

BERKSHIRE HATHAWAY INC.

# Berkshire Hathaway: The Strategic Evolution

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Unlocking Trapped Value – From Cash Hoarding to Capital Creation

Dividend • Spinoff • Stock-for-Stock Expansion

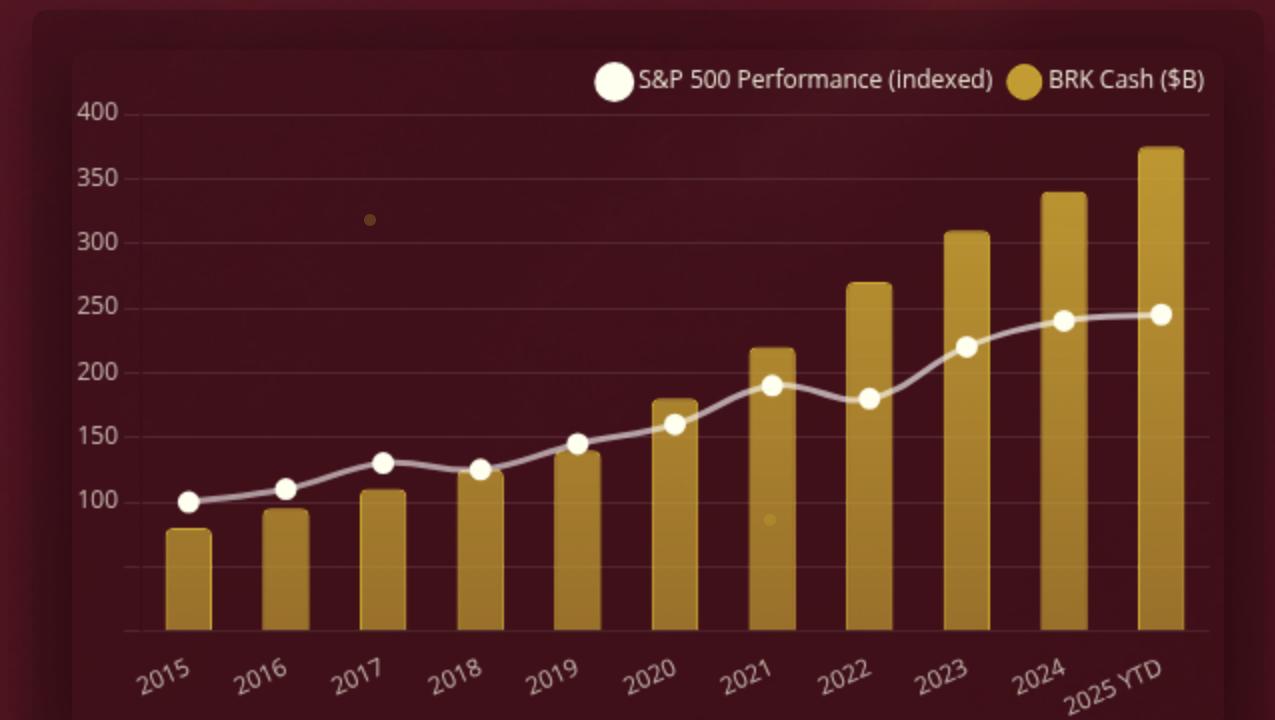


# The Problem: \$375 Billion Sleeping Giant

## 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.