

Discussion Questions Related to the Berkshire Hathaway Letter to Shareholders

1. How does Buffett measure Berkshire's performance? What is the importance of providing results based on both one-year and five-year periods?
2. What does Buffett consider the three pillars of Berkshire's value?
3. What does Buffett consider to be the important advantages that Berkshire has in operating their many non-insurance subsidiaries?
4. What are the four major sectors in which Berkshire subsidiaries operate? Give examples of companies from each sector along with any important advantages/characteristics of each.
5. What are the positive and negative factors that will affect Berkshire's "normal" investment income going forward?
6. How does Berkshire incentivize, or plan to incentivize, the investment managers who will eventually replace Buffett? How is this similar to the incentives of Berkshire's Directors and Managers?
7. What are the two broad types of derivatives contracts in which Berkshire is involved and how does the company profit from these contracts?
8. What academic and accounting models/theories/methods does Buffett question and why?