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United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.
20549

5 1990

FORM 10-Q

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

For Quarter Ended March 31, 1990

Commission file number ~~0-7419~~
1-10125

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

Delaware
(State or other jurisdiction of incorporation or organization)

04 2254452
(I.R.S. Employer Identification number)

1440 Kiewit Plaza, Omaha Nebraska
(Address of principal executive office)

68131
(Zip Code)

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

X YES ___ NO

Number of shares of common stock outstanding as of May 10, 1990....1,146,441

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BERKSHIRE HATHAWAY INC. Q/E 3/31/90

Part I - Financial Information Page No.

The information on page(s) A-12 is not legible because of the poor quality of the original document.

FORM 10-Q

BERKSHIRE HATHAWAY INC. Q/E 3/31/90

CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	March 31, 1990	December 31, 1989
ASSETS		
Cash and cash equivalents	$ 118,589	$ 205,127
Investments:		
Obligations with fixed maturities	2,853,924	2,795,588
Marketable equity securities	5,120,147	5,261,598
Loans and accounts receivable	545,286	554,763
Inventories	208,832	195,927
Properties and equipment	209,066	207,432
Other assets	236,575	239,159
	$ 9,292,419	$ 9,459,594
LIABILITIES AND SHAREHOLDERS' EQUITY		
Losses and loss adjustment expenses	$ 1,467,654	$ 1,436,311
Unearned premiums	143,743	143,631
Savings accounts	297,298	291,592
Accounts payable, accruals and other liabilities	376,588	443,602
Income taxes	1,014,661	1,129,038
Term debt and other borrowings	1,107,326	1,007,516
	4,407,270	4,451,690
Minority shareholders' interests	84,489	82,778
Shareholders' equity:		
Common stock - par value of 1,375,202 issued shares	6,876	6,876
Capital in excess of par value	157,377	157,377
Unrealized appreciation of marketable equity securities, net	2,133,256	2,342,198
Retained earnings	2,545,444	2,460,968
	4,842,953	4,967,419
Less: Cost of 228,761 common shares in treasury	42,293	42,293
Total shareholders' equity	4,800,660	4,925,126
	$ 9,292,419	$ 9,459,594

See accompanying Notes to Interim Consolidated Financial Statements

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FORM 10-Q

BERKSHIRE HATHAWAY INC. Q/E 3/31/90

CONSOLIDATED STATEMENTS OF EARNINGS

(dollars in thousands except per share amounts)

	First Quarter 1990	First Quarter 1989
Revenues:		
Sales and service revenues	$ 392,047	$ 388,019
Insurance premiums earned	92,998	154,698
Interest and dividend income	105,208	76,305
Realized investment gain	451	81,315
Sundry income	72	1,370
	590,776	701,707
Cost and expenses:		
Cost of products and services sold	211,337	206,935
Insurance losses and loss adjustment expenses	89,346	130,834
Insurance underwriting expenses	16,533	35,283
Selling, general and administrative expenses	138,457	133,712
Interest expense	25,870	16,951
	481,543	523,715
Earnings before income taxes	109,233	177,992
Income taxes	22,442	48,617
	86,791	129,375
Minority interest	2,315	2,321
Net earnings	$ 84,476	$ 127,054
Average shares outstanding	1,146,441	1,146,441
Net earnings per share	$ 73.69	$ 110.82

See accompanying Notes to Interim Consolidated Financial Statements

FORM 10-Q

Q/E 3/31/90

BERKSHIRE HATHAWAY INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	First Quarter	
	1990	1989
Net cash flows from operating activities	$ 55,966	$ 116,103
Cash flows from investing activities:		
Purchases of investments	(266,875)	(564,733)
Proceeds on sales and maturities of investments	29,631	515,913
Other	(4,972)	(25,565)
Net cash flows from investing activities	(242,216)	(74,385)
Cash flows from financing activities:		
Proceeds from borrowings	119,278	36,087
Repayments of borrowings	(24,940)	(36,151)
Other	5,374	(14,614)
Net cash flows from financing activities	99,712	(14,678)
Increase (decrease) in cash and cash equivalents	(86,538)	27,040
Cash and cash equivalents at beginning of year	205,127	265,081
Cash and cash equivalents at end of first quarter	$ 118,589	$ 292,121

Other cash flow information:		
Income taxes paid	$ 28,557	$ 38,531
Interest paid	26,501	25,733

See accompanying Notes to Interim Consolidated Financial Statements

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Notes To Interim Consolidated Financial Statements

Note 1. General

Reference is made to Berkshire's most recently issued Annual Report that included information necessary or useful to understanding of Berkshire's businesses and financial statement presentations. In particular, Berkshire's significant accounting policies and practices were presented as Note 1 to the consolidated financial statements included in that Report.

Financial information in this Report reflects any adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary to a fair statement of results for the interim periods in accordance with generally accepted accounting principles.

