

BERKSHIRE HATHAWAY INC
Form 11-K
June 20, 2018
Table of Contents

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO

SECTION 15(d) OF THE SECURITIES

EXCHANGE ACT OF 1934

For the Fiscal Year ended December 31, 2017

Commission file number 001-14905

GENERAL RE CORPORATION AND GOVERNMENT EMPLOYEES COMPANIES

SAVINGS AND STOCK OWNERSHIP PLAN

Formerly Known As The

EMPLOYEE SAVINGS AND STOCK OWNERSHIP PLAN

OF

GENERAL RE CORPORATION

AND ITS DOMESTIC SUBSIDIARIES

(full title of plan)

Berkshire Hathaway Inc.

3555 Farnam Street

Omaha, Nebraska 68131

(Name of issuer and address of principal executive office)

Table of Contents

FINANCIAL STATEMENTS AND EXHIBITS

- (a) Consent of Independent Registered Public Accounting Firm.

- (b) Financial Statements See accompanying Report of Independent Registered Public Accounting Firm.

Table of Contents

SIGNATURES

The Plan: Pursuant to the requirements of the Securities Exchange Act of 1934, the plan administrator has duly caused this annual report to be signed by the undersigned hereunto duly authorized.

PLAN: GENERAL RE CORPORATION AND GOVERNMENT EMPLOYEES
COMPANIES SAVINGS AND STOCK OWNERSHIP PLAN

PLAN
ADMINISTRATOR: GENERAL RE CORPORATION

By: /s/ Marc D. Hamburg
Marc D. Hamburg

Date: June 20, 2018

Table of Contents

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-70609 and 333-224221 on Forms S-8 of Berkshire Hathaway Inc. of our report dated June 19, 2018, appearing in this Annual Report on Form 11-K of the General Re Corporation and Government Employees Companies Savings and Stock Ownership Plan (Formerly known as the Employee Savings and Stock Ownership Plan of General Re Corporation and Its Domestic Subsidiaries) for the year ended December 31, 2017.

/s/ Crowe Horwath LLP

New York, New York

June 19, 2018

Table of Contents

***General Re Corporation and Government Employees Companies
Savings and Stock Ownership Plan***

***(Formerly Known As the Employee Savings and Stock Ownership Plan
of General Re Corporation and Its Domestic Subsidiaries)***

Report of Independent Registered Public Accounting Firm

Financial Statements

as of December 31, 2017 and 2016, and

for the Year Ended December 31, 2017

Supplemental Schedule

as of December 31, 2017

Table of Contents

GENERAL RE CORPORATION AND GOVERNMENT EMPLOYEES COMPANIES SAVINGS AND STOCK OWNERSHIP PLAN

(FKA EMPLOYEE SAVINGS AND STOCK OWNERSHIP PLAN OF GENERAL RE CORPORATION AND ITS DOMESTIC SUBSIDIARIES)

TABLE OF CONTENTS

	Page
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	1-2
FINANCIAL STATEMENTS:	
<u>Statements of Net Assets Available for Benefits as of December 31, 2017 and 2016</u>	3-4
<u>Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2017</u>	5
<u>Notes to Financial Statements as of December 31, 2017 and 2016 and for the Year ended December 31, 2017</u>	6-12
SUPPLEMENTAL SCHEDULE:	
<u>Form 5500, Schedule H, Part IV, Line 4i</u> <u>Schedule of Assets (Held at End of Year) as of December 31, 2017</u>	13

NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees, Plan Administrator, and Plan Participants of the
General Re Corporation and Government Employees Companies
Savings and Stock Ownership Plan (Formerly known as the
Employee Savings and Stock Ownership Plan of General Re
Corporation and Its Domestic Subsidiaries)
Stamford, CT

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of the General Re Corporation and Government Employees Companies Savings and Stock Ownership Plan (Formerly known as the Employee Savings and Stock Ownership Plan of General Re Corporation and Its Domestic Subsidiaries) (the Plan) as of December 31, 2017 and 2016, the related statement of changes in net assets available for benefits for the year ended December 31, 2017, and the related notes (collectively referred to as the financial statements). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on the Plan s financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting in accordance with the standards of the PCAOB. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion in accordance with the standards of the PCAOB.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Table of Contents

Supplemental Information

The supplemental Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year) as of December 31, 2017 has been subjected to audit procedures performed in conjunction with the audit of the Plan's financial statements. The supplemental schedule is the responsibility of the Plan's management. Our audit procedures included determining whether the information presented in the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, the supplemental schedule is fairly stated in all material respects in relation to the financial statements as a whole.

