UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-K

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

FOR THE FISCAL YEAR ENDED December 31, 1999

COMMISSION FILE NUMBER 001-14905

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

Delaware	47-0813844
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification number)
1440 Kiewit Plaza, Omaha, Nebraska	68131
(Address of principal executive office)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act*:

Title of each class	Name of each exchange on which registered
Class A Common Stock, $5.00 Par Value	New York Stock Exchange
Class B Common Stock, $0.1667 Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

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 the filing requirements for the past 90 days. Yes {X} No { }

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. { }

State the aggregate market value of the voting stock held by non-affiliates of the Registrant - $50,151,403,850 **

Indicate number of shares outstanding of each of the Registrant's classes of common stock:

March 20, 2000 -- Class A Common Stock, $5 par value .... 1,341,155 shares
March 20, 2000 -- Class B Common Stock, $0.1667 par value .... 5,387,475 shares

DOCUMENTS INCORPORATED BY REFERENCE

Document	Incorporated In
Proxy Statement for Registrant's Annual Meeting to be held April 29, 2000	Part III

* OBH Inc., a wholly-owned subsidiary of the Registrant, issued 1% Senior Exchangeable Notes due December 2, 2001, which are registered on the New York Stock Exchange.

** This aggregate value is computed at the last sale price of the common stock on March 20, 2000. It does not include the value of Class A Common Stock (531,879 shares) and Class B Common Stock (437 shares) held by Directors and Executive Officers of the Registrant and members of their immediate families, some of whom may not constitute "affiliates" for purpose of the Securities Exchange Act of 1934.

Part I

ITEM 1. BUSINESS

Berkshire Hathaway Inc. ("Berkshire", "Company" or "Registrant") is a holding company owning subsidiaries engaged in a number of diverse business activities. The most important of these are insurance businesses conducted nationwide on a primary basis and worldwide on a reinsurance basis. Berkshire also owns and operates a number of other businesses engaged in a variety of activities, as identified herein.

Operating decisions for the various Berkshire businesses are made by managers of the business units. Investment decisions and all other capital allocation decisions are made for Berkshire and its subsidiaries by Warren E. Buffett, in consultation with Charles T. Munger. Mr. Buffett is Chairman and Mr. Munger is Vice Chairman of Berkshire's Board of Directors.

INSURANCE AND REINSURANCE BUSINESSES

Berkshire's insurance and reinsurance business activities are conducted through 31 domestic and 16 foreign-based insurance companies. Since the beginning of 1996, Berkshire's insurance operations expanded significantly as a result of the January 1996 acquisition of GEICO Corporation ("GEICO Corp.") and the December 1998 acquisition of General Re Corporation ("General Re"). Historically, Berkshire's insurance businesses provided insurance and reinsurance of property and casualty risks primarily in the United States. Through General Re and its affiliates, Berkshire's insurance operations also include meaningful amounts of life, accident and health reinsurance, as well as international property and casualty reinsurance.

In primary (or direct) insurance activities, the insurer assumes the risk of loss from persons 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 may arise from an insurable event. In reinsurance activities, the reinsurer assumes defined portions of similar or dissimilar risks that other primary insurers or reinsurers have assumed in their own insuring activities.

Reinsurance contracts are normally classified as treaty or facultative contracts. Treaty reinsurance refers to automatic reinsurance coverage for all or a portion of a specified class of risks ceded by the primary insurer, while facultative reinsurance involves underwriting of individual risks. Coverage of risks assumed under reinsurance contracts may be classified as quota-share or excess. Under quota-share (or pro-rata) reinsurance, the reinsurer shares proportionally in the original premiums, losses, and expenses of the primary insurer or reinsurer. Excess (or non-proportional) reinsurance provides for the indemnification of the primary 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 reinsurance may provide for aggregate limits of indemnification.

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 and reinsurers compete on the basis of reliability, financial strength and stability, ratings, underwriting consistency, service, business ethics, price, performance, capacity, policy terms and coverage conditions.

Insurers and reinsurers based in the United States are subject to regulation by their states of domicile and by those states in which they are licensed. The primary focus of regulation is to assure that insurers are financially solvent and that policyholder interests are otherwise protected. States establish minimum capital levels for insurance companies and establish guidelines for permissible business and investment activities. States have the authority to suspend or revoke a company's authority to do business, as conditions warrant.

Most primary insurers are required to obtain regulatory approval of the policy forms issued and premium rates charged to policyholders. Reinsurers are normally not required to obtain such approvals. States regulate the payment of dividends by insurance companies to their shareholders. Dividends of extraordinary amounts are subject to prior regulatory approval.

INSURANCE AND REINSURANCE BUSINESSES (CONTINUED)

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 and reinsurers in preparing and filing annual statutory financial statements. However, an insurer's state of domicile has ultimate authority over accounting practices.

In 1998, the NAIC adopted statutory accounting principles ("SAP") developed under its Codification Project, which was intended to bring greater uniformity in accounting practices throughout the United States. The codification guidance is expected to become effective in 2001 and, in its current form, should not have a significant effect on Berkshire's insurance businesses. However, the amount of reported regulatory capital, also known as statutory surplus, of Berkshire's insurance subsidiaries is expected to decline due to the recognition of deferred income tax liabilities on unrealized appreciation of investments. Under current SAP, such liabilities are not recognized.

In addition to its activities relating to the annual statement and SAP, the NAIC develops or adopts model laws, regulations and programs for use by its members. Such matters deal with regulatory oversight of solvency, compliance with financial regulation standards, and risk-based capital reporting requirements.

In general, regulation of the reinsurance industry outside of the United States is subject to the differing laws and regulations of each country in which the reinsurer has operations or writes premiums. Some jurisdictions, such as the United Kingdom, impose complex regulatory requirements on reinsurance companies, while other jurisdictions, such as Germany, impose fewer requirements. Local reinsurance business conducted by General Re's subsidiaries in some countries requires licenses issued by governmental authorities. These licenses may be subject to modification, suspension or revocation dependent on such factors as amount and types of reserves and minimum capital and solvency tests. The violation of regulatory requirements may result in fines, censures and/or criminal sanctions in various jurisdictions.

Berkshire's insurance companies maintain capital strength at unparalleled levels, significantly higher than normal in the industry. This strength differentiates Berkshire's insurance companies from their competitors. Collectively, the aggregate statutory surplus of Berkshire's U.S. based insurers has grown from $13.4 billion at December 31, 1994 to approximately $44.5 billion at December 31, 1999. All of Berkshire's major insurance companies are rated AAA by Standard & Poor's Corporation, the highest Financial Strength Rating assigned by Standard & Poor's, and are rated A++ (superior) by A.M. Best with respect to their financial condition and operating performance.

Berkshire's insurance and reinsurance operations are not significantly affected by seasonal variances. However, periodic underwriting results from Berkshire's property/casualty insurance and reinsurance operations can be volatile. Underwriting results can be significantly affected by the timing and magnitude of catastrophe losses incurred, especially with respect to reinsurance assumed business.

Insurance underwriting operations are comprised of the following sub-groups: (1) GEICO Corp. and its subsidiaries, (2) Berkshire Hathaway Reinsurance Group, (3) Berkshire Hathaway Direct Insurance Group, and (4) General Re and its subsidiaries. Additional information related to each of these four underwriting units follows.

GEICO CORPORATION -- On January 2, 1996, GEICO Corp. became an indirect wholly-owned subsidiary of Berkshire as a result of the merger of an indirect wholly-owned subsidiary of Berkshire with and into GEICO Corp. The acquisition was pursuant to an Agreement and Plan of Merger wherein each outstanding share of GEICO Corp., except treasury shares and shares already held by Berkshire subsidiaries, was converted to the right to receive $70 cash, or $2.3 billion in the aggregate. Immediately prior to the merger, Berkshire subsidiaries owned approximately 51% of all outstanding GEICO Corp. common stock.

GEICO Corp. is headquartered in Chevy Chase, Maryland and its principal insurance subsidiaries include: Government Employees Insurance Company ("GEICO"), GEICO General Insurance Company ("GEICO General"), GEICO Indemnity Company ("GI"), and GEICO Casualty Company ("GEICO Casualty"). These companies offer primarily private passenger automobile insurance to individuals in 48 states and the District of Columbia. Since being acquired by Berkshire, premium volume has grown as a result of significantly higher advertising expenditures and competitive premium rates. As a consequence, voluntary automobile policies in-force have grown by approximately 87% since 1995. To facilitate servicing in-force policy growth, during 1998 and 1999, GEICO opened sales and claims service centers in several new locations. Net premiums written in 1999 were $4,953 million compared to $2,856 million in 1995. Collectively, GEICO Corp. companies are currently the sixth largest auto insurer, in terms of premium volume, in the United States.

INSURANCE AND REINSURANCE BUSINESSES (CONTINUED)

GEICO CORPORATION (CONTINUED)

GEICO, founded in 1936, is a multiple-line property and casualty insurer engaged primarily in writing private passenger automobile insurance for preferred-risk government employees and military personnel. Prior to 1996, GEICO also wrote homeowners, fire and boat owners insurance. Since then, GEICO substantially exited these markets. GEICO also writes small amounts of personal umbrella insurance for qualified applicants. GEICO General writes private passenger automobile insurance for preferred-risk drivers not associated with the government or military. GI writes standard-risk private passenger automobile and motorcycle insurance. GEICO Casualty writes non-standard risk private passenger automobile insurance. Each of these companies market their policies primarily through direct response methods, in which applications for insurance are submitted directly to the companies by telephone, through the mail, or via the Internet.

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

GEICO Corp. companies compete for private passenger auto insurance customers with other companies that sell directly to the customer, as well as with companies that use a traditional agency sales force. Private passenger automobile insurance business is highly competitive in the areas of price and service. Some insurance companies exacerbate price competition by selling their products for a period of time at less than adequate rates, because they underestimate ultimate claim costs and/or overestimate the amount of investment income expected to be earned from the cash flow generated as a result of premiums being received before claims are paid. Like all other Berkshire insurance and reinsurance businesses, GEICO Corp. companies will not knowingly follow that strategy.

Private passenger auto insurance is stringently regulated by state insurance departments. As a result, it is difficult for insurance companies to differentiate their products to consumers. Competition for preferred-risk private passenger automobile insurance, which is substantial, tends to focus on price and level of customer service provided, whereas price tends to be the primary focus for other risks. GEICO Corp. companies place great emphasis on customer satisfaction. GEICO Corp. companies' cost efficient direct response marketing methods and emphasis on customer satisfaction enable it to offer competitive rates and value to customers.

Management believes that the name and reputation of the GEICO Corp. companies is a material asset and protects its name and other service marks through appropriate registrations.

BERKSHIRE HATHAWAY REINSURANCE GROUP -- The Berkshire Hathaway Reinsurance Group is headed by National Indemnity Company ("National Indemnity"), and operates from offices located in Stamford, Connecticut. National Indemnity provides principally excess and, to a lesser degree, quota-share reinsurance to other property and casualty insurers and reinsurers.

National Indemnity's clients and risks assumed are located throughout the world, but are primarily located within the United States. Minimal organizational, but huge financial, resources are currently devoted to this business. Over the past 5 years, annual net premiums written have ranged from $777 million (in 1995) to $2,410 million (in 1999).

During the past five years, National Indemnity has written a considerable number of catastrophe excess contracts. A catastrophe excess policy provides protection to the counterparty from the accumulation of primarily property losses arising from a single loss event or series of events. These policies may provide significant amounts of indemnification per contract and a single loss event may produce losses under a number of contracts.

National Indemnity does not generally cede any of the risks assumed under catastrophe excess reinsurance contracts, due to perceived uncertainties in recovering amounts from other reinsurers that are financially weaker. As a result, the catastrophe excess reinsurance business can produce extreme volatility in periodic underwriting results. Accounting consequences, however, do not influence decisions of Berkshire's management with respect to this or any other business. This factor along with its extraordinary financial strength, are believed to be the primary reasons why National Indemnity has become a major provider of such coverages.

INSURANCE AND REINSURANCE BUSINESSES (CONTINUED)

BERKSHIRE HATHAWAY REINSURANCE GROUP (CONTINUED)

In recent years, the amount of capital (i.e. capacity) devoted to the catastrophe excess reinsurance business by the industry has increased, through additional capital raised by newly-formed entities and the introduction in the financial markets of new types of catastrophe risk management products. The effect of such increased insuring capacity is a reduction in opportunities to write this business at acceptable prices. However, the occasional acceptance of catastrophe excess reinsurance contracts can produce considerable premiums.

Over the past five years, National Indemnity's non-catastrophe reinsurance business has derived primarily from a relatively small number of excess policies written for major U.S. insurers and reinsurers. For instance, National Indemnity has entered into several retroactive reinsurance contracts over the past three years. Retroactive reinsurance contracts produced written premiums of $1,508 million in 1999, $343 million in 1998 and $143 million in 1997. Coverage under such contracts is usually provided on an excess basis and amounts of indemnification are subject to an aggregate limit, which is usually substantial. Retroactive reinsurance contracts afford protection to ceding companies against the adverse development of claims arising under policies issued in prior years. Significant amounts of environmental and latent injury claims may arise under the contracts.

Under the terms of many other non-catastrophe contracts, limits of indemnification also may be subject to minimum and maximum payment amounts. Minimum amounts may arise from profit-sharing or commutation clauses under the contracts.

In National Indemnity's non-catastrophe reinsurance business, the concept of time-value-of money is often an important element in establishing prices and contract terms, since the payment of losses under the agreements are often expected to occur over lengthy periods of time. Losses payable under the contracts are normally expected to exceed premiums and therefore, produce underwriting losses. This business is accepted, in part, because of the large amounts of policyholder funds ("float") generated for investment, the economic benefit of which will occur through increased investment income in future periods.

BERKSHIRE HATHAWAY DIRECT INSURANCE GROUP -- The Berkshire Hathaway Direct Insurance Group is a collection of smaller primary insurance operations that provide a wide variety of insurance coverages to insureds principally in the U.S. National Indemnity and certain affiliates underwrite motor vehicle insurance to commercial enterprises. This business is written nationwide primarily through insurance agents and brokers and is based in Omaha, Nebraska. National Indemnity and certain other affiliates also solicit and underwrite various unusual or especially large property and casualty risks.

Other insurance operations include: several companies referred to as the "Homestate Companies", based in Colorado and Nebraska and with branch offices in several other states, which market various commercial coverages for standard risks to insureds in their state of domicile and an increasing number of other states; Cypress Insurance Company, based in California, an underwriter of principally workers' compensation policies for insureds located in California and a small number of other states; Central States Indemnity Company of Omaha, 86.4% owned by Berkshire and located in Omaha, Nebraska, which provides credit card credit insurance marketed primarily through credit card issuers nationwide; 80.1% owned Kansas Bankers Surety Company, based in Kansas, an insurer of primarily crime, fidelity, errors and omissions, officers and directors liability and related insurance coverages directed toward small and medium-sized banks throughout the midwestern United States; and Berkshire Hathaway International Ltd, an insurer of primarily private passenger and commercial auto risks in the United Kingdom.

GENERAL RE -- On June 19, 1998, Berkshire and General Re executed a Merger Agreement and Plan of Merger. In September 1998, shareholders of the two companies approved the merger and during the fourth quarter all regulatory approvals and tax rulings were received. The transaction was completed on December 21, 1998. General Re shareholders received merger consideration consisting of approximately 272,200 equivalent Class A shares.

Berkshire's Consolidated Balance Sheets at December 31, 1999 and 1998 include the consolidation of the General Re accounts. Berkshire's Consolidated Statements of Earnings and Cash Flows include the consolidated results of General Re for all of 1999 and for the 10 day period ending December 31, 1998. Additional information regarding General Re's insurance and reinsurance business is provided below.

INSURANCE AND REINSURANCE BUSINESSES (CONTINUED)

GENERAL RE (CONTINUED)

General Re was established in 1980 to serve as the holding company of General Reinsurance Corporation ("GRC", incorporated in 1921) and its affiliates. Other General Re affiliates include Kolnische Ruckversicherungs Gesellschaft AG ("Cologne Re"), a major international reinsurer based in Germany. General Re, directly and indirectly through a joint venture arrangement, held an 88% economic interest in Cologne Re as of December 31, 1999. General Re acquired a majority economic ownership of Cologne Re in 1994.

General Re subsidiaries currently conduct global reinsurance businesses in 71 cities throughout the world and provide reinsurance coverage in 126 countries. General Re operates three principal reinsurance businesses: North American property/casualty reinsurance, International property/casualty reinsurance, and global life/health reinsurance. General Re's reinsurance operations are primarily based in Stamford, Connecticut and Germany. Collectively, General Re and Cologne Re are among the four largest reinsurers in the world based on net premiums written and capital.

NORTH AMERICAN PROPERTY/CASUALTY REINSURANCE

General Re's North American property/casualty business is principally treaty and facultative reinsurance that is marketed directly to clients without involving a broker or intermediary. General Re companies underwrite predominantly excess coverages for clients located throughout the United States and Canada. North American reinsurance operations are conducted primarily through GRC and to a lesser degree through National Reinsurance Corporation ("NRC"), both based in Stamford, Connecticut. GRC is domiciled in Delaware and licensed in the District of Columbia and all states but Hawaii, where it is an accredited reinsurer. NRC is domiciled in Delaware and licensed in all 50 states, the District of Columbia, Puerto Rico, Canada and the United Kingdom. North American property/casualty business also includes smaller specialty insurers.

North American reinsurance operations generated $2,801 million in net written premiums in 1999. Casualty reinsurance represented approximately 69 percent of North American property/casualty net premiums written and property reinsurance represented approximately 23 percent.

General Re's specialty insurers include the General Star companies, which underwrite excess and surplus lines and are domiciled in Connecticut and Ohio. Also, the Genesis companies underwrite excess insurance for self-insured programs and are domiciled in Connecticut and North Dakota. Fairfield Insurance Company, a subsidiary of NRC engaged in property and casualty insurance services, is domiciled in Connecticut, and is licensed in 48 states and the District of Columbia. These businesses together represented approximately 8 percent of General Re's North American property/casualty net premiums written in 1999.

INTERNATIONAL PROPERTY/CASUALTY REINSURANCE

In total, General Re operates its International property/casualty reinsurance business in 28 countries and provides reinsurance coverage in 126 countries throughout the world. In 1999, the International property/casualty operations principally wrote business in the form of reinsurance treaties with lesser amounts written on a facultative basis. Approximately 80 percent of International property/casualty reinsurance business is written through Cologne Re. In addition, international reinsurance business is written through a number of wholly-owned subsidiaries of General Re. At the end of 1998, General Re acquired D.P. Mann Holdings Limited ("DP Mann"). DP Mann owns both the managing agent of Syndicate 435 at Lloyd's of London and DP Mann Corporate Name Limited, which provides capacity and participates in the results of Syndicate 435 (31.6% in 1999).

In 1999, General Re's International property/casualty operations produced net written premiums totaling $2,506 million. Approximately 80 percent of international premiums written related to quota-share coverages and 20 percent were excess coverages. Property premiums written were approximately 59 percent of total International property/casualty premiums and casualty premiums were approximately 41 percent. Approximately 72 percent of International property/casualty written premiums are attributed to Germany and Western Europe.

INSURANCE AND REINSURANCE BUSINESSES (CONTINUED)

GLOBAL LIFE/HEALTH REINSURANCE

This business includes the North American and International life/health operations of Cologne Re. Life/health net premiums written in 1999 were $1,736 million. Approximately 31 percent of life/health net premiums were written in Western Europe, another 56 percent were written in the United States and the remaining 13 percent were written throughout the rest of the world. The life/health operations provide individual life, group life, group health, long-term care, individual health and finite risk reinsurance. Most of the life reinsurance business is written on a proportional treaty basis, with smaller amounts written on a facultative basis, while health business is predominantly written on an excess treaty basis. The life/health business is marketed primarily on a direct basis with the exception of group health, which is marketed primarily through brokers.

