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$3,118 $3,820 $5,713

Berkshire s operating businesses are managed on an unusually decentralized basis. There are essentially no centralized or integrated business functions (such as sales, marketing, purchasing, legal or human resources) and there is minimal involvement by Berkshire s corporate headquarters in the day-to-day business activities of the operating businesses. Berkshire s corporate office management participates in and is ultimately responsible for significant capital allocation decisions, investment activities and the selection of the Chief Executive to head each of the operating businesses. The business segment data (Note 17 to the Interim Consolidated Financial Statements) should be read in conjunction with this discussion.

Insurance Underwriting

A summary follows of underwriting results from Berkshire s insurance businesses for the second quarter and first six months of 2008 and 2007. Amounts are in millions.

	Second Quarter		First Six Months	
	2008	2007	2008	2007
Underwriting gain attributable to:				
GEICO	$ 298	$ 325	$ 484	$ 620
General Re	102	230	144	260
Berkshire Hathaway Reinsurance Group	79	356	108	909
Berkshire Hathaway Primary Group	81	63	106	112
Pre-tax underwriting gain	560	974	842	1,901
Income taxes and minority interests	200	342	301	668
Net underwriting gain	$ 360	$ 632	$ 541	$ 1,233

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 and reinsurance businesses are: (1) GEICO, (2) General Re, (3) Berkshire Hathaway Reinsurance Group and (4) Berkshire Hathaway Primary Group.

Berkshire s management views insurance businesses as possessing two distinct operations underwriting and investing. Underwriting decisions are the responsibility of the unit managers; investing decisions are the responsibility of Berkshire s Chairman and CEO, Warren E. Buffett, except for selected investment portfolios which are the responsibility of investment managers at GEICO and General Re. Accordingly, Berkshire evaluates performance of underwriting operations without any allocation of investment income.

A significant marketing strategy followed by Berkshire s insurance businesses is the maintenance of extraordinary capital strength. Combined statutory surplus of Berkshire s insurance businesses totaled approximately $62 billion at December 31, 2007. This superior capital strength creates opportunities, especially with respect to reinsurance activities, to negotiate and enter into insurance and reinsurance contracts specially designed to meet the unique needs of insurance and reinsurance buyers.

Periodic underwriting results are affected significantly by changes in estimates for unpaid losses and loss adjustment expenses, including amounts established for occurrences in prior years. In addition, the timing and amount of catastrophe losses produce significant volatility in periodic underwriting results. Hurricanes and tropical storms affecting the United States and Caribbean tend to occur between June and December. Except for retroactive reinsurance business, underwriting operations are managed with the objective of earning net underwriting gains over the long term.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

***Insurance Underwriting* (Continued)**

Berkshire believes that underwriting gains in 2008 will be substantially lower than in 2007 as price competition has steadily increased over the past two years in most property and casualty markets. In addition, Berkshire s property and casualty reinsurance operations have benefited during the past two years from relatively low levels of catastrophe losses, which investors should not assume will recur in 2008. Additional information regarding Berkshire s insurance and reinsurance operations follows.

GEICO

GEICO primarily provides private passenger automobile coverages to insureds in 49 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 via the Internet, over the telephone or through the mail. This is a significant element in GEICO s strategy to be a low cost insurer. In addition, GEICO strives to provide excellent service to customers, with the goal of establishing long-term customer relationships. GEICO s pre-tax underwriting results for the second quarter and first six months of 2008 and 2007 are summarized in the table below. Dollar amounts are in millions.

	Second Quarter				First Six Months			
	2008		2007		2008		2007	
	Amount	%	Amount	%	Amount	%	Amount	%
Premiums earned	$ 3,086	100.0	$ 2,939	100.0	$ 6,118	100.0	$ 5,797	100.0
Losses and loss expenses	2,233	72.4	2,095	71.3	4,518	73.9	4,138	71.4
Underwriting expenses	555	18.0	519	17.6	1,116	18.2	1,039	17.9
Total losses and expenses	2,788	90.4	2,614	88.9	5,634	92.1	5,177	89.3
Pre-tax underwriting gain	$ 298		$ 325		$ 484		$ 620	

Premiums earned in 2008 exceeded amounts earned in 2007 by $147 million (5.0%) for the second quarter and $321 million (5.5%) for the first six months. The growth in premiums earned for voluntary auto was 5.3%, which represented an increase in policies-in-force of 7.8%, partially offset by a decline in average premiums per policy. Policies-in-force over the last twelve months increased 6.6% in the preferred risk auto markets and 11.6% in the standard and nonstandard auto markets. Voluntary auto new business sales in the first six months of 2008 declined slightly compared to 2007. Voluntary auto policies-in-force at June 30, 2008 were 340,000 greater than at December 31, 2007.

Losses and loss adjustment expenses incurred in 2008 exceeded 2007 amounts by $138 million (6.6%) for the second quarter and $380 million (9.2%) for the first six months. The loss ratio was 73.9% in the first six months of 2008 compared to 71.4% in 2007. The comparatively higher loss ratio in 2008 reflected an overall increase in average claim severities and the effect of lower average premiums per policy, partially offset by overall declines in claim frequencies. Average injury and physical damage severities in 2008 increased in the five to eight percent range from 2007. Claims frequencies in 2008 for physical damage coverages decreased in the six to eight percent range from 2007 while frequencies for injury coverages decreased in the four to six percent range. Incurred losses from catastrophe events for the first six months of 2008 were $60 million, exceeding 2007 by approximately $40 million. Management anticipates that the loss ratio over the remainder of 2008 will be higher than in 2007, resulting in comparatively lower underwriting gains. Underwriting expenses incurred in the first six months of 2008 were $1,116 million, an increase of 7.4% compared to 2007. The increase in expenses reflects higher advertising and policy issuance costs.

General Re

General Re conducts a reinsurance business offering property and casualty and life and health coverages to clients worldwide. Property and casualty reinsurance is written in North America on a direct basis through General Reinsurance Corporation and internationally through 95% owned Cologne Re (based in Germany) and other wholly-owned affiliates. Property and casualty reinsurance is also written through brokers by Faraday in London. Life and health reinsurance is written worldwide through Cologne Re. General Re strives to generate underwriting gains in essentially all of its product lines. Underwriting performance is not evaluated based upon market share and underwriters are instructed to reject inadequately priced risks. General Re s underwriting results for the second quarter and first six months of 2008 and 2007 are summarized in the table below. Amounts are in millions.

