Part I

Item 1. Business Description

Berkshire Hathaway Inc. ("Berkshire," "Company" or "Registrant") is a holding company owning subsidiaries engaged in numerous diverse business activities. The most important of these are insurance businesses conducted on both a primary basis and a reinsurance basis, a freight rail transportation business and a group of utility and energy generation and distribution businesses. Berkshire also owns and operates numerous other businesses engaged in a variety of manufacturing, services and retailing activities. Berkshire is domiciled in the state of Delaware, and its corporate headquarters is in Omaha, Nebraska.

Berkshire's operating subsidiaries are managed on an unusually decentralized basis. There are few centralized or integrated business functions. Berkshire's Chairman and Chief Executive Officer, Vice Chairman of Insurance Operations and Vice Chairman of Non-Insurance Operations participate in and are ultimately responsible for significant capital allocation decisions, investment activities and the selection of the Chief Executive to head each of the operating businesses.

Berkshire's senior corporate management is responsible for establishing and monitoring Berkshire's corporate governance practices, including monitoring governance efforts, including those at the operating businesses, and participating in the resolution of governance-related issues as needed. Berkshire's Board of Directors is responsible for selecting an appropriate successor to the Chief Executive Officer. The Berkshire Code of Business Conduct and Ethics emphasizes, among other things, the commitment to ethics and compliance with government laws and regulations and provides basic standards for ethical and legal behavior of its employees.

Human capital and resources are an integral and essential component of Berkshire's businesses. Berkshire and its operating subsidiaries employed approximately 392,400 people worldwide at the end of 2024, of which approximately 80% were in the United States ("U.S.") and 20% were represented by unions. Employees engage in a wide variety of occupations. Consistent with Berkshire's decentralized management philosophy, Berkshire's operating subsidiaries each establish specific policies and practices concerning the attraction and retention of personnel within their organizations. Given the wide variations in the nature and size of business activities, specific policies and practices vary among Berkshire's operating subsidiaries. Policies and practices commonly address, among other things: maintaining a safe work environment and minimizing or eliminating workplace injuries; offering competitive compensation, which includes various health insurance and retirement benefits, as well as incentives to recognize and reward performance; wellness programs; training, learning and career advancement opportunities; and hiring practices intended to identify qualified candidates. Berkshire's combined U.S. workforce data, based on U.S. Equal Employment Opportunity Commission guidelines, is available on its website (https://www.berkshirehathaway.com), under sustainability.

Insurance Businesses

Berkshire's insurance business activities are conducted through numerous domestic and foreign-based insurance subsidiaries. Berkshire's insurance subsidiaries provide insurance and reinsurance of property and casualty risks as well as life and health risks worldwide. Berkshire's insurance businesses employed approximately 41,500 people at the end of 2024. For purposes of this discussion, entities that provide insurance or reinsurance are referred to as insurers.

In direct or primary insurance activities, the insurer assumes the risk of loss from people or organizations that are directly subject to the risks. Such risks may relate to property, casualty (or liability), life, accident, health, financial or other perils that arise from an insurable event. In reinsurance activities, the insurer assumes defined portions of risks that other direct insurers or reinsurers assumed in their own insuring activities.

Insurance and reinsurance are generally subject to regulatory oversight throughout the world. Except for regulatory considerations, there are virtually no barriers to entry into the insurance and reinsurance industry. Competitors may be domestic or foreign, as well as licensed or unlicensed. The number of competitors within the industry is not known. Insurers compete on the basis of reliability, financial strength and stability, financial ratings, underwriting consistency, service, business ethics, price, performance, capacity, policy terms and coverage conditions.

Insurers based in the U.S. are subject to regulation by their states of domicile and by those states in which they are licensed to write policies on an admitted basis. The primary focus of state regulation is to monitor financial solvency of insurers and otherwise protect policyholder interests. States establish minimum capital levels for insurance companies and establish guidelines for permissible business and investment activities and have the authority to suspend or revoke a company's authority to do business. States regulate the payment of shareholder dividends by insurance companies and other transactions with affiliates.

Insurers that market, sell and service insurance policies in the states where they are licensed are referred to as admitted insurers. Admitted insurers are generally required to obtain regulatory approval of their policy forms and/or premium rates. Non-admitted insurance markets have developed to provide insurance that is otherwise unavailable through admitted insurers. Non-admitted insurance, often referred to as "excess and surplus" lines, is procured by either state-licensed surplus lines brokers who place risks with insurers not licensed in that state or by the insured party's direct procurement from non-admitted insurers. Non-admitted insurance is subject to considerably less regulation with respect to policy rates and forms. Reinsurers are normally not required to obtain regulatory approval of premium rates or reinsurance contracts.

The insurance regulators of every state participate in the National Association of Insurance Commissioners ("NAIC"). The NAIC adopts forms, instructions and accounting procedures for use by U.S. insurers in preparing and filing annual statutory financial statements. In addition, the NAIC develops or adopts statutory accounting principles, model laws, regulations and programs dealing with regulatory oversight of solvency, risk management, compliance with financial regulation standards and risk-based capital reporting requirements. However, an insurer's state of domicile has ultimate authority over these solvency and soundness related matters, and the laws and regulations implemented in individual states may differ from those adopted by the NAIC.

International insurance regulators, through the International Association of Insurance Supervisors ("IAIS"), have been developing advisory standards and best practices focused on establishing a common set of principles ("Insurance Core Principles") and framework ("ComFrame") for the regulation of large multi-national insurance groups. The Insurance Core Principles and ComFrame cover a wide range of topics, including group-wide supervision by regulators, corporate governance, risk management, capital adequacy and other macroprudential issues. As part of ComFrame, the IAIS adopted an international capital standard ("ICS") for internationally active insurance groups in December 2024.

While the IAIS standards do not have legal effect, U.S. state insurance departments and the NAIC are implementing various group supervision regulatory tools and mandates that are responsive to certain IAIS standards. U.S. state regulators have formed supervisory colleges intended to promote communication and cooperation amongst the various domestic and international insurance regulators. U.S. state regulators require insurance groups to file an annual report and an Own Risk Solvency Assessment or ORSA, with the group's lead supervisor. The NAIC also adopted a group capital calculation ("GCC") tool for large insurance groups. The NAIC's GCC is a tool designed to help the lead supervisor understand the capital adequacy across an insurance group. The NAIC is also developing further tools, including various liquidity assessments, that will likely be imposed on insurance groups in the future. While the ICS is based on a consolidation approach, the GCC is based on an aggregation approach called the Aggregation Method. In December 2024, the IAIS announced that the Aggregation Method has been deemed to be comparable to the ICS.

The Nebraska Department of Insurance ("Nebraska DOI") acts as the lead supervisor for Berkshire's insurance group and chairs the Berkshire supervisory college. The Nebraska DOI adopted the GCC tool, and Berkshire's insurance subsidiaries are required to submit an annual GCC to it.

Berkshire's insurance companies maintain capital strength at exceptionally high levels, which differentiates them from their competitors. The combined statutory surplus of Berkshire's U.S.-based insurers was approximately $310 billion at December 31, 2024. Berkshire's major insurance subsidiaries are rated AA+ by Standard & Poor's and A++ (superior) by A.M. Best with respect to their financial condition and claims paying ability.

The Terrorism Risk Insurance Act of 2002 established a Terrorism Insurance Program ("Program") within the U.S. Department of the Treasury to provide federal reinsurance of certified terrorism losses incurred by U.S. commercial property and casualty insurers. The Program extends to December 31, 2027 through the Terrorism Risk Insurance Program Reauthorization Act of 2019. Hereinafter these Acts are collectively referred to as TRIA. The Department of the Treasury is responsible for certifying acts of terrorism under TRIA. Federal reinsurance under TRIA may apply if the industry insured loss for certified events occurring during the calendar year exceeds $200 million.

To be eligible for reinsurance under TRIA, insurers must make insurance coverage available for acts of terrorism by providing policyholders with clear and conspicuous notice of the amount of premium that will be charged for the coverage and the federal share of insured losses resulting from an act of terrorism. TRIA excludes certain forms of direct insurance, such as personal and commercial auto, burglary, theft, surety and certain professional liability lines. Reinsurers are not required to offer terrorism coverage and are not eligible for federal reinsurance of terrorism losses.

In the event of a certified act of terrorism, the federal government will reimburse insurers (conditioned on their satisfaction of policyholder notification requirements) for 80% of their insured losses in excess of the insurers group deductible. Under TRIA, the deductible is 20% of the aggregate direct subject earned premium for relevant commercial lines of business in the immediately preceding calendar year. The aggregate deductible for Berkshire's insurance group is expected to be approximately $2.6 billion in 2025. There is also an aggregate program limit of $100 billion on the amount of the federal reinsurance coverage for each TRIA year.

The extent of insurance regulation varies widely among the countries where Berkshire's non-U.S. operations conduct business. Each country imposes licensing, solvency, risk management and financial reporting requirements, although the type and extent of the requirements may differ substantially by jurisdiction.

Significant variations can also be found in the size, structure and resources of the local non-U.S. regulatory departments that oversee insurance activities. Certain regulators maintain close relationships with subject insurers and others operate a risk-based approach.

Berkshire's non-U.S. insurance operations are conducted through subsidiaries and branches of subsidiaries. Non-U.S. insurance subsidiaries are primarily located in Germany, Ireland, the United Kingdom ("U.K."), Australia and South Africa, and branches are also maintained in several other countries. Most of these foreign jurisdictions impose local capital requirements. Other legal requirements involve discretionary licensing procedures, risk management and governance requirements, local retention of funds and records, and data privacy and protection programs. Berkshire's international insurance companies are also subject to multinational application of certain U.S. laws. There are various regulatory bodies and initiatives that impact Berkshire in multiple international jurisdictions, and the potential for significant effect on the Berkshire insurance group could be heightened due to industry and economic developments.

Berkshire's insurance underwriting operations include the following groups: (1) GEICO, (2) Berkshire Hathaway Primary Group and (3) Berkshire Hathaway Reinsurance Group. Alleghany Corporation ("Alleghany"), based in New York, New York, was acquired by Berkshire on October 19, 2022. Alleghany's operating subsidiaries include property and casualty reinsurance and insurance businesses. Alleghany's primary insurance businesses are included in the Berkshire Hathaway Primary Group and its reinsurance businesses are included in the Berkshire Hathaway Reinsurance Group.

Except for retroactive reinsurance and periodic payment annuity products, which generate significant amounts of up-front premiums along with estimated claims expected to be paid over long time periods (creating "float," see Investments section), Berkshire expects to achieve an underwriting profit over time and that its managers will reject inadequately priced risks. Underwriting profit is defined as earned premiums less incurred insurance losses and benefits, loss adjustment expenses and policy acquisition and other underwriting expenses. Underwriting profit does not include income earned from investments. Additional information related to each of Berkshire's underwriting groups follows.

GEICO—GEICO is headquartered in Chevy Chase, Maryland. GEICO's insurance subsidiaries include Government Employees Insurance Company and several other insurance entities. The GEICO insurance subsidiaries' principal business is the sale of private passenger automobile insurance to individuals in all 50 states and the District of Columbia. GEICO subsidiaries also sell insurance for motorcycles, all-terrain vehicles, recreational vehicles, boats and small commercial automobile fleets. Marketing is primarily through direct response methods in which applications for insurance are submitted directly to the companies via the Internet or by telephone, and to a lesser extent, through captive agents. GEICO also operates an insurance agency that offers insurance written by third parties for individuals desiring insurance coverages that are not sold by GEICO insurance subsidiaries, such as homeowners, renters, condominium, life and identity protection insurance.

GEICO competes for private passenger automobile insurance customers in the preferred, standard and non-standard risk markets with other companies that sell directly to the customer and with companies that use agency sales forces, including State Farm, Progressive, Allstate and USAA. According to the A.M. Best data for 2023 published in 2024, the five largest automobile insurers had a combined market share of approximately 62.3% based on written premiums, with GEICO's market share being the third largest at approximately 12.3%.

Seasonal variations in GEICO's insurance business are not significant. However, extraordinary weather conditions or other events and factors may have a significant effect upon the frequency or severity of automobile claims.

