, with overflow halls	The arena, by the Associated Press's account, only a little over half full
The voice	Buffett's letters and five hours of questions at the meeting	Abel's first letter, which kept the performance table and set the dividend test (6a); a CNBC interview in September
Governance	Buffett chairman and chief executive	Abel chief executive, Howard Buffett chairman, Warren chairman emeritus

At the meeting Abel kept to the old lines. On artificial intelligence: 'We're not going to have AI just to have AI.' On the cash: 'We're not anxious to deploy capital into subpar opportunities.' Buffett's verdict, reported that day, was simpler: 'Greg is doing everything I did and then some.'

7c. Is the Machine the Man?

The case that the machine endures. Its defenders say Buffett built Berkshire to outlast him. The businesses run under their own managers, the float funds them, and permanence is written into how Berkshire buys. Abel ran the largest businesses outside insurance for years and knows them better than Buffett did. The first year's record of higher earnings, resumed buybacks, a first acquisition, and a return to buying stocks shows the machine working without its builder at the controls.

The case that the man mattered. Its critics say much of Berkshire's edge was Buffett himself. The crisis deals came to Berkshire because Buffett was Buffett: Goldman Sachs called him in 2008, and Bank of America's chief executive took his call in 2011. Sellers chose Berkshire on his word, and shareholders accepted the cash because they trusted his judgment. On this view, the thinner crowd in Omaha, the shares' lag behind the index, and GEICO's slide are the first signs of a premium fading.

The evidence. One year is too short to judge, and Buffett has not left. He remains a director and the largest holder of votes. Abel called him before agreeing to the year's largest stock purchase, the Alphabet placement, which Reuters reported both men authorized.

This course's reading. The machine's parts, the float, the businesses, and the cash, do not depend on Buffett. The calls do: the crisis deals and the sellers' trust. The test of the succession is the first crisis in which the call goes to Abel, and it has not come yet.

Module 7 Key Points

The Succession

• Abel became chief executive on January 1, 2026, after running the energy business and then all the businesses outside insurance.

• Howard Buffett became chairman on September 18, 2026, to guard the culture; Warren is chairman emeritus and stays a director.

• Combs left for JPMorgan; Abel oversees about 94% of the portfolio and Weschler about 6%.

• The first year brought higher earnings, resumed buybacks, net stock buying, and a first acquisition, but a thinner crowd in Omaha.

• The machine's parts do not depend on Buffett; the test is the first crisis in which the call goes to Abel.

Module 7 Quiz

Check Your Understanding

1. How did Buffett's September 18, 2026 letter divide the roles?

A) Greg runs the company; Howard will run the portfolio
B) Howard runs the company; Greg will chair the board
C) Both share the chief executive's job for a year
D) Greg runs the company; Howard will guard its culture and values

2. Where did Todd Combs go after leaving Berkshire in December 2025?

A) To GEICO's board
B) To JPMorgan Chase
C) To run Berkshire's insurers
D) Into retirement in Omaha

3. How full was the arena at Abel's first meeting as chief executive, by the Associated Press's account?

A) Sold out as usual
B) Full, with overflow
C) Held online only, for the first time
D) A little over half full

4. Who authorized the $10 billion Alphabet purchase, according to Reuters?

A) Weschler
B) Abel and Buffett
C) The full board of directors
D) Abel alone, as chief executive

5. What is the case that the man mattered, as its advocates make it?

A) The crisis deals came to Berkshire because Buffett was Buffett
B) Abel has reversed Buffett's decentralized model
C) The insurers' profits depended on Buffett's pricing
D) Berkshire's shares rose only when Buffett spoke

Module 8 — Where Things Stand, and What to Watch

The Argument, the Contradictions, and the Dates

Recommended Reading / Reference

Reference: Berkshire's quarterly reports and 13F filings as they appear; the Surface Transportation Board's docket on the rail merger; the Oregon Supreme Court's docket in the James case

8a. The Argument

Berkshire in October 2026 is a $1.1 trillion company run by its first chief executive after Buffett, with a third of its value in cash and bills. Its engine still works: the float is near its high and still costs less than nothing. The businesses' earnings are rising again, and the new chief executive has begun to spend, on his own shares, on stocks, and on a homebuilder.

Its weak points are the ones the founder's model left: an auto insurer losing ground, a utility exposed to fires, and a cash pile waiting for a crisis. The shares have lagged the market for two years. The shareholders' patience, the asset of Module 1, is being tested for the first time without Buffett at the controls.

8b. Five Contradictions

A company that refuses dividends holds a third of its value in cash and bills. The case for keeping every dollar is that Berkshire can invest it better than its owners. Yet a third of the company sits in cash and Treasury bills any owner could hold. Abel's test, market value created per dollar kept, is the answer, and the lag behind the index has begun to test it.