INVESTMENTS -- The levels of reinsurance assumed business in recent years, plus the acquisitions of GEICO Corp. and General Re, have produced an exceptional increase in the amount of "float" held by Berkshire's insurance businesses. "Float" is an approximation of the amount of net policyholder funds available for investment. That term denotes the sum of unpaid losses and loss adjustment expenses, unearned premiums and other policyholder liabilities, less the aggregate amount of premium balances receivable, losses recoverable from reinsurance ceded, deferred policy acquisition costs, deferred charges - reinsurance assumed, and related prepaid income taxes. The amount of float has grown from about $3.4 billion at the end of 1994 to about $25.3 billion at the end of 1999. Approximately two-thirds of the year end 1999 amount derives from General Re which was acquired in 1998. The increases in the amounts of float plus the substantial amounts of shareholder capital devoted to insurance and reinsurance activities has generated meaningful increases in the levels of investments and investment income.

Investment portfolios of insurance subsidiaries include equity ownership percentages of other publicly traded companies. Investments with a market value in excess of $750 million at the end of 1999 include approximately 11% of the outstanding capital stock of American Express Company, approximately 8% of the capital stock of The Coca- Cola Company, approximately 8 1/2% of the capital stock of Federal Home Loan Mortgage Corporation ("Freddie Mac"), approximately 9% of the capital stock of The Gillette Company, approximately 18% of the capital stock of The Washington Post Company and approximately 3 1/2% of the capital stock of Wells Fargo and Company. Much information about these publicly-owned companies is available, including information released from time to time by the companies themselves.

NON-INSURANCE BUSINESSES OF BERKSHIRE

The Registrant's eight non-insurance "reportable business segments" are described below.

BUFFALO NEWS - The Buffalo News publishes a Sunday edition and nine editions each weekday from its headquarters in Buffalo, New York. It is the only metropolitan newspaper published daily within a ten county upstate New York distribution area that comprises one of the 50 largest primary market areas in the United States.

Among newspapers published in those primary markets, The Buffalo News claims the highest percentage of its area household coverage, 57% on weekdays and 76% on Sundays. Berkshire management believes the "newshole" percentage (portion of the paper devoted to news) of The Buffalo News to be greater than any other dominant newspaper of its size or larger. During 1999, this percentage was approximately 58%.

FLIGHT SERVICES -- On December 23, 1996, FlightSafety International Inc. ("FSI") became a wholly-owned subsidiary of Berkshire. Aggregate consideration of $1.5 billion was paid to former FSI shareholders, consisting of approximately $769 million in cash, and the remainder in Berkshire Class A and Class B Common Stock. FSI's corporate headquarters is located at LaGuardia Airport in Flushing, New York.

FSI and its subsidiaries engage primarily in the business of providing high technology training to operators of aircraft and ships. FSI's training activities include: advanced pilot training in the operation of aircraft and air traffic control procedures; aircrew training for military and other government personnel; aircraft maintenance technician training; ab-initio (primary) pilot training to qualify individuals for private and commercial pilots' licenses; and ship handling and related training services. FSI also develops classroom instructional systems and materials for use in its training business and for sale to others.

A significant part of FSI's training programs derives from the use of simulators, which incorporate computer-based technology to replicate the operation of particular aircraft or ocean-going vessels. Simulators reproduce, with a high degree of accuracy, certain sights, movements, and aircraft or vessel control responses experienced by the operator of the aircraft or ship. FSI utilizes approximately 250 training devices, including 222 civil aviation simulators. FSI's training businesses are conducted primarily in the United States, with facilities located in 20 states. FSI also operates training facilities in Australia, Canada, China, France, United Kingdom and the

Netherlands. During 1997, FSI and The Boeing Company, a leading airplane manufacturer, established a joint venture to provide pilot and aircrew training for airline customers around the world.

FSI also designs and manufactures full motion flight simulators, visual displays, and other training equipment for use in its training business and for sale to others. Manufacturing facilities are located in Oklahoma and Missouri.

Berkshire added to its flight services business upon the acquisition of Executive Jet, Inc. ("EJ"), which was completed on August 7, 1998. EJ shareholders received aggregate consideration of $725 million, consisting of $350 million in cash and the remainder in Berkshire Class A and B Common Stock.

EJ is the world's leading provider of fractional ownership programs for general aviation aircraft. The fractional ownership of aircraft concept permits customers to acquire a specific percentage of a certain aircraft type and allows them to utilize the aircraft for a specified number of flight hours per annum. In addition, EJ provides management, ground support and flight operation services to customers after the sale. EJ's revenues derive from both the sale of fractional interests as well as management and usage fees charged to clients in connection with flight operations.

The fractional ownership concept is designed to meet the needs of customers who cannot justify the purchase of an entire aircraft based upon expected usage. In addition, fractional ownership programs are available for corporate flight departments seeking to outsource their general aviation needs or looking for additional capacity for peak periods and for others that previously chartered aircraft. EJ places great emphasis on customer service. Its programs are designed to offer customers guaranteed availability of aircraft, lower and predictable operating costs and liquidity.

In 1986, EJ created the fractional ownership of aircraft concept and introduced its NetJets(R) program in the U.S. with one aircraft type. The NetJets(R) program currently offers twelve aircraft types. EJ plans to introduce several new models in the next few years. In late 1996, EJ expanded its fractional ownership programs to Europe via a joint venture arrangement, which is 91% owned by EJ.

EJ is currently believed to be the world's largest purchaser of general aviation aircraft. The company maintained 206 aircraft in its fleet as of December 31, 1999. EJ management believes that the market for fractional ownership of aircraft programs is large and growing and will contribute to EJ's continued growth over the foreseeable future. EJ's executive offices are located in New Jersey, while most of its logistical and flight operations are based at Port Columbus International Airport in Columbus, Ohio. EJ's European operations are based in Lisbon, Portugal.

HOME FURNISHINGS - The Home Furnishings segment includes the retail furniture businesses of the Nebraska Furniture Mart ("NFM"), R.C. Willey Home Furnishings ("R.C. Willey"), Star Furniture Company ("Star"), and Jordan's Furniture, Inc. ("Jordan's"). NFM is 80% owned by Berkshire, whereas R.C. Willey, Star and Jordan's are 100% owned by Berkshire. Berkshire has owned its interest in NFM since 1983, and acquired R.C. Willey in 1995 and Star in 1997. Jordan's was acquired by Berkshire on November 13, 1999.

NFM, R.C. Willey, Star and Jordan's each offer a wide selection of furniture and accessories. In addition, NFM and R.C. Willey sell a full line of major household appliances, electronics, computers and other home furnishings. NFM, R.C. Willey and Star also 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 from offerings of significant value to its customers.

NFM operates its business from a single very large - approximately 508,000 square feet - retail complex and sizable warehouse and administrative facilities in Omaha, Nebraska. NFM's customers are drawn from a radius around Omaha of approximately 300 miles and it is the largest furniture retailer in the area.

R.C. Willey, founded in 1932 and based in Salt Lake City, is the dominant home furnishings retailer in Utah. R.C. Willey operates seven full retail stores, including a new store that was opened in August of 1999 in Meridian, Idaho, a distribution center and three clearance facilities. These facilities -- which include more than 760,000 square feet of retail space -- are strategically located throughout northern Utah and in Meridian, Idaho. R.C. Willey serves customers in four western states.

Star's retail, office and warehouse facilities, include about 580,000 square feet of retail space in ten locations. Seven retail locations are in Houston, Texas where Star is a major furniture retailer in that market.

Jordan's operates a furniture retail business from three locations in Massachusetts and one in New Hampshire. Jordan's is believed to be the largest furniture retailer, as measured by sales, in the Massachusetts and New Hampshire areas. Jordan's, which opened business in 1927, is well known in its markets for its unique store arrangements and advertising campaigns.

INTERNATIONAL DAIRY QUEEN -- On January 7, 1998, Berkshire completed the acquisition of International Dairy Queen ("IDQ"). IDQ shareholders received total merger consideration of approximately $590 million, consisting of $ 265 million in cash and the remainder in Berkshire Class A and B stock.

IDQ develops, licenses and services a system of 5,955 Dairy Queen stores that feature hamburgers, hot dogs, various dairy desserts and beverages, including 56 stores that are wholly or jointly owned. The company predominantly franchises Dairy Queen stores either directly with individual operators or indirectly through agreements with territorial operators, who then grant franchises to individual operators within a specific geographical territory. IDQ supports and promotes the store operations of franchisees through product development, market testing, advertising, training and advisory services. IDQ creates and enforces quality control standards for franchisees. A major portion of IDQ's operating profit derives from franchise service fees paid by franchised stores and stores licensed by territorial operators.

IDQ also sells equipment directly to stores and sells products used in store operations to a system of independently-owned warehouses that also purchase approved products from other suppliers. These warehouses in turn sell products to the Dairy Queen stores within specified geographical areas. The first Dairy Queen store was opened in 1940 and stores are currently located in

49 states, as well as Canada, Japan, and several other countries.

The company also develops and services approximately 400 stores operating under the name of Orange Julius featuring blended fruit drinks and snack items and approximately 30 stores operating under the name of Karmelkorn featuring popcorn and other snacks items.

JEWELRY -- In 1995, Berkshire acquired Helzberg's Diamond Shops, Inc. ("Helzberg's"). Helzberg's, based in North Kansas City, Missouri, operates a chain of 208 retail jewelry stores in thirty-one states. Most of Helzberg's stores are located in malls or power strip centers, and operate under the name Helzberg Diamonds. In addition, since 1989, Berkshire has owned an interest (currently 88%) in Borsheim's Jewelry Company ("Borsheim's"). From its single store located in Omaha, Nebraska, Borsheim's is a high volume retailer of fine jewelry, watches, crystal, china, stemware, flatware, gifts and collectibles.

SCOTT FETZER COMPANIES -- The Scott Fetzer Companies are a diversified group of 22 businesses that manufacture and distribute a wide variety of products for residential, industrial and institutional use. The two most significant of these businesses are Kirby home cleaning systems and Campbell Hausfeld.

Kirby's home cleaning systems are sold to approximately 850 independent authorized factory distributors in the United States and foreign countries. Sales are made through in-the-home demonstrations by independent salespeople. The distributors independently establish the prices at which they offer Kirby products. Kirby and its distributors believe they offer a premium product, and it is believed that prices are generally higher than most of its major competitors. Additionally, a wholly-owned subsidiary purchases consumer finance contracts from about 520 Kirby authorized factory distributors in the United States.

Campbell Hausfeld manufactures a variety of products including air compressors, air tools, painting systems, pressure washers, welders and generators which are marketed primarily to retailers and industrial products distributors. Scott Fetzer management believes that Campbell Hausfeld offers products that are a superior value to the consumer in comparison to its competitors.

SEE'S CANDIES - See's Candies produces boxed chocolates and other confectionery products with an emphasis on quality in two large kitchens in California. See's distributes its candies through its own retail stores - nearly 200 in number, located in 10 western and midwestern states, including Hawaii - and by mail order. A meaningful volume of candy business is also recorded from direct shipments made nationwide from its California based quantity order distribution centers.

Seasonality in this business is extreme. Nearly 50% of each year's unit sales volume is generated during the last two months of the year, when quantity order sales at reduced prices to businesses and other organizations augment the extremely high retail store and mail order volume during December.

SHOE GROUP -- This segment includes H. H. Brown Shoe Company ("H. H. Brown"), Lowell Shoe, Inc. ("Lowell") and Dexter Shoe Company ("Dexter"). A description of each of these businesses follows.

H. H. Brown manufactures, imports and markets work, safety, outdoor, western work and casual footwear. They are distributed under the H. H. Brown, Born, Carolina, Double-H Boot and other brand names as well as under private label. H. H. Brown is the leading domestic producer of steel toe safety work shoes. The company maintains a significant share in many niche markets in which it competes by providing functional footwear and emphasizing comfort and unique technologies. The company's competitors in this market are typically domestic work boot manufacturers. Management believes that its products are competitive in terms of quality and price.

In addition to manufacturing its products at three facilities located in the United States and a facility in Canada, H. H. Brown sources shoes and shoe components offshore. The company markets its products primarily within the United States and Canada through a direct sales force of about 120 employees. Its customer base is primarily composed of small independent retailers and wholesalers who sell to workers in a variety of industries including construction, heavy manufacturing, agriculture and other light duty and service occupations.

Lowell manufactures and markets women's casual, service and nurses footwear. These products are marketed primarily under the brand names Soft Spots and Nurse Mates.

Dexter manufactures and markets men's and women's dress, casual and athletic footwear. All products are manufactured and sold under the trademark

Dexter and are marketed primarily in the United States and Canada. The company specializes in the construction of Handsewns, Welts and Cements. Leather is purchased from domestic tanneries, and many of the other components used in the manufacturing process are made by Dexter. Dexter has four manufacturing facilities in Maine, two in Puerto Rico and one in the Dominican Republic. In addition to the manufacturing facilities, Dexter operates 88 factory outlet stores located in 16 states and Puerto Rico.

OTHER NON-INSURANCE ACTIVITIES not identified with Berkshire business segments include a group of finance and financial products businesses. Included in these business activities is General Re Financial Products Corporation and affiliates ("GRFP"). GRFP is a dealer in derivative products offering a full line of interest rate, currency, and equity swap and option products, as well as structured finance products. Berkshire's other finance and financial products businesses engage in commercial real estate financing, leveraged financial instruments investing, consumer receivable financing in connection with sales of Kirby and World Book products, and sales of annuity contracts.

On March 14, 2000, Berkshire invested approximately $1.24 billion cash in common stock and convertible preferred stock of a newly-formed entity that merged with and into MidAmerican Energy Holdings Company ("MidAmerican"). These securities possess 9.7% of the voting interest and 76% of the economic interest on a fully-diluted basis in MidAmerican. In addition, Berkshire subsidiaries acquired $455 million of 11% non-transferable trust preferred securities of MidAmerican. Additional information concerning these investments and MidAmerican's business activities is provided in Note 3 to the Registrant's Consolidated Financial Statements.

Berkshire Hathaway Inc. and subsidiaries employed approximately 51,500 persons on a full-time equivalent basis at December 31, 1999.

ADDITIONAL INFORMATION WITH RESPECT TO BERKSHIRE'S BUSINESSES

The amounts of revenue, operating profit and identifiable assets attributable to the aforementioned business segments are included in Note 16 to Registrant's Consolidated Financial Statements contained in Item 8, Financial Statements and Supplementary Data. Additional information regarding Registrant's investments in fixed maturity and marketable equity securities is included in Notes 4 and 5 to Registrant's Consolidated Financial Statements.

ITEM 2. PROPERTIES

The physical properties used by the Registrant and its significant business segments are summarized below:

Business	Location	Type of Property	Owned or Leased	Approx. Square Footage
Company Headquarters	Omaha, NE	Offices	Leased	7,000
GEICO	Chevy Chase, MD, and other locations in New York, Georgia, Texas, California, Florida & Virginia	Offices	Owned	2,800,000
	Various locations throughout the United States	Offices and drive-in claims facilities	Leased	200,000
Berkshire Hathaway Reinsurance Group	Stamford, CT	Offices	Leased	10,000
Berkshire Hathaway Direct	Omaha, NE	Offices	Owned	73,000
Insurance Group	Omaha, NE & various locations throughout the United States & England	Offices	Leased	136,000
General Re	Cologne, Germany and various non-U.S. locations	Offices	Owned	170,000
	Stamford, CT, Various U.S. and non-U.S. locations	Offices	Leased	1,411,000
Buffalo News	Buffalo, NY	Offices	Owned	195,000
	Buffalo, NY	Printing Plant	Owned	150,000
	New York & Washington, D.C.	Offices/Warehouses	Leased	85,000
Flight Services	25 U.S. States, Canada, Netherlands, France, Switzerland, Portugal, United Kingdom and China	Offices/Training Facilities/Hangars	Owned	1,036,000
			Leased	1,717,000
	Oklahoma and Missouri	Manufacturing	Owned	152,000
			Leased	95,000

Home Furnishings	Omaha, NE, San Antonio, TX, Avon & Waltham, MA, Salt Lake City, UT & other locations in Idaho, Utah and Nebraska	Retail Stores Warehouses/Offices	Owned Owned	1,517,000 1,991,000
	Salt Lake City, UT, Natick, MA, Nashua, NH, Houston, TX & other locations in Utah, Texas and Iowa	Retail Stores Warehouses/Offices	Leased Leased	654,000 938,000

ITEM 2. PROPERTIES (CONTINUED)

Business	Location	Type of Property	Owned or Leased	Approx. Square Footage
International Dairy Queen	Decatur, GA, Minneapolis, MN & Canada	Manufacturing/ Offices/ Warehouses	Owned	158,000
	16 U.S. locations	Restaurants/Stores	Owned	50,000
	11 U.S. locations & Canada	Offices/Warehouses	Leased	54,000
	47 U.S. locations	Restaurants/Stores	Leased	136,000
Jewelry	Kansas City, MO	Office/Warehouse	Owned	65,000
	Omaha, NE and 208 other U.S. locations	Retail stores/offices	Leased	512,000
Scott Fetzer Companies	Cleveland, OH, & other locations in 13 U.S. states	Plants/Warehouses/ Offices	Owned	2,350,000
		Warehouses/Offices	Leased	960,000
	Canada, England, Taiwan & Mexico	Warehouses/Offices	Leased	93,000
See's Candies	Los Angeles, CA & South San Francisco, CA	Plants/Warehouses/ Offices	Owned	625,000
	California	Warehouses/Offices	Leased	242,000
	California & other locations principally in western states (201 locations)	Retail outlets and quantity order centers	Leased	331,000
Shoe Group	Morganton, NC, Womelsdorf, PA, Martinsburg, PA, Hudson, NH, Dexter, ME, and other locations in Maine, Puerto Rico & Canada	Plants/Warehouses/ Offices	Owned	1,723,000
	Greenwich, CT, Morganton, NC, Newton, MA, Northkingstown, RI, Womelsdorf, PA, Hudson, NH, Canada, Puerto Rico & Dominican Republic	Plants/Warehouses/ Offices	Leased	828,000
	42 U.S. locations	Retail Stores	Owned	294,000
	66 U.S. & Puerto Rico locations	Retail Stores	Leased	459,000

ITEM 3. LEGAL PROCEEDINGS

Litigation pending against the Company and its subsidiaries is not considered material or is ordinary routine litigation incidental to the business.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

EXECUTIVE OFFICERS OF THE REGISTRANT

Following is a list of the Registrant's executive officers:

Name	Age	Position with Registrant	Since

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Warren E. Buffett	69	Chairman of the Board	1970
Marc D. Hamburg	50	Vice President	1992
Charles T. Munger	76	Vice Chairman of the Board	1978

Each executive officer serves, in accordance with the by-laws of the Registrant, until the first meeting of the Board of Directors following the next annual meeting of shareholders and until his respective successor is chosen and qualified or until he sooner dies, resigns, is removed or becomes disqualified. Mr. Buffett and Mr. Munger also serve as directors of the Registrant.

