

BERKSHIRE HATHAWAY INC.

Berkshire Hathaway: The Strategic Evolution

Unlocking Trapped Value – From Cash Hoarding to Capital Creation

Dividend • Spinoff • Stock-for-Stock Expansion

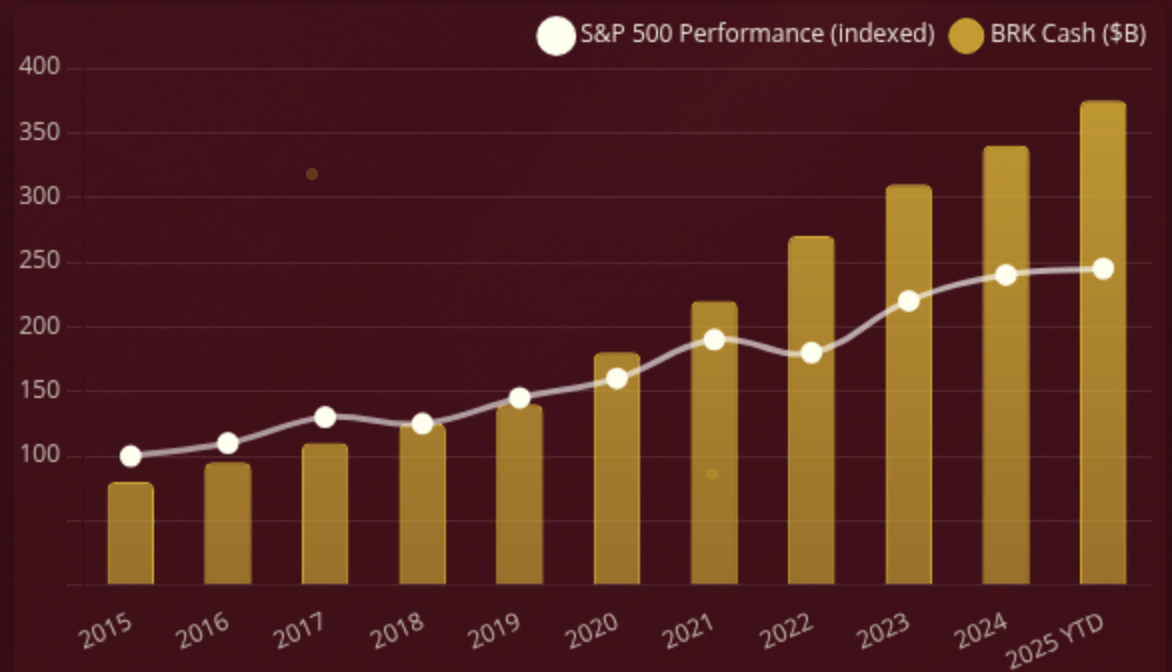


The Problem: \$375 Billion Sleeping Giant

Idle Capital Has Become a Liability

- \$ **\$375B** in cash and treasuries earning **<5%**
- 0 **Zero dividends** in 60 years
- % **50-75% conglomerate discount** suppressing intrinsic value

Shareholders are growing impatient. The market is undervaluing Berkshire's empire.

