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**S&C MESSINA CAPITAL  
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APR 26 1968

SECURITIES AND EXCHANGE COMMISSION  
Washington, D. C.  
20549

FORM 10-K

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

For the fiscal year  
beginning October 1, 1967  
and ended December 30, 1967 Commission file number 0-853

BERKSHIRE HATHAWAY INC.

(Exact name of registrant as specified in its charter)

MASSACHUSETTS

(State or other jurisdiction of  
incorporation or organization)

04-225-4452

(I.R.S. Employer  
Identification No.)

97 COVE STREET, NEW BEDFORD, MASSACHUSETTS  
(Address of principal executive offices)

02741

(Zip Code)

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

NONE

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

COMMON STOCK, \$5 PAR VALUE  
(Title of Class)

BERKSHIRE HATHAWAY INC.

FORM 10-K

APRIL 24, 1968

Item 1. Number of Equity Security Holders

(A)	(B)
<u>Title of class</u>	<u>Approximate number of record holders April 4, 1968</u>
Common stock, \$5 par value	1,745

Item 2. Increases and Decreases in Outstanding Equity Securities

The changes in the outstanding equity securities for the period October 1, 1967 through December 30, 1967 have previously been incorporated (a) in Form 8-K, Current Report for the Month of October 1967, filed with the Securities and Exchange Commission pursuant to transmittal letter dated November 5, 1967 and (b) in Form 8-K, Current Report for the Month of November 1967, filed with the Securities and Exchange Commission pursuant to transmittal letter dated December 7, 1967, which reports hereby are incorporated by reference.

Item 3. Parents and Subsidiaries of Registrant

(a) As of April 10, 1968 Buffett Partnership, Ltd., a limited partnership under Nebraska law, owned approximately 69.67% of Registrant's outstanding shares, excluding treasury stock. Mr. Warren E. Buffett, a director of the Registrant, is the sole general partner of the partnership.

(b) The following list shows the significant subsidiaries of the Registrant. Neither of these subsidiaries is included in the Registrant's consolidated statements for the period ended December 30, 1967.

<u>Name</u>	<u>Jurisdiction of Incorporation</u>
National Fire & Marine Insurance Company	Nebraska
National Indemnity Company	Nebraska

Registrant owns all of the outstanding stock of National Fire & Indemnity Company and 99% of the outstanding stock of National Indemnity Company.

Items 4 to 9, inclusive

These items are not restated or inserted by the Registrant inasmuch as since the close of the fiscal year ended December 30, 1967 the Registrant has filed with the Commission a definitive Proxy Statement pursuant to Regulation 14A for the annual meeting of stockholders which was held April 23, 1968 which Proxy Statement involved, among other things, the election of Directors and which Proxy Statement was transmitted to the Securities and Exchange Commission by letter dated March 25, 1968. The persons named as nominees for membership in the Board of Directors in said Proxy Statement were



elected at the annual meeting of the stockholders of the corporation held April 23, 1968.

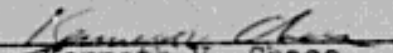
Item 10. Financial Statements and Exhibits

(a) See financial statements and auditor's certificate attached.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has caused this Annual Report to be signed on its behalf by the undersigned thereunto duly authorized.

BERKSHIRE HATHAWAY INC.

By   
Kenneth V. Chace  
President

DATED: April 24, 1968

Item 10(a) Financial Statements

Consolidated financial statements for the three months ended December 30, 1967:

Accountants' Report

Consolidated Balance Sheet as of December 30, 1967

Consolidated Statement of Earnings and Retained Earnings for the  
three months ended December 30, 1967

Notes to Consolidated Financial Statements

Schedule I	Marketable securities
Schedule III	Investments in securities of affiliates
Schedule V	Properties, plants and equipment
Schedule VI	Accumulated depreciation of properties, plants and equipment
Schedule IX	Bonds, mortgages, and similar debt
Schedule XII	Reserves
Schedule XVII	Equity in net profit and loss of affiliates

All other schedules are omitted as the required information is inapplicable or the information is presented in the financial statements or related notes.

The financial statements of the registrant are omitted as it is primarily an operating company and its Canadian subsidiary included in the consolidated financial statements is totally held.