Part II

ITEM 5. MARKET FOR REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

MARKET INFORMATION

The Company's Class A and Class B Common Stock are listed for trading on the New York Stock Exchange, trading symbol: BRK.A and BRK.B. The following table sets forth the high and low sales prices per share, as reported on the New York Stock Exchange Composite List during the periods indicated:

	1999				1998			
	Class A		Class B		Class A		Class B	
	High	Low	High	Low	High	Low	High	Low
First Quarter	$81,100	$61,900	$ 2,713	$ 2,048	$69,500	$45,700	$ 2,324	$ 1,526
Second Quarter	78,600	68,300	2,540	2,211	84,000	65,800	2,795	2,184
Third Quarter	73,000	54,600	2,333	1,802	78,500	57,000	2,622	1,893
Fourth Quarter	66,900	52,000	2,219	1,700 1/2	71,000	57,700	2,396	1,916

SHAREHOLDERS

Berkshire had approximately 9,200 record holders of its Class A Common Stock and 14,600 record holders of its Class B Common Stock at March 3, 2000. Record owners included nominees holding at least 380,000 shares of Class A Common Stock and 5,100,000 shares of Class B Common Stock on behalf of beneficial-but-not-of-record owners.

DIVIDENDS

Berkshire has not declared a cash dividend since 1967.

Part II (Continued)

ITEM 6. SELECTED FINANCIAL DATA

SELECTED FINANCIAL DATA FOR THE PAST FIVE YEARS

(dollars in millions, except per share data)

	1999	1998	1997	1996	1995
REVENUES:					
Insurance premiums earned	$ 14,306	$ 5,481	$ 4,761	$ 4,118	$ 957
Sales and service revenues	5,918	4,675	3,615	3,095	2,756
Interest, dividend and other investment income	2,314	1,049	916	778	629
Income from finance and financial products businesses	125	212	32	25	27
Realized investment gain (1)	1,365	2,415	1,106(2)	2,484(3)	194
Total revenues	$ 24,028	$ 13,832	$ 10,430	$ 10,500	$ 4,563
EARNINGS:					
Before realized investment gain	$ 671	$ 1,277	$ 1,197	$ 884	$ 670

Realized investment gain (1)	886	1,553	704(2)	1,605(3)	125
Net earnings	$ 1,557	$ 2,830	$ 1,901	$ 2,489	$ 795
EARNINGS PER SHARE:					
Before realized investment gain	$ 442	$ 1,021	$ 971	$ 733	$ 565
Realized investment gain (1)	583	1,241	571(2)	1,332(3)	105
Net earnings	$ 1,025	$ 2,262	$ 1,542	$ 2,065	$ 670
YEAR-END DATA (4):					
Total assets	$131,416	$122,237	$ 56,111	$ 43,409	$ 28,711
Borrowings under investment agreements and other debt (5)	2,465	2,385	2,267	1,944	1,062
Shareholders' equity	57,761	57,403	31,455	23,427	16,739
Class A equivalent common shares outstanding, in thousands	1,521	1,519	1,234	1,232	1,194
Shareholders' equity per outstanding Class A equivalent share	$ 37,987	$ 37,801	$ 25,488	$ 19,011	$ 14,025

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(1) The amount of realized investment gain/loss for any given period has no predictive value, and variations in amount from period to period have no practical analytical value, particularly in view of the unrealized appreciation now existing in Berkshire's consolidated investment portfolio.

(2) In November 1997, Travelers Group Inc. completed its acquisition of Salomon Inc. A pre-tax realized gain of $678 million ($427 million after-tax) is included in 1997's results.

(3) In March 1996, The Walt Disney Company completed its acquisition of Capital Cities/ABC, Inc. A pre-tax realized gain related to this transaction of $2.2 billion ($1.4 billion after-tax) is included in 1996's results.

(4) Year-end data for 1998 includes General Re Corporation acquired by Berkshire on December 21, 1998.

(5) Excludes borrowings of finance businesses.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Net earnings for each of the past three years are disaggregated in the table that follows. Amounts are after deducting minority interests and taxes.

	-- (dollars in millions)--		
	1999	1998	1997
Insurance segments - underwriting	$ (897)	$ 171	$ 298
Insurance segments - investment income	1,764	731	704
Non-Insurance business segments	427	389	311
Interest expense	(70)	(63)	(67)
Goodwill amortization and other purchase-accounting-adjustments	(648)	(118)	(94)
Other	95	167	45
Earnings before realized investment gain	671	1,277	1,197
Realized investment gain	886	1,553	704
Net earnings	$ 1,557	$ 2,830	$ 1,901

The business segment data (Note 16 to Consolidated Financial Statements) should be read in conjunction with this discussion.

INSURANCE SEGMENTS -- UNDERWRITING

A summary follows of underwriting results from Berkshire's insurance segments for the past three years.

-- (dollars in millions)--		
1999	1998	1997

Underwriting gain (loss) attributable to:			
GEICO	$ 24	$ 269	$ 281
General Re	(1,184)	--	--
Berkshire Hathaway Reinsurance Group	(256)	(21)	128
Berkshire Hathaway Direct Insurance Group	22	17	52
Underwriting gain (loss)-- pre-tax	(1,394)	265	461
Income taxes and minority interest	(497)	94	163
Net underwriting gain (loss)	$ (897)	$ 171	$ 298

Berkshire engages in both primary insurance and reinsurance of property and casualty risks. Through General Re, Berkshire also reinsures life and health risks. In primary insurance activities, Berkshire subsidiaries assume defined portions of the risks of loss from persons or organizations that are directly subject to the risks. In reinsurance activities, Berkshire subsidiaries assume defined portions of similar or dissimilar risks that other insurers or reinsurers have subjected themselves to in their own insuring activities. Berkshire's principal insurance businesses are: (1) GEICO, the sixth largest auto insurer in the United States, (2) General Re, one of the four largest reinsurers in the world, (3) Berkshire Hathaway Reinsurance Group ("BHRG") and (4) Berkshire Hathaway Direct Insurance Group. See Note 2 to the Consolidated Financial Statements for information regarding the General Re acquisition.

A significant marketing strategy followed by all these businesses is the maintenance of extraordinary capital strength. Statutory surplus as regards policyholders of Berkshire's insurance businesses increased to approximately $45 billion at December 31, 1999. This superior capital strength creates opportunities, especially with respect to reinsurance activities, to negotiate and enter into contracts of insurance specially designed to meet unique needs of sophisticated insurance and reinsurance buyers. Additional information regarding Berkshire's insurance and reinsurance operations is presented on the following pages.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

INSURANCE SEGMENTS - UNDERWRITING (continued)

GEICO

GEICO provides primarily private passenger automobile coverages to insureds in 48 states and the District of Columbia. GEICO policies are marketed mainly by direct response methods in which customers apply for coverage directly to the company over the telephone, through the mail or via the Internet. This is a significant element in GEICO's strategy to be a low cost insurer and, yet, provide high value to policyholders.

GEICO's underwriting results for the past three years are summarized below.

-- (dollars are in millions)--

	1999		1998		1997	
	Amount	%	Amount	%	Amount	%
Premiums written	$4,953		$4,182		$3,588	
Premiums earned	$4,757	100.0	$4,033	100.0	$3,482	100.0
Losses and loss expenses	3,815	80.2	2,978	73.8	2,630	75.5
Underwriting expenses	918	19.3	786	19.5	571	16.4
Total losses and expenses	4,733	99.5	3,764	93.3	3,201	91.9
Underwriting gain-- pre-tax	$ 24		$ 269		$ 281	

Premiums earned in 1999 exceeded premiums earned in 1998 by 17.9%, which followed growth in 1998 of 15.8% over 1997 and 12.6% in 1997 over 1996. The increased premiums earned in recent years reflects significant growth in the numbers of voluntary auto policies-in-force, partially offset by the effects of premium rate reductions taken in certain states. Rate reductions have been taken during the past three years to better align premium rates with pricing targets. Voluntary auto policies-in-force during 1999 grew by 21.5% over 1998 following growth of 20.8% in 1998 and 16.0% in 1997. Over the past three years, GEICO experienced significant growth in the preferred-risk markets, as well as the standard and non-standard auto lines. New business sales in 1999 exceeded 1998 by 31.9%. The growth in premium volume in recent years is attributed to substantially higher amounts of advertising and competitive premium rates.

GEICO's net underwriting profits in 1999 declined significantly from the underwriting profits in 1998 and 1997. Underwriting results in 1999 reflect the aforementioned premium rate reductions, relatively higher levels of claim costs and increased marketing expenditures. In 1998 and 1997, GEICO's underwriting results were better than expected primarily due to favorable claims experience. Also, GEICO's underwriting results are subject to volatility, given the inherent uncertainty in anticipating the levels of claim losses for a given period.

Losses and loss expenses incurred as percentages of premiums earned were 80.2% in 1999, 73.8% in 1998 and 75.5% in 1997. As a result of the aforementioned premium rate reductions, claim costs incurred in 1999 were expected to rise at faster rates than premiums. In addition, higher claim frequency was experienced in 1999. Claim costs in 1998 and 1997 were lower than normal reflecting generally mild weather conditions and declining severity of auto liability claims. Catastrophe losses added 1.0% to the loss and loss expense ratio in 1999, compared to 0.7% in 1998 and 0.3% in 1997.

GEICO's underwriting expenses in 1999 exceeded 1998 by $132 million (16.8%) and underwriting expenses in 1998 exceeded 1997 by $215 million (37.7%). The increase in expenses in 1999 relates primarily to costs incurred in connection with the generation and servicing of new business, offset somewhat by the effect of the deferral of certain costs associated with the development of computer software for internal use, as prescribed by new accounting rules effective in 1999. GEICO expects to increase spending to generate new policy growth in 2000.

During 1999, GEICO was named as a defendant in a number of class action lawsuits related to the use of repair parts not produced by original equipment manufacturers in connection with settlement of collision damage claims. Similar lawsuits have been filed against several other major private-passenger auto insurers. Management intends to vigorously defend GEICO's position of recommending the use of after-market parts in certain auto accident repairs. The lawsuits are in the early stages of development and the ultimate outcome cannot be reasonably determined at this time.

Although competition for private passenger auto insurance remains intense, GEICO expects voluntary auto policies-in-force to continue to grow in 2000 as a result of accelerating marketing efforts and competitive rates. New business is initially unprofitable due in large part to first year acquisition costs. The costs of acquiring new business are expected to rise further in 2000. These factors produce lower overall underwriting margins during periods of growth. Thus, GEICO's underwriting results are expected to further decline in 2000 from 1999.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

INSURANCE SEGMENTS - UNDERWRITING (continued)

General Re

On December 21, 1998, General Re became a wholly owned subsidiary of Berkshire upon completion of the merger of the two companies. General Re's results of operations are included in Berkshire's consolidated results beginning as of that date. For comparative purposes in this discussion, the historical results for all of 1998 are presented although the full-year results are not included in Berkshire's 1998 consolidated results.

General Re and its affiliates conduct a global reinsurance business, which provides reinsurance coverage in the United States and 125 other countries around the world. General Re's principal reinsurance operations are: (1) North American property/casualty, (2) International property/casualty, and (3) Global life/health. The International property/casualty operations are conducted primarily through Germany-based Cologne Re and its subsidiaries. At December 31, 1999, General Re had an 88% economic ownership interest in Cologne Re.

General Re's consolidated underwriting results for the past two years are summarized below. Dollar amounts are in millions.

	1999		1998	
	Amount	%	Amount	%
Premiums written	$ 7,043		$ 6,084	
Premiums earned	$ 6,905	100.0	$ 6,095	100.0
Losses and loss expenses ..	6,022	87.2	4,607	75.6
Underwriting expenses	2,067	29.9	1,858	30.5
Total losses and expenses .	8,089	117.1	6,465	106.1

Underwriting loss-- pre-tax	$(1,184)		$ (370)	

General Re's reinsurance operations produced large net underwriting losses in 1999. The aggregate net underwriting loss of $1,184 million in 1999 is the worst annual underwriting result of the company over the past 15 years. Following is additional information and discussion with respect to each of General Re's underwriting units.

General Re's North American property/casualty pre-tax underwriting results for the years ending December 31,1999 and 1998 are summarized below. Dollar amounts are in millions.

	1999		1998	
	Amount	%	Amount	%
Premiums written	$ 2,801		$ 2,707	
Premiums earned	$ 2,837	100.0	$ 2,708	100.0
Losses and loss expenses	2,547	89.8	1,830	67.6
Underwriting expenses	874	30.8	857	31.6
Total losses and expenses	3,421	120.6	2,687	99.2
Underwriting gain (loss)-- pre-tax	$ (584)		$ 21	

General Re's North American property/casualty operations underwrite predominantly excess reinsurance across multiple lines of business. North American property/casualty premiums earned grew 4.8% in 1999. Premiums earned in 1999 included $154 million related to a single new stop-loss reinsurance contract. Otherwise, premiums decreased primarily due to reduced business with national accounts and declines in excess and surplus lines insurance businesses. These declines exceeded growth in regional, specialty, and casualty facultative reinsurance businesses during 1999.

Underwriting results from North American property/casualty operations in 1999 deteriorated significantly when compared to results for 1998. Net underwriting losses in 1999 include fourth quarter losses of $353 million. Large net underwriting losses in 1999 were generated in both property and casualty reinsurance lines, which in the aggregate, produced a small net underwriting profit in 1998.

The North American property/casualty loss ratio of 89.8% in 1999 exceeded the loss ratio for 1998 by 22.2 percentage points. The increase in the 1999 loss ratio was primarily due to the effects of inadequate premium rates,higher current accident year losses in property lines of business and considerably lower amounts of favorable development of loss reserves established for previous years' casualty claims. Losses in 1999 arising from catastrophic events and other large property losses under facultative and treaty contracts added 9.4 percentage points to the loss and loss expense ratio in 1999 compared to 4.1 percentage points in 1998.

INSURANCE SEGMENTS - UNDERWRITING (continued)

General Re (Continued)

General Re's International property/casualty underwriting results for years ending December 31,1999 and 1998 are summarized below. Dollar amounts are in millions.

	1999		1998	
	Amount	%	Amount	%
Premiums written	$ 2,506		$ 2,072	
Premiums earned	$ 2,343	100.0	$ 2,095	100.0
Losses and loss expenses ..	2,041	87.1	1,514	72.3
Underwriting expenses	775	33.1	682	32.5
Total losses and expenses .	2,816	120.2	2,196	104.8

Underwriting loss-- pre-tax	$ (473)		$ (101)	

The International property/casualty operations write quota-share and excess reinsurance on risks around the world. Earned premiums in 1999 exceeded premiums earned in 1998 by 11.8%. The increase was primarily due to business produced by DP Mann, reduced levels of premiums ceded, including amounts ceded to General Re's North American reinsurance operations and a large new contract involving motor business in Argentina. DP Mann is a Lloyd's underwriting manager that was acquired by General Re at the end of 1998.

General Re's International property/casualty underwriting results for 1999 were poor. Loss and loss expense ratios for 1999 were 87.1% as compared to 72.3% for 1998. The increase in the 1999 loss ratio was mainly due to inadequate premium rates, higher catastrophe losses and deteriorating results in the excess liability, motor and the Australian professional indemnity lines of businesses. In addition, the motion picture film finance business experienced significant losses in the fourth quarter of 1999. Losses from catastrophic events, including fourth quarter 1999 European winter storms, earthquakes in Taiwan and Turkey and an Australian hailstorm, aggregated $126 million in 1999 or 5.4 loss ratio points, compared to $28 million of catastrophic losses or 1.3 loss ratio points in 1998.

General Re's Global life/health underwriting results for the years ending December 31,1999 and 1998 are summarized below. Dollar amounts are in millions.

	1999		1998	
	Amount	%	Amount	%
Premiums written	$1,736		$1,305	
Premiums earned	$1,725	100.0	$1,292	100.0
Losses and loss expenses	1,434	83.2	1,263	97.8
Underwriting expenses	418	24.2	319	24.6
Total losses and expenses	1,852	107.4	1,582	122.4
Underwriting loss-- pre-tax	$ (127)		$(290)	

General Re's Global life/health affiliates reinsure such risks worldwide. The life business represented approximately 52% of the total life/health premiums in 1999 compared to about 63% in 1998. Global life/health premiums earned increased 33.6% in 1999 over 1998. The increase was principally related to higher premiums earned in connection with the run off of health lines written by a former London agent of Cologne Re's U.S. subsidiary ("GCL" formerly "CLR") and growth from several new contracts written in the U.S. individual and group health markets.

The Global life/health net underwriting losses in 1999 and 1998 were principally attributed to the health business. In both 1999 and 1998, the life business produced modest underwriting profits although mortality experience in the individual life business worsened in 1999. The unsatisfactory underwriting experience in the group health business in 1999 reflected increases in GCL's health claim reserves that resulted from a comprehensive review conducted during the first half of 1999. Prior to the merger with Berkshire in 1998, a loss provision of $275 million was established on GCL's portion of a pool of workers' compensation carve-out business written by the former London-based managing underwriter. After considering settlements negotiated by other parties involved in this business and actuarial reviews of other available loss information, management concluded that no change to the reserve was warranted for 1999.

INSURANCE SEGMENTS - UNDERWRITING (continued)

Berkshire Hathaway Reinsurance Group

The Berkshire Hathaway Reinsurance Group ("BHRG") underwrites principally excess-of-loss reinsurance coverages for insurers and reinsurers. BHRG is believed to be one of the world leaders in providing catastrophe excess-of-loss reinsurance. In recent years, BHRG has generated significant premium volume from a few very sizable retroactive reinsurance contracts.

Underwriting results for the past three years are summarized in the following table. Dollar amounts are in millions.

	1999 Amount	%	1998 Amount	%	1997 Amount	%
Premiums written	$2,410		$986		$955	
Premiums earned	$2,382	100.0	$939	100.0	$967	100.0
Losses and loss expenses	2,573	108.0	765	81.5	676	69.9
Underwriting expenses	65	2.7	195	20.7	163	16.9
Total losses and expenses	2,638	110.7	960	102.2	839	86.8
Underwriting gain (loss)-- pre-tax	$ (256)		$(21)		$128	

Premiums earned from retroactive reinsurance contracts, including structured settlements, were $1,508 million in 1999, $343 million in 1998 and $144 million in 1997. Premiums earned in 1999 included $1,250 million related to a single contact entered into with an affiliate of a major U.S. property/casualty insurer.

Generally, retroactive reinsurance contracts indemnify the ceding company, subject to aggregate loss limits, with respect to past loss events that were insured by the counterparty. It is generally expected that losses ultimately paid under these arrangements will exceed the premiums received, possibly by a wide margin. Premiums are based in part on time-value-of-money concepts because loss payments are expected to occur over lengthy time periods. However, retroactive contracts do not significantly impact earnings in the year of inception. Consistent with Berkshire's accounting policy, the excess of the estimated ultimate losses payable over the premiums received is established as a deferred charge and amortized against income over the estimated future claim settlement periods.

Net underwriting losses with respect to retroactive reinsurance contracts were $97 million in 1999, $90 million in 1998 and $82 million in 1997. The net underwriting losses from this business reflect the recurring recognition of time-value-of-money concepts, the amortization of deferred charges on retroactive reinsurance and accretion of discounted structured settlement liabilities. The amortization and accretion charges are reported as losses incurred and because there are no offsetting premiums, as underwriting losses. Due to the large retroactive reinsurance contracts entered into during 1999, deferred charges increased significantly. Consequently, the periodic amortization and therefore, underwriting losses are expected to increase in future periods.

Premiums earned from non-catastrophe reinsurance contracts totaled $560 million in 1999, $310 million in 1998 and $513 million in 1997. In each of the last three years, the premiums earned from this business were derived predominantly from a small number of sizable contracts. Premiums earned in 1999 included $113 million from contracts with General Re's North American property/casualty operations.

