BERKSHIRE HATHAWAY INC /DE/

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10-K

SIC 2731 NYSE SEC # 1-10125

FOR 12/31/92

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

RECD S.E.C.
MAR 30 1993
FEE 012

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

For the fiscal year period ended December 31, 1992

OR

71-41-X

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(b) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

PROCESSED BY
MAR 31 1993
DISCLOSURE INCORPORATED
L4N

For the transition period from ______________ to ______________

Commission file number 1-10125

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

Delaware	04 2254452
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
Common Stock, $5.00 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 - $7,565,892,200*

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

March 29, 1993 -- common stock, $5 par value .... 1,152,547 shares

DOCUMENTS INCORPORATED BY REFERENCE

Document	Incorporated In
Proxy Statement for Registrant's Annual Meeting to be held April 26, 1993	Part III

* This aggregate value is computed at the last sale price of the common stock on March 19, 1993. It does not include the value of 552,000 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.

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Part I

Item 1. Business

Berkshire Hathaway Inc. is a holding company owning subsidiaries engaged in a number of diverse business activities. The most important of these is the property and casualty insurance business conducted nationwide on a primary or direct basis and worldwide on a reinsurance basis through a number of subsidiaries collectively referred to in this report as the Berkshire Hathaway Insurance Group.

Additionally, Berkshire Hathaway Inc. publishes the *Buffalo News*, a daily and Sunday newspaper in upstate New York. Other business activities conducted by non-insurance subsidiaries include publication and distribution of encyclopedias and related educational and instructional material (*World Book* and *Childcraft* products), manufacture and marketing of home cleaning systems and related accessories (sold principally under the *Kirby* name), manufacture and sale of boxed chocolates and other confectionery products (*See's Candies*), retailing of home furnishings (*Nebraska Furniture Mart*), manufacture and distribution of uniforms (*Fechheimer Bros. Co.*) and manufacture, import and distribution of footwear (*H. H. Brown Shoe Co.*). Berkshire also owns 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.

Property and Casualty Insurance and Reinsurance Business

Berkshire's insurance and reinsurance business is conducted by 13 separate subsidiaries, the largest of which is National Indemnity Company ("National Indemnity") headquartered in Omaha, Nebraska.

On a primary or direct basis (policies issued in the name of, and to the insured party) several of the subsidiary members underwrite multiple lines of principally casualty coverages for primarily commercial accounts. The Commercial Casualty Division and the Professional Liability and Special Risk Division, each with offices in Stamford, Connecticut, solicit and underwrite especially large or unusual risks. Member companies domiciled in the states of Colorado, Kansas and Nebraska provide standard multiple-line property/casualty insurance principally to "homestate" residents. A California domiciled member provides principally workers' compensation insurance to employers in that state.

On December 29, 1992, Berkshire acquired 82% of Central States Indemnity Co. of Omaha ("CSI"). CSI offers credit card insurance from its offices located in Omaha, Nebraska. CSI insures the credit card debt of policyholders if the policyholders become disabled or unemployed. The credit insurance is marketed to individuals through credit card issuers nationwide. CSI was formed in 1977 and prior to Berkshire's acquisition was majority owned by Central States Health & Life Company of Omaha, a mutual life and health insurance company. Key management of CSI retained ownership of the shares of CSI not acquired by Berkshire.

The Reinsurance Division of National Indemnity in Stamford, Connecticut provides treaty reinsurance to other property/casualty insurers and reinsurers. National Indemnity is currently one of the leading providers in the world of finite-risk reinsurance and property catastrophe retrocessional protection (i.e., reinsurance for reinsurers). Minimal organizational resources, but huge financial resources, are currently devoted to this business.

The Berkshire Hathaway Insurance Group maintains capital strength at unparalleled high levels, significantly higher than normal in the industry. This strength differentiates Group members from their competitors. For example, the Group's net premiums written in 1992 were approximately 8% of the Group's year-end statutory surplus. That compares to an industry average premiums-to-surplus ratio of about 141% (for 1991). The obvious margins of safety thus provided to insureds of the Group are particularly persuasive in marketing of individually negotiated insurance and reinsurance contracts.

The traditional business of National Indemnity, acquired by Berkshire Hathaway in 1967, has been largely in providing liability coverages for commercial truck and bus operators — and related commercial transportation activities that require specialized underwriting knowledge and techniques. Premium rates for

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Item 1. Business (continued)

Property and Casualty Insurance and Reinsurance Business (continued)

the business peaked in 1986 and decreased annually thereafter. Because of the lower rates, Group members have written successively less of this business each year after 1986. Similarly, writings by the Group's "homestate" members have decreased in recent years because of lower premium rates and the disciplined underwriting practices of the members that causes their rejection of underpriced risks. The Special Risks operation in Stamford has from year to year after 1986 also viewed fewer and fewer underwriting opportunities that met its acceptance standards, and virtually no new business in this area was written in 1992.

No improvement in prices is foreseen for 1993, and except for the increase expected as a result of the CSI acquisition, the Insurance Group's premium volume for the primary or direct business is likely to be little changed from 1992.

While the primary or direct insurance underwriting activity by Group members decreased in recent years, the amount of business derived from reinsurance activity increased significantly. The increase in reinsurance assumed premiums began in 1985, when National Indemnity entered into a contract providing reinsurance coverage to Fireman's Fund Insurance Companies ("FFIC"), for a period of four years, for 7% of FFIC's entire book of business. The Group recorded premiums of about $915 million for the full four-year term of the contract. Although the contract has expired, National Indemnity remains liable for run-off of its share of liabilities for loss occurrences during the contract period. Such liabilities totalled about $156 million at December 31, 1992.

In recent years, non-traditional reinsurance products — finite-risk contracts — have become increasingly significant in the property/casualty insurance marketplace. Those terms refer to reinsurance agreements, whose terms provide essentially traditional coverages but also may contractually establish minimum and maximum payouts by the reinsurer. Minimum payout requirements may originate in commutation clauses that call for repayments to the reinsureds, on specified dates, of sums not otherwise paid out by the reinsurer as losses. The amount of risk transferred may be more limited than in the more traditional contracts. The concept of time-value-of-money is a more important element in the pricing and setting of terms for these contracts than for more traditional contracts. Transaction amounts are likely to be larger than for traditional transactions; for example, a single contract may relate to loss occurrences in a number of lines of business that span a number of years. Significant financial strength is a need of any prospective provider of the non-traditional products and Berkshire meets that need. Several of the reinsurance arrangements under which the Berkshire Hathaway Insurance Group provided coverages since 1989 were through finite-risk type contracts. Exemplary of such business, significant reinsurance assumed premiums were earned in those years from contracts, sizeable in amounts of coverage provided, but few in number, that indemnify other insurers and reinsurers against adverse loss development of their own loss portfolios.

During 1990, Berkshire's Insurance Group management perceived declines to be occurring in industry capacity and competition for catastrophe excess-of-loss type reinsurance coverages and consequently National Indemnity wrote coverages for a number of such risks. Management believes that in 1992 the Berkshire Hathaway Insurance Group was among the largest providers in the world of this type of coverage. The contracts may provide sizeable amounts (i.e., often in excess of $10 million) of indemnification per contract and a single event may result in payments under several contracts. This business can produce extreme volatility in reported periodic results. For example, in August 1992, losses of about $125 million from Hurricane Andrew resulted in a third quarter underwriting loss of about $77 million related to this business. No new covered catastrophe losses occurred for the remainder of 1992 and as a result, an underwriting gain of about $69 million was recorded in 1992's fourth quarter. Accounting consequences, however, do not influence decisions of Berkshire's management with respect to this or any other business, and this fact plus the Insurance Group's above-normal-for-the-industry financial strength are believed to be the primary reasons why the Group has become a major provider of these coverages.

Item 1. Business (continued)

Property and Casualty Insurance and Reinsurance Business (continued)

The following table shows insurance premiums earned by the Berkshire Hathaway Insurance Group in successive five year periods commencing with 1978 and extending through 1992, disaggregated between (i) premiums earned for reinsurance assumed and (ii) those earned in the Group's primary or direct operations.

	Dollars in millions		
Five Year Period	Reinsurance assumed premiums earned	Primary or direct premiums earned	Total premiums earned
1978 - 1982	$ 155	$ 710	$ 865
1983 - 1987	928	1,331	2,259
1988 - 1992	2,082	929	3,011

The preponderance of reinsurance premiums in the most recent five year period, and more particularly in the past three years (74% of total premiums earned in 1990, 82% in 1991 and 77% in 1992) represents a change in Berkshire's insurance business that has resulted in an exceptional increase in the amount of "float", or net policyholder funds, held by the Insurance Group. The term denotes the sum of unpaid losses, unpaid loss adjustment expenses and unearned premiums, less the aggregate of premium balances receivable, amounts recoverable as reinsurance on paid losses, deferred policy acquisition costs and deferred charges re reinsurance. Given the length of the claims payment period — or tail — that attaches to the reinsurance business, the increased float plus the earnings it generates will result in somewhat meaningful increases for several years in the level of the Insurance Group's investments and investment income, with some part of such increases already evident.

Investment portfolios of insurance subsidiaries include equity securities valued at approximately $11.5 billion at December 31, 1992. Included are meaningful ownership percentages of other publicly traded companies (such as approximately 48% of the outstanding capital stock of GEICO Corporation, approximately 18% of the capital stock of Capital Cities/ABC, Inc., approximately 11% of the common stock of The Gillette Company, approximately 7% of the capital stock of The Coca-Cola Company, approximately 15% of the capital stock of The Washington Post Company, approximately 11% of the common stock of Wells Fargo & Company, approximately 14% of the capital stock of General Dynamics Corporation and convertible preferred stock of Salomon Inc having approximately 14% of the total voting power of that company). Much information about these publicly-owned companies is available, including that released from time to time by the companies themselves.

Non-Insurance Businesses of Berkshire

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

Encyclopedias, Other Reference Materials — World Book publishes educational products for homes, schools, and libraries. Its chief products include: *The World Book Encyclopedia*, the largest-selling encyclopedia in the United States; *Early World of Learning*, a readiness program for preschoolers, and *Information Finder*, a CD-ROM (compact disc read - only format) version of the encyclopedia text. These and other educational materials are marketed in the United States and Canada by a large direct-selling force. A newly copyrighted edition of *The World Book Encyclopedia* is published each year. Annual products such as *The World Book Year Book*, *Science Year* and *The World Book Health & Medical Annual* are updating publications for owners of earlier encyclopedia editions and are sold by direct mail. An international group markets these and other specially created educational products in Australia, the United Kingdom and Ireland with a commissioned sales force, and in 38 other countries through 31 distributors.

Item 1. Business (continued)

Non-Insurance Businesses of Berkshire (continued)

There is significant competition in the business of publishing and marketing encyclopedias in North America, World Book's principal geographic market. World Book's selling prices are generally lower than those of its principal competitor; World Book quality is thought to be superior to any other.

A large portion of encyclopedia sales is made on an installment basis. Wholly-owned Berkshire subsidiaries offer financing of domestic and certain foreign consumer receivables.

Home Cleaning Systems — This segment of Berkshire's business is principally represented by Kirby home cleaning systems and products, sold to approximately 700 independent authorized factory distributors in the United States and foreign countries. These factory distributors sell to the consumer or to independent authorized area distributors who sell to the consumer. Sales are made through in-the-home demonstrations by independent salespeople. Substantially all of Kirby's sales to distributors are for cash. A wholly-owned Berkshire subsidiary offers consumer financing to about 400 authorized distributors in the United States. 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 the prices are generally higher than those of most of its four major competitors. In 1992, Kirby completed the worldwide introduction of an improved model which incorporates a power-assisted drive.

This segment also includes the Douglas Products business that manufactures specialty vacuum cleaners such as electric hand held and cordless vacuum cleaners. Channels of distribution for these products include retail discount stores, catalogue showrooms, hardware stores and department stores. Additionally, Cleveland Wood Products, a manufacturer of vacuum cleaner brushes, is included in this segment.

Candy — See's 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 - over 200 in number - located in 12 western and midwestern states, including Hawaii. A meaningful volume of candy business is also recorded for direct shipments made nationwide from a seasonally-varying number of quantity order distribution centers.

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

Newspaper — The Buffalo News, a division of Berkshire, publishes a Sunday edition and seven editions each weekday. 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, 71% on weekdays and 80% 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 1992 this percentage was 54%.

Retailing of Home Furnishings — The Nebraska Furniture Mart ("NFM") operates a home furnishing retail business from a very large - over 200,000 square feet - retail outlet and sizable warehouse facilities in Omaha, Nebraska. The business serves a trade area with a radius around Omaha of approximately 300 miles. An important feature of the business is its ability to control its costs and to produce a high business volume from offerings of significant value to its customers, while realizing highly satisfactory earnings. On December 31, 1992, NFM acquired a 360,000 square foot building and ten acres of land located adjacent to its existing retail store and warehouse. Along with providing additional warehousing facilities, a portion of the building will be used to operate a factory outlet store for manufacturers' closeouts and discontinued product lines.

Uniform Manufacturing and Distribution — The Fechheimer Brothers Company manufactures its products at plants in Kentucky, Ohio, Tennessee and Texas, for marketing through about fifty company-operated retail distribution centers and by independent distributors and dealers who together serve more than 200 major metropolitan areas.

Item 1. Business (continued)

Non-Insurance Businesses of Berkshire (continued)

Shoes — H. H. Brown Shoe Co. ("Brown") manufactures, imports and markets work, safety, outdoor, western and casual footwear. Approximately 80% of Brown's revenues are derived from sales of a wide variety of work and safety shoes and boots. They are manufactured under the *H. H. Brown, Carolina, Richland, Double HH* and other brand names as well as under private label. Brown is the leading domestic producer of steel toe safety work shoes and maintains a significant share of other markets in which it competes, namely the western boot and causal shoe market.

In addition to manufacturing its products at three facilities located in the United States and a facility in Canada, the company sources shoes and shoe components offshore from several countries including China, Romania, India and Mexico. The Company purchases the majority of its leather (which accounts for approximately 30% of the manufacturing cost) on the world-wide hide market and sends it to contract tanners, rather than buying directly from tanners.

The Company markets its products entirely within the United States and Canada through a direct sales force of just over 100. Its customer base is primarily composed of small independent retailers and wholesalers who sell to workers in a variety of industries including steel, construction, agriculture and heavy manufacturing. A significant quantity of Brown's work and military boots are sold to the United States and Canadian military, as well as to military PX's. Additionally, much of its imported footwear is sold to mass merchandisers such as K Mart, Wal Mart and Payless Shoe Co.

The Company competes in the mid-priced segment of the work boot and shoe market. The consumer is typically a middle income industrial laborer who is required by OSHA to wear a specific type of footwear. The Company's competitors in this market are typically small, domestic work boot manufacturers. Management believes that its products are competitive in terms of quality and pricing.

On December 30, 1992, Berkshire acquired for cash all of the capital stock of Lowell Shoe Inc. ("Lowell") and assets of certain entities formerly affiliated with Lowell (including a manufacturing facility located in Puerto Rico). Lowell manufactures and markets women's casual, service and nurses footwear. They market these products under the brand names *Soft Spots, Day Lights* and *Nurse Mates.*

Other non-insurance activities not identified with Berkshire business segments include the more than one dozen diverse manufacturing businesses acquired with the 1986 purchase of The Scott & Fetzer Company. The largest revenue producer of these businesses is Campbell Hausfeld/Scott Fetzer Company, which manufactures and markets a variety of products related to transmission of air and other fluids, such as air compressors and painting systems. In addition, Berkshire has an 80% interest in a long established, high volume retailer of fine jewelry, Borsheim's, in Omaha, Nebraska. The size of this operation, like several of the Scott Fetzer operations, currently precludes its classification as a "reportable business segment" of Berkshire. However, it contributes meaningful added diversity to Berkshire's activities.

Berkshire Hathaway Inc. and subsidiaries employed approximately 22,000 persons on a full-time basis at December 31, 1992. In addition to that number of full-time employees, up to 20,000 persons may act as World Book sales representatives from time to time.

Additional information with respect to Berkshire's businesses

The amounts of revenue, operating profit and identifiable assets attributable to each of the eight aforementioned business segments are included in Note 13 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 2 and 3 to Registrant's consolidated financial statements.