	Premiums earned				Pre-tax underwriting gain/loss			
	Second Quarter		First Six Months		Second Quarter		First Six Months	
	2008	2007	2008	2007	2008	2007	2008	2007
Property/casualty	$ 821	$ 871	$ 1,859	$ 1,865	$ 55	$ 182	$ 70	$ 177
Life/health	667	623	1,333	1,231	47	48	74	83
	$ 1,488	$ 1,494	$ 3,192	$ 3,096	$ 102	$ 230	$ 144	$ 260

16

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

General Re (Continued)

Property/casualty

Property/casualty premiums earned in the second quarter and first six months of 2008 declined $50 million (5.7%) and $6 million (0.3%), respectively, versus the corresponding 2007 periods. Premiums earned in the first six months of 2008 included $205 million with respect to a reinsurance to close transaction in the first quarter, which increased General Re s economic interest in the runoff of Lloyd s Syndicate 435 s 2000 year of account from 39% to 100%. A similar reinsurance to close transaction in the first quarter of 2007 generated earned premiums of $114 million and increased General Re s economic interest in the runoff of Lloyd s Syndicate 435 s 2001 year of account from 60% to 100%. In each transaction, General Re assumed a corresponding amount of net loss reserves and as a result these transactions had no impact on underwriting gains or losses. General Re now possesses 100% of the economic interest in the years of account 2000 through 2008 of Lloyd s Syndicate 435.

Excluding the increase in premiums earned from the reinsurance to close transactions and the effects of foreign currency exchange rate changes, premiums earned in the first six months of 2008 decreased $182 million (10.4%) from 2007. The reduced premium volume reflects continued underwriting discipline by declining to accept business where pricing is considered inadequate. Price competition continues to put downward pressure on premium rates in most reinsurance markets. Absent any major new business or significant transactions, General Re s premium volume will likely decline further over the remainder of 2008 when compared with 2007, as non-renewals and policy cancellations are expected to exceed new business.

The property/casualty business produced underwriting gains of $55 million in the second quarter and $70 million in the first six months of 2008 compared with underwriting gains of $182 million and $177 million in the respective 2007 periods. Results for the first six months of 2008 included a gain of $133 million from property business and a loss of $63 million from casualty and workers compensation business. Property results for the first six months of 2008 included $50 million of catastrophe losses arising primarily from winter storm Emma in Germany and hailstorms in Europe. The loss from casualty and workers compensation business for the first six months of 2008 included losses of $60 million from workers compensation reserve discount accretion and deferred charge amortization. Underwriting results for the first six months of 2007 were comprised of gains of $174 million from property business and $3 million from casualty and workers compensation business. In 2007, property results included catastrophe losses of $110 million from windstorm Kyrill in Northern Europe and casualty results reflected losses of $63 million from workers compensation reserve discount accretion and deferred charge amortization. Underwriting results in both 2008 and 2007 were adversely impacted by legal costs incurred in connection with the regulatory investigations of finite reinsurance.

Life/health

Life/health premiums earned in the second quarter and first six months of 2008 increased $44 million (7.1%) and $102 million (8.3%), respectively, over the comparable periods in 2007. Before the effects of changes in foreign currency exchange rates, premiums earned in 2008 were relatively unchanged from 2007. Life/health operations produced comparable underwriting gains in the second quarter and first six months of 2008 versus the corresponding 2007 periods. Underwriting results in each year were driven by gains from life business due primarily to favorable mortality and were partially offset by losses in the U.S. long-term health care business.

Berkshire Hathaway Reinsurance Group

The Berkshire Hathaway Reinsurance Group (BHRG) underwrites excess-of-loss reinsurance and quota-share coverages for insurers and reinsurers worldwide. BHRG s business includes catastrophe excess-of-loss reinsurance and excess direct and facultative reinsurance for large or otherwise unusual discrete property risks referred to as individual risk. Retroactive reinsurance policies provide indemnification of losses and loss adjustment expenses with respect to past loss events. Other multi-line refers to other business written on both a quota-share and excess basis, participations in and contracts with Lloyd s syndicates, as well as property, aviation and workers compensation programs. BHRG s underwriting results for the second quarter and first six months of 2008 and 2007 are summarized in the table below. Amounts are in millions.

	Premiums earned				Pre-tax underwriting gain/loss			
	Second Quarter		First Six Months		Second Quarter		First Six Months	
	2008	2007	2008	2007	2008	2007	2008	2007
Catastrophe and individual risk	$ 222	$ 392	$ 439	$ 866	$ 176	$ 330	$ 350	$ 804
Retroactive reinsurance	3	5	3	7,394	(112)	(112)	(233)	(190)
Other multi-line	931	625	1,698	1,342	15	138	(9)	295
	$ 1,156	$ 1,022	$ 2,140	$ 9,602	$ 79	$ 356	$ 108	$ 909

17

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Berkshire Hathaway Reinsurance Group (Continued)

Premiums earned in the second quarter and first six months of 2008 from catastrophe and individual risk contracts declined $170 million (43%) and $427 million (49%), respectively, compared with the prior year periods. The level of business written in a given period will vary significantly due to changes in market conditions and management s assessment of the adequacy of premium rates. Throughout 2007 and the first six months of 2008, catastrophe and individual risk business written declined as increased price competition resulted in fewer opportunities to write business at prices acceptable to BHRG. As a result, premiums written in the first six months of 2008 declined 29% versus 2007. Catastrophe and individual risk premiums earned over the remainder of 2008 are expected to continue to be lower than in 2007. Pre-tax underwriting gains in 2008 and 2007 reflected no significant catastrophe losses. Underwriting gains over the remainder of 2008 are expected to be significantly lower compared to 2007 as a result of the anticipated declines in premium volume in 2008 and the absence of major catastrophe losses in 2007.

Premiums from retroactive reinsurance for the first six months of 2007 included approximately $7.1 billion from the Equitas reinsurance agreement which became effective on March 30, 2007. Retroactive policies generally provide very large, but limited, indemnification of unpaid losses and loss adjustment expenses with respect to past loss events that are generally expected to be paid over long periods of time. The underwriting losses from retroactive policies primarily represent the periodic amortization of deferred charges established at the inception of the contracts. At June 30, 2008, unamortized deferred charges for all of BHRG s retroactive contracts were approximately $3.5 billion and gross unpaid losses were approximately $16.6 billion.