GEICO's insurance policies are written on an admitted basis. State insurance departments stringently regulate private passenger auto insurance policies and rates. Competition for private passenger automobile insurance tends to focus on price and level of customer service provided. GEICO's cost-efficient direct response marketing methods and emphasis on customer satisfaction enable it to offer competitive rates and value to its customers. GEICO primarily uses its own claims staff to manage and settle claims. GEICO's name and other trademarks are considered material assets and are protected through appropriate registrations.

Berkshire Hathaway Primary Group—The Berkshire Hathaway Primary Group ("BH Primary") is a collection of independently managed insurers that provide a wide variety of insurance coverages to policyholders located principally in the U.S. Nearly 90% of BH Primary premiums written in 2024 were in the U.S., of which approximately 60% was written on an admitted basis, with the remainder written on a non-admitted basis. These various operations are discussed below.

National Indemnity Company ("NICO"), domiciled in Nebraska, and certain affiliates ("NICO Primary") underwrite commercial automobile and general liability insurance on an admitted basis and on an excess and surplus lines basis. Insurance coverage is offered nationwide primarily through insurance agents and brokers.

Berkshire Hathaway Homestate Companies ("BHHC") is a group of insurers offering workers' compensation, commercial automobile and commercial property coverages to a diverse client base. BHHC has a national reach, with the ability to provide first-dollar and small-to-large deductible workers' compensation coverage to employers nationwide. NICO Primary and BHHC are each based in Omaha, Nebraska.

Berkshire Hathaway Specialty Insurance ("BHSI") offers commercial property and casualty, executive and professional, and various other insurance coverages through Berkshire Hathaway Specialty Insurance Company and several other Berkshire subsidiaries. BHSI writes primary and excess policies on an admitted and non-admitted basis in the U.S., and on a local or foreign non-admitted basis outside the U.S. BHSI is based in Boston, Massachusetts, and has regional offices in several other cities within the U.S. BHSI also maintains international offices and branches in Australia, Canada, New Zealand and across several countries in Asia and Europe. BHSI writes insurance policies through wholesale and retail insurance brokers, as well as through managing general agents.

Alleghany's property and casualty insurance business is conducted in the U.S. on both an admitted and non-admitted basis through RSUI Group, Inc. and its subsidiaries ("RSUI") and CapSpecialty, Inc. and its subsidiaries ("CapSpecialty"). RSUI and CapSpecialty primarily write specialty insurance in the property, umbrella/excess liability, professional liability, directors' and officers' liability and general liability lines of business. Insurance is written through independent wholesale insurance brokers, retail agents and managing general agents.

MedPro Group ("MedPro") is a leading provider of healthcare liability ("HCL") insurance in the U.S. MedPro provides customized HCL insurance, as well as claims, patient safety and risk solutions to physicians, surgeons, dentists and other healthcare professionals, as well as hospitals, senior care and other healthcare facilities. Additionally, MedPro provides HCL insurance solutions to international markets through other Berkshire insurance affiliates, offers professional liability insurance to other non-healthcare professionals, and provides specialized accident and health insurance solutions to colleges and other customers through its subsidiaries and other Berkshire subsidiaries. MedPro is based in Fort Wayne, Indiana. MLMIC Insurance Company ("MLMIC") writes medical professional liability insurance policies in New York State through brokers and on a direct basis to medical and dental professionals, health care providers and hospitals. MLMIC is based in Albany, New York.

U.S. Liability Insurance Company ("USLI") includes a group of five specialty insurers that underwrite commercial, professional and personal lines of insurance on an admitted basis, as well as on an excess and surplus lines basis. USLI markets policies in all 50 states, the District of Columbia and Canada through wholesale and retail insurance agents. USLI also underwrites and markets a wide variety of specialty insurance products. USLI is based in Wayne, Pennsylvania. The GUARD Insurance Companies ("GUARD") consist of five insurance companies that provide a comprehensive suite of commercial insurance solutions to over 200,000 small-to-medium sized businesses. These insurance products are accessible through independent agents and wholesale brokers. GUARD is based in Wilkes-Barre, Pennsylvania.

Berkshire Hathaway Direct Insurance Company and its affiliates ("BH Direct") offer commercial insurance products (including workers' compensation, property, auto, general and professional liability) to small business customers. BH Direct's products are primarily sold through two internet-based distribution platforms, biBERK.com and Threeinsurance.com. BH Direct writes policies on an admitted basis and is based in Stamford, Connecticut.

Berkshire Hathaway Reinsurance Group—Berkshire's combined global reinsurance business, referred to as the Berkshire Hathaway Reinsurance Group ("BHRG"), offers a wide range of coverages on property, casualty, life and health risks to insurers and reinsurers worldwide. BHRG conducts business activities in 24 countries. Reinsurance business is written through NICO and affiliates ("NICO Group"), General Re Corporation and its subsidiaries ("General Re Group") and Transatlantic Reinsurance Company and its affiliates ("TransRe Group"). U.S. underwriting operations of the NICO Group and General Re Group are based in Stamford, Connecticut while the TransRe Group is based in New York, New York.

Reinsurance contracts are normally classified as treaty or facultative. Treaty reinsurance refers to reinsurance coverage for all or a portion of a specified group or class of risks ceded by a direct insurer or reinsurer, while facultative reinsurance involves coverage of specific individual underlying risks. Reinsurance contracts are further classified as quota-share or excess-of-loss. Under quota-share (proportional or pro-rata) reinsurance, the reinsurer shares proportionally in the original premiums and losses of the direct insurer or reinsurer. Excess-of-loss (or non-proportional) reinsurance provides for the indemnification of the direct insurer or reinsurer for all or a portion of the loss in excess of an agreed upon amount or "retention." Both quota-share and excess-of-loss reinsurance contracts may provide for aggregate limits of indemnification.

The type and volume of business written is dependent on market conditions, including prevailing premium rates and coverage terms. The level of underwriting activities often fluctuates significantly from year to year depending on the perceived level of price adequacy in specific insurance and reinsurance markets as well as from the timing of particularly large reinsurance transactions.

Property/casualty

The NICO Group offers traditional property/casualty reinsurance on both an excess-of-loss and a quota-share basis, catastrophe excess-of-loss treaty and facultative reinsurance, and primary insurance on an excess-of-loss basis for very large or unusual risks. The type and volume of business written by the NICO Group may vary significantly from period to period resulting from changes in perceived premium rate adequacy and from unique or large transactions. A significant portion of NICO Group's annual reinsurance premium derived from a 20% quota-share agreement with Insurance Australia Group Limited ("IAG"). This quota-share agreement expires December 31, 2029. IAG is a multi-line insurer in Australia, New Zealand and other Asia-Pacific countries.

The General Re Group is a global property and casualty reinsurance business. Reinsurance contracts are written on both a quota-share and excess-of-loss basis for multiple lines of business. Contracts are primarily in the form of treaties, and to a lesser degree, on a facultative basis. The General Re Group conducts business in North America, primarily marketed on a direct basis through General Reinsurance Corporation ("GRC"), which is licensed in the District of Columbia and all states, except Hawaii, where it is an accredited reinsurer. GRC also conducts operations in North America through numerous branch offices in the U.S. and Canada.

In North America, the General Re Group includes General Star National Insurance Company, General Star Indemnity Company and Genesis Insurance Company, which offer a broad array of specialty and surplus lines and property, casualty and professional liability coverages. These companies offer solutions for the unique needs of public entity, commercial and captive customers and their business is marketed through a select group of wholesale brokers, managing general underwriters and program administrators.

The General Re Group's international reinsurance business is primarily written on a direct basis through General Reinsurance AG, based in Cologne, Germany, and subsidiaries and branches in numerous other countries, as well as through brokers by Faraday Corporate Capital Limited, which participates in the Lloyd's of London market through Syndicate 435.

The TransRe Group provides quota-share and excess-of-loss reinsurance across various property and casualty lines of business. Contracts are written on both a treaty and facultative basis to insurance companies in the U.S. and in foreign markets through subsidiaries and branches in numerous countries. Business is written primarily through brokers, and to a lesser extent on a direct basis.

Life/health

The General Re Group also conducts a global life and health reinsurance business. In 2024, net premiums written were primarily in the Asia-Pacific, U.S. and Western Europe regions. The General Re Group underwrites life, disability, supplemental health, critical illness and long-term care risks on a direct basis.

Berkshire Hathaway Life Insurance Company of Nebraska ("BHLN") and its affiliates write reinsurance covering various forms of traditional life insurance exposures and reinsured certain guaranteed minimum death, income and similar risks on closed-blocks of variable annuity risks, which are in run-off.

Retroactive reinsurance

Retroactive reinsurance contracts indemnify ceding companies for adverse development of claims arising from loss events that have already occurred under property and casualty policies issued in prior years. Coverage under such contracts is provided on an excess basis (above a stated retention) or for losses payable after the inception of the contract with no additional ceding company retention. Contracts are normally subject to aggregate limits of indemnification, which can be exceptionally large in amount. Significant amounts of asbestos, environmental and latent injury claims may arise under these contracts.

The concept of time-value-of-money is an important element in establishing retroactive reinsurance contract prices and terms since loss payments may occur over decades. Normally, expected ultimate losses payable under these policies are expected to exceed premiums, thus producing underwriting losses. Nevertheless, this business is written, in part, because of the large amounts of policyholder funds generated for investment, the economic benefit of which is reflected through investment results in future periods.

Periodic payment annuity

BHLN writes periodic payment annuity insurance policies and reinsures annuity-like obligations. Under these policies, BHLN receives upfront consideration and agrees in the future to make periodic payments that often extend for decades. These policies generally relate to the settlement of underlying personal injury or workers' compensation claims of other insurers, known as structured settlements. Consistent with retroactive reinsurance contracts, time-value-of-money is an important factor in establishing annuity premiums and ultimate payments are expected to exceed premiums received, producing underwriting losses. BHLN wrote no new policies in 2023 and 2024 in response to changing economic and market conditions.

Investments of insurance businesses—Berkshire's insurance subsidiaries hold significant levels of invested assets. Investment portfolios are managed by Berkshire's Chief Executive Officer and, to a lesser extent, by two corporate investment managers. Investments include a very large portfolio of publicly traded equity securities, which are unusually concentrated in relatively few companies, as well as in short-term investments and fixed maturity securities. Generally, there are no target allocations by investment type or attempts to match investment asset and insurance liability durations. However, investment portfolios have historically included a much greater proportion of equity securities than is customary in the insurance industry.

Invested assets derive from shareholder capital as well as funds provided from policyholders through insurance and reinsurance businesses ("float"). Float represents the approximate net policyholder funds generated through underwriting activities that are held for investment. The major components of float are unpaid losses and loss adjustment expenses, life, annuity and health benefit liabilities (excluding the effects of discount rate changes that are recorded in accumulated other comprehensive income), unearned premiums and other policyholder liabilities less premium and reinsurance receivables, deferred policy acquisition costs and deferred charges on assumed retroactive reinsurance contracts. On a consolidated basis, float has grown from approximately $129 billion at the end of 2019 to approximately $171 billion at the end of 2024. The cost of float can be measured as the net pre-tax underwriting earnings (or loss) as a percentage of average float.

Burlington Northern Santa Fe

Burlington Northern Santa Fe, LLC ("BNSF") is based in Fort Worth, Texas, and through BNSF Railway Company ("BNSF Railway") operates one of the largest railroad systems in North America. BNSF Railway had approximately 36,500 employees at the end of 2024, of whom approximately 32,000 were members of a labor union.

In serving the Midwest, Pacific Northwest, Western, Southwestern and Southeastern regions and certain ports of the U.S., BNSF Railway transports a range of products and commodities derived from manufacturing, agricultural and natural resource industries. Freight revenues are covered by contractual agreements of varying durations or common carrier published prices or company quotations. BNSF's financial performance is influenced by, among other things, general and industry economic conditions at the international, national and regional levels.

BNSF Railway's primary routes, including trackage rights, allow it to access major cities and certain ports in the western and southern U.S. as well as parts of Canada and Mexico. In addition to major cities and ports, BNSF Railway efficiently serves many smaller markets by working closely with approximately 200 shortline railroads. BNSF Railway has also entered into marketing agreements with other rail carriers, expanding the marketing reach for each railroad and their customers. Freight revenues are classified into the following categories: consumer products, industrial products, agricultural products and coal. The volumes shipped and rates charged are affected by competition from other freight carriers within the transportation industry, and changes in the underlying supply and demand for such products.

