

# BERKSHIRE HATHAWAY INC.

## NEWS RELEASE

FOR IMMEDIATE RELEASE

August 3, 2007

Omaha, NE (BRK.A; BRK.B) –

Berkshire's operating results for the second quarter and first six months of 2007 are summarized in the following paragraphs. However, we urge investors and reporters to read our 10-Q, which has been posted at [www.berkshirehathaway.com](http://www.berkshirehathaway.com). The limited information that follows in this press release is not adequate for making an informed investment judgment.

Earnings of Berkshire Hathaway Inc. and its consolidated subsidiaries for the second quarter and first six months of 2007 and 2006 are summarized below. Earnings are stated on an after-tax basis. (Dollar amounts are in millions, except for per share amounts).

	<u>Second Quarter</u>		<u>First Six Months</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Net earnings .....	\$3,118	\$2,347	\$5,713	\$4,660
Investment and derivative gains/losses .....	<u>608</u>	<u>294</u>	<u>990</u>	<u>820</u>
Operating earnings .....	<u>\$2,510</u>	<u>\$2,053</u>	<u>\$4,723</u>	<u>\$3,840</u>
Net earnings per Class A equivalent share .....	\$2,018	\$1,522	\$3,700	\$3,023
Investment and derivative gains per Class A equivalent share....	<u>393</u>	<u>191</u>	<u>641</u>	<u>532</u>
Operating earnings per Class A equivalent share .....	<u>\$1,625</u>	<u>\$1,331</u>	<u>\$3,059</u>	<u>\$2,491</u>
Average Class A equivalent shares outstanding.....	1,545,206	1,541,641	1,544,008	1,541,286

Note: Figures for the Class B shares are 1/30<sup>th</sup> those shown for the Class A.

An analysis of Berkshire's operating earnings follows (dollar amounts are in millions).

	<u>Second Quarter</u>		<u>First Six Months</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Insurance-underwriting .....	\$ 632	\$ 371	\$1,233	\$ 701
Insurance-investment income .....	862	782	1,610	1,485
Non-insurance businesses.....	1,049	927	1,943	1,695
Other .....	<u>(33)</u>	<u>(27)</u>	<u>(63)</u>	<u>(41)</u>
Operating earnings .....	<u>\$2,510</u>	<u>\$2,053</u>	<u>\$4,723</u>	<u>\$3,840</u>

In our earnings summary, we distinguish between what we call "operating earnings" and investment and derivative gains/losses. Berkshire possesses a huge reservoir (about \$35.5 billion on June 30, 2007) of pre-tax unrealized investment gains. The cashing of these in any given quarter (or the realization of losses, for that matter) can materially distort net income figures as well as comparisons between periods. We do not wish investors to mistakenly focus on a bottom-line number affected by large investment gains that do not stem from economic accomplishments during the reporting period and that have no concurrent impact on the intrinsic value of the company. Both trends in our operating businesses and their health are best judged by income before investment gains or losses.

Berkshire Hathaway and its subsidiaries engage in diverse business activities including property and casualty insurance and reinsurance, utilities and energy, finance, manufacturing, retailing and services. Common stock of the company is listed on the New York Stock Exchange, trading symbols BRK.A and BRK.B.

Certain statements contained in this press release are “forward looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are not guaranties of future performance and actual results may differ materially from those forecasted.

### **Comment on Regulation G**

This press release includes certain non-GAAP financial measures. The reconciliations of such measures to the most comparable GAAP figures in accordance with Regulation G are included herein.

Berkshire presents its results in the way it believes will be most meaningful and useful, as well as most transparent, to the investing public and others who use Berkshire’s financial information. That presentation includes the use of certain non-GAAP financial measures. In addition to the GAAP presentations of net earnings, Berkshire shows operating earnings defined as net earnings exclusive of investment and derivative gains/losses.

Although the investment of insurance and reinsurance premiums to generate investment income and investment gains or losses is an integral part of Berkshire’s operations, the generation of investment gains or losses is independent of the insurance underwriting process. Moreover, under applicable GAAP accounting requirements, losses can be created as the result of other-than-temporary declines in value without actual realization or when certain types of investments are marked-to-market through earnings. In sum, investment and derivative gains/losses for any particular period are not indicative of quarterly business performance.

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