Item 2. Properties

The physical properties used by Registrant's significant business segments are summarized below:

Business	Location	Type of Property	Owned or Leased	Approx. Square Footage
Company Headquarters	Omaha, NE	Offices	Leased	4,000
Insurance	Omaha, NE	Offices	Owned	73,000
	Omaha, NE & other locations in California, Colorado, Kansas & Connecticut	Offices	Leased	117,000
Candy	Los Angeles, CA & South San Francisco, CA	Plants/Warehouses/ Offices	Owned	273,000
	California	Warehouses/Offices	Leased	252,000
	California & other locations principally in western states	Retail outlets and quantity order centers (214 locations)	Leased	317,000
Newspaper	Buffalo, NY	Offices	Owned	195,000
	Buffalo, NY	Printing Plant	Owned	150,000
	New York & Washington, D.C.	Offices/Warehouses	Leased	57,000
Home Furnishings	Omaha, NE	Retail Store	Owned	274,000
	Omaha, NE & Lincoln, NE	Warehouses/Offices	Owned	752,000
Encyclopedias, Other Reference Material	Elk Grove Village, IL & Addison, IL	Offices/Warehouse	Owned	100,000
	Chicago, IL & Evanston, IL	Offices	Leased	86,000
	Australia	Offices/Warehouses	Leased	7,000
	United Kingdom	Offices	Leased	18,000
Home Cleaning Systems	Cleveland, OH, Andrews, TX & Walnut Ridge, AR	Plants/Warehouses/ Offices	Owned	397,000
	Cleveland, OH	Warehouse/Offices	Leased	21,000
	Canada & England	Warehouses/Offices	Leased	31,000
Uniforms	Cincinnati, OH & various other U.S. locations	Plants/Warehouses/ Offices	Owned	223,000
	Hodgenville, KY & various other U.S. locations	Plants/Warehouses/ Offices	Leased	295,000
	9 U.S. locations	Retail Stores	Owned	75,000
	44 U.S. locations	Retail Stores	Leased	291,000
Shoes	Morganton, NC, Womelsdorf, PA, Martinsburg, PA, Hudson, NH, & Canada	Plants/Warehouses/ Offices	Owned	733,000
	Greenwich, CT, Commerce, CA, Morganton, NC, Canada, Puerto Rico & Dominican Republic	Plants/Warehouses/ Offices	Leased	367,000

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Item 3. Legal Proceedings

The Company is a defendant in litigation relating to the transactions in which Salomon Inc ("Salomon") repurchased a significant block of its common stock from a holder thereof and sold a new issue of preferred stock to the Company. Twenty-one derivative action lawsuits have been filed against Salomon's directors challenging these transactions and seeking damages; two of these lawsuits (Ruby Resnik v. Dwayne O. Andreas, et al., Delaware Chancery No. 9300, filed September 30, 1987 and Rodney Shields v. John H. Gutfreund, et al., United States District Court for the Southern District of New York, No. 88 Civ. 1058, filed February 12, 1988) named the Company as an additional defendant. The lawsuits allege that the Salomon directors breached their fiduciary duties to Salomon and its shareholders in connection with these transactions, and the two lawsuits naming the Company claim, in essence, that the Company participated in such alleged breaches of duty. The complaints in these lawsuits seek damages in unspecified amounts, a declaration that the sale of preferred stock to the company is illegal, null and void, an order requiring that the preferred stock purchased by the Company be voted in the same manner as the majority of Salomon's shares, and rescission of the transaction between Salomon and the Company. Management does not expect the outcome of these lawsuits to be materially adverse to the Company. Other 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
Warren E. Buffett	62	Chairman of the Board	1970
Michael A. Goldberg*	46	Vice President	1981
Marc D. Hamburg	43	Vice President	1992
Charles T. Munger	69	Vice Chairman of the Board	1978

* *Prior to February 1, 1993, Mr. Goldberg was responsible for managing Berkshire's Insurance Group. On February 1, 1993, Mr. Goldberg relinquished his responsibilities for the overall management of the Insurance Group and, accordingly, is no longer an executive officer (as defined by Rule 3b-7 of the Exchange Act). He does, however, continue to be a Vice President of Berkshire.*

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 Common Stock is listed for trading on the New York Stock Exchange, trading symbol: BRK. 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:

1992	High	Low	1991	High	Low
First Quarter	$9,000	$8,575	First Quarter	$8,275	$6,550
Second Quarter	9,300	8,850	Second Quarter	8,750	7,760
Third Quarter	9,950	9,050	Third Quarter	9,000	8,325
Fourth Quarter	11,750	9,150	Fourth Quarter	9,125	8,150

Shareholders

The Company had approximately 7,100 record holders of its common stock at March 9, 1993. Record owners included nominees holding at least 175,000 shares on behalf of beneficial-but-not-of-record owners. Management believes that the Company has more than 16,000 beneficial owners.

Dividends

Berkshire has not declared a cash dividend since 1967.

Item 6. Selected Financial Data

Selected Financial Data for the Past Five Years
(dollars in thousands, except per share data)

	1992	1991	1990	1989	1988
Revenues:					
Sales and service revenues	$ 1,774,436	$ 1,651,134	$ 1,580,074	$1,526,459	$1,407,642
Insurance premiums earned	664,293	776,413	591,540	394,279	584,235
Interest and dividend income	495,409	481,793	450,295	331,452	314,251
Realized investment gain	89,937	192,478	33,989	223,810	131,671
Sundry	5,265	4,178	3,574	7,892	27,094
Total revenues	$ 3,029,340	$ 3,105,996	$ 2,659,472	$2,483,892	$2,464,893
Earnings:					
Before realized investment gain	$ 347,726	$ 315,753	$ 370,745	$ 299,902	$ 313,441
Realized investment gain	59,559	124,155	23,348	147,575	85,829
Net earnings	$ 407,285	$ 439,908	$ 394,093	$ 447,477	$ 399,270
Earnings per share:					
Before realized investment gain	$ 303.29	$ 275.42	$ 323.39	$ 262.46	$ 273.37
Realized investment gain	51.95	108.30	20.36	127.55	74.86
Net earnings	$ 355.24	$ 383.72	$ 343.75	$ 390.01	$ 348.23
Year-end data:					
Total assets	$16,944,778	$14,461,902	$10,670,423	$9,459,594	$6,816,848
Term debt and other borrowings	1,299,810	1,255,068	1,239,358	1,007,516	480,009
Shareholders' equity	8,896,331	7,379,918	5,287,454	4,925,126	3,410,108
Common shares outstanding, in thousands	1,149	1,146	1,146	1,146	1,146
Shareholders' equity per outstanding share	$ 7,745	$ 6,437	$ 4,612	$ 4,296	$ 2,975

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)		
	1992	1991	1990
Insurance Segment:			
Underwriting	$(71.1)	$(77.2)	$(14.9)
Investment income	305.8	285.1	282.6
Realized investment gain	36.1	73.8	11.8
Total - Insurance Segment	270.8	281.7	279.5
Non-Insurance business segments	123.4	104.2	100.1
Other businesses	30.7	27.6	31.9
Realized investment gain not included above	23.4	50.3	11.5
All other except interest expense	21.9	33.3	20.8
Interest expense	(62.9)	(57.2)	(49.7)
Net earnings	$407.3	$439.9	$394.1

In the above table, interest expense incurred by Consumer Finance companies and by Mutual Savings and Loan Association is not reflected as "Interest expense" but instead is reflected in amounts shown for "Other businesses".

The business segment data (Note 13 to the Consolidated Financial Statements contained in Item 8, Financial Statements and Supplementary Data) should be read in conjunction with this discussion.

Insurance Underwriting

The after-tax figures shown above for Insurance underwriting derive from the following:

	(dollars in millions)		
	1992	1991	1990
Underwriting gain (loss):			
Primary or Direct Insurance	$ 8.0	$ (2.5)	$ 0.5
Reinsurance Assumed	(117.0)	(117.1)	(27.2)
Underwriting loss -- pre-tax	(109.0)	(119.6)	(26.7)
Applicable income tax credit	37.7	42.2	11.6
Applicable minority interest	0.2	0.2	0.2
After-tax underwriting loss	$ (71.1)	$ (77.2)	$(14.9)

The Berkshire Hathaway Insurance Group engages in both insurance and reinsurance of property/casualty risks. In its insurance activities, as distinguished from its reinsurance activities, its members assume risks of loss from persons primarily and directly subject to the risks. In its reinsurance activities, the members assume defined portions of similar or dissimilar risks to which other insurers and reinsurers have subjected themselves in their own insuring activities.

A significant marketing strategy followed by all Insurance Group members is the maintenance of above average capital strength. Statutory surplus as regards policyholders of the Berkshire Hathaway Insurance Group increased to approximately $10.4 billion at year-end 1992. This unique capital strength creates opportunities for Berkshire Group members to negotiate and enter into contracts of insurance specially designed to meet unique needs of sophisticated insurance and reinsurance buyers.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations *(Continued)*

Insurance Underwriting (continued)

Reinsurance Assumed

Underwriting results, stated on the basis of generally accepted accounting principles ("GAAP"), with respect to the reinsurance assumed business for the past three years are summarized in the following table.

	(dollars in millions)					
	1992		1991		1990	
	Amount	%	Amount	%	Amount	%
Premiums written	$ 607.2		$ 667.0		$435.2	
Premiums earned	$ 511.5	100.0	$ 635.4	100.0	$437.5	100.0
Losses and loss expenses	589.7	115.3	731.9	115.2	432.2	98.8
Underwriting expenses	38.8	7.6	20.6	3.2	32.5	7.4
Total losses and expenses	628.5	122.9	752.5	118.4	464.7	106.2
Underwriting loss — pre-tax	$(117.0)		$(117.1)		$(27.2)	

Disaggregated data follows for these activities.

	(dollars in millions)								
	Premiums Earned			Underwriting Loss			Year-End Reserves*		
	1992	1991	1990	1992	1991	1990	1992	1991	1990
Retroactive reinsurance and structured settlements	$145.5	$363.2	$423.7	$ (66.0)	$ (49.0)	$(21.7)	$1,498.0	$1,573.9	$1,002.2
Other reinsurance	366.0	272.2	13.8	(51.0)	(68.1)	(5.5)	917.2	708.3	461.5
	$511.5	$635.4	$437.5	$(117.0)	$(117.1)	$(27.2)	$2,415.2	$2,282.2	$1,463.7

**Unpaid losses and loss adjustment expenses*

Premiums Earned

As shown above, premiums earned in 1992 from retroactive reinsurance and structured settlements activities were much less than either of the previous two years. Premiums earned from retroactive reinsurance — coverages of past loss events — amounted to $144 million in 1992, $362 million in 1991 and $370 million in 1990. These contracts were few in number but produced sizable premiums. Increasing competition in the retroactive reinsurance markets, together with the anticipation by ceding companies of new accounting standards to be effective in 1993, resulted in fewer opportunities to write such business during 1992. Further premium decline may occur in 1993.

Premium amounts shown above as "other reinsurance" include amounts earned from "finite risk" type policies — principally excess of loss coverages of sizable but limited amounts — and catastrophe excess of loss policies. Premiums earned from finite risk coverages totalled about $183 million in 1992 and $197 million in 1991. Premiums earned from catastrophe excess of loss contracts totalled about $130 million in 1992 and $48 million in 1991. Other reinsurance premiums earned also include amounts earned from quota share reinsurance contracts.

Underwriting Loss

The underwriting loss from retroactive reinsurance coverages amounted to $44 million for 1992, $26 million for 1991 and none for 1990 reflecting amortization of deferred charges re reinsurance assumed. See Note 1(h) to the Consolidated Financial Statements for information with respect to these charges. Underwriting losses from structured settlement activities were about $22 million for each of the past three years. These losses reflect accounting procedures which employ time-value-of-money concepts — amortization of deferred charges re reinsurance assumed and accretion of discounted structured settlement liabilities. The amortization and accretion are accounted for as losses incurred, and thus, because there is no related premium income, as underwriting losses, over the expected claim settlement periods. Amortization and accretion charges are expected to total nearly $70 million in 1993.

Insurance Underwriting (continued)

Reinsurance Assumed (continued)

Underwriting losses in 1992 and 1991 in other reinsurance included $55 million and $98 million, respectively from finite risk type coverage. In pricing most reinsurance products, the concept of the time-value-of-money is an important consideration due to the anticipated extended claim payment period — or "tail". This is especially true with respect to pricing of finite risk coverages, the premiums for which are based in significant part on time discounting of expected losses. Losses and loss expenses are established for these contracts on an undiscounted basis. However, because these coverages, when written, related to future loss events, no deferred charges were established. This business is accepted, nonetheless, because of the large amounts of investable policyholder funds (or "float") that it produces.

The catastrophe excess of loss reinsurance business produced a net underwriting loss for 1992 of about $2 million. This compares to an underwriting gain of about $8 million for 1991. Aggregate exposures to loss from a single event now approach $300 million and a given year may have losses from several events. In each of the past two years, the vast majority of losses incurred under catastrophe reinsurance treaties resulted from a single loss event. Losses incurred in 1992 related to Hurricane Andrew totalled about $125 million and losses incurred in 1991 due to Typhoon Mireille were about $38 million.

Favorable development of about $30 million was recorded in 1991 with respect to liabilities under pre-1990 major quota share reinsurance contracts. No development with respect to those contracts was recorded in either 1992 or 1990.

The estimated liability for unpaid losses and loss expenses from reinsurance assumed businesses, as shown in the preceding table, totalled about $2.4 billion at the end of 1992, an increase of about $1.6 billion since the end of 1989. Subsequent loss development with respect to a liability of this magnitude may cause substantial volatility in future periodic earnings. In addition, the potential for such earnings volatility is greatly enhanced by the Group's increasing presence in the catastrophe reinsurance business. Berkshire's management, however, is willing to accept such short term volatility provided that the prospects for long term profitability are favorable.

Primary or Direct Insurance Underwriting

A summary follows of the combined underwriting results, stated on a GAAP basis, of the Berkshire Hathaway Insurance Group's primary or direct insurance operations.

	(dollars are in millions)					
	1992		1991		1990	
	Amount	%	Amount	%	Amount	%
Premiums written	$132.4		$135.5		$139.1	
Premiums earned	$152.8	100.0	$141.0	100.0	$154.0	100.0
Losses and loss expenses	98.0	64.1	95.2	67.5	102.0	66.2
Underwriting expenses	46.8	30.7	48.3	34.3	51.5	33.4
Total losses and expenses	144.8	94.8	143.5	101.8	153.5	99.6
Underwriting gain (loss) — pre-tax	$8.0		$(2.5)		$ 0.5	

Favorable loss development, discussed on the following pages, of beginning-of-the-year loss reserves represented respectively, 23.8%, 16.9%, and 11.9% of premiums earned in 1992, 1991 and 1990. Without such credits, total losses and expenses as a percentage of premiums earned were: 1992 — 118.6%, 1991 — 118.7%, and 1990 — 111.5%.

The comparative improvement in the 1992 underwriting expense ratio over 1991 and 1990 for the primary or direct insurance business was due to a higher percentage of premiums earned in 1992 from specialty risk operations. Such business incurs considerably lower underwriting expenses than either the traditional motor vehicle/general liability or Homestate companies/Cypress Insurance Company units.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations *(Continued)*

Insurance Underwriting (continued)

Primary or Direct Insurance Underwriting (continued)

The premiums earned for the past five years by each of the underwriting units that produce the Group's direct business are reflected in the following table:

Underwriting Unit	1992	1991	1990	1989	1988
	(dollars in millions)				
Traditional motor vehicle/general liability operations	$ 85	$ 89	$ 94	$113	$168
Commercial casualty/professional liability/specialty risk operations	27	14	18	20	54
Homestate companies/Cypress Insurance Co.	41	38	42	56	70
Total premiums earned	$153	$141	$154	$189	$292

The "traditional" business, written through general agents located nationwide directed from National Indemnity Company's Omaha offices, represents principally casualty coverages for commercial accounts. The operations are termed internally as those of the "National Indemnity Primary Group." The commercial casualty/professional liability/specialty risk operations located in Stamford, Connecticut, enter into "tailored" insurance contracts for insureds presenting risks unusual in nature and/or especially large in amount. The Homestate companies underwrite multiple lines of principally casualty coverages for standard risks located predominantly in their "homestates" — Nebraska, Kansas and Colorado. In 1992, the Homestate units began to expand their operations by underwriting similar risks located outside their homestates. Cypress Insurance Company underwrites primarily workers' compensation risks in a highly competitive market environment in California.

As reflected in the table above, premiums earned by each of these units has, almost without exception, declined steadily over the past several years. Each of the units employ disciplined underwriting approaches. Members are encouraged to reject underpriced risks without regard to volume considerations. As a result of this strategy, during periods of adequate or excessive industry insuring capacity, as have prevailed since 1986, competitors write increasing amounts of primary or direct insurance by charging lower prices than those of the Group. Historically, these lower prices have led competitors to exit the markets as a result of incurring unacceptable losses. Management believes this part of the cycle will occur again, at an unpredictable future time, leading to increases of primary or direct insurance offerings to the Group. Management does not believe that the increase in 1992 premiums earned over 1991 for two of the three direct operations of the group to be significant evidence that the upside of this cycle has already begun.

Summarized below is loss and loss expense data from primary or direct insurance underwriting:

	1992	1991	1990
	(dollars in millions)		
Unpaid losses and loss expenses at beginning of year	$566.9	$586.6	$639.2
Incurred losses recorded:			
Current year occurrences	134.4	119.0	120.3
All prior years' occurrences	(36.4)	(23.8)	(18.3)
	98.0	95.2	102.0
Payments with respect to:			
Current year occurrences	42.1	23.3	21.7
All prior years' occurrences	86.1	91.6	132.9
	128.2	114.9	154.6
Unpaid losses and loss expenses at end of year	$536.7*	$566.9	$586.6

* *Excludes unpaid losses and loss expenses of Central States Indemnity Co. of Omaha — acquired by Berkshire at the end of 1992.*

Insurance Underwriting (continued)

Primary or Direct Insurance Underwriting (continued)

Credits against incurred losses were recorded in each of the last three years for "all prior year occurrences." They are corrections of estimation error that are credited or charged to earnings in the year made. Relating these credits for each year to the related estimated unpaid amounts at the beginning of the respective year, the "savings" were: 1992 — 6.4%, 1991 — 4.1%, and 1990 — 2.9%. 1992 was the sixth consecutive year of favorable development, which might be viewed as somewhat comforting. But additional cases of an unknown number and magnitude for pre-1992 losses are certain to be reported. A provision for late reported cases is, of course, included in the $536.7 million 1992 year-end accrual for unpaids. But, that total amount is subject to the favorable or unfavorable development that will be recorded in future years. The favorable development recorded in each of the most recent three years related principally to the traditional commercial automobile business of the National Indemnity Primary Group.

