CONSOLIDATED BALANCE SHEETS
(dollars in millions except share amounts)

	September 30, 1999	December 31, 1998
ASSETS		
Cash and cash equivalents	$ 4,715	$ 13,582
Investments:		
Securities with fixed maturities	31,251	21,246
Equity securities and other investments	34,784	39,761
Receivables	7,207	7,224
Inventories	780	767
Assets of finance and financial products businesses	23,795	16,989
Property, plant and equipment	1,782	1,509
Goodwill of acquired businesses	18,270	18,570
Other assets	4,008	2,589
	$126,592	$122,237
LIABILITIES AND SHAREHOLDERS' EQUITY		
Losses and loss adjustment expenses	$ 25,482	$ 23,012
Unearned premiums	3,875	3,324
Accounts payable, accruals and other liabilities	7,605	7,182
Income taxes, principally deferred	8,288	11,762
Borrowings under investment agreements and other debt	2,448	2,385
Liabilities of finance and financial products businesses	22,183	15,525
	69,881	63,190
Minority shareholders' interests	1,406	1,644
Shareholders' equity:		
Common Stock: *		
Class A Common Stock, $5 par value and Class B Common Stock, $0.1667 par value	8	8
Capital in excess of par value	25,189	25,121
Accumulated other comprehensive income	14,811	18,510
Retained earnings	15,297	13,764
Total shareholders' equity	55,305	57,403
	$126,592	$122,237

* *Class B Common Stock has economic rights equal to one-thirtieth (1/30) of the economic rights of Class A Common Stock. On an equivalent Class A Common Stock basis, there are 1,520,040 shares outstanding at September 30, 1999 and 1,518,548 shares outstanding on December 31, 1998.*

See accompanying Notes to Interim Consolidated Financial Statements

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

	Third Quarter		First Nine Months	
	1999	1998	1999	1998
Revenues:				
Insurance premiums earned	$4,603	$1,367	$ 10,700	$3,983
Sales and service revenues	1,397	1,145	4,166	3,188
Interest, dividend and other investment income	614	231	1,721	736
Income from finance and financial products businesses	12	13	147	36
Realized investment gain	425	153	1,224	2,227
	7,051	2,909	17,958	10,170
Cost and expenses:				
Insurance losses and loss adjustment expenses	4,182	1,014	8,979	2,962
Insurance underwriting expenses	793	272	2,385	804
Cost of products and services sold	986	773	2,917	2,053
Selling, general and administrative expenses	267	248	805	744
Goodwill amortization	119	26	356	73
Interest expense	35	28	100	82
	6,382	2,361	15,542	6,718
Earnings before income taxes and minority interest	669	548	2,416	3,452
Income taxes	237	179	855	1,166
Minority interest	12	4	28	23
Net earnings	$ 420	$ 365	$1,533	$2,263
Average shares outstanding *	1,519,954	1,244,275	1,519,506	1,242,075
Net earnings per share *	$ 276	$ 293	$1,009	$1,822

* *Average shares outstanding include average Class A Common shares and average Class B Common shares determined on an equivalent Class A Common Stock basis. Net earnings per share shown above represents net earnings per equivalent Class A Common share. Net earnings per Class B Common share is equal to one-thirtieth (1/30) of such amount.*

See accompanying Notes to Interim Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in millions)

	First Nine Months 1999	First Nine Months 1998
Net cash flows from operating activities	$ 1,328	$ 14
Cash flows from investing activities:		
Purchases of investments	(18,218)	(4,615)
Proceeds on sales and maturities of investments	8,741	11,475
Loans and investments originated in finance businesses	(1,433)	(395)
Principal collections on loans and investments originated in finance businesses	746	213
Acquisition of businesses	—	(549)
Other	(437)	(202)
Net cash flows from investing activities	(10,601)	5,927
Cash flows from financing activities:		
Proceeds from borrowings of finance businesses	627	120
Proceeds from other borrowings	1,454	897
Repayments of borrowings of finance businesses	(330)	(80)
Repayments of other borrowings	(1,362)	(1,035)
Other	(41)	3
Net cash flows from financing activities	348	(95)
Increase (decrease) in cash and cash equivalents	(8,925)	5,846
Cash and cash equivalents at beginning of year*	14,489	1,058
Cash and cash equivalents at end of first nine months*	$5,564	$6,904
Supplemental cash flow information:		
Cash paid during the period for:		
Income taxes	$2,175	$1,437
Interest of finance and financial products businesses	350	17
Other interest	112	85
Non-cash investing activity:		
Liabilities assumed in connection with acquisition of businesses	—	276
Common shares issued in connection with acquisition of businesses	—	675
Contingent value of Exchange Notes recognized in earnings	30	61
Value of equity securities used to redeem Exchange Notes	133	344

* *Cash and cash equivalents are comprised of the following:*

	1999	1998
Beginning of year —		
Finance and financial products businesses	*$ 907*	*$ 56*
Other	*13,582*	*1,002*
	$14,489	*$1,058*
End of first nine months —		
Finance and financial products businesses	*$ 849*	*$ 12*
Other	*4,715*	*6,892*
	$ 5,564	*$6,904*

See accompanying Notes to Interim Consolidated Financial Statements

Notes To Interim Consolidated Financial Statements
September 30, 1999

Note 1. General

The accompanying unaudited consolidated financial statements include the accounts of Berkshire consolidated with the accounts of all its subsidiaries. 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) that are, in the opinion of management, necessary to a fair statement of results for the interim periods in accordance with generally accepted accounting principles.