*

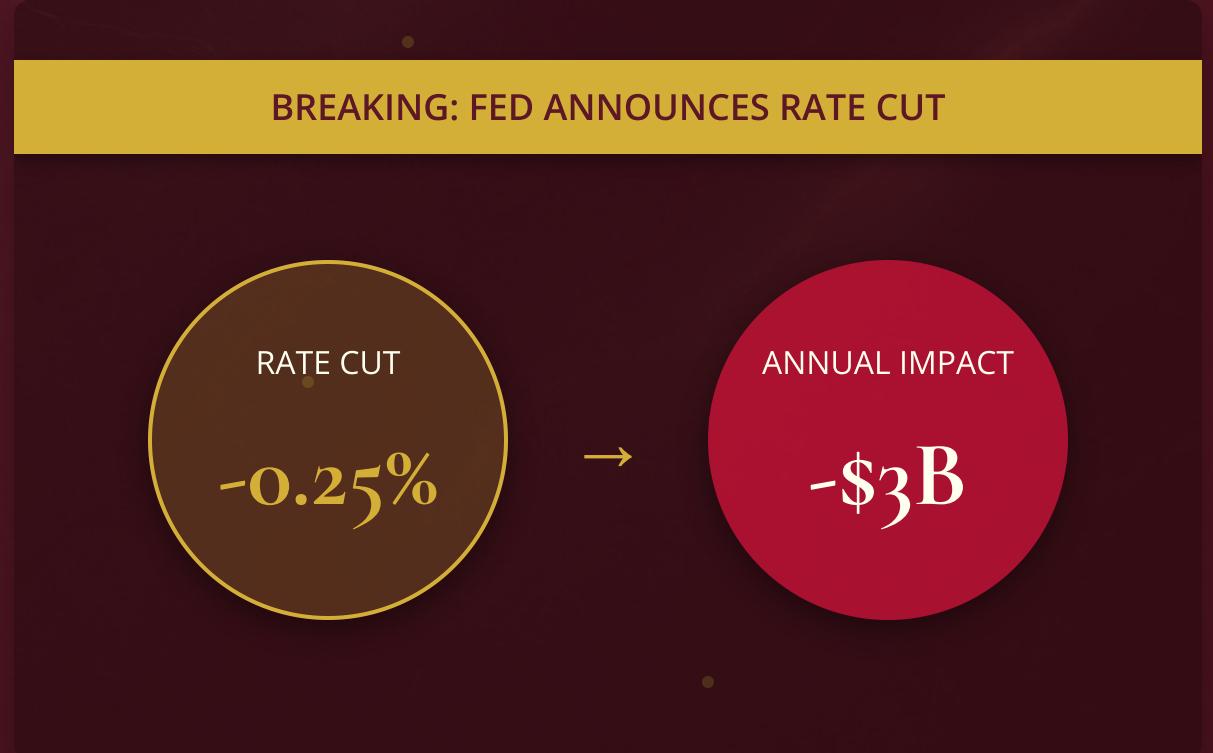


# Every Rate Cut Now Costs Berkshire \$3 Billion a Year

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

Liquidity is no longer strength – it's erosion.

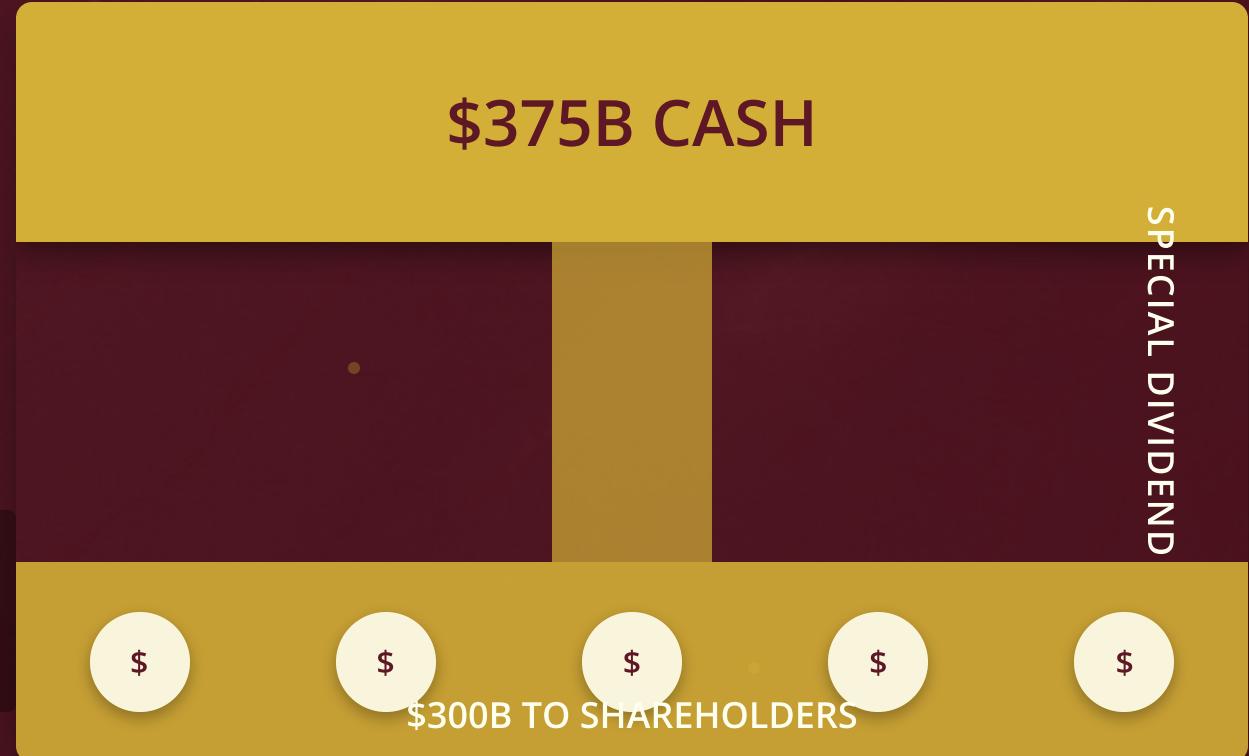
*"The time for holding cash has ended; the time for unlocking value has come."*



