

# BERKSHIRE HATHAWAY INC.

## NEWS RELEASE

FOR IMMEDIATE RELEASE

November 3, 2017

Omaha, NE (BRK.A; BRK.B) –

Berkshire's operating results for the third quarter and first nine months of 2017 and 2016 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 third quarter and first nine months of 2017 and 2016 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net earnings attributable to Berkshire shareholders .....	<u>\$4,067</u>	<u>\$7,198</u>	<u>\$12,389</u>	<u>\$17,788</u>
Net earnings includes:				
Investment and derivative gains/losses –				
Investments .....	423	2,050	813	4,809
Derivatives .....	<u>200</u>	<u>297</u>	<u>457</u>	<u>(216)</u>
	623	2,347	1,270	4,593
Operating earnings .....	<u>3,444</u>	<u>4,851</u>	<u>11,119</u>	<u>13,195</u>
Net earnings attributable to Berkshire shareholders .....	<u>\$4,067</u>	<u>\$7,198</u>	<u>\$12,389</u>	<u>\$17,788</u>
Investment and derivative gains/losses per Class A equivalent share.....	\$ 379	\$1,428	\$ 772	\$ 2,794
Operating earnings per Class A equivalent share.....	<u>2,094</u>	<u>2,951</u>	<u>6,761</u>	<u>8,028</u>
Net earnings per Class A equivalent share attributable to				
Berkshire shareholders.....	<u>\$2,473</u>	<u>\$4,379</u>	<u>\$7,533</u>	<u>\$10,822</u>
Average Class A equivalent shares outstanding.....	1,644,656	1,643,913	1,644,554	1,643,716

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

In the table above (which, as noted, reports after-tax results), we give investment and derivative gains/losses lines of their own *because the amounts of these in any given quarter or year are usually meaningless.*

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

	<u>Third Quarter</u>		<u>First Nine Months</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Insurance-underwriting .....	\$(1,439)	\$ 272	\$(1,728)	\$ 822
Insurance-investment income .....	1,044	850	2,917	2,747
Railroad, utilities and energy .....	2,005	1,952	4,818	4,431
Other businesses .....	2,035	2,039	5,649	5,505
Other.....	<u>(201)</u>	<u>(262)</u>	<u>(537)</u>	<u>(310)</u>
Operating earnings .....	<u>\$ 3,444</u>	<u>\$4,851</u>	<u>\$11,119</u>	<u>\$13,195</u>

Operating earnings in the third quarter and first nine months of 2017 are net of pre-tax underwriting losses of approximately \$3 billion (\$1.95 billion after-tax) attributable to three major hurricanes (Harvey, Irma and Maria) and an earthquake in Mexico.

Operating earnings in 2017 are also net of after-tax foreign currency exchange rate losses of \$252 million in the third quarter and \$847 million in the first nine months related to the revaluation of certain liabilities of Berkshire and its U.S. based subsidiaries denominated in currencies other than the U.S. dollar. In 2016, operating earnings included after-tax foreign currency exchange rate losses of \$2 million in the third quarter and gains of \$162 million in the first nine months.

At September 30, 2017, our book value had increased by 8.9% since yearend 2016 to \$187,435 per Class A equivalent share. Insurance float (the net liabilities we assume under insurance contracts) at September 30, 2017 was approximately \$113 billion, an increase of approximately \$22 billion since yearend 2016.

### **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.

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.

### **About Berkshire**

Berkshire Hathaway and its subsidiaries engage in diverse business activities including insurance and reinsurance, utilities and energy, freight rail transportation, 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.

### **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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