Unrealized gains in net income

Berkshire letters: 2017, 2018, 2024, 2025 · Difficulty: Intermediate

> *"The new rule says that the net change in unrealized investment gains and losses in stocks we hold must be included in all net income figures we report to you." (2017)*

1. Stocks Berkshire holds rose from $100 billion to $130 billion during the year, and none were sold. Under the current rule, what pre-tax gain is included in net income ($ billions)? _____

2. Which measure does Buffett tell shareholders to focus on instead?

   A. EBITDA

   B. Revenue

   C. Total comprehensive income

   D. Operating earnings, which exclude investment gains and losses

Source: Warren E. Buffett; 2025 letter by Greg Abel, Letters to Berkshire Hathaway Shareholders: 2017, 2018, 2024, 2025 (berkshirehathaway.com/letters). Quotation © Berkshire Hathaway Inc., all rights reserved; reproduced in part for non-commercial teaching. Numbers in the questions are made up unless stated.