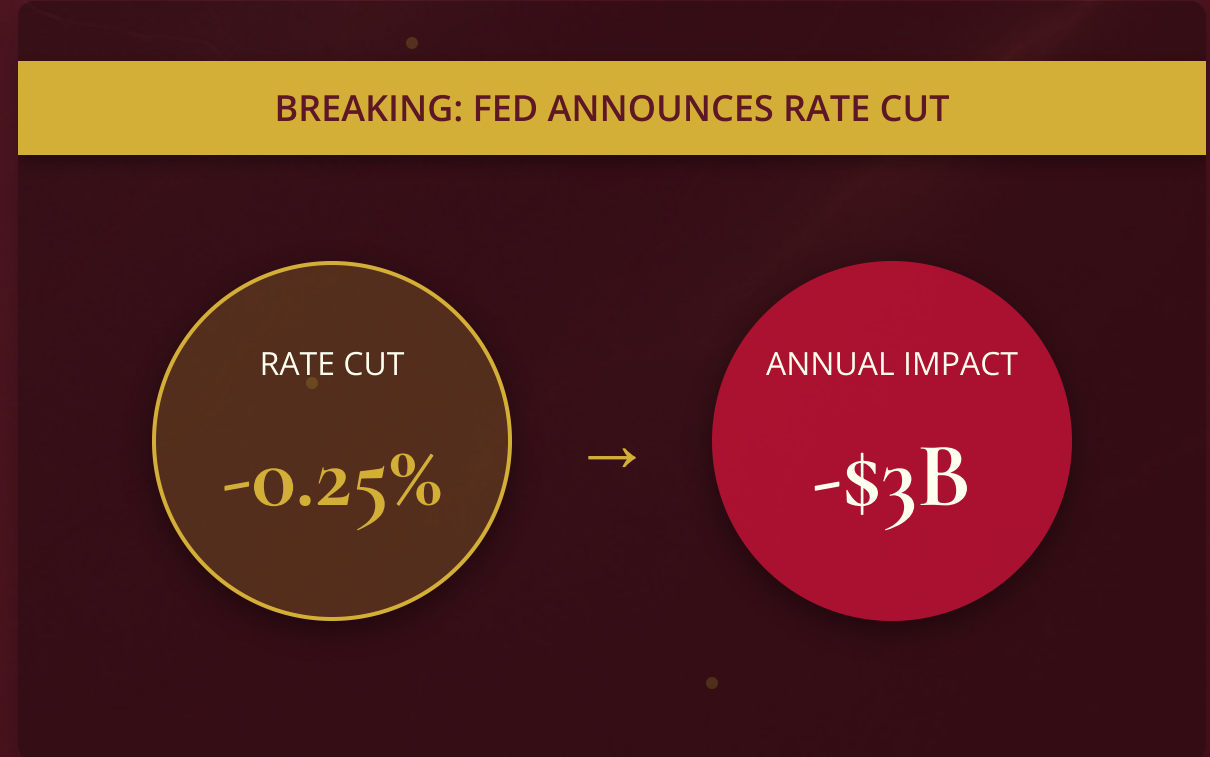


Every Rate Cut Now Costs Berkshire \$3 Billion a Year

Cash drag exceeds \$3B annually under current Fed trajectory.

Liquidity is no longer strength – it's erosion.

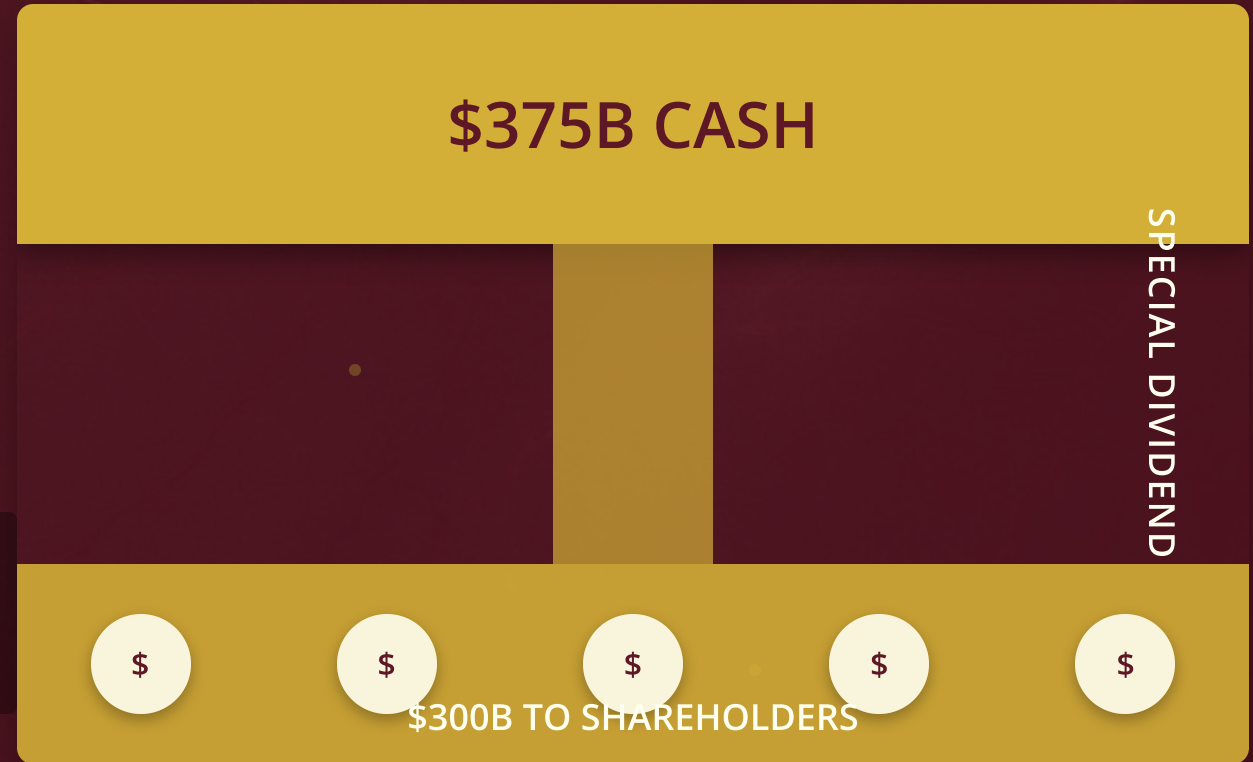
"The time for holding cash has ended; the time for unlocking value has come."