PEAT, MARWICK, MITCHELL & Co.  
CERTIFIED PUBLIC ACCOUNTANTS

Accountants' Report

The Board of Directors  
Berkshire Hathaway Inc.:

We have examined the consolidated financial statements and related schedules of Berkshire Hathaway Inc. and subsidiary as listed in the accompanying index. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Your attention is directed to Note 10 to the financial statements wherein the closing of the Company's cotton lawn mill at Warren, Rhode Island, is discussed. Because the amount and timing of loss, if any, which may result from the closing of the mill is, in management's opinion, currently indeterminable, no provision for such loss is provided for in the accompanying financial statements.

In our opinion, subject to the possible necessity for a provision for loss from the closed mill as discussed in the preceding paragraph, such financial statements present fairly the consolidated financial position of Berkshire Hathaway Inc. and subsidiary at December 30, 1967 and the results of their operations for the three months then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, and the supporting schedules, in our opinion, present fairly the information set forth therein.

Peat Marwick Mitchell & Co

Providence, R. I.  
February 23, 1968

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Assets

Current assets:		
Cash		\$ 835,301
Marketable securities, at cost (note 3) (Schedule I)		3,825,077
Accounts receivable - trade, including \$4,051 due from officers and employees, net of allowance for doubtful accounts (\$220,966) (Schedule XII)		7,571,694
Inventories (note 4)		11,585,598
Prepaid and deferred charges (including mortgage note of approximately \$17,300 due from officer)		<u>223,554</u>
Total current assets		24,041,224
Properties, plants and equipment, at cost (notes 5 and 10) (Schedule V):		
Land	\$	116,985
Buildings		3,849,278
Machinery and equipment		20,400,025
Furniture and fixtures		380,978
Leasehold improvements		127,313
Motor vehicle		<u>4,022</u>
		24,878,601
Less accumulated depreciation and amortization (Schedule VI)		<u>19,238,314</u>
Net properties, plants and equipment		5,640,287
Investment in unconsolidated subsidiaries (note 2) (Schedule III)		<u>10,259,079</u>
		<u>\$ 39,940,590</u>

See accompanying notes to financial statements.



THAWAY INC.

Balance Sheet

30, 1967

Liabilities and Stockholders' Equity

Current liabilities:

Note payable - bank, unsecured	\$ 2,000,000
Accounts payable and accrued expenses	5,433,556
Accrued Federal, State, and local taxes (note 6)	<u>322,799</u>

Total current liabilities 7,756,355

Long-term debt:

7 1/2% subordinated debentures (note 7) (Schedule IX) 641,300

Stockholders' equity:

Common stock, \$5 par value. Authorized 1,722,983 shares; issued 1,017,547 shares	\$ 5,087,735
Retained earnings	<u>27,032,370</u>

32,120,105

Less common stock in treasury, at cost (note 8)	<u>577,170</u>
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Total stockholders' equity 31,542,935

Commitments and contingencies (notes 9 and 11).

\$ 39,940,590

BERKSHIRE HATHAWAY INC.

Consolidated Statement of Earnings and Retained Earnings

Three months ended December 30, 1967

Net sales	\$ 11,599,890
Cost of sales (note 4)	<u>10,353,859</u>
Gross profit	1,246,031
Selling and administrative expenses	<u>684,785</u>
Operating income	<u>561,246</u>
Other income:	
Dividends on marketable securities	42,222
Profit on sale of marketable securities (first-in, first-out)	62,959
Sundry other income	<u>12,014</u>
	<u>117,195</u>
Other deductions:	
Interest on long-term debt	12,180
Interest on note payable - bank	30,333
Amortization of bond discount	1,320
Other interest	23,725
Sundry other charges	<u>2,730</u>
	<u>70,294</u>
Earnings before provision for income taxes, equity in earnings of unconsolidated subsidiaries, and extraordinary items	608,147
Provision for Federal and Foreign income taxes (note 6)	<u>215,127</u>
Earnings before equity in earnings of uncon- solidated subsidiaries, and extraordinary items	393,020
Equity in earnings of unconsolidated subsidiaries (net of Federal income taxes - (\$29,000)) (Schedule XVII)	<u>478,761</u>
Earnings before extraordinary items	<u>871,781</u>
Extraordinary items:	
Reduction in Federal and Foreign income taxes (note 6)	210,150
Realized investment gains - unconsolidated subsidiaries (net of Federal income taxes - \$103,800) (Schedule XVII)	<u>311,453</u>
	<u>521,603</u>
Net earnings	1,393,384
Retained earnings, beginning	25,638,986
Retained earnings, ending	\$ <u>27,032,370</u>
Depreciation and amortization deducted above	\$ <u>223,186</u>
Per share of common stock:	
Earnings before extraordinary items	.98
Extraordinary items, net of tax	<u>.53</u>
Net earnings	\$ <u>1.41</u>

See accompanying notes to financial statements.

BERKSHIRE HATHAWAY INC.

Notes to Consolidated Financial Statements

December 30, 1967

(1) Accounting Period

The Company, effective December 30, 1967, changed its fiscal year from one ending on the Saturday nearest September 30 to one ending on Saturday nearest December 31. Accordingly, the accompanying financial statements reflect financial position at the end of its newly established fiscal year, December 30, 1967, and results of operations for the three months ended December 30, 1967.

(2) Basis of Consolidation

The accompanying financial statements consolidate the accounts of Berkshire Hathaway Inc. with its wholly-owned noninsurance Canadian subsidiary. In March 1967, the Company purchased for \$8,577,000 over 99% of the outstanding stock of National Indemnity Company and 100% of the outstanding stock of National Fire & Marine Insurance Company, both headquartered in Omaha, Nebraska. The accompanying financial statements reflect the Company's equity in earnings since March 31, 1967 of these insurance subsidiaries, which derive over 80% of their premium volume from automobile lines of insurance. These companies are functionally independent of the textile operations of the parent. The Company's equity in unconsolidated subsidiaries exceeded the cost plus equity in earnings by approximately \$500,000 at December 30, 1967.

Canadian currency has been converted into United States dollars as follows:

(1) current assets and liabilities at rates of exchange in effect at the close of the year, (2) properties at rates in effect when acquired, and (3) income, costs and expenses at average rates of exchange for the year, except depreciation and amortization which are based on the dollar costs of the properties. The net unrealized loss on such conversions (not significant) has been carried to income.

The excess of the Company's cost over its equity in its Canadian subsidiary (\$44,685) representing losses since acquisition has been charged to retained earnings in consolidation.

Intercompany balances and transactions have been eliminated in preparing the consolidated financial statements.

Berkshire Hathaway Inc. had no other investments in foreign or domestic affiliates.

(3) Marketable Securities

The market value of the securities portfolio, primarily marketable common stocks, was \$7,422,000 at December 30, 1967.



BERKSHIRE HATHAWAY INC.

Notes to Consolidated Financial Statements, Continued

(4) Inventories

The inventories used in the computation of cost of sales were as follows:

September 30, 1967	\$ 11,162,106
December 30, 1967	11,585,598

At December 30, 1967 inventories consisted of the following:

Raw materials and supplies	\$ 2,053,503
Stock in process	3,074,160
Cloth	<u>6,457,935</u>
	<u>\$ 11,585,598</u>

Inventories are stated at the lower of cost or market. Costs are determined, generally, on an average basis from current purchase invoices for raw materials, and from current standards for in-process inventories and cloth, with the exception of cotton content of in-process inventory at King Philip D Division (see note 10), which is priced at a standard cost established in 1933. At December 30, 1967 the replacement cost of the cotton so valued was approximately \$109,000 in excess of the amount at which it is stated in the inventory.

(5) Properties, Plants and Equipment

Depreciation on acquisitions prior to fiscal year ended October 2, 1965 has been charged to operations on the straight-line method. For subsequent additions, depreciation has been computed on the double declining balance method. Leasehold improvements are being amortized over the lives of the leases. Rates used in computing the annual amount of depreciation and amortization are as follows:

	<u>Lives</u>
Buildings	10 to 27 years
Machinery and equipment	15 years
Furniture and fixtures	10 years
Leasehold improvements	3 to 5 years
Motor vehicle	4 years

Maintenance, repairs, and renewals of a minor nature are charged to income as incurred. Renewals of a major nature and betterments which extend the useful life of plant and equipment are capitalized.