Regulatory Matters

BNSF is subject to federal, state and local laws and regulations generally applicable to its businesses. Rail operations are subject to the regulatory jurisdiction of the Surface Transportation Board ("STB"), the Federal Railroad Administration of the U.S. Department of Transportation ("DOT"), the Occupational Safety and Health Administration ("OSHA"), the Environmental Protection Agency ("EPA"), as well as other federal and state regulatory agencies and Canadian regulatory agencies for operations in Canada. The STB has jurisdiction over disputes and complaints involving certain rates, routes and services, the sale or abandonment of rail lines, applications for line extensions and construction, and the merger with or acquisition of control of rail common carriers. The outcome of STB proceedings can affect the profitability of BNSF Railway's business.

The DOT, OSHA and EPA have jurisdiction under several federal statutes over a number of safety, health and environmental aspects of rail operations, including the transportation of hazardous materials. BNSF Railway is required to transport these materials to the extent of its common carrier obligation. State agencies regulate some health, safety and environmental aspects of rail operations in areas not otherwise preempted by federal law.

Environmental Matters

BNSF's rail operations, as well as those of its competitors, are also subject to extensive federal, state and local environmental regulations covering discharges to the ground or waters, air emissions, toxic substances and the generation, handling, storage, transportation and disposal of waste and hazardous materials. Such regulations effectively increase the costs and liabilities associated with rail operations. Environmental risks are also inherent in rail operations, which frequently involve transporting chemicals and other hazardous materials.

Many of BNSF's land holdings are or have been used for industrial or transportation-related purposes or leased to commercial or industrial companies whose activities may have resulted in discharges onto the property. Under federal statutes (in particular, the Comprehensive Environmental Response, Compensation and Liability Act) and state statutes, BNSF may be held jointly and severally liable for cleanup and enforcement costs associated with a particular site without regard to fault or the legality of the original conduct. BNSF may also be subject to claims by third parties for investigation, cleanup, restoration or other environmental costs under environmental statutes or common law with respect to properties they own that have been impacted by BNSF operations.

Consumption of diesel fuel by locomotives accounted for approximately 80% of BNSF Railway's greenhouse gas ("GHG") emissions in its baseline year of 2018. BNSF management has committed to a broad sustainability model, applying science-based approaches, that is anticipated to result in a 30% reduction in BNSF Railway's GHG emissions by 2030 from its baseline year of 2018. BNSF Railway intends to continue improvements in fuel efficiency and increased utilization of renewable diesel fuel. Long-term solutions, such as battery-electric and hydrogen locomotives, are also being evaluated and field-tested.

Competition

The business environment in which BNSF Railway operates is highly competitive. Depending on the specific market, deregulated motor carriers and other railroads, as well as river barges, ships and pipelines, may exert pressure on price and service levels. The presence of advanced, high service truck lines with expedited delivery, subsidized infrastructure and minimal empty mileage continues to affect the market for non-bulk, time-sensitive freight. The potential expansion of longer combination vehicles could further encroach upon markets traditionally served by railroads. In order to remain competitive, BNSF Railway and other railroads seek to develop and implement operating efficiencies to improve productivity.

As railroads streamline, rationalize and otherwise enhance their franchises, competition among rail carriers intensifies. BNSF Railway's primary rail competitor in the Western region of the U.S. is the Union Pacific Railroad Company. Other Class I railroads and numerous regional railroads and motor carriers also operate in parts of the same territories served by BNSF Railway.

Berkshire Hathaway Energy

Berkshire Hathaway Energy Company ("BHE") is a holding company headquartered in Iowa with investments in a diversified portfolio of locally managed and operated businesses, principally within the energy industry. BHE's domestic regulated energy interests are comprised of four regulated U.S. utility companies (collectively, "U.S. utilities") serving approximately 5.3 million retail customers and five U.S. interstate natural gas pipeline companies with approximately 21,000 miles of operated pipeline having a design capacity of approximately 21.5 billion cubic feet of natural gas per day. Other energy businesses include electric transmission and distribution operations in Great Britain and Canada, a diversified portfolio of mostly renewable independent power projects and investments, and a liquefied natural gas export, import and storage facility. BHE also has an investment in a residential real estate brokerage firm in the U.S. and is a franchisor to a large network of residential real estate brokerages in the U.S. BHE employs approximately 24,000 people in connection with its various operations.

Energy businesses

BHE's U.S. utilities include PacifiCorp, MidAmerican Energy Company ("MEC") and NV Energy, Inc.'s ("NV Energy") two regulated utility subsidiaries, Nevada Power Company ("Nevada Power") and Sierra Pacific Power Company ("Sierra Pacific").

PacifiCorp is a regulated electric utility company headquartered in Oregon, serving electric customers in portions of Utah, Oregon, Wyoming, Washington, Idaho and California. The combined service territory's diverse regional economy ranges from rural, agricultural and mining areas to urban, manufacturing and government service centers. No single segment of the economy dominates the combined service territory, which helps mitigate PacifiCorp's exposure to economic fluctuations. In addition to retail sales, PacifiCorp buys and sells electricity on a wholesale basis.

MEC is a regulated electric and natural gas utility company headquartered in Iowa, serving electric and natural gas customers primarily in Iowa and also in portions of Illinois, South Dakota and Nebraska. MEC's diverse retail customer base operates in the electronic data storage, agricultural, manufacturing and government service centers industries. In addition to retail sales and natural gas transportation, MEC sells electricity and natural gas on a wholesale basis.

Nevada Power serves retail electric customers in southern Nevada and Sierra Pacific serves retail electric and natural gas customers in northern Nevada. The combined Nevada Power/Sierra Pacific service territory economy includes retail customers in the gaming, mining, recreation, warehousing, manufacturing and governmental service centers sectors. In addition to retail sales and natural gas transportation, these utilities buy and sell electricity and natural gas on a wholesale basis.

As vertically integrated utilities, BHE's U.S. utilities collectively own approximately 31,300 net megawatts of generation capacity in operation and under construction. The U.S. utilities' business is subject to seasonal variations principally related to the use of electricity for air conditioning and natural gas for heating. Typically, regulated electric revenues are higher in the summer months, while regulated natural gas revenues are higher in the winter months.

The natural gas pipelines consist of BHE GT&S, LLC ("BHE GT&S"), Northern Natural Gas Company ("Northern Natural") and Kern River Gas Transmission Company ("Kern River").

BHE GT&S, based in Virginia, operates three interstate natural gas pipeline systems that consist of approximately 5,400 miles of natural gas transmission, gathering and storage pipelines and operates seventeen underground natural gas storage fields in the eastern region of the U.S. BHE GT&S's large underground natural gas storage assets and pipeline systems are part of an interconnected gas transmission network that provides transportation services to utilities and numerous other customers. BHE GT&S is also an industry leader in liquefied natural gas solutions through its investments in and ownership of several liquefied natural gas facilities located throughout the eastern region of the U.S.

Northern Natural, based in Nebraska, operates the largest interstate natural gas pipeline system in the U.S., as measured by pipeline miles, reaching from west Texas to Michigan's Upper Peninsula. Northern Natural's pipeline system consists of approximately 14,200 miles of natural gas pipelines. Northern Natural's extensive pipeline system, which is interconnected with many interstate and intrastate pipelines in the national grid system, has access to supplies from multiple major supply basins and provides transportation services to utilities and numerous other customers. Northern Natural also operates three underground natural gas storage facilities and two liquefied natural gas storage peaking units. Northern Natural's pipeline system experiences significant seasonal swings in demand and revenue, with the highest demand typically occurring during the months of November through March.

Kern River, based in Utah, operates an interstate natural gas pipeline system that consists of approximately 1,400 miles and extends from supply areas in the Rocky Mountains to consuming markets in Utah, Nevada and California. Kern River transports natural gas for electric and natural gas distribution utilities, major oil and natural gas companies or affiliates of such companies, electric generating companies, energy marketing and trading companies, and financial institutions.

Other energy businesses include Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc, which own a substantial electricity distribution network that delivers electricity to end-users in northeast England in an area covering approximately 10,000 square miles. These distribution companies primarily charge supply companies regulated tariffs for the use of their distribution systems and serve about 4.0 million electricity end-users. AltaLink L.P. ("AltaLink") is a regulated electric transmission-only utility company headquartered in Calgary, Alberta. AltaLink's high voltage transmission lines and related facilities transmit electricity from generating facilities to major load centers, cities and large industrial plants throughout its 87,000 square mile service territory. AltaLink serves approximately 85% of Alberta's population. BHE and its subsidiaries, also own interests in independent power projects having approximately 6,100 net megawatts of generation capacity that are in service and under construction in California, Texas, Illinois, Nebraska, Montana, Australia, New York, Arizona, Canada, West Virginia, Minnesota, Kansas, Iowa and Hawaii. These independent power projects sell power generated primarily from wind, solar, geothermal and hydro sources under long-term contracts. Additionally, BHE subsidiaries have invested approximately $7.3 billion to-date in wind projects sponsored by third parties, commonly referred to as tax equity investments.

Regulatory Matters

The U.S. utilities are subject to comprehensive regulation by various federal, state and local agencies. The Federal Energy Regulatory Commission ("FERC") is an independent agency with broad authority to implement provisions of the Federal Power Act, the Energy Policy Act of 2005 and other federal statutes. The FERC regulates rates for wholesale sales of electricity; transmission of electricity, including pricing and regional planning for the expansion of transmission systems; electric system reliability; utility holding companies; accounting and records retention; securities issuances; construction and operation of hydroelectric facilities; and other matters. The FERC also has the enforcement authority to assess civil penalties of up to $1.6 million per day per violation of rules, regulations and orders issued under the Federal Power Act. MEC is also subject to regulation by the Nuclear Regulatory Commission pursuant to the Atomic Energy Act of 1954, as amended, with respect to its 25% ownership of the Quad Cities Nuclear Station.

With certain limited exceptions, the U.S. utilities have an exclusive right to serve retail customers within their service territories and, in turn, have an obligation to provide service to those customers. In some jurisdictions, certain classes of customers may choose to purchase all or a portion of their energy from alternative energy suppliers, and in some jurisdictions retail customers can generate all or a portion of their own energy. Historically, state regulatory commissions have established retail electric and natural gas rates on a cost-of-service basis, which are designed to allow a utility the opportunity to recover what each state regulatory commission deems to be the utility's reasonable costs of providing services, including the opportunity to earn a fair and reasonable return on its investments based on its cost of debt and equity. The retail electric rates of U.S. utilities are generally based on the cost of providing traditional bundled services, including generation, transmission and distribution services; however, rates are available for transmission-only and distribution-only services.

Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc each charge fees for the use of their distribution systems that are controlled by a formula prescribed by the Gas and Electricity Markets Authority, the British electricity regulatory body. The current electricity distribution price control runs from April 1, 2023 through March 31, 2028.

AltaLink is regulated by the Alberta Utilities Commission ("AUC"), pursuant to the Electric Utilities Act (Alberta), the Public Utilities Act (Alberta), the Alberta Utilities Commission Act (Alberta) and the Hydro and Electric Energy Act (Alberta). The AUC is an independent quasi-judicial agency, which regulates and oversees Alberta's electricity transmission sector with broad authority that may impact many of AltaLink's activities, including its tariffs, rates, construction, operations and financing. Under the Electric Utilities Act, AltaLink prepares and files applications with the AUC for approval of tariffs to be paid by the Alberta Electric System Operator ("AESO") for the use of its transmission facilities, and the terms and conditions governing the use of those facilities. The AESO is an independent system operator in Alberta, Canada that oversees Alberta's integrated electrical system ("AIES") and wholesale electricity market. The AESO is responsible for directing the safe, reliable and economic operation of the AIES, including long-term transmission system planning.

