

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. **0000950150-94-000531**

([HTML Version](#) on secdatabase.com)

FILER

BERKSHIRE HATHAWAY INC /DE/

CIK: **109694** | IRS No.: **042254452** | State of Incorpor.: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-10125** | Film No.: **94528394**
SIC: **2731** Books: publishing or publishing & printing

Mailing Address
1440 KIEWIT PLAZA
OMAHA NE 68131

Business Address
1440 KIEWIT PLZ
OMAHA NE 68131
4023461400

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

(Mark One)

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

For the quarter period ended March 31, 1994

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(b) OF THE
SECURITIES EXCHANGE ACT OF 1934

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)

(402) 346-1400

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year,
if changed since last report)

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

X

YES NO

Number of shares of common stock outstanding as of May 13, 1994.... 1,177,750

FORM 10-Q

BERKSHIRE HATHAWAY INC.

Q/E 3/31/94

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets -- 2
 March 31, 1994 and December 31, 1993

Consolidated Statements of Earnings -- 3
 First Quarter, 1994 and 1993

Condensed Consolidated Statements of Cash Flows -- 4
 First Quarter, 1994 and 1993

Notes to Interim Consolidated Financial Statements 5-8

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS 9-11

PART II - OTHER INFORMATION

12

1

3

FORM 10-Q

BERKSHIRE HATHAWAY INC.

Q/E 3/31/94

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands)<TABLE>
<CAPTION>

	March 31, 1994	December 31, 1993
	-----	-----
ASSETS		
<S>	<C>	<C>
Cash and cash equivalents	\$ 1,298,711	\$ 1,838,103
Investments:		
Obligations with fixed maturities	2,179,806	2,108,602
Marketable equity securities	12,705,217	12,540,197
Receivables	926,763	525,285
Inventories	391,890	378,386
Properties and equipment	257,850	259,736
Assets of commercial and consumer finance businesses	800,752	840,744
Other assets	1,018,591	1,029,416
	-----	-----
	\$19,579,580	\$19,520,469
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Losses and loss adjustment expenses	\$ 3,268,171	\$ 3,128,809
Unearned premiums	647,698	315,750
Accounts payable, accruals and other liabilities	683,519	738,897

Income taxes, principally deferred	2,759,351	3,030,189
Borrowings under investment agreements and other debt	904,136	972,389
Liabilities of commercial and consumer finance businesses	684,415	723,782
	-----	-----
	8,947,290	8,909,816
	-----	-----
Minority shareholders' interests	186,996	182,279
	-----	-----
Shareholders' equity:		
Common stock - par value of 1,381,308 issued shares	6,907	6,907
Capital in excess of par value	656,074	656,074
Unrealized appreciation of investments, net	5,296,682	5,412,652
Retained earnings	4,523,265	4,390,375
	-----	-----
	10,482,928	10,466,008
Less: Cost of 203,558 common shares in treasury	(37,634)	(37,634)
	-----	-----
Total shareholders' equity	10,445,294	10,428,374
	-----	-----
	\$19,579,580	\$19,520,469
	=====	=====

</TABLE>

See accompanying Notes to Interim Consolidated Financial Statements

2

4

FORM 10-Q

BERKSHIRE HATHAWAY INC.

Q/E 3/31/94

CONSOLIDATED STATEMENTS OF EARNINGS
(dollars in thousands except per share amounts)

<TABLE>
<CAPTION>

	First Quarter	
	1994	1993
	-----	-----
<S>	<C>	<C>
REVENUES:		
Sales and service revenues	\$ 554,848	\$ 456,052
Insurance premiums earned	165,070	128,148
Interest and dividend income	136,004	114,837
Realized investment gain	77,835	25,585
Sundry income	2,160	1,205
	-----	-----
	935,917	725,827
	-----	-----
COST AND EXPENSES:		
Cost of products and services sold	339,248	273,308
Insurance losses and loss adjustment expenses	209,004	127,864
Insurance underwriting expenses	29,873	32,213
Selling, general and administrative expenses	158,008	139,210
Interest expense	23,974	18,039
	-----	-----
	760,107	590,634
	-----	-----
EARNINGS BEFORE INCOME TAXES, MINORITY INTEREST AND CUMULATIVE EFFECT OF ACCOUNTING CHANGE	175,810	135,193
Income taxes	40,652	31,986
Minority interest	2,268	2,472
	-----	-----