For a number of reasons, Berkshire's results for interim periods are not normally indicative of results to be expected for the year. The timing and magnitude of catastrophe losses incurred by insurance subsidiaries and 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. Realized investment gains/losses are recorded when investments are sold, other-than-temporarily impaired or in certain situations, as required by GAAP, when investments are marked-to-market with the corresponding gain or loss included in earnings. Variations in amount and timing of realized investment gains/losses can cause significant variations in periodic net earnings.

During the second quarter, the company restated its December 31, 1998 Consolidated Balance Sheet. The restatement resulted from a further review of the opening balance sheet of General Re Corporation which was used as the basis for recording the fair value of the assets and liabilities acquired in connection with the acquisition of General Re Corporation which closed on December 21, 1998. The effect of the restatement was to increase goodwill of acquired businesses by $124 million and to increase property, plant and equipment by $18 million with a corresponding decrease of $142 million in other assets from the amounts previously reported. The restatement had no effect on the previously reported earnings for the year ended December 31, 1998.

In June 1999, the Financial Accounting Standards Board ("FASB") issued Statement of Accounting Standards No. 137 "Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No. 133" ("SFAS No. 137"). FASB Statement No. 133 was discussed in Note 1 to the Consolidated Financial Statements in Berkshire's 1998 Annual Report. SFAS No. 137 delays the effective date for implementing SFAS No. 133 and Berkshire will adopt the requirements of SFAS No. 133 as of the beginning of 2001.

Note 2. Business acquisitions

On July 23, 1998, Berkshire signed a merger agreement with Executive Jet, Inc. (“Executive Jet”) and on August 7, 1998, the merger was completed. Under the terms of the Executive Jet agreement, shareholders of Executive Jet received total consideration of approximately $725 million, consisting of $350 million in cash and the remainder in Class A and Class B Common Stock.

Executive Jet is the world’s leading provider of fractional ownership programs for general aviation aircraft. Executive Jet currently operates its NetJets® fractional ownership programs in the United States and Europe. In addition, Executive Jet is pursuing other international activities.

On June 19, 1998, Berkshire signed a merger agreement with General Re Corporation (“General Re”) and on December 21, 1998, the merger was completed. Under the terms of the merger agreement, General Re shareholders received at their election either 0.0035 shares of Berkshire Class A Common Stock or 0.105 shares of Berkshire Class B Common Stock for each share of General Re common stock they owned. Berkshire issued approximately 272,200 Class A equivalent shares in exchange for the General Re shares outstanding as of December 21, 1998. The total consideration for the transaction, based upon the closing prices of Berkshire Class A Common Stock for the 10-day period ending June 26, 1998, was approximately $22 billion.

General Re is a holding company for global reinsurance and related risk management operations. It owns General Reinsurance Corporation and National Reinsurance Corporation, the largest professional property and casualty reinsurance group domiciled in the United States. General Re also owns a controlling interest in Kölnische Rückversicherungs-Gesellschaft AG (Cologne Re), a major international reinsurer. Together, General Re and Cologne Re transact reinsurance business as “General & Cologne Re”.

Notes To Interim Consolidated Financial Statements (Continued)

Note 2. Business acquisitions (Continued)

In addition, General Re writes excess and surplus lines insurance through General Star Management Company, provides alternative risk solutions through Genesis Underwriting Management Company, provides reinsurance, real estate, and investment management and brokerage services through a number of affiliated companies. General Re also operates as a dealer in the swap and derivatives market through General Re Financial Products Corporation.

Each of the business acquisitions described above was accounted for under the purchase method. The excess of the purchase cost of the business over the fair value of net assets acquired was recorded as goodwill of acquired businesses.

The results of operations for each of these entities are included in Berkshire's consolidated results of operations from the dates of each merger. The following table sets forth certain consolidated earnings data for the first nine months of 1998, as if the Executive Jet and General Re acquisitions had been consummated on the same terms at the beginning of 1998. Dollars in millions except per share amount.

	1998
Insurance premiums earned	$8,419
Sales and service revenues	3,699
Total revenues	16,387
Net earnings	2,854
Earnings per equivalent Class A Common Share	1,880

Note 3. Investments in securities with fixed maturities

Data with respect to investments in securities with fixed maturities (other than securities with fixed maturities held by finance and financial products businesses — See Note 8) are shown in the tabulation below (in millions).

	September 30, 1999	December 31, 1998
Amortized cost	$31,870	$21,159
Gross unrealized gains	155	94
Gross unrealized losses	(774)	(7)
Estimated fair value	$31,251	$21,246

Note 4. Investments in equity securities and other investments

Data with respect to investments in equity securities and other investments are shown in the tabulation below (in millions).