The natural gas pipelines are subject to regulation by various federal and state agencies. The natural gas pipeline and storage operations of BHE GT&S, Northern Natural and Kern River are regulated by the FERC pursuant to the Natural Gas Act and the Natural Gas Policy Act of 1978. Under this authority, the FERC regulates, among other items, (a) rates, charges, terms and conditions of service; (b) the construction and operation of interstate pipelines, storage and related facilities, including the extension, expansion or abandonment of such facilities; and (c) the construction and operation of liquefied natural gas export/import facilities. Interstate natural gas pipeline companies are also subject to regulations administered by the Office of Pipeline Safety within the Pipeline and Hazardous Materials Safety Administration, an agency of the DOT. Federal pipeline safety regulations are issued pursuant to the Natural Gas Pipeline Safety Act of 1968, as amended, which establishes safety requirements in the design, construction, operation and maintenance of interstate natural gas pipeline facilities.

Environmental Matters

BHE and its energy businesses are subject to federal, state, local and foreign laws and regulations regarding air quality, climate change, emissions performance standards, water quality, coal ash disposal and other environmental matters that have the potential to impact current and future operations. In addition to imposing continuing compliance obligations, these laws and regulations, such as the Federal Clean Air Act, provide regulators with the authority to levy substantial penalties for noncompliance, including fines, injunctive relief and other sanctions.

The Federal Clean Air Act, as well as state laws and regulations impacting air emissions, provides a framework for protecting and improving the nation's air quality and controlling sources of air emissions. The implementation of these laws and regulations may impact the operation of BHE's generating facilities, including requiring reductions in emissions at those facilities to comply with the requirements. In addition, the potential adoption of state or federal clean energy standards, which include low-carbon, non-carbon and renewable electricity generating resources, may also impact electricity generators and natural gas providers.

In December 2015, an international agreement was negotiated by 195 nations to create a universal framework for coordinated action on climate change in what is referred to as the Paris Agreement. The Paris Agreement reaffirms the goal of limiting global temperature increase well below 2 degrees Celsius, while urging efforts to limit the increase to 1.5 degrees Celsius and reaching a global peak of GHG emissions as soon as possible to achieve climate neutrality by mid-century; establishes commitments by all parties to make nationally determined contributions and pursue domestic measures aimed at achieving the commitments; commits all countries to submit emissions inventories and report regularly on their emissions and progress made in implementing and achieving their nationally determined commitments; and commits all countries to submit new commitments every five years, with the expectation that the commitments will be more aggressive in reducing GHG emissions. In the context of the Paris Agreement, the U.S. agreed to reduce GHG emissions by 26% to 28% from 2005 levels by 2025. The Paris Agreement formally became effective on November 4, 2016; however, the U.S. completed its withdrawal from the Paris Agreement on November 4, 2020. President Biden accepted the terms of the climate agreement on January 20, 2021, and the U.S. completed its reentry on February 19, 2021. New commitments to the Paris Agreement were announced in April 2021, with the U.S. pledging to cut its overall GHG emissions by 50% to 52% from 2005 levels by 2030 and to reach 100% carbon pollution-free electricity by 2035. In December 2024, President Biden released new commitments to reach a 61% to 66% reduction in emissions by 2035 from 2005 levels, which includes a 35% reduction in methane emissions. While in January 2025, President Trump ordered to withdraw the U.S. from the Paris Agreement, the outgoing Biden administration highlighted that the revised targets could be met without federal action. Increasingly, states are adopting legislation and regulations to reduce GHG emissions, and local governments and consumers are seeking increasing amounts of clean and renewable energy.

In April 2024, the EPA finalized new rules addressing GHG emissions for the power sector. The requirements are scheduled to take effect January 1, 2030. New natural gas-fueled combustion turbines are expected to utilize lower-emitting fuels and operate as highly efficient generation. Additionally, new baseload combustion turbines exceeding a 40% annual capacity factor must meet an emission limit equivalent to operating with carbon capture and sequestration beginning January 1, 2032. The EPA also identified carbon capture and sequestration as the technology basis for the emissions standards for coal units. Coal-fueled units that will operate after December 31, 2038, must meet emission limits equivalent to operating with carbon capture and sequestration beginning January 1, 2032. Other units are anticipated to co-fire with natural gas and retire prior to January 1, 2039, or convert to natural gas operations and meet emission limits corresponding to capacity factors. The EPA deferred action on standards for existing natural gas-fueled combustion turbines. The rule has been challenged in the D.C. Circuit Court of Appeals. The incoming Trump administration is expected to ask the court to abate litigation while it reevaluates the rule. Because the rule is final and in effect, additional rulemaking would be required to rescind and potentially replace the emissions standards.

In November 2021, the EPA proposed rules that would reduce methane emissions from both new and existing sources in the oil and natural gas industry. The proposals would expand and strengthen emission reduction requirements for new, modified and reconstructed oil and natural gas sources and would require states to reduce methane emissions from existing sources nationwide. The EPA issued a supplemental proposal in November 2022 to further strengthen emission requirements. The rule was finalized in December 2023. Affected sources may have up to five years from the rule's effective date to comply with requirements identified in state implementation plans. The rule has been challenged in the D.C. Circuit Court of Appeals. The Trump administration is expected to ask the court to abate litigation while it reevaluates the rule. Because the rule is final and in effect, additional rulemaking would be required to rescind and potentially replace the emissions standards.

BHE and its energy subsidiaries continue to focus on delivering reliable, affordable, safe and clean energy to its customers and on actions to mitigate its GHG emissions. BHE's primary source of GHG emissions is the generation of electricity from its power plants that are fueled by coal or natural gas. In managing its electricity generation, BHE's subsidiaries work with their regulators to protect the energy and economic needs of customers by considering costs, reliability and sources of electric generation. Over the years, BHE has invested heavily in owned renewable generation and storage, with cumulative investments of $35.4 billion through December 31, 2024. Additionally, BHE has ceased coal operations at 18 generation units. As a result, as of December 31, 2024, BHE has reduced its annual GHG emissions by more than 38% as compared to 2005 levels. To the extent it is beneficial for customers and consistent with regulatory provisions, BHE plans to continue investing in renewable and other low-carbon generation and storage in the future and to cease coal operations at additional coal generation units in a reliable and cost-effective manner, thereby achieving a 50% reduction in GHG emissions from 2005 levels in 2030.

Non-Energy Businesses

HomeServices of America, Inc. ("HomeServices") is a residential real estate brokerage firm in the U.S. In addition to providing traditional residential real estate brokerage services, HomeServices offers other integrated real estate services, including mortgage originations and mortgage banking, title and closing services, insurance, home warranties, relocation services and other home-related services. It operates under 48 brand names with approximately 37,700 real estate agents in nearly 820 brokerage offices in 34 states and the District of Columbia.

HomeServices' franchise network includes approximately 270 franchisees and over 1,400 brokerage offices with approximately 44,700 third-party real estate agents under two brand names. In exchange for franchise fees, HomeServices provides the right to use the Berkshire Hathaway HomeServices or Real Living brand names and other related service marks, as well as providing orientation programs, training and consultation services, advertising programs and other services.

HomeServices' principal sources of revenue are dependent on residential real estate transaction volumes, which are normally higher in the second and third quarters of each year. This business is highly competitive and subject to general real estate market conditions.

Manufacturing Businesses

Berkshire's numerous and diverse manufacturing subsidiaries are grouped into three categories: (1) industrial products, (2) building products and (3) consumer products. Berkshire's industrial products businesses manufacture components for aerospace and power generation applications, specialty chemicals, metal cutting tools and a variety of other products primarily for industrial use. The building products group produces prefabricated and site-built residential homes, flooring products, insulation, roofing and engineered products, building and engineered components, paint and coatings and bricks and masonry products. The consumer products group manufactures and/or distributes recreational vehicles, batteries, various apparel, footwear and other products. Information concerning the major activities of these three groups follows. Berkshire's manufacturing businesses employed approximately 180,000 people at the end of 2024.

Industrial products

Precision Castparts

Precision Castparts Corp. ("PCC"), based in Lake Oswego, Oregon, manufactures complex metal components and products and provides high-quality investment castings, forgings, fasteners/fastener systems and aerostructures for critical aerospace and power and energy applications. PCC also manufactures (1) investment castings and forgings for general industrial, armament, medical and other applications; (2) nickel, titanium and cobalt alloys in all standard mill forms, including specialty alloys used to produce investment castings and forgings for the aerospace, chemical processing, oil and gas, pollution control and other industries; (3) fasteners and engineered products for automotive and general industrial markets; and (4) other products and services for various markets and applications.

Investment casting technology involves a multi-step process that uses ceramic molds in the manufacture of metal components with more complex shapes, closer tolerances and finer surface finishes than parts manufactured using other methods. PCC uses this process to manufacture products for aircraft engines, industrial gas turbine and other aeroderivative engines, airframes, medical implants, armament, unmanned aerial vehicles and other industrial applications. PCC also manufactures high temperature carbon and ceramic composite components, including ceramic matrix composites, for use in next-generation aerospace engines.

PCC uses forging processes to manufacture components for the aerospace and power generation markets. PCC manufactures high-performance, nickel-based alloys, as well as titanium alloys and products. PCC's nickel-based alloys are used to produce forged components and investment castings for aerospace and non-aerospace applications in such markets as oil and gas, chemical processing and pollution control. PCC's titanium products are used to manufacture components for the commercial and military aerospace, power generation, energy, medical and industrial end markets.

PCC is also a leading developer and manufacturer of highly engineered fasteners, fastener systems, aerostructures and precision components, primarily for critical aerospace applications. These products are produced for the aerospace and power and energy markets, as well as for construction, automotive, heavy truck, farm machinery, mining and construction equipment, shipbuilding, machine tools, appliances and recreation markets.

PCC has several significant customers, including aerospace original equipment manufacturers ("OEMs") (Boeing and Airbus) and aircraft engine manufacturer suppliers (GE Aerospace, Rolls Royce and Pratt & Whitney). The majority of PCC's sales are from customer orders or demand schedules pursuant to long-term agreements. Contractual terms may provide for termination by the customer, subject to payment for work performed. PCC typically does not experience significant order cancellations, although periodically it receives requests for delays in delivery schedules.

Long-term industry forecasts continue to show growth and strong demand for air travel and aerospace products. Continued growth in revenues and earnings will be predicated on PCC's ability to successfully increase production levels to match the expected growth in aerospace products, as well as improvements in the industry supply chains, which are currently constraining commercial aircraft production at OEMs.

PCC is subject to substantial competition in all of its markets. Components and similar products may be produced by competitors, who use either the same types of manufacturing processes as PCC or other processes. Although PCC believes its manufacturing processes, technology and experience provide its customers with advantages, such as high quality, competitive prices and physical properties that often meet more stringent demands, alternative forms of manufacturing can be used to produce many of the same components and products. Nevertheless, PCC is a leading supplier in most of its principal markets. Several factors, including long-standing customer relationships, technical expertise, state-of-the-art facilities and dedicated employees, aid PCC in maintaining competitive advantages.

Several raw materials used in PCC products, including certain metals such as nickel, titanium, cobalt, tantalum, hafnium and molybdenum, are found in only a few parts of the world. These metals are required for the alloys used in manufactured products. The availability and costs of these metals may be influenced by private or governmental cartels, changes in world politics, labor relations between the metal producers and their workforces and inflation.

PCC is subject to various federal, state and foreign environmental laws concerning, among other things, water discharges, air emissions, waste management, toxic materials use reduction and environmental cleanup. Environmental laws and regulations continue to evolve, particularly related to air and water quality and climate change, including reporting of GHG emissions. As a result, it is also reasonably likely that PCC will be regularly required to make additional expenditures, including capital expenditures, which could be significant, relating to environmental matters.

Lubrizol

The Lubrizol Corporation ("Lubrizol"), headquartered in Wickliffe, Ohio, is a specialty chemical and performance materials company that manufactures products and supplies technologies for the global transportation, industrial and consumer markets. Lubrizol operates two business segments: Lubrizol Additives, which produces engine lubricant additives, driveline lubricant additives and industrial specialties products; and Lubrizol Advanced Materials, which includes engineered materials (engineered polymers and performance coatings) and life sciences (beauty, personal care, health and home care solutions).