Reward the Owners – The Dividend That Defines an Era ^{STEP 1}

- \$ Declare a **\$300B** special cash dividend
- \$ Retain **\$75B** for insurance capital needs
- % Reduce **IRS exposure** to Accumulated Earnings Tax

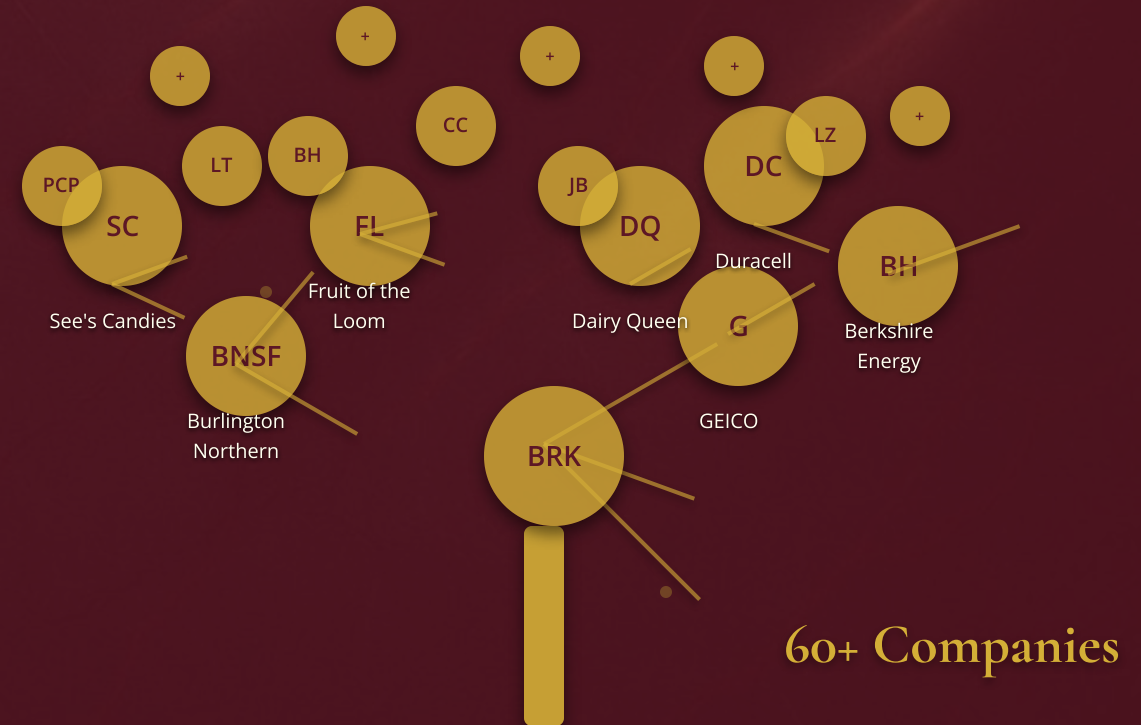
"This single act restores faith, drives revaluation, and redefines Berkshire's capital philosophy."



Reveal the Hidden Giants – 60 Companies, One Legacy^{STEP 2}

- 60 Spin off **60+ subsidiaries** to shareholders
- \$ Create **transparent, publicly traded value** for each
- % Unlock **100% or more in revaluation potential**