Upon the sale or retirement of plant and equipment, the applicable accumulated depreciation is eliminated from the accumulated allowance, and the profit or loss resulting from such sale or retirement is reflected in earnings.

No items of plant and equipment were pledged to secure any indebtedness.



BERKSHIRE HATHAWAY INC.

Notes to Consolidated Financial Statements, Continued

(6) Taxes on Income

For Federal income tax purposes, earnings of Berkshire Hathaway Inc. have been reduced by operating loss carryovers, including losses in prior years resulting from disposals of plant assets. It is not currently the intention of the Company to file a consolidated Federal income tax return with its insurance subsidiaries, and, on an individual return basis for Berkshire Hathaway Inc. there was only a nominal liability (estimated at \$1,000) for Federal income taxes payable on earnings during the three months ended December 30, 1967.

Earnings have been reduced for Federal and foreign income taxes computed without regard to availability of operating loss carryovers, after giving effect to certain permanent differences between book and taxable income. The foreign tax provision amounted to \$4,300.

At December 30, 1967, the Company had investment tax credit carryforwards amounting to approximately \$200,000. To the extent not utilized, \$5,000 will expire at December 31, 1968 and the remainder in succeeding years. The time for the use of the carryover is affected by the Company's changing its fiscal year (see note 1). There was no remaining net operating loss carryover.

Equity in earnings of insurance subsidiaries is reflected net of income tax effect upon the subsidiaries.

(7) 7 1/2% Subordinated Debentures

Debentures bear interest at the rate of 7 1/2%, payable February 1 and August 1, and will be due on August 1, 1987. The debentures are not secured by any lien and are not convertible; they are subordinated to senior indebtedness which includes indebtedness of the Company for money borrowed. The debentures may, at the Company's option, be redeemed at 105% through July 31, 1973 and thereafter at 100%. The indenture under which the debentures are issued requires the Company to provide for the retirement by redemption, through a sinking fund, on August 1, in each of the years 1973 to and including 1986, of one-fifteenth of the total amount of debentures issued. Redemption through the sinking fund shall be at principal amount plus accrued interest.

(8) Treasury Stock

The Company acquired, as of August 1, 1967, 32,065 shares of Treasury stock pursuant to its offering of 7 1/2% subordinated debentures in exchange for common stock. See note 7 for terms of the debenture offering.

(9) Pension Plan

The Company has a noncontributory pension plan for salaried employees. The total pension expense for the three months ended December 30, 1967 was \$22,500, which amount includes normal cost of the plan plus interest on unfunded prior service costs. The Company's policy is to keep the plan substantially funded and to accrue any unfunded pension cost. The most recent actuarial report dated August 1, 1967 indicates that the unfunded prior service cost was approximately \$165,000 at that time.

BERKSHIRE HATHAWAY INC.

Notes to Consolidated Financial Statements, Continued

(10) Plant Closing

The Company announced in December 1967 plans to close its King Philip D mill located in Warren, Rhode Island, because of the declining market for cotton lawns woven at this mill. The production from this mill represented less than 10% of the sales of the Company during 1967. Management anticipates the run-out loss, if any, to be immaterial in amount, although the length of time required for the run-out will be a determining factor. A loss on sale of the properties may be realized. The amount of any such loss, and the time at which it may be realized, cannot be readily estimated at this time.

(11) Long-Term Leases; Stock Options and Bonus Plans

The Company occupies office and warehouse space under long-term leases which call for total annual payments of \$102,000 and aggregate rentals of \$564,000 over the lives of such leases.

The Company has no stock option plans in effect. There were no bonus arrangements with executives in effect for the three months ended December 30, 1967.

(12) Supplementary Profit and Loss Information:

	<u>Charged directly to profit and loss</u>		
	<u>To cost</u>	<u>Other</u>	<u>Total</u>
	<u>of sales</u>		
Maintenance and repairs	\$ 51,724	2,011	53,735
Depreciation and amortization	\$ 215,404	7,782	223,186
Taxes, other than income taxes:			
Payroll taxes	\$ 161,346	6,770	168,116
Real estate and personal property taxes	31,254	1,361	32,615
Other State and local taxes	17,286	6,907	24,193
	\$ 209,886	15,038	224,924
Rents	\$ 4,477	39,343	43,820

There were no royalty agreements, no management or service contract fees.