# Reward the Owners – The Dividend That Defines an Era<sup>STEP 1</sup>

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

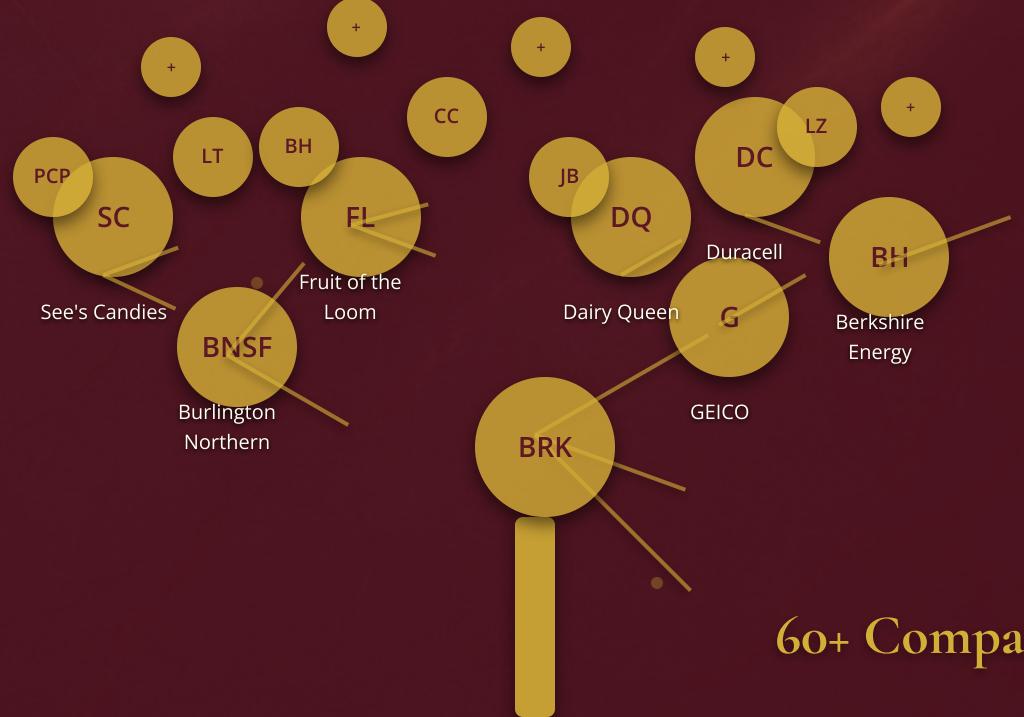
"This single act restores faith, drives revaluation, and redefines Berkshire's capital philosophy."



# Reveal the Hidden Giants – 60 Companies, One Legacy<sup>STEP 2</sup>

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

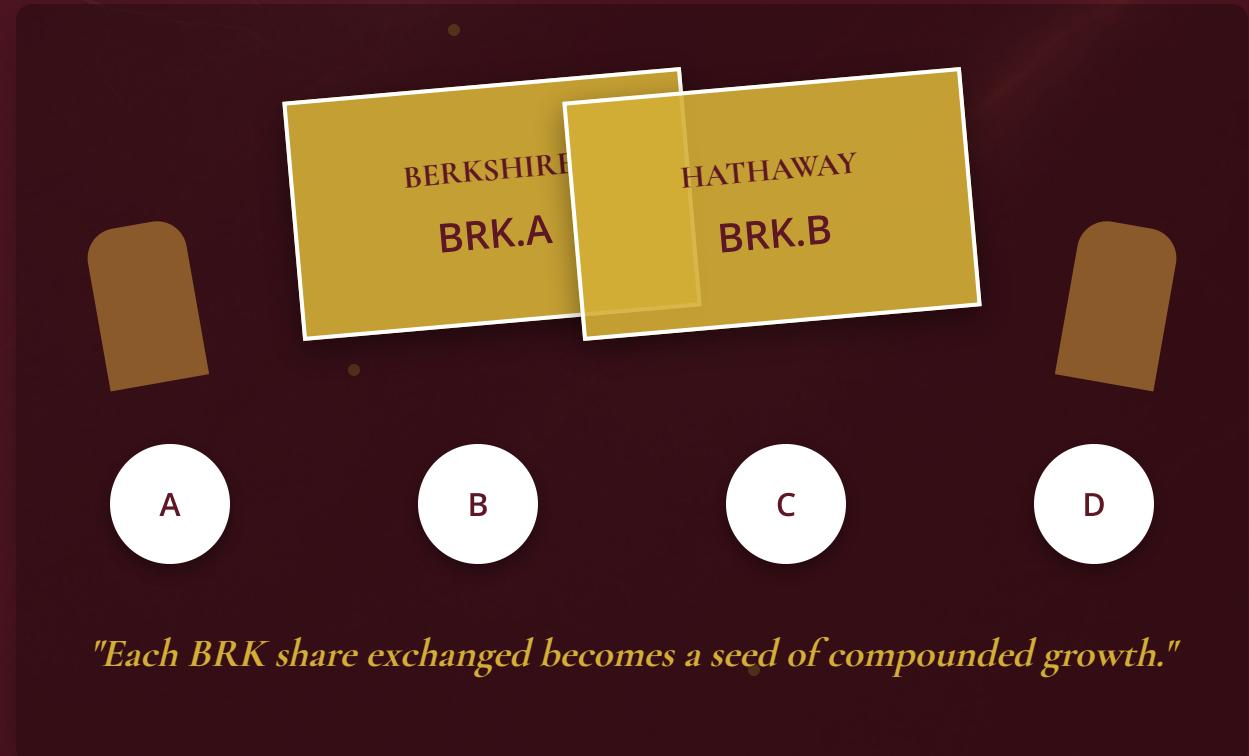
"The Conglomerate Discount ends where transparency begins."



# 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

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-  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

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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.

