

Founder Notes

PREMIER ISSUE

• BERKSHIRE HATHAWAY 2023 LETTER •

THE MUNGER EDITION

INSIDE

The architect. Why Buffett credits Charlie Munger with the design of today's Berkshire. Cover

Earnings that count. Operating earnings rose to \$37.4 billion in 2023. Section I

Hold the great ones. What Coca-Cola and American Express teach about patience. Section II

ANNUAL LETTER TO SHAREHOLDERS

What Buffett Told Owners This Year

A 16-page letter, written for his sister Bertie, boiled down to the lessons a founder can use.



FIG. Omaha, where Berkshire is run.

Charlie Munger died on November 28, 2023, just 33 days before his 100th birthday. Buffett opens the letter by calling him the architect of the present Berkshire, with himself as the general contractor.

The rest of the letter covers how Berkshire measures earnings, where it fell short in 2023, and why it keeps a huge cash and Treasury bill position.

Continued inside.

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CONTENTS

In This Issue

SECTION I — THE NUMBERS

Operating earnings · Insurance records · BNSF slowdown · BHE utility risk

SECTION II — THE HOLDINGS

Coca-Cola and AMEX · 27.8% of Occidental · Five Japanese companies

SECTION III — THE HABITS

Writing for one reader · Fortress-level cash · Repurchases with a caveat

SECTION IV — THE REFERENCE

Glossary · Further reading



PLATE I. *Written for Bertie, read by everyone.*

THE BACK PAGE DEFINES THE TERMS BUFFETT USES MOST.

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I

THE SECTION

The Numbers

Record insurance results carried a year when the railroad and the energy business both disappointed.



THE LEAD ARTICLE

\$37.4 Billion, and Two Misses

Berkshire reports operating earnings because GAAP figures swing with unrealized gains that can top \$5 billion a day.

Operating earnings were \$27.6 billion in 2021, \$30.9 billion in 2022 and \$37.4 billion in 2023. Insurance underwriting swung from a \$30 million loss to a \$5.4 billion profit.

Insurance investment income rose to \$9.6 billion, helped by the Treasury bill pile that finally began to pay real interest.

BNSF earned \$5.1 billion, down from \$5.9 billion, as revenues fell. Buffett says its margins slipped behind the five other major North American railroads.

Utilities and energy fell to \$2.3 billion from \$3.9 billion. Regulation in a few states has raised the risk of zero profit or bankruptcy for utilities.

The lesson Buffett draws: even once-stable industries can change their economics fast.

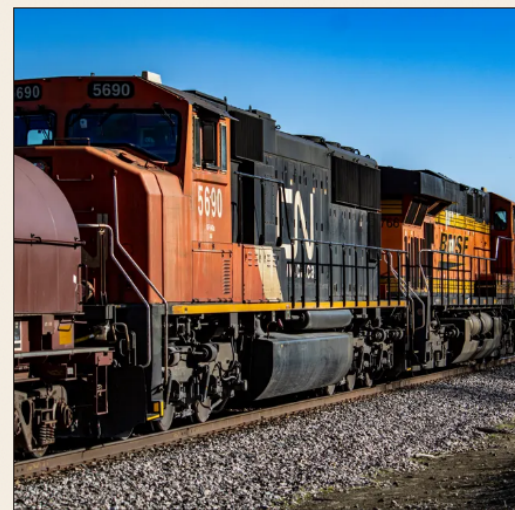


FIG. BNSF, the largest of six major North American rail systems.

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II

THE SECTION

The Holdings

Coke, AMEX, Occidental and five Japanese trading houses show what Berkshire keeps and why it rarely sells.



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GLOSSARY

Operating earnings — Earnings without unrealized capital gains or losses.

Float — Insurance premiums held before claims are paid. It set a record in 2023.

Repurchases — Buybacks that raise each owner's share, but only when done at a sensible price.

GAAP net worth — \$561 billion at yearend, the largest of any American business.

FURTHER READING

Berkshire Hathaway 2023 Shareholder Letter, [berkshirehathaway.com](https://www.berkshirehathaway.com)

Charlie Munger – The Architect of Berkshire Hathaway, letter opening

Section on Coca-Cola and American Express, 2023 letter

Section on BNSF and BHE, 2023 letter



COLOPHON. Source: *Berkshire Hathaway Inc.*, February 2024.

BUILT FROM THE FULL LETTER
TEXT. FIGURES AS STATED BY
BERKSHIRE.

END OF BRIEF. THANK YOU FOR READING.



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