EARNINGS BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE	132,890	100,735
Cumulative effect of change in accounting for income taxes	--	(70,984)
	-----	-----
NET EARNINGS	\$ 132,890	\$ 29,751
	=====	=====
Average shares outstanding	1,177,750	1,152,547
EARNINGS PER SHARE:		
Before cumulative effect of accounting change	\$ 112.83	\$ 87.40
Cumulative effect of change in accounting for income taxes	--	(61.59)
	-----	-----
Net earnings	\$ 112.83	\$ 25.81
	=====	=====

</TABLE>

See accompanying Notes to Interim Consolidated Financial Statements

FORM 10-Q

BERKSHIRE HATHAWAY INC.

Q/E 3/31/94

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

<TABLE>
<CAPTION>

	First Quarter	
	1994	1993
	-----	-----
<S>	<C>	<C>
Net cash flows from operating activities	\$ 5,000	\$ 64,217
	-----	-----
Cash flows from investing activities:		
Purchases of investments	(1,082,945)	(459,856)
Proceeds on sales and maturities of investments	621,088	203,863
Loans and investments originated in finance businesses.	(84,761)	(35,603)
Principal collections on loans and investments originated in finance businesses	94,377	52,848
Other	(608)	(768)
	-----	-----
Net cash flows from investing activities	(452,849)	(239,516)
	-----	-----
Cash flows from financing activities:		
Proceeds from borrowings of finance businesses.	74,088	4,226
Proceeds from other borrowings.	352,016	245,148
Repayments of borrowings of finance businesses.	(93,750)	(13,368)
Repayments of other borrowings	(420,304)	(674,564)
Other	(296)	(1,181)
	-----	-----
Net cash flows from financing activities	(88,246)	(439,739)
	-----	-----
Decrease in cash and cash equivalents	(536,095)	(615,038)
Cash and cash equivalents at beginning of year*	1,854,621	1,192,363
	-----	-----
Cash and cash equivalents at end of first quarter*	\$ 1,318,526	\$ 577,325
	=====	=====

Supplemental cash flow information:
Non-cash investing and financing activities:
Common shares issued upon conversions of Zero Coupon

Convertible Subordinated Notes	\$ --	\$ 45,477
Cash paid during the period for:		
Income taxes	249,482	63,380
Interest	22,813	22,397

* Cash and cash equivalents are comprised of the following:

Beginning of year --		
Commercial and consumer finance businesses.	\$ 16,518	\$ 64,367
Other	1,838,103	1,127,996
	-----	-----
	\$ 1,854,621	\$1,192,363
	=====	=====
End of first quarter --		
Commercial and consumer finance businesses.	\$ 19,815	\$ 91,072
Other	1,298,711	486,253
	-----	-----
	\$ 1,318,526	\$ 577,325
	=====	=====

</TABLE>

See accompanying Notes to Interim Consolidated Financial Statements

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. GENERAL

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

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

NOTE 2. CHANGE IN ACCOUNTING FOR INCOME TAXES

Effective January 1, 1993, the Company adopted the provisions of Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes" ("SFAS 109"). The adoption of SFAS 109 changed the Company's method of accounting for income taxes from the "deferred method" to the "asset and liability method". Under the asset and liability method of SFAS 109, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The provisions of SFAS 109 require that the effect on deferred taxes of a change in tax rates be recognized in income in the period that includes the enactment date.

The cumulative effect of adopting SFAS 109 on the Company's financial statements was to decrease 1993 net income by about \$71 million. This amount is reflected in the 1993 Consolidated Statement of Earnings as the cumulative effect of a change in accounting principle. It primarily represents the impact of adjusting deferred taxes related to unrealized appreciation of marketable equity securities which arose prior to 1987 to reflect the then current capital gain tax rate of 34% as opposed to the 28% rate which was in effect when the deferred taxes originated. The effect of the accounting change on 1993 earnings before income taxes and cumulative effect adjustment was not

material.

NOTE 3. INVESTMENTS IN OBLIGATIONS WITH FIXED MATURITIES

Data with respect to investments in obligations with fixed maturities (other than mortgage-backed securities held by commercial and consumer finance businesses -- See Note 5) are shown in the tabulation below.

<TABLE>
<CAPTION>

	(000s omitted)	
	March 31, 1994	December 31, 1993
<S>	<C>	<C>
Amortized cost	\$2,108,502	\$2,108,602
Gross unrealized gains	255,615	242,506
Gross unrealized losses	(184,311)	(90,881)
Estimated fair value	\$2,179,806	\$2,260,227

</TABLE>

As of March 31, 1994, investments in obligations with fixed maturities, other than mortgage-backed securities held by commercial and consumer finance businesses, have been classified as "available for sale". In accordance with the provisions of Statement of Financial Accounting Standards No. 115 "Accounting For Certain Investments in Debt and Equity Securities", which the Company adopted as of December 31, 1993, investments so classified are carried at fair value, with the net after-tax unrealized gain or loss reported as a component of shareholders' equity. Such investments were classified as "held to maturity" at December 31, 1993 and, accordingly, carried at amortized cost. The change in classification with respect to these investments results in consistent financial reporting with the Company's investments in marketable equity securities. Had the change been reflected as of December 31, 1993, the Company's reported financial condition would not have been materially affected.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 4. INVESTMENTS IN MARKETABLE EQUITY SECURITIES

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

<TABLE>
<CAPTION>

	(000s omitted)	
	March 31, 1994	December 31, 1993
<S>	<C>	<C>
Total cost	\$ 4,727,007	\$ 4,317,758
Gross unrealized gains	8,130,202	8,315,231
Gross unrealized losses	(151,992)	(92,792)
Total approximate market value	\$12,705,217	\$12,540,197
Carrying value:		
Capital Cities/ABC, Inc.	\$ 1,368,000	\$ 1,239,000
The Coca-Cola Company	3,794,375	4,167,975
GEICO Corporation	1,840,938	1,759,594

The Gillette Company	1,518,000	1,431,000
All others	4,183,904	3,942,628
	-----	-----
Total	\$12,705,217	\$12,540,197
	=====	=====

</TABLE>

NOTE 5. ASSETS AND LIABILITIES OF COMMERCIAL AND CONSUMER FINANCE BUSINESSES

Assets and liabilities of Berkshire's commercial and consumer finance businesses are summarized below.

<TABLE>
<CAPTION>

	(000s omitted)	
	March 31, 1994	December 31, 1993
	-----	-----
<S>	<C>	<C>
Assets		

Cash and cash equivalents	\$ 19,815	\$ 16,518
Installment loans receivable	156,038	163,827
Mortgages and mortgage backed securities . .	620,301	656,311
Other	4,598	4,088
	-----	-----
	\$800,752	\$840,744
	=====	=====
Liabilities		

8.125% Notes, payable in 1996	\$120,000	\$120,000
Borrowings under investment agreements . . .	532,247	551,909
Other	32,168	51,873
	-----	-----
	\$684,415	\$723,782
	=====	=====

</TABLE>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6. DEFERRED INCOME TAX LIABILITY

The tax effect of significant items comprising the Company's net deferred tax liability as of March 31, 1994 and December 31, 1993 are as follows:

<TABLE>
<CAPTION>

	(000s omitted)	
	March 31, 1994	December 31, 1993
	-----	-----
<S>	<C>	<C>
Deferred tax liabilities:		
Relating to unrealized appreciation of investments	\$2,795,418	\$2,848,681
Other	72,724	73,638
	-----	-----
	2,868,142	2,922,319
Deferred tax assets	(171,766)	(181,816)
	-----	-----
Net deferred tax liability	\$2,696,376	\$2,740,503

</TABLE>

NOTE 7. INTEREST AND DIVIDEND INCOME

Interest and dividend income for the first quarter of 1994 and 1993 was comprised of the following:

<TABLE>
<CAPTION>

	(000s omitted) First Quarter	
	1994	1993
<S>	<C>	<C>
Interest earned by:		
Commercial and consumer finance businesses	\$ 17,844	\$ 12,833
Insurance businesses	20,731	14,921
Other	4,887	9,132
Dividends earned by:		
Insurance businesses	90,109	74,061
Other	2,433	3,890
Interest and dividend income	\$136,004	\$114,837

</TABLE>

NOTE 8. INTEREST EXPENSE

Interest expense for the first quarter of 1994 and 1993 was comprised of the following:

<TABLE>
<CAPTION>

	(000s omitted) First Quarter	
	1994	1993
<S>	<C>	<C>
Debt of commercial and consumer finance businesses	\$ 7,998	\$ 3,124
Other debt	15,976	12,840
Savings accounts of Mutual Savings and Loan Association	--	2,075
	\$23,974	\$18,039

</TABLE>

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 9. UNREALIZED APPRECIATION OF INVESTMENTS

Changes in "Unrealized appreciation of investments, net", the balance of which is carried in shareholders' equity, were as follows during the first quarter of 1994 and 1993:

<TABLE>
<CAPTION>

(000s omitted)

First Quarter

	1994	1993
<S>	<C>	<C>
Increase (decrease) in unrealized appreciation	\$ (172,924)	\$ 414,249
(Increase) decrease in deemed applicable income taxes . . .	59,734	(140,845) *
Increase in minority shareholders' interest	(2,780)	(1,443)
	-----	-----
Net increase (decrease)	(115,970)	271,961
Balance at beginning of period	5,412,652	5,047,219
	-----	-----
Balance at end of first quarter	\$5,296,682	\$5,319,180
	=====	=====

</TABLE>

* Other than relating to cumulative effect of change in accounting for income taxes. See Note 2.

NOTE 10. SEASONALITY AND OTHER FACTORS AFFECTING INTERIM STATEMENTS

For a number of reasons, Berkshire's results for interim periods are not normally indicative of results to be expected for the year. Most significantly, the 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.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

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

<TABLE>
<CAPTION>

	1994	1993
<S>	<C>	<C>
Insurance, except realized investment gain	\$ 43,813	\$ 54,240
Manufacturing, merchandising and services	45,385	34,821
Unallocated income/expense, net	3,476	3,217
Interest expense *	(10,362)	(8,173)
	-----	-----
Earnings before realized investment gain and cumulative effect of accounting change	82,312	84,105
Realized investment gain	50,578	16,630
	-----	-----
Earnings before cumulative effect of accounting change	132,890	100,735
Cumulative effect of change in accounting for income taxes ** . . .	--	(70,984)
	-----	-----
Net earnings	\$132,890	\$ 29,751
	=====	=====

</TABLE>

* For purposes of the above table, interest expense of commercial and consumer finance businesses is netted against the directly related service activity revenues.

** See Note 2 to the accompanying interim consolidated financial statements.

INSURANCE GROUP

The after tax figures shown above for Insurance Group earnings, except realized investment gain, derive from the following table. Dollar amounts are in thousands.

<TABLE>
<CAPTION>

	First Quarter	
	1994	1993
<S>	<C>	<C>
Premiums earned from:		
Primary or direct insurance	\$ 51,095	\$ 58,164
Reinsurance assumed	113,975	69,984
	-----	-----
	\$165,070	\$128,148
	=====	=====
Underwriting loss attributable to:		
Primary or direct insurance	\$ (7,198)	\$ (5,190)
Reinsurance assumed	(66,838)	(26,739)
	-----	-----
Total underwriting loss	(74,036)	(31,929)
Net investment income	108,016	87,030
	-----	-----
Earnings before income taxes	33,980	55,101
Income tax benefit *	11,044	204
Minority interest	(1,211)	(1,065)
	-----	-----
Net earnings from Insurance, except realized investment gain	\$ 43,813	\$ 54,240
	=====	=====

</TABLE>

* Income tax benefits from the Group's underwriting losses are proportionate to such losses at the full statutory income tax rates. For both periods reflected above, such benefits exceeded the income tax costs assignable at a lower effective tax rate to the Group's net investment income. The latter category of income includes tax-free interest income and tax-favored dividend income.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

INSURANCE GROUP (Continued)

As shown in the preceding table, reinsurance premiums earned during the first quarter of 1994 exceeded 1993's first quarter by about \$44 million. Essentially all of the comparative increase was attributed to amounts earned from catastrophe excess of loss policies. Premiums earned from reinsurance assumed activities during the first quarter of 1994 included approximately \$60 million from catastrophe excess of loss contracts. This business produced premiums earned of about \$7 million for the first quarter of 1993.

Catastrophe losses incurred during the first quarter of 1994 derived

mainly from the January 1994 earthquake in Los Angeles but also included losses from winter storms and other isolated loss events, and aggregated about \$92 million. Consequently, the catastrophe excess of loss reinsurance business produced a net underwriting loss of about \$34 million for the first quarter of 1994 compared to breakeven results for the first quarter of 1993. Also included in first quarter net underwriting losses from reinsurance activities were charges of \$17 million for 1994 and \$19 million for 1993 representing accretion of structured settlement liabilities and amortization of deferred charges re reinsurance assumed.

Considerable amounts of catastrophe reinsurance premiums remained in force at March 31, 1994. Aggregate unearned premiums from this business were approximately \$395 million as of March 31, 1994 reflecting the Group's practice to defer earning such premiums until the earlier of policy expiration or the reporting of a loss event. The timing and magnitude of catastrophe loss occurrences, if any, could have a significant effect on the periodic underwriting results from reinsurance activities for the remainder of 1994. Volatility in periodic underwriting results may also derive from subsequent development of substantial reserves already established for pre-1994 loss occurrences.

Premiums earned by the Insurance Group's primary or direct insurance units during the first quarter of 1994 decreased by about 12% from amounts earned in 1993's first quarter. Decreased amounts earned from the credit insurance and professional/specialty risk operations more than offset modest increases in premiums earned by the traditional motor vehicle and California workers' compensation units. Lower net underwriting gains from the credit insurance business accounted for most of the increase in comparative first quarter underwriting losses recorded from primary or direct insurance activities.

Investment income earned during the first quarter of 1994 by Insurance Group members exceeded amounts earned during 1993's first quarter by about \$21 million. Nearly half of that increase derived from increased dividend rates on several of the significant equity investments. Additionally, the Insurance Group continues to employ substantial amounts of policyholder float, about \$2.9 billion at March 31, 1994.

MANUFACTURING, MERCHANDISING AND SERVICES

Results of operations of Berkshire's diverse non-insurance businesses are aggregated in the following table. Dollar amounts are in thousands.

<TABLE>
<CAPTION>

	First Quarter			
	1994		1993	
	Amount	%	Amount	%
<S>	<C>	<C>	<C>	<C>
Revenues	\$576,546	100.0	\$473,061	100.0
Costs and expenses	501,512	87.0	415,298	87.8
Earnings before income taxes	75,034	13.0	57,763	12.2
Applicable income taxes	28,925	5.0	22,082	4.6
Applicable minority interest	724	0.1	860	0.2
Net earnings	\$ 45,385	7.9	\$ 34,821	7.4

</TABLE>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

MANUFACTURING, MERCHANDISING AND SERVICES (Continued)

Revenues from these several and diverse business activities during 1994's first quarter were greater by \$103.5 million (21.9%) than revenues recorded during the corresponding 1993 period. Much of the change resulted from increased revenues from the shoe segment (H. H. Brown Shoe Company, Lowell Shoe, Inc. and Dexter Shoe Company ["Dexter"]). Dexter, acquired by Berkshire on November 7, 1993, recorded first quarter 1994 revenues of approximately \$66 million and accounts for substantially all of the comparative revenue increase recorded by the shoe segment. Berkshire's home furnishings (Nebraska Furniture Mart), candy (See's Candies) and home cleaning systems segments also recorded significant revenue increases in 1994's first quarter as compared to the comparable 1993 period. Comparative revenue increases were also recorded by certain of Berkshire's diversified manufacturing businesses. Increased unit sales of Campbell Hausfeld products (air compressors, air painting systems and air tools) and Wayne pumps gave rise to these favorable comparative results.

Net earnings from this group of businesses increased \$10.6 million (30.3%) during 1994's first quarter. The shoe segment accounts for just over 50% of the comparative net earnings increase. Other businesses described in the preceding paragraph accounted for much of the remaining favorable comparative first quarter results. Additionally, favorable comparative net earnings from the encyclopedia, other reference material segment (World Book) were reported in 1994's first quarter as a result of successful cost cutting measures.

UNALLOCATED INCOME/EXPENSE, NET

Unallocated income/expense represents principally investment income of the parent company and non-insurance subsidiaries, reduced by parent company administrative costs.

INTEREST EXPENSE

Average outstanding borrowings under investment agreements were greater by approximately \$250 million during the first quarter of 1994 as compared to 1993. Somewhat offsetting the effect on interest expense of the increased borrowings was a reduction in the average interest rate on such borrowings from approximately 7.2% in 1993 to about 6.7% in 1994.

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.

FINANCIAL CONDITION

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

PART II OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

None

SIGNATURE

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

BERKSHIRE HATHAWAY INC.
(Registrant)

Date May 13, 1994

/s/ Marc D. Hamburg

(Signature)

Marc D. Hamburg, Vice President
and Principal Financial Officer