/s/ Crowe Horwath LLP

We have served as the Plan's auditor since 2015.

New York, New York,

June 19, 2018

Table of Contents**GENERAL RE CORPORATION AND GOVERNMENT EMPLOYEES COMPANIES SAVINGS AND STOCK OWNERSHIP PLAN****(FKA EMPLOYEE SAVINGS AND STOCK OWNERSHIP PLAN OF GENERAL RE CORPORATION AND ITS DOMESTIC SUBSIDIARIES)****STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS****AS OF DECEMBER 31, 2017**

	Allocated	Unallocated	Total
ASSETS:			
Investments at fair value:			
Participant directed investments	\$ 676,528,100	\$ -	\$ 676,528,100
Nonparticipant directed investments Berkshire B ESOP Fund	436,629,218	414,372,385	851,001,603
Total investments	1,113,157,318	414,372,385	1,527,529,703
Receivables:			
Employer contribution receivable	18,880,180	-	18,880,180
Notes receivable from participants	5,236,353	-	5,236,353
Total receivables	24,116,533	-	24,116,533
Total assets	1,137,273,851	414,372,385	1,551,646,236
LIABILITIES:			
Loan payable to General Re Corporation	-	29,859,702	29,859,702
NET ASSETS AVAILABLE FOR BENEFITS	\$ 1,137,273,851	\$ 384,512,683	\$ 1,521,786,534

See notes to financial statements.

Table of Contents**GENERAL RE CORPORATION AND GOVERNMENT EMPLOYEES COMPANIES SAVINGS AND STOCK OWNERSHIP PLAN****(FKA EMPLOYEE SAVINGS AND STOCK OWNERSHIP PLAN OF GENERAL RE CORPORATION AND ITS DOMESTIC SUBSIDIARIES)****STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS****AS OF DECEMBER 31, 2016**

	Allocated	Unallocated	Total
ASSETS:			
Investments at fair value:			
Participant directed investments	\$ 617,132,550	\$ -	\$ 617,132,550
Nonparticipant directed investments Berkshire B ESOP Fund	389,017,865	355,641,807	744,659,672
Total investments	1,006,150,415	355,641,807	1,361,792,222
Notes receivable from participants	5,347,148	-	5,347,148
Total assets	1,011,497,563	355,641,807	1,367,139,370
LIABILITIES:			
Loan payable to General Re Corporation	-	30,626,080	30,626,080
NET ASSETS AVAILABLE FOR BENEFITS	\$ 1,011,497,563	\$ 325,015,727	\$ 1,336,513,290

See notes to financial statements.

Table of Contents**GENERAL RE CORPORATION AND GOVERNMENT EMPLOYEES COMPANIES SAVINGS AND STOCK OWNERSHIP PLAN****(FKA EMPLOYEE SAVINGS AND STOCK OWNERSHIP PLAN OF GENERAL RE CORPORATION AND ITS DOMESTIC SUBSIDIARIES)****STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS****FOR THE YEAR ENDED DECEMBER 31, 2017**

	Participant Directed Allocated	Allocated	Nonparticipant Directed Unallocated	Total
ADDITIONS:				
Contributions:				
Participant contributions	\$ 17,176,673	\$ -	\$ -	\$ 17,176,673
Employer contributions	-	18,880,180	2,756,027	21,636,207
Total contributions	17,176,673	18,880,180	2,756,027	38,812,880
Net appreciation in fair value of investments	82,550,460	78,882,141	75,538,711	236,971,312
Dividends	20,837,476	-	-	20,837,476
Interest income on notes receivable from participants	248,797	-	-	248,797
Interfund transfers	17,279,328	(17,279,328)	-	-
Allocation of 95,929 shares of Berkshire Hathaway Class B common stock at fair value	-	16,807,151	(16,807,151)	-
Total additions	138,092,734	97,290,144	61,487,587	296,870,465
DEDUCTIONS:				
Benefits paid to participants	78,794,786	30,798,611	-	109,593,397
Interest expense	-	-	1,990,631	1,990,631
Service fees	13,193	-	-	13,193

Total deductions	78,807,979	30,798,611	1,990,631	111,597,221
INCREASE IN NET ASSETS	59,284,755	66,491,533	59,496,956	185,273,244
NET ASSETS AVAILABLE FOR BENEFITS:				
Beginning of year	622,479,698	389,017,865	325,015,727	1,336,513,290
End of year	\$ 681,764,453	\$ 455,509,398	\$ 384,512,683	\$ 1,521,786,534

See notes to financial statements.