At the end of 1992, Berkshire acquired for cash, 82% of Central States Indemnity Co. of Omaha ("CSI"). Accordingly, none of CSI's underwriting results of 1992 were included in the accompanying financial statements. During 1992 CSI produced premiums earned of about $82 million and an underwriting gain of about $8 million. CSI primarily underwrites credit insurance for individuals distributed through credit card issuers nationwide.

Insurance Segment Investment Income

Following is a summary of Insurance Group net investment income for the past three years.

	(dollars in millions)			
	Investment Income Before Taxes	Applicable Income Taxes	Applicable Minority Interest	Investment Income After Taxes and Minority Int.
1992	$355.1	$ 46.5	$ 2.8	$305.8
1991	331.8	43.8	2.9	285.1
1990	327.0	41.2	3.2	282.6

Invested assets increased in each of the past three years. In the three year period, Berkshire contributed approximately $200 million additional capital to the Group, and reinvested earnings of the Group for that period amounted to approximately $540 million. Contributing to a further increase in invested assets was about $1 billion increase during the past three year period in the amount of "float" from policyholder funds. That term denotes the sum of unpaid losses, unpaid loss adjustment expenses and unearned premiums, less the aggregate of agents' balances receivable, amounts recoverable as reinsurance on paid losses, deferred policy acquisition costs and deferred charges re reinsurance assumed. The net amount of float was approximately $1.54 billion at the end of 1989, $1.63 billion at the end of 1990, $2.07 billion at the end of 1991, and $2.51 billion at the end of 1992.

An offsetting factor which influences the comparative amounts of investment income shown above derives from the reduced amounts of dividends earned from the Group's investment in The Gillette Company. From July 1989 until April 1991, the Gillette investment was in the form of convertible preferred stock. On April 1, 1991, the preferred stock was converted into Gillette Company common stock, which carried a much lower dividend yield. Dividends earned from the Gillette investment totalled $16.7 million, $24.3 million, and $52.5 million in 1992, 1991 and 1990, respectively.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations *(Continued)*

Non-Insurance Business Segments

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

	(dollars in millions)					
	1992		1991		1990	
	Amount	%	Amount	%	Amount	%
Revenues	$1,284.5	100.0	$1,204.8	100.0	$1,120.8	100.0
Cost and expenses	1,074.6	83.7	1,028.7	85.4	950.2	84.8
Operating profit	209.9	16.3	176.1	14.6	170.6	15.2
Income taxes	83.2	6.5	69.0	5.7	67.3	6.0
Minority Interest	3.3	0.2	2.9	0.2	3.2	0.3
Contribution to net earnings	$ 123.4	9.6	$ 104.2	8.7	$ 100.1	8.9

The business segments that produced the above results numbered seven in 1992 and 1991 versus six in 1990. The results of these businesses during this period are dealt with in the following sections.

1992 compared to 1991

A comparison of revenues and operating profits between 1992 and 1991 for each of the identifiable non insurance business segments follows.

	(dollars in millions)				Operating Profit as a % of Revenues	
	Revenues		Operating Profits			
Segment — Primary Business	1992	1991	1992	1991	1992	1991
Candy — See's Candies	$ 197.2	$ 196.0	$ 41.4	$ 41.4	21.0	21.1
Encyclopedias, Other Reference Materials — World Book	246.1	311.5	28.2	22.2	11.5	7.1
Home Cleaning Systems — Kirby	190.1	192.0	37.7	37.3	19.8	19.4
Home Furnishings — Nebraska Furniture Mart	186.1	171.0	16.7	13.9	9.0	8.2
Newspaper — Buffalo News	139.7	130.3	47.3	36.6	33.8	28.0
Shoes — H. H. Brown	215.0	104.0	25.6	12.5	11.9	12.0
Uniforms — Fechheimer's	110.3	100.0	13.0	12.2	11.8	12.2
	$1,284.5	$1,204.8	$209.9	$176.1		

Revenues from the seven identifiable non-insurance business segments of $1,284.5 million increased $79.7 million (7%) from the prior year. The overall operating profit from these business segments of $209.9 million increased $33.8 million (19%) over the comparable prior year results.

The most significant revenue increase occurred within the shoe segment and arose from the fact that Berkshire acquired H. H. Brown ("Brown") on July 1, 1991 and thus full year results for 1992 are being compared to six month results for 1991. About $13 million of the operating profit increase is a result of the Brown acquisition. Brown's operating profits as a percentage of sales were relatively unchanged when comparing the full years 1992 results with the last six months of 1991. On December 30, 1992, a significant addition was made to this business segment as a result of Berkshire's acquisition of Lowell Shoe Company ("Lowell"). Lowell manufactures and markets women's casual, service and nurses footwear. It is expected that revenues from this segment will be increased by about $90 million during 1993 as a result of this acquisition. Senior management of Brown has overall responsibility for managing this business.

Revenues from the home furnishings segment increased in 1992 by $15.1 million (9%) over the prior year. Increases were achieved among all major product lines ranging from 5% in furniture to 30% in carpeting. The carpeting comparison was favorably affected by an acquisition during the third quarter of 1991 of a business that sells commercial carpeting. On December 31, 1992, the Nebraska Furniture Mart acquired a 360,000 square foot building and ten acres of land located adjacent to its existing retail store and warehouse. Along with providing additional warehousing facilities, a portion of the building will be used to operate a factory outlet store for manufacturers' closeouts and discontinued product lines. A modest increase in 1993 revenues and operating profits is anticipated as a result of this new business scheduled to begin in Spring of 1993.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations *(Continued)*

Non-Insurance Business Segments (continued)

1992 compared to 1991 (continued)

The uniform segment's revenues increased $10.3 million (10%) in 1992. During 1992, an additional 10 retail locations were added and this segment now includes 53 retail locations. In addition, a manufacturer of specialty uniforms was acquired during the second half of 1992. These additions accounted for substantially all of the 1992 revenue increases as wholesale distribution sales and retail same store sales were relatively unchanged between years.

The newspaper segment's 1992 revenues of $139.7 million increased $9.4 million (7%) over the prior year. After experiencing declines during the first three quarters of 1991, advertising revenues stabilized during 1991's fourth quarter and increased throughout 1992. In addition to the impact of increased advertising revenues, operating profits were enhanced by a continued slide in the cost of newsprint. The average cost of newsprint declined 20% in 1992 as compared to 1991. This decline has reversed and since the beginning of 1993 newsprint costs have increased 21%. Further increases are likely later in 1993. Somewhat offsetting the favorable factors was a special charge during 1992 of $2.9 million to buy out employees with lifetime job guarantees. A similar, but lesser, charge of $1.4 million was incurred during 1991. While these buy outs have had a negative impact on operating results for the past two years, the News should derive long term benefits from the reduced size of the work force.

Sales of the candy segment were relatively unchanged between years. See's experienced a decline in volume as pounds of candy sold decreased 4% from the prior year. However, a 5% price increase effective January 1, 1992 offset the impact of reduced volume. On December 1, 1992, the state of California abolished the 8.5% sales tax it had imposed, effective July 15, 1991, on "candy and snack foods". Because of See's heavy presence in California, this tax had applied to 80% of its sales. Sales volume from equivalent shops increased during December 1992 as compared to the comparable 1991 period.

Revenues from the home cleaning system segment declined 1% from the prior year. The decrease was primarily the result of reduced Kirby cleaner unit sales in foreign markets. Foreign market unit sales, which account for about 20% of this segment's business, declined 27% versus 1991 levels. The introduction into foreign markets of the Generation 3 model, with its additional features and higher price, helped to negate the impact on revenues of reduced foreign unit sales. The same model was successfully introduced domestically during 1990.

During 1992, revenues from the "encyclopedia, other reference material" segment declined $65.4 million (21%). About one half of the decline resulted from the discontinuance during December 1991 of the syndication business. This business consisted of direct mail marketing of primarily non-educational products. The remainder of the decline in revenues resulted from a further reduction, which began during 1991, in *World Book* and *Childcraft* unit sales. During 1991 a major restructuring of the encyclopedia sales force began. This restructuring continued during 1992 and necessitated major management changes including some terminations. A replacement hiring program has begun but it has not yet achieved its objectives of increasing the size of the sales force.

In spite of the reduced encyclopedia sales at World Book, 1992 operating profits as compared to 1991 increased rather significantly. Overall operating profits of $28.2 million represent an increase of $6.0 million over 1991. The discontinuance of the syndication business which incurred an operating loss of $3.4 million during 1991 accounts for slightly over 50% of the improvement in 1992 operating profits. Also accounting for the improvement in 1992 was a reduction of reserves which had been previously established against salespersons advances and draws. Both of these factors are of a one time nature and in order to further enhance profits during 1993 and beyond, it will be necessary for this segment's management to strengthen its sales force by successfully implementing the sales force restructuring program.

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Non-Insurance Business Segments (continued)

1991 compared to 1990

Revenues from the non-insurance business segments increased $84 million (7.5%) in 1991 as compared to 1990. The Brown acquisition on July 1, 1991 more than accounted for the increase as revenues from this business were $104 million during the second half of 1991. Offsetting this increase was a reduction in World Book revenues of $32 million (9%). World Book's reduced revenues resulted from a significant decline in unit sales of encyclopedias. This decline resulted from recessionary pressures as well as the aforementioned sales force restructuring which began during 1991. Revenues from Berkshire's other five segments were $789.3 million during 1991 compared to $777.9 million during 1990. None of the five segments had increases in excess of 6% and only the Buffalo News with a decline of 4% had lower revenues during 1991 as compared to 1990. Operating profits of $176.1 million during 1991 were $5.5 million (3%) greater than in 1990. The inclusion of Brown's results during the last six months of 1991 more than accounted for the increase.

Business Other Than Identified Segments

	(dollars in millions)		
	1992	1991	1990
Revenues	$567.7	$524.4	$535.9
Operating profit	$ 54.3	$ 49.3	$ 56.4
Income taxes	21.8	19.3	21.6
Minority interest	1.8	2.4	2.9
Contribution to net earnings	$ 30.7	$ 27.6	$ 31.9

The above represent aggregate data for businesses that numbered 24 in 1992. Berkshire management believes that narrative discussion of the results of the constituent businesses would not yield significant benefit to investors or others, particularly in view of the relative consistency of the year-to-year aggregate data.

Interest Expense

Interest expense in both 1992 and 1991 includes premiums paid to redeem certain term debt (redemptions were $204 million in 1992 and $72 million in 1991) prior to scheduled maturity. Premiums charged to interest expense related to such redemptions were $16.2 million during 1992 and $5.7 million during 1991. Interest expense for 1992 also includes a charge of $6.3 million representing the writeoff of deferred financing costs related to Berkshire's Zero Coupon Convertible Subordinated Notes which were due to mature in 2004. On December 16, 1992 Berkshire announced that it would call this issue for redemption on January 4, 1993. On that date all outstanding notes which had not previously been converted into shares of Berkshire common stock were redeemed for cash (See Note 5 to the Consolidated Financial Statements).

Realized Investment Gain

Realized investment gain has been a recurring element in Berkshire's net earnings for many years. The amount — recorded when appreciated securities are sold — tends to fluctuate significantly from period to period, with a meaningful effect upon Berkshire's consolidated net earnings. But, 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, particularly in view of the unrealized price appreciation now existing in Berkshire's consolidated investment portfolio.

Liquidity and Capital Resources

Berkshire's Consolidated Balance Sheet as of December 31, 1992, reflects continuing capital strength. In the past three years, Berkshire shareholders' equity has increased from approximately $4.9 billion at December 31, 1989 to approximately $8.9 billion at December 31, 1992. In that three-year period, realized and unrealized securities gains increased equity capital by approximately $3 billion, and reinvested earnings, other than realized securities gains, were about $1 billion.

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, 1992 and 1991, and the related statements of earnings and cash flows for each of the three years in the period ended December 31, 1992. 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 generally accepted auditing standards. 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, 1992 and 1991, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1992, in conformity with generally accepted accounting principles.

Deloitte & Touche

DELOITTE & TOUCHE

Omaha, Nebraska
March 8, 1993

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BERKSHIRE HATHAWAY INC.
and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(dollars in thousands except per share amounts)

	December 31, 1992	December 31, 1991
ASSETS		
Cash and cash equivalents	$ 1,192,363	$ 762,000
Investments:		
Obligations with fixed maturities	2,102,614	2,337,954
Marketable equity securities	11,652,654	9,182,524
Loans and accounts receivable	690,628	904,471
Inventories	282,141	256,473
Properties and equipment	224,510	222,139
Other assets	799,868	796,341
	$16,944,778	$14,461,902
LIABILITIES AND SHAREHOLDERS' EQUITY		
Losses and loss adjustment expenses	$ 2,978,481	$ 2,849,089
Unearned premiums	227,808	152,490
Accounts payable, accruals and other liabilities	895,639	779,081
Income taxes	2,517,186	1,929,074
Term debt and other borrowings	1,299,810	1,255,068
	7,918,924	6,964,802
Minority shareholders' interests	129,523	117,182
Shareholders' equity:		
Common stock of $5 par value. Authorized 1,500,000 shares; Issued 1,377,364 shares, in 1992; 1,375,202 shares, in 1991	6,887	6,876
Capital in excess of par value	182,264	157,377
Unrealized appreciation of marketable equity securities, net	5,047,219	3,962,989
Retained earnings	3,702,254	3,294,969
	8,938,624	7,422,211
Less common stock in treasury, at cost (228,761 shares)	42,293	42,293
Total shareholders' equity	8,896,331	7,379,918
	$16,944,778	$14,461,902

See accompanying Notes to Consolidated Financial Statements

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Item 8. Financial Statements and Supplementary Data *(Continued)*

BERKSHIRE HATHAWAY INC.
and Subsidiaries
CONSOLIDATED STATEMENTS OF EARNINGS
(dollars in thousands except per share amounts)

	Year Ended December 31, 1992	1991	1990
Revenues:			
Sales and service revenues	$1,774,436	$1,651,134	$1,580,074
Insurance premiums earned	664,293	776,413	591,540
Interest and dividend income	495,409	481,793	450,295
Realized investment gain	89,937	192,478	33,989
Sundry income	5,265	4,178	3,574
	3,029,340	3,105,996	2,659,472
Cost and expenses:			
Cost of products and services sold	1,049,721	939,011	871,073
Insurance losses and loss adjustment expenses	687,625	827,169	534,261
Insurance underwriting expenses	85,628	68,837	83,926
Selling, general and administrative expenses	531,253	556,146	541,054
Interest expense	124,496	121,847	112,692
	2,478,723	2,513,010	2,143,006
Earnings before income taxes	550,617	592,986	516,466
Income taxes	138,089	142,058	112,047
	412,528	450,928	404,419
Minority interest	5,243	11,020	10,326
Net earnings	$ 407,285	$ 439,908	$ 394,093
Average shares outstanding	1,146,492	1,146,441	1,146,441
Net earnings per share	$355	$384	$344

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year Ended December 31, 1992	1991	1990
Cash flows from operating activities:			
Net income	$ 407,285	$ 439,908	$ 394,093
Adjustments to reconcile net income to cash flows from operating activities:			
Depreciation and amortization	41,074	37,175	34,083
Realized investment gain	(89,937)	(192,478)	(33,989)
Investment purchase price discount accretion less premium amortization	(3,629)	(26,931)	(58,648)
Accretion of issue discount on zero coupon notes	25,329	23,881	22,618
Minority interests	5,243	11,020	10,326
Changes in assets and liabilities before effects from business acquisitions:			
Losses and loss adjustment expenses	102,789	798,784	613,994
Deferred charges re reinsurance assumed	46,931	(178,328)	(350,787)
Unearned premiums	75,274	26,109	(17,250)
Accounts receivable	239,428	(177,043)	(133,809)
Accounts payable, accruals and other liabilities	150,615	(6,067)	32,271
Income taxes	29,004	(41,039)	(1,813)
Other	(32,221)	(5,818)	11,479
Net cash flows from operating activities	997,185	709,173	522,568
Cash flows from investing activities:			
Purchases of fixed maturity investments	(258,617)	(377,332)	(287,700)
Purchases of marketable equity securities	(913,037)	(809,633)	(729,352)
Proceeds from sales of fixed maturity investments	284,301	292,010	61,035
Proceeds from redemptions and maturities of fixed maturity investments	371,514	399,120	21,457
Proceeds from sales of marketable equity securities	100,270	522,701	261,923
Acquisition of businesses	(119,948)	(161,043)	—
Loans originated in finance businesses	(160,261)	(163,803)	(132,313)
Principal collection on loans	127,913	124,760	110,415
Other	(5,294)	(11,266)	11,762
Net cash flows from investing activities	(573,159)	(184,486)	(682,773)
Cash flows from financing activities:			
Proceeds from borrowings	1,000,427	455,972	785,818
Repayments of borrowings	(955,464)	(464,913)	(576,634)
Other	(38,626)	(770)	(7,082)
Net cash flows from financing activities	6,337	(9,711)	202,102
Increase in cash and cash equivalents	430,363	514,976	41,897
Cash and cash equivalents at beginning of year	762,000	247,024	205,127
Cash and cash equivalents at end of year	$1,192,363	$ 762,000	$ 247,024

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, 1992

(1) Significant accounting policies and practices

(a) *Basis of consolidation*

The accompanying Consolidated Financial Statements include the accounts of Berkshire Hathaway Inc. (the "Company" or "Berkshire") consolidated with accounts of all its subsidiaries. Intercompany accounts and transactions have been eliminated.

(b) *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.

(c) *Investments*

Investments in obligations with fixed maturities are carried at cost. Marketable equity securities held by members of the Berkshire Hathaway Insurance Group are carried at market value, marketable equity securities held by the Company and by non-insurance subsidiaries are carried at the lower of aggregate cost or market.