	September 30, 1999	December 31, 1998
Total cost	$10,904	$10,897
Gross unrealized gains	24,088	28,902
Gross unrealized losses	(208)	(38)
Total fair value	$34,784	$39,761
Fair value:		
American Express Company	$ 6,822	$ 5,180
The Coca-Cola Company	9,650	13,400
The Gillette Company	3,258	4,590
Other equity securities	13,299	14,951
Other investments	1,755	1,640
Total	$34,784	$39,761

Note 5. Deferred income tax liabilities

The tax effects of significant items comprising Berkshire's net deferred tax liabilities as of September 30, 1999 and December 31, 1998 are as follows (in millions):

	September 30, 1999	December 31, 1998
Deferred tax liabilities:		
Relating to unrealized appreciation of investments	$8,116	$10,149
Other	1,353	1,615
	9,469	11,764
Deferred tax assets	(975)	(1,008)
Net deferred tax liabilities	$8,494	$10,756

Note 6. Common stock

The following table summarizes Berkshire's common stock activity during the first nine months of 1999.

	Class A Common Stock (1,650,000 shares authorized) Issued and Outstanding	Class B Common Stock (55,000,000 shares authorized) Issued and Outstanding
Balance at December 31, 1998	1,349,535	5,070,379
Conversions of Class A Common Stock to Class B Common Stock and other	(7,198)	260,701
Balance at September 30, 1999	1,342,337	5,331,080

Each share of Class A Common Stock is convertible, at the option of the holder, into thirty shares of Class B Common Stock. Class B Common Stock is not convertible into Class A Common Stock. Class B Common Stock has economic rights equal to one-thirtieth (1/30) of the economic rights of Class A Common Stock. Accordingly, on an equivalent Class A Common Stock basis, there are 1,520,040 shares outstanding at September 30, 1999 and 1,518,548 shares outstanding on December 31, 1998.

Each Class A Common share is entitled to one vote per share. Each Class B Common share possesses the voting rights of one-two-hundredth (1/200) of the voting rights of a Class A share. Class A and Class B Common shares vote together as a single class.

Note 7. Comprehensive income

Berkshire's comprehensive income for the third quarter and first nine months of 1999 and 1998 is shown in the table below (in millions). Other comprehensive income consists of unrealized gains and losses on investments and foreign currency translation adjustments associated with foreign-based business operations.

	Third Quarter		First Nine Months	
	1999	1998	1999	1998
Net earnings	$ 420	$ 365	$ 1,533	$ 2,263
Other comprehensive income:				
(Decrease) in unrealized appreciation of investments	(4,991)	(10,360)	(5,812)	(5,310)
Applicable income taxes and minority interests	1,813	3,681	2,113	1,870
Foreign currency translation gains (losses)	23	—	(48)	—
Applicable income taxes and minority interests	(11)	—	48	—
	(3,166)	(6,679)	(3,699)	(3,440)
Comprehensive income	$(2,746)	$(6,314)	$(2,166)	$(1,177)

Note 8. Finance and financial products businesses

Assets and liabilities of Berkshire's finance and financial products businesses are summarized below (in millions).

	September 30, 1999	December 31, 1998
Assets		
Cash and cash equivalents	$ 849	$ 907
Investments in securities with fixed maturities:		
Held to maturity, at cost	1,794	1,227
Trading, at fair value	11,617	5,219
Available for sale, at fair value	978	743
Trading account assets	5,156	6,234
Securities purchased under agreements to resell	1,786	1,083
Other	1,615	1,576
	$23,795	$16,989
Liabilities		
Annuity reserves and policyholder liabilities	$ 842	$ 816
Securities sold under agreements to repurchase	10,957	4,065
Securities sold but not yet purchased	1,174	1,181
Trading account liabilities	5,217	5,834
Notes payable and other borrowings	1,795	1,503
Other	2,198	2,126
	$22,183	$15,525

Note 9. Business Segment Data

A disaggregation of Berkshire's consolidated data for the third quarter and first nine months of each of the two most recent years is as follows. Amounts are in millions.

	Revenues			
	Third Quarter		First Nine Months	
	1999	1998	1999	1998
Operating Segments:				
GEICO *	$1,222	$1,035	$ 3,491	$2,957
General Re *	1,889	—	5,054	—
Berkshire Hathaway Reinsurance Group *	1,421	251	1,966	779
Berkshire Hathaway Primary Insurance Group *	71	81	189	247
Buffalo News	39	40	115	115
Flight services	456	259	1,330	484
Home furnishings	220	199	620	563
International Dairy Queen	124	116	369	340
Jewelry	90	79	282	247
Scott Fetzer Companies	254	235	763	755
See's Candies	32	29	150	143
Shoe group	129	137	376	381
	5,947	2,461	14,705	7,011
Reconciliation of segment amounts to consolidated amounts:				
Other sales and service revenues	53	51	161	160
Interest, dividend and other investment income	671	233	1,889	741
Income from finance and financial products businesses	12	13	147	36
Realized investment gain	425	153	1,224	2,227
Purchase-accounting-adjustments	(57)	(2)	(168)	(5)
	$ 7,051	$2,909	$17,958	$10,170

* *Represents insurance premiums earned*

Note 9. Business Segment Data (Continued)