Net underwriting losses from the non-catastrophe reinsurance business were $355 million in 1999, $86 million in 1998 and $73 million in 1997. BHRG incurred a net loss of approximately $220 million from a single aggregate excess contract during the fourth quarter of 1999. Also, the 1999 underwriting loss includes $126 million of net losses on reinsurance assumed from General Re's North American property/casualty businesses. As with retroactive reinsurance contracts, the premiums established for non-catastrophe reinsurance contracts are based on time-value-of-money concepts because loss payments are expected to occur over lengthy time periods. Loss reserves for this business are established without such time discounting but, unlike retroactive reinsurance contracts, no deferred charges are established. Consequently, significant underwriting losses result. This business is accepted because of the large amounts of investable policyholder funds ("float") that is produced. It is anticipated that Berkshire will derive significant economic benefits over the lengthy period of time that the float will be available for investment.

Premiums earned from catastrophe excess contracts were $314 million in 1999, $286 million in 1998 and $310 million in 1997. Competition within the catastrophe reinsurance markets remains intense, which in many instances,

makes premium rates inadequate or coverage conditions unacceptable. As a result, BHRG has accepted relatively few new arrangements. However, it is expected that this business will still produce meaningful amounts of earned premiums during 2000.

Net underwriting gains from catastrophe reinsurance were $196 million in 1999, $155 million in 1998 and $283 million in 1997. Catastrophe losses incurred in 1999 and 1998 were relatively minor. Significant exposure to losses remains with respect to contracts that are in-force at year-end 1999, especially with respect to a major earthquake in California or a hurricane affecting the U.S. Future periodic underwriting results of this business are subject to extreme volatility. However, Berkshire's management is willing to accept volatility in reported results, provided there is a reasonable prospect of long-term profitability.

Berkshire Hathaway Direct Insurance Group

The Berkshire Hathaway Direct Insurance Group is comprised of a wide variety of smaller property/casualty businesses. These businesses include: National Indemnity Company's traditional commercial motor vehicle and specialty risk operations; six companies collectively referred to as "homestate" operations that provide primarily standard commercial coverages to insureds in an increasing number of states; Cypress Insurance Company, a provider of workers' compensation insurance in California and other states; Central States Indemnity Company, a provider of credit card credit insurance to individuals nationwide through financial institutions; Kansas Bankers Surety Company, an insurer for primarily small and medium size banks located in the midwest; and Berkshire Hathaway International, a London-based writer of personal and commercial auto insurance.

Collectively, direct insurance businesses produced earned premiums of $262 million in 1999, $328 million in 1998 and $312 million in 1997. The decrease in premiums earned in 1999 compared to 1998 was essentially attributed to the credit card and international auto businesses, whereas the comparative increase in premiums earned in 1998 over 1997 was largely due to those same operations. Net underwriting gains of the direct businesses totaled $22 million in 1999, $17 million in 1998 and $52 million in 1997. The increase in underwriting profits in 1999 over 1998 was due primarily to lower net losses from the international auto business. The decline in net underwriting gains in 1998 from 1997 was principally due to lower profits from the specialty risk operations.

INSURANCE SEGMENTS - INVESTMENT INCOME

Following is a summary of the insurance segments net investment income for the past three years.

	(dollars in millions)		
	1999	1998	1997
Investment income before taxes	$2,482	$ 974	$ 882
Applicable income taxes and minority interest	718	243	178
Investment income after taxes and minority interest	$1,764	$ 731	$ 704

Investment income before taxes from the insurance operations in 1999 includes $1,328 million from General Re, which was acquired by Berkshire on December 21, 1998. Invested assets grew by approximately $25 billion as a result of the General Re acquisition. At December 31, 1999, cash and invested assets totaled approximately $72 billion. Excluding the impact of General Re, net investment income in 1999 grew 18.5% over amounts earned in 1998. In 1998, net investment income exceeded 1997 by 10.4%.

Berkshire's insurance businesses generate large amounts of investment income derived from shareholder capital, as well as policyholder float. Float represents an estimate of the amount of funds ultimately payable to policyholders that is available for investment. Float denotes the sum of net loss and loss adjustment expense reserves, unearned premiums, and funds held under reinsurance agreements, less premiums receivable, deferred acquisition costs, deferred charges on retroactive reinsurance and prepaid income taxes. The aggregate float was approximately $25.3 billion at December 31, 1999 and $22.8 billion at December 31, 1998. The acquisition of General Re increased float by approximately $14.9 billion.

Income taxes and minority interest as a percentage of investment income before taxes were 28.9% for 1999, 24.9% for 1998 and 20.2% for 1997. The increase in the rates reflects an increase in the proportion of taxable interest income relative to the amounts of dividend and tax-exempt interest, which are effectively taxed at lower rates. Minority interest applicable to investment income in 1999 also increased due to amounts related to investment income of Cologne Re.

NON-INSURANCE BUSINESS SEGMENTS (continued)

A summary follows of results to Berkshire from these identified business segments for the past three years.

	1999 Amount	%	1998 Amount	%	1997 Amount	%
	-- (dollars in millions)--					
Revenues	$5,701	100	$4,438	100	$3,404	100
Cost and expenses	4,997	88	3,803	86	2,892	85
Operating profit	704	12	635	14	512	15
Income taxes and minority interest	277	5	246	5	201	6
Contribution to net earnings	$ 427	7	$ 389	9	$ 311	9

A comparison of revenues and operating profits between 1999, 1998 and 1997 for each of the eight identifiable non-insurance business segments follows.

	-- (dollars in millions) --								
	Revenues			Operating Profits			Operating Profit as a % of Revenues		
Segment	1999	1998	1997	1999	1998	1997	1999	1998	1997
Buffalo News	$ 157	$ 157	$ 156	$ 55	$ 53	$ 56	35	34	36
Flight Services	1,856	858	411	225	181	140	12	21	34
Home Furnishings	917	793	667	79	72	57	9	9	9
International Dairy Queen	460	420	--	56	58	--	12	14	--
Jewelry	486	420	398	51	39	32	10	9	8
Scott Fetzer Companies ..	1,021	1,002	961	147	137	119	14	14	12
See's Candies	306	288	269	74	62	59	24	22	22
Shoe Group	498	500	542	17	33	49	3	7	9
	$5,701	$4,438	$3,404	$ 704	$ 635	$ 512			

1999 compared to 1998

Revenues from the eight identifiable non-insurance business segments of $5,701 million in 1999 increased $1,263 million (28.5%) from the prior year. The aggregate operating profits from these business segments of $704 million in 1999 increased $69 million (10.9%). The inclusion of Executive Jet, which was acquired during August, 1998, for a full year in 1999 accounts for a significant portion of the comparative increases. The following is a discussion of other significant matters impacting comparative results for each of the non-insurance business segments.

Buffalo News

The Buffalo News revenues were relatively unchanged in 1999 as compared to 1998. Operating profits in 1999 of $55 million increased $2 million (3.8%) from the comparable 1998 amount. Much of the increase arose as a result of a special non recurring charge which was recorded in 1998 related to workers' compensation insurance. Without the charge, operating profits in 1999 would have been comparable to the prior year.

Flight Services

This segment includes FlightSafety and Executive Jet. FlightSafety provides high technology training to operators of aircraft and ships. FlightSafety's worldwide clients include corporations, the military and government agencies. On August 7, 1998, Berkshire acquired Executive Jet, the worlds' leading provider of fractional ownership programs for general aviation aircraft. Executive Jet operates the NetJets(R) fractional ownership program in the United States and Europe. Revenues of this segment increased $998 million (116.3%) over comparable prior year amounts. The inclusion of Executive Jet for the full year of 1999 accounts for a substantial portion of the overall revenue increase. Operating profits of this segment increased $44 million (24.3%) over comparable prior year amounts. Executive Jet accounts for almost 2/3 of the overall increase. FlightSafety's operating profits increased significantly over 1998 as a result of continued growth in all areas of its training business.

NON-INSURANCE BUSINESS SEGMENTS (continued)

Home Furnishings

This segment is comprised of four separately managed but similar retail home furnishing businesses: Nebraska Furniture Mart ("NFM"), based in Omaha, Nebraska; R.C. Willey Home Furnishings ("Willey"), based in Salt Lake City, Utah; Star Furniture Company ("Star"), based in Houston, Texas; and Jordan's Furniture, Inc. ("Jordan's"), based in Boston, Massachusetts. Berkshire acquired NFM in 1983, Willey in 1995 and Star in 1997. Jordan's was acquired on November 13, 1999 and is the largest furniture retailer in Massachusetts and New Hampshire. Revenues of this segment increased $124 million (15.6%) as compared to the prior year. NFM, Willey and Star each reported revenue increases of between 8% and 10%. Additionally, Jordan's results were included in Berkshire's segments results for about the last 45 days of the year. Operating profits of $79 million in 1999 increased $7 million (9.7%) over the comparable prior year amount. The increase arose from increased sales and improved margins at NFM, Willey and Star.

International Dairy Queen

At the beginning of 1998, Berkshire completed the acquisition of Dairy Queen. Dairy Queen develops, licenses and services a system of about 6,000 Dairy Queen stores located throughout the United States, Canada and other foreign countries. Dairy Queen stores feature hamburgers, hot dogs, various dairy desserts and beverages. Dairy Queen revenues increased $40 million (9.5%) as compared to the prior year. About 75% of the increase relates to increased distribution business. A significant portion of the remaining increase relates to sales by company-owned stores. Operating profit of $56 million declined $2 million (3.4%) from the prior year.

Jewelry

This segment consists of two separately managed retailers of fine jewelry. Borsheim's operates from a single location in Omaha, Nebraska. Helzberg's Diamonds operates a national chain of retail stores located primarily in malls throughout the United States. Revenues of $486 million increased $66 million (15.7%) and operating profits of $51 million increased $12 million (30.8%) over the comparable prior year amounts. While the revenue increase accounted for much of the increase in operating profits, both of these businesses were able to effectively control operating expenses resulting in improved results.

Scott Fetzer Companies

The Scott Fetzer companies are a group of about twenty diverse manufacturing and distribution businesses under common management. Principal businesses in this group of companies sell products under the Kirby (home cleaning systems), Campbell Hausfeld (air compressors, paint sprayers and pressure washers) and World Book (encyclopedias and other educational products) names. Revenues of $1,021 million increased $19 million (1.9%) over the comparable prior year amount. The increase in revenues was primarily due to revenue increases at Campbell Hausfeld and World Book offset somewhat by lower revenues from Kirby's home cleaning system's business. Operating profits of $147 million increased $10 million (7.3%) from the prior year. Increased sales at Campbell Hausfeld along with improved results from World Book's domestic and international businesses account for a significant portion of the improved results.

See's Candies

See's revenues increased $18 million (6.2%) over comparable prior year amounts. Total pounds of candy sold increased about 7.2% with strong increases being achieved both in See's quantity order business as well as its retail stores. Operating profits increased $12 million (19.3%) as compared to the prior year. The revenue increase as well as a slightly over 1% increase in gross margin percentage accounts for the increase.

Shoes

This segment includes H. H. Brown Shoe Company, Inc., Lowell Shoe, Inc. and Dexter Shoe Companies. These businesses manufacture and distribute work, dress, casual and athletic footwear. In addition, over 100 retail shoe stores are included in this segment. Revenues for this segment decreased by $2 million in 1999 as compared to 1998. Operating profits of $17 million in 1999 decreased $16 million (48.5%) from the prior year. The significant profit decline arose at Dexter. It has become increasingly difficult for a domestic producer of shoes like Dexter to compete in an industry where over 90% of the items sold are produced abroad, where low-cost labor is the rule. In order to remain competitive, Dexter has begun shutting down certain of its domestic plants and sourcing more of its output internationally. The results for 1999 include severance and relocation costs.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

NON-INSURANCE BUSINESS SEGMENTS (continued)

1998 compared to 1997

Revenues from the non-insurance business segments increased $1,034 million (30.4%) in 1998 as compared to 1997. Operating profits of $635 million during 1998 increased $123 million (24.0%) from the comparable 1997 amount. The most significant factor which gave rise to the increase in both revenues and operating profits were the acquisitions of Dairy Queen at the beginning of 1998 and Executive Jet during August, 1998. With the exception of the shoe group, all other reportable segments reported excellent results in 1998 as compared to 1997.

REALIZED INVESTMENT GAIN

Realized investment gain has been a recurring element in Berkshire's net earnings for many years. The amount -- recorded when investments are sold, other-than-temporarily impaired or in certain situations, as required by GAAP, when investments are marked-to-market with the corresponding gain or loss included in earnings -- may fluctuate significantly from period to period, with a meaningful effect upon Berkshire's consolidated net earnings. However, the amount of realized investment gain or loss for any given period has no predictive value, and variations in amount from period to period have no practical analytical value, particularly in view of the net unrealized price appreciation now existing in Berkshire's consolidated investment portfolio.

While the effects of realized gains are often material to the Consolidated Statements of Earnings, such gains often produce a minimal impact on Berkshire's total shareholders' equity. This is due to the fact that Berkshire's investments are carried in prior periods' consolidated financial statements at market value with unrealized gains, net of tax, reported as a separate component of shareholders' equity.

GOODWILL AMORTIZATION AND OTHER PURCHASE-ACCOUNTING-ADJUSTMENTS

Goodwill amortization and other purchase-accounting-adjustments reflect the after-tax effect on net earnings with respect to the amortization of goodwill of acquired businesses and the amortization of fair value adjustments to certain assets and liabilities which were recorded at the acquisition dates of certain businesses (principally General Re and GEICO). The significant increase in such charges during 1999 as compared to 1998 periods is primarily due to the acquisition of General Re on December 21, 1998.

MARKET RISK DISCLOSURES

Berkshire's Consolidated Balance Sheet includes a substantial amount of assets and liabilities whose fair values are subject to market risks. Berkshire's significant market risks are primarily associated with equity prices and interest rates and to a lesser degree financial products. The following sections address the significant market risks associated with Berkshire's business activities.

EQUITY PRICE RISK

Strategically, Berkshire strives to invest in businesses that possess excellent economics, with able and honest management and at sensible prices. Berkshire's management prefers to invest a meaningful amount in each investee. Accordingly, Berkshire's equity investments are concentrated in relatively few investees. At year-end 1999 and 1998, approximately 60% of the total fair value of investments in equity securities was concentrated in three investees.

Berkshire's preferred investment strategy contemplates that equity investments will be held for very long periods of time. Thus, Berkshire management is not necessarily troubled by short term price volatility with respect to its investments provided that the underlying business, economic and management characteristics of the investees remain favorable. Berkshire strives to maintain above average levels of shareholder capital to provide a margin of safety against short term equity price volatility.

The carrying values of investments subject to equity price risks are based on quoted market prices or management's estimates of fair value as of the balance sheet dates. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amounts realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

EQUITY PRICE RISK (continued)

In addition to its equity investments, Berkshire's obligations with respect to the 1% Senior Exchangeable Notes are subject to equity price risks. See Note 10 to the Consolidated Financial Statements for information regarding the Exchange Notes. Given the current market price of the underlying stock into which Exchange Notes may be converted, the fair values of the Exchange Notes are primarily subject to equity price risk.

The table below summarizes Berkshire's equity price risks as of December 31, 1999 and 1998 and shows the effects of a hypothetical 30% increase and a 30% decrease in market prices as of those dates. The selected hypothetical change does not reflect what could be considered the best or worst case scenarios. Indeed, results could be far worse due both to the nature of equity markets and the aforementioned concentrations existing in Berkshire's equity investment portfolio. Dollars are in millions.

	Fair Value	Hypothetical Price Change	Estimated Fair Value after Hypothetical Change in Prices	Hypothetical Percentage Increase (Decrease) in Shareholders' Equity
As of December 31, 1999				
Equity securities	$37,772	30% increase	$49,104	12.6
		30% decrease	26,440	(12.6)
1% Senior Exchangeable Notes	447	30% increase	581	(0.2)
		30% decrease	313	0.2
As of December 31, 1998				
Equity securities *	$38,476	30% increase	$50,019	12.8
		30% decrease	26,933	(12.8)
1% Senior Exchangeable Notes	489	30% increase	636	(0.2)
		30% decrease	342	0.2

* Includes redeemable convertible preferred shares of investees in which the market prices of the common stock of the investees significantly exceeded the related conversion prices.

INTEREST RATE RISK

This section discusses interest rate risks associated with Berkshire's financial assets and liabilities, other than those of its finance and financial products businesses, which are discussed later. Berkshire's management prefers to invest in equity securities or to acquire entire businesses based upon the principles discussed in the preceding section on equity price risk. When unable to do so, management may alternatively invest in bonds or other interest rate sensitive instruments. Berkshire's strategy is to acquire securities that are attractively priced in relation to the perceived credit risk. Management recognizes and accepts that losses may occur. Berkshire has historically utilized a modest level of corporate borrowings and debt. Further, Berkshire strives to maintain the highest credit ratings so that the cost of debt is minimized. Berkshire utilizes derivative products to manage interest rate risks to a very limited degree.

The fair values of Berkshire's fixed maturity investments and borrowings under investment agreements and other debt will fluctuate in response to changes in market interest rates. Increases and decreases in prevailing interest rates generally translate into decreases and increases in fair values of those instruments. Additionally, fair values of interest rate sensitive instruments may be affected by the credit worthiness of the issuer, prepayment options, relative values of alternative investments, the liquidity of the instrument and other general market conditions.

The following table summarizes the estimated effects of hypothetical increases and decreases in interest rates on assets and liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risks. The hypothetical changes in market interest rates do not reflect what could be deemed best or worst case scenarios. The hypothetical fair values are based upon the same

INTEREST RATE RISK (continued)

prepayment assumptions utilized in computing fair values at year-end 1999 and 1998. Significant variations in market interest rates could produce changes in the timing of repayments due to prepayment options available. For these reasons, actual results might differ from those reflected in the table which follows. Dollars are in millions.

Estimated fair value after

Hypothetical change in interest rates

(bp=basis points)

	Fair Value	100 bp decrease	100 bp increase	200 bp increase	300 bp increase
As of December 31, 1999					
Investments in securities with fixed maturities	$30,222	$31,942	$28,483	$26,852	$25,413
Borrowings under investments agreements and other debt	1,971	2,059	1,891	1,819	1,753
As of December 31, 1998					
Investments in securities with fixed maturities	$20,891	$21,774	$19,974	$19,093	$18,130
Borrowings under investments agreements and other debt	1,986	2,095	1,865	1,768	1,681

FINANCIAL PRODUCTS RISK

The finance and financial products operations are subject to market risk principally through General Re Financial Products ("GRFP"). GRFP monitors its market risk on a daily basis across all swap and option products by calculating the effect on operating results of potential changes in market variables over a one week period, based on historical market volatility, correlation data and informed judgment. This evaluation is done on an individual trading book basis, against limits set by individual book, to a 95% probability level. GRFP sets market risk limits for each type of risk, and for an aggregate measure of risk, based on a 99% probability that movements in market rates will not affect the results from operations in excess of the risk limit over a one week period. GRFP's weekly aggregate market risk limit is $15 million. During 1999, the actual losses exceeded the market risk limit on one occasion. In addition to these daily and weekly assessments of risk, GRFP prepares periodic stress tests to assess its exposure to extreme movements in various market risk factors.

The table below shows the highest, lowest and average value at risk, as calculated using the above methodology, by broad category of market risk to which GRFP is exposed. Dollars are in millions.

	1999					
	Interest Rate	Foreign Exchange Rate	Equity	Credit	All Risks	1998 All Risks
Highest	$11	$ 5	$ 7	$ 5	$10	$13
Lowest	6	3	4	1	4	6
Average	8	4	6	2	8	9

GRFP evaluates and records a fair-value adjustment to recognize counterparty credit exposure and future costs associated with administering each contract. The expected credit exposure for each trade is initially established on the trade date and is determined through the use of a proprietary credit exposure model that is based on historical default probabilities, market volatilities and, if applicable, the legal right of setoff. These exposures are continually monitored and adjusted due to changes in the credit quality of the counterparty, changes in interest and currency rates or changes in other factors affecting credit exposure. Since inception, GRFP has not experienced any credit losses.