(d) *Cost of investments sold*

Cost of investments sold is usually determined on a first-in, first-out basis. Occasionally, when specific identification results in lower applicable income taxes, identified cost is used.

(e) *Goodwill and negative goodwill of acquired businesses*

The difference between purchase cost and the fair value of the net assets of acquired businesses is amortized on a straight line basis over forty years. The net unamortized balance is carried in other assets.

(f) *Insurance premium acquisition costs*

For financial reporting purposes, certain costs of acquiring insurance premiums are deferred, subject to ultimate recoverability, and charged to income as the premiums are earned. With respect to premiums received under major quota-share reinsurance contracts, the computation of ultimate recoverability of the directly related acquisition cost takes into account investment income anticipated to be earned on funds held subject to the contracts. Otherwise, ultimate recoverability of premium acquisition costs is determined without regard to investment income.

(g) *Deferred charges re reinsurance assumed*

The excess of estimated liabilities for claims and claim costs ultimately payable by the Insurance Group over consideration received with respect to retroactive property/casualty reinsurance contracts that provide for indemnification of insurance risk, other than structured settlements, is established as a deferred charge at inception of such contracts. The deferred charges are subsequently amortized using the interest method over the periods that the liabilities for the claims and claim costs are expected to be outstanding. At December 31, 1992 and 1991, deferred charges re reinsurance assumed in the amounts of $482,184,000 and $529,115,000 respectively are included in other assets.

(h) *Losses and loss adjustment expenses*

Liability for losses and loss adjustment expenses represents the aggregate of such obligations of members of the Insurance Group with respect to: (a) prospective property/casualty insurance and reinsurance contracts, (b) retroactive property/casualty reinsurance contracts that provide for indemnification of insurance risk, other than structured settlements, and (c) contracts providing for periodic payments with respect to settled claims ("structured settlements"). Except for structured settlement liabilities which are stated at discounted present values, the liability for losses and loss adjustment expenses is at the aggregate of estimated ultimate payment amounts less amounts recoverable on account of reinsurance.

Ultimate payment amounts with respect to prospective contracts are determined from (i) individual case estimates, (ii) estimates of incurred but not reported losses, based on past experience, and (iii) reports of losses from ceding insurers.

BERKSHIRE HATHAWAY INC.
and Subsidiaries

Notes to Consolidated Financial Statements *(Continued)*

(1) Significant accounting policies and practices *(Continued)*

(h) Losses and loss adjustment expenses (continued)

Ultimate payment amounts with respect to retroactive reinsurance contracts that provide for indemnification of insurance risk, other than structured settlements, are established for financial reporting purposes at maximum limits of indemnification under the contracts. This liability at December 31, 1992 was $1,232,162,000 and at December 31, 1991 was $1,296,875,000 of which, respectively $482,184,000 and $529,115,000 were established for financial reporting purposes as deferred charges re reinsurance assumed. See also 1(g) above. For statutory reporting purposes, liabilities under these contracts are established, not at worst-case maximum loss limits, but at best estimates of claims and claim costs ultimately payable thereunder. These "best estimates" yielded respectively as of December 31, 1992 and December 31, 1991 liabilities of $939,568,000 and $911,829,000. Underwriting losses reported with respect to these contracts in the accompanying financial statements were $44 million for 1992, $26 million for 1991 and zero for 1990, whereas for statutory reporting purposes the corresponding figures were $89 million, $184 million and $68 million.

Liabilities under structured settlement contracts are established on a contract-by-contract basis when the contracts are entered into, at the then present value of the actuarially determined ultimate payment amount discounted at the market interest rate. Thereafter, annual accretions to the liabilities are charged to losses incurred. The aggregate of these liabilities for financial reporting purposes at December 31, 1992 was $265,887,000. For statutory reporting purposes, where the liabilities are determined using discount rates mandated by Insurance Regulatory authorities (5% for contracts incepting after 1986 and 7% with respect to contracts dated prior to 1987), the aggregate of structured settlement liabilities was $345,517,000.

(j) Insurance premiums

Insurance premiums for prospective insurance and non-property catastrophe reinsurance policies are recognized as revenues ratably over their terms with unearned premiums computed on a monthly or daily pro rata basis. Premiums for catastrophe excess of loss reinsurance contracts are deferred until the earlier of a loss occurrence or policy expiration. Consideration received for indemnification of risk under retroactive reinsurance contracts, including structured settlements, is accounted for as premiums earned at the inception of the contracts. Both earned and unearned premiums are stated net of amounts ceded to reinsurers.

(k) Income taxes

Certain items of income and deductions are recognized in the financial statements in time periods that differ from those in which they are recognized in the Company's consolidated Federal income tax returns, giving rise to recognition in the financial statements to deferred and prepaid income taxes.

The liability for income taxes in the Consolidated Balance Sheets includes deferred taxes deemed applicable to unrealized appreciation included in carrying value of marketable equity securities. Such taxes were accrued at a rate of 34% relative to increases in unrealized appreciation that arose subsequent to 1986 and at the rate of 28% relative to appreciation that arose in years prior to 1987.

(m) Impact of new accounting rules effective in 1993

In December, 1990, the Financial Accounting Standards Board ("FASB") issued Statement No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions". This statement alters generally accepted accounting principles with respect to employers' costs of providing retiree healthcare and other postretirement benefits other than pensions. The provisions of this statement will not have a material effect on Berkshire's financial position.

In February, 1992 the FASB issued Statement No. 109 "Accounting for Income Taxes". The statement requires the "liability method" of accounting for income taxes. The Company has not yet implemented the statement's provisions. See Note 4.

In December, 1992 the FASB issued Statement No. 113 "Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts". This statement establishes conditions for a contract with a reinsurer to be accounted for as reinsurance and prescribes new accounting and reporting standards for those contracts. The Company believes that the provisions of this statement will not have a material effect on its financial position.

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BERKSHIRE HATHAWAY INC.
and Subsidiaries

Notes to Consolidated Financial Statements *(Continued)*

(2) Investments in obligations with fixed maturities

The amortized cost and estimated market values as of December 31, 1992 and 1991 of investments in obligations with fixed maturities are as follows:

December 31, 1992

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Bonds:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 39,084,000	$ 887,000	$ (30,000)	$ 39,941,000
Obligations of states, municipalities and political subdivisions	453,277,000	56,432,000	(350,000)	509,359,000
Corporate bonds	133,566,000	30,317,000	—	163,883,000
Redeemable preferred stocks	1,368,648,000	65,357,000	(89,701,000)	1,344,304,000
Mortgage-backed securities	108,039,000	2,820,000	(80,000)	110,779,000
	$2,102,614,000	$155,813,000	$(90,161,000)	$2,168,266,000

December 31, 1991

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Market Value
Bonds:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 2,429,000	$ 66,000	$ —	$ 2,495,000
Obligations of states, municipalities and political subdivisions	531,418,000	90,664,000	(412,000)	621,670,000
Corporate bonds	316,070,000	88,301,000	—	404,371,000
Redeemable preferred stocks	1,358,527,000	14,273,000	(125,300,000)	1,247,500,000
Mortgage-backed securities	129,510,000	2,669,000	—	132,179,000
	$2,337,954,000	$195,973,000	$(125,712,000)	$2,408,215,000

Shown below are the amortized cost and estimated market values of the above obligations at December 31, 1992, by contractual maturity dates. Actual maturities will differ from contractual maturities because issuers of certain of the obligations retain early call or prepayment rights.

	Amortized Cost	Estimated Market Value
Due in one year or less	$ 26,235,000	$ 26,597,000
Due after one year through five years	850,048,000	952,188,000
Due after five years through ten years	1,064,718,000	1,019,892,000
Due after ten years	53,574,000	58,810,000
	1,994,575,000	2,057,487,000
Mortgage-backed securities	108,039,000	110,779,000
	$2,102,614,000	$2,168,266,000

Gross gains and gross losses realized on sales and redemptions of obligations with fixed maturities were as follows:

	1992	1991	1990
Gross realized gains	$80,076,000	$139,700,000	$3,098,000
Gross realized losses	(563,000)	—	(1,468,000)

BERKSHIRE HATHAWAY INC.
and Subsidiaries

Notes to Consolidated Financial Statements *(Continued)*

(3) Investments in marketable equity securities

Aggregate data with respect to the consolidated investment in marketable equity securities are shown below. See Note 1(c) as to methods applied to determine carrying value of these securities.

December 31, 1992

	Cost	Unrealized Gain	Market	Carrying Value
Common stock of:				
Capital Cities/ABC, Inc. [a]	$ 517,500,000	$1,005,750,000	$ 1,523,250,000	$ 1,506,487,000
The Coca-Cola Company	1,023,919,000	2,887,206,000	3,911,125,000	3,903,918,000
GEICO Corporation [b]	45,713,000	2,180,537,000	2,226,250,000	2,226,250,000
The Gillette Company	600,000,000	765,000,000	1,365,000,000	1,365,000,000
All other marketable equity securities	1,893,163,000	1,040,409,000 [c]	2,933,572,000	2,650,999,000
	$4,080,295,000	$7,878,902,000	$11,959,197,000	$11,652,654,000

December 31, 1991

	Cost	Unrealized Gain	Market	Carrying Value
Common stock of:				
Capital Cities/ABC, Inc. [a]	$ 517,500,000	$ 783,000,000	$1,300,500,000	$1,287,450,000
The Coca-Cola Company	1,023,919,000	2,723,756,000	3,747,675,000	3,740,888,000
GEICO Corporation [b]	45,713,000	1,317,437,000	1,363,150,000	1,363,150,000
The Gillette Company	600,000,000	747,000,000	1,347,000,000	1,347,000,000
All other marketable equity securities	1,067,842,000	634,317,000 [d]	1,702,159,000	1,444,036,000
	$3,254,974,000	$6,205,510,000	$9,460,484,000	$9,182,524,000

(a) *Common shares of Capital Cities/ABC, Inc. ("Capital Cities") owned by Berkshire subsidiaries possessed approximately 18% of the voting rights of all Capital Cities shares outstanding at December 31, 1992. The shares are held subject to an Agreement, the terms of which grant to Capital Cities a right of first refusal to purchase the shares and otherwise govern until January 3, 1997 the manner by which the shares may be sold or transferred. Also, Berkshire and its subsidiaries have delivered to Capital Cities irrevocable proxies with respect to these shares in favor of Thomas S. Murphy or Daniel B. Burke, so long as either shall be the chief executive officer of Capital Cities, to vote the shares at any and all meetings of shareholders of Capital Cities. The proxies expire on January 2, 1997 or at the earlier date when neither of such persons is chief executive officer of Capital Cities.*

(b) *Subsidiaries of Berkshire owned shares of common stock of GEICO Corporation that possessed approximately 48% of the voting rights of all GEICO shares outstanding at December 31, 1992. Berkshire maintains an independent proxy arrangement for voting of the shares as required by Order of GEICO's domiciliary insurance supervisory authority. The Order, dating from Berkshire subsidiaries' major purchase of the shares in 1976, prohibits Berkshire from seeking or causing to change the independent proxy. Also, under the Order, no officer or director of Berkshire or of any affiliate or subsidiary of Berkshire is permitted to serve as a director of GEICO. Because the Order divests Berkshire of its voting rights with respect to the shares, Berkshire does not use the equity method of accounting for its investment in GEICO.*

(c) *Represents gross unrealized gains $1,101,038,000, less gross unrealized losses $60,629,000.*

(d) *Represents gross unrealized gains $673,177,000, less gross unrealized losses $38,860,000.*

BERKSHIRE HATHAWAY INC.
and Subsidiaries

Notes to Consolidated Financial Statements *(Continued)*

(4) Income taxes

The liability for income taxes as reflected in the accompanying Consolidated Balance Sheets represent estimates of liabilities as follows:

	Dec. 31, 1992	*Dec. 31, 1991*
Payable currently	$ 92,534,000	$ 18,499,000
Deferred, relating to unrealized appreciation of marketable equity securities	2,503,547,000	1,944,311,000
Net prepaid arising from timing differences	(78,895,000)	(33,736,000)
	$2,517,186,000	$1,929,074,000

The Consolidated Statements of Earnings reflect charges for income taxes as shown below:

	1992	*1991*	*1990*
Federal	$110,276,000	$120,121,000	$ 94,713,000
State	24,430,000	20,281,000	16,779,000
Foreign	3,383,000	1,656,000	555,000
	$138,089,000	$142,058,000	$112,047,000
Current provision	$183,248,000	$152,563,000	$126,626,000
Increase in prepaid taxes	(45,159,000)	(10,505,000)	(14,579,000)
	$138,089,000	$142,058,000	$112,047,000

The increase in prepaid taxes represents the tax effects of timing differences as follows:

Applicable to:	*1992*	*1991*	*1990*
Deferred insurance premium acquisition costs	$ 7,371,000	$ 3,392,000	$ (549,000)
Losses and loss adjustment expenses, net	(61,522,000)	(4,940,000)	(5,719,000)
Unearned premiums	(1,309,000)	(5,414,000)	(3,679,000)
Other, net	10,301,000	(3,543,000)	(4,632,000)
	$(45,159,000)	$(10,505,000)	$(14,579,000)

Charges for income taxes are reconciled, in the table which follows, to hypothetical amounts computed at the Federal statutory rate:

	1992	*1991*	*1990*
Net earnings before income taxes	$550,617,000	$592,986,000	$516,466,000
Hypothetical amounts applicable to above computed at the Federal statutory rate	$187,210,000	$201,615,000	$175,598,000
Decreases, resulting from:			
Tax-exempt interest income	(14,727,000)	(18,637,000)	(19,744,000)
Dividends received deduction	(62,085,000)	(54,923,000)	(53,901,000)
State income taxes, less Federal income tax benefit	16,128,000	13,385,000	11,073,000
Net other differences	11,563,000	618,000	(979,000)
Total income taxes	$138,089,000	$142,058,000	$112,047,000

In 1993, the Company will adopt the provisions of FASB Statement No. 109 "Accounting for Income Taxes". Statement No. 109 requires a change from the "deferred method" with an earnings statement focus to the "liability method" with a balance sheet focus. Under the liability method of Statement No. 109, deferred income taxes are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. Under Statement No. 109, the effect on deferred taxes of a change in tax rates is recognized in income in the period that includes the enactment date.

The provisions of Statement No. 109 may be applied without restating prior years' financial statements or may be applied retroactively by restating any number of consecutive prior years' financial statements. The Company plans to apply the provisions of Statement No. 109 without restating prior years' financial statements. It is estimated that adoption of Statement No. 109 will result in an increase of the net deferred tax liability by approximately $70 million and that this amount will be charged to first quarter 1993 earnings and reported as the cumulative effect of a change in the method of accounting.

BERKSHIRE HATHAWAY INC.
and Subsidiaries

Notes to Consolidated Financial Statements *(Continued)*

(5) Term debt and other borrowings

Liabilities reflected for this balance sheet caption are as follows:

	Dec. 31, 1992	Dec. 31, 1991
Term debt	$ 650,465,000	$ 861,153,000
Borrowings under investment agreements	649,345,000	393,915,000
	$1,299,810,000	$1,255,068,000

Payments of amounts outstanding at December 31, 1992 are expected to be required no earlier than as follows:

	Term debt	Borrowings under investment agreements	Total
1993	$459,856,000	$ 91,352,000	$551,208,000
1994	17,985,000	15,408,000	33,393,000
1995	822,000	23,620,000	24,442,000
1996	120,107,000	16,672,000	136,779,000
1997	797,000	19,244,000	20,041,000
After 1997	50,898,000	483,049,000	533,947,000

Borrowings under investment agreements

These borrowings, made pursuant to contracts with terms ranging from three months to forty years and calling for interest payable, normally semiannually, at fixed rates ranging from 2 1/2% to 9% per annum, are senior unsecured debt obligations of the Company.

Term debt

	Dec. 31, 1992	Dec. 31, 1991
Company		
Zero Coupon Convertible Subordinated Notes	$ 451,945,000	$ 452,182,000
10% Debentures, issued in 1988. The issue was redeemed at the company's option in 1992.	—	100,000,000
9 3/4% Debentures, of which $100,000,000 was issued in 1988. $22,000,000 of the issue was repurchased in 1991 and in 1992, an additional $68,000,000 was optionally redeemed.	10,000,000	78,000,000
Other notes	778,000	5,554,000
	462,723,000	635,736,000
Subsidiaries		
8.125% Notes, payable in 1996	120,000,000	120,000,000
10% Notes, redeemed in 1992	—	18,500,000
9 1/2% Notes, redeemed in 1992	—	17,500,000
8 7/8% Notes, payable in 1999	30,000,000	30,000,000
Federal Home Loan Bank advance, due August 1994, bearing interest at 8.73%	16,900,000	16,900,000
Other notes maturing through 2014	20,842,000	22,517,000
Total term debt	$ 650,465,000	$ 861,153,000

The Zero Coupon Convertible Subordinated Notes, originally issued on September 28, 1989, were redeemed on January 4, 1993 at 52.9126% of their face value. Each $10,000 face amount note was convertible at any time prior to redemption into 0.4515 shares of common stock. Prior to the redemption, certain note holders exercised their right to convert their notes into shares of Berkshire common stock. The Company issued 2,162 shares to holders electing to convert during 1992 and an additional 3,944 shares to holders electing conversion subsequent to December 31, 1992. On January 4, 1993 holders not electing to convert received $404,750,000 in redemption proceeds for all remaining outstanding notes.

No materially restrictive covenants are included in any of the various debt agreements.