Table of Contents

GENERAL RE CORPORATION AND GOVERNMENT EMPLOYEES COMPANIES SAVINGS AND STOCK OWNERSHIP PLAN

NOTES TO FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2017 AND 2016 AND FOR THE YEAR ENDED DECEMBER 31, 2017

1. DESCRIPTION OF THE PLAN

The following description of the General Re Corporation and Government Employees Companies Savings and Stock Ownership Plan (formerly known as the Employee Savings and Stock Ownership Plan of General Re Corporation and Its Domestic Subsidiaries) (the Plan) is provided for general information purposes only. Participants should refer to the Plan Document for a more complete description of the Plan's provisions.

General - The Plan is a defined contribution plan covering employees of General Re Corporation and its domestic subsidiaries (General Re) who are regularly scheduled to complete at least one thousand hours of service (General Re Service) per year. The Plan also covers employees of various subsidiaries of GEICO Corporation (GEICO) who meet the eligibility requirements set forth in the Plan. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

Employee Stock Ownership Plan - In July 1989, General Re established a leveraged Employee Stock Ownership Plan (ESOP) which is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code (IRC) of 1986, as amended, and is subject to the applicable provisions of ERISA. The Plan entered into a \$150,000,000 term loan agreement (the Loan) with the Plan sponsor, General Re Corporation. The Loan provided for annual payments of principal and interest and was initially to be repaid in full by 2014, with an interest rate of 9.25%. The proceeds of the Loan were used by the Plan to purchase 1,754,386 shares of 7-1/4% cumulative convertible preferred stock of General Re (Preferred Stock), which was used as collateral for the Loan.

On December 21, 1998, General Re merged with Berkshire Hathaway Inc. At that time, the Plan trustee, State Street Bank and Trust Company (State Street), converted 1,686,721 shares of Preferred Stock, which was the amount outstanding as of December 21, 1998, into 177,106 shares of Berkshire Hathaway Class B common stock (Berkshire Common Stock). The Berkshire Common Stock then became the collateral for the Loan. General Re is a wholly-owned subsidiary of Berkshire Hathaway Inc.

Effective January 1, 1999, General Re changed the original terms of the Loan. The revised agreement provides that any outstanding amount due on the Loan is payable upon maturity in 2034 with interest payments at an annual rate of 6.5% and annual principal prepayment as required.

Effective January 21, 2010 Berkshire Common Stock was split 50 for 1. All appropriate allocations were made to the records of State Street, Fidelity Management Trust Company (Fidelity) and General Re. The impact of the stock split was retroactively applied to all share numbers included in the Plan's financial statements.

Effective December 31, 2017 the Plan was amended to include eligible employees of GEICO as a separate class of participants in the Plan and as a result the Plan changed its name to the General Re Corporation and Government Employees Companies Savings and Stock Ownership Plan. The intent of this amendment was to allow GEICO

employees to become Plan participants for the purpose of receiving unallocated shares of Berkshire Common Stock for their annual profit sharing award. GEICO will share in the expenses and shall make employer contributions to the ESOP Trust in return for shares to be released. Such payments will be

Table of Contents

applied against the outstanding debt service of the Loan. GEICO is an indirect wholly-owned subsidiary of Berkshire Hathaway Inc. As of December 31, 2017, GEICO participants did not hold any investments in the Plan.

General Re and GEICO will each make cash contributions necessary to repay the Loan which will allow for the allocation of Berkshire Common Stock to Plan participants. The Loan is guaranteed by the Plan sponsor. The Plan's investment in the Berkshire B ESOP Fund consists solely of Berkshire Common Stock shares.