Premiums earned in the second quarter and first six months of 2008 from other multi-line business exceeded amounts earned in the prior year periods by $306 million (49%) and $356 million (27%), respectively. Premiums earned in the second quarter and first six months of 2008 included $534 million and $673 million, respectively, from a quota-share contract with Swiss Reinsurance Company and its property/casualty affiliates (Swiss Re) that became effective January 1, 2008. Under the agreement, BHRG assumes a 20% quota-share of the premiums and related losses and expenses on all property/casualty risks of Swiss Re incepting over the five year period ending December 31, 2012. Based on recent annual premium volume, BHRG s annual written premium under this agreement is expected to be in the $3 billion range; however, actual premiums assumed over the five year period could vary significantly depending on Swiss Re s response to market conditions and opportunities that arise over the contract term. Otherwise, multi-line premiums earned in the first six months of 2008 declined 24% versus 2007 reflecting comparatively lower premium volume from workers compensation programs and Lloyd s market participations. Multi-line business produced a pre-tax underwriting loss of $9 million in the first six months of 2008 compared to a gain of $295 million in 2007. Underwriting results in 2008 reflected significant declines in underwriting gains from property and workers compensation business and increased casualty losses versus 2007.

In December 2007, BHRG formed a mono-line financial guarantee insurance company, Berkshire Hathaway Assurance Corporation (BHAC). BHAC commenced operations during the first quarter of 2008 and is licensed in 49 states. As of June 30, 2008, BHAC had approximately $1 billion in capital and has received the highest rating available from two credit rating agencies. BHRG is pursuing opportunities to write financial guarantee insurance on municipal bonds and entered into agreements that generated $520 million in consideration during 2008. In its first six months of operations, BHAC produced $210 million of written premiums. The impact of this new business on underwriting results was nominal. In addition, BHRG received $310 million for transactions which were structured as credit default derivative contracts and which provide the counterparties with credit protection on specified municipal bond issues.

Berkshire Hathaway Primary Group

Premiums earned in the second quarter and first six months of 2008 by Berkshire s various primary insurers were $501 million and $990 million, respectively, which increased slightly over the premiums earned in the corresponding prior year periods. For the first six months, Berkshire s primary insurers produced underwriting gains of $106 million in 2008 and $112 million in 2007. Net underwriting gains in the first six months of 2008 reflected a significant decline in underwriting gains from the NICO Primary Group, which was mostly offset by increases from MedPro and US

Liability and the inclusion of USBoat (acquired in August 2007).

Insurance Investment Income

A summary of net investment income of Berkshire s insurance businesses for the second quarter and first six months of 2008 and 2007 follows. Amounts are in millions.

	Second Quarter		First Six Months	
	2008	2007	2008	2007
Investment income before taxes and minority interests	$ 1,204	$ 1,236	$ 2,293	$ 2,314
Income taxes and minority interests	320	374	607	704
Investment income after taxes and minority interests	$ 884	$ 862	$ 1,686	$ 1,610

Pre-tax investment income earned by insurance operations in the second quarter and first six months of 2008 declined $32 million and $21 million, respectively, from the amounts earned in the comparable 2007 periods. For the first six months of

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

***Insurance Investment Income* (Continued)**

2008, dividend income increased approximately $330 million, reflecting increased investments in equity securities and increased dividend rates with respect to certain securities. The increases in dividends earned were more than offset by declines in interest earned, reflecting lower investment levels and generally lower interest rates applicable to short term investments versus the first half of 2007.

A summary of cash and investments held in Berkshire s insurance businesses follows. Amounts are in millions.

	June 30, 2008	Dec. 31, 2007	June 30, 2007
Cash and cash equivalents	$ 25,358	$ 28,257	$ 35,910
Equity securities	69,278	74,681	73,237
Fixed maturity securities	30,169	27,922	25,417
	$ 124,805	$ 130,860	$ 134,564

Fixed maturity securities as of June 30, 2008 were as follows. Amounts are in millions.

	Amortized Cost	Unrealized Gains/Losses	Fair Value
U.S. Treasury, government corporations and agencies	$ 4,663	$ 46	$ 4,709
States, municipalities and political subdivisions	2,052	58	2,110
Foreign governments	10,117	(89)	10,028
Corporate bonds and redeemable preferred stocks, investment grade	4,707	(7)	4,700
Corporate bonds and redeemable preferred stocks, non-investment grade	4,594	733	5,327
Mortgage-backed securities	3,268	27	3,295
	$ 29,401	$ 768	$ 30,169

U.S. government obligations are rated AAA by the major rating agencies and approximately 95% of all state, municipal and political subdivisions, foreign government obligations and mortgage-backed securities were rated AA or higher. Non-investment grade securities represent securities that are rated below BBB- or Baa3.

Invested assets derive from shareholder capital and reinvested earnings as well as net liabilities assumed under insurance contracts or float. The major components of float are unpaid losses, unearned premiums and other liabilities to policyholders less premiums and reinsurance receivables, deferred charges assumed under retroactive reinsurance contracts and deferred policy acquisition costs. Float was approximately $59 billion at June 30, 2008 and was relatively unchanged from December 31, 2007. The cost of float, as represented by the ratio of pre-tax underwriting gain or loss to average float, was negative in 2008 and 2007, as Berkshire s insurance businesses generated underwriting gains in each period.

Utilities and Energy (MidAmerican)

Revenues and earnings from MidAmerican for the second quarter and first six months of 2008 and 2007 are summarized below. Amounts are in millions.

	Second Quarter				First Six Months			
	Revenues		Earnings		Revenues		Earnings	
	2008	2007	2008	2007	2008	2007	2008	2007

MidAmerican Energy Company	$ 1,093	$ 983	$ 67	$ 89	$ 2,471	$ 2,234	$ 201	$ 212
PacifiCorp	1,069	1,043	159	156	2,176	2,081	327	319
Natural gas pipelines	244	223	91	70	588	546	283	252
U.K. utilities	244	263	73	76	533	519	193	156
Real estate brokerage	347	475	15	37	592	813	(4)	35
Other	38	73	13	19	69	140	17	57
	$ 3,035	$ 3,060			$ 6,429	$ 6,333		
Earnings before corporate interest and taxes			418	447			1,017	1,031
Interest, other than to Berkshire			(89)	(75)			(172)	(146)
Interest on Berkshire junior debt			(22)	(29)			(45)	(58)
Income taxes and minority interests			(87)	(102)			(238)	(273)
Net earnings			$ 220	$ 241			$ 562	$ 554
Earnings applicable to Berkshire *			$ 208	$ 231			$ 524	$ 524
Debt owed to others at June 30							$ 18,891	$ 18,214
Debt owed to Berkshire at June 30							$ 754	$ 988

* *Net of minority interests and includes interest earned by Berkshire (net of related income taxes).*

19

FORM 10-Q **Q/E 6/30/08**

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Utilities and Energy (MidAmerican) **(Continued)**