LIQUIDITY AND CAPITAL RESOURCES

Berkshire's Consolidated Balance Sheet as of December 31, 1999, reflects continuing capital strength. In the past three years, Berkshire shareholders' equity has increased from approximately $23.4 billion at December 31, 1996, to approximately $57.8 billion at December 31, 1999. In that three-year period, realized and unrealized securities gains increased equity capital by approximately $8.2 billion, and reinvested earnings, other than realized securities gains, were about $3.1 billion.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

YEAR 2000 ISSUE

Prior to January 1, 2000, there was widespread concern that many computer systems in use would be unable to correctly process data or may not operate at all after December 31, 1999. It was feared that some computer programs may interpret the year "2000" incorrectly, causing errors in calculations or causing the system to fail. Year 2000 issues affect: (1) Information Technology (IT) utilized in Berkshire's widely diversified business information systems, (2) non-IT systems, such as communications, facilities management, and manufacturing and service equipment containing embedded computer chips, and (3) IT and non-IT systems of significant customers, suppliers, business partners and equity investees.

To date, Berkshire has not experienced any significant Year 2000 related failures or disruptions with respect to its IT and non-IT systems. In addition, Berkshire has not experienced any significant adverse consequences due to Year 2000 related problems suffered by its significant business partners, including equity investees.

Berkshire and its subsidiaries could still be adversely affected if Year 2000 issues are not resolved by Berkshire or its significant customers, suppliers, business partners or equity investees. However, the most likely adverse consequence at this date could ultimately relate to losses incurred under property and casualty insurance and reinsurance contracts issued by subsidiaries. Otherwise, Berkshire management believes that the potential for adverse consequences arising out of the ordinary day-to-day operations of its businesses has diminished greatly since December 31, 1999. The financial impact of any adverse consequences cannot currently be estimated.

Berkshire and its subsidiaries have incurred about $60 million in identification, remediation and testing of Year 2000 issues. Year 2000 related costs are expensed as incurred. Berkshire management does not believe that any significant IT projects were delayed due to Year 2000 efforts.

FORWARD-LOOKING STATEMENTS

Investors are cautioned that certain statements contained in this document, as well as some statements by the Company in periodic press releases and some oral statements of Company officials during presentations about the Company, are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). Forward-looking statements include statements which are predictive in nature, which depend upon or refer to future events or conditions, which include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or similar expressions. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future Company actions, which may be provided by management are also forward-looking statements as defined by the Act. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties, and assumptions about the Company, economic and market factors and the industries in which the Company does business, among other things. These statements are not guaranties of future performance and the Company has no specific intention to update these statements.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The principal important risk factors that could cause the Company's actual performance and future events and actions to differ materially from such forward-looking statements, include, but are not limited to, changes in market prices of Berkshire's significant equity investees, the occurrence of one or more catastrophic events, such as an earthquake or hurricane that causes losses insured by Berkshire's insurance subsidiaries, changes in insurance laws or regulations, changes in Federal income tax laws, and changes in general economic and market factors that affect the prices of securities or the industries in which Berkshire and its affiliates do business, especially those affecting the property and casualty insurance industry.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "Market Risk Disclosures" contained in Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
Berkshire Hathaway Inc.

We have audited the accompanying consolidated balance sheets of Berkshire Hathaway Inc. and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of earnings, changes in shareholders' equity, and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Berkshire Hathaway Inc. and subsidiaries as of December 31, 1999 and 1998, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP
March 3, 2000
Omaha, Nebraska

BERKSHIRE HATHAWAY INC.
AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(dollars in millions except per share amounts)

	DECEMBER 31, 1999	DECEMBER 31, 1998
ASSETS		
Cash and cash equivalents	$ 3,835	$ 13,582
Investments:		
Securities with fixed maturities	30,222	21,246
Equity securities and other investments	39,508	39,761
Receivables	8,558	7,224
Inventories	844	767
Assets of finance and financial products businesses	24,229	16,989
Property, plant and equipment	1,903	1,509
Goodwill of acquired businesses	18,281	18,570
Other assets	4,036	2,589
	$131,416	$122,237
LIABILITIES AND SHAREHOLDERS' EQUITY		
Losses and loss adjustment expenses	$ 26,802	$ 23,012
Unearned premiums	3,718	3,324
Accounts payable, accruals and other liabilities	7,458	7,182
Income taxes, principally deferred	9,566	11,762
Borrowings under investment agreements and other debt	2,465	2,385
Liabilities of finance and financial products businesses	22,223	15,525
	72,232	63,190
Minority shareholders' interests	1,423	1,644
Shareholders' equity:		
Common Stock:*		
Class A Common Stock, $5 par value and Class B Common Stock, $0.1667 par value	8	8
Capital in excess of par value	25,209	25,121
Accumulated other comprehensive income	17,223	18,510
Retained earnings	15,321	13,764
Total shareholders' equity	57,761	57,403
	$131,416	$122,237

* Class B Common Stock has economic rights equal to one-thirtieth (1/30) of the economic rights of Class A Common Stock. Accordingly, on an equivalent Class A Common Stock basis, there are 1,520,562 shares outstanding at December 31, 1999 versus 1,518,548 outstanding at December 31, 1998.

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(dollars in millions except per share amounts)

	YEAR ENDED DECEMBER 31, 1999	1998	1997
REVENUES:			
Insurance premiums earned	$ 14,306	$ 5,481	$ 4,761
Sales and service revenues	5,918	4,675	3,615
Interest, dividend and other investment income	2,314	1,049	916
Income from finance and financial products businesses	125	212	32
Realized investment gain	1,365	2,415	1,106
	24,028	13,832	10,430
COST AND EXPENSES:			
Insurance losses and loss adjustment expenses	12,518	4,040	3,420
Insurance underwriting expenses	3,220	1,184	880
Cost of products and services sold	4,065	3,018	2,187
Selling, general and administrative expenses	1,164	1,056	921
Goodwill amortization	477	111	83
Interest expense	134	109	112
	21,578	9,518	7,603
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	2,450	4,314	2,827
Income taxes	852	1,457	898
Minority interest	41	27	28
NET EARNINGS	$ 1,557	$ 2,830	$ 1,901
Average common shares outstanding *	1,519,703	1,251,363	1,233,192
NET EARNINGS PER COMMON SHARE *	$ 1,025	$ 2,262	$ 1,542

* 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 shown above represents net earnings per equivalent Class A Common share. Net earnings per Class B Common share is equal to one-thirtieth (1/30) of such amount or $34 per share for 1999, $75 per share for 1998, and $51 per share for 1997.

See accompanying Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

BERKSHIRE HATHAWAY INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in millions)

	YEAR ENDED DECEMBER 31, 1999	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net earnings	$ 1,557	$ 2,830	$ 1,901
Adjustments to reconcile net earnings to cash flows from operating activities:			
Realized investment gain	(1,365)	(2,415)	(1,106)
Depreciation and amortization	688	265	227
Changes in assets and liabilities before effects from business acquisitions:			
Losses and loss adjustment expenses	3,790	347	576
Deferred charges - reinsurance assumed	(958)	(80)	(142)
Unearned premiums	394	179	90
Receivables	(834)	(56)	(120)
Accounts payable, accruals and other liabilities ..	(5)	4	547
Income taxes	(1,395)	(329)	383
Other	328	(88)	(21)
Net cash flows from operating activities	2,200	657	2,335
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of securities with fixed maturities	(18,380)	(2,697)	(6,837)

Purchases of equity securities and other investments ..	(3,664)	(1,865)	(714)
Proceeds from sales of securities with fixed maturities	4,509	6,339	3,397
Proceeds from redemptions and maturities of securities with fixed maturities	2,833	2,132	779
Proceeds from sales of equity securities and other investments	4,355	4,868	2,016
Loans and investments originated in finance businesses	(2,526)	(1,028)	(491)
Principal collection on loans and investments originated in finance businesses	845	295	276
Acquisitions of businesses, net of cash acquired	(153)	4,971	(775)
Other	(417)	(302)	(182)
Net cash flows from investing activities	(12,598)	12,713	(2,531)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from borrowings of finance businesses	714	120	157
Proceeds from other borrowings	1,846	1,339	1,074
Repayments of borrowings of finance businesses	(335)	(83)	(214)
Repayments of other borrowings	(1,721)	(1,318)	(1,112)
Other	(137)	3	(1)
Net cash flows from financing activities	367	61	(96)
Increase (decrease) in cash and cash equivalents ..	(10,031)	13,431	(292)
Cash and cash equivalents at beginning of year	14,489	1,058	1,350
CASH AND CASH EQUIVALENTS AT END OF YEAR *	$ 4,458	$ 14,489	$ 1,058
* Cash and cash equivalents at end of year are comprised of the following:			
Finance and financial products businesses	$ 623	$ 907	$ 56
Other	3,835	13,582	1,002
	$ 4,458	$ 14,489	$ 1,058

See accompanying Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

BERKSHIRE HATHAWAY INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(dollars in millions)

	Class A & B Common Stock	Capital in Excess of Par Value	Class A Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Comprehensive Income
BALANCE DECEMBER 31, 1996	$ 7	$ 2,274	$ (31)	$ 9,033	$ 12,144	
Common stock issued in connection with acquisitions of businesses	--	73	--	--		
Net earnings	--	--	--	1,901		$ 1,901
Other comprehensive income items:						
Unrealized appreciation of investments	--	--	--	--	10,574	10,574
Reclassification adjustment for appreciation included in net earnings	--	--	--	--	(1,106)	(1,106)
Income taxes and minority interests ..	--	--	--	--	(3,414)	(3,414)
Other comprehensive income						6,054
Total comprehensive income						$ 7,955
BALANCE DECEMBER 31, 1997	$ 7	$ 2,347	$ (31)	$ 10,934	$ 18,198	
Common stock issued in connection with acquisitions of businesses	1	22,803	2	--		
Retirement of treasury stock	--	(29)	29	--		
Net earnings	--	--	--	2,830		$ 2,830
Other comprehensive income items:						
Unrealized appreciation of investments	--	--	--	--	3,011	3,011
Reclassification adjustment for appreciation included in net earnings	--	--	--	--	(2,415)	(2,415)
Income taxes and minority interests ..	--	--	--	--	(284)	(284)

Other comprehensive income						312
Total comprehensive income						$ 3,142
BALANCE DECEMBER 31, 1998	$ 8	$ 25,121	$ --	$ 13,764	$ 18,510	
Net earnings	--	--	--	1,557		$ 1,557
Exercise of stock options issued in connection with business acquisitions	--	88	--	--		
Other comprehensive income items:						
Unrealized appreciation of investments	--	--	--	--	(795)	(795)
Reclassification adjustment for appreciation included in net earnings	--	--	--	--	(1,365)	(1,365)
Foreign currency translation losses ..	--	--	--	--	(16)	(16)
Income taxes and minority interests ..	--	--	--	--	889	889
Other comprehensive income						(1,287)
Total comprehensive income						$ 270
BALANCE DECEMBER 31, 1999	$ 8	$ 25,209	$ --	$ 15,321	$ 17,223	

See accompanying Notes to Consolidated Financial Statements

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

BERKSHIRE HATHAWAY INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1999

(1) SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

(a) Nature of operations and basis of consolidation

Berkshire Hathaway Inc. ("Berkshire" or "Company") is a holding company owning subsidiaries engaged in a number of diverse business activities. The most important of these are property and casualty insurance businesses conducted on both a direct and reinsurance basis. Further information regarding these businesses and Berkshire's other reportable business segments is contained in Note 16. The accompanying consolidated financial statements include the accounts of Berkshire consolidated with accounts of all its subsidiaries. Intercompany accounts and transactions have been eliminated. As more fully described in Note 2, on December 21, 1998, Berkshire consummated a merger with General Re Corporation ("General Re"). The balance sheet of General Re is consolidated with the balance sheets of Berkshire and its other subsidiaries as of December 31, 1999 and 1998. General Re's results of operations are included in the Consolidated Statements of Earnings for the ten day period ended December 31, 1998 and the year ended December 31, 1999.

During the second quarter of 1999, the company adjusted its December 31, 1998 Consolidated Balance Sheet. The adjustment resulted from a further review of the opening balance sheet of General Re which was used as the basis for recording the fair value of the assets and liabilities acquired in connection with the acquisition of General Re. The effect of the adjustment was to increase goodwill of acquired businesses by $124 million and to increase property, plant and equipment by $18 million with a corresponding decrease of $142 million in other assets from the amounts previously reported. The adjustment had no effect on the previously reported earnings for the year ended December 31, 1998.

(b) Use of estimates in preparation of financial statements

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results may differ from the estimates and assumptions used in preparing the consolidated financial statements.

(c) Cash equivalents

Cash equivalents consist of funds invested in money market accounts and in investments with a maturity of three months or less when purchased.

(d) Investments

Berkshire's management determines the appropriate classifications of investments at the time of acquisition and re-evaluates the classifications at each balance sheet date. Investments may be classified as held for trading, held to maturity, or, when neither of those classifications is appropriate, as available-for-sale. Berkshire's investments in fixed maturity and equity securities are classified as available-for-sale. Available-for-sale securities are stated at fair value with unrealized gains or losses, net of taxes and minority interest, reported as a separate component in shareholders' equity. Realized gains and losses, which arise when available-for-sale investments are sold (as determined on a specific identification basis) or other than temporarily impaired are included in the Consolidated Statements of Earnings.

Other investments include investments in limited partnerships and commodities which are carried at fair value in the accompanying balance sheets. Investments in limited partnerships are classified as available-for-sale. The realized and unrealized gains and losses associated with commodities are included in the Consolidated Statements of Earnings as a component of realized investment gain.

Accounting policies and practices for investments held by finance and financial products businesses are described in Note 7.

BERKSHIRE HATHAWAY INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(1) SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (Continued)

(e) Goodwill of acquired businesses

Goodwill of acquired businesses represents the difference between purchase cost and the fair value of the net assets of acquired businesses and is being amortized on a straight line basis generally over forty years. The Company periodically reviews the recoverability of the carrying value of goodwill of acquired businesses to insure it is appropriately valued. In the event that a condition is identified which may indicate an impairment issue exists, an assessment is performed using a variety of methodologies.

(f) Insurance premiums

Insurance premiums for prospective insurance and reinsurance policies are earned in proportion to the level of insurance protection provided. In most cases, premiums are recognized as revenues ratably over their terms with unearned premiums computed on a monthly or daily pro rata basis. Consideration received for retroactive reinsurance policies, including structured settlements, is recognized as premiums earned at the inception of the contracts. Premiums earned are stated net of amounts ceded to reinsurers.

(g) Insurance premium acquisition costs

Certain costs of acquiring insurance premiums are deferred, subject to ultimate recoverability, and charged to income as the premiums are earned. The recoverability of premium acquisition costs of direct insurance businesses is determined without regard to investment income. The recoverability of premium acquisition costs from reinsurance assumed businesses, generally, reflects anticipation of investment income. The unamortized balances of deferred premium acquisition costs are included in other assets and were $791 million and $666 million at December 31, 1999 and 1998, respectively.

(h) Losses and loss adjustment expenses

Liabilities for unpaid losses and loss adjustment expenses represent estimated claim and claim settlement costs of property/casualty insurance and reinsurance contracts. The liabilities for losses and loss adjustment expenses are recorded at the estimated ultimate payment amounts, except amounts arising from certain reinsurance assumed businesses are discounted. Estimated ultimate payment amounts are based upon (i) individual case estimates, (ii) estimates of incurred-but-not-reported losses, based upon past experience and (iii) reports of losses from ceding insurers.

The estimated liabilities of certain workers' compensation claims assumed under reinsurance contracts and liabilities assumed under structured settlement reinsurance contracts are carried in the Consolidated Balance Sheets at discounted amounts. Discounted amounts pertaining to reinsurance of certain workers' compensation risks are based upon an annual discount rate of 4.5%. The discounted amounts for structured settlement reinsurance contracts are based upon the prevailing market discount rates when the contracts were written and range from 5% to 13%. The periodic accretion of discounts is included in the Consolidated Statements of Earnings as a component of losses and loss adjustment expenses incurred. Net discounted liabilities were $1,529 million at December 31, 1999 and $1,637 million at December 31, 1998.

(j) Deferred charges-reinsurance assumed

The excess of estimated liabilities for claims and claim costs over the consideration received with respect to retroactive property and casualty reinsurance contracts that provide for indemnification of insurance risk is established as a deferred charge at inception of such contracts. The deferred charges are subsequently amortized using the interest method over the expected settlement periods of the claim liabilities. The periodic amortization charges are reflected in the accompanying Consolidated Statements of Earnings as losses and loss adjustment expenses. The unamortized balance of deferred charges is included in other assets and was $1,518 million at December 31, 1999 and $560 million at December 31, 1998.

(k) Reinsurance

Provisions for losses and loss adjustment expenses are reported in the accompanying Consolidated Statements of Earnings after deducting amounts recovered and estimates of amounts that will be ultimately recoverable under reinsurance contracts. Reinsurance contracts do not relieve the ceding company of its obligations to indemnify policyholders with respect to the underlying insurance and reinsurance contracts. Estimated losses and loss adjustment expenses recoverable under reinsurance contracts are included in receivables and totaled $2,331 million and $2,167 million at December 31, 1999 and 1998, respectively.

(1) SIGNIFICANT ACCOUNTING POLICES AND PRACTICES (Continued)

(m) Foreign currency

The accounts of several foreign-based subsidiaries are measured using the local currency as the functional currency. Revenues and expenses of these businesses are translated into U.S. dollars at the average exchange rate for the period. Assets and liabilities are translated at the exchange rate as of the end of the reporting period. Gains or losses from translating the financial statements of foreign-based operations are included in shareholders' equity as a component of other comprehensive income. Gains and losses arising from other transactions denominated in a foreign currency are included in the Consolidated Statement of Earnings.

(n) Accounting pronouncements to be adopted subsequent to December 31, 1999

During 1998 and 1999, the Financial Accounting Standards Board ("FASB") and the Accounting Standards Executive Committee ("AcSEC") issued the following new accounting standards that become effective after December 31, 1999:

(i) The FASB issued Statement of Financial Accounting Standard No. 133 "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133"). SFAS No. 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments imbedded in other contracts, and hedging activities. In June 1999, the FASB issued SFAS No. 137 which delays the effective date for implementing SFAS No. 133. Berkshire expects to adopt SFAS No. 133 as of the beginning of 2001.

(ii) AcSEC issued Statement of Position ("SOP") No. 98-7 "Deposit Accounting: Accounting for Insurance and Reinsurance Contracts That Do Not Transfer Insurance Risk". SOP No. 98-7 provides guidance on accounting and disclosure for insurance and reinsurance contracts that do not transfer insurance risk. This SOP is effective for fiscal years beginning after June 15, 1999. Berkshire will adopt this pronouncement as of the beginning of 2000.

The Company does not believe that adoption of these new accounting principles will have a material effect on its financial position or the results of operations.

(2) SIGNIFICANT BUSINESS ACQUISITIONS

During 1998, Berkshire consummated three significant business acquisitions -- International Dairy Queen, Inc. ("Dairy Queen"), effective January 7, 1998; Executive Jet, Inc. ("Executive Jet"), effective August 7, 1998; and General Re Corporation ("General Re"), effective December 21, 1998. Additional information regarding these acquisitions is provided below.

On January 7, 1998, the merger of Dairy Queen with and into a wholly owned subsidiary of Berkshire was completed. Shareholders of Dairy Queen received merger consideration of approximately $590 million, consisting of $265 million in cash and the remainder in shares of Class A and Class B Common Stock. Dairy Queen develops, licenses and services a system of almost 6,000 Dairy Queen stores located throughout the United States, Canada, and other foreign countries, which feature hamburgers, hot dogs, various dairy desserts and beverages. Dairy Queen also develops, licenses and services other stores and shops operating under the names of Orange Julius and Karmelkorn, which feature blended fruit drinks, popcorn and other snacks.

On August 7, 1998, the merger of Executive Jet with and into a wholly owned subsidiary of Berkshire was completed. Total consideration paid by Berkshire was approximately $725 million, consisting of $350 million in cash and the remainder in shares of Class A and Class B Common Stock. Executive Jet is the world's leading provider of fractional ownership programs for general aviation aircraft. Executive Jet currently operates its NetJets(R) fractional ownership programs in the United States and Europe. In addition, Executive Jet is pursuing other international activities.

On December 21, 1998, the merger with General Re was completed. General Re shareholders received, at their election, either 0.0035 shares of Berkshire Class A Common Stock or 0.105 shares of Berkshire Class B Common Stock for each share of General Re common stock they owned. Berkshire issued approximately 272,200 Class A equivalent shares in exchange for the General Re shares outstanding as of December 21, 1998. The total consideration for the transaction, based upon the closing prices of Berkshire Class A Common Stock for the 10-day period ending June 26, 1998, (the merger agreement was entered into by the parties on June 19, 1998) was approximately $22 billion.

(2) BUSINESS ACQUISITIONS (Continued)

General Re is a holding company for global reinsurance and related risk management operations. It owns General Reinsurance Corporation, which together with its affiliates, comprise the largest professional property and casualty reinsurance group domiciled in the United States. General Re also owns a controlling interest in Kolnische Ruckversicherungs-Gesellschaft AG ("Cologne Re"), a major international reinsurer. Together, General Re and Cologne Re transact reinsurance business as "General & Cologne Re". General & Cologne Re operate in 28 countries and provide reinsurance coverage in 125 countries around the world.

In addition, General Re writes excess and surplus lines insurance through General Star Management Company, provides alternative risk solutions through Genesis Underwriting Management Company, provides reinsurance brokerage services through Herbert Clough, Inc., manages aviation insurance risks through United States Aviation Underwriters, Inc., and acts as a business development consultant and reinsurance intermediary through Ardent Risk Services, Inc. General Re also operates as a dealer in the swap and derivatives market through General Re Financial Products Corporation, and provides specialized investment services to the insurance industry through General Re-New England Asset Management, Inc.

Each of the business acquisitions described above was accounted for under the purchase method. The excess of the purchase cost of the business over the fair value of net assets acquired was recorded as goodwill of acquired businesses. The aggregate goodwill associated with the three acquisitions discussed above was $15.7 billion, including $14.7 billion associated with the General Re merger.

The results of operations for each of these entities are included in Berkshire's consolidated results of operations from the dates of each merger. The following unaudited table sets forth certain consolidated earnings data for the years ended December 31, 1998 and 1997 as if the Dairy Queen, Executive Jet and General Re acquisitions had been consummated on the same terms at the beginning of 1997. Dollars in millions except per share amounts.

	1998	1997
Insurance premiums earned	$11,395	$11,369
Sales and service revenues	5,267	4,719
Total revenues	24,174	19,422
Net earnings	4,764	2,438
Earnings per equivalent Class A Common Share	3,137	1,607

(3) INVESTMENT IN MIDAMERICAN ENERGY HOLDINGS COMPANY

On October 24, 1999, Berkshire entered into an agreement along with Walter Scott, Jr. and David L. Sokol, to acquire MidAmerican Energy Holdings Company ("MidAmerican"). Pursuant to the terms of the agreement, Berkshire expects to invest approximately $1.24 billion in common stock and a non-dividend paying convertible preferred stock of a newly formed entity which will merge with and into MidAmerican, with MidAmerican continuing as the surviving corporation. Such investment will give Berkshire about a 9.7% voting interest and a 76% economic interest in MidAmerican on a fully-diluted basis. Mr. Scott, a member of Berkshire's Board of Directors, will control approximately 86% of the voting interest in MidAmerican. Mr. Sokol is the current CEO of MidAmerican. Berkshire will also acquire approximately $455 million of an 11% non-transferable trust preferred security. Under certain conditions, for a period of up to seven years subsequent to the transaction, Berkshire may be required to purchase up to $345 million of additional trust preferred securities. The merger and related investments by Berkshire and the other investors are subject to terms and conditions including approval by shareholders of MidAmerican and certain regulatory approvals. On January 27, 2000, the transaction was approved by the shareholders of MidAmerican. All regulatory approvals are expected to be received prior to March 31, 2000. It is currently anticipated that the transaction will close by March 31, 2000.

Through its retail utility subsidiaries, MidAmerican Energy in the U.S. and Northern Electric in the U.K., MidAmerican provides electric service to 2.2 million customers and natural gas service to 1.2 million customers worldwide. MidAmerican manages and owns interests in approximately 8,300 net megawatts of diversified power generation facilities in operation, construction and development.

(4) INVESTMENTS IN SECURITIES WITH FIXED MATURITIES

The amortized cost and estimated fair values of investments in securities with fixed maturities as of December 31, 1999 and 1998 are as follows (in millions):

	Amortized Cost(2)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 1999(1)				
Bonds:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 4,001	$ 3	$ (189)	$ 3,815
Obligations of states, municipalities and political subdivisions	9,029	13	(436)	8,606
Obligations of foreign governments	2,208	6	(49)	2,165
Corporate bonds	5,901	21	(237)	5,685
Redeemable preferred stocks	133	1	(5)	129
Mortgage-backed securities	10,157	7	(342)	9,822
	$ 31,429	$ 51	$ (1,258)	$ 30,222

	Amortized Cost(2)	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
December 31, 1998(1)				
Bonds:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 2,518	$ 10	--	$ 2,528
Obligations of states, municipalities and political subdivisions	9,574	73	--	9,647

Obligations of foreign governments	2,864	--	--	2,864
Corporate bonds	4,609	--	--	4,609
Redeemable preferred stocks	359	3	(7)	355
Mortgage-backed securities	1,235	8	--	1,243
	$ 21,159	$ 94	$ (7)	$ 21,246

(1) Amounts above exclude securities with fixed maturities held by finance and financial products businesses. See Note 7.

(2) In connection with the acquisition of General Re on December 21, 1998, fixed maturity securities with a then fair value of $17.6 billion were acquired. Such amount which was approximately $1.2 billion in excess of General Re's historical amortized cost. The writeup of $1.2 billion was included as a component of the amortized cost at December 31, 1998. Of this amount, approximately $900 million remains unamortized and is included as a component of amortized cost as of December 31, 1999.

Shown below are the amortized cost and estimated fair values of securities with fixed maturities at December 31, 1999, by contractual maturity dates. Actual maturities will differ from contractual maturities because issuers of certain of the securities retain early call or prepayment rights. Amounts are in millions.

	Amortized Cost	Estimated Fair Value
Due in one year or less	$ 1,975	$ 1,965
Due after one year through five years	5,443	5,339
Due after five years through ten years	5,335	5,126
Due after ten years	8,519	7,970
	21,272	20,400
Mortgage-backed securities	10,157	9,822
	$31,429	$30,222

BERKSHIRE HATHAWAY INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(5) INVESTMENTS IN EQUITY SECURITIES AND OTHER INVESTMENTS

Data with respect to the consolidated investment in equity securities and other investments are shown below. Amounts are in millions.

	Cost	Unrealized Gains	Fair Value
December 31, 1999			
Common stock of:			
American Express Company *	$ 1,470	$ 6,932	$ 8,402
The Coca-Cola Company	1,299	10,351	11,650
The Gillette Company	600	3,354	3,954
Other equity securities	6,305	7,461	13,766
Other investments	1,651	85	1,736
	$11,325	$28,183**	$39,508

	Cost	Unrealized Gains	Fair Value
December 31, 1998			
Common stock of:			
American Express Company *	$ 1,470	$ 3,710	$ 5,180
The Coca-Cola Company	1,299	12,101	13,400
The Gillette Company	600	3,990	4,590

Other equity securities	5,889	9,062	14,951
Other investments	1,639	1	1,640
	$10,897	$28,864**	$39,761

* Common shares of American Express Company ("AXP") owned by Berkshire and its subsidiaries possessed approximately 11% of the voting rights of all AXP shares outstanding at December 31, 1999. The shares are held subject to various agreements with certain insurance and banking regulators which, among other things, prohibit Berkshire from (i) seeking representation on the Board of Directors of AXP (Berkshire may agree, if it so desires, at the request of management or the Board of Directors of AXP to have no more than one representative stand for election to the Board of Directors of AXP) and (ii) acquiring or retaining shares that would cause its ownership of AXP voting securities to equal or exceed 17% of the amount outstanding (should Berkshire have a representative on the Board of Directors, such amount is limited to 15%). In connection therewith, Berkshire has entered into an agreement with AXP which became effective when Berkshire's ownership interest in AXP voting securities reached 10% and will remain effective so long as Berkshire owns 5% or more of AXP's voting securities. The agreement obligates Berkshire, so long as Harvey Golub is chief executive officer of AXP, to vote its shares in accordance with the recommendations of AXP's Board of Directors. Additionally, subject to certain exceptions, Berkshire has agreed not to sell AXP common shares to any person who owns 5% or more of AXP voting securities or seeks to control AXP, without the consent of AXP.

** Net of unrealized losses of $149 million and $38 million as of December 31, 1999 and 1998, respectively.

(6) REALIZED INVESTMENT GAINS (LOSSES)

Realized gains (losses) from sales and redemptions of investments are summarized below (in millions):

	1999	1998	1997
Equity securities and other investments--			
Gross realized gains	$ 1,507	$ 2,087	$ 739
Gross realized losses	(77)	(272)	(23)
Securities with fixed maturities--			
Gross realized gains	39	602	396
Gross realized losses	(104)	(2)	(6)
	$ 1,365	$ 2,415	$ 1,106

BERKSHIRE HATHAWAY INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(7) FINANCE AND FINANCIAL PRODUCTS BUSINESSES

Assets and liabilities of Berkshire's finance and financial products businesses are summarized below (in millions).

	Dec. 31, 1999	Dec. 31, 1998
ASSETS		
Cash and cash equivalents	$ 623	$ 907
Investments in securities with fixed maturities:		
Held to maturity, at cost (fair value $2,223 in 1999; $1,366 in 1998)	2,293	1,227
Trading, at fair value (cost $11,330 in 1999; $5,279 in 1998)	11,277	5,219
Available for sale, at fair value (cost $997 in 1999; $745 in 1998).	999	743
Trading account assets	5,881	6,234
Securities purchased under agreements to resell	1,171	1,083
Other	1,985	1,576
	$24,229	$16,989
LIABILITIES		
Annuity reserves and policyholder liabilities	$ 843	$ 816
Securities sold under agreements to repurchase	10,216	4,065
Securities sold but not yet purchased	1,174	1,181
Trading account liabilities	5,930	5,834
Notes payable and other borrowings*	1,998	1,503
Other	2,062	2,126

$22,223	$15,525
=======	=======

*Payments of principal amounts of notes payable and other borrowings during the next five years are as follows (in millions):

2000	2001	2002	2003	2004
$49	$120	$260	$707	$475

Berkshire's finance and financial products businesses consist primarily of the financial products businesses of General Re, the consumer finance business of Scott Fetzer Financial Group, the real estate finance business of Berkshire Hathaway Credit Corporation, the financial instrument trading business of BH Finance and a life insurance subsidiary in the business of selling annuities. General Re's financial products businesses consist of General Re Financial Products ("GRFP") group and a collection of other businesses that provide investment, insurance, reinsurance and real estate management and brokerage services. Significant accounting policies and disclosures for these businesses are discussed below.

Investment securities (principally fixed maturity and equity investments) that are acquired for purposes of selling them in the near term are classified as trading securities. Such assets are carried at fair value. Realized and unrealized gains and losses from trading activities are included in income from finance and financial products businesses. Trading account assets and liabilities are marked-to-market on a daily basis and represent the estimated fair values of derivatives in net gain positions (assets) and in net loss positions (liabilities). The net gains and losses reflect reductions permitted under master netting agreements with counterparties.

Securities purchased under agreements to resell (assets) and securities sold under agreements to repurchase (liabilities) are accounted for as collateralized investments and borrowings and are recorded at the contractual resale or repurchase amounts plus accrued interest. Other investment securities owned and liabilities associated with investment securities sold but not yet purchased are carried at fair value.

GRFP is engaged as a dealer in various types of derivative instruments, including interest rate, currency and equity swaps and options, as well as structured finance products. These instruments are carried at their current estimates of fair value, which is a function of underlying interest rates, currency rates, security values, volatilities and the creditworthiness of counterparties. Future changes in these factors or a combination thereof may affect the fair value of these instruments with any resulting adjustment to be included currently in the Consolidated Statement of Earnings.

(7) FINANCE AND FINANCIAL PRODUCTS BUSINESSES (Continued)

Interest rate, currency and equity swaps are agreements between two parties to exchange, at particular intervals, payment streams calculated on a specified notional amount. Interest rate, currency and equity options grant the purchaser the right, but not the obligation, to either purchase from or sell to the writer a specified financial instrument under agreed terms. Interest rate caps and floors require the writer to pay the purchaser at specified future dates the amount, if any, by which the option's underlying market interest rate exceeds the fixed cap or falls below the fixed floor, applied to a notional amount.

Futures contracts are commitments to either purchase or sell a financial instrument at a future date for a specified price and are generally settled in cash. Forward-rate agreements are financial instruments that settle in cash at a specified future date based on the differential between agreed interest rates applied to a notional amount. Foreign exchange contracts generally involve the exchange of two currencies at agreed rates on a specified date; spot contracts usually require the exchange to occur within two business days of the contract date.

A summary of notional amounts of derivative contracts at December 31, 1999 and 1998 is included in the table below. For these transactions, the notional amount represents the principal volume, which is referenced by the counterparties in computing payments to be exchanged, and are not indicative of the Company's exposure to market or credit risk, future cash requirements or receipts from such transactions.

	December 31, 1999 (in millions)	December 31, 1998 (in millions)
Interest rate and currency swap agreements	$531,645	$514,935
Options written	121,683	88,245
Options purchased	151,006	90,826
Financial futures contracts:		
Commitments to purchase	32,377	26,041
Commitments to sell	11,368	6,872
Forward - rate agreements	5,164	24,579
Foreign exchange spot and forward contracts	10,430	14,794

The following tables discloses the net fair value or carrying amount at December 31, 1999 and 1998 as well as the average fair value during 1999 for each class of derivative financial contract held or issued by GRFP.

	December 31, 1999		December 31, 1998	
	Asset	Liability	Asset	Liability
	(in millions)		(in millions)	
Interest rate and foreign currency swaps .	$ 22,593	$ 22,819	$ 25,963	$ 25,445
Interest rate and foreign currency options	5,980	5,714	4,338	4,439
Gross fair value	28,573	28,533	30,301	29,884
Adjustment for counterparty netting	(22,692)	(22,692)	(24,067)	(24,067)
Net fair value	5,881	5,841	6,234	5,817
Security receivables/payables	--	89	--	17
Trading account assets/liabilities	$ 5,881	$ 5,930	$ 6,234	$ 5,834

	Average 1999	
	Asset	Liability
	(in millions)	
Interest rate and foreign currency swaps	$ 23,213	$ 23,071
Interest rate and foreign currency options	4,657	4,687
Gross fair value	27,870	27,758
Adjustment for counterparty netting	(22,579)	(22,579)
Net fair value	5,291	5,179
Security receivables/payables	85	111
Trading account assets/liabilities	$ 5,376	$ 5,290

(7) FINANCE AND FINANCIAL PRODUCTS BUSINESSES (Continued)

The derivative financial instruments involve, to varying degrees, elements of market, credit, and legal risks. Market risk is the possibility that future changes in market conditions may make the derivative financial instrument less valuable. Credit risk is defined as the possibility that a loss may occur from the failure of another party to perform in accordance with the terms of the contract which exceeds the value of existing collateral, if any. The derivative's risk of credit loss is generally a small fraction of notional value of the instrument and is represented by the fair value of the derivative financial instrument. Legal risk arises from the uncertainty of the enforceability of the obligations of another party, including contractual provisions intended to reduce credit exposure by providing for the offsetting or netting of mutual obligations.

With respect to Berkshire's life insurance business, annuity reserves and policyholder liabilities are carried at the present value of the actuarially determined ultimate payment amounts discounted at market interest rates existing at the inception of the contracts. Such interest rates range from 5% to 8%. Periodic accretions of the discounted liabilities are charged against income from finance and financial products businesses.

Investments in securities with fixed maturities held by Berkshire's life insurance business are classified as held-to-maturity. Investments classified as held-to-maturity are carried at amortized cost reflecting the Company's ability and intent to hold such investments to maturity. Such items consist predominantly of mortgage loans and collateralized mortgage obligations.

(8) UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES

Supplemental data with respect to unpaid losses and loss adjustment expenses of property/casualty insurance subsidiaries (in millions) is as follows:

	1999	1998	1997
Unpaid losses and loss adjustment expenses:			
Balance at beginning of year	$ 23,012	$ 6,850	$ 6,274
Less ceded liabilities and deferred charges	2,727	754	586
Net balance	20,285	6,096	5,688
Incurred losses recorded:			
Current accident year	11,275	4,235	3,551
All prior accident years	(192)	(195)	(131)
Total incurred losses	11,083	4,040	3,420
Payments with respect to:			
Current accident year	3,648	1,919	1,602
All prior accident years	4,532	1,834	1,410
Total payments	8,180	3,753	3,012
Unpaid losses and loss adjustment expenses:			
Net balance at end of year	23,188	6,383	6,096
Ceded liabilities and deferred charges	3,848	2,727	754
Foreign currency translation adjustment	(234)	--	--
Net liabilities assumed in connection with business acquisitions	--	13,902	--
Balance at end of year	$ 26,802	$ 23,012	$ 6,850

Incurred losses "all prior accident years" reflects the amount of estimation error charged or credited to earnings in each year with respect to the liabilities established as of the beginning of that year. This amount includes amortization of deferred charges regarding retroactive reinsurance assumed and accretion of discounted liabilities. See Note 1 for additional information regarding these items. Additional information regarding incurred losses will be revealed over time and the estimates will be revised resulting in gains or losses in the periods made.

BERKSHIRE HATHAWAY INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(8) UNPAID LOSSES AND LOSS ADJUSTMENT EXPENSES (Continued)

The balances of unpaid losses and loss adjustment expenses are based upon estimates of the ultimate claim costs associated with claim occurrences as of the balance sheet dates. Considerable judgement is required to evaluate claims and establish estimated claim liabilities, particularly with respect to certain lines of business, such as reinsurance assumed, or certain types of claims, such as environmental or latent injury liabilities.

Berkshire continuously evaluates its liabilities and related reinsurance recoverable for environmental and latent injury claims and claim expenses, which arise from exposures in the U.S., as well as internationally. Environmental and latent injury exposures do not lend themselves to traditional methods of loss development determination and therefore reserve estimates related to these exposures may be considerably less reliable than for other lines of business (e.g., automobile). The effect of joint and several liability claims severity and a provision for inflation have been included in the loss development estimate. The Company has also established a liability for litigation costs associated with coverage disputes arising out of direct insurance policies.

The liabilities for environmental and latent injury claims and claim expenses net of related reinsurance recoverables were $3,211 million and $1,913 million, respectively, at December 31, 1999 and 1998. The liabilities recorded for environmental and latent injury claims and claim expenses are management's best estimate of future ultimate claim and claim expense payments and recoveries and are expected to develop over the next several decades.

Berkshire monitors evolving case law and its effect on environmental and latent injury claims. Changing government regulations, newly identified toxins, newly reported claims, new theories of liability, new contract interpretations and other factors could result in significant amounts of adverse development of the balance sheet liabilities. Such development could be material to Berkshire's results of operations. It is not possible to estimate reliably the amount of additional net loss, or the range of net loss, that is reasonably possible.

(9) INCOME TAXES

The liability for income taxes as reflected in the accompanying Consolidated Balance Sheets is as follows (in millions):

	Dec. 31, 1999	Dec. 31, 1998
Payable currently	$ (27)	$ 1,006
Deferred	9,593	10,756
	$ 9,566	$ 11,762

The Consolidated Statements of Earnings reflect charges for income taxes as shown below (in millions):

	1999	1998	1997
Federal	$ 748	$ 1,421	$ 865
State	43	31	32
Foreign	61	5	1
	$ 852	$ 1,457	$ 898
Current	$ 1,189	$ 1,643	$ 692
Deferred	(337)	(186)	206
	$ 852	$ 1,457	$ 898

(9) INCOME TAXES (Continued)

The tax effects of temporary differences that give rise to significant portions of deferred tax assets and deferred tax liabilities at December 31, 1999 and 1998, are shown below (in millions):

	1999	1998
Deferred tax liabilities:		
Relating to unrealized appreciation of investments	$ 9,383	$ 10,149
Other	1,252	1,615
	10,635	11,764
Deferred tax assets	(1,042)	(1,008)
Net deferred tax liability	$ 9,593	$ 10,756

Charges for income taxes are reconciled to hypothetical amounts computed at the federal statutory rate in the table shown below (in millions):

	1999	1998	1997
Earnings before income taxes	$ 2,450	$ 4,314	$ 2,827
Hypothetical amounts applicable to above computed at the federal statutory rate	$ 858	$ 1,510	$ 989
Decreases resulting from:			
Tax-exempt interest income	(145)	(30)	(36)
Dividends received deduction	(95)	(78)	(104)
Goodwill amortization	161	39	29
State income taxes, less federal income tax benefit	28	20	21
Foreign tax rate differential	45	--	--
Other differences, net	--	(4)	(1)
Total income taxes	$ 852	$ 1,457	$ 898

(10) BORROWINGS UNDER INVESTMENT AGREEMENTS AND OTHER DEBT

Liabilities reflected for this balance sheet caption are as follows (in millions):

	Dec. 31, 1999	Dec. 31, 1998
Borrowings under investment agreements	$ 613	$ 724
1% Senior Exchangeable Notes Due 2001 ("Exchange Notes")	449	469
GEICO Corporation 7.5% debentures due 2005*	106	107
General Re Corporation 8.85% debentures due 2009*	107	108
General Re Corporation 9% debentures due 2009*	150	150
GEICO Corporation 9.15% debentures due 2021	107	107
GEICO Corporation 7.35% debentures due 2023*	160	160
Other debt	773	560
	$2,465	$2,385

* Non-callable

Borrowings under investment agreements are made pursuant to contracts calling for interest payable, normally semiannually, at fixed rates ranging from 2.5% to 8.6% per annum. Contractual maturities of borrowings under investment agreements generally range from 3 months to 30 years. Under certain conditions, these borrowings are redeemable prior to the contractual maturity dates.

Under certain conditions, each $1,000 par amount Exchange Note is currently exchangeable at the option of the holder or redeemable at the option of Berkshire into 44.875 shares of Citigroup common stock. Berkshire, at its option, may settle any exchange or redemption at the equivalent value in cash. The Exchange Notes are carried at accreted value plus an additional amount (the "contingent value") representing the excess of the value of the underlying Citigroup common stock over the accreted value of the Exchange Notes. The contingent value component of the aggregate carrying value of the Exchange Notes was $276 million at December 31, 1999 and $171 million at year end 1998. During 1999, approximately $136 million par amount of Exchange Notes were converted by holders into Citigroup common shares.

(10) BORROWINGS UNDER INVESTMENT AGREEMENTS AND OTHER DEBT (Continued)

Other debt includes primarily commercial paper, revolving bank debt, and variable rate term bonds issued by a variety of Berkshire subsidiaries and generally, may be redeemed at any time at the option of the issuing company.

No materially restrictive covenants are included in any of the various debt agreements. Payments of principal amounts expected during the next five years are as follows (in millions):

2000	2001	2002	2003	2004
$522	$473	$ 28	$ 54	$ 18

(11) DIVIDEND RESTRICTIONS - INSURANCE SUBSIDIARIES

Payments of dividends by insurance subsidiaries members are restricted by insurance statutes and regulations. Without prior regulatory approval in 2000, Berkshire can receive up to approximately $4.2 billion as dividends from insurance subsidiaries.

Combined shareholders' equity of U.S. based property/casualty insurance subsidiaries determined pursuant to statutory accounting rules (Statutory Surplus as Regards Policyholders) was approximately $44.5 billion at December 31, 1999. This amount differs from the corresponding amount determined on the basis of GAAP. The major differences between statutory basis accounting and GAAP are that deferred income tax assets and liabilities, deferred charges-reinsurance assumed, unrealized gains and losses on investments in securities with fixed maturities and goodwill of acquired businesses are recognized under GAAP but not for statutory reporting purposes.

(12) COMMON STOCK

Changes in issued and outstanding common stock of the Company during the three years ended December 31, 1999, are shown in the table below.

	Class A Common, $5 Par Value (1,650,000 shares authorized*)			Class B Common $0.1667 Par Value (55,000,000 shares authorized*)
	Shares Issued	Treasury Shares	Shares Outstanding	Shares Issued and Outstanding
Balance December 31, 1996	1,376,188	170,068	1,206,120	783,755
Common stock issued in connection with acquisition of business	--	(1,866)	1,866	165
Conversions of Class A common stock to Class B common stock and other	(10,098)	--	(10,098)	303,236
Balance December 31, 1997	1,366,090	168,202	1,197,888	1,087,156
Common stock issued in connection with acquisitions of businesses	168,670	(9,709)	178,379	3,174,677
Conversions of Class A common stock to Class B common stock and other	(26,732)	--	(26,732)	808,546
Retirement of treasury shares	(158,493)	(158,493)	--	--
Balance December 31, 1998	1,349,535	--	1,349,535	5,070,379
Conversions of Class A common stock to Class B common stock and other	(7,872)		(7,872)	296,576
Balance December 31, 1999	1,341,663	--	1,341,663	5,366,955

* Prior to the General Re merger the number of authorized Class A and Class B Common shares was 1,500,000 and 50,000,000 respectively.

Each share of Class A Common Stock is convertible, at the option of the holder, into thirty shares of Class B Common Stock. Class B Common Stock is not convertible into Class A Common Stock. Each share of Class B Common Stock possesses voting rights equivalent to one-two-hundredth (1/200) of the voting rights of a share of Class A Common Stock. Class A and Class B common shares vote together as a single class.

In connection with the General Re merger, all shares of Class A and Class B Common Stock of the Company outstanding immediately prior to the effective date of the merger were canceled and replaced with new Class A and Class B common shares and all Class A treasury shares were canceled and retired. See Note 2 for information regarding the General Re merger.

(13) FAIR VALUES OF FINANCIAL INSTRUMENTS

SFAS No. 107, "Disclosures about Fair Value of Financial Instruments" requires certain fair value disclosures. Fair value disclosures are required for most investment securities as well as other contractual assets and liabilities. Certain financial instruments, including insurance contracts, are excluded from

SFAS 107 disclosure requirements due to perceived difficulties in measuring fair value. Accordingly, an estimation of fair value was not made with respect to unpaid losses and loss adjustment expenses.

In determining fair value, Berkshire used quoted market prices when available. For instruments where quoted market prices were not available, independent pricing services or appraisals by Berkshire's management were used. Those services and appraisals reflected the estimated present values utilizing current risk adjusted market rates of similar instruments.

Considerable judgement is necessarily required in interpreting market data used to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

The carrying values of cash and cash equivalents, receivables and accounts payable, accruals and other liabilities are deemed to be reasonable estimates of their fair values. The estimated fair values of Berkshire's other financial instruments as of December 31, 1999 and 1998, are as follows (in millions):

	Carrying Value		Estimated Fair Value	
	1999	1998	1999	1998
Investments in securities with fixed maturities	$30,222	$21,246	$30,222	$21,246
Investments in equity securities and other investments	39,508	39,761	39,508	39,761
Assets of finance and financial products businesses	24,229	16,989	24,167	17,129
Borrowings under investment agreements and other debt	2,465	2,385	2,418	2,475
Liabilities of finance and financial products businesses	22,223	15,525	22,151	15,698

(14) LITIGATION

During 1999, GEICO was named as a defendant in a number of class action lawsuits related to the use of repair parts not produced by original equipment manufacturers in connection with settlement of collision damage claims. One of the lawsuits has been dismissed. The remaining lawsuits are in the early stages of development and the ultimate outcome cannot be reasonably determined at this time. Management intends to vigorously defend GEICO's position of recommending use of after-market parts in certain auto accident repairs.

Berkshire and its subsidiaries are parties in a variety of legal actions arising out of the normal course of business. In particular, and in common with the insurance industry in general, such legal actions affect Berkshire's insurance and reinsurance businesses. Such litigation generally seeks to establish liability directly through insurance contracts or indirectly through reinsurance contracts issued by Berkshire subsidiaries. Plaintiffs occasionally seek punitive or exemplary damages. Berkshire does not believe that such normal and routine litigation will have a material effect on its financial condition or results of operations.

(15) SUPPLEMENTAL CASH FLOW AND INSURANCE PREMIUM INFORMATION

A summary of supplemental cash flow information is presented in the following table (in millions):

	1999	1998	1997
Cash paid during the year for:			
Income taxes	$2,215	$ 1,703	$ 498
Interest of finance and financial products businesses	513	21	21
Other interest	136	111	102
Non-cash investing and financing activities:			
Liabilities assumed in connection with acquisitions of businesses	61	36,064	25
Common shares issued in connection with acquisitions of businesses	--	22,795	73
Fair value of investments acquired as part of exchanges and conversions	--	--	1,837
Contingent value of Exchange Notes recognized in earnings	87	54	298
Value of equity securities used to redeem Exchange Notes	298	344	--

(15) SUPPLEMENTAL CASH FLOW AND INSURANCE PREMIUM INFORMATION (Continued)

Premiums written and earned by Berkshire's property/casualty and life/health insurance businesses during each of the three years ending December 31, 1999 are summarized below. Dollars are in millions.

	Property/Casualty 1999	1998	1997	Life/Health* 1999	1998
Premiums Written:					
Direct	$ 5,798	$ 4,503	$ 3,980	$ --	$ --
Assumed	7,951	1,184	957	1,981	46
Ceded	(818)	(83)	(85)	(245)	(5)
	$ 12,931	$ 5,604	$ 4,852	$ 1,736	$ 41
Premiums Earned:					
Direct	$ 5,606	$ 4,382	$ 3,879	$ --	$ --
Assumed	7,762	1,147	968	1,971	45
Ceded	(788)	(89)	(86)	(245)	(4)
	$ 12,580	$ 5,440	$ 4,761	$ 1,726	$ 41

*There were no premiums written or earned in 1997

(16) BUSINESS SEGMENT DATA

SFAS No. 131 requires certain disclosures about operating segments in a manner that is consistent with how management evaluates the performance of the segment. Information related to Berkshire's twelve reportable operating segments is shown below.

Business Identity	Business Activity
GEICO	Underwriting private passenger automobile insurance mainly by direct response methods
General Re	Underwriting excess-of-loss and quota-share reinsurance worldwide
Berkshire Hathaway Reinsurance Group	Underwriting excess-of-loss and quota-share reinsurance for property and casualty insurers and reinsurers
Berkshire Hathaway Direct Insurance Group	Underwriting multiple lines of property and casualty insurance policies for primarily commercial accounts
Buffalo News	Publication of a daily and Sunday newspaper in Western New York
FlightSafety and Executive Jet ("Flight Services")	Training to operators of aircraft and ships and providing fractional ownership programs for general aviation aircraft
Nebraska Furniture Mart, R.C. Willey Home Furnishings, Star Furniture Company and Jordan's Furniture ("Home Furnishings")	Retail sales of home furnishings, appliances and electronics
International Dairy Queen	Licensing and servicing a system of almost 6,000 Dairy Queen stores
Helzberg's Diamond Shops and Borsheim's ("Jewelry")	Retailing of fine jewelry
Scott Fetzer Companies	Diversified manufacturing and distribution of various consumer and commercial products with principal brand names including Kirby and Campbell Hausfeld
See's Candies	Manufacture and distribution of boxed chocolates and other confectionery products
H.H. Brown Shoe Company, Lowell Shoe, Inc. and Dexter Shoe Company ("Shoe Group")	Manufacture and distribution of footwear

General Re's reinsurance business is included as a reportable segment beginning in 1999. General Re Corporation was acquired by Berkshire on December 21, 1998. For further information regarding the acquisition, see Note 2.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

(16) BUSINESS SEGMENT DATA (Continued)

A disaggregation of Berkshire's consolidated data for each of the three most recent years is presented in the tables which follow on this and the following page. Amounts are in millions.

	REVENUES		
	1999	1998	1997
OPERATING SEGMENTS:			
Insurance group revenues:			
GEICO *	$ 4,757	$ 4,033	$ 3,482
General Re *	6,905	--	--
Berkshire Hathaway Reinsurance Group *	2,382	939	967
Berkshire Hathaway Direct Insurance Group *	262	328	312
Interest, dividend and other investment income	2,500	982	888
Total insurance group revenues	16,806	6,282	5,649
Buffalo News	157	157	156
Flight services	1,856	858	411
Home furnishings	917	793	667
International Dairy Queen	460	420	--
Jewelry	486	420	398
Scott Fetzer Companies	1,021	1,002	961
See's Candies	306	288	269
Shoe group	498	500	542
	22,507	10,720	9,053
RECONCILIATION OF SEGMENTS TO CONSOLIDATED AMOUNT:			
Realized investment gain	1,365	2,415	1,106
Other revenues	381	703	280
Purchase-accounting-adjustments	(225)	(6)	(9)
	$ 24,028	$ 13,832	$ 10,430

*Represents insurance premiums earned

	OPERATING PROFIT BEFORE TAXES		
	1999	1998	1997
OPERATING SEGMENTS:			
Insurance group operating profit:			
GEICO*	$ 24	$ 269	$ 281
General Re*	(1,184)	--	--
Berkshire Hathaway Reinsurance Group*	(256)	(21)	128
Berkshire Hathaway Direct Insurance Group*	22	17	52
Interest, dividend and other investment income	2,482	974	882
Total insurance group operating profit	1,088	1,239	1,343
Buffalo News	55	53	56
Flight services	225	181	140
Home furnishings	79	72	57
International Dairy Queen	56	58	--
Jewelry	51	39	32
Scott Fetzer Companies	147	137	119
See's Candies	74	62	59
Shoe group	17	33	49
	1,792	1,874	1,855
RECONCILIATION OF SEGMENTS TO CONSOLIDATED AMOUNT:			
Realized investment gain	1,365	2,415	1,106
Interest expense **	(109)	(100)	(107)
Corporate and other	141	248	72
Goodwill amortization and other purchase-accounting-adjustments	(739)	(123)	(99)
	$ 2,450	$ 4,314	$ 2,827

* Represents underwriting profit (loss)

** Amounts of interest expense represent interest on borrowings under investment agreements and other debt exclusive of that of finance businesses and interest allocated to certain identified segments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

BERKSHIRE HATHAWAY INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(16) BUSINESS SEGMENT DATA (Continued)

	CAPITAL EXPENDITURES *			DEPREC. & AMORT. OF TANGIBLE ASSETS		
OPERATING SEGMENTS:	1999	1998	1997	1999	1998	1997
Insurance group:						
GEICO	$ 87	$101	$ 27	$ 40	$ 27	$ 26
General Re	17	--	--	25	--	--
Berkshire Hathaway Reinsurance Group	--	--	--	--	--	--
Berkshire Hathaway Direct Insurance Group	1	1	1	1	1	1
Total insurance group	105	102	28	66	28	27
Buffalo News	5	2	3	2	2	3
Flight services	323	213	119	77	58	55
Home furnishings	41	21	43	16	13	10
International Dairy Queen	9	10	--	4	3	--
Jewelry	14	12	9	11	10	10
Scott Fetzer Companies	14	10	6	11	11	11
See's Candies	6	15	20	5	5	5
Shoe group	6	9	11	12	13	12
	523	394	239	204	143	133
RECONCILIATION OF SEGMENTS TO CONSOLIDATED AMOUNT:						
Corporate and other	7	5	3	11	4	3
Purchase-accounting-adjustments	--	--	--	3	8	8
	$530	$399	$242	$218	$155	$144

* Excludes expenditures which were part of business acquisitions.

	IDENTIFIABLE ASSETS AT YEAR-END		
OPERATING SEGMENTS:	1999	1998	1997
Insurance group:			
GEICO	$ 9,381	$ 8,663	$ 7,683
General Re	30,168	32,011	--
Berkshire Hathaway Reinsurance Group	39,607	36,611	34,781
Berkshire Hathaway Direct Insurance Group	4,866	5,564	5,902
Total insurance group	84,022	82,849	48,366
Buffalo News	30	29	28
Flight services	1,790	1,345	792
Home furnishings	648	489	457
International Dairy Queen	207	199	--
Jewelry	258	234	219
Scott Fetzer Companies	298	242	256
See's Candies	78	79	65
Shoe group	301	336	353
	87,632	85,802	50,536
RECONCILIATION OF SEGMENTS TO CONSOLIDATED AMOUNT:			
Corporate and other	25,276	17,671	2,450
Goodwill and other purchase-accounting-adjustments	18,508	18,764	3,125
	$131,416	$122,237	$ 56,111

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

BERKSHIRE HATHAWAY INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17) QUARTERLY DATA

A summary of revenues and earnings by quarter for each of the last two years is presented in the following table. This information is unaudited. Dollars are in millions, except per share amounts.

1999	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	$5,446	$5,461	$7,051	$6,070
Earnings:				
Excluding realized investment gain	$ 294	$ 299	$ 156	$ (78)
Realized investment gain *	247	273	264	102
Net earnings	$ 541	$ 572	$ 420	$ 24
Earnings per equivalent Class A common share:				
Excluding realized investment gain	$ 194	$ 197	$ 103	$ (52)
Realized investment gain *	162	179	173	69
Net earnings	$ 356	$ 376	$ 276	$ 17

1998	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenues	$3,325	$3,936	$2,909	$3,662
Earnings:				
Excluding realized investment gain	$ 252	$ 312	$ 264	$ 449
Realized investment gain *	470	864	101	118
Net earnings	$ 722	$1,176	$ 365	$ 567
Earnings per equivalent Class A common share:				
Excluding realized investment gain	$ 203	$ 251	$ 212	$ 352
Realized investment gain *	379	696	81	92
Net earnings	$ 582	$ 947	$ 293	$ 444

* The amount of realized gain for any given period has no predictive value and variations in amount from period to period have no practical analytical value particulary in view of the unrealized appreciation now existing in Berkshire's consolidated investment portfolio.

(18) INFORMATION ABOUT CERTAIN SUBSIDIARIES

The accompanying consolidated financial statements include the accounts of OBH Inc. (formerly Berkshire Hathaway Inc.), which became a wholly-owned subsidiary of Berkshire Hathaway Inc. upon completion of the General Re merger. The condensed consolidated balance sheets of OBH Inc. as of December 31, 1999 and 1998 are as follows (dollars in millions):

	DEC. 31, 1999	DEC. 31, 1998
ASSETS		
Cash and cash equivalents	$ 2,661	$ 8,841
Investments, primarily equity securities	48,635	40,572
Assets of finance and financial products businesses	13,369	5,759
Goodwill of acquired businesses	3,926	4,004
Other assets	7,382	5,140
	$ 75,973	$ 64,316
LIABILITIES AND SHAREHOLDERS' EQUITY		
Losses and loss adjustment expenses	$ 10,637	$ 7,198

Unearned premiums, accounts payable and other liabilities	4,743	4,483
Income taxes, principally deferred	9,689	10,426
Borrowings under investment agreements and other debt	2,156	2,056
Liabilities of finance and financial products businesses	12,094	4,881
	39,319	29,044
Total shareholders' equity	36,654	35,272
	$ 75,973	$ 64,316

The condensed consolidated statements of earnings of OBH Inc. for the years ended December 31, 1999 and 1998 are as follows (in millions):

	1999	1998
REVENUES		
Insurance premiums earned	$ 7,400	$ 5,300
Sales and service revenues	5,882	4,675
Investment income	1,208	1,013
Income (loss) from finance and financial products businesses	(21)	205
Realized investment gain	1,294	2,415
	15,763	13,608
COST AND EXPENSES		
Insurance losses, loss adjustment and underwriting expense	7,610	5,035
Cost of products and services sold	4,039	3,018
Selling, general and administrative expenses	1,256	1,148
Interest expense	110	109
	13,015	9,310
EARNINGS BEFORE INCOME TAXES AND MINORITY INTEREST	2,748	4,298
Income taxes and minority interests	924	1,474
NET EARNINGS	$ 1,824	$ 2,824

The consolidated statement of earnings for the year ended December 31, 1997 is identical to the accompanying Consolidated Statement of Earnings of Berkshire Hathaway Inc.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

BERKSHIRE HATHAWAY INC.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(18) INFORMATION ABOUT CERTAIN SUBSIDIARIES (Continued)

The summarized financial data of the finance and financial products businesses (See Note 7) includes the activities conducted by the Scott Fetzer Financial Group and its subsidiaries ("SFFG"). Assets and liabilities of SFFG are summarized below (in millions).

	Dec. 31, 1999	Dec. 31, 1998
ASSETS		
Cash and cash equivalents	$ 1	$ 98
Mortgage-backed securities, installment loans and other receivables*	196	371
Trading securities, at market	--	3,488
Securities purchased under agreements to resell	--	192
	$ 197	$4,149
LIABILITIES		
6 3/4% Notes, due 2001 and borrowings under investment agreements	$ 137	$ 152
Securities sold under agreements to repurchase	--	3,469
Securities sold but not yet purchased	--	177
Other*	27	208
	$ 164	$4,006

* Other receivables include receivables from affiliates of $40 at December 31, 1999 and other liabilities include payables to affiliates of $105 at December 31, 1998.

Net income of SFFG for each of the past three years is summarized below (in millions).

	1999	1998	1997
Revenues	$ 255	$ 211	$ 47
Cost and expenses	301	28	36
Earnings (loss) before taxes	(46)	183	11
Income taxes	(16)	64	4
Net earnings (loss)	$ (30)	$ 119	$ 7

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

Part III

Except for the information set forth under the caption "Executive Officers of the Registrant" in Part I hereof, information required by this Part (Items 10, 11, 12, and 13) is incorporated by reference from the Registrant's definitive proxy statement, filed pursuant to Regulation 14A, for the Annual Meeting of Shareholders of the Registrant to be held on April 29, 2000, which meeting will involve the election of directors.

Part IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULE, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The following consolidated financial statements, as well as the Independent Auditors' Report, are included in Part II Item 8 of this report:

Other schedules are omitted because they are not required, information therein is not applicable, or is reflected in the Consolidated Financial Statements or notes thereto.

(a) 3. Exhibits

See the "Exhibit Index" at page 55.

(b) Reports on Form 8-K

Form 8-K filed November 1, 1999 -- Item 5 Other Events. Report indicated that the Registrant had entered into a subscription agreement whereby the Registrant would make a significant investment in an entity that would be the survivor in a merger with MidAmerican Energy Holdings Company.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BERKSHIRE HATHAWAY INC.

Date: March 29, 2000

/s/ Marc D. Hamburg

Marc D. Hamburg
Vice President and Principal Financial Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ Warren E. Buffett Warren E. Buffett	Chairman of the Board of Directors - Chief Executive Officer	March 29, 2000 Date
/s/ Howard G. Buffett Howard G. Buffett	Director	March 29, 2000 Date
/s/ Susan T. Buffett Susan T. Buffett	Director	March 29, 2000 Date
/s/ Charles T. Munger Charles T. Munger	Vice Chairman of the Board of Directors	March 29, 2000 Date
/s/ Malcolm G. Chace Malcolm G. Chace	Director	March 29, 2000 Date
/s/ Walter Scott, Jr. Walter Scott, Jr.	Director	March 29, 2000 Date
/s/ Ronald L. Olson Ronald L. Olson	Director	March 29, 2000 Date
/s/ Marc D. Hamburg Marc D. Hamburg	Vice President - Principal Financial Officer	March 29, 2000 Date
/s/ Daniel J. Jaksich Daniel J. Jaksich	Controller	March 29, 2000 Date

INDEPENDENT AUDITORS' REPORT ON SCHEDULE

To the Board of Directors and Shareholders
Berkshire Hathaway Inc.

We have audited the consolidated financial statements of Berkshire Hathaway Inc. and subsidiaries as of December 31, 1999 and 1998, and for each of the three years in the period ended December 31, 1999, and have issued our report thereon dated March 3, 2000; such consolidated financial statements and report are included elsewhere in this Form 10-K. Our audits also included the financial statement schedule of Berkshire Hathaway Inc., listed in Item 14. The financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

DELOITTE & TOUCHE LLP
Omaha, Nebraska
March 3, 2000

BERKSHIRE HATHAWAY INC.
(Parent Company)
Condensed Financial Information
(Dollars in millions)

Schedule I

BALANCE SHEETS

	December 31, 1999	1998
Assets:		
Cash and cash equivalents	$ --	$ --
Investments in consolidated subsidiaries	57,761	57,411
Investments - other than consolidated subsidiaries	--	--
Other assets	--	--
	$57,761	$57,411
Liabilities and Shareholders' Equity:		
Accounts payable and accrued expenses	$ --	$ 8
Borrowings under investment agreements and other debt ...	--	--
Income taxes, principally deferred	--	--
	--	8
Shareholders' equity	57,761	57,403
	$57,761	$57,411

STATEMENTS OF EARNINGS

Income items:	Year ending December 31, 1999	1998	1997
From consolidated subsidiaries:			
Interest	$ --	$ 6	$ 11
Dividends	500	1,241	328
Undistributed earnings	1,057	1,626	1,771
	1,557	2,873	2,110
Interest and dividends - other investments	--	4	7
Realized investment gain (loss)	--	(60)	(297)
Revenues of Buffalo News	--	157	156
	1,557	2,974	1,976
Cost and expense items:			
Costs and expenses of Buffalo News	--	105	100
General and administrative	--	8	9
Interest and finance charges	--	62	67
Income tax expense (benefit)	--	(31)	(101)
	1,557	144	75

Net earnings	$ 1,557	$ 2,830	$ 1,901

See Note to Condensed Financial Information

BERKSHIRE HATHAWAY INC.
(Parent Company)
Condensed Financial Information
(Dollars in millions)
Schedule I (continued)
STATEMENTS OF CASH FLOWS

	Year ending December 31, 1999	1998	1997
Cash flows from operating activities:			
Net earnings	$ 1,557	$ 2,830	$ 1,901
Adjustments to reconcile net earnings to cash flows from operating activities:			
Undistributed current earnings of subsidiaries	(1,057)	(1,626)	(1,771)
Realized investment loss	--	60	297
Decrease in income taxes	--	(31)	(35)
Other	(8)	(8)	(4)
Net cash flows from operating activities	492	1,225	388
Cash flows from investing activities:			
Investments in and advances to subsidiaries	(579)	(803)	(881)
Purchases of investments	--	(382)	--
Proceeds on sales and maturities of investments	--	16	189
Net cash flows from investing activities	(579)	(1,169)	(692)
Cash flows from financing activities:			
Proceeds from borrowings	--	1,048	1,005
Repayment of borrowings	--	(1,476)	(1,054)
Other	87	6	--
Net cash flows from financing activities	87	(422)	(49)
Decrease in cash and cash equivalents	--	(366)	(353)
Cash and cash equivalents at beginning of year	--	366	719
Cash and cash equivalents at end of year	$ --	$ --	$ 366
Other cash flow information:			
Income taxes paid	--	$ 1,656	$ 470
Interest paid	--	60	57

NOTE TO CONDENSED FINANCIAL INFORMATION

The condensed statements of earnings and cash flows of Berkshire Hathaway Inc. for 1998 and 1997 include the earnings and cash flow data of OBH Inc. (formerly Berkshire Hathaway Inc. - parent company). OBH Inc. became a wholly-owned subsidiary of Berkshire Hathaway Inc. as of December 21, 1998 upon completion of the General Re merger. At December 31, 1999 and 1998, Berkshire Hathaway Inc.'s investment in the net assets of OBH Inc. is included in investments in consolidated subsidiaries in the condensed balance sheet. Borrowings under investment agreements and other Berkshire Hathaway Inc. debt outstanding as of the General Re merger date remain obligations of the former parent company, now OBH Inc.

EXHIBIT INDEX

Exhibit No.

2.1 Agreement and Plan of Merger dated as of August 25, 1995, between the Registrant and GEICO Corporation. Incorporated by reference to Exhibit 1 to the Registrant's Form 8-K dated August 25, 1995.

2.2 Agreement and Plan of Merger dated as of October 14, 1996 between the Registrant and FlightSafety International, Inc. Incorporated by reference to Exhibit 1 to the Registrant's Form

8-K filed on October 16, 1996.

2.3 Agreement and Plan of Merger dated as of June 19, 1998 between Registrant and General Re Corporation. Incorporated by reference to Annex I to Registration Statement No. 333-61129 filed on Form S-4.

3 Restated Certificate of Incorporation Incorporated by reference to Exhibit 3.1 to Registration Statement No. 333-61129 filed on Form S-4.

3.1 By-Laws Incorporated by reference to Exhibit 3.2 to Registration Statement No. 333-61129 filed on Form S-4.

4.1 Form of Indenture dated as of December 1, 1987 between OBH Inc. (formerly Berkshire Hathaway Inc.) and State Street Bank and Trust Company (as successor trustee to The First National Bank of Boston), trustee with respect to 9 3/4% Debentures due January 15, 2018

Incorporated by reference to Exhibit 4 to Registration Statement No. 33-19000 filed on Form S-3.

4.2 Form of Indenture dated as of December 1, 1987 between OBH Inc. (formerly Berkshire Hathaway Inc.) and State Street Bank and Trust Company (as successor trustee to The First National Bank of Boston), trustee with respect to 1% Senior Exchangeable Notes due December 2, 2001.

Incorporated by reference to Exhibit 4 to Registration Statement No. 33-30570 filed on Form S-3.

OTHER INSTRUMENTS DEFINING THE RIGHTS OF HOLDERS OF LONG-TERM DEBT OF REGISTRANT AND ITS SUBSIDIARIES ARE NOT BEING FILED SINCE THE TOTAL AMOUNT OF SECURITIES AUTHORIZED BY ALL OTHER SUCH INSTRUMENTS DOES NOT EXCEED 10% OF THE TOTAL ASSETS OF THE REGISTRANT AND ITS SUBSIDIARIES ON A CONSOLIDATED BASIS AS OF DECEMBER 31, 1999. THE REGISTRANT HEREBY AGREES TO FURNISH TO THE COMMISSION UPON REQUEST A COPY OF ANY SUCH DEBT INSTRUMENT TO WHICH IT IS A PARTY.

12 Statement of computation of ratio of earnings to fixed charges

21 Subsidiaries of the Registrant

23 Independent Auditors' Consent

27 Financial Data Schedule

(Submitted as an Exhibit pursuant to the requirements of Item 601(b)(27) of Reg. S-K and not deemed filed for purposes of Section 11 of the Securities Act of 1933 or Section 18 of the Securities Exchange Act of 1934.)

Reg S-K
Item 601
Exhibit 12

BERKSHIRE HATHAWAY INC.
Calculation of Ratio of Consolidated Earnings to Consolidated Fixed Charges
(Dollars in millions)

	Years Ended December 31, 1999	1998	1997	1996	1995
Net earnings	$ 1,557	$ 2,830	$ 1,901	$ 2,489	$ 795
Income tax expense	852	1,457	898	1,197	276
Minority interest in earnings	41	27	28	20	13
Equity in the net income of investees accounted for under the equity method	--	--	--	--	(92)
Fixed charges*	187	142	141	124	75
Earnings available for fixed charges	$ 2,637	$ 4,456	$ 2,968	$ 3,830	$ 1,067
Realized investment gain, pretax, included in earnings available for fixed charges	$ 1,365	$ 2,415	$ 1,106	$ 2,484	$ 194
Fixed charges*					
Interest on indebtedness (including amortization of debt discount and expense)	$ 134	$ 109	$ 112	$ 100	$ 59
Rentals representing interest	53	33	29	24	16

	$ 187	$ 142	$ 141	$ 124	$ 75
Ratio of earnings to fixed charges*	14.10x	31.38x	21.05x	30.89x	14.23x
Ratio of earnings, excluding realized investment gain, to fixed charges*	6.80x	14.37x	13.21x	10.85x	11.64x

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*Excludes fixed charges of finance businesses. Fixed charges of finance businesses were as follows:

1999	1998	1997	1996	1995
$ 586	$ 21	$ 20	$ 30	$ 29

Including fixed charges of finance businesses the ratios of earnings to fixed charges were as follows:

	1999	1998	1997	1996	1995
Including realized investment gain	4.17x	27.47x	18.56x	25.06x	10.54x
Excluding realized investment gain	2.40x	12.65x	11.69x	8.94x	8.67x

Reg. S-K
Item 601
Exhibit 21

BERKSHIRE HATHAWAY INC.
Subsidiaries of Registrant (1)
December 31, 1999

Company Name	Domicile or State of Incorporation
Berkshire Hathaway Credit Corporation	Nebraska
Berkshire Hathaway International Insurance Ltd.	United Kingdom
Berkshire Hathaway Life Insurance Company of Nebraska	Nebraska
BHG Life Insurance Company	Nebraska
BHSF, Inc.	Delaware
BH Finance LLC	Nebraska
BH Shoe Holdings, Inc.	Delaware
Blue Chip Stamps	California
Borsheim's Jewelry Company, Inc.	Nebraska
Campbell Hausfeld/Scott Fetzer Company	Delaware
Central States Indemnity Co. of Omaha	Nebraska
Central States of Omaha Companies, Inc.	Nebraska
General & Cologne Life Reinsurance Company of America	Connecticut
General & Cologne Life Reinsurance Co. of Australasia Ltd.	Australia
Cologne Reinsurance Company Ltd.	Ireland
The Cologne Reinsurance Company Ltd.	United Kingdom
The Cologne & General Reinsurance Co. of Africa Ltd.	South Africa
Columbia Insurance Company	Nebraska
Continental Divide Insurance Company	Colorado
Cornhusker Casualty Company	Nebraska
Cypress Insurance Company	California
Dexter Shoe Company	Maine
DP Mann Limited	United Kingdom
Europa Ruckversicherung AG	Germany
Executive Jet, Inc.	Delaware
Fairfield Insurance Company	Connecticut
The Fechheimer Brothers Company (2)	Delaware
FlightSafety International Inc.	New York
GEICO Casualty Company	Maryland
GEICO Corporation	Delaware
GEICO General Insurance Company	Maryland
GEICO Indemnity Company	Maryland
GRD Corporation	Delaware
Gen Re Holdings, Inc.	Delaware
General Re-CKAG Reinsurance and Investment S.a r.l	Luxembourg
General Re Corporation	Delaware

General Re Europe Limited	United Kingdom
General Re Financial Products Corp.	Delaware
General Re Financial Products (Japan) Inc.	Delaware
General Re Financial Securities Ltd.	United Kingdom
General Re Services Corporation	Delaware
General Reinsurance Corporation	Delaware
General Star Indemnity Company	Connecticut
General Star National Insurance Company	Ohio
Genesis Indemnity Insurance Company	North Dakota
Genesis Insurance Company	Connecticut
Government Employees Insurance Company	Maryland
Helzberg's Diamond Shops, Inc.	Missouri

Reg. S-K
Item 601
Exhibit 21

BERKSHIRE HATHAWAY INC.
Subsidiaries of Registrant (1)
December 31, 1999

Company Name	Domicile or State of Incorporation
Herbert Clough, Inc.	New York
H. H. Brown Shoe Company, Inc.	Delaware
Isabela Shoe Corporation	Delaware
Jordan's Furniture, Inc.	Massachusetts
Kansas Bankers Surety Company	Kansas
Kolnische Ruck Wien	Austria
Kolnische Ruckversicherungs-Gesellschaft AG	Germany
Lowell Shoe, Inc.	New Hampshire
National Fire & Marine Insurance Company	Nebraska
National Indemnity Company	Nebraska
National Indemnity Company of the South	Florida
National Indemnity Company of Mid-America	Minnesota
National Liability and Fire Insurance Company	Connecticut
National Re Corporation	Delaware
National Reinsurance Corporation	Delaware
Nebraska Furniture Mart, Inc.	Nebraska
Oak River Insurance Company	Nebraska
OBH Inc.	Delaware
OCSAP, Ltd	Maine
R.C. Willey Home Furnishings	Utah
Redwood Fire and Casualty Insurance Company	Nebraska
The Scott Fetzer Company	Delaware
Scott Fetzer Financial Group, Inc.	Delaware
See's Candies, Inc.	California
See's Candy Shops, Inc.	California
Star Furniture Company	Texas
Wesco Financial Corporation	Delaware
Wesco-Financial Insurance Company	Nebraska
Wesco Holdings Midwest, Inc.	Nebraska
World Book/Scott Fetzer Company	Nebraska

(1) Each of the named subsidiaries is not necessarily a "significant subsidiary" as defined in Rule 1-02(w) of Regulation S-X, and Berkshire has several additional subsidiaries not named above. The unnamed subsidiaries, considered in the aggregate as a single subsidiary, would not constitute a "significant subsidiary" at the end of the year covered by this report.

(2) The names have been omitted of 31 wholly-owned U.S. subsidiaries of The Fechheimer Brothers Company, each of whom operated in the business of uniform manufacturing and/or distribution.

Reg S-K
Item 601
Exhibit 23
Page 1 of 1

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statements of Berkshire Hathaway Inc. on Form S-3 (File No. 333-31237), Form S-3 (File No. 333-62215), Form S-3 (File No. 333-68175), Form S-8 (File No. 333-18443), Form

S-8 (File No. 333-70609), and Form S-8 (File No. 333-62273) of our reports dated March 3, 2000, appearing in this Annual Report on Form 10-K of Berkshire Hathaway Inc. for the year ended December 31, 1999.

DELOITTE & TOUCHE LLP
Omaha, Nebraska
March 29, 2000

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE REGISTRANT'S FINANCIAL STATEMENTS AND RELATED NOTES CONTAINED IN FORM 10-K AS FILED HEREWITH, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS AND RELATED NOTES.

1,000,000

YEAR
DEC-31-1999
JAN-01-1999
DEC-31-1999
3,835
69,730
8,558
0
844
0
1,903
0
131,416
0
2,465
0
0
8
57,753
131,416
5,918
20,349
4,065
19,803
0
0
134
2,450
852
1,557
0
0
0
1,557
1,025
1,025