The lender has no rights with regard to shares of Berkshire Common Stock once the shares are allocated to participants. During the year ended December 31, 2017, General Re contributed additional funds of \$2,756,027 to support the Plan's debt service, including \$1,990,631 in interest expense. In 2017, the Plan allocated 95,929 shares of Berkshire Common Stock to participants, used 1,155 shares for fees and 261,948 shares were retired. In addition, 4,277 shares were used from the forfeiture account toward employer contributions and the ESOP account had a 12,705 share decrease in the supplemental share account due to benefit and loan activity. The Plan held 2,202,750 allocated shares and 2,090,467 unallocated shares as of December 31, 2017. As of December 31, 2016, the Plan held 2,386,906 allocated shares and 2,182,119 unallocated shares. Refer to Note 7 for additional significant share allocations subsequent to December 31, 2017.

The Loan balance was \$29,859,702 and \$30,626,080 at December 31, 2017 and 2016 respectively.

Contributions - The Plan allows participants of General Re to make after-tax contributions as well as tax-deferred contributions to the Plan as permitted under IRC Section 401(k). General Re participants may contribute up to 16% of their annual base salary, subject to IRC limitations for 401(k) contributions, which, for tax deferred contributions, was \$18,000 for 2017. Participants who have attained age 50 before the end of the Plan year are eligible to make Catch-Up contributions up to \$6,000 for 2017. Participant contributions may be allocated among any of the Plan's investment funds, at the participant's discretion, with the exception of the Berkshire B ESOP Fund. General Re contributes an amount equal to 100% of a participant's contribution up to 6% of the participant's base salary except for United States Aviation Underwriters, Inc. (USAU) participants who were matched at 50% of a participant's contribution up to 2% of their base salary for the first six months of 2017 and then 100% of a participant's contributions up to 4% of their base salary for the last six months of 2017. In 2017, General Re allocated \$8,304,148 in matching contributions using shares of Berkshire Common Stock.

With the exception of USAU the Plan allowed General Re to make additional discretionary contributions based on age, bonus and total compensation through December 31, 2017. These range from 3% - 6%. Additional General Re contributions were also made based on underwriting profits and range from 0% - 4% of total compensation. These contributions are made entirely in shares of Berkshire Common Stock. In 2017, General Re allocated \$8,302,777 resulting from these additional contributions to participant accounts in the form of allocated shares of Berkshire Common Stock. Refer to the Interfund Transfers section for information on participants' rights to diversify General Re contributions out of the Berkshire Common Stock.

General Re participants are automatically enrolled at a 6% (4% for USAU participants) pre-tax deferral rate upon becoming eligible to participate in the Plan and may elect to change or discontinue deferrals at any time. General Re eligible employees who are not participating in the Plan as of the last payroll period ending before April 1st of any year will be automatically enrolled in the Plan at a 1% pre-tax deferral rate. Participants who contribute less than 6% (4% for USAU participants) of their compensation will automatically have their contribution rate increased by 1%, unless they affirmatively elect not to have their contribution rate increased.

Effective December 31, 2017, GEICO participants are generally eligible to receive a contribution in the form of a profit sharing award after completing one year of qualifying service. GEICO contributions are made based on the

GEICO profit sharing plan, which is authorized based upon the sole discretion of the GEICO Board of Directors. The profit sharing award became effective December 31, 2017 based on eligibility during 2017. GEICO participants

Table of Contents

are not eligible to contribute to the Plan. The Plan recorded a receivable of \$18.8 million as of December 31, 2017, relating to GEICO's allocation in 2018, which was for the 2017 profit sharing period. Refer to Note 7 for subsequent events.

Payment of Benefits - Upon termination, General Re participants are required to receive a lump sum distribution to the extent that their vested account balance is \$1,000 or less. If a participant's account balance is greater than such amount, distributions will be made either in a lump sum or on a periodic basis, as defined in the Plan Document. Active participants may withdraw Pre-Tax and Catch-Up contributions beginning at age 59½ without penalty.

For GEICO participants, upon termination, if a participant's vested account balance equals \$1,000 or less and the participant does not elect otherwise, the participant will receive a lump sum distribution. Upon termination, if a participant's vested account balance exceeds \$1,000 but is equal to or less than \$5,000 and the participant does not elect otherwise, the vested account balance will be rolled over to an IRA held at Vanguard Group Inc. If the vested account balance exceeds \$5,000, a participant is entitled to a lump sum distribution. However, if the termination is due to death, disability or retirement, a participant or beneficiary may elect to receive an amount equal to the value of the participant's vested interest in his or her account in either a lump-sum amount or in monthly or annual installments which provide payments for a period certain of 5, 10 or 15 years.

