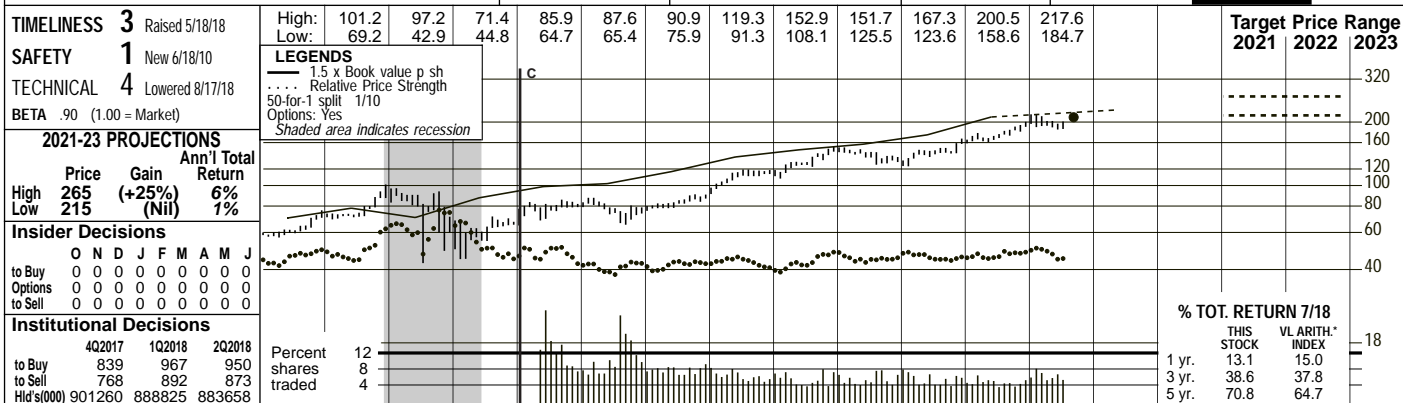


BERKSHIRE HATH. 'B' NYSE-BRKB

RECENT PRICE **210.77** P/E RATIO **21.2** (Trailing: 26.4 Median: NMF) RELATIVE P/E RATIO **1.14** DIV'D YLD **Nil** VALUE LINE



| 2021-23 PROJECTIONS | | Ann'l Total | |
|---------------------|--------|-------------|--|
| Price | Gain | Return | |
| High 265 | (+25%) | 6% | |
| Low 215 | (Nil) | 1% | |

| Insider Decisions | |
|-------------------|-------------------|
| | O N D J F M A M J |
| to Buy | 0 0 0 0 0 0 0 0 |
| Options | 0 0 0 0 0 0 0 0 |
| to Sell | 0 0 0 0 0 0 0 0 |

| Institutional Decisions | | | |
|-------------------------|--------|--------|--------|
| | 4Q2017 | 1Q2018 | 2Q2018 |
| to Buy | 839 | 967 | 950 |
| to Sell | 768 | 892 | 873 |
| Hld's(000) | 901260 | 888825 | 883658 |

| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | © VALUE LINE PUB. LLC | 21-23 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------------------|--------|
| Berkshire Hathaway 'B' shares were introduced in May, 1996. At that time, each 'B' was worth 1/30 of a Berkshire 'A' share. In February, 2010, the company acquired railroad Burlington Northern Santa Fe. As part of that transaction, Berkshire split the 'B' shares 50-to-1. Now, each 'B' share is worth 1/1500 of an 'A'. | 10.99 | 11.98 | 12.44 | 12.95 | 14.02 | 14.88 | 16.74 | 16.75 | 18.60 | 24.56 | 22.85 | 24.40 | Premiums Earned p sh | 28.55 |
| | d.30 | 4.76 | 4.54 | 2.62 | 3.87 | 5.31 | 4.28 | 6.93 | 5.87 | 3.53 | 4.85 | 5.45 | Invest. Inc (loss) p sh | 7.35 |
| | 35.71 | 31.60 | 38.11 | 42.45 | 46.92 | 53.70 | 57.98 | 61.83 | 66.19 | 53.86 | 54.55 | 56.55 | Other Income p sh | 65.30 |
| | 2.14 | 1.51 | 2.49 | 2.14 | 2.73 | 3.30 | 3.18 | 2.95 | 2.94 | 3.17 | 3.55 | 4.40 | Underwriting Income p sh | 6.00 |
| | 2.15 | 3.46 | 5.29 | 4.14 | 5.24 | 7.89 | 8.06 | 9.77 | 9.77 | 6.43 | 9.70 | 10.10 | Earnings p sh AC | 12.00 |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | Nil | Nil | Div'ds Decl'd p sh | Nil |
| | 47.03 | 58.36 | 65.90 | 68.23 | 77.73 | 91.05 | 98.62 | 104.91 | 116.11 | 141.16 | 146.65 | 152.75 | Book Value p sh B | 167.35 |
| | 2223.4 | 2326.8 | 2472.2 | 2476.2 | 2464.8 | 2454.4 | 2464.3 | 2465.2 | 2466.2 | 2467.4 | 2475.0 | 2475.0 | Common Shs. Outst'g C | 2450.0 |
| | 173% | 107% | 119% | 115% | 93% | 121% | 132% | 133% | 124% | 124% | | | Price to Book Value | 145% |
| | 37.8 | 18.1 | 14.8 | 19.0 | 15.9 | 14.0 | 16.2 | 14.3 | 14.7 | 27.2 | | | Avg Ann'l P/E Ratio | 20.0 |
| | 2.30 | 1.20 | .94 | 1.19 | 1.00 | .79 | .85 | .73 | .77 | 1.33 | | | Relative P/E Ratio | 1.10 |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | | | Avg Ann'l Div'd Yield | Nil |
| | 25525 | 27884 | 30749 | 32075 | 34545 | 36684 | 41253 | 41294 | 45881 | 60597 | 56575 | 60400 | Premiums Earned | 70000 |
| | d705.0 | 11073 | 11217 | 6488 | 9539 | 13081 | 10539 | 17092 | 14484 | 8710 | 12000 | 13500 | Investment Income (loss) | 18000 |
| | 82966 | 73536 | 94219 | 105125 | 115648 | 132385 | 142881 | 152435 | 163239 | 132887 | 135000 | 140000 | Other Income | 160000 |
| | 63.7% | 65.5% | 58.8% | 64.9% | 58.2% | 58.0% | 64.0% | 64.2% | 67.4% | 71.4% | 68.0% | 66.0% | Loss to Prem. Earned | 65.0% |
| | 16.8% | 21.9% | 20.0% | 18.6% | 22.3% | 19.8% | 17.0% | 18.2% | 16.8% | 15.7% | 15.5% | 15.0% | Expense to Prem Written | 14.0% |
| | 19.5% | 12.6% | 21.2% | 16.5% | 19.5% | 22.2% | 19.0% | 17.6% | 15.8% | 12.9% | 16.5% | 19.0% | Underwriting Margin | 21.0% |
| | 26.1% | 30.6% | 29.4% | 29.8% | 31.1% | 31.1% | 28.2% | 30.1% | 27.4% | 28.0% | 20.0% | 20.0% | Income Tax Rate | 20.0% |
| | 4994 | 8055 | 12967 | 10254 | 12916 | 19476 | 19860 | 24083 | 24095 | 15865 | 24010 | 25000 | Net Profit (\$mill) | 29400 |
| | 109267 | 135785 | 162934 | 168961 | 191588 | 224485 | 243027 | 258627 | 286359 | 348296 | 363000 | 378000 | Shr. Equity (\$mill) B | 410000 |
| | 4.6% | 5.9% | 8.0% | 6.1% | 6.7% | 8.7% | 8.2% | 9.3% | 8.4% | 4.6% | 6.5% | 6.5% | Return on Shr. Equity | 7.0% |
| | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | Nil | Nil | All Div'ds to Net Prof | Nil |

EQUITY INVESTMENTS as of 6/30/18
Positions (12) of \$2.9 billion or more:

| | |
|-------------------------|----------------------|
| Wells Fargo | (452,013,728 shares) |
| Coca Cola Co. | (400,000,000 shares) |
| Bank of New York Mellon | (64,800,376 shares) |
| American Express | (151,610,700 shares) |
| Goldman Sachs | (13,254,490 shares) |
| Delta Airlines | (63,665,840 shares) |
| U.S. Bancorp | (100,693,874 shares) |
| Bank of America | (679,000,000 shares) |
| Kraft Heinz | (325,634,818 shares) |
| Apple | (251,955,877 shares) |
| Moodys's | (24,669,778 shares) |
| Phillips 66 | (34,729,514 shares) |

Market Value of all equities: \$194.6 bill.

Common Stock 2,467,600,000 Class B shares
Includes 734,527 Class A shrs, as if converted.
as of 7/26/2018
MARKET CAP: \$520 billion (Large Cap)

FINANCIAL POSITION

| | 2016 | 2017 | 6/30/18 |
|-------------------|--------|--------|---------|
| Bonds | 23432 | 21353 | 18524 |
| Stocks | 120471 | 164026 | 174033 |
| Cash | 70919 | 103975 | 111109 |
| Other | 406032 | 412741 | 408536 |
| Total Assets | 620854 | 702095 | 711932 |
| Unearned Prems | 14245 | 16040 | 18292 |
| Reserves | 76918 | 104059 | 104852 |
| Other | 243332 | 230042 | 227030 |
| Total Liabilities | 334495 | 350141 | 350174 |

ANNUAL RATES

| | Past 10 Yrs. | Past 5 Yrs. | Est'd '15-'17 to '21-'23 |
|---------------|--------------|-------------|--------------------------|
| Earnings p sh | 24.0% | 25.0% | 9.0% |
| Dividends | -- | -- | Nil |
| Book Value | 19.0% | 6.0% | 8.0% |

| Cal-endar | NET PREMIUMS EARNED (\$ mill.) | | | | Full Year |
|-----------|--------------------------------|--------|--------|--------|-----------|
| | Mar.31 | Jun.30 | Sep.30 | Dec.31 | |
| 2015 | 9540 | 10400 | 10514 | 10840 | 41294 |
| 2016 | 11124 | 10799 | 11364 | 12594 | 45881 |
| 2017 | 21753 | 12367 | 13349 | 13128 | 60597 |
| 2018 | 13373 | 14149 | 14400 | 14653 | 56575 |
| 2019 | 14850 | 15000 | 15200 | 15350 | 60400 |

| Cal-endar | EARNINGS PER SHARE A | | | | Full Year |
|-----------|----------------------|--------|--------|--------|-----------|
| | Mar.31 | Jun.30 | Sep.30 | Dec.31 | |
| 2015 | 2.10 | 1.63 | 3.82 | 2.22 | 9.77 |
| 2016 | 2.27 | 2.03 | 2.92 | 2.55 | 9.77 |
| 2017 | 1.65 | 1.73 | 1.65 | 1.40 | 6.43 |
| 2018 | 2.14 | 2.79 | 2.33 | 2.44 | 9.70 |
| 2019 | 2.40 | 2.55 | 2.45 | 2.70 | 10.10 |

| Cal-endar | QUARTERLY DIVIDENDS PAID | | | | Full Year |
|-----------|--------------------------|--------|--------|--------|-----------|
| | Mar.31 | Jun.30 | Sep.30 | Dec.31 | |
| 2016 | | | | | |
| 2017 | | | | | |
| 2018 | | | | | |

BUSINESS: Berkshire Hathaway Inc. is a holding company owning subsidiaries engaged in property and casualty insurance on a direct and reinsurance basis through GEICO, General Re and Berkshire Reinsurance. Other business activities include electric utilities, railroads, flight training services, candy manufacturing, ice cream, building products, newspapers, retailing, fine jewelry, etc. Also,

Berkshire Hathaway shares have been on a roll over the past three months. Indeed, they have increased 11% over that span, markedly above the broader market averages. We attribute the strong stock performance to recent healthy earnings results. *Worth noting: We now report Berkshire's results on an operating per-share basis as we feel it is more indicative of its underlying operations.*

Earnings gains have been strong thus far in 2018 and we look for that trend to continue over the back half of the year. Operating share earnings were \$2.79 during the June interim, which represents a marked improvement from the previous-year tally. Insurance results were solid across the board with GEICO, Reinsurance, and Primary Insurance all registering significant year-over-year improvement. Other segments also performed admirably including Energy, Manufacturing, and Service & Retail, to name a few. The strong bottom-line advance ought to continue over the back half of the year reflecting healthy increases in net investment income, solid rate increases, and generally good results at the company's

fractional ownership programs for general aviation (*NetJets*), energy (*Mid-American Energy*). Has approximately 377,291 employees. Officers & directors control 21.6% of voting power (3/18 proxy). Chrmn. & CEO: Warren E. Buffett. Vice Chrmn.: Charles T. Munger. Inc.: DE. Addr.: 3555 Farnam Street, Omaha, Nebraska 68131. Tel.: 402-346-1400. Internet: www.berkshirehathaway.com.

other (noninsurance) divisions. Berkshire's diversification gives it a leg up on the competition, from our view, as its less susceptible to a prolonged downturn in the insurance market. Turning to next year, we look for earnings gains to moderate from this year's probably strong base.

Share net might well hit the \$12.00 mark over the pull to 2021-2023. Our cautious optimism is based on a healthy earnings backdrop over that time frame. We believe that a large acquisition (or two) may be likely over that span, given the company's history and its large cash hoard.

These shares don't stand out from the pack at their current valuation. They are merely ranked to keep pace with the market indices in the coming year, while long-term gains potential has been partially discounted by the aforementioned recent stock-price appreciation. However, acquisitions, which are an integral part of the company's long-term growth strategy aren't included in our forecast, as per *Value Line* convention, and could add meaningfully to our projections.

Alan G. House
September 7, 2018