BERKSHIRE HATHAWAY INC.
and Subsidiaries

Notes to Consolidated Financial Statements *(Continued)*

(6) Shareholders' equity accounts

Changes in Shareholders' Equity accounts during the most recent three years were as follows:

	Common Stock of $5 Par Value	*Capital in excess of par value*	*Net Unrealized Appreciation*	*Retained Earnings*
Balance December 31, 1989	$ 6,876,000	$ 157,377,000	$2,342,198,000	$2,460,968,000
Decrease during 1990 in unrealized appreciation included in carrying value of marketable equity securities			(45,636,000)	
Change during 1990 in deemed applicable income taxes			15,441,000	
Increase in minority shareholders' interest in unrealized appreciation			(1,570,000)	
Net earnings 1990				394,093,000
Balance December 31, 1990	6,876,000	157,377,000	2,310,433,000	2,855,061,000
Increase during 1991 in unrealized appreciation included in carrying value of marketable equity securities			2,526,248,000	
Change during 1991 in deemed applicable income taxes			(858,969,000)	
Increase in minority shareholders' interest in unrealized appreciation			(14,723,000)	
Net earnings 1991				439,908,000
Balance December 31, 1991	6,876,000	157,377,000	3,962,989,000	3,294,969,000
Increase during 1992 in unrealized appreciation included in carrying value of marketable equity securities			1,644,810,000	
Change during 1992 in deemed applicable income taxes			(559,235,000)	
Increase in minority shareholders' interest in unrealized appreciation			(1,345,000)	
Common stock (2,162 shares) issued upon conversion of Zero Coupon Convertible Subordinated Notes	11,000	24,887,000		
Net earnings 1992				407,285,000
Balance December 31, 1992	$ 6,887,000	$ 182,264,000	$5,047,219,000	$3,702,254,000

(7) Interest and dividend income

Interest and dividend income for each of the past three years were comprised of the following:

	1992	*1991*	*1990*
Interest earned with respect to:			
Investment securities	$136,529,000	$164,894,000	$132,694,000
Loans and financed receivables	56,464,000	56,398,000	53,985,000
Dividends with respect to:			
Fixed maturity preferred stocks	135,106,000	138,900,000	176,742,000
Marketable equity securities	167,310,000	121,601,000	86,874,000
	$495,409,000	$481,793,000	$450,295,000

BERKSHIRE HATHAWAY INC.
and Subsidiaries

Notes to Consolidated Financial Statements *(Continued)*

(8) Interest expense

Interest expense for 1992 and 1991 includes premiums paid and related costs to permit redemption prior to maturity date of certain term debt (See Note 5). Premiums paid and related costs for such redemptions were $22,525,000 for 1992 and $5,661,000 for 1991. Interest expense is comprised of interest on savings accounts of Mutual Savings and Loan Association "Mutual" plus interest on debt, including the aforementioned early redemption premiums and related costs, as follows:

	1992	*1991*	*1990*
Savings accounts of Mutual	$ 11,986,000	$ 18,311,000	$ 21,975,000
Debt of Mutual	1,475,000	1,475,000	1,475,000
Debt of Scott Fetzer Financial Group	12,392,000	12,811,000	12,868,000
Other debt and borrowings	98,643,000	89,250,000	76,374,000
	$124,496,000	$121,847,000	$112,692,000

(9) Dividend restrictions - Insurance subsidiaries

Payments of dividends by Insurance Group members are restricted by insurance statutes and regulations. Without prior regulatory approval in 1993, Berkshire can receive up to approximately $109 million as dividends from insurance subsidiaries.

Combined shareholders' equity of insurance subsidiaries determined pursuant to statutory accounting rules (Statutory Surplus as Regards Policyholders) was approximately $10.4 billion at December 31, 1992. This amount exceeded by approximately $1.9 billion the corresponding amount determined on the basis of generally accepted accounting principles; the difference is principally represented by deferred income taxes recognized for financial reporting purposes but not for statutory reporting purposes.

(10) Fair values of financial instruments

FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments," requires fair value disclosures as of December 31, 1992. Fair value disclosures are required for most investment securities as well as other contractual assets and liabilities. Certain financial instruments, including insurance contracts, were excluded from Statement No. 107 disclosure requirements due to perceived difficulties in measuring fair value. Accordingly, an estimation of fair value was not made with respect to the Company's liabilities for unpaid losses and loss expenses.

In determining fair value, the Company used quoted market prices when available. For instruments where quoted market prices were not available, the Company used independent pricing services or appraisals by the Company's management. 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 to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize 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, accounts receivable and accounts payable, accruals and other liabilities are deemed to be reasonable estimates of their fair values. The estimated fair values of the Company's other financial instruments as of December 31, 1992 are as follows:

	Carrying Value	Estimated Fair Value
Investments in obligations with fixed maturities	$ 2,102,614,000	$ 2,168,266,000
Investments in marketable equity securities	11,652,654,000	11,959,197,000
Loans receivable	286,479,000	306,652,000
Term debt and other borrowings	1,299,810,000	1,330,317,000

BERKSHIRE HATHAWAY INC.
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Notes to Consolidated Financial Statements *(Continued)*

(11) Supplemental cash flow information

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

	1992	*1991*	*1990*
Non-cash investing and financing activities:			
Liabilities assumed in connection with acquisition of businesses	$ 45,735,000	$ 11,390,000	$ —
Common shares issued upon conversions of Zero Coupon Convertible Subordinated Notes	24,898,000	—	—
Cash paid during the year for:			
Income taxes	121,027,000	183,097,000	113,860,000
Interest	95,730,000	93,951,000	79,857,000

(12) 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 thousands, except per share amounts.

	1ST QUARTER		2ND QUARTER		3RD QUARTER		4TH QUARTER	
	1992	1991	1992	1991	1992	1991	1992	1991
Revenues	$640,778	$694,419	$655,876	$673,781	$827,734	$662,006	$904,952	$1,075,790
Earnings excluding realized investment gain (loss)	$ 66,682	$ 85,668	$ 98,619	$ 71,609	$ 26,247	$ 75,182	$156,178	$ 83,294
- per share	58.17	74.72	86.02	62.46	22.90	65.58	136.20	72.65
Realized investment gain (loss)	$ 747	$ 59,336	$ (575)	$ 46,015	$ 12,086	$ 18,062	$ 47,301	$ 742
- per share	0.65	51.76	(0.50)	40.14	10.54	15.75	41.25	0.65
Net earnings	$ 67,429	$145,004	$ 98,044	$117,624	$ 38,333	$ 93,244	$203,479	$ 84,036
- per share	58.82	126.48	85.52	102.60	33.44	81.33	177.45	73.30

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 periodic net earnings.

BERKSHIRE HATHAWAY INC.
and Subsidiaries

Notes to Consolidated Financial Statements *(Continued)*

(13) Business Segment Data

Berkshire identified eight business segments for purposes of 1992 reporting pursuant to Financial Accounting Standards Board Statement No. 14. These include the property and casualty insurance and reinsurance business (The Insurance Segment) plus seven separately conducted non-insurance businesses as follows:

Business identity and headquarters	Product	Activity
See's Candies South San Francisco, CA	Candy	Manufacture and distribution at retail and by catalog solicitation
Buffalo News Buffalo, NY	Newspaper	Publication of a daily and Sunday newspaper.
Nebraska Furniture Mart Omaha, NE	Home furnishings	Retailing
World Book Chicago, IL	Encyclopedias and other reference materials	Publication and marketing, principally by the direct sales method.
Kirby, Douglas and Cleveland Wood Divisions of The Scott Fetzer Company Cleveland, OH	Home cleaning systems	Manufacture and sale principally to distributors
Fechheimer Bros. Co. Cincinnati, OH	Uniforms	Manufacture and distribution at wholesale and retail
H. H. Brown Shoe Co. Greenwich, CT	Shoes	Manufacture, importing and wholesale distribution.

The business segments identified above were responsible in 1992 for 78% of Berkshire's consolidated revenues. Other businesses activities that contributed for 1992, in the aggregate, 20% of Berkshire's consolidated revenues, were as follows:

Business identity	Product/Service/Activity
Adalet	Conduit fittings, explosion proof junction boxes, couplings and terminators
BHR	Real estate management
Blue Chip Stamps	Marketing motivational services
Borsheim's	Retailing fine jewelry
Campbell Hausfeld	Air compressors, air tools and painting systems
Carefree	Sun and shade control products and accessories for RVs
France	Appliance controls, ignition and sign transformers
Halex	Zinc and aluminum die cast electrical fittings
K&W Products	Automotive compounds
Meriam	Pressure and flow measurement devices
Mutual Savings	Savings & loan association
New America Electric	Electrical equipment
Northland	Fractional horsepower motors
Powerwinch	Boat winches, windlasses
Precision	Steel service center
Quikut	Cutlery
ScottCare	Cardiopulmonary rehabilitation and monitoring equipment
Scott Fetzer Financial Group	Consumer finance companies
Scot Labs	Cleaning and maintenance chemicals
Stahl	Custom steel service bodies and tool boxes for trucks
Wayne	Furnace burners; sump, utility and sewage pumps
Wesco Financial	Real estate management
Western Enterprises	Compressed gas fittings and regulators
Western Plastics	Molded plastic components

BERKSHIRE HATHAWAY INC.
and Subsidiaries

Notes to Consolidated Financial Statements *(Continued)*

(13) 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 thousands.

	Revenues			Operating profit before taxes		
	1992	*1991*	*1990*	*1992*	*1991*	*1990*
Identified Segments:						
Insurance	$1,078,419	$1,230,608	$ 943,277	$298,715	$323,006	$316,207
Non-insurance businesses	1,284,523	1,204,755	1,120,755	209,871	176,134	170,640
	2,362,942	2,435,363	2,064,032	508,586	499,140	486,847
Other than identified segments	666,398	670,633	595,440	140,674	183,096	105,993
Interest expense *				(98,643)	(89,250)	(76,374)
Aggregate consolidated total	$3,029,340	$3,105,996	$2,659,472	$550,617	$592,986	$516,466

* *Amounts of interest expense represent those for term debt and other borrowings exclusive of that of Scott Fetzer Financial Group and of Mutual Savings. See Note 8 to Consolidated Financial Statements.*

Insurance Segment	Revenues			Operating profit before taxes		
	1992	*1991*	*1990*	*1992*	*1991*	*1990*
Premiums earned:						
Primary or direct	$152,772	$ 141,014	$154,015			
Reinsurance assumed	511,521	635,399	437,525			
Underwriting (loss)				$(108,961)	$(119,593)	$(26,647)
Investment income	361,517	343,442	335,930	355,067	331,846	327,047
Realized investment gain	52,609	110,753	15,807	52,609	110,753	15,807
	$1,078,419	$1,230,608	$943,277	$298,715	$323,006	$316,207

Non-Insurance Business Segments	Revenues			Operating profit before taxes		
	1992	*1991*	*1990*	*1992*	*1991*	*1990*
Candy	$197,186	$ 195,978	$ 196,119	$ 41,382	$ 41,416	$ 38,605
Newspaper	139,764	130,259	135,211	47,291	36,527	43,382
Home furnishings	186,096	171,002	163,709	16,665	13,939	16,802
Encyclopedias, other reference material	246,107	311,509	342,870	28,228	22,232	31,645
Home cleaning systems	190,072	192,001	188,292	37,744	37,332	28,479
Uniforms	110,292	99,961	94,554	12,975	12,224	11,727
Shoes	215,006	104,045	—	25,586	12,464	—
	$1,284,523	$1,204,755	$1,120,755	$209,871	$176,134	$170,640

Other Than Identified Segments	Revenues			Operating profit before taxes		
	1992	*1991*	*1990*	*1992*	*1991*	*1990*
Other businesses	$567,719	$524,395	$535,941	$ 54,321	$ 49,355	$ 56,404
Not identified with specific businesses:						
Interest and dividend income	61,011	63,686	40,907	61,011	63,686	40,907
Realized investment gain	37,328	81,725	18,182	37,328	81,725	18,182
All other except interest expense	340	827	410	(11,986)	(11,670)	(9,500)
	$666,398	$670,633	$595,440	$140,674	$183,096	$105,993

Item 8. Financial Statements and Supplementary Data *(Continued)*

BERKSHIRE HATHAWAY INC.
and Subsidiaries

Notes to Consolidated Financial Statements *(Continued)*

(13) Business Segment Data *(Continued)*

	Capital expenditures *			Deprec. & amort. of tangible assets		
	1992	*1991*	*1990*	*1992*	*1991*	*1990*
Insurance	$ 1,071	$ 1,437	$ 601	$ 840	$ 992	$ 708
Candy	4,167	4,687	6,970	4,061	3,882	3,752
Newspaper	3,370	817	2,229	2,373	2,949	2,909
Home furnishings	8,528	2,552	1,397	2,210	1,613	1,792
Encyclopedias, other reference material	184	3,107	7,705	1,379	1,449	1,124
Home cleaning systems	769	1,104	3,859	4,942	5,092	5,285
Uniforms	2,660	1,482	1,330	1,833	1,411	1,736
Shoes	2,171	1,050	—	3,027	1,580	—
Other	8,881	13,648	9,832	14,692	14,094	13,236
	$31,801	$29,884	$33,923	$35,357	$33,062	$30,542

* *Expenditures which were part of business acquisitions are excluded.*

	Identifiable assets at year-end		
	1992	*1991*	*1990*
Insurance	$14,601,017	$12,406,654	$ 8,884,393
Candy	65,880	68,300	69,833
Newspaper	43,751	44,061	48,286
Home furnishings	88,331	76,396	75,714
Encyclopedias, other reference material	83,778	94,927	107,913
Home cleaning systems	50,692	51,929	66,388
Uniforms	85,392	74,190	71,572
Shoes	208,218	157,902	—
Other	1,717,719	1,487,543	1,346,324
	$16,944,778	$14,461,902	$10,670,423

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 26, 1993, which meeting will involve the election of directors.

Part IV

Item 14. Exhibits, Financial Statement Schedules, 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:

(a) 2. Financial Statement Schedules

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

(a) 3. Exhibits 41

See the "Exhibit Index" at page 40.

(b) Reports on Form 8-K

None

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, 1993

Marc D. Hamburg
Vice President and Treasurer

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.

Warren E. Buffett	Chairman of the Board of Directors - Chief Executive Officer	March 29, 1993 Date
Charles T. Munger	Vice Chairman of the Board of Directors	March 29, 1993 Date
Walter Scott, Jr.	Director	March 29, 1993 Date
Marc D. Hamburg	Vice President - Principal Financial Officer	March 29, 1993 Date
Daniel J. Jaksich	Controller	March 29, 1993 Date

INDEPENDENT AUDITORS' REPORT ON SCHEDULES

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, 1992 and 1991, and for each of the three years in the period ended December 31, 1992, and have issued our report thereon dated March 8, 1993; such consolidated financial statements and report is included elsewhere in this Form 10-K. Our audits also included the consolidated financial statement schedules of Berkshire Hathaway Inc. and subsidiaries, listed in Item 14. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, such consolidated financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Deloitte & Touche

DELOITTE & TOUCHE

Omaha, Nebraska
March 8, 1993

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Berkshire Hathaway Inc. and Subsidiaries
Summary of Investments
December 31, 1992

Schedule I

	Number of shares or par value of bonds	000's Omitted Cost or Adjusted Cost	Market Value	Balance Sheet Carrying Value
Obligations with Fixed Maturities:				
Bonds:				
U.S. Government and U.S. Government agencies	184,706	$ 147,123	$ 150,720	$ 147,123
States, municipalities and political subdivisions	478,572	453,277	509,359	453,277
Corporate				
Various issuers	165,091	133,566	163,883	133,566
Redeemable preferred stocks -				
Salomon Inc*	700	700,000	756,000**	700,000
USAir Group, Inc*	358	358,000	268,500**	358,000
Various issuers	***	310,648	319,804	310,648
Total Obligations with Fixed Maturities		$2,102,614	$2,168,266	$2,102,614
Marketable Equity Securities:				
Common Stocks:				
Banks and insurance companies:				
GEICO Corporation*	34,250	$ 45,713	$ 2,226,250	$ 2,226,250
Wells Fargo & Company*	6,358	380,983	485,624	480,163
Others	***	27,812	75,477	75,477
Industrial and miscellaneous				
Capital Cities/ABC, Inc.*	3,000	517,500	1,523,250	1,506,487
The Coca-Cola Company*	93,400	1,023,919	3,911,125	3,903,918
Federal Home Loan Mortgage Assn.*	16,197	414,257	783,515	506,943
General Dynamics Corporation*	4,350	312,438	450,769	450,769
The Gillette Company*	24,000	600,000	1,365,000	1,365,000
The Washington Post Company*	1,728	9,731	396,954	396,954
Others	***	372,727	312,097	312,097
Nonredeemable preferred stocks -				
Various issuers	***	375,215	429,136	428,596
Total Marketable Equity Securities		$4,080,295	$11,959,197	$11,652,654

* These issues are stated separately in accordance with note 2(ii)(1) to Rule 12-02 of Regulation S-X.

** There is no regular trading market for these securities. The market value for these is based upon fair value as determined by the valuation committee of Registrant's Board of Directors.

*** Not meaningful

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

Schedule III

This Schedule includes the accounts of the Buffalo News Division, an autonomous division of Registrant. It's business is the publishing of a daily and Sunday newspaper in Buffalo, New York.