Note 2. Seasonality and other factors affecting interim statements

Berkshire's results for interim periods are not normally indicative of results to be expected for the year. Revenues and earnings from marketing of World Book products are concentrated in the first quarter. See's Candy sales peak at Easter and more notably so in the fourth quarter, when more than one-half of annual revenues for that business are normally recorded. A non-seasonal factor that may influence Berkshire's interim consolidated financial statements is that estimation error, inherent to the process of determining liabilities for unpaid losses of insurance subsidiaries, can be relatively more significant to results of interim periods than to results for a full year. Variations in amount and timing of realized securities gains or losses cause significant variations in net earnings.

Note 3. Investment in marketable equity securities

Data with respect to the consolidated investment in marketable equity securities are shown in the tabulation below.

	(000s omitted) March 31, 1990	December 31, 1989
Total cost	$ 1,990,295	$ 1,814,660
Unrealized gain	3,251,656	3,566,298
Total approximate market value	$ 5,241,951	$ 5,380,958
Carrying value:		
Capital Cities/ABC, Inc.	$ 1,531,500	$ 1,672,794
The Coca-Cola Company	1,745,412	1,801,995
GEICO Corporation	998,388	1,044,625
The Washington Post Company	443,604	486,366
All others	401,243	255,818
Total	$ 5,120,147	$ 5,261,598

Notes to Interim Consolidated Financial Statements

Note 4. Interest and dividend income

Interest and dividend income for the first quarter of 1990 and 1989 was comprised of the following:

	(000s omitted) First Quarter 1990	1989
Interest earned with respect to:		
Investment securities	$ 28,784	$ 31,372
Loans and financed receivables	12,926	12,490
Dividends with respect to:		
Fixed maturity preferred stocks	44,219	15,966
Marketable equity securities	19,279	16,477
Interest and dividend income	$ 105,208	$ 76,305

Note 5. Income taxes

The liability for income taxes reflected in the condensed consolidated balance sheets represents estimates of liabilities as follows:

	(000s omitted) March 31, 1990	December 31, 1989
Payable currently	$ 29,473	$ 36,906
Deferred, relating to unrealized appreciation of marketable equity securities	992,976	1,100,784
Prepaid, arising from timing differences	(7,788)	(8,652)
	$1,014,661	$1,129,038

Note 6. Interest expense

Interest expense is comprised of interest on savings accounts of Mutual Savings and Loan Association ("Mutual") plus interest on debt, as follows:

	(000s omitted) First Quarter 1990	1989
Savings accounts of Mutual	$ 5,692	$ 4,927
Debt of Mutual	364	—
Debt of Scott Fetzer Financial Group	3,189	3,423
Other debt	16,625	8,601
	$ 25,870	$ 16,951

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Note 7. Unrealized appreciation of marketable equity securities

Changes in "Unrealized appreciation of marketable equity securities, net", the balance of which is carried in shareholders' equity, were as follows during the first quarter of 1990 and 1989:

	(000s omitted) First Quarter 1990	1989
Increase (decrease) in unrealized appreciation	$ (317,086)	$ 195,354
(Increase) decrease in deemed applicable income taxes	107,808	(66,580)
(Increase) decrease in minority shareholders' interest	336	(831)
Net increase (decrease)	(208,942)	127,943
Balance at beginning of year	2,342,198	1,274,657
Balance at end of first quarter	$2,133,256	$1,402,600

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Results of Operations

Net earnings for the first quarter of the current and prior year are disaggregated in the following table. Amounts are in thousands, and each figure is income tax effected.

	First Quarter 1990	First Quarter 1989
Insurance	$ 59,492	$ 41,647
Manufacturing, merchandising and services	32,195	35,122
Unallocated income/expense, net	3,630	960
Interest on debt *	(11,166)	(5,488)
Earnings before realized investment gain	84,151	72,241
Realized investment gain	325	54,813
Net earnings	$ 84,476	$ 127,054

* *Interest expense with respect to debt of consumer finance company subsidiaries as well as interest expense of Mutual Savings & Loan Association are not reflected in "Interest on debt". Instead, for purposes of this table, those items have been netted against the directly related service activity revenues.*

Insurance Group

Increased Insurance Group earnings reflected above for the first quarter of 1990 reflect increased investment income, resulting from the Group's increased investments as discussed in the Management's Discussion section of the Company's 1989 Annual Report. Disaggregated Insurance Group earnings, in thousands, are as follows:

	First Quarter 1990	First Quarter 1989
Underwriting loss attributable to:		
Primary or direct and reinsurance assumed business	$ (7,747)	$ (7,935)
Structured settlements and portfolio reinsurance	(5,134)	(3,484)
Total underwriting loss	(12,881)	(11,419)
Net investment income	78,811	55,864
Earnings before income taxes	65,930	44,445
Income tax expense *	(5,577)	(2,135)
Minority interest	(861)	(663)
Net earnings from Insurance	$ 59,492	$ 41,647

* *The fresh-start credit reduced the provision for income tax expense by $515,000 for the first quarter of 1990 and by $1,300,000 for the first quarter of 1989.*

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

***Insurance Group** (Continued)*

The decrease in premiums earned in 1990's first quarter, as compared to the prior year's first quarter, reflects the expiration on August 31, 1989 of the quota share reinsurance contract with Fireman's Fund Insurance Companies. Premiums earned by the Berkshire Hathaway Insurance Group under that contract in the prior year's first quarter amounted to $48.9 million.

