SHAREHOLDER PROPOSAL REGARDING BERKSHIRE'S INVESTMENT IN PETROCHINA

At the Berkshire Hathaway Annual Meeting of Shareholders which was held on May 5, 2007, the following shareholder proposal was presented and voted upon. The shareholder proposal along with Berkshire's response and the results of the shareholder vote follow.

Resolved that Berkshire Hathaway Inc. shall not invest in the securities of any foreign corporation or subsidiary thereof that engages in activities that would be prohibited for U.S corporations by Executive order of the President of the United States.

Discussion: On November 3, 1997 President William J. Clinton issued Executive Order 13067 which imposed a trade embargo prohibiting American businesses from operating in the Sudan. This action was taken "after finding that the policies and actions of the Government of Sudan, including continued support for international terrorism, ongoing efforts to destabilize neighboring governments, and the prevalence of human rights violations, including slavery and the denial of religious freedom, constituted an unusual and extraordinary threat to the national security and foreign policy of the United States."

On March 29, 2005, the United Nations Security Council issued Resolution 1591 and most recently Resolution 1672 on April 25, 2006, condemning the continued violations of human rights and international humanitarian law in Sudan's Darfur region and, in particular, the continuation of violence against civilians and sexual violence against women and girls.

In response to the Resolutions, on April 27, 2006, President George W. Bush issued a new Executive Order expanding Executive Order No. 13067.

While it is true that American companies can not do business in the Sudan, Americans can invest in Asian and European companies that do business in the Sudan. For example, **PetroChina Ltd.**, is a subsidiary of **China National Petroleum Corporation (CNPC)**, the dominant international player in Sudan's oil sector.

The above resolution would prohibit Berkshire Hathaway Inc. from holding securities such as PetroChina Ltd. which is a subsidiary of a corporation whose economic activities have been declared by the President to constitute "an unusual and extraordinary threat to the national security and foreign policy of the United States."

THE BOARD OF DIRECTORS FAVORS A VOTE AGAINST THE PROPOSAL FOR THE FOLLOWING REASONS:

The proposal objects to Berkshire's investment in PetroChina because of the atrocities that are occurring in Sudan. Berkshire agrees that conditions in that country are deplorable and sympathizes with the proposer's desire to remedy them. We believe, however, that she is wrong in both her analysis of PetroChina's connection to these conditions and her belief that our divesting our PetroChina holdings would in any way have a beneficial effect on Sudanese behavior.

To begin with, we have seen no records, including the various materials we have received from pro-divestment groups, that indicate PetroChina has operations in Sudan. The controlling shareholder of PetroChina, CNPC, *does* do business in Sudan. CNPC is 100% owned by the Chinese government, and its activities may logically be attributed to the government of China itself. But the Chinese government's activities can neither be attributed to PetroChina nor the other major Chinese companies the government controls (also through 100%-owned entities), such as China Mobile, China Life and China Telecom. Subsidiaries have no ability to control the policies of their parent.

To understand that truth, simply look at Fannie Mae and Freddie Mac. Both are creations of the U.S. Government and indeed are commonly labeled Government Sponsored Enterprises (GSE). Five directors of each company are appointed by the President, and both are overseen by a special governmental entity, OFHEO.

Does the United States government shape and in certain matters control the activities of Fannie Mae and Freddie Mac? Unquestionably. Are Freddie Mac and Fannie Mae responsible for the activities of the U.S. government? Absolutely not.

Furthermore, if a shareholder such as Berkshire disagrees with the activities of an investee – and we emphasize again that PetroChina, to our knowledge, has no operations in Sudan – is divesting the proper course for Berkshire? We note that the proposer of this resolution – who strongly disagrees with Berkshire's decision to hold shares of PetroChina – has elected to retain her shares in Berkshire rather than to divest them. We agree with her decision not to divest. Neither do we believe that Berkshire should automatically divest shares of an investee because it disagrees with a specific activity of that investee.

Finally, in the proposition that China should "withdraw" its investment from Sudan, there is the "be careful what you wish for" problem. As we understand the matter, the Chinese government, through its 100% ownership of CNPC, owns a 40% interest in a Sudan venture whose primary assets consist of oil in the ground as well as fixed assets that transport and refine the oil. These are not assets that can be taken out of Sudan. In other words, China cannot take its share of the oil, the refinery or the pipeline and go home.

Rather, the only feasible divestment plan for CNPC would be to sell its 40% interest in the venture, almost certainly at a bargain price and almost certainly to the Sudanese government. After such a transaction, the Sudanese government would be *better* off financially, with its oil revenue substantially increased. Since oil is a fungible product, Sudanese output would be sold in world markets just as oil from Iraq was sold under Saddam Hussein, and just as oil is now sold by Iran. Proponents of the Chinese government's divesting should ask the most important question in economics, "And then what?"

We admire the motives of the proposer, but we do not agree with the logic of her proposal. For that reason we recommend you vote "no."

* * * * *

Although the SEC did not require Berkshire to include the shareholder proposal in its proxy, the Company elected to do so in order to allow its shareholders to express their opinions. At the shareholders' meeting, proponents of the proposal were allowed to speak at length on behalf of the proposal. The final vote of Berkshire's 400,000+ shareholders follows.

	For	**Against**	**Abstain**
Class A Shares	14,715	789,915	5,365
Class B Shares	205,025	8,136,561	129,543
Percentage of Voting*	1.8%	97.5%	0.7%

* Class A and Class B shares vote together as a single class. Each share of Class A Stock is entitled to one vote per share and each share of Class B Stock is entitled to 1/200 of one vote per share.