Participant Accounts - Each General Re participant's account is credited with the participant's contributions, which includes amounts transferred from other plans (rollovers), General Re contributions and Plan earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participant accounts are valued daily.

Each GEICO participant's account is credited with contributions as awarded and Plan earnings. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested interest in the account. Participant accounts are valued daily.

Vesting - All General Re participant contributions become vested immediately. General Re participants are not allowed to withdraw General Re contribution amounts that have not been in their account for at least two years. While actively employed, participants become 50%, 75%, and 100% vested in the value of General Re contributions after two, three and four years, respectively, of General Re service.

While actively employed, GEICO participants typically become vested in the value of contributions based on years of service and years of vesting service, at the following rates: 20% after two years, 40% after three years, 60% after four years, 80% after five years, and 100% after six years. A GEICO participant becomes 100% vested upon reaching age 65 or if he or she dies while still employed by GEICO.

Forfeited Accounts - Forfeited nonvested accounts are allocated at General Re's and GEICO's discretion to other participants' accounts based on terms as defined in the Plan agreement. During 2017 and 2016, forfeitures totaled \$229,687 and \$229,073, respectively. During the year ended December 31, 2017 no forfeitures were allocated to participant accounts.

Interfund Transfers - General Re participants are permitted to change the investment of their interests in any of the participant directed funds on a daily basis subject to certain limits, with the exception of the Fidelity Managed Income Portfolio, which has tighter restrictions such as a ninety day holding period. As a result of the Pension Protection Act of 2006, effective January 1, 2007, participants may, at their discretion, diversify out of the Berkshire B ESOP Fund at any time to any other participant directed funds offered in the Plan. This includes both General Re match amounts and additional contributions. There are no service, age or vesting restrictions on a participant's ability to divest and

participants will have sole discretion regarding the amount of shares to divest and the timing of these divestiture elections.

Table of Contents

Notes Receivable from Participants - The Plan allows General Re participants to borrow from the before-tax and rollover portions of their respective accounts. Loans may not exceed the lesser of one-half of the participant's vested account balance or \$50,000. Non-residence loans are written for periods of 6 to 60 months. The Plan also allows loans granted for purchases of principal residences to be repaid over a 30-year period. A fixed interest rate of the prime rate plus one percent calculated at the inception of the loan is charged over the life of the loan. The interest rate for new loans was 5.25% and 4.50% in 2017 and 2016, respectively. Interest and principal repayments are credited directly to the borrower's respective account and are repaid in monthly installments by payroll deductions. Loan notes receivable balances are reflected as assets of the Plan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statements are prepared under the accrual basis of accounting.

Use of Estimates - The preparation of financial statements in conformity with GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risk and Uncertainties - The Plan utilizes various investment instruments, including common stock, mutual funds, and a collective trust fund. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the financial statements. Such changes could also materially affect participant account balances.

Investment Valuation and Income Recognition - The Plan's investments are stated at fair value. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Refer to Note 3 for a description of the fair value methodology.

Purchases and sales of securities are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Notes Receivable from Participants - Notes receivable from General Re participants are measured at their unpaid principal balance plus accrued interest. Delinquent notes receivable are recorded as distributions based on the terms of the Plan document. Notes receivable are measured with no allowance for credit losses since repayment of principal and interest are received through payroll deductions and the notes are collateralized by the individual participant's account balances.

Expenses - The management and service fees of the Fidelity Group of Mutual Funds are charged to operations of the respective funds. Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments. State Street fees and administrative expenses, which consist primarily of consulting and auditing fees, are paid by the Plan using unallocated shares. These amounted to \$200,225.

Payment of Benefits - Benefit payments to participants are recorded upon distribution. All amounts allocated to accounts of participants who have elected to withdraw from the Plan have been paid as of December 31, 2017 and 2016.

Table of Contents

3. FAIR VALUE MEASUREMENTS

Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows: Level 1, which refers to securities valued using unadjusted quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Plan's policy is to recognize significant transfers between levels at the actual date of the event or change in circumstances that caused the transfer at the end of the reporting period.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the determination of which category within the fair value hierarchy is appropriate for any given investment is based on the lowest level of input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The following is a description of the valuation methodologies used for Plan assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2017 and 2016.