	Operating profit before Taxes			
	Third Quarter		First Nine Months	
	1999	1998	1999	1998
Operating Segments:				
GEICO **	$ 32	$ 102	$ 52	$ 256
General Re **	(277)	—	(603)	—
Berkshire Hathaway Reinsurance Group **	(132)	(16)	(87)	(29)
Berkshire Hathaway Primary Insurance Group **	2	(5)	3	(10)
Buffalo News	15	13	41	38
Flight services	51	44	163	126
Home furnishings	20	21	55	52
International Dairy Queen	15	17	45	46
Jewelry	5	3	14	8
Scott Fetzer Companies	34	25	96	87
See's Candies	(5)	(7)	10	7
Shoe group	5	11	14	24
	(235)	208	(197)	605
Reconciliation of segment amounts to consolidated amounts:				
Interest, dividend and other investment income	666	225	1,872	729
Income from finance and financial products businesses	12	13	147	36
Realized investment gain	425	153	1,224	2,227
Interest expense ***	(27)	(24)	(83)	(75)
Corporate and other	2	3	5	14
Goodwill amortization and other purchase-accounting-adjustments	(174)	(30)	(552)	(84)
	$ 669	$ 548	$2,416	$3,452

** *Represents underwriting profit (loss)*

*** *Excludes interest expense allocated to finance businesses and certain identifiable segments.*

Note 10. Subsequent Event

On October 24, 1999, Berkshire entered into an agreement along with two other investors to acquire MidAmerican Energy Holdings Company ("MidAmerican"). Pursuant to the terms of the agreement, Berkshire expects to invest approximately $1.25 billion in common stock and a non-dividend paying convertible preferred stock of a newly formed entity which will merge with and into MidAmerican, with MidAmerican continuing as the surviving corporation. Such investment will give Berkshire about a 75% economic interest in MidAmerican on a fully-diluted basis. Berkshire will also acquire an $800 million issue of non-transferable trust preferred stock. The merger and related investments by Berkshire and the other investors are subject to terms and conditions including approval by shareholders of MidAmerican and certain regulatory approvals. It is currently anticipated that the transaction will close during the first half of 2000.

Through its retail utility subsidiaries, MidAmerican Energy in the U.S. and Northern Electric in the U.K., MidAmerican provides electric service to 2.2 million customers and natural gas service to 1.2 million customers worldwide. MidAmerican manages and owns interests in approximately 8,300 net megawatts of diversified power generation facilities in operation, construction and development.

Management's Discussion
September 30, 1999

Results of Operations

Net earnings for the third quarter and first nine months of 1999 and 1998 are disaggregated in the table that follows. Amounts are after deducting minority interests and income taxes.

	— (dollars in millions) —			
	Third Quarter		First Nine Months	
	1999	1998	1999	1998
Insurance segments - net underwriting gain (loss)	$(245)	$ 52	$ (407)	$ 140
Insurance segments - investment income	467	162	1,320	531
Non-insurance business segments	85	79	265	238
Interest expense	(16)	(14)	(52)	(46)
Goodwill amortization and other purchase-accounting-adjustments	(147)	(28)	(482)	(79)
Other	12	13	105	44
Earnings before realized investment gain	156	264	749	828
Realized investment gain	264	101	784	1,435
Net earnings	$420	$365	$1,533	$2,263

Insurance Segments — Underwriting

A summary follows of underwriting results from Berkshire's insurance segments for the third quarter and first nine months of 1999 and 1998. Dollar amounts are in millions.

	Third Quarter		First Nine Months	
	1999	1998	1999	1998
Underwriting gain (loss) attributable to:				
GEICO	$ 32	$ 102	$ 52	$256
General Re	(277)	—	(603)	—
Berkshire Hathaway Reinsurance Group	(132)	(16)	(87)	(29)
Berkshire Hathaway Primary Insurance Group	2	(5)	3	(10)
Pre-tax underwriting gain (loss)	(375)	81	(635)	217
Income taxes and minority interest	(130)	29	(228)	77
Net underwriting gain (loss)	$(245)	$ 52	$(407)	$140

Berkshire engages in both primary insurance and reinsurance of property and casualty risks. Through General Re, Berkshire also reinsures life and health risks. In primary insurance activities, Berkshire subsidiaries assume defined portions of the risks of loss from persons or organizations that are directly subject to the risks. In reinsurance activities, Berkshire subsidiaries assume defined portions of similar or dissimilar risks that other insurers or reinsurers have subjected themselves to in their own insuring activities. Berkshire's principal insurance businesses are: (1) GEICO, the sixth largest auto insurer in the United States, (2) General Re, one of the four largest reinsurers in the world, (3) Berkshire Hathaway Reinsurance Group ("BHRG") and (4) Berkshire Hathaway Primary Insurance Group. See Note 2 to the Interim Consolidated Financial Statements for information regarding the General Re acquisition.

GEICO Corporation

GEICO Corporation through its affiliates ("GEICO") provides private passenger auto insurance to customers in 48 states and the District of Columbia. GEICO policies are marketed mainly through direct response methods, in which insureds apply directly to the company for insurance coverage over the telephone, through the mail or via the Internet. This is a significant element in GEICO's strategy to be a low cost insurer and, yet, provide high value to policyholders.

***Insurance Segments - Underwriting* (Continued)**

GEICO's pre-tax underwriting results for the third quarter and first nine months of 1999 and 1998 are summarized in the table below. Dollar amounts are in millions.

	Third Quarter		First Nine Months	
	1999	1998	1999	1998
Premiums earned	$1,222	$1,035	$3,491	$2,957
Losses and loss expenses	963	740	2,779	2,159
Underwriting expenses	227	193	660	542
Underwriting gain	$ 32	$ 102	$ 52	$ 256

The amounts of premium earned by GEICO in 1999 periods exceeded amounts in 1998 periods by 18.1% reflecting a 22.8% increase in voluntary auto policies in force over the past year, partially offset by lower average premium rates. Over the past twelve months, the number of preferred auto policies in-force grew 18.5% and the number of standard and non-standard policies in-force grew 43.4%. Although competition for private-passenger auto insurance business is intense, GEICO expects that its in-force policies will continue to grow during the remainder of 1999 and into 2000 as a result of its on-going marketing efforts and competitive premium rates. During 1999, inquiries produced per dollar of marketing expenditures have decreased, but the percentage of sales to inquiries has increased.

GEICO's net underwriting profits for the third quarter and first nine months of 1999 declined considerably from the profits generated during the corresponding 1998 periods due primarily to rate reductions, higher levels of losses and loss expenses and, also to higher marketing expenditures. The ratios of losses and loss expenses to earned premiums ("loss ratio") during 1999 periods were 78.8% for the third quarter and 79.6% for the first nine months. For 1998, the loss ratios were 71.5% for the third quarter and 73.0% for the first nine months. As anticipated, significant premium rate reductions taken in certain states over the past two years have caused claim costs, as a percentage of premiums, to increase in 1999. In addition, GEICO has experienced higher frequencies of physical damage and bodily injury claims in 1999 than in 1998.

GEICO's underwriting expenses incurred during the third quarter and first nine months of 1999 exceeded amounts incurred during the corresponding 1998 periods by 17.6% for the third quarter and 21.8% for the first nine months. The increased expense amounts in 1999 resulted from the aforementioned marketing costs associated with in-force policy growth, offset slightly by the effect of the deferral of certain costs associated with the development of computer software for internal use, as prescribed by new accounting rules effective in 1999.

General Re

On December 21,1998 General Re became a wholly-owned subsidiary of Berkshire upon completion of the merger of the two companies. General Re's results of operations are included in Berkshire's consolidated results beginning as of that date. General Re and its affiliates conduct a global reinsurance business with operations in the United States and 124 other countries around the world. General Re's principal reinsurance operations are: (1) North American property/casualty, (2) International property/casualty and (3) Global life/health. The international property/casualty and global life/health operations are conducted primarily through Germany-based Cologne Re and its subsidiaries. At September 30,1999, General Re had an 87% economic ownership interest in Cologne Re.

For the third quarter and first nine months of 1999, General Re's consolidated premiums earned were $1,889 million and $5,054 million, respectively. General Re's consolidated underwriting activities produced pre-tax net underwriting losses in 1999 totaling $277 million for the third quarter and $603 million for the first nine months. While the poor underwriting results were slightly related to certain catastrophes occurring during the third quarter, the primary cause for the underwriting loss is that premium rates for both the reinsurance industry and General Re are currently inadequate. The discussion that follows provides comparative results for 1998 although such results are not included in Berkshire's 1998 third quarter and first nine months consolidated results.

North American property/casualty

General Re's North American property/casualty pre-tax underwriting results for the third quarter and first nine months of 1999 and 1998 are shown below. Dollar amounts are in millions.

	Third Quarter		First Nine Months	
	1999	1998	1999	1998
Premiums earned	$ 793	$682	$2,060	$1,978
Losses and loss expenses	753	489	1,611	1,343
Underwriting expenses	198	200	680	618
Net underwriting gain (loss)	$(158)	$ (7)	$ (231)	$ 17

***Insurance Segments - Underwriting* (Continued)**

North American property/casualty (continued)

General Re's North American property/casualty operations underwrite predominantly excess reinsurance across multiple lines of business. For the third quarter and first nine months of 1999, North American property/casualty earned premiums exceeded 1998 amounts by 16.3% and 4.1%, respectively. Premiums earned during the third quarter of 1999 included earned premiums of $128 million related to a new stop-loss reinsurance contract. Premiums earned in 1999 periods related to other North American property/casualty businesses declined slightly from amounts earned in 1998. Declines in premiums earned from national account reinsurance and General Re's excess and surplus lines insurance business exceeded increases in premiums earned from regional, specialty, and facultative reinsurance businesses.

Underwriting results from North American property/casualty businesses for the third quarter and first nine months of 1999 deteriorated significantly when compared to the results for the corresponding 1998 periods. North American property/casualty loss ratios for the first nine months of 1999 were 78.2% compared to 67.9% for the first nine months of 1998. For the third quarter, the loss ratios were 95.0% in 1999 and 71.7% in 1998. The loss ratios in 1999 periods include significantly less favorable development of loss reserves established for previous years' casualty claims than in 1998. In addition, the 1999 periods include increased net underwriting losses related to higher current accident year losses on casualty claims and large property losses.

International property/casualty

General Re's International property/casualty pre-tax underwriting results for the third quarter and first nine months of 1999 and 1998 are shown below. Dollar amounts are in millions.

	Third Quarter		First Nine Months	
	1999	1998	1999	1998
Premiums earned	$ 587	$487	$1,701	$1,543
Losses and loss expenses	497	343	1,391	1,065
Underwriting expenses	195	150	569	492
Net underwriting (loss)	$(105)	$ (6)	$ (259)	$ (14)

The international property/casualty operations write quota-share and excess reinsurance on risks around the world. The growth in earned premiums in 1999 periods was due primarily to (1) new business produced by wholly-owned subsidiaries, which includes the business generated by newly acquired Lloyd's underwriting manager, DP Mann and (2) reduced levels of premiums ceded, including amounts ceded to General Re's North American reinsurance operations.

Underwriting results of General Re's international property/casualty business for the third quarter and first nine months of 1999 were poor. Loss and loss expense ratios for the third quarter and first nine months of 1999 were 84.7% and 81.8%, respectively. Comparatively, loss ratios for the third quarter and first nine months of 1998 were 70.4% and 69.0%, respectively. The increase in the loss ratios during 1999 periods is due to higher levels of property losses, which include increased amounts related to catastrophes, and deteriorating results in excess liability, motor and Australian professional indemnity lines of business.

Global life/health

General Re's Global life/health pre-tax underwriting results for the third quarter and first nine months of 1999 and 1998 are shown below. Dollar amounts are in millions.

	Third Quarter		First Nine Months	
	1999	1998	1999	1998
Premiums earned	$509	$321	$1,293	$915
Losses and loss expenses	406	246	1,087	675
Underwriting expenses	117	77	319	246
Net underwriting (loss)	$(14)	$ (2)	$ (113)	$ (6)

General Re's Global life/health affiliates reinsure such risks world-wide. Global life/health premiums earned in 1999 periods exceeded amounts earned in 1998 by 58.6% for the third quarter and 41.3% for the first nine months. The increases in premiums in 1999 periods resulted primarily from run off business written by the former London agent of Cologne Re's U.S. subsidiary ("GCL", formerly "CLR") and growth from several new contracts written in the U.S. individual and group health markets.

***Insurance Segments - Underwriting* (Continued)**

Global life/health (continued)

The net underwriting losses for the first nine months of 1999 were due primarily to unsatisfactory underwriting experience in the individual and group health businesses, increases in GCL's health claim reserves and unfavorable mortality experience in the individual life business.

The estimated loss provision of $275 million, which was established in 1998 prior to the merger with General Re on business written by GCL's former London-based managing underwriter, remained unchanged at the end of the third quarter. The provision may be adjusted in the fourth quarter of 1999 based on an actuarial study expected to be completed in that period.

Berkshire Hathaway Reinsurance Group

In recent years, BHRG has written significant amounts of catastrophe excess reinsurance, which indemnifies policyholders against primarily property losses arising from catastrophic events. In addition, BHRG has generated large amounts of premiums through the occasional acceptance of retroactive reinsurance, which indemnifies policyholders with respect to losses arising from past loss events or provides periodic payments with respect to settled liability claims.

Premiums earned during the third quarter and the first nine months of 1999 include $1,250 million with respect to a retroactive reinsurance agreement entered into with an affiliate of a major U.S. property/casualty insurer. Under the agreement, BHRG indemnifies the counterparty for losses in excess of a specified retention with respect to past loss events insured by the counterparty. BHRG anticipates that a significant number of asbestos and environmental claims will arise under the contract and that the aggregate claims ultimately paid will exceed the premiums received by a significant margin. However, this contract does not have an important effect on Berkshire's 1999 earnings. Consistent with the company's accounting policy for retroactive reinsurance contracts, a deferred charge was established with respect to the excess of the estimated ultimate claims over the premiums received. This deferred charge will subsequently be amortized against income over the claim settlement period.

The retroactive reinsurance business is expected to produce aggregate underwriting losses. The premiums charged for this business are based in part on time-value-of-money concepts, because claims payments are often expected to occur over long time periods. Underwriting losses occur through the recurring amortization of deferred charges and accretion of discounted structured settlement liabilities. Nevertheless, this business is accepted because of the large amounts of investable funds that is produced. During the third quarter, underwriting losses from retroactive reinsurance were $43 million in 1999 and $22 million in 1998. For the first nine months, underwriting losses from these contracts were $88 million in 1999 and $68 million in 1998.

BHRG catastrophe reinsurance business produced earned premiums of $222 million and $215 million for the first nine months of 1999 and 1998. The net underwriting profits during the first nine months from catastrophe reinsurance were $132 million in 1999 and $116 million in 1998. Although BHRG's catastrophe reinsurance activities were profitable in both 1999 and 1998, the potential for significant underwriting losses remains. Periodic underwriting results of the catastrophe reinsurance business can be extremely volatile.

BHRG's other reinsurance activities generated earned premiums in the third quarter of $107 million in 1999 and $119 million in 1998. For the first nine months, other reinsurance premiums earned were $236 million in 1999 and $228 million in 1998. Other reinsurance derives primarily from some sizable excess contracts, as well as a few reinsurance agreements with General Re's North American operations.

BHRG's other reinsurance activities produced third quarter net underwriting losses of $158 million in 1999 and $46 million in 1998. For the first nine months, net underwriting losses from this business were $131 million in 1999 and $77 million in 1998. Underwriting losses in 1999 include net losses assumed from contracts with General Re of $107 million for the third quarter and $73 million for the first nine months. These losses are therefore not included in the net underwriting results of General Re's North American property/casualty businesses discussed previously.

Insurance Segments - Investment Income

After-tax net investment income produced by Berkshire's insurance and reinsurance businesses is summarized in the table below. Dollars are in millions.

	Third Quarter		First Nine Months	
	1999	1998	1999	1998
Net investment income before taxes and minority interests	$661	$218	$1,852	$706
Taxes and minority interests	194	56	532	175
Investment income	$467	$162	$1,320	$531

Management's Discussion (Continued)

Insurance Segments - Investment Income ***(continued)***

For the 1999 periods, net investment income from Berkshire’s insurance and reinsurance operations includes the investment income of General Re. Pre-tax net investment income of General Re for the third quarter and first nine months of 1999 totaled $343 million and $1,015 million, respectively. Invested assets of Berkshire’s combined insurance operations increased by approximately $25 billion as a result of the acquisition of General Re.

Berkshire’s insurance businesses produce considerable amounts of investment income derived from shareholder capital as well as large amounts of policyholder float. “Float” represents an estimate of the net balance of funds, which will ultimately be paid to policyholders, that is currently available for investment by Berkshire’s insurance operations. As of September 30, 1999, consolidated float totaled approximately $24.5 billion, an increase of about $1.8 billion since December 31, 1998. Float attributable to BHRG and GEICO increased, while amounts attributable to General Re declined. The previously discussed significant retroactive reinsurance contract entered into during the third quarter of 1999 accounted for most of the increase in float attributable to BHRG.

Income taxes and minority interests as percentages of pre-tax investment income were 29.3% and 25.7% for the third quarter of 1999 and 1998, respectively, and 28.7% and 24.8% for the first nine months of 1999 and 1998, respectively. The comparative increases in these percentages in 1999 periods are due primarily to minority interest charges applicable to investment income of Cologne Re and to relatively higher levels of taxable interest income.

Non-Insurance Business Segments

Results of operations of Berkshire's diverse non-insurance business segments are shown in the following table. Dollar amounts are in millions.

	Third Quarter				First Nine Months			
	1999		1998		1999		1998	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues	$1,344	100.0	$1,094	100.0	$4,005	100.0	$3,028	100.0
Costs and expenses	1,204	89.6	966	88.3	3,567	89.1	2,640	87.2
Earnings before income taxes and minority interest	140	10.4	128	11.7	438	10.9	388	12.8
Applicable income taxes and minority interest	55	4.1	49	4.5	173	4.3	150	4.9
Net earnings	$ 85	6.3	$ 79	7.2	$\ 265	6.6	$238	7.9

Revenues from these several and diverse business activities during 1999's third quarter and first nine months were greater by $250 million (22.9%) and $977 million (32.3%), respectively, than revenues during the corresponding 1998 periods. A significant portion of the increase relates to the acquisition of Executive Jet, Inc. (“Executive Jet”) which was completed on August 7, 1998. Executive Jet is the world’s leading provider of fractional ownership programs for general aviation aircraft.

Net earnings from this group of businesses were greater by $6 million (7.6%) and $27 million (11.3%), respectively, than net earnings reported in the corresponding prior year periods. The flight services segment which is comprised of Executive Jet and FlightSafety accounts for most of the comparative increase.

Goodwill amortization and other purchase-accounting-adjustments

Goodwill amortization and other purchase-accounting-adjustments reflect the after-tax effect on net earnings with respect to the amortization of goodwill of acquired businesses and the amortization of fair value adjustments to certain assets and liabilities which were recorded at the acquisition dates of certain businesses (principally General Re and GEICO). The increase in such charges during the third quarter and first nine months of 1999 as compared to 1998 periods is primarily due to the acquisition of General Re on December 21, 1998.

Realized Investment Gain/Loss

Realized investment gain/loss has been a recurring element in Berkshire's net earnings for many years. Such amounts — recorded (1) when investments are sold; (2) other than temporarily impaired; and (3) in certain situations, as provided under GAAP, when investments are marked-to-market with a corresponding gain or loss included in earnings — may fluctuate significantly from period to period, resulting in a meaningful effect on reported net earnings. The Consolidated Statements of Earnings include after-tax realized investment gains of $264 million and $101 million for the third quarter of 1999 and 1998, respectively. For the first nine months, after-tax realized investment gains were $784 million in 1999 and $1,435 million in 1998.

Financial Condition

Berkshire's balance sheet continues to reflect significant liquidity and above average capital strength. Shareholders' equity at September 30, 1999, was $55.3 billion, or $36,384 per equivalent share of Class A Common Stock.

Year 2000 Issue

Many computer systems in use today may be unable to correctly process data or may not operate at all after December 31, 1999 because those systems recognize the year within a date only by the last two digits. Some computer programs may interpret the year “00" as 1900, instead of as 2000, causing errors in calculations or the value “00" may be considered invalid by the computer program, causing the system to fail. Year 2000 issues affect: (1) Information Technology (IT) utilized in Berkshire’s widely diversified business information systems, (2) non-IT systems, such as communications, facilities management, and manufacturing and service equipment containing embedded computer chips, and (3) IT and non-IT systems of significant customers, suppliers, business partners and equity investees.

Berkshire and its subsidiaries could be adversely affected if Year 2000 issues are not resolved by Berkshire or its significant customers, suppliers, business partners or equity investees before the Year 2000. Possible adverse consequences include but are not limited to: (1) the inability to obtain products or services used in business operations, (2) the inability to transact business with key customers, (3) the inability to execute transactions through the financial markets, (4) the inability to manufacture or deliver goods or services sold to customers, (5) the decline in economic value of one or more of Berkshire’s significant equity investees and (6) the occurrence of Year 2000 related losses under property and casualty insurance and reinsurance contracts entered into by subsidiaries.

Berkshire’s management believes that at least some minor disruptions due to Year 2000 issues are likely to occur. On a worst case basis, if Berkshire, one or more of its significant business partners, equity investees or key governmental bodies are unable to implement timely and effective solutions to the Year 2000 issues, Berkshire could suffer adverse effects. The financial impact of such effects cannot currently be estimated.

Although Berkshire’s business operations are diverse, they all rely on computers to conduct daily business activities. Because of the diversity of those operations, Year 2000 issues are independently managed at each of Berkshire’s operating units. Berkshire and its subsidiaries have been working on Year 2000 readiness issues in varying degrees for several years. Generally, the stages involved in managing Year 2000 issues include (a) identifying the IT and non-IT systems that are non-compliant, (b) formulating strategies to remedy the problems, (c) making the changes necessary through purchasing compliant systems or fixing existing systems, (d) testing the changes and (e) developing contingency plans.

The identification and formulation stages are complete. Many systems have been purchased, upgraded or corrected to make them Year 2000 compliant. In certain instances the certifications of Year 2000 compliance have been obtained from the manufacturers of systems in use. Berkshire believes that all significant IT and non-IT systems are now Year 2000 compliant. In addition, nearly all of those systems have been tested or are being tested. Over the remainder of 1999 and into 2000, Berkshire and affiliates intend to continue testing and monitoring compliant IT and non-IT systems and remediating remaining non-critical systems.

Berkshire has contacted a large number of its business partners to obtain information regarding their own progress on Year 2000 issues. While all business partners have not fully completed their own Year 2000 projects, Berkshire is unaware of any significant business partner whose Year 2000 issues will not be resolved in a timely manner. However, there is no assurance that significant Year 2000 related problems will not ultimately arise with certain of its business partners.

Year 2000 Issue (continued)

Berkshire and its subsidiaries expect to ultimately incur about $60 million in identification, remediation and testing of Year 2000 issues. Approximately $56 million of this amount was incurred as of September 30, 1999. Year 2000 related costs are expensed as incurred. Berkshire management does not believe that any significant IT projects have been delayed due to Year 2000 efforts.

Contingency plans are being developed and refined, as considered practical, to address situations in which critical functions may fail. Such plans, may include assuring adequate availability of personnel at the end of 1999, backing up of critical data bases before year end, and identification of alternative means for processing transactions, including arranging for back-up data processing facilities. There can be no assurance that the contingency plans will prove effective, especially in response to failure of basic critical telecommunications, utilities, or government provided services.

Forward-Looking Statements

Investors are cautioned that certain statements contained in this document, including but not limited to those under the caption Year 2000 Issues as well as some statements in periodic press releases and some oral statements of Berkshire officials during presentations about Berkshire, are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). Forward-looking statements include statements which are predictive in nature, which depend upon or refer to future events or conditions, which include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", or similar expressions. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future Berkshire actions, which may be provided by management are also forward-looking statements as defined by the Act. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties, and assumptions about Berkshire, economic and market factors and the industries in which Berkshire does business, among other things. These statements are not guaranties of future performance and Berkshire has no specific intention to update these statements.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The principal important risk factors that could cause Berkshire’s actual performance and future events and actions to differ materially from such forward-looking statements, include, but are not limited to, changes in market prices of Berkshire's significant equity investees, the ability of Berkshire and its significant business partners and equity investees to successfully implement timely Year 2000 solutions, the occurrence of one or more catastrophic events, such as an earthquake or hurricane that causes losses insured by Berkshire's insurance subsidiaries, changes in insurance laws or regulations, changes in Federal income tax laws, and changes in general economic and market factors that affect the prices of securities or the industries in which Berkshire and its affiliates do business, especially those affecting the property and casualty insurance industry.

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2000 Annual Meeting Announcement

We are changing the location of the 2000 Annual shareholders meeting to the **Omaha Civic Auditorium** at 1804 Capital Avenue in downtown Omaha. The meeting will be held on **Saturday, April 29**. This change in date is being made because the Civic Auditorium is located in Omaha’s downtown business district and has limited parking capacity during the workweek. By meeting on Saturday, we will have access to ample parking. The Civic Auditorium is a first-class site that can comfortably accommodate all attending shareholders. Additionally, our affiliated companies will have an expanded area in which to exhibit their products. The weekend festivities will remain the same. The baseball game will take place on Saturday evening, Borsheim’s will again host shareholder Sunday and Gorat’s will be open Sunday night. Contact American Express at 1/800-799-6634 for travel assistance. More details will be posted on our Web page (www.berkshirehathaway.com), as they become available.