The technology avoider is a technology investor. The circle of competence kept Berkshire out of technology for decades. Apple and Alphabet are now about a third of its American stocks.

The float grows while its best engine slows. The float is near its high, but GEICO, which earned most of the underwriting profit in 2025, is losing ground and margin. The float's value lies in its cost, and the cost is rising.

The hands-off owner pays for what it did not watch. Berkshire leaves its managers alone, and PacifiCorp's fires have cost billions it did not price. The model's strength, trust, is also where its largest losses come from.

The succession still runs through the founder. Abel is chief executive and Howard Buffett chairman, but Warren still holds nearly 30% of the votes and was consulted on the year's largest stock purchase. Until his shares are given away, the handover is not complete.

8c. What to Watch

When	What	Why it matters
By November 9, 2026, the 10-Q deadline; date not yet announced	The third-quarter report	Whether the buybacks and net stock buying continue, the cash keeps falling, and GEICO's margin steadies
November 3, 2026	The Oregon Supreme Court hears argument in the James wildfire case	Whether the appeals court's reversal stands, and with it much of PacifiCorp's exposure
By November 16, 2026	The third-quarter 13F	The portfolio's changes under Abel: Alphabet, Delta, Lennar, and what was sold
November 18, 2026	BNSF's formal comments on the Union Pacific–Norfolk Southern merger are due at the Surface Transportation Board; final briefs follow on May 28, 2027, and a decision is expected by late summer or fall of 2027	Whether the board protects BNSF's routes or the merger reshapes its market
Late February 2027	Abel's second letter and the 2026 annual report	The performance table's 2026 line, the dividend test, and his account of the first full year
May 1, 2027 (expected)	The annual meeting: Abel's second as chief executive, and Howard Buffett's first as chairman	The crowd, the questions, and the tone
By the end of 2034	Buffett's plan to give away all his shares	The dispersal of nearly 30% of the votes
Any time	The first crisis, or the first large acquisition	Whether the calls come to Abel (Module 7)

Berkshire's filing deadlines; the Surface Transportation Board's schedule; the Oregon Supreme Court's calendar. Berkshire has not announced the 2027 meeting date.

8d. The Last Word

Berkshire was built on waiting: for the right business, the right price, and the crisis that makes everyone else a seller. For sixty years the waiting paid, because the man doing it was usually right about what he was waiting for. The question for Abel's Berkshire is whether waiting is still the method or has become its end, a habit that outlives the judgment that gave it purpose. The next crisis will answer it, and it will be the first one Abel meets as chief executive.

Module 8 Key Points

Where Things Stand, and What to Watch

• Berkshire's engine still works: the float costs less than nothing, and the businesses' earnings are rising again.

• Its weak points are an auto insurer losing ground, a utility exposed to fires, and a cash pile waiting for a crisis.

• Apple and Alphabet are about a third of its American stocks, a contradiction of the old circle of competence.

• The next reports show whether Abel keeps buying; the Oregon and rail rulings decide two of the businesses' largest risks.

• The question for Abel's Berkshire is whether waiting is still the method or has become its end.

Module 8 Quiz

Check Your Understanding

1. About how much of Berkshire's market value was in cash and bills in mid-2026?

A) Nearly two-thirds
B) Less than a tenth
C) About a third
D) Roughly half of it

2. What is the contradiction in Berkshire's stock portfolio?

A) A value investor that mostly buys fast-growing stocks
B) A long-term holder that trades its stocks every quarter
C) A US investor with most of its money in Japan
D) A technology avoider with a third of its US stocks in technology

3. When is Berkshire's third-quarter 13F due?

A) October 21, 2026
B) By November 16, 2026
C) In late February 2027
D) May 1, 2027

4. Which court hears argument in the James wildfire case on November 3, 2026?

A) The Oregon Supreme Court
B) The US Supreme Court
C) A federal court in Portland, Oregon
D) The Oregon Court of Appeals

5. What question does the course's last word leave for Abel's Berkshire?

A) Whether Berkshire should be split into five companies
B) Whether Abel will start paying a regular dividend
C) Whether waiting is the method or its end
D) Whether the float can grow faster than the cash pile

Answer Sheet

Answers to every module's Check Your Understanding quiz.

Module	Answers
Module 1 Quiz	1. A 2. B 3. D 4. C 5. C
Module 2 Quiz	1. B 2. A 3. D 4. D 5. B
Module 3 Quiz	1. C 2. A 3. C 4. D 5. B
Module 4 Quiz	1. A 2. C 3. D 4. B 5. A
Module 5 Quiz	1. C 2. A 3. D 4. B 5. D
Module 6 Quiz	1. C 2. B 3. A 4. C 5. A
Module 7 Quiz	1. D 2. B 3. D 4. B 5. A
Module 8 Quiz	1. C 2. D 3. B 4. A 5. C