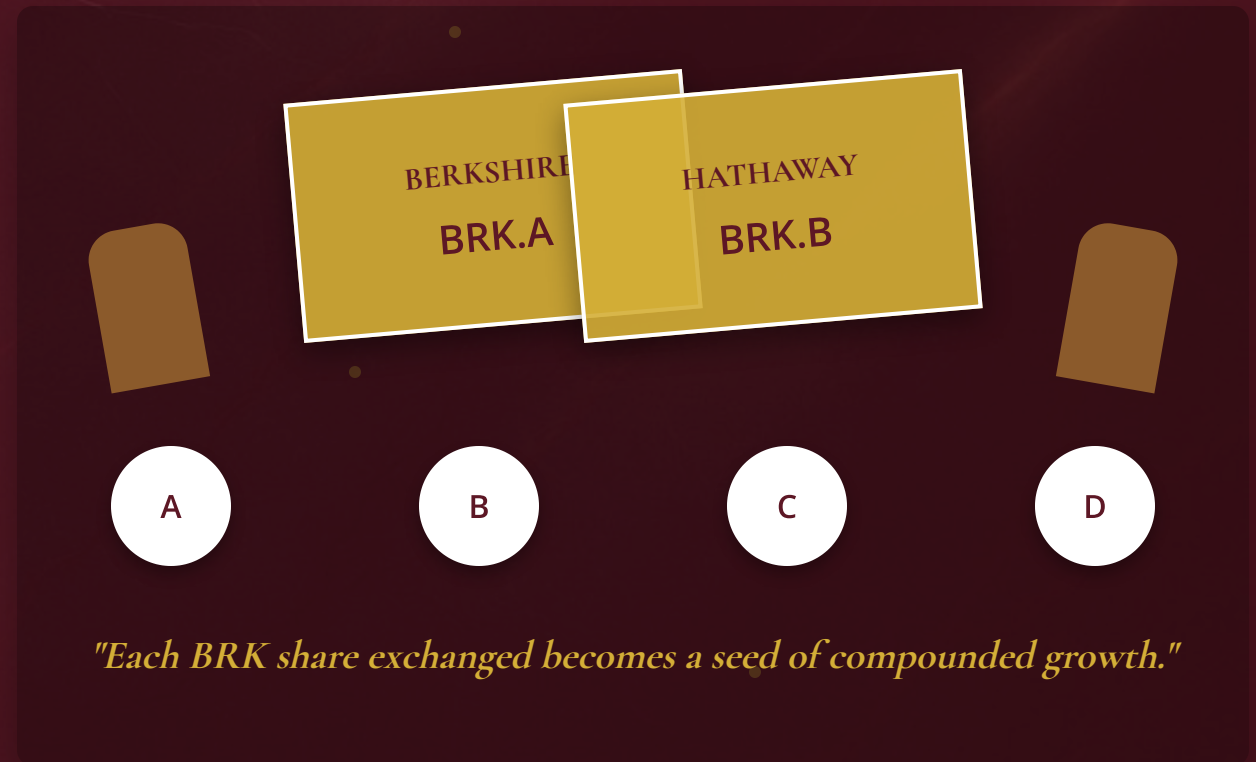
"The Conglomerate Discount ends where transparency begins."



Build the Future with Berkshire Stock

STEP 3

- Offer **25–50% premium** in stock-for-stock exchanges
- **Tax-free** under IRS §368
- Attract **quality companies** seeking stability and long-term ownership



Strategic Acquisition Targets – Using Berkshire Stock as the Ultimate Currency

Proposed stock-for-stock acquisitions with strategic fit and operational synergy

Diversified industrial & materials leader with underused IP and consistent free cash flow.

Reinforces Berkshire's manufacturing core (Precision Castparts, Lubrizol).

Stable energy cash generator with disciplined dividends and real-asset exposure.

Strengthens Berkshire Hathaway Energy and overall inflation hedge.

Logistics powerhouse with global reach and cash flow stability.

Integrates naturally with BNSF Railway to create end-to-end transport synergy.

Advanced aerospace and industrial automation tech.

Expands Berkshire's high-tech manufacturing footprint and aviation presence.

Defense, aerospace, and national infrastructure stability.

Long-term government contracts add resilience and patriotism-driven value.

Heavy machinery and infrastructure enabler.

Natural complement to rail, construction, and energy segments.

Agricultural innovation and smart equipment.

Adds sustainability and real-asset exposure aligned with Berkshire's value focus.

Enterprise software, cloud, and AI backbone.





Enhances Berkshire's modernization layer and long-term digital competitiveness.

Strategic Fit

- Stock-for-stock structure at a **25–50% premium** over market prices, tax-free under IRS §368.
- Preserves **\$300B+** in cash to fund a one-time shareholder dividend.
- Accelerates EPS and book value growth by converting low-yield reserves into productive equity.
- Diversifies earnings base across industrial, defense, logistics, energy, and technology.
- Improves governance optics — stock-based deals show confidence and alignment with shareholder interests.



Governance Evolution: From Legacy to Accountability

-  Commit to **merit-based board renewal** with independent director majority
-  Establish **clear capital allocation oversight** with transparent reporting standards
-  Reinforce **Delaware fiduciary standards** to strengthen shareholder protections
-  Implement **transparent succession planning** with clear eligibility criteria

"Governance strength amplifies market trust."



Eliminating the Conglomerate Discount – Unlocking Berkshire's True Value

In our opinion, Berkshire Hathaway's current **\$1 trillion** market capitalization reflects at least less than half of its true intrinsic value.

By eliminating the "Conglomerate Discount," Berkshire could reach a fair market value of approximately **\$2 trillion**.

+100% Potential Revaluation →



- Dividend and spin-offs surface trapped value and reduce opacity.
- Stock-for-stock acquisitions expand intrinsic value without reducing cash reserves.
- Simplification and transparency re-rate the business as a collection of best-in-class assets.
- The Conglomerate Discount, estimated at 50% or more of intrinsic value, is effectively erased.