Premiums earned with respect to structured settlements and portfolio reinsurance represented approximately 56% of the Insurance Group's total earned premiums for the first quarter of 1990 contrasted with approximately 34% for the prior year first quarter and 15% for the full year. A relatively low rate of premium acquisition costs (underwriting expenses) applies to this subsegment of the Group's business, as opposed to the primary or direct and reinsurance subsegments. Those two factors explain why the ratio of aggregate underwriting expenses for the first quarter of the current year decreased to approximately 18% of aggregate earned premiums from corresponding ratios of 23% for the prior year's first quarter and 28% for all of 1989.

The Group's underwriting loss for the first quarter of 1990 was, in the aggregate, somewhat higher than for the first quarter of 1989. As shown in the disaggregated Insurance Group results just above, the primary or direct and reinsurance business produced a 1990 first quarter loss that was slightly less than that recorded for the prior year first quarter, while the current year's first quarter underwriting loss from structured settlement and portfolio reinsurance exceeded that of the prior year first quarter by approximately $1.65 million. Losses and expenses of the primary or direct and reinsurance business were 119.1% of earned premiums totalling $40.6 million for the first quarter of 1990 compared to 107.8% of earned premiums totalling $102.2 million for the first quarter of 1989. A caveat applies: a minor change in the estimated loss and loss expenses reserves would have a major impact on those ratios because they are determined from the current relatively low level of premiums, whereas the reserves relate in major part to the much higher insuring activity of prior periods. And, estimation error is inherent in the process of establishing amounts reported for unpaid losses and loss expenses.

The magnitude of the underwriting loss from structured settlements and portfolio reinsurance tends to follow the level of float generated by those activities. For that reason, neither the absolute loss figure nor the conventionally computed underwriting ratios applicable to the business are, by themselves, meaningful for analysis purposes.

Manufacturing, Merchandising and Services

As indicated elsewhere herein, See's Candy sales peak at Easter. That holiday fell within the first quarter of 1989, on March 26. In 1990, Easter fell on April 15. Accordingly, See's 1990 first quarter sales were 16% lower than in the prior year first quarter, and after-tax earnings were $2,945,000 less. For others of this diverse group of businesses, aggregate first quarter 1990 sales were approximately 3% higher than in the prior year first quarter, and aggregate after-tax earnings were substantially unchanged.

Operating earnings of these non-insurance Berkshire businesses, $32,195,000 for the first quarter of 1990 and $35,122,000 for the first quarter of 1989, as shown in the table of disaggregated earnings at the beginning of this discussion, exclude certain items of investment income not clearly identifiable with the operations. This presentation represents a revision from similar presentations in prior periods when such items were less meaningful. To conform to this current presentation, the prior year first quarter earnings as stated in this Discussion for these businesses is $1,623,000 lower than was reflected for them one year ago.

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

Unallocated Income/Expense, Net

The amounts reflected for this caption in the table of disaggregated earnings represented principally investment income of the parent company and non-insurance subsidiaries, discussed in the immediately preceding paragraph, reduced by parent company administrative costs, each income-tax effected.

Interest

Interest on debt was significantly higher for the first quarter of 1990 than for the corresponding prior year period because outstanding indebtedness is higher. The increased indebtedness is represented primarily by the outstanding issue of zero coupon convertible subordinated notes due 2004, issued September 28, 1989.

Realized Investment Gain

The amount of realized investment gain for any given period has no predictive value, and variations in amount from period to period have no practical analytical value, given the pre-existence of substantial unrealized price appreciation in Berkshire's consolidated investment portfolio.

Financial Condition

Berkshire's balance sheet continues to reflect significant liquidity and above average capital strength.

Part II Other Information

Item 1. Legal Proceedings

As reported in the Company's previously filed Reports on Form 10K, the Company was named as a defendant in Barnett Stepak v. Ralph E. Schey, et al., (Cuyahoga County Court of Common Pleas, alleging that the defendants unlawfully manipulated the acquisition of The Scott & Fetzer Company ("Scott Fetzer") to buy out the public shareholders at a low and unfair price, and seeking rescission of the merger transaction and unspecified compensatory or rescissionary damages. Plaintiff's complaint was dismissed by the trial court on July 8, 1987, but the Court of Appeals of Ohio reversed the trial court's dismissal on December 1, 1988. On May 9, 1990, the Ohio Supreme Court reversed the judgment of the Court of Appeals and reinstated the judgment of the trial court dismissing the complaint.

The Company remains a defendant in a second case related to the Scott Fetzer acquisition, John W. Drumm v. Ralph E. Schey, et al., (United States District Court, Northern District of Ohio, No. C85-3897), filed December 23, 1985), which case was also reported in the Company's previously filed Reports on Form 10-K.

Item 6. Exhibits and Reports on Form 8-K

None

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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 May 14, 1990

J. Verne McKenzie
(Signature)

J. Verne McKenzie, Vice President
and Principal Financial Officer