

BERKSHIRE HATHAWAY INC.

NEWS RELEASE

FOR IMMEDIATE RELEASE

November 7, 2020

Omaha, NE (BRK.A; BRK.B) –

Berkshire’s operating results for the third quarter and first nine months of 2020 and 2019 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. *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 third quarter and first nine months of 2020 and 2019 are summarized below. Earnings are stated on an after-tax basis. (Dollar amounts are in millions, except for per share amounts).

	<u>Third Quarter</u>		<u>First Nine Months</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Net earnings attributable to Berkshire shareholders	\$ 30,137	\$ 16,524	\$ 6,686	\$ 52,258
Net earnings includes:				
Investment and derivative gains/losses –				
Investments ⁽¹⁾	24,771	8,481	1,271	31,745
Derivatives.....	(34)	185	(506)	961
	24,737	8,666	765	32,706
Impairments of intangible assets ⁽²⁾	(78)	(214)	(10,980)	(214)
Operating earnings	5,478	8,072	16,901	19,766
Net earnings attributable to Berkshire shareholders	\$ 30,137	\$ 16,524	\$ 6,686	\$ 52,258
Net earnings per average equivalent Class A Share	\$ 18,994	\$ 10,119	\$ 4,160	\$ 31,944
Net earnings per average equivalent Class B Share.....	\$ 12.66	\$ 6.75	\$ 2.77	\$ 21.30
Average equivalent Class A shares outstanding	1,586,698	1,633,002	1,607,041	1,635,903
Average equivalent Class B shares outstanding	2,380,046,304	2,449,502,430	2,410,561,550	2,453,854,768

Note: Per share amounts for the Class B shares are 1/1,500th of those shown for the Class A.

⁽¹⁾ Generally Accepted Accounting Principles (“GAAP”) require that we include the changes in unrealized gains/losses of our equity security investments as a component of investment gains/losses in our earnings statements. In the table above, investment gains/losses in 2020 include gains of \$22.4 billion in the third quarter and \$2.3 billion in the first nine months and in 2019 include gains of \$8.0 billion in the third quarter and \$30.1 billion in the first nine months due to *changes* during the third quarter and the first nine months in the *unrealized* gains that existed in our equity security investment holdings. Investment gains/losses in 2020 also include after-tax *realized* gains on sales of investments of \$3.1 billion during the third quarter and \$552 million during the first nine months. In 2019, investment gains/losses include after-tax *realized* gains of \$513 million during the third quarter and \$1.6 billion during the first nine months.

The amount of investment gains/losses in any given quarter is usually meaningless and delivers figures for net earnings per share that can be extremely misleading to investors who have little or no knowledge of accounting rules.

⁽²⁾ Impairments of intangible assets in the first nine months of 2020 include charges of \$9.8 billion recorded in the second quarter attributable to impairments of goodwill and certain identifiable intangible assets that were recorded in connection with Berkshire’s acquisition of Precision Castparts Corp. in 2016.

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

	<u>Third Quarter</u>		<u>First Nine Months</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Insurance-underwriting.....	\$ (213)	\$ 440	\$ 956	\$ 1,182
Insurance-investment income.....	1,015	1,484	3,769	4,087
Railroad, utilities and energy.....	2,742	2,644	6,257	6,447
Other businesses.....	2,346	2,455	5,833	7,142
Other.....	<u>(412)</u>	<u>1,049</u>	<u>86</u>	<u>908</u>
Operating earnings.....	<u>\$ 5,478</u>	<u>\$ 8,072</u>	<u>\$16,901</u>	<u>\$19,766</u>

Approximately \$9 billion was used to repurchase Berkshire shares during the third quarter bringing the nine month total to approximately \$16 billion. On September 30, 2020 there were 1,570,636 Class A equivalent shares outstanding. At September 30, 2020, insurance float (the net liabilities we assume under insurance contracts) was approximately \$135 billion, an increase of \$6 billion since yearend 2019.

Use of Non-GAAP Financial Measures

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 and impairments of goodwill and intangible assets.

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, as previously described, under applicable GAAP accounting requirements, we are required to include the changes in unrealized gains/losses of our equity security investments as a component of investment gains/losses in our periodic earnings statements. In sum, investment gains/losses for any particular period are not indicative of quarterly business performance.

About Berkshire

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

Cautionary Statement

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.

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