Balance Sheets

	December 31, 1992	December 31, 1991
Assets:		
Cash and cash equivalents	$ 595,255	$ 203,774
Investments in consolidated subsidiaries	9,310,343	7,948,615
Investments - other than consolidated subsidiaries	127,087	211,198
Other assets (includes identifiable assets of the Buffalo News Division of $43,751 and $44,061 at December 31, 1992 and 1991 respectively)	54,938	79,088
	$10,087,623	$8,442,675
Liabilities and Shareholders' Equity:		
Accounts payable and accrued expenses	$ 26,286	$ 29,200
Term debt and other borrowings	1,103,205	1,029,652
Income taxes	61,801	3,905
	1,191,292	1,062,757
Shareholders' equity	8,896,331	7,379,918
	$10,087,623	$8,442,675

Statements of Earnings

	1992	1991	1990
Income items:			
From consolidated subsidiaries:			
Interest	$ 499	$ 163	$ 1,696
Dividends	313,398	168,109	109,300
Undistributed earnings	79,926	231,300	274,326
	393,823	399,572	385,322
Interest and dividends - other investments	48,907	50,877	32,884
Realized investment gains	37,328	67,816	15,453
Revenues of Buffalo News Division	139,764	130,259	135,238
Other income	254	544	82
	620,076	649,068	568,979
Cost and expense items:			
Costs and expenses of Buffalo News Division	92,473	93,732	91,829
General and administrative	5,784	6,783	4,940
Interest and finance charges	90,613	81,310	67,779
Income tax expense	23,921	27,335	10,338
	212,791	209,160	174,886
Net earnings	$407,285	$439,908	$394,093

See Note to Condensed Financial Information on following page.

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

Schedule III (continued)

See headnote on preceding page.

Statements of Cash Flows

	1992	1991	1990
Cash flows from operating activities:			
Net income	$407,285	$439,908	$394,093
Adjustments to reconcile net income to cash flows from operating activities:			
Undistributed current earnings of subsidiaries	(79,926)	(231,300)	(274,326)
Realized investment gain	(37,328)	(67,816)	(15,453)
Increase (decrease) in income taxes payable	57,896	(28,772)	13,233
Other	45,856	3,016	(2,092)
Net cash flows from operating activities	393,783	115,036	115,455
Cash flows from investing activities:			
Investments in and advances to consolidated subsidiaries	(197,212)	(128,496)	(189,759)
Purchases of investments	(39,146)	(139,865)	(406,972)
Proceeds on sales of investments	160,264	330,024	203,407
Net cash flows from investing activities	(76,094)	61,663	(393,324)
Cash flows from financing activities:			
Proceeds from borrowings	952,901	434,688	760,160
Repayment of borrowings	(879,109)	(439,495)	(546,406)
Net cash flows from financing activities	73,792	(4,807)	213,754
Increase (decrease) in cash and cash equivalents	391,481	171,892	(64,115)
Cash and cash equivalents at beginning of year	203,774	31,882	95,997
Cash and cash equivalents at end of year	$595,255	$203,774	$ 31,882
Other cash flow information:			
Income taxes paid	105,592	$168,438	$101,034
Interest paid	63,659	55,573	36,319

Note to Condensed Financial Information

Giving effect to i[illegible] optional redemptions of term debt in 1993, principal repayments of the Registrant's term debt and other borrowings outstanding at December 31, 1992 are expected to be required no earlier than as follows:

1993	$544,075
1994	15,408
1995	16,625
1996	16,672
1997	19,244
After 1997	491,181

For additional information regarding Registrant's outstanding term debt and other borrowings, see Note 5 to the Consolidated Financial Statements on page 26.

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Berkshire Hathaway Inc. and Subsidiaries
Supplementary Income Statement Information
(Dollars in thousands)

Schedule X

Certain items of expense that exceeded 1% of revenues in the Consolidated Statement of Earnings were as follows:

	1992	1991	1990
Advertising	*	$31,686	*

* Item did not exceed 1% of revenues

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Location in sequential Pages

EXHIBIT INDEX

Exhibit No.

3 Articles of Incorporation 42-45

3.1 By-Laws
Incorporated by reference to Exhibit 3.1 to the Registrant's 1991 Annual Report on Form 10-K

4 Form of Indenture dated as of September 15, 1989 between Berkshire Hathaway Inc. and The First National Bank of Chicago, as Trustee, with respect to the Zero Coupon Convertible Subordinated Debentures Due 2004
Incorporated by reference to Exhibit 4 to Registration Statement No. 33-31109 filed on Form S-3

4.1 Form of Indenture dated as of December 1, 1987 between Berkshire Hathaway Inc. and The First National Bank of Boston, as 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

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, 1992. The Registrant hereby agrees to furnish to the Commission upon request a copy of any such debt instrument to which it is a party.

10.1 Agreement with Capital Cities Communications, Inc. dated January 2, 1986
Incorporated by reference to Exhibit 10.1 to the Registrant's 1990 Annual Report on Form 10-K

10.2 Written Description of Agreement with Michael A. Goldberg re Annual Bonus Compensation dated March 25, 1991
Incorporated by reference to Exhibit 10.2 to the Registrant's 1990 Annual Report on Form 10-K

10.3 Letter Agreements between Berkshire Hathaway Inc. and Salomon Inc dated September 27, 1987 and September 28, 1987 relating to the purchase by Registrant of an Issue of Series A Cumulative Convertible Preferred Stock of Salomon Inc and Certificate of Designation of said Preferred Stock 46-69

10.4 Letter Agreement dated September 1, 1986 between Berkshire Hathaway Inc. and Trustee under indenture covering debt securities issued by Scott Fetzer Financial Group, Inc., formerly World Book Finance, Inc.
Incorporated by reference to Exhibit 10.4 to the Registrant's 1991 Annual Report on Form 10-K

10.5 Investment Agreement dated July 1, 1986, between Berkshire Hathaway Inc. and Scott Fetzer Financial Group, Inc., formerly World Book Finance, Inc. and Amendment thereto dated August 31, 1986
Incorporated by reference to Exhibit 10.5 to the Registrant's 1991 Annual Report on Form 10-K

12 Statement of computation of ratio of earnings to fixed charges. 70

22 Subsidiaries of the Registrant 71

DISCLOSURE

Information Services, Inc.

5161 River Road
Bethesda, MD 20816
(301) 951-1300

EXHIBITS FOLLOW

COMPOSITE AND CONFORMED COPY

(FOR AMENDMENTS THROUGH JUNE 8, 1987)

CERTIFICATE OF INCORPORATION
OF
BERKSHIRE HATHAWAY INC.

FIRST: The name of the Corporation is Berkshire Hathaway Inc.

SECOND: The registered office of the Corporation in the State of Delaware is located at No. 100 West 10th Street in the City of Wilmington, County of New Castle. The name and address of its registered agent is The Corporation Trust Company, No. 100 West 10th Street, Wilmington, Delaware.

THIRD: The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of all classes of stock which the Corporation shall have authorized is one million five hundred thousand (1,500,000) shares of Common Stock, each of which shall have a par value of Five Dollars ($5.00).

The shares of Common Stock may be issued by the Corporation from time to time for such consideration, having a value not less than par value, as may be fixed from time to time by the Board of Directors of the Corporation. Any and all shares so issued for which the consideration so fixed has been paid or delivered to the Corporation shall be deemed fully paid stock and shall not be liable to any further call or assessment thereon, and the holders of said shares shall not be liable for any further payments in respect of such shares.

Each holder of Common Stock shall be entitled to one vote for each share of Common Stock standing in his name on the books of the Corporation.

FIFTH: The names and the mailing addresses of the incorporators are:

S.E. Widdoes
100 West Tenth Street
Wilmington, Delaware 19801

W.J. Reif
100 West Tenth Street
Wilmington, Delaware 19801

J.L. Rivera
100 West Tenth Street
Wilmington, Delaware 19801

SIXTH: The following additional provisions are in furtherance and not limitation of any power, privilege or purpose conferred or permitted by law, this certificate or the by-laws:

1. Except as may be otherwise expressly required by law, to the provisions of this Certificate or the by-laws, the Board of Directors of the Corporation shall have and may exercise, transact, manage, promote and carry on all of the powers, authorities, businesses, objectives and purposes of the Corporation.

2. The election of directors need not be by ballot unless the by-laws so require.

3. The Board of Directors of the Corporation is authorized and empowered to make, alter, amend and repeal the By-laws of the Corporation in any manner not inconsistent with the laws of the State of Delaware.

4. The Board of Directors may fix from time to time the compensation of its members.

5. The corporation may indemnify or insure, or both indemnify and insure, any person who is or was a director, officer, employee or agent of the Corporation or, at its request, of another corporation, partnership, joint venture, trust or other enterprise, to the full extent provided or permitted by its by-laws, as from time to time amended, and to the full extent to which those indemnified may now or hereafter be entitled under any law, agreement, vote of stockholders or disinterested directors or otherwise.

SEVENTH: No contract or other transaction between the Corporation and any other corporation, and no act of the Corporation shall in any way be affected or invalidated by the fact that any of the directors of the Corporation are pecuniarily or otherwise interested in, or are directors or officers of such other corporation. Any director individually, or any firm of which such director may be a member, may be a party to, or may be pecuniarily or otherwise interested in any contract or transaction of the Corporation, provided that the fact that he or such firm is so interested shall be disclosed or shall have been known to the Board of Directors, or a majority thereof; any director of the corporation, who is also a director or officer of such other corporation, or is so interested, may be counted in determining the existence of a quorum at any meeting of the Board of Directors of the Corporation which shall authorize such contract or transaction, and may vote thereat to authorize any such contract or transaction, with like force and effect, as if he were not such director or officer of such other corporation or not so interested.

EIGHTH: Any action which would otherwise be required or permitted to be taken by the vote of stockholders at a meeting thereof may instead be taken by the written consent of stockholders who would be entitled to vote upon such action if such a meeting were held having not less than the percentage of the total number of votes which would have been required to take such action at such a meeting.

NINTH: So long as there shall remain outstanding, any of the 8% Debentures due November 1, 1985 (the "Debentures") of Diversified Retailing Company, Inc. ("Diversified") issued pursuant to an Indenture (said Indenture as from time to time amended, modified and supplemented being hereinafter referred to as the "Indenture") between Diversified and Mercantile-Safe Deposit and Trust Company, as Trustee (the "Trustee") (such Debentures having been assumed by the Corporation pursuant to an Agreement and Articles of Merger with Diversified and an indenture between the Corporation and the Trustee supplementing the Indenture) and either or both of the following conditions shall occur and continue in effect:

1. The Trustee shall declare the existence of an "Event of Default" as defined in the Indenture; or

2. The Corporation's "Adjusted Consolidated Net Worth" as defined in the Indenture shall be less than Eight Million Dollars ($8,000,000), and shall continue to be less than Eight Million Dollars ($8,000,000) for a period of thirty (30) days;

then the holders of the Debentures, to the exclusion of all holders of the Corporation's stock, shall be entitled to vote (i) to elect all directors, and (ii) to approve the sale, lease or other disposition of all or substantially all of the assets of the Corporation and the payment of proceeds thereof to the Corporation's creditors and the holders of the Debentures to the extent necessary to discharge the corporation's obligations as debtor to such creditors and holders. In exercising voting rights of the Debentures the registered holders shall have one vote per $1,000 of principal amount of the Debentures. The holders of the Corporation's stock shall retain all voting rights not specifically herein transferred to holders of the Debentures by this Article Ninth, except that no amendment of this Certificate of Incorporation may be adopted which impairs the voting rights herein granted to holders of the Debentures unless such Amendment is approved by vote of the registered holders of two-thirds of the principal amount of the Debentures then outstanding.

No exercise of the voting rights granted to the holders of the Debentures pursuant to this Article Ninth, and no legal question regarding the validity of the incumbency of the directors elected by the stockholders of the Corporation, shall impair the obligation of the Corporation or the security given by the Corporation to any bank or other party which extends credit to the corporation for value in reliance upon the action of such directors.

TENTH: No director of this Corporation shall have personal liability to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director. The foregoing provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the General Corporation Law of the State of Delaware or (iv) for any transaction from which the director derived an improper personal benefit. In the event that the General Corporation Law of the State of Delaware is amended after approval of this Article by the stockholders so as to authorize corporate action further eliminating or limiting the liability of directors, the liability of a director of this Corporation shall thereupon be eliminated or limited to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended from time to time. The provisions of this Article shall not be deemed to limit or preclude indemnification of a director by the Corporation for any liability of a director which has not been eliminated by the provisions of this Article.

BERKSHIRE HATHAWAY INC.
1440 Kiewit Plaza
Omaha, Nebraska 68131

September 27, 1987

Salomon Inc
1221 Avenue of the Americas
New York, New York 10020

Gentlemen:

We propose the following contract between Salomon Inc (the "Company") and Berkshire Hathaway Inc. ("Purchaser"), for the purchase of shares of Series A Cumulative Convertible Preferred Stock, without par value, of the Company by Purchaser. The closing shall take place on October 30, 1987. The terms of the contract are as follows:

(1) At the closing, Purchaser (and/or Purchaser affiliates designated by Purchaser) will buy from the Company 700,000 shares of the Company's Series A Cumulative Convertible Preferred Stock, at a cash price of $1,000 per share (making the total price $700,000,000). The Series A Preferred Stock shall have the terms set forth in the Certificate of Designation attached hereto as Exhibit A. Purchaser's obligation to purchase the Series A Preferred Stock shall be subject to its having received a favorable opinion from Wachtell, Lipton, Rosen & Katz as to the valid issuance of the Series A Preferred Stock. Effective as of the date hereof, but conditioned on the purchase taking place, Purchaser and the Company agree as follows:

(a) Purchaser is acquiring the Series A Preferred Stock for investment and not with a view to distribution;

(b) Purchaser agrees:

(i) that Purchaser (which, for purposes of this Section (1)(b) is defined to include any company or entity controlling or controlled by or under common control with Purchaser) will not, within seven years after closing of the share purchase transaction described above, acquire shares of Company common stock or other Company securities having general voting power in the election of directors giving Purchaser directly or indirectly an aggregate of over 20% of the Company voting stock outstanding, unless the

Board of Directors of the Company has approved Purchaser's acquisition of shares taking Purchaser beyond the agreed 20% ownership level;

(ii) that so long as John H. Gutfreund or another person acceptable to Purchaser is chief executive officer of the Company, Purchaser will vote all Company securities owned by it in accordance with the recommendation of the Company's Board of Directors and will not be a member of a 13(d) group (other than a 13(d) group composed solely of itself and its affiliates) or a participant in a proxy solicitation with respect to any securities of the Company;

(iii) that Purchaser will not sell any of the Company securities owned by Purchaser without first giving the Company or its designees a reasonable opportunity to purchase such securities at the same price and on the same terms and conditions proposed with respect to an anticipated sale by Purchaser to a third party, provided that the Company may meet a third party offer that is not all cash by cash payment equal to the fair value of the third party offer, it being understood that a sale from or to Berkshire Hathaway Inc. or its controlled companies by or to any company or entity controlling or controlled by or under common control with Berkshire Hathaway Inc. shall be excluded from this clause (iii); and

(iv) that, if the Company does not exercise its right of first refusal and buy Company securities which Purchaser proposes to sell, Purchaser will not knowingly sell to any one entity or group acting in concert Company securities giving such entity or group securities which amount in the aggregate to over 5% of the Company voting stock outstanding at the time of the sale.

(c) The directors of the Company will take all steps necessary and use their best efforts to secure the election by the Company shareholders of Warren E. Buffett and Charles T. Munger or such other individuals, reasonably acceptable to the Company, whom Purchaser shall nominate in their place, to the Board of Directors of the Company and, pending such election by the shareholders, will exercise any authority they may have under applicable law to appoint Warren E. Buffett and Charles T. Munger or such other individuals to the said Board. The Company's directors shall not be required to take the actions required by this Section 1(c) until after the closing and until satisfaction of the requirements of the Hart-Scott-Rodino Act, and their obligations under this Section 1(c) shall cease if Purchaser ceases to own at least 5% of the Company's outstanding voting securities.

(2) The parties will expeditiously seek to satisfy the requirements of the Hart-Scott-Rodino Act, so as to permit the Series A Preferred Stock to be purchased and sold hereunder to have voting rights.

(3) At the Company's expense, the Company will register and take such other action as Purchaser may reasonably request to facilitate any public distributions of Company securities (including creating depositary receipts in customary form).

(4) The Company will call a special meeting of its Board of Directors to consider this contract, and management will recommend its approval. If this contract is not approved by the Company's Board of Directors on or prior to October 6, 1987, it shall be null and void, and neither party shall have any further obligation to the other.

If the foregoing is acceptable to you, please confirm by signing one or more copies of this letter in the space provided below, which will render it a contract between us.

Very truly yours,

BERKSHIRE HATHAWAY INC.

By /s/ Charles T. Munger
Vice Chairman

SALOMON INC

By /s/ John H. Gutfreund
Chairman

BERKSHIRE HATHAWAY INC.
1440 Kiewit Plaza
Omaha, Nebraska 68131

September 28, 1987

Salomon Inc
1221 Avenue of the Americas
New York, New York 10020

Gentlemen:

This will confirm our agreement that Section (1)(b)(ii) of our contract dated September 27, 1987 is amended to read in its entirety as follows:

> (ii) that Purchaser for a period of seven years after closing of the share purchase transaction described above will not be a member of a 13(d) group (other than a 13(d) group composed solely of itself and its affiliates) or a participant in a proxy solicitation with respect to any securities of the Company;

If the foregoing correctly sets forth our understanding, please confirm by signing one or more copies of this letter.

Very truly yours,

BERKSHIRE HATHAWAY INC.

By /s/ Warren E. Buffett
Chairman

SALOMON INC

By /s/ John H. Gutfreund
Chairman

CERTIFICATE OF DESIGNATION
OF
SERIES A CUMULATIVE CONVERTIBLE PREFERRED STOCK
OF
SALOMON INC

Pursuant to Section 151 of the General Corporation Law of the State of Delaware

Salomon Inc, a Delaware corporation (the "Corporation"), certifies that pursuant to the authority contained in its Certificate of Incorporation, as amended, and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, its Board of Directors has adopted the following resolution creating a series of its Preferred Stock, without par value, designated as Series A Cumulative Convertible Preferred Stock:

RESOLVED, that a series of the class of authorized Preferred Stock, without par value, of the Corporation be hereby created, and that the designation and amount thereof and the voting powers, preferences and relative, participating, optional and other special rights of the shares of such series, and the qualifications, limitations or restrictions thereof are as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as the "Series A Cumulative Convertible Preferred Stock" (the "Series A Preferred Stock") and the number of shares constituting such series shall be 700,000, which number may be decreased (but not increased) by the Board of Directors without a vote of stockholders; provided, however, that such number may not be decreased below the number of then currently outstanding shares of Series A Preferred Stock.

Section 2. Dividends and Distributions.

(a) The holders of shares of Series A Preferred Stock, in preference to the holders of shares of the Common Stock, par value $1 per share (the "Common Stock"), of the Corporation and of any other capital stock of the Corporation ranking junior to the Series A Preferred Stock as to payment of dividends, shall be entitled to receive, when and as declared by the Board of Directors out of net profits or net assets of the Corporation legally available for the payment of dividends, cumulative cash dividends at the annual rate of $90 per share, and no more, in equal quarterly payments on March 31, June 30, September 30 and December 31 in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date which is at least 10 days after the date of original issue of the Series A Preferred Stock; provided, however, that with respect to such first Quarterly Dividend Payment Date, the holders of shares of Series A Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors out of net profits or net assets of the Corporation legally available for the payment of dividends, a cumulative cash dividend in the amount of (i) $22.50 multiplied by (ii) a fraction equal to the number of days from such date of original issue to such Quarterly Dividend Payment Date divided by 90, and no more.

(b) Dividends payable pursuant to paragraph (a) of this Section 2 shall begin to accrue and be cumulative from the date of original issue of the Series A Preferred Stock. The amount of dividends so payable shall be determined on the basis of twelve 30-day months and a 360-day year. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series A Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend declared thereon, which record date shall be no more than 60 days prior to the date fixed for the payment thereof.

Section 3. Voting Rights. In addition to any voting rights provided elsewhere herein and in the Corporation's Certificate of Incorporation, as it may be amended or restated from time to time (the "Certificate of Incorporation"), and any voting rights provided by law, the holders of shares of Series A Preferred Stock shall have the following voting rights:

(a) Each share of Series A Preferred Stock shall be entitled to 26.31579 votes, subject to adjustment in the manner set forth in paragraph (b) of Section 8; provided, however, that the right to exercise any vote pursuant to this clause (a) shall be subject to satisfaction of any applicable waiting period with respect to any acquisition of shares of Series A Preferred Stock under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, including any extensions thereof. Except as otherwise provided herein, or by the Certificate of Incorporation, or by law, the shares of Series A Preferred Stock and the shares of Common Stock (and any other shares of capital stock of the Corporation at the time entitled thereto) shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation.

(b) So long as any shares of Series A Preferred Stock shall be outstanding and unless the consent or approval of a greater number of shares shall then be required by law, without first obtaining the consent or approval of the holders of at least two-thirds of the number of then-outstanding shares of Series A Preferred Stock, and all other series of the Company's Preferred Stock, without par value (collectively with the Series A Preferred Stock, the "Preferred Stock"), voting as a single class, given in person or by proxy at a meeting at which the holders of such shares shall be entitled to vote separately as a class, the Corporation shall not: (i) authorize shares of any class or series of stock having any preference or priority as to dividends or upon liquidation ("Senior Stock") over the Preferred Stock; (ii) reclassify any shares of stock of the Corporation into shares of Senior Stock; (iii) authorize any security exchangeable for, convertible into, or evidencing the right to purchase any shares of Senior Stock; (iv) amend, alter or repeal the Certificate of Incorporation to alter or change the preferences, rights or powers of the Preferred Stock so as to affect the Preferred Stock adversely; provided, however, that if any such amendment, alteration or repeal would alter or change the preferences, rights or powers of one or more, but not all, of the series of the Preferred Stock at the time outstanding, the consent or approval of the holders of at least two-thirds of the number of the outstanding shares of each such series so affected, similarly given, shall be required in lieu of (or if such consent is required by law, in addition to) the consent or approval of the holders of at least two-thirds of the number of outstanding shares of Preferred Stock as a class; or (v) effect the voluntary liquidation, dissolution or winding up of the Corporation, or the sale, lease, exchange of all or substantially all of the assets, property or business of the Corporation, or the merger or consolidation of the Corporation with or into any other corporation (except a wholly-owned subsidiary of the Corporation), provided, however, that no separate vote of the holders of the Preferred Stock as a class shall be required in the case of a merger or consolidation or a sale, exchange or conveyance of all or substantially all of the assets, property or business of the Corporation (such transactions being hereinafter in this proviso referred to as a "reorganization") if (A) the resulting, surviving or acquiring corporation will have after such reorganization no stock either authorized or outstanding (except such stock of the Corporation as may have been authorized or outstanding immediately preceding such reorganization, or such stock of the resulting, surviving or acquiring corporation as may be issued in exchange therefor) ranking prior to, or on a parity with, the Preferred Stock or the stock of the resulting, surviving or acquiring corporation issued in exchange therefor and (B) each holder of shares of Preferred Stock immediately preceding such reorganization will receive in exchange therefor the same number of shares of stock, with substantially the same preferences, rights and powers, of the resulting, surviving, or acquiring corporation.

So long as any shares of Preferred Stock shall be outstanding and unless the consent or approval of a greater number of shares shall then be required by law, without first obtaining the consent or approval of the holders of a majority of the number of such shares at the time outstanding, given in person or by proxy at a meeting at which the holders of such shares shall be entitled to vote separately as a class, the Corporation shall not amend the provisions of its Certificate of Incorporation so as to increase the amount of the authorized Preferred Stock or so as to authorize any other stock ranking on a parity with the Preferred Stock either as to payment of dividends or upon liquidation.

(c) If on any date a total of six quarterly dividends on the Series A Preferred Stock have fully accrued but have not been paid in full, the holders of shares of Series A Preferred Stock, together with the holders of all other then-outstanding shares of any series of the Preferred Stock (or any other series or class of the Company's preferred stock) as to which series or class a total of six quarterly dividends have fully accrued but have not been paid in full and which such series or class shall be entitled to the rights described in this paragraph (c) (collectively, "Defaulted Preferred Stock"), shall have the right, voting together as a single class, to elect two directors. Such right of the holders of Defaulted Preferred Stock to vote for the election of such two directors may be exercised at any

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annual meeting or at any special meeting called for such purpose as hereinafter provided or at any adjournment thereof, or by the written consent, delivered to the Secretary of the Corporation, of the holders of a majority of all outstanding shares of Defaulted Preferred Stock, until dividends in default on the outstanding shares of Defaulted Preferred Stock shall have been paid in full (or such dividends shall have been declared and funds sufficient therefor set apart for payment), at which time the term of office of the two directors so elected shall terminate automatically. So long as such right to vote continues (and unless such right has been exercised by written consent of the holders of a majority of the outstanding shares of Defaulted Preferred Stock as hereinabove authorized), the Secretary of the Corporation may call, and upon the written request of the holders of record of a majority of the outstanding shares of Defaulted Preferred Stock addressed to him at the principal office of the Corporation shall call, a special meeting of the holders of such shares for the election of such two directors as provided herein. Such meeting shall be held within 30 days after delivery of such request to the Secretary, at the place and upon the notice provided by law and in the By-laws for the holding of meetings of stockholders. No such special meeting or adjournment thereof shall be held on a date less then 30 days before an annual meeting of stockholders or any special meeting in lieu thereof. If at any such annual or special meeting or any adjournment thereof the holders of a majority of the then outstanding shares of Defaulted Preferred Stock entitled to vote in such election shall be present or represented by proxy, or if the holders of a majority of the outstanding shares of Defaulted Preferred Stock shall have acted by written consent in lieu of a meeting with respect thereto, then the authorized number of directors shall be increased by two, and the holders of the Defaulted Preferred Stock shall be entitled to elect the two additional directors. Directors so elected shall serve until the next annual meeting or until their successors shall be elected and shall qualify, unless the term of office of the persons so elected as directors shall have terminated under the circumstances set forth in the second sentence of this paragraph (c). In case of any vacancy occurring among the directors elected by the holders of the Defaulted Preferred Stock as a class, the remaining directors who shall have been so elected may appoint a successor to hold office for the unexpired term of the directors whose places shall be vacant. If both directors so elected by the holders of Defaulted Preferred

Stock as a class shall cease to serve as directors before their terms shall expire, the holders of the Defaulted Preferred Stock then outstanding and entitled to vote for such directors may, by written consent as hereinabove provided, or at a special meeting of such holders called as provided above, elect successors to hold office for the unexpired terms of the directors whose places shall be vacant.

(d) Except as provided herein (including without limitation the right to vote with the Common Stock on all matters submitted to a vote of stockholders of the Corporation as set forth in paragraph (a) of this Section 3) or in the Certificate of Incorporation, or as required by law, the holders of shares of Series A Preferred Stock shall have no voting rights and their consent shall not be required for the taking of any corporate action.

Section 4. Certain Restrictions.

(a) Whenever quarterly dividends payable on shares of Series A Preferred Stock as provided in Section 2 hereof are in arrears, thereafter and until all accrued and unpaid dividends, whether or not declared, on the outstanding shares of Series A Preferred Stock shall have been paid in full or declared and set apart for payment, or whenever the Corporation shall not have redeemed shares of Series A Preferred Stock at a time required by paragraph (a) of Section 5 hereof, thereafter and until all mandatory redemption obligations which have come due shall have been satisfied or all necessary funds have been set apart for payment, the Corporation shall not: (i) declare or pay dividends, or make any other distributions, on any shares of Common Stock or other capital stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A Preferred Stock ("Junior Stock"), other than dividends or distributions payable in Junior Stock; or (ii) declare or pay dividends, or make any other distributions, on any shares of capital stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series A Preferred Stock ("Parity Stock"), other than dividends or distributions payable in Junior Stock, except dividends paid ratably on the Series A Preferred Stock and all Parity Stock on which dividends are payable or in arrears, in proportion to the total amounts to which the holders of all such shares are then entitled.

(b) Whenever quarterly dividends payable on shares of Series A Preferred Stock as provided in Section 2 hereof are in arrears, thereafter and until all accrued and unpaid dividends, whether or not declared, on the outstanding shares of Series A Preferred Stock shall have been paid in full or declared and set apart for payment, or whenever the Corporation shall not have redeemed shares of Series A Preferred Stock at a time required by paragraph (a) of Section 5 hereof, thereafter and until all mandatory redemption obligations which have come due shall have been satisfied or all necessary funds have been set apart for payment, the Corporation shall not: (i) redeem or purchase or otherwise acquire for consideration any shares of Junior Stock or Parity Stock; or (ii) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock; provided, that the Corporation may redeem shares of Series A Preferred Stock pursuant to paragraph (a) of Section 5 hereof.

(c) The Corporation shall not permit any Subsidiary of the Corporation to purchase or otherwise acquire for consideration any shares of capital stock of the Corporation unless the Corporation could, pursuant to paragraph (b) of this Section 4, purchase such shares at such time and in such manner.

Section 5. Redemption.

(a) On each October 31 commencing on October 31, 1995 (so long as any shares of Series A Preferred Stock remain outstanding), the Corporation shall redeem 140,000 shares of Series A Preferred Stock (or, if fewer than 140,000 shares of Series A Preferred Stock are then outstanding, the number of shares then outstanding), by paying therefor in cash $1,000 per share plus an amount per share equal to all accrued but unpaid dividends thereon, whether or not declared, to the date of redemption. The Corporation may apply to its mandatory redemption obligations, on a pro rata basis with respect to mandatory redemption payments to be made, any shares of Series A Preferred Stock purchased, redeemed or otherwise acquired (other than upon conversion) by it which have not been previously credited against its mandatory redemption obligations.

(b) If less than all shares of Series A Preferred Stock at the time outstanding are to be redeemed, the shares to be redeemed shall be selected pro rata or by lot, in such manner as may be prescribed by the Board of Directors.

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(c) Notice of any redemption of shares of Series A Preferred Stock shall be given by publication in a newspaper of general circulation in the Borough of Manhattan not less than thirty nor more than sixty days prior to the date fixed for redemption, if the Series A Preferred Stock is listed on any national securities exchange or traded in the over-the-counter market; and, in any case, a similar notice shall be mailed not less than thirty, but not more than sixty, days prior to such date to each holder of shares of Series A Preferred Stock to be redeemed, at such holder's address as it appears on the transfer books of the Corporation. In order to facilitate the redemption of shares of Series A Preferred Stock, the Board of Directors may fix a record date for the determination of shares of Series A Preferred Stock to be redeemed, not more than sixty days or less than thirty days prior to the date fixed for such redemption.

(d) Notice having been given pursuant to paragraph (c) of this Section 5, from and after the date specified therein as the date of redemption, unless default shall be made by the Corporation in providing moneys for the payment of the redemption price pursuant to such notice, all dividends on the Preferred Stock thereby called for redemption shall cease to accrue, and from and after the date of redemption so specified, unless default shall be made by the Corporation as aforesaid, or from and after the date (prior to the date of redemption so specified) on which the Corporation shall provide the moneys for the payment of the redemption price by depositing the amount thereof with a bank or trust company doing business in the Borough of Manhattan, The City of New York, and having a capital and surplus of at least $10,000,000, provided that the notice of redemption shall state the intention of the Corporation to deposit such amount on a date in such notice specified, all rights of the holders thereof as stockholders of the Corporation, except the right to receive the redemption price (but without interest) and except the right to exercise any privileges of conversion, shall cease and determine. Any interest allowed on moneys so deposited shall be paid to the Corporation. Any moneys so deposited which shall remain unclaimed by the holders of such Preferred Stock at the end of six years after the redemption date shall become the property of, and be paid by such bank or trust company to, the Corporation.

Section 6. Reacquired Shares. Any shares of Series A Preferred Stock converted, redeemed, purchased or otherwise acquired by the Corporation in any manner whatsoever shall be retired and cancelled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of Preferred Stock, without par value, of the Corporation and may be reissued as part of another series of Preferred Stock, without par value, of the Corporation subject to the conditions or restrictions on issuance set forth herein.

Section 7. Liquidation, Dissolution or Winding Up.

(a) Upon any liquidation, dissolution or winding up of the Corporation, no distribution shall be made (i) to the holders of shares of Junior Stock, unless, prior thereto, the holders of shares of Series A Preferred Stock shall have received $1,000 per share, plus an amount per share equal to all accrued but unpaid dividends thereon, whether or not declared, to the date of such payment or (ii) to the holders of shares of Parity Stock, except distributions made ratably on the Series A Preferred Stock and all such Parity Stock in proportion to the total amounts to which the holders of all such shares are entitled upon such liquidation, dissolution or winding up.

(b) Neither the consolidation, merger or other business combination of the Corporation with or into any other Person or Persons nor the sale, lease, exchange or conveyance of all or any part of the property, assets or business of the Corporation shall be deemed to be a liquidation, dissolution or winding up of the Corporation for purposes of this Section 7.

Section 8. Conversion. Each share of Series A Preferred Stock may, at the option of the holder thereof, be converted at any time on or after October 31, 1990 (or, if earlier, (x) during the period provided in paragraph (c) of this Section 8, or (y) for a period of ten days prior to the date of consummation of any transaction described in clause (iv) of paragraph (b) of this Section 8, or (z) upon the commencement, and until the expiration, termination or withdrawal, of a tender or exchange offer by any person for 10% or more of the outstanding Common Stock) into shares of Common Stock, on the terms and conditions set forth in this Section 8.

(a) Subject to the provisions for adjustment hereinafter set forth, each share of Series A Preferred Stock shall be convertible in the manner hereinafter set forth into 26.31579 fully paid and nonassessable shares of Common Stock.

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(b) The number of shares of Common Stock into which each share of Series A Preferred Stock is convertible, and the number of votes to which the holder of a share of Series A Preferred Stock is entitled pursuant to paragraph (a) of Section 3, shall be subject to adjustment from time to time as follows:

(i) In case the Corporation shall at any time or from time to time declare a dividend, or make a distribution, on the outstanding shares of Common Stock in shares of Common Stock or subdivide or reclassify the outstanding shares of Common Stock into a greater number of shares or combine or reclassify the outstanding shares of Common Stock into a smaller number of shares of Common Stock, then, and in each such case,

(A) the number of shares of Common Stock into which each share of Series A Preferred Stock is convertible shall be adjusted so that the holder of each share thereof shall be entitled to receive, upon the conversion thereof, the number of shares of Common Stock which the holder of a share of Series A Preferred Stock would have been entitled to receive after the happening of any of the events described above had such share been converted immediately prior to the happening of such event or the record date therefor, whichever is earlier;

(B) the number of votes to which a holder of a share of Series A Preferred Stock is entitled pursuant to paragraph (a) of Section 3 shall be adjusted so that, after the happening of any of the events described above, such holder shall be entitled to a number of votes equal to (I) the number of votes to which such holder was entitled pursuant to paragraph (a) of Section 3 immediately prior to such happening multiplied by (II) a fraction, the numerator of which is the number of shares of Common Stock into which one share of Series A Preferred Stock was convertible immediately after such happening and the denominator of which is the number of shares of Common Stock into which one share of Series A Preferred Stock was convertible immediately prior to such happening; and

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(C) an adjustment made pursuant to this clause (i) shall become effective (x) in the case of any such dividend or distribution, (1) immediately after the close of business on the record date for the determination of holders of shares of Common Stock entitled to receive such dividend or distribution, for purposes of subclause (A), and (2) immediately after the close of business on the date of payment of such dividend or distribution, or the date of effectiveness of such subdivision or reclassification, for purposes of subclause (B), or (y) in the case of any such subdivision, reclassification or combination, at the close of business on the day upon which such corporate action becomes effective, for purposes of both subclause (A) and subclause (B).

(ii) In case the Corporation shall issue rights or warrants to all holders of the Common Stock entitling such holders to subscribe for or purchase Common Stock at a price per share less than the Current Market Price per share of the Common Stock on the record date for the determination of stockholders entitled to receive such rights or warrants, then, and in each such case,

(A) the number of shares of Common Stock into which each share of Series A Preferred Stock is convertible shall be adjusted so that the holder of each share thereof shall be entitled to receive, upon the conversion thereof, the number of shares of Common Stock determined by multiplying the number of shares of Common Stock into which such share was convertible on the day immediately prior to such record date by a fraction, (I) the numerator of which is the sum of (1) the number of shares of Common Stock outstanding on such record date and (2) the number of additional shares of Common Stock which such rights or warrant entitle holders of Common Stock to subscribe for or purchase ("Offered Shares"), and (II) the denominator of which is the sum of (1) the number of shares of Common Stock outstanding on the record date and (2) a fraction, (x) the numerator of which is the product of the number of Offered Shares multiplied by the subscription or purchase price of the Offered Shares and (y) the denominator of which is the Current Market Price per share of Common Stock on such record date;

(B) the number of votes to which a holder of a share of Series A Preferred Stock is entitled pursuant to paragraph (a) of Section 3 shall be adjusted so that, after the happening of any of the events described above, such holder shall be entitled to a number of votes equal to (I) the number of votes to which such holder was entitled pursuant to paragraph (a) of Section 3 immediately prior to such happening multiplied by (II) a fraction, the numerator of which is the number of shares of Common Stock into which one share of Series A Preferred Stock was convertible immediately after such happening and the denominator of which is the number of shares of Common Stock into which one share of Series A Preferred Stock was convertible immediately prior to such happening; and

(C) such adjustment shall become effective immediately after such record date, for purposes of subclause (A), and immediately after the date of such issuance, for purposes of subclause (B).

(iii) In case the Corporation shall at any time or from time to time declare, order, pay or make a dividend or other distribution (including, without limitation, any distribution of stock or other securities or property or rights or warrants to subscribe for securities of the Corporation or any of its Subsidiaries by way of dividend) on its Common Stock, other than (x) regular quarterly dividends payable in cash or extraordinary cash dividends in an aggregate amount not to exceed $.25 per share of Common Stock, (y) shares of Common Stock which are referred to in clause (i) of this paragraph (b), or (z) rights or warrants which are referred to in clause (ii) of this paragraph (b), then,

(A) in each such case, the number of shares of Common Stock into which each share of Series A Preferred Stock is convertible shall be adjusted so that the holder of each share thereof shall be entitled to receive, upon the conversion thereof, the number of shares of Common Stock determined by multiplying (1) the number of shares of Common Stock into which such share was convertible on the day immediately prior to the record date fixed for the determination of stockholders entitled to receive such dividend or distribution by (2) a fraction, the numerator of which shall be the Current Market Price per share of Common Stock as of such record date, and the denominator of which shall be such Current Market Price per share of Common Stock less the Fair Market Value per share of Common Stock (as determined in good faith by the Board of Directors of the Corporation, a certified resolution with respect to which shall be mailed to each holder of shares of Series A Preferred Stock) of such dividend or distribution; provided, however, that in the event of a distribution of shares of capital stock of a Subsidiary of the Corporation (a "Spin-Off") made to holders of shares of Common Stock, the numerator of such fraction shall be the sum of the Current Market Price per share of Common Stock as of the 35th Trading Day after the effective date of such Spin-Off and the Current Market Price of the number of shares (or the fraction of a share) of capital stock of the Subsidiary which is distributed in such Spin-Off in respect of one share of Common Stock as of such 35th Trading Day and the denominator of which shall be the Current Market Price per share of Common Stock as of such 35th Trading Day;

(B) in the case of a dividend or distribution of securities of the Corporation having general voting rights in the election of directors ("Voting Securities") (but not in the case of any other dividend or distribution described in this clause (iii)), the number of votes to which a holder of a share of Series A Preferred Stock is entitled pursuant to paragraph (a) of Section 3 shall be adjusted so that, after the payment of such dividend or making of such distribution, such holder shall be entitled to (I) the number of votes to which such holder was entitled pursuant to paragraph (a) of Section 3 immediately prior to such payment or making multiplied by (II) the number of votes entitled to be cast generally in the election of directors by the holder of a share of Common Stock in respect of both such share of Common Stock and the Voting Securities received by such holder as a result of such dividend or distribution in respect of such share of Common Stock; and

(C) an adjustment made pursuant to this clause (iii) shall be made upon the opening of business on the next Business Day following the date on which any such dividend or distribution is paid and shall be effective retroactively immediately after the close of business on the record date fixed for the determination of stockholders entitled to receive such dividend or distribution; provided, however, if the proviso to subclause (A) of this clause (iii) applies, then such adjustment shall be made and be effective as of such 35th Trading Day after the effective date of such Spin-Off.

(iv) In case at any time the Corporation shall be a party to any transaction (including, without limitation, a merger, consolidation, sale of all or substantially all of the Corporation's assets, liquidation or recapitalization of the Common Stock and excluding any transaction to which clause (i), (ii) or (iii) of this paragraph (b) applies) in which the previously outstanding Common Stock shall be changed into or exchanged for different securities of the Corporation or common stock or other securities of another corporation or interests in a noncorporate entity or other property (including cash) or any combination of any of the foregoing, then, as a condition of the consummation of such transaction, lawful and adequate provision shall be made so that each holder of shares of Series A Preferred Stock shall be entitled, upon conversion, to an amount per share equal to (A) the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged times (B) the number of shares of Common Stock into which a share of Preferred Stock is convertible immediately prior to the consummation of such transaction.

(c) In case the Corporation shall at any time or from time to time declare, order, pay or make a dividend

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or other distribution (including, without limitation, any distribution of stock or other securities or property or rights or warrants to subscribe for securities of the Corporation or any of its Subsidiaries by way of dividend) on its Common Stock, other than (A) regular quarterly dividends payable in cash, (B) shares of Common Stock which are referred to in clause (i) of paragraph (b) of this Section 8, or (C) rights or warrants which are referred to in clause (ii) of paragraph (b) of this Section 8, then, from and after the date of declaration of such dividend or other distribution until the date of payment thereof, each share of Series A Preferred Stock may be converted, at the option of the holder thereof, into the number of shares of Common Stock set forth in paragraph (a) of this Section 8, as adjusted by paragraph (b) of this Section 8, on the terms and conditions set forth in this Section 8, and if so converted during such period, such holder shall be entitled to receive such dividend or distribution as if such holder had been the holder of such shares of Common Stock as of the record date for such dividend or distribution. Promptly after the declaration of any dividend or distribution (other than any dividend or distribution described in clauses (A), (B) and (C) of this paragraph (c)), the Corporation shall mail to the holders of record of the outstanding shares of Series A Preferred Stock at their respective addresses as the same shall appear in the Corporation's stock records a notice describing such dividend or distribution in reasonable detail and setting forth the expected date of payment thereof.

(d) If any adjustment in the number of shares of Common Stock into which each share of Series A Preferred Stock may be converted required pursuant to this Section 8 would result in an increase or decrease of less than one half of 1% in the number of shares of Common Stock into which each share of Series A Preferred Stock is then convertible, the amount of any such adjustment shall be carried forward and adjustment with respect thereto shall be made at the time of and together with any subsequent adjustment, which, together with such amount and any other amount or amounts so carried forward, shall aggregate at least one half of 1% of the number of shares of Common Stock into which each share of Series A Preferred Stock is then convertible.

(e) The Board of Directors may increase the number of shares of Common Stock into which each share of Series A Preferred Stock may be converted, in addition to the adjustments required by this Section 8, as shall be determined by it (as evidenced by a resolution of the Board of Directors) to be advisable in order to avoid or diminish any income deemed to be received by any holder for federal income tax purposes of shares of Common Stock or Series A Preferred Stock resulting from any events or occurrences giving rise to adjustments pursuant to this Section 8 or from any other similar event.

(f) The holder of any shares of Series A Preferred Stock may exercise his right to convert such shares into shares of Common Stock by surrendering for such purpose to the Corporation, at its principal office or at such other office or agency maintained by the Corporation for that purpose, a certificate or certificates representing the shares of Series A Preferred Stock to be converted accompanied by a written notice stating that such holder elects to convert all or a specified whole number of such shares in accordance with the provisions of this Section 8 and specifying the name or names in which such holder wishes the certificate or certificates for shares of Common Stock to be issued. In case such notice shall specify a name or names other than that of such holder, such notice shall be accompanied by payment of all transfer taxes payable upon the issuance of shares of Common Stock in such name or names. Other than such taxes, the Corporation will pay any and all issue and other taxes (other than taxes based on income) that may be payable in respect of any issue or delivery of shares of Common Stock on conversion of Series A Preferred Stock pursuant hereto. As promptly as practicable, and in any event within five business days after the surrender of such certificate or certificates and the receipt of such notice relating thereto and, if applicable, payment of all transfer taxes (or the demonstration to the satisfaction of the Corporation that such taxes have been paid), the Corporation shall deliver or cause to be delivered (i) certificates representing the number of validly issued, fully paid and nonassessable full shares of Common Stock to which the holder of shares of Series A Preferred Stock so converted shall be entitled and (ii) if less than the full number of shares of Series A Preferred Stock evidenced by the surrendered certificate or certificates are being converted, a new certificate or certificates, of like tenor, for the number of shares evidenced by such surrendered certificate or certificates less the number of shares converted. Such conversion shall be deemed to have been made at the close of business on the date of giving of such notice and of such surrender of the certificate or certificates representing the shares of Series A Preferred Stock to be converted so that the rights of the holder thereof as to the shares being converted shall cease except for the right to receive shares of Common Stock in accordance herewith, and the person entitled to receive the shares of Common Stock shall be treated for all purposes as having become the record holder of such shares of Common Stock at such time. The Corporation shall not be required to convert, and no surrender of shares of Series A Preferred Stock shall be effective for that purpose, while the transfer books of the Corporation for the Common Stock are closed for any purpose (but not for any period in excess of 15 days); but the surrender of shares of Series A Preferred Stock for conversion during any period while such books are so closed shall become effective for conversion immediately upon the reopening of such books, as if the conversion had been made on the date such shares of Series A Preferred Stock were surrendered, and at the conversion rate in effect at the date of such surrender.

(g) Subject to the limitations on conversion set forth in the first sentence of Section 8 hereof, shares of Series A Preferred Stock may be converted at any time up to the close of business on the second Business Day preceding the date fixed for redemption of such shares pursuant to Section 5 hereof.

(h) Upon conversion of any shares of Series A Preferred Stock, the holder thereof shall not be entitled to receive any accumulated, accrued or unpaid dividends in respect of the shares so converted; provided, that such holder shall be entitled to receive any dividends on such shares of Series A Preferred Stock declared prior to such conversion if such holder held such shares on the record date fixed for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of such dividend.

(i) In connection with the conversion of any shares of Series A Preferred Stock, no fractions of shares of Common Stock shall be issued, but in lieu thereof the Corporation shall pay a cash adjustment in respect of such fractional interest in an amount equal to such fractional interest multiplied by the Current Market Price per share of Common Stock on the day on which such shares of Series A Preferred Stock are deemed to have been converted.

(j) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Series A Preferred Stock, such number of shares of Common Stock as shall from time to time be sufficient to effect the conversion of all then outstanding shares of Series A Preferred Stock. The Corporation shall from time to time, subject to and in accordance with the laws of Delaware, increase the authorized amount of Common Stock if at any time the number of authorized shares of Common Stock remaining unissued shall not be sufficient to permit the conversion at such time of all then outstanding shares of Series A Preferred Stock.

Section 9. Reports as to Adjustments. Whenever the number of shares of Common Stock into which each share of Series A Preferred Stock is convertible (or the number of votes to which each share of Series A Preferred Stock is entitled) is adjusted as provided in Section 8 hereof, the Corporation shall promptly mail to the holders of record of the outstanding shares of Series A Preferred Stock at their respective addresses as the same shall appear in the Corporation's stock records a notice stating that the number of shares of Common Stock into which the shares of Series A Preferred Stock are convertible has been adjusted and setting forth the new number of shares of Common Stock (or describing the new stock, securities, cash or other property) into which each share of Series A Preferred Stock is convertible (and the new number of votes to which each share of Series A Preferred Stock is entitled), as a result of such adjustment, a brief statement of the facts requiring such adjustment and the computation thereof, and when such adjustment became effective.

Section 10. Definitions. For the purposes of the Certificate of Designation of Series A Cumulative Convertible Preferred Stock which embodies this resolution:

"Business Day" means any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Closing Price" per share of Common Stock on any date shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the Common Stock is not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if the Common Stock is not listed or admitted to trading on any national securities exchange, the last quoted sale price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or such other system then in use, or, if on any such date the Common Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock selected by the Board of Directors. If the Common Stock is not publicly held or so listed or publicly traded, "Closing Price" shall mean the Fair Market Value per share as determined in good faith by the Board of Directors of the Corporation.

"Current Market Price" per share of Common Stock on any date shall be deemed to be the Closing Price per share of Common Stock on the Trading Day immediately prior to such date.

"Fair Market Value" means the amount which a willing buyer would pay a willing seller in an arm's-length transaction.

"Person" shall mean any individual, firm, corporation or other entity, and shall include any successor (by merger or otherwise) of such entity.

"Subsidiary" of any Person means any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by such Person.

"Trading Day" means a day on which the principal national securities exchange on which the Common Stock is listed or admitted to trading is open for the transaction of business or, if the Common Stock is not listed or admitted to trading on any national securities exchange, any day other than a Saturday, Sunday, or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"Voting Stock" means the outstanding shares of capital stock of the Corporation entitled to vote generally in the election of directors.

Section 11. Rank. The Series A Preferred Stock shall rank, with respect to the payment of dividends and the distribution of assets, equally with all shares of any other series of Preferred Stock, without par value, of the Corporation.

IN WITNESS WHEREOF, the Company has caused this Certificate of Designation of Series A Cumulative Convertible Preferred Stock to be duly executed by its Chairman and attested to by its Secretary and has caused its corporate seal to be affixed hereto, this 30th day of September, 1987.

SALOMON INC

By____________________
Chairman

ATTEST:

____
Secretary

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

	Years Ended December 31,				
	1992	1991	1990	1989	1988
Net earnings	$407,285	$439,908	$394,093	$447,477	$399,270
Income tax expense	138,089	142,058	112,047	159,287	140,791
Minority interest in earnings	5,243	11,020	10,326	10,460	10,060
Equity in the undistributed earnings of a less than 50% owned investee	—	—	1,195	(319)	(4,164)
Fixed charges	111,660	125,827	122,431	86,831	78,559
Earnings available for fixed charges	$662,277	$718,813	$640,092	$703,736	$624,516
Realized investment gain, pretax, included in earnings available for fixed charges	$ 89,937	$192,478	$ 33,989	$223,810	$131,671
Fixed charges					
Interest on indebtedness (including amortization of debt discount and expense)	$89,985*	$97,875*	$ 90,717	$ 56,313	$ 49,701
Interest on savings deposits	11,986	18,311	21,975	21,261	20,579
Rentals representing interest	9,689	9,641	9,739	9,257	8,279
	$111,660	$125,827	$122,431	$ 86,831	$ 78,559
Ratio of earnings to fixed charges	5.93x	5.71x	5.23x	8.10x	7.95x
Ratio of earnings, excluding realized investment gain, to fixed charges	5.13x	4.18x	4.95x	5.53x	6.27x

* Excludes optional prepayment premiums of $22,525 and $5,661 in 1992 and 1991 respectively, related to redemptions prior to maturity of certain term debt obligations.

Reg. S-K
Item 601
Exhibit 22

BERKSHIRE HATHAWAY INC.
Subsidiaries of Registrant (1)
December 31, 1992

Company Name	State of Incorporation
BHSF Inc.	Delaware
BH Shoe Holdings, Inc.	Delaware
Blue Chip Stamps	California
Borsheim Jewelry Company, Inc.	Nebraska
Campbell Hausfeld/Scott Fetzer Company	Delaware
Central States Indemnity Co. of Omaha	Nebraska
Central States of Omaha Companies, Inc.	Nebraska
Columbia Insurance Company	Nebraska
Continental Divide Insurance Company	Colorado
Cornhusker Casualty Company	Nebraska
Cypress Insurance Company	California
The Fechheimer Brothers Company (2)	Delaware
H. H. Brown Shoe Company, Inc.	Delaware
Isabela Shoe Corporation	Delaware
Kansas Fire & Casualty Company	Kansas
Lowell Shoe, Inc.	New Hampshire
Mutual Savings and Loan Association	California
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	Illinois
Nebraska Furniture Mart, Inc.	Nebraska
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, Incorporated	California
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(v) 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 30 wholly-owned U.S. subsidiaries of The Fechheimer Brothers Company, each of whom operated in the business of uniform manufacturing and/or distribution.