Berkshire currently owns an 88.2% (87.4% diluted) voting and economic interest in MidAmerican Energy Holdings Company (MidAmerican), an international energy company. MidAmerican s domestic regulated energy interests are comprised of two regulated utility companies (MidAmerican Energy Company (MEC) and PacifiCorp) serving over 3 million retail customers and two interstate natural gas pipeline companies with over 17,000 miles of pipeline in operation and design capacity of about 6.9 billion cubic feet of natural gas per day. In the United Kingdom, electricity distribution subsidiaries serve about 3.8 million electricity end users. The rates that MidAmerican s utilities, electricity distribution businesses and natural gas pipelines may charge customers for energy and other services are generally subject to regulatory approval. Rates are based in large part on the costs of business operations, including a return on capital. To the extent these operations are not allowed to include such costs in the approved rates, operating results will be adversely affected. In addition, MidAmerican s other businesses include a diversified portfolio of independent power projects and the second-largest residential real estate brokerage firm in the United States.

In 2008, MEC s revenues for the second quarter and for the first six months increased $110 million (11%) and $237 million (11%), respectively, over the comparable 2007 periods. In 2008, MEC s regulated natural gas revenues increased $71 million for the second quarter and $143 million for the first six months over 2007, primarily due to higher per-unit gas costs which were passed on to customers through rates and higher sales volume (increased demand due to colder temperatures). In addition, MEC s non-regulated energy and other revenues increased $14 million for the second quarter and $75 million for the first six months versus 2007 primarily attributable to higher average prices. PacifiCorp s revenues in the second quarter and first six months of 2008 increased $26 million (2%) and $95 million (5%), respectively, over revenues in 2007 due primarily to higher retail sales volume, higher retail rates and increased wholesale revenues.

In 2008, natural gas pipelines revenues increased $21 million (9%) in the second quarter and $42 million (8%) over revenues in the corresponding 2007 periods, due primarily to overall stronger market conditions, the impact of system expansion projects and a reduction in customer refund liabilities related to a current rate proceeding. U.K. utility revenues in the second quarter decreased $19 million (7%) versus 2007 and for first six months of 2008 increased $14 million (3%) over 2007. Regulatory rates that were increased in 2007 to allow for certain cost recoveries were lowered during the second quarter of 2008. Otherwise, distribution volume declined as a result of lower average consumption per customer. Real estate brokerage revenues in the second quarter and first six months of 2008 declined $128 million (27%) and $221 million (27%), respectively, from the prior year periods due to significant declines in transaction volume, reflecting the continuing weakness in U.S. housing markets.

MidAmerican s earnings before corporate interest and income taxes (EBIT) for the second quarter of 2008 of $418 million decreased $29 million (6%) as compared to 2007. For the first six months of 2008, EBIT was $1,017 million, and was relatively unchanged from 2007. EBIT of MEC and PacifiCorp decreased $19 million (8%) in the second quarter of 2008 and for the first six months was relatively unchanged compared to 2007. Increased revenues from these operations were substantially offset by higher costs of fuel, scheduled maintenance costs, storm damage repairs and increased interest expense. EBIT of natural gas pipelines in 2008 increased $21 million (30%) for the second quarter and $31 million (12%) for the first six months versus 2007, primarily due to the aforementioned revenue increases. EBIT of the U.K. utilities in the first six months of 2008 increased $37 million (24%) over 2007 and was primarily due to the increase in revenues as well as lower interest expense. In 2008, EBIT of the real estate brokerage business for the second quarter and first six months declined significantly versus 2007, attributable to the aforementioned decline in transaction volume resulting from ongoing poor conditions in the U.S. housing markets.

Manufacturing, Service and Retailing

A summary of second quarter and first six months revenues and pre-tax earnings of 2008 and 2007 for Berkshire s manufacturing, service and retailing businesses follows. Amounts are in millions.

Second Quarter		First Six Months	
Revenues	Earnings	Revenues	Earnings

	2008	2007	2008	2007	2008	2007	2008	2007
Marmon	$ 1,901	$	$ 261	$	$ 2,166	$	$ 289	$
McLane Company	7,269	6,933	68	72	14,258	13,556	141	130
Shaw Industries	1,337	1,407	82	111	2,561	2,692	133	202
Other manufacturing	3,972	3,817	528	567	7,475	7,030	980	1,011
Other service	2,276	2,033	317	282	4,402	3,568	526	421
Retailing	738	797	29	55	1,500	1,568	61	104
	$ 17,493	$ 14,987			$ 32,362	$ 28,414		
Pre-tax earnings			$ 1,285	$ 1,087			$ 2,130	$ 1,868
Income taxes and minority interests			566	442			924	777
			$ 719	$ 645			$ 1,206	$ 1,091

20

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Manufacturing, Service and Retailing **(Continued)**

Marmon

On March 18, 2008, Berkshire acquired a 60% interest in Marmon Holdings, Inc. (Marmon). During the second quarter of 2008, Berkshire acquired additional interests in Marmon and at June 30, 2008 owned 63.6% of Marmon. Marmon s operating results are included in Berkshire s consolidated results from the date of the initial acquisition. See Note 2 to the accompanying Interim Consolidated Financial Statements for additional information concerning Marmon s operations. For the six months ending June 30, 2008, Marmon s revenues and pre-tax earnings were approximately $3.6 billion and $500 million, respectively, and were relatively unchanged from the first six months of 2007. In 2008, revenues and pre-tax earnings reflected increases in the transportation services and water treatment businesses offset by declines in the wire & cable and flow products businesses.

McLane Company

McLane s revenues for the second quarter and first six months of 2008 increased $336 million (5%) and $702 million (5%), respectively, over the corresponding 2007 periods. The increases in revenues reflect additional grocery and foodservice customers as well as manufacturer price increases and state excise tax increases which were passed on to customers. Pre-tax earnings for the second quarter of 2008 declined $4 million (6%) from 2007 and for the first six months of 2008 increased $11 million (8%) over 2007. Pre-tax earnings in 2007 included a gain of $10 million in the second quarter from a litigation settlement. McLane s business is marked by high sales volume and very low profit margins and is subject to significant price competition. The gross sales margin rate for the first six months of 2008 was approximately 6.0% versus 5.8% for the first six months of 2007. The comparative increase in the gross margin rate reflects price changes related to certain categories of grocery products and the impact of a heavy liquids sales surcharge which began in April 2007 and was partially offset by higher fuel, insurance and other administrative costs. Approximately one-third of McLane s annual revenues are from Wal-Mart. A curtailment of purchasing by Wal-Mart could have a material adverse impact on the earnings of McLane.