Berkshire Common Stock Valued at the closing price reported on the active market on which the individual securities are traded.

Berkshire B Unitized Stock Fund Represents a unitized employer stock fund comprised of underlying Berkshire Common Stock and a short-term cash component. A unitized fund is not a registered security. The value of the unit reflects the combined market value of the underlying stock and market value of the short-term cash position. The market value of the common stock portion of the Berkshire B Unitized Stock Fund is based on the closing market price of the Berkshire Common Stock on the New York Stock Exchange multiplied by the number of shares held in the fund. The carrying amount of the short-term cash component approximates fair value.

Mutual Funds Valued at the daily closing price as reported on the active market on which the individual securities are traded. These funds are required to publish their daily net asset value and to transact at that price.

Collective Trust Fund This consists of the Managed Income Portfolio (MIP), which is a collective trust fund sponsored by Fidelity. The MIP's fair value is measured at net asset value per share as reported by the fund manager. The net asset value is used as a practical expedient to estimate fair value. The redemption frequency is daily and there are no restrictions or notice period required. The Plan had no outstanding funding commitments to the collective trust fund as of December 31, 2017 and 2016.

Invested assets, measured at fair value in the financial statements, are summarized below as of December 31, 2017 and 2016 with fair values shown according to the fair value hierarchy. Notes receivable from participants and the Loan payable to General Re are not reported at fair value. Investments measured at net asset value as a practical expedient are not required to be classified according to the fair value hierarchy. The net asset value investment is included to permit reconciliation to the statement of net assets available for benefits. For the year ended December 31, 2017, there were no significant transfers in or out of Levels 1, 2 or 3.

Table of Contents

	2017 Total	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Berkshire B ESOP Fund	\$ 851,001,603	\$ 851,001,603	\$ -	\$ -
Berkshire B Unitized Stock Fund - Stock	60,637,678	60,637,678	-	-
Berkshire B Unitized Stock Fund - Cash	659,263	-	659,263	-
Mutual Funds	592,526,931	592,526,931	-	-
Total assets in the fair value hierarchy	1,504,825,475	\$ 1,504,166,212	\$ 659,263	\$ -
Investment measured at net asset value per share	22,704,228			
Total Investments	\$ 1,527,529,703			

	2016 Total	Active Markets for Identical Assets (Level 1)	Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Berkshire B ESOP Fund	\$ 744,659,672	\$ 744,659,672	\$ -	\$ -
Berkshire B Unitized Stock Fund - Stock	55,628,980	55,628,980	-	-
Berkshire B Unitized Stock Fund - Cash	966,163	-	966,163	-
Mutual Funds	537,231,494	537,231,494	-	-
Total assets in the fair value hierarchy	1,338,486,309	\$ 1,337,520,146	\$ 966,163	\$ -
Investment measured at net asset value per share	23,305,913			
Total Investments	\$ 1,361,792,222			

4. PLAN TERMINATION

General Re and GEICO intend to continue operating the Plan, but reserve the right to suspend contributions temporarily or to amend or terminate the Plan. If the Plan were to be terminated, all participants would become fully vested, and all the Plan assets would be used solely to provide the benefits payable to participants and their beneficiaries, in accordance with the provisions of ERISA.

5. RELATED PARTY AND PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds and are managed by Fidelity Investments Institutional Operations Company, Inc. (FIIO) or Fidelity Management and Research Company (FMR). Fidelity Management Trust Company (FMTC) manages the collective trust and is the administrator as defined by the Plan and these transactions qualify as exempt party-in-interest transactions. FIIO, FMR and FMTC are affiliated entities. Fees paid by the Plan for investment management services were included as a reduction of the return earned on each fund. These fees and service fees are also considered party-in-interest transactions.

The Berkshire B ESOP Fund and the Berkshire B Unitized Stock Fund consist of Berkshire Common Stock shares issued by Berkshire Hathaway Inc., the ultimate parent of the Plan sponsor.

Shares of Berkshire Common Stock in the Berkshire B ESOP Fund have fair values of \$851,001,603 and \$744,659,672 as of December 31, 2017 and 2016, respectively. This investment appreciated in value during the year ended December 31, 2017 by \$154,420,852.

Table of Contents

Shares of Berkshire Common Stock and cash in the Berkshