

BERKSHIRE HATHAWAY INC
Form 10-Q
May 06, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-14905

BERKSHIRE HATHAWAY INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

47-0813844
(I.R.S. Employer Identification Number)

3555 Farnam Street, Omaha, Nebraska 68131
(Address of principal executive office)
(Zip Code)

(402) 346-1400
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T

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(§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).
Yes No

Number of shares of common stock outstanding as of April 29, 2011:

Class A — 941,481
Class B — 1,061,009,224

BERKSHIRE HATHAWAY INC.

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Part I Financial Information

Item 1. Financial Statements

BERKSHIRE HATHAWAY INC.
and SubsidiariesCONSOLIDATED BALANCE SHEETS
(dollars in millions)

| | March 31, 2011 (Unaudited) | December 31, 2010 |
|---|----------------------------------|----------------------|
| ASSETS | | |
| Insurance and Other: | | |
| Cash and cash equivalents | \$38,401 | \$34,767 |
| Investments: | | |
| Fixed maturity securities | 33,968 | 33,803 |
| Equity securities | 61,865 | 59,819 |
| Other | 18,943 | 19,333 |
| Receivables | 19,577 | 20,917 |
| Inventories | 7,564 | 7,101 |
| Property, plant and equipment | 15,686 | 15,741 |
| Goodwill | 27,948 | 27,891 |
| Other | 13,790 | 13,529 |
| | 237,742 | 232,901 |
| Railroad, Utilities and Energy: | | |
| Cash and cash equivalents | 2,157 | 2,557 |
| Property, plant and equipment | 78,087 | 77,385 |
| Goodwill | 20,101 | 20,084 |
| Other | 13,310 | 13,579 |
| | 113,655 | 113,605 |
| Finance and Financial Products: | | |
| Cash and cash equivalents | 620 | 903 |
| Investments in fixed maturity securities | 1,057 | 1,080 |
| Other investments | 3,552 | 3,676 |
| Loans and finance receivables | 14,926 | 15,226 |
| Goodwill | 1,031 | 1,031 |
| Other | 3,913 | 3,807 |
| | 25,099 | 25,723 |
| | \$376,496 | \$372,229 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| Insurance and Other: | | |
| Losses and loss adjustment expenses | \$62,391 | \$60,075 |
| Unearned premiums | 9,701 | 7,997 |
| Life, annuity and health insurance benefits | 8,726 | 8,565 |

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| | | |
|--|-----------|-----------|
| Accounts payable, accruals and other liabilities | 16,317 | 15,826 |
| Notes payable and other borrowings | 10,375 | 12,471 |
| | 107,510 | 104,934 |
| Railroad, Utilities and Energy: | | |
| Accounts payable, accruals and other liabilities | 12,059 | 12,367 |
| Notes payable and other borrowings | 31,761 | 31,626 |
| | 43,820 | 43,993 |
| Finance and Financial Products: | | |
| Accounts payable, accruals and other liabilities | 1,206 | 1,168 |
| Derivative contract liabilities | 8,087 | 8,371 |
| Notes payable and other borrowings | 14,410 | 14,477 |
| | 23,703 | 24,016 |
| Income taxes, principally deferred | 37,198 | 36,352 |
| Total liabilities | 212,231 | 209,295 |
| Shareholders' equity: | | |
| Common stock | 8 | 8 |
| Capital in excess of par value | 37,578 | 37,533 |
| Accumulated other comprehensive income | 21,764 | 20,583 |
| Retained earnings | 100,705 | 99,194 |
| Berkshire Hathaway shareholders' equity | 160,055 | 157,318 |
| Noncontrolling interests | 4,210 | 5,616 |
| Total shareholders' equity | 164,265 | 162,934 |
| | \$376,496 | \$372,229 |

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS
(dollars in millions except per share amounts)

| | First Quarter | |
|---|---------------|---------|
| | 2011 | 2010 |
| | (Unaudited) | |
| Revenues: | | |
| Insurance and Other: | | |
| Insurance premiums earned | \$7,482 | \$7,426 |
| Sales and service revenues | 16,772 | 15,531 |
| Interest, dividend and other investment income | 1,277 | 1,295 |
| Investment gains/losses | 86 | 1,315 |
| Other-than-temporary impairment losses on investments | (506) | — |
| | 25,111 | 25,567 |
| | | |
| Railroad, Utilities and Energy: | | |
| Operating revenues | 7,377 | 5,010 |
| Other | 36 | 40 |
| | 7,413 | 5,050 |
| | | |
| Finance and Financial Products: | | |
| Interest, dividend and other investment income | 398 | 401 |
| Investment gains/losses | 13 | 3 |
| Derivative gains/losses | 271 | 411 |
| Other | 514 | 605 |
| | 1,196 | 1,420 |
| | 33,720 | 32,037 |
| | | |
| Costs and expenses: | | |
| Insurance and Other: | | |
| Insurance losses and loss adjustment expenses | 6,018 | 4,186 |
| Life, annuity and health insurance benefits | 1,015 | 1,492 |
| Insurance underwriting expenses | 1,725 | 1,403 |
| Cost of sales and services | 13,859 | 12,906 |
| Selling, general and administrative expenses | 2,035 | 1,839 |
| Interest expense | 67 | 67 |
| | 24,719 | 21,893 |
| | | |
| Railroad, Utilities and Energy: | | |
| Cost of sales and operating expenses | 5,572 | 3,832 |
| Interest expense | 425 | 347 |
| | 5,997 | 4,179 |
| | | |
| Finance and Financial Products: | | |
| Interest expense | 166 | 179 |
| Other | 604 | 688 |

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| | | |
|--|-----------|-----------|
| | 770 | 867 |
| | 31,486 | 26,939 |
| Earnings before income taxes | 2,234 | 5,098 |
| Income tax expense | 629 | 1,336 |
| Earnings from equity method investment | — | 50 |
| Net earnings | 1,605 | 3,812 |
| Less: Earnings attributable to noncontrolling interests | 94 | 179 |
| Net earnings attributable to Berkshire Hathaway | \$1,511 | \$3,633 |
| Average common shares outstanding * | 1,648,411 | 1,599,167 |
| Net earnings per share attributable to Berkshire Hathaway shareholders * | \$917 | \$2,272 |

*Average shares outstanding include average Class A common shares and average Class B common shares determined on an equivalent Class A common stock basis. Net earnings per common share attributable to Berkshire Hathaway shown above represents net earnings per equivalent Class A common share. Net earnings per Class B common share is equal to one-fifteen-hundredth (1/1,500) of such amount.

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in millions)

| | First Quarter | |
|---|---------------|----------|
| | 2011 | 2010 |
| | (Unaudited) | |
| Cash flows from operating activities: | | |
| Net earnings | \$1,605 | \$3,812 |
| Adjustments to reconcile net earnings to operating cash flows: | | |
| Investment (gains) losses and other-than-temporary impairment losses | 407 | (1,318) |
| Depreciation | 1,135 | 915 |
| Other | 121 | 98 |
| Changes in operating assets and liabilities before business acquisitions: | | |
| Losses and loss adjustment expenses | 1,814 | 153 |
| Deferred charges reinsurance assumed | 50 | 117 |
| Unearned premiums | 1,669 | 1,274 |
| Receivables and originated loans | (2,737) | (3,013) |
| Derivative contract assets and liabilities | (281) | |