Shaw Industries

Revenues of Shaw Industries in the second quarter and first six months of 2008 declined $70 million (5%) and $131 million (5%), respectively, as compared to the same periods in 2007. The decreases were primarily due to an 11% reduction in year-to-date carpet sales volume, driven by a 13% decline in residential carpet partially offset by an increase in commercial carpet and slightly higher average selling prices. The decrease in residential carpet volume in 2008 reflected the significant downturn in residential real estate activity that began in 2006, which has been exacerbated by the mortgage lending crisis.

In 2008, pre-tax earnings declined $29 million (26%) for the second quarter and $69 million (34%) for the first six months as compared to 2007, reflecting the aforementioned decline in sales volume and higher product costs due to lower manufacturing efficiencies from decreased production as well as the negative impact of rising raw material costs. Raw materials in carpet are predominantly petrochemicals, the costs of which are correlated with the price of oil. To offset rising raw material costs, Shaw has instituted sales price increases. Management expects residential housing and real estate activities to remain depressed for the remainder of 2008. Consequently, Shaw s sales volume and earnings over the remainder of 2008 are likely to be lower as compared to 2007.

Other manufacturing

Berkshire s other manufacturing businesses include a wide array of businesses. Included in this group are several manufacturers of building products (Acme Building Brands, Benjamin Moore, Johns Manville and MiTek) and apparel (led by Fruit of the Loom which includes the Russell athletic apparel and sporting goods business and the Vanity Fair Brands women s intimate apparel business acquired in April 2007). Also included in this group are Forest River, a leading manufacturer of leisure vehicles, CTB International (CTB), a manufacturer of equipment for the livestock and agricultural industries and the ISCAR Metalworking Companies (IMC), an industry leader in the metal cutting tools business with operations worldwide. There are also numerous other manufacturers of consumer and commercial products in this diverse group.

Revenues of other manufacturing businesses in the second quarter and first six months of 2008 increased \$155 million (4%) and \$445 million (6%), respectively, over the corresponding prior year periods. The increases were primarily attributable to the inclusion of businesses acquired in 2007 and increased revenues from IMC and CTB, partially offset by lower revenues from Forest River. In addition, demand for certain building products continues to be adversely affected as a result of the general slowdown in housing construction.

Pre-tax earnings of other manufacturing businesses were \$528 million in the second quarter and \$980 million in the first six months of 2008 and represented decreases of \$39 million (7%) and \$31 million (3%), respectively, compared with 2007. The declines reflected lower earnings from apparel and building products businesses, partially offset by increased earnings from IMC and CTB. Increasing raw material costs and lower manufacturing efficiencies from lower production have

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

***Manufacturing, Service and Retailing* (Continued)**

Other manufacturing (Continued)

resulted in deterioration in operating earnings in 2008 for several of Berkshire s manufacturing businesses. Revenues and earnings from the building products businesses will likely decline further during the remainder of 2008 as a result of the slowdown in housing construction.

Other service

Berkshire s other service businesses include NetJets, the world s leading provider of fractional ownership programs for general aviation aircraft, and FlightSafety, a provider of high technology training to operators of aircraft and ships. Among the other businesses included in this group are: TTI, a leading electronic components distributor (acquired March 2007); Business Wire, a leading distributor of corporate news, multimedia and regulatory filings; The Pampered Chef, a direct seller of high quality kitchen tools; International Dairy Queen, a licensor and service provider to about 6,000 stores that offer prepared dairy treats and food; The Buffalo News, a publisher of a daily and Sunday newspaper; and businesses that provide management and other services to insurance companies.

In 2008, revenues of the other service businesses of $2,276 million in the second quarter and $4,402 million in the first six months increased $243 million (12%) and $834 million (23%), respectively, over the corresponding 2007 periods. In 2008, pre-tax earnings of $317 million in the second quarter and $526 million in the first six months increased $35 million (12%) and $105 million (25%) over the corresponding 2007 periods.

Results for the first six months of 2008 reflect six months of revenues and earnings from TTI whereas results in 2007 included TTI s post-acquisition date results. Approximately 50% of the increase in pre-tax earnings for the first six months was due to TTI with the remainder due primarily to NetJets, FlightSafety and Business Wire.

Retailing

Berkshire s retail operations consist of four home furnishings (Nebraska Furniture Mart, R.C. Willey, Star Furniture and Jordan s) and three jewelry (Borsheims, Helzberg and Ben Bridge) retailers. See s Candies is also included in this group. Revenues of the retailing businesses in the second quarter and first six months of 2008 declined $59 million (7%) and $68 million (4%), respectively, from the corresponding 2007 periods. Pre-tax earnings in 2008 decreased $26 million (47%) in the second quarter and $43 million (41%) in the first six months from the corresponding 2007 periods. Pre-tax earnings in 2008 declined in all of Berkshire s retail operations. Management believes weak local residential housing markets and general economic conditions as well as an overall decline in consumer confidence has produced a slowdown in Berkshire s retail businesses.

Finance and Financial Products

A summary of revenues and pre-tax earnings from Berkshire s finance and financial products businesses follows. Amounts are in millions.

	Second Quarter				First Six Months			
	Revenues		Earnings		Revenues		Earnings	
	2008	2007	2008	2007	2008	2007	2008	2007
Manufactured housing and finance	$ 937	$ 1,009	$ 86	$ 146	$ 1,754	$ 1,854	$ 201	$ 262
Furniture/transportation equipment leasing	196	206	22	33	386	406	40	62
Other	170	156	146	98	321	314	254	195
	$ 1,303	$ 1,371			$ 2,461	$ 2,574		
Pre-tax earnings			$ 254	$ 277			$ 495	$ 519
Income taxes and minority interests			95	104			189	191
			$ 159	$ 173			$ 306	$ 328

Revenues in the second quarter and first six months of 2008 from manufactured housing and finance activities (Clayton Homes) decreased $72 million (7%) and $100 million (5%), respectively, from 2007 reflecting lower home sales to independent dealers, partially offset by increased interest income from installment loans. Unit sales in the first six months of 2008 declined approximately 8% from 2007. In addition, a higher proportion of single-section units as compared to multi-section units were sold in 2008 causing a decrease in average sales price per home. The increase in interest income reflects higher average installment loan balances in 2008 versus 2007. Installment loan balances were approximately $12.2 billion as of June 30, 2008, an increase of approximately $1.1 billion since December 31, 2007. The increase was principally due to loan portfolio acquisitions.

FORM 10-Q Q/E 6/30/08

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Finance and Financial Products **(Continued)**

Pre-tax earnings of Clayton Homes in the second quarter and first six months of 2008 declined $60 million (41%) and $61 million (23%), respectively, from 2007. Pre-tax earnings in 2008 included a $22 million gain from the sale of certain housing community assets in the first quarter. In 2008, net interest income from financing activities increased $23 million for the second quarter and $46 million for the first six months compared with 2007. However, earnings from manufacturing and retail activities declined significantly due to reduced unit sales and product mix changes to smaller units, which coupled with higher material costs adversely affected gross profit margins.

Pre-tax earnings from furniture and transportation equipment leasing activities for the first six months of 2008 declined $22 million (35%) compared to 2007. The decline primarily reflects lower rental income driven by relatively low utilization rates for over-the-road trailer and storage units. Significant cost components of this business are fixed (depreciation and facility expenses). Earnings from other finance business activities consist primarily of interest income earned on short-term and fixed maturity investments and from a small portfolio of commercial real estate loans.

Investment and Derivative Gains/Losses

A summary of investment and derivative gains and losses follows. Amounts are in millions.

	Second Quarter		First Six Months	
	2008	2007	2008	2007
Investment gains/losses	$ 246	$ 609	$ 361	$ 1,052
Derivative gains/losses	689	319	(952)	464
Gains/losses before income taxes and minority interests	935	928	(591)	1,516
Income taxes and minority interests	325	320	(210)	526
Net gains/losses	$ 610	$ 608	$ (381)	$ 990

Investment gains or losses are recognized upon the sales of investments, recognition of non-cash other-than-temporary-impairment losses or as otherwise required under GAAP. The timing of realized gains or losses from sales can have a material effect on periodic earnings. However, such gains or losses usually have little, if any, impact on total shareholders equity because most equity and fixed maturity investments are carried at fair value with the unrealized gain or loss included as a component of accumulated other comprehensive income. Other-than-temporary-impairment losses of $429 million were recognized in the second quarter of 2008 with respect to certain equity securities. Impairment losses in 2007 periods were insignificant.

Derivative gains and losses in the preceding table primarily represent the non-cash (or unrealized) changes in fair value to credit default and equity index put option contracts. Berkshire s credit default contract exposures are primarily in various high-yield indexes of corporate issuers in North America whose obligations are rated below investment grade. These contracts generally cover the loss in value of senior unsecured debt obligations of those entities in the event of default for non-payment or bankruptcy over the contract period (usually 5 years). Losses in each contract are limited to specified amounts per issuer, as well as aggregate limits for all losses under the contract. Premiums received from counterparties are paid at the inception date so Berkshire has no credit exposure for unpaid premiums. None of Berkshire s credit default contracts involve direct exposure to mortgage or asset backed loan structures, including collateralized debt obligations. Berkshire s equity index put option contracts relate to four major equity indexes, including three outside of the United States. Berkshire s equity index put option contracts are European style options and at inception had durations of 15-20 years. At June 30, 2008, the weighted average remaining life of these contracts was approximately 14 years.

The aforementioned credit default and equity index put option contracts are not traded on an exchange. The contracts were entered into with the expectation that amounts ultimately paid to counterparties for actual credit defaults or declines in equity index values (measured at the expiration date of the contract) will be less than the premiums received. The contracts generally may not be terminated or fully settled before the expiration dates and therefore the ultimate amount of cash basis gains or losses may not be known for years.

Berkshire s loss from derivative contracts for the first six months of 2008 was $952 million which is net of a gain in the second quarter of $689 million. The loss for the first six months was principally attributable to declines in equity indexes, declines in the value of the U.S. dollar versus the Euro as well as a widening of credit default spreads in the United States that occurred during the first quarter. The gain in the second quarter was primarily attributable to narrowing credit default spreads, higher long-term interest rates and an increase in the value of the U.S. dollar versus the Japanese Yen.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Investment and Derivative Gains/Losses **(Continued)**

The estimated net fair value of credit default contracts at June 30, 2008 was approximately $2.2 billion, an increase of $327 million from December 31, 2007. The increase included fair value losses of $136 million, premiums from contracts entered into in 2008 of $243 million, and was partially offset by loss payments of $52 million. The estimated fair value of equity index put option contracts at June 30, 2008 was approximately $5.8 billion, an increase of approximately $1.2 billion from December 31, 2007. The increase was primarily due to fair value losses of $850 million as well as $383 million in premiums from new contracts entered into in 2008. There were no cash payments made under equity index put option contracts.

Berkshire does not actively trade or exchange these contracts, but rather intends to hold such contracts until expiration. Nevertheless, current accounting standards require derivative contracts to be carried at fair value with the periodic changes in fair value included in earnings. The fair values on any given reporting date and the resulting gains and losses reflected in earnings will likely be volatile, reflecting the volatility of equity and credit markets. Management does not view the periodic gains or losses from the changes in fair value as meaningful given the long term nature of the contracts and the volatile nature of equity and credit markets over short periods of time.

In determining the fair value of the credit default contracts, Berkshire used bid/ask pricing data available on similar contracts as the basis for estimating fair value. Pricing data is monitored and reviewed by management for consistency as well as reasonableness. Pricing data for newer credit default contracts tends to vary little among the different pricing sources, which is an indication that trading of such contracts is relatively active. As contracts age, variations in pricing data tend to widen. However, the impact of such variations is mitigated by the tendency for valuations to decline over time as risks of default decline relative to the time remaining to expiration.

Berkshire utilizes the widely used Black-Scholes valuation model in determining estimated fair values of equity index put option contracts. Inputs to that model include the current index value, strike price, discount or interest rate, dividend rate, foreign currency exchange rate and contract expiration date. Berkshire believes the two most significant economic risks relate to changes in equity prices and foreign currency exchange rates. Reference is made to the equity price and foreign currency risks sections of Berkshire s market risk disclosures in its Form 10-K for the year ended December 31, 2007 for information concerning these risks.

In addition, the Black-Scholes calculations incorporate volatility inputs which are generally not observable. At June 30, 2008, the estimated fair value of these contracts was $5,845 million and the weighted average volatility was approximately 23%. The impact on fair value from changes to volatility is summarized below. The values of contracts in an actual exchange are affected by market conditions and perceptions of the buyers and sellers. Actual values in an exchange may differ significantly from the values produced by any mathematical model. Dollars are in millions.

Hypothetical change in volatility (percentage points)	Hypothetical fair value
Increase 2 percentage points	$6,408
Increase 4 percentage points	6,969
Decrease 2 percentage points	5,281
Decrease 4 percentage points	4,719

Financial Condition

Berkshire s balance sheet continues to reflect significant liquidity and a strong capital base. Consolidated shareholders equity at June 30, 2008 was $118.0 billion. Consolidated cash and invested assets, excluding assets of finance and financial products businesses, was approximately $131.1 billion at June 30, 2008 (including cash and cash equivalents of $29.2 billion and $2.4 billion of fixed maturity securities that mature between three and six months from their respective acquisition dates) and $142.4 billion at December 31, 2007 (including cash and cash equivalents of $38.9 billion). Berkshire s invested assets are held predominantly in its insurance businesses. A large amount of capital is maintained in the insurance subsidiaries for strategic and marketing purposes and in support of reserves for unpaid losses. In the United States, dividend payments by insurance companies are subject to prior approval by state regulators. Berkshire believes that it currently maintains sufficient liquidity to cover its contractual obligations and provide for contingent liquidity.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Financial Condition (Continued)

Berkshire acquired a 60% interest in Marmon Holdings, Inc. (Marmon) for $4.5 billion on March 18, 2008. In the second quarter of 2008, Berkshire acquired additional interests in Marmon and owned 63.6% at June 30, 2008. Berkshire has agreed to acquire the remaining minority shareholders interests in Marmon over the next five to six years for consideration based on Marmon s future earnings. See Note 2 to the Interim Consolidated Financial Statements for more information concerning the acquisition. These purchases were funded with available cash balances. Notes payable and other borrowings of the insurance and other businesses were $3.7 billion at June 30, 2008 which included $1.1 billion of borrowings of Marmon.

Capital expenditures of the utilities and energy businesses in the first six months of 2008 were approximately $1.6 billion. Forecasted capital expenditures are estimated at $4.3 billion for the year ending December 31, 2008. MidAmerican intends to fund these capital expenditures with cash flows from operations and debt proceeds. MidAmerican s borrowings were $18.9 billion at June 30, 2008, a decrease of $111 million from December 31, 2007. During the first six months of 2008, MidAmerican issued $1.0 billion of notes maturing in 2018. In July 2008, MidAmerican subsidiaries issued $1.045 billion of notes and bonds. Term debt to be repaid over the remainder of 2008 is $879 million and an additional $3.2 billion matures before 2013. Berkshire has committed until February 28, 2011 to provide up to $3.5 billion of additional capital to MidAmerican to permit the repayment of its debt obligations or to fund its regulated utility subsidiaries. Berkshire has not and does not intend to guarantee the repayment of debt by MidAmerican or any of its subsidiaries.

Assets of the finance and financial products businesses were $27.4 billion as of June 30, 2008 and $25.7 billion at December 31, 2007, which consisted primarily of loans and finance receivables, fixed maturity securities and cash and cash equivalents. Liabilities were $24.8 billion as of June 30, 2008 and $22.0 billion at December 31, 2007. As of June 30, 2008, notes payable and other borrowings of $13.6 billion included $10.8 billion of medium-term notes issued by BHFC. In the first six months of 2008, BHFC issued $4.0 billion of medium term notes maturing between 2011 and 2018 and repaid maturing notes of $2.05 billion. Over the remainder of 2008, $1.05 billion of notes will also mature. In July 2008, BHFC issued $1.0 billion in notes maturing in 2013. The BHFC notes are unsecured and mature at various dates extending through 2018. The proceeds from these notes are being used to finance originated and acquired manufactured housing loans. Full and timely payment of principal and interest on the notes issued by BHFC is guaranteed by Berkshire. Berkshire s estimated liabilities for credit default and equity index put option contracts were approximately $8.0 billion at June 30, 2008. Payments under the equity index put option contracts are contingent upon the future value of the related indexes at the expiration date of the contracts, the earliest of which is in 2019. Payments under credit default contracts are contingent on the occurrence of a default as defined under the contracts, and in the first six months of 2008 were $52 million. Expiration dates of credit default contracts begin in 2009.

Contractual Obligations

Berkshire and its subsidiaries are parties to contracts associated with ongoing business and financing activities, which will result in cash payments to counterparties in future periods. Certain obligations reflected in the Consolidated Balance Sheets, such as notes payable, require future payments on contractually specified dates and in fixed and determinable amounts. The timing and amount of the payment of other obligations, such as unpaid property and casualty loss reserves and long duration credit default and equity index put option contracts are contingent upon the outcome of future events. Actual payments will likely vary, perhaps significantly, from estimates.

Other obligations pertain to the acquisition of goods or services in the future, which are not currently reflected in the financial statements, such as minimum rentals under operating leases. Except as indicated in the following paragraph, Berkshire s consolidated contractual obligations as of June 30, 2008 did not change materially from those disclosed in Contractual Obligations, included in Management s Discussion and Analysis of Financial Condition and Results of Operations contained in Berkshire s Annual Report on Form 10-K for the year ended December 31, 2007.

During the first six months of 2008, BHFC issued $4.0 billion of notes maturing between 2011 and 2018 and MidAmerican subsidiaries issued $1.0 billion of notes maturing in 2018. As of June 30, 2008, contractual obligations of Marmon are estimated at $2.4 billion, including term debt of approximately $1.1 billion. On April 28, 2008, The Wm. Wrigley Jr. Company (Wrigley) and Mars, Incorporated (Mars) announced a merger agreement in which Wrigley would become a subsidiary of Mars. In connection with this merger, Berkshire has committed to provide $6.5 billion in funding to Mars in the form of $4.4 billion of subordinated debt and $2.1 billion for a minority equity interest in Wrigley. On July 10, 2008, Dow Chemical Corporation (Dow) announced that it had entered into an agreement to acquire all of the outstanding shares of Rohm and Haas. In connection with that agreement Berkshire agreed to invest $3 billion in a new issue of convertible preferred stock to be issued by Dow. The agreements of the third parties are subject to customary closing conditions and those companies believe the transactions will be completed within the next nine months.

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Critical Accounting Policies

In applying certain accounting policies, Berkshire s management is required to make estimates and judgments regarding transactions that have occurred and ultimately will be settled several years in the future. Amounts recognized in the financial statements from such estimates are necessarily based on assumptions about numerous factors involving varying, and possibly significant, degrees of judgment and uncertainty. Accordingly, the amounts currently recorded in the financial statements may prove, with the benefit of hindsight, to be inaccurate. Reference is made to Critical Accounting Policies discussed in Management s Discussion and Analysis of Financial Condition and Results of Operations included in Berkshire s Annual Report on Form 10-K for the year ended December 31, 2007 for additional discussion regarding these estimates.

Berkshire s Consolidated Balance Sheet as of June 30, 2008 includes estimated liabilities for unpaid losses from property and casualty insurance and reinsurance contracts of $56.5 billion. Due to the inherent uncertainties in the process of establishing loss reserve amounts, the actual ultimate claim amounts will likely differ from the currently recorded amounts. A very small percentage change in estimates of this magnitude will result in a material effect on reported earnings. The effects from changes in these estimates are recorded as a component of losses incurred in the period of the change. Unamortized deferred charges on retroactive reinsurance policies assumed totaled $3.7 billion at June 30, 2008. Significant changes in either the timing or ultimate amount of loss payments related to retroactive reinsurance contracts may have a significant effect on unamortized deferred charges and the amount of periodic amortization.

Berkshire s Consolidated Balance Sheet as of June 30, 2008 includes goodwill of acquired businesses of $33.5 billion. A significant amount of judgment is required in performing goodwill impairment tests. Such tests include periodically determining or reviewing the estimated fair value of Berkshire s reporting units. There are several methods of estimating a reporting unit s fair value, including market quotations, asset and liability fair values and other valuation techniques, such as discounted projected future net earnings and multiples of earnings. If the carrying amount of a reporting unit, including goodwill, exceeds the estimated fair value, then individual assets, including identifiable intangible assets, and liabilities of the reporting unit are estimated at fair value. The excess of the estimated fair value of the reporting unit over the estimated fair value of net assets would establish the implied value of goodwill. The excess of the recorded amount of goodwill over the implied value is then charged to earnings as an impairment loss.

Berkshire s Consolidated Balance Sheet as of June 30, 2008 includes very significant amounts of invested assets and derivative contract assets and liabilities that are measured at fair value on a recurring basis. A substantial portion of invested assets (including substantially all of Berkshire s equity securities) are carried at fair value based upon current market quotations for identical securities exchanged in active markets. When these quotations are not available, management will use quoted prices for identical assets or liabilities exchanged in inactive markets or quoted prices for similar assets or liabilities exchanged in active or inactive markets, which may include pricing matrices developed for such instruments. A substantial portion of Berkshire s investments in fixed maturity securities are valued on this basis. Measurements of non-exchange traded derivative contract assets and liabilities are primarily based on valuation models, discounted cash flow models or other valuation techniques that are believed to be used by market participants. Inputs to such models may be observable from markets or unobservable. Unobservable inputs require management to make certain projections and assumptions about the information that would be used by market participants in pricing an asset or liability. Considerable judgment may be required in making assumptions used in such models, including the selection of interest rates, default risk and recovery rates and volatility risk assumptions. Changes in assumptions may have a significant effect on values. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the asset or liability or related observable inputs that can be corroborated at the measurement date.

Information concerning recently issued accounting pronouncements which are not yet effective is included in Note 16 to the Interim Consolidated Financial Statements. Berkshire does not currently expect any of the recently issued accounting pronouncements to have a material effect on its consolidated financial condition.

26

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations (Continued)

Forward-Looking Statements

Investors are cautioned that certain statements contained in this document as well as some statements in periodic press releases and some oral statements of Berkshire officials during presentations about Berkshire, 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 expressions. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects and possible future Berkshire 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 Berkshire, economic and market factors and the industries in which Berkshire does business, among other things. These statements are not guaranties of future performance and Berkshire 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 Berkshire 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, hurricane or act of terrorism 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to Berkshire s most recently issued Annual Report and in particular the Market Risk Disclosures included in Management s Discussion and Analysis of Financial Condition and Results of Operations. As of June 30, 2008, there are no material changes in the market risks described in Berkshire s Annual Report on Form 10-K for the year ended December 31, 2007.

Item 4. Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, the Corporation carried out an evaluation, under the supervision and with the participation of the Corporation s management, including the Chairman (Chief Executive Officer) and the Senior Vice President-Treasurer (Chief Financial Officer), of the effectiveness of the design and operation of the Corporation s disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chairman (Chief Executive Officer) and the Senior Vice President-Treasurer (Chief Financial Officer) concluded that the Corporation s disclosure controls and procedures are effective in timely alerting them to material information relating to the Corporation (including its consolidated subsidiaries) required to be included in the Corporation s periodic SEC filings. During the quarter, there have been no significant changes in the Corporation s internal control over financial reporting or in other factors that could significantly affect internal control over financial reporting.

Part II Other Information

Item 1. Legal Proceedings

Berkshire and its subsidiaries are parties in a variety of legal actions arising out of the normal course of business. In particular, 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. Berkshire and certain of its subsidiaries are also involved in other kinds of legal actions, some of which assert or may assert claims or seek to impose fines and penalties in substantial amounts. Reference is made to Note 19 to the Annual Report on Form 10-K for the year ended December 31, 2007 and Note 18 to the Interim Consolidated Financial

Statements included in Part I of this Form 10-Q for detailed discussion of such actions.

Item 1A. Risk Factors

Berkshire s significant business risks are described in Item 1A to Form 10-K for the year ended December 31, 2007 to which reference is made herein.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

FORM 10-Q **Q/E 6/30/08**

Part II Other Information (Continued)

Item 4. Submission of Matters to a Vote of Security Holders

At the annual meeting of shareholders of Berkshire Hathaway Inc. (Berkshire), held May 3, 2008, Berkshire s shareholders re-elected Berkshire s directors in an uncontested election. Proxies for the meeting had previously been solicited pursuant to Regulation 14A under the Securities Exchange Act of 1934.

Following are the votes cast for and against each director. There were no votes withheld, abstentions or broker non-votes.

Directors	For	Against
Warren E. Buffett	942,239	1,123
Howard G. Buffett	942,127	1,235
Susan L. Decker	942,654	708
William H. Gates III	942,728	634
David S. Gottesman	942,770	592
Charlotte Guyman	942,388	975
Donald R. Keough	942,317	1,045
Charles T. Munger	942,159	1,203
Thomas S. Murphy	935,155	8,207
Ronald L. Olson	942,131	1,232
Walter Scott, Jr.	942,442	921

Item 5. Other Information

Not applicable.

Item 6. Exhibits

a. Exhibits

31.1 Rule 13a-14(a)/15d-14(a) Certifications

31.2 Rule 13a-14(a)/15d-14(a) Certifications

32.1 Section 1350 Certifications

32.2 Section 1350 Certifications

SIGNATURE

Pursuant to the requirement 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.
(Registrant)

Date August 8, 2008

/s/ Marc D. Hamburg
Marc D. Hamburg, Senior Vice President
and Principal Financial Officer