Lubrizol Additives' products are used in a broad range of applications including engine oils, transmission fluids, gear oils, specialty driveline lubricants, fuels, metalworking fluids and compressor lubricants for transportation and industrial applications. Lubrizol Advanced Materials' products are used in many different types of applications including beauty, personal care, home care, over-the-counter pharmaceuticals, medical devices, performance coatings, sporting goods, plumbing and fire sprinkler systems. Lubrizol is an industry leader in many of the markets in which it competes. Lubrizol Additives' principal competitors are Infineum International Ltd., Chevron Oronite Company and Afton Chemical Corporation. Lubrizol Advanced Materials' businesses compete in many markets with a variety of competitors in each product line.

Lubrizol uses its technological leadership position and applies its scientific capabilities, formulation know-how and market expertise in product development to improve the demand, quality and value of its products. Lubrizol also leverages its scientific and applications knowledge to meet and exceed customer performance and sustainability requirements. While Lubrizol typically has patents that expire each year, it invests resources to protect its intellectual property and to develop or acquire innovative products for the markets it serves. Lubrizol uses many specialty and commodity chemical raw materials in its manufacturing processes. Raw materials are primarily feedstocks derived from petroleum and petrochemicals and, generally, are obtainable from several sources. The materials that Lubrizol chooses to purchase from a single source typically are subject to long-term supply contracts to ensure reliability.

Lubrizol operates its business on a global basis through more than 100 offices, laboratories, production facilities and warehouses on six continents, the most significant of which are North America, Europe, Asia and South America. Lubrizol markets its products worldwide through direct sales, sales agents and distributors. Lubrizol's customers principally consist of major global and regional oil companies and industrial and consumer products companies. Some of Lubrizol's largest customers also may be suppliers, although no single customer represented more than 10% of Lubrizol's consolidated revenues in 2024. In recent years, supply chain disruptions arising from various sources and severe weather affected the availability of raw materials and fulfillment of customer orders and otherwise disrupted Lubrizol's operations.

Lubrizol expends significant capital to ensure the safety of its employees and the communities where it operates, as well as delivering on its commitments to operational excellence and cybersecurity. Lubrizol also makes significant capital investments to ensure reliable supply and compliance with regulations governing its operations, while reducing its environmental footprint.

Lubrizol is subject to foreign, federal, state and local laws to protect the environment, limit manufacturing waste and emissions, ensure product and employee safety and regulate trade. While Lubrizol's policies, practices and procedures are designed to limit the associated risks and consequent financial liability, the operation of chemical manufacturing plants entails inherent environmental, safety and other risks, and significant capital expenditures, costs or liabilities could be incurred in the future.

IMC International Metalworking Companies

IMC International Metalworking Companies and its subsidiaries ("IMC") is one of the three largest multinational manufacturers of consumable precision carbide metal cutting tools for applications in a broad range of industrial end markets. IMC's primary brand names include ISCAR®, TaeguTec®, Ingersoll®, Tungaloy® and NTK®. Other IMC brand names include, among others, Unitac®, UOP®, It.te.di®, Qutiltec®, Tool—Flo®, PCT®, IMCO®, BSW®, RKS®, Supermill® and Neoboss. IMC's primary manufacturing facilities are in Israel, the U.S., South Korea, Japan, Germany, Italy, Switzerland, India, China and Mexico.

IMC has six primary product lines: milling tools, parting and grooving tools, turning/thread tools, hole making tools, round tools and tooling. These main product lines are split between consumable cemented tungsten carbide inserts and steel tool holders. Inserts comprise a major portion of IMC's sales and earnings. Metal cutting inserts are used by industrial manufacturers to cut metals and are consumed during their use in cutting applications. Steel tool holders are used to hold the insert against the cutting piece. IMC manufactures hundreds of types of highly engineered inserts within each product line that are tailored to maximize productivity and meet the technical requirements of customers. IMC's staff of scientists and engineers continuously develop and innovate products that address end user needs and requirements.

IMC's global sales and marketing network operates in nearly every major manufacturing center around the world, staffed with highly skilled engineers and technical personnel. IMC's customer base is very diverse, with its primary customers being large, multinational businesses in the automotive, aerospace, engineering and machinery industries. IMC operates a regional central warehouse system with locations in Israel, the U.S., Belgium, South Korea, Japan and China. Additional small quantities of products are maintained at local IMC sales offices to provide on-time customer support and inventory management.

IMC competes in the metal cutting tools segment of the global metalworking tools market. The segment includes hundreds of participants who range from small, private manufacturers of specialized products for niche applications and markets to larger, global multinational businesses (such as Sandvik and Kennametal, Inc.) with a wide assortment of products and extensive distribution networks. Other manufacturing companies such as Kyocera, Mitsubishi, Sumitomo, Ceratizit and Korloy also play a significant role in the cutting tool market.

Cemented tungsten carbide powder is the main raw material used in manufacturing cutting tools. Most of IMC's insert products are made from tungsten. While supplies are currently adequate, significant disruptions or constraints in production processing facilities could cause reduced availability and increased prices.

IMC is committed to following and complying with all government and environmental rules, regulations and requirements and applicable laws. IMC considers environmental preservation and pollution prevention as important factors in all operations and activities. IMC production facilities are built with the highest standards and follow all applicable regulations.

Marmon

Marmon Holdings, Inc. ("Marmon"), headquartered in Chicago, Illinois, is a global industrial organization comprising eleven diverse business groups and more than 120 autonomous manufacturing and service businesses. Marmon's manufacturing and service operations are conducted at approximately 650 manufacturing, distribution and service facilities located primarily in the U.S., as well as 17 other countries worldwide. Marmon's business groups are as follows.

The Foodservice Technologies group manufactures beverage dispensing and cooling equipment, hot and cold food preparation and holding equipment and related products for restaurants, global brand owners and other foodservice providers. Operations are based in the U.S. with manufacturing facilities in the U.S., Mexico, China, the Czech Republic and Italy. Products are sold primarily throughout the U.S., Europe and Asia.

The Water Technologies group manufactures water treatment equipment for residential, commercial and industrial applications worldwide. Operations are based primarily in the U.S., Canada, China, Singapore, India and Poland with business centers located in Belgium, France, Germany, the U.K. and Italy.

The Transportation Products group serves the automotive and heavy-duty highway transportation industries with precision-molded plastic components; aluminum tubing and extrusions; replacement parts and solutions for the automotive aftermarket; dry van, flatbed, lowbed and specialty trailers; and truck and trailer components. Operations are conducted primarily in the U.S., Mexico, Canada, Europe and China.

The Retail Solutions group provides retail environment design services; in-store digital merchandising, dispensing and display fixtures; and shopping, material handling and security carts. Operations are conducted in the U.S., the U.K. and the Czech Republic.

The Metal Services group provides specialty metal pipe, tubing and related value-added services to customers across a broad range of industries including aerospace, construction and agricultural. Operations are conducted in the U.S., India, Poland, Singapore, the U.K., the Netherlands, Canada and Mexico.

The Electrical group produces electrical wire for use in residential and commercial buildings, and specialty wire and cable for use in energy, transit, aerospace, defense, communication and other industrial applications. Operations are conducted in the U.S., Canada, India and England.

The Plumbing & Refrigeration group manufactures copper tubing and copper, brass, aluminum and stainless-steel fittings and components for the plumbing, heating, ventilation, air conditioning and refrigeration (HVAC-R) market; custom heat exchange, ducting, air handling units and energy recovery solutions for the HVAC-R market; HVAC systems and structures for data centers, pharmaceutical and industrial sites; and aluminum and brass forgings for many commercial and industrial applications. Key raw materials, including aluminum, copper and stainless steel are widely available. Operations are conducted primarily in the U.S., Canada and the U.K.

The Industrial Products group supplies construction fasteners; masonry and stone anchoring systems used in commercial construction; two component polymer products for anchoring, bonding and repair applications, gloves and other protective wear; gear drives, gearboxes, fan and pump drives for various markets; wind machines for agricultural use; wheels, axles and gears for rail, mining and other applications; lighting products for industrial and mining; equipment for the manufacture and assembly of lead acid batteries; and the manufacturing and installation of after life service products. Operations are primarily based in the U.S., the U.K., Canada and China.

The Rail & Leasing group manufactures, leases and maintains railcars; leases intermodal tank containers; manufactures mobile railcar movers; provides in-plant rail switching and loading services; performs track construction and maintenance; and manufactures steel tank heads and cylinders.

Union Tank Car Company ("UTLX") is the largest component of the Rail & Leasing group and is a leading designer, builder and full-service lessor of railroad tank cars and other specialized railcars. Together, with its Canadian affiliate Procor, UTLX owns a fleet of approximately 119,000 railcars for lease to customers in chemical, petrochemical, energy and agricultural/food industries. UTLX manufactures tank cars in the U.S. and performs railcar maintenance services at more than 100 locations across North America.

UTLX has a diversified customer base, both geographically and across industries. UTLX, while subject to cyclicality and significant competition in most of its markets, competes by offering a broad range of high-quality products and services targeted at its niche markets. Railcars are typically leased for multiple-year terms and most of the leases are renewed upon expiration. Due to selective ongoing capital investment, utilization rates (the number of railcars on lease as a percentage of the total fleet) are generally high.

Intermodal tank containers are leased through EXSIF Worldwide ("EXSIF"). EXSIF is a leading international lessor of intermodal tank containers with a fleet of approximately 75,000 units, primarily serving chemical producers and logistics operators.

The Crane Services group is a provider of mobile cranes and operators in North America and Australia with a combined fleet of approximately 1,100 cranes, primarily serving the energy, mining, petrochemical and infrastructure markets. Cranes are leased on a fully operated and maintained service basis or on an equipment-only basis. The Crane Services group is subject to customer seasonality, with concentration of volume typically in the warmer months.

The Medical group develops, manufactures and sells a wide range of innovative medical devices in the extremities fixation, craniomaxillofacial surgery, neurosurgery, aesthetics and powered instruments markets. The group's leading-edge medical technology and products are used globally to help improve patient care and outcomes. Operations are based in the U.S., Europe and China and business is conducted primarily in North and South America, Europe, Asia and Australia.

Certain Marmon businesses, including the Rail & Leasing and Medical groups, are subject to government regulation and oversight. Marmon has numerous known environmental matters which are subject to on-going monitoring and/or remediation efforts. Marmon follows all federal, state and local environmental regulations.

<u>Other industrial products</u>

CTB International Corp. ("CTB"), headquartered in Milford, Indiana, is a leading global designer, manufacturer and marketer of a wide range of agricultural systems and solutions for preserving grain, producing poultry, pigs and eggs, and for processing poultry, fish, vegetables and other foods. CTB operates from facilities located around the globe and supports customers through a worldwide network of independent distributors and dealers.

CTB competes with a variety of manufacturers and suppliers, including many that offer only a limited number of the products offered by CTB, as well as a few that offer products across several of CTB's product lines. Competition is based on the price, value, reputation, quality and design of the products offered and the customer service provided by distributors, dealers and manufacturers of the products. CTB's leading brand names, distribution network, diversified product line, product support and high-quality products enable it to compete effectively. CTB manufactures its products primarily from galvanized steel, steel wire, stainless steel and polymer materials. The availability of these materials in recent years has been adequate.

LiquidPower Specialty Products Inc. ("LSPI"), headquartered in Houston, Texas, is a global leader in the science of drag reduction application ("DRA") technology by maximizing the flow potential of pipelines, increasing operational flexibility and throughput capacity, and efficiencies for customers. LSPI develops innovative flow improver solutions with customers in 24 countries on five continents, treating over 50 million barrels of hydrocarbon liquids per day. LSPI's DRA offering is part of a comprehensive, full-service solution that encompasses industry-leading technology, quality manufacturing, technical support and consulting, a reliable supply chain, injection equipment and field service. LSPI is subject to foreign, federal, state and local laws to protect the environment and limit manufacturing waste and emissions.

The industrial products group also includes W&W|AFCO Steel ("W&W|AFCO"), a leading structural steel fabricator and steel construction business in North America. W&W|AFCO operates 19 steel fabrication plants located across the U.S. W&W|AFCO's projects include semiconductor plants, stadiums, high-rise buildings, bridges, mining facilities, aircraft hangars, military projects, automotive assembly plants, as well as international projects. W&W|AFCO's multiyear backlog of projects at the end of 2024 was substantial. W&W|AFCO was acquired in connection with the Alleghany acquisition in October 2022, and its headquarters are in Oklahoma City, Oklahoma.

Building Products

<u>Clayton</u>

Clayton Homes, Inc. ("Clayton"), headquartered near Knoxville, Tennessee, is a vertically integrated housing company offering off-site (factory) and site-built homes, including modular, manufactured, CrossMod™, town homes and tiny homes. In 2024, Clayton completed approximately 51,000 off-site built homes, over 95% of which were built to the Department of Energy's Zero Energy Ready Home program requirements, as well as approximately 10,000 site-built homes. Clayton also offers home financing and other financial services and competes on price, service, location and delivery capabilities.

All Clayton Built® off-site built homes are designed, engineered and assembled in the U.S. As of December 2024, off-site backlog was approximately $700 million. Clayton sells off-site built homes through independent and company-owned home centers, realtors and subdivision channels. Clayton considers its ability to offer financing to retail purchasers a factor affecting the marketplace acceptance of its off-site built homes. Clayton's financing programs utilize proprietary loan underwriting guidelines to evaluate loan applicants.

Clayton's site-built division, Clayton Properties Group ("CPG"), includes nine builders across 18 states with nearly 300 subdivisions, supplementing the portfolio of housing products offered to customers. CPG owned and controlled approximately 66,000 homesites, with a home order backlog of approximately $1.46 billion as of December 2024.

Access to key housing inputs, including lumber, steel and resin products, was adequate in 2023 and 2024. Historically, the availability and pricing of these and other inputs has been volatile resulting in input shortages.

Clayton's off-site home building business is impacted by changes in U.S. home mortgage interest rates. While interest rates slightly declined in the latter part of 2024, interest rates significantly increased during 2022 and 2023, slowing demand for new home construction, which was partially mitigated by low supplies of pre-existing homes for sale.

Clayton's home building business regularly makes capital and non-capital expenditures with respect to compliance with federal, state and local environmental regulations, primarily related to erosion control, permitting and stormwater protection for site-built home subdivisions. The financing business originates and services loans which are federally regulated by the Consumer Financial Protection Bureau, various state regulatory agencies and reviewed by the U.S. Department of Housing and Urban Development, the Government National Mortgage Association and government-sponsored enterprises.

Shaw

Shaw Industries Group, Inc. (“Shaw”), headquartered in Dalton, Georgia, is a leading manufacturer and distributor of carpet, carpet tile and hard surface flooring products. Shaw designs and manufactures over 4,100 styles of tufted carpet, wood and resilient flooring for residential and commercial use under numerous brand and trade names and under certain private labels. Soft and hard surface products are available in a broad range of patterns, colors and textures. Shaw’s carpet manufacturing operations are fully integrated from the processing of raw materials used to make fiber through the carpet finishing. Shaw’s flooring business is primarily in the U.S. Shaw also manufactures carpet tile in China and the U.K. and distributes carpet tile throughout Europe and Southeast Asia. It manufactures or distributes a variety of hardwood, wood plastic composite, stone plastic composite, vinyl and laminate floor products (collectively, “hard surfaces”). Shaw’s Integrated Solutions business also provides project management and installation services.

Shaw also operates Shaw Sports Turf, Shawgrass and Southwest Greens International, LLC, which provide synthetic sports turf, golf greens and landscape turf products. Shaw’s Watershed subsidiary sells innovative and patented environmental solutions for utility, waste management, erosion control and mining industries and provides patented renewable energy solutions.

Shaw products are sold wholesale to over 42,000 retailers, distributors and commercial users throughout the world. Shaw’s wholesale products are marketed domestically by over 1,800 salaried and commissioned sales personnel directly to retailers and distributors and to large national accounts. Shaw’s distribution facilities, including seven carpet, nine hard surfaces, one sample full-service and three sample satellite facilities and 30 redistribution centers, enable it to provide prompt and efficient delivery of its products to both its retail customers and wholesale distributors.

Substantially all carpet manufactured by Shaw is tufted carpet made from nylon, polypropylene and polyester, as well as recycled materials. During 2024, Shaw processed approximately 95% of its requirements for carpet yarn in its own yarn processing facilities. The availability of raw materials is adequate, but costs are impacted by petro-chemical and natural gas price changes. A significant portion of Shaw’s soft-flooring raw materials derive from recycled sources. Raw material cost changes are periodically factored into selling prices to customers.

The soft floor covering industry is highly competitive with only a handful of major competitors domestically. There are numerous manufacturers, domestically and internationally, that are engaged in the hard surfaces flooring sector. According to industry estimates published in 2024 for 2023, carpet accounts for approximately 44% of the total U.S. consumption of all flooring types. The principal competitive measures within the floor covering industry are quality, style, price and service.

Johns Manville

Johns Manville Corporation (“JM”), headquartered in Denver, Colorado, is a leading manufacturer and marketer of premium-quality products for building insulation, mechanical and industrial insulation, commercial roofing and roof insulation, as well as reinforcement fiberglass and technical nonwovens. JM serves markets that include residential and nonresidential buildings, automotive and transportation, air handling, appliance, HVAC, pipe and equipment, air and liquid filtration, waterproofing, flooring, interiors, aerospace and wind energy. Fiberglass is the basic material in many of JM’s products, although JM also manufactures a significant portion of its products with other materials to satisfy the broader needs of its customers.

JM regards its patents and licenses as valuable; however, it does not consider any of its businesses to be materially dependent on any single patent or license. JM operates over 40 manufacturing facilities in North America and Europe and conducts research and development at its technical center in Littleton, Colorado and at other facilities in the U.S. and Europe.

Fiberglass is made from earthen raw materials and recycled glass. JM’s products also contain materials other than fiberglass, including chemical agents to bind many of its glass fibers and various chemical-based and petrochemical-based materials used in roofing and other specialized products. JM uses recycled material when available and suitable to satisfy the broader needs of its customers. The raw materials used in these various products are generally readily available in sufficient quantities from various sources to maintain and expand current production levels although the availability of recycled glass can fluctuate.

JM’s operations are subject to a variety of federal, state and local environmental laws and regulations, which regulate or impose liability for the discharge of materials into the air, land and water and govern the use and disposal of hazardous substances and use of chemical substances. The most relevant of the federal laws are the Federal Clean Air Act, the Clean Water Act, the Toxic Substances Control Act, the Resource Conservation and Recovery Act and the Comprehensive Environmental Response, Compensation and Liability Act, which are administered by the EPA. Canadian and European regulatory authorities have also adopted their own environmental laws and regulations. JM continually monitors new and pending regulations and assesses their potential impact on the business. JM’s capital projects regularly address environmental compliance, although capital expenditures for environmental compliance are generally in conjunction with other capital project expenditures.

JM sells its products through a wide variety of channels including contractors, distributors, retailers, manufacturers and fabricators. JM operates in highly competitive markets, with competitors comprising primarily of large global and national manufacturers and smaller regional manufacturers. JM holds leadership positions in the key markets that it serves. JM's products compete primarily on value, differentiation and customization, breadth of product line, quality and service. Sales of JM's products are moderately seasonal due to increases in construction activity that typically occur in the second and third quarters of the calendar year.

MiTek

MiTek Industries, Inc. ("MiTek"), based in Chesterfield, Missouri, operates in two separate building markets: residential and commercial. MiTek operates worldwide with sales in over 60 countries and with manufacturing facilities and/or sales/engineering offices located in 16 countries.

In the residential building market, MiTek is a leading supplier of engineered connector products, construction hardware, engineering software and services, and computer-driven manufacturing machinery to the truss component market of the building components industry. MiTek's primary customers are component manufacturers who manufacture prefabricated roof and floor trusses and wall panels for the residential building market. MiTek also sells construction hardware to commercial distributors and retail stores for do-it-yourself customers.

A significant raw material used by MiTek is hot dipped galvanized sheet steel. While supplies are adequate, variations in supply can produce significant variations in cost and availability.

Benjamin Moore

Benjamin Moore & Co. ("Benjamin Moore"), headquartered in Montvale, New Jersey, is one of North America's leading manufacturers of premium quality residential, commercial and industrial maintenance coatings. Benjamin Moore is committed to innovation and sustainable manufacturing practices. The Benjamin Moore premium portfolio includes Aura®, Regal® Select, Ben®, Advance®, Element Guard®, Woodluxe®, Ultra Spec® and others. The Benjamin Moore diversified brands include specialty and architectural paints from Coronado® and Insl-x®.

Benjamin Moore coatings are available through more than 8,000 independently owned and operated paint, decorating and hardware retailers, including approximately 4,000 Ace Hardware ("Ace") stores, throughout the U.S. and Canada as well as 66 countries globally. Benjamin Moore is the preferred paint supplier for Ace stores through an agreement which permits Ace stores to carry specified Benjamin Moore products. Additionally, Benjamin Moore manufactures Clark+Kensington® and Royal® brands, as well as the balance of Ace's private label paint brands.

Benjamin Moore also allows customers to directly order coatings or color samples online or via its customer information center for national accounts. Orders may be delivered to the customer or a retailer near the customer.

Benjamin Moore competes with numerous manufacturers, distributors and paint, coatings and related products retailers. Product quality, product innovation, breadth of product line, technical expertise, service and price determine the competitive advantage. Competitors include other premium paint and decorating stores, mass merchandisers, home centers, independent hardware stores, hardware chains and manufacturer-operated direct outlets, such as Sherwin-Williams Company, The Pittsburgh Paints Company, The Home Depot, Inc., Lowe's Companies, Inc and Farrow & Ball.

The most significant raw materials in Benjamin Moore products are titanium dioxide, monomers, polymers, packaging materials and pigments. Historically, the purchased raw materials have been generally available, with pricing and availability subject to fluctuation.

Benjamin Moore complies with applicable regulations relating to protection of the environment and workers' safety and Benjamin Moore products are compliant with environmental standards. Benjamin Moore has certain known past environmental matters, which are subject to on-going monitoring and/or remediation efforts.

Acme

Acme Brick Company ("Acme"), headquartered in Fort Worth, Texas, manufactures and distributes clay bricks (Acme Brick®) and concrete block (Featherlite). In addition, Acme distributes numerous other building products of other manufacturers, including cladding, floor and wall tile, wood flooring and other masonry products. Products are sold primarily in the South Central and Southeastern U.S. through company-operated sales offices. Acme distributes products primarily to homebuilders and masonry and general contractors.

Acme operates 12 clay brick manufacturing sites located in four states and three concrete block facilities in Texas. The demand for Acme's products is seasonal, with higher sales in the warmer weather months, and is subject to the level of construction activity, which is cyclical. Acme also owns and leases properties and mineral rights that supply raw materials used in many of its manufactured products. Acme's raw materials supply is currently adequate.

The brick industry is subject to the EPA Maximum Achievable Control Technology Standards (“MACT”). As required under the 1990 Clean Air Act, the EPA developed a list of source categories that require the development of National Emission Standards for Hazardous Air Pollutants, which are also referred to as MACT Standards (“Rule”). Key elements of the MACT Rule include emission limits established for certain hazardous air pollutants and acidic gases. Acme’s brick plants comply with the current Rule.

Consumer Products

Recreational vehicles

Forest River, Inc. (“Forest River”), headquartered in Elkhart, Indiana, is a manufacturer of recreational vehicles (“RV”), utility cargo trailers, buses and pontoon boats with products sold in the U.S. and Canada through an independent dealer network. Forest River has numerous manufacturing facilities located in seven states and is a leading manufacturer of RVs with numerous brand names, including Forest River, Coachmen RV and Prime Time. Utility cargo trailers are sold under a variety of brand names. Buses are sold under several brand names, including Starcraft Bus. Pontoon boats are sold under the Berkshire, South Bay and Trifecta brand names.

The RV industry is highly competitive. Competition is based primarily on price, design, quality and service. The industry has consolidated over the past several years and is concentrated in a few companies, the largest of which had a market share of approximately 40% based on industry data as of September 2024. Forest River held a market share of approximately 35% at that time. Forest River is subject to regulations of the National Traffic and Motor Vehicle Safety Act, the safety standards for recreational vehicles established by the U.S. Department of Transportation and similar laws and regulations issued by the Canadian government. Forest River is a member of the Recreational Vehicle Industry Association, a voluntary association of RV manufacturers which promotes safety standards for RVs. Forest River believes its products comply in all material respects with the standards that govern its products.

Apparel and footwear

Fruit of the Loom, Inc. (“FOL”), headquartered in Bowling Green, Kentucky, is primarily a manufacturer and distributor of basic apparel, underwear, outerwear, athletic apparel and sports equipment. Products under the Fruit of the Loom® and JERZEES® labels are primarily sold in the mass merchandise, mid-tier chains and wholesale markets. In the Vanity Fair Brands product line, Vassarette®, Curvation® and Radiant by Vanity Fair® are sold in the mass merchandise market, while other Vanity Fair® products are sold to mid-tier chains and department stores. FOL also markets and sells athletic apparel and sports equipment to team dealers and to sporting goods retailers under the Russell Athletic® and Spalding® brands.

FOL generally performs its own knitting, cloth finishing, cutting, sewing and packaging for apparel. For the North American market, which is FOL’s predominant sales region, cloth manufacturing is primarily performed in Honduras. Labor-intensive cutting, sewing and packaging operations are in Central America and Asia. For the European market, products are either sourced from third-party contractors in Europe or Asia or sewn in Morocco from textiles internally produced in Morocco. Athletic equipment, sporting goods and other athletic apparel lines are generally sourced from third-party contractors located primarily in Asia.

U.S.-grown cotton fiber and U.S.-manufactured polyester fiber are the main raw materials used in manufacturing FOL’s products. Historically, fibers were purchased from a limited number of third parties, including one key supplier that provided much of FOL’s yarn spinning/raw material conversion services. Supply chain disruptions in 2021 and 2022 caused FOL to utilize alternative sources for these raw materials/services. FOL has since engaged an additional supplier for a portion of FOL’s yarn spinning/raw material conversion services. FOL’s markets are highly competitive, consisting of many domestic and foreign manufacturers and distributors. Competition is generally based upon product features, quality, customer service and price.

Garan Incorporated (“Garan”), headquartered in New York, New York, designs, manufactures, imports and sells apparel primarily for children, including boys, girls, toddlers and infants. Products are sold under its own trademarks Garanimals® and 365 Kids from Garanimals® and easy-peasy®, as well as customer private label brands. Garan conducts its business through operating subsidiaries located in the U.S., Central America and Asia. Garan’s products are sold through its distribution centers in the U.S. Fechheimer Brothers Company (“Fechheimers”) manufactures and distributes uniforms, principally for the public service and safety markets, including police, fire, postal and military markets. Fechheimers is based in Cincinnati, Ohio.

The BH Shoe Holdings Group, headquartered in Greenwich, Connecticut, manufactures and distributes work, rugged outdoor and casual shoes and western-style footwear under several brand names, including Justin®, BØRN®, Carolina®, Söfft® and Double-H Boots®, as well as under several other brand names. Brooks Sports, Inc., headquartered in Seattle, Washington, markets and sells performance running footwear and apparel to specialty and national retailers and directly to consumers under the Brooks® brand. A significant volume of the shoes sold by Berkshire's shoe businesses are manufactured or purchased from sources located outside the U.S. Products are sold worldwide through a variety of channels including department stores, footwear chains, specialty stores, catalogs and the Internet, as well as through company-owned retail stores.

Other consumer products

The Duracell Company ("Duracell"), headquartered in Chicago, Illinois, is a leading manufacturer of high-performance alkaline and lithium coin batteries. Duracell manufactures batteries in the U.S., Europe and China and provides a network of worldwide sales and distribution centers. Duracell sells its products to a diverse group of retailers and distributors across the globe. There are several competitors in the battery manufacturing market. Duracell estimates that it had a 32% market share of the global alkaline battery market in 2024. The availability of raw materials, which are primarily steel, zinc, manganese and nickel-based chemistries, is currently sufficient.

The consumer products group also includes Jazwares, LLC, ("Jazwares"), acquired in October 2022 in connection with Alleghany. Jazwares, headquartered in Plantation, Florida, is a leading global toy and consumer products manufacturer with a robust portfolio of owned and licensed brands, such as Squishmallows™, BLDR™, Pokémon™, Hello Kitty™, Star Wars™, Disney™, BumBumz™ and Adopt Me™. In addition to toys, offerings also include virtual games, costumes and products for pets. Jazwares sells its products in more than 100 countries.

Richline Group, Inc., headquartered in New York, New York, operates four strategic business units: Richline Jewelry, LeachGarner, Rio Grande and Inverness. Each business unit is a manufacturer and/or distributor of precious metal, non-precious metal, diamond and gem products to specific target markets, including large jewelry chains, department stores, shopping networks, mass merchandisers, e-commerce retailers and artisans as well as certain global manufacturers and wholesalers in the medical, electronics and aerospace industries. Albecca Inc. ("Albecca"), headquartered in Suwanee, Georgia, operates in the U.S., Canada and 11 other countries, with products primarily under the Larson-Juhl® name. Albecca designs, manufactures and distributes a complete line of high quality, branded custom framing products, including wood and metal moulding, matboard, foamboard, glass and framing supplies. Complementary to its framing products, Albecca offers art printing and fulfillment services.

Pilot Travel Centers

In 2017, Berkshire acquired a 38.6% noncontrolling interest in Pilot Travel Centers, LLC ("Pilot"). On January 31, 2023, Berkshire acquired an additional 41.4% interest and attained control of Pilot and began consolidating Pilot for financial reporting purposes beginning February 1, 2023. On January 16, 2024, Berkshire acquired the remaining 20% noncontrolling interest and Pilot became an indirect wholly-owned subsidiary.

Pilot operates 677 travel center and 77 fuel-only retail locations across the U.S. and in five Canadian provinces, primarily under the names Pilot or Flying J, through 658 company-owned locations, as well as through 96 locations held in unconsolidated joint ventures. Pilot and subsidiaries also conduct wholesale fuel and fuel marketing businesses in the U.S. and sell diesel fuel at over 140 locations in the U.S. and Canada through various third-party arrangements in which Pilot procures and sells diesel fuel to consumers at locations owned by the third parties. Pilot also operates a water disposal business in the oil fields sector.

Pilot sold approximately 11.4 billion gallons of fuel (primarily diesel, gasoline and diesel exhaust fluid) in 2024 through its various company-owned retail locations, third-party arrangements and wholesale businesses. The Pilot operated joint ventures also sold approximately 900 million gallons of fuel in 2024. Additionally, Pilot provides charging stations for electric vehicles at approximately 130 travel centers in connection with an agreement with General Motors to develop a nationwide electric vehicle fast charger network of 2,000 charging stations in 500 U.S. locations by 2026. Pilot and subsidiaries had approximately 29,200 employees at the end of 2024.

Pilot's travel centers are generally located close to an interstate highway and offer petroleum products, merchandise, food and other services and amenities to consumers, travelers and professional truck drivers. The travel center industry is concentrated among a few large operators, including Love's Travel Stops and TravelCenters of America, although there are numerous independent operators that operate one to ten travel centers. Pilot's top 10 customers for diesel sales accounted for approximately 10% of total diesel gallons sold in 2024, while Pilot's top 10 fuel suppliers accounted for approximately 54% of gallons purchased in 2024.

Pilot is subject to federal, state, and local laws and regulations relating to the environment. These laws generally provide for control of pollutants released into the environment and require responsible parties to undertake remediation of hazardous waste disposal sites. Penalties may be imposed for non-compliance. The retirement of certain long-lived assets (such as petroleum tanks, dispensers and disposal wells) may result in asset retirement obligations.

McLane

McLane Company, Inc. ("McLane") provides wholesale distribution services in all 50 states to customers that include convenience stores, discount retailers, wholesale clubs, drug stores, military bases, quick service restaurants and casual dining restaurants. McLane's major customers during 2024 included Walmart (approximately 17.3% of revenues); 7-Eleven (approximately 13.2% of revenues); and Yum! Brands (approximately 12.5% of revenues). McLane's business model is based on a high volume of sales, rapid inventory turnover and stringent expense controls. Operations are divided into three business units: retail distribution, restaurant distribution and beverage distribution.

McLane's retail distribution unit, based in Temple, Texas, maintains a dominant market share within the convenience store industry and serves most of the national convenience store chains and major oil company retail outlets. Retail operations provide products to approximately 46,400 retail locations nationwide. McLane's retail distribution unit operates 26 distribution facilities in 20 states.

McLane's restaurant distribution unit, based in Carrollton, Texas, focuses on serving the quick service and casual dining restaurant industry with high quality, timely-delivered products. Operations are conducted through 45 facilities in 22 states. The restaurant distribution unit services approximately 32,000 restaurants nationwide.

Through its subsidiaries, McLane also operates wholesale distributors of distilled spirits, wine and beer. The beverage unit operates as Empire Distributors, with operations conducted through 14 distribution centers in Georgia, North Carolina, Tennessee and Colorado. Empire Distributors services approximately 30,200 retail locations in the Southeastern U.S. and Colorado. McLane had approximately 24,800 employees at the end of 2024.

Service and Retailing Businesses

Service Businesses

Berkshire's service businesses provide professional aviation training programs, shared aircraft ownership programs and distribution of electronic components. Additionally, service businesses include franchising and servicing of quick service restaurants, media businesses (television and information distribution), as well as logistics services businesses. Berkshire's service businesses employed approximately 30,400 people at the end of 2024. Information regarding each of these operations follows.

<u>FlightSafety</u>

FlightSafety International Inc. ("FlightSafety") is an industry leading provider of professional aviation training services and flight simulation products. FlightSafety and FlightSafety Textron Aviation Training, a joint venture with Textron, provide high technology training to pilots, aircraft maintenance technicians, flight attendants and dispatchers who operate and support a wide variety of business, commercial and military aircraft. The training is provided using a large fleet of advanced full flight simulators at learning centers and training locations in the U.S., Australia, Brazil, Canada, France, Japan, Norway, Singapore, South Africa and the U.K. Compliance with applicable environmental regulations is an inherent requirement to operate the facilities. The vast majority of the instructors, training programs and flight simulators are qualified by the United States Federal Aviation Administration ("FAA") and other aviation regulatory agencies around the world.

FlightSafety is also a leader in the design and manufacturing of full flight simulators, visual systems, displays and other advanced technology training devices. This equipment is used to support FlightSafety training programs and is offered for sale to airlines and governments around the world. Manufacturing facilities are located in Oklahoma and Illinois. FlightSafety strives to maintain and manufacture simulators and develop courseware using state-of-the-art technology, incorporating critical safety standards and procedures. FlightSafety invests in research and development, further advancing the delivery of new equipment and training programs.

<u>NetJets</u>

NetJets Inc. ("NetJets") is the leader in private aviation services and operates a large, diverse private aircraft fleet and offers a full range of personalized private aviation solutions to meet and exceed the high standards of its customers. NetJets' global headquarters are located in Columbus, Ohio and its European operations are based in Lisbon, Portugal. The shared ownership concept is designed to meet the travel needs of customers who require the scale, flexibility and access of a large fleet of aircraft as opposed to reliance on whole aircraft ownership. In addition, shared ownership programs are available for corporate flight departments seeking to outsource their general aviation needs or add capacity for peak periods and for others that previously chartered aircraft.

NetJets' programs are focused on safety and service and are designed to offer customers guaranteed availability of aircraft, predictable operating costs and increased liquidity. NetJets' shared aircraft ownership programs permit customers to acquire a specific percentage of a certain aircraft type and allow customers to utilize the aircraft for a specified number of flight hours annually. In addition, NetJets offers prepaid flight cards and other aviation solutions and services for aircraft management, customized aircraft sales and acquisition, ground support and flight operation services under several programs, including NetJets Shares™, NetJets Leases™ and the NetJets Card Program™.

NetJets is subject to the rules and regulations of the FAA, the Portuguese Civil Aviation Authority and the European Union Aviation Safety Agency. Regulations address aircraft registration, maintenance requirements, pilot qualifications and airport operations, including flight planning and scheduling, as well as security issues and other matters. NetJets maintains comprehensive training and development programs in compliance with regulatory requirements for pilots, flight attendants, maintenance mechanics, and other flight operations specialists, many of whom are represented by unions.

TTI

TTI, Inc. ("TTI"), headquartered in Fort Worth, Texas, is a global specialty distributor of passive, interconnect, electromechanical, discrete, and semiconductor components used by customers in the manufacturing and assembling of electronic products. TTI's customer base includes OEMs, electronic manufacturing services, original design manufacturers and military and commercial customers, as well as design and system engineers. TTI's distribution agreements with the industry's leading suppliers allow it to uniquely leverage its product cost and to expand its business by providing new lines and products to its customers. TTI operates sales offices and distribution centers from more than 180 locations throughout North America, South America, Europe and Asia.

TTI services a variety of industries including telecommunications, medical devices, computers and office equipment, military/aerospace, automotive and industrial electronics. TTI's core businesses serve customers in the design through production stages in the electronic component supply chain, which supports high-volume customers. Its Mouser subsidiary supports a broader base of customers with lower volume purchases through internet-based marketing.

Other

XTRA Corporation ("XTRA"), headquartered in St. Louis, Missouri, is a leading transportation equipment lessor operating under the XTRA Lease® brand name. XTRA manages a diverse fleet of approximately 93,000 units located at 47 facilities throughout the U.S. The fleet includes over-the-road and storage trailers, chassis, temperature-controlled vans and flatbed trailers. XTRA is one of the largest lessors (in terms of units available) of over-the-road trailers in North America. Transportation equipment customers lease equipment to cover cyclical, seasonal and geographic needs and as a substitute for purchasing equipment. By maintaining a large fleet, XTRA provides customers with a broad selection of equipment and quick response times.

International Dairy Queen Inc. develops and services a worldwide system of approximately 7,700 franchised restaurants operating primarily under the names DQ Grill and Chill®, Dairy Queen®, DQ® and Orange Julius® that offer various dairy desserts, beverages, prepared foods and blended fruit drinks. Business Wire Inc. ("Business Wire") transmits full-text news releases, regulatory filings, photos and other multimedia content to journalists, financial professionals, investor services, regulatory authorities and the general public. Releases are distributed globally via Business Wire's patented NX network. CORT Business Services Corporation ("CORT") is a leading national provider of rental furniture and related services in the "rent-to-rent" segment of the furniture rental industry. CORT's primary revenue streams include furniture rental to individuals, businesses, government agencies, the trade show and events industry and retail sales of new and used furniture. WPLG, Inc. is an ABC affiliate television broadcast station serving the Miami/Ft. Lauderdale market. WPLG, Inc. operates WPLG-TV, local10.com, MeTV South Florida and Heroes & Icons Network in South Florida. Charter Brokerage Holdings Corp. is a leading non-asset based third party logistics provider to various industries.

The services group also includes IPS-Integrated Project Services, LLC ("IPS"), which was acquired in connection with the Alleghany acquisition in 2022. IPS operates globally and provides a range of professional design, validation, construction, project controls and consulting services for manufacturing and support facilities within the pharmaceutical, biotech and life sciences, science and technology, data center, industrial, commercial and retail industries. IPS's services are required to be compliant with each jurisdiction's regulations applicable to the engineering and architectural service providers.

Retailing Businesses

Berkshire's retailing businesses include automotive, home furnishings and several other operations that sell various consumer products and services. Berkshire's retailing businesses employed approximately 26,000 people at the end of 2024. Information regarding each of these operations follows.

Berkshire Hathaway Automotive

Berkshire Hathaway Automotive, Inc. ("BHA") is one of the largest automotive retailers in the U.S., operating 108 new vehicle franchises through 83 dealerships located primarily in major metropolitan markets in the U.S. The dealerships sell new and used vehicles, vehicle maintenance and repair services, extended service contracts, vehicle protection products and other aftermarket products. BHA also arranges financing for its customers through third-party lenders. BHA operates 31 collision centers directly connected to the dealerships' operations and owns and operates two auto auctions and an automotive fluid maintenance products distributor.

Dealership operations are highly concentrated in the Arizona and Texas markets, with approximately 75% of dealership-related revenues derived from sales in these markets. BHA maintains franchise agreements with 27 different vehicle manufacturers, although it derives a significant portion of its revenue from the Toyota/Lexus, General Motors, Ford/Lincoln, Nissan/Infiniti and Honda/Acura brands. These manufacturers normally represent approximately 90% of the revenue generated by BHA's dealerships.

The retail automotive industry is highly competitive. BHA faces competition from other large public and private dealership groups, as well as individual franchised dealerships and competition via the Internet. Given the retail price transparency available via the Internet, and the fact that franchised dealers acquire vehicles from the manufacturers on the same terms irrespective of volume, the location and quality of the dealership facility, customer service and transaction speed are key differentiators in attracting customers.

BHA's overall relationships with the automobile manufacturers are governed by framework agreements. The framework agreements contain provisions relating to the management, operation, acquisition and ownership structure of BHA's dealerships. Failure to meet the terms of these agreements could adversely impact BHA's ability to acquire additional dealerships representing those manufacturers. Additionally, these agreements contain limitations on the number of dealerships from a specific manufacturer that may be owned by BHA.

Individual dealerships operate under franchise agreements with the manufacturer, which grants the dealership entity a non-exclusive right to sell the manufacturer's brand of vehicles and offer related parts and service within a specified market area, as well as the right to use the manufacturer's trademarks. The agreements contain various requirements and restrictions related to the management and operation of the franchised dealership and provide for termination of the agreement by the manufacturer or non-renewal for a variety of causes. States generally have automotive dealership franchise laws that provide substantial protection to the franchisee, and it is difficult for a manufacturer to terminate or not renew a franchise agreement outside of bankruptcy or with "good cause" under the applicable state franchise law.

BHA also develops, underwrites and administers various vehicle protection plans sold to consumers through BHA's dealerships and third-party dealerships. BHA also develops proprietary training programs and materials and provides ongoing monitoring and training of the dealership's finance and insurance personnel.

Home furnishings retailing

The home furnishings businesses consist of Nebraska Furniture Mart Inc. ("NFM"), R.C. Willey Home Furnishings ("R.C. Willey"), Star Furniture Company ("Star") and Jordan's Furniture, Inc. ("Jordan's"). These businesses offer a wide selection of furniture, bedding and accessories. In addition, NFM and R.C. Willey sell a full line of major household appliances, electronics, floor coverings, and other home furnishings and offer customer financing to complement their retail operations. An important feature of each of these businesses is their ability to control costs and to produce high business volume by offering significant value to their customers.

NFM operates its business from four retail complexes with almost 4.5 million square feet of retail, warehouse and administrative facilities located in Omaha, Nebraska, Clive, Iowa, Kansas City, Kansas and The Colony, Texas. NFM also owns Homemakers Furniture located in Urbandale, Iowa, which has approximately 600,000 square feet of retail, warehouse and administrative space. NFM is the largest home furnishings retailer in each of these markets. R.C. Willey, based in Salt Lake City, Utah, currently operates ten full-line retail home furnishings stores and three distribution centers. These facilities include approximately 1.3 million square feet of retail space with four stores located in Utah, one store in Meridian, Idaho, three stores in Nevada (Las Vegas and Reno) and two stores in the Sacramento, California area.

Jordan's operates a retail furniture business from eight locations with approximately 1 million square feet of retail space in stores located in Massachusetts, New Hampshire, Rhode Island, Maine and Connecticut. The retail stores are supported by an 800,000 square foot distribution center in Taunton, Massachusetts. Jordan's is the largest furniture retailer, as measured by sales, in Massachusetts, Maine and New Hampshire and is well known in its markets for its unique store arrangements and advertising campaigns. Star operates home furnishings retail stores in Texas. Star's retail facilities currently include about 700,000 square feet of retail space in 10 locations in Texas, including seven in Houston.

Other

Other retailing businesses include three jewelry companies. Borsheim Jewelry Company, Inc. (“Borsheims”) operates from a single store in Omaha, Nebraska. Borsheims is a high-volume retailer of fine jewelry, watches, crystal, china, stemware, flatware, gifts and collectibles. Helzberg’s Diamond Shops, LLC (“Helzberg”) is based in North Kansas City, Missouri, and operates a chain of 163 retail jewelry stores in 34 states, which includes approximately 350,000 square feet of retail space. Helzberg’s stores are located in malls, outlet malls and other retail venues, and operate under the name Helzberg Diamonds® or Helzberg Diamonds Outlet®. Ben Bridge Jeweler (“Ben Bridge”), based in Seattle, Washington, operates retail jewelry stores under the Ben Bridge Jeweler and five other brand names in nine western states. The Ben Bridge Jeweler locations offer loose diamonds, finished jewelry and high-end timepieces. Ben Bridge also operates five boutiques that sell timepieces of specific brands, including Rolex, Tudor, Grand Seiko, Omega and Breitling.

See’s Candy Shops, Incorporated (“See’s”) produces boxed chocolates and other confectionery products with an emphasis on quality and distinctiveness in two large kitchens in Los Angeles and South San Francisco and a facility in Burlingame, California. See’s operates approximately 250 retail and volume saving stores located mainly in California and other Western states, as well as approximately 115 seasonal locations. See’s revenues are highly seasonal with approximately half of its annual revenues earned in the fourth quarter.

The Pampered Chef, Ltd. (“Pampered Chef”) is a premier direct seller of distinctive high-quality kitchenware products with sales and operations in the U.S., Canada, Germany, Austria and France and operations in China. Pampered Chef’s product portfolio consists of over 400 Pampered Chef® branded kitchenware items in categories ranging from stoneware and cutlery to grilling and entertaining. Pampered Chef’s products are available through its sales force of independent cooking consultants and online.

Oriental Trading Company (“OTC”) is an online retailer for fun value-priced party supplies, seasonal products, arts and crafts, toys and novelties, school supplies, educational games and patient giveaways. OTC, headquartered in Omaha, Nebraska, serves a broad base of over three million customers annually, including consumers, schools, churches, non-profit organizations, medical and dental offices and other businesses. OTC offers a unique assortment of over 70,000 fun value-priced products emphasizing proprietary designs. OTC operates both direct-to-consumer and business-to-business brands including Oriental Trading®, Fun Express®, MindWare®, SmileMakers®, Morris Costumes® and HalloweenExpress.com® and utilizes a multi-channel marketing approach along with dedicated sales teams to promote online sales.

Detlev Louis Motorrad (“Louis”), headquartered in Hamburg, Germany, is a leading retailer of motorcycle clothing and equipment in Europe. Louis carries over 50,000 different store and private label products, mainly covering the areas of clothing, technical equipment and leisure. Louis has over 80 stores in Germany, Austria, Switzerland and the Netherlands as well as an online business with online shops in various languages in Europe.

Additional information with respect to Berkshire’s businesses

Revenue, earnings before taxes and identifiable assets attributable to Berkshire’s reportable business segments are included in Note 26 to Berkshire’s Consolidated Financial Statements contained in Item 8, Financial Statements and Supplementary Data. Additional information regarding Berkshire’s investments in fixed maturity and equity securities is included in Notes 3 and 4, respectively, to Berkshire’s Consolidated Financial Statements.

As of December 31, 2024, Berkshire or a subsidiary owned approximately 27% of the outstanding common stock of The Kraft Heinz Company (“Kraft Heinz”) and 28% of the outstanding Occidental Petroleum Corporation (“Occidental”) common stock. Kraft Heinz manufactures and markets food and beverage products, including condiments and sauces, cheese and dairy, meals, meats, refreshment beverages, coffee and other grocery products. Occidental is an international energy company, including oil and natural gas exploration, development and production, and chemicals manufacturing businesses. Occidental’s midstream businesses purchase, market, gather, process, transport and store various oil, natural gas, carbon dioxide and other products. Information concerning these investments is included in Note 5 to Berkshire’s Consolidated Financial Statements.

Berkshire maintains a website (http://www.berkshirehathaway.com) where its annual reports, certain corporate governance documents, press releases, interim shareholder reports and links to its subsidiaries’ websites can be found. Berkshire’s periodic reports filed with the SEC, which include Form 10-K, Form 10-Q, Form 8-K and amendments thereto, may be accessed by the public free of charge from the SEC and through Berkshire. Electronic copies of these reports can be accessed at the SEC’s website (http://www.sec.gov) and indirectly through Berkshire’s website (http://www.berkshirehathaway.com). Copies of these reports may also be obtained, free of charge, upon written request to: Berkshire Hathaway Inc., 3555 Farnam Street, Omaha, NE 68131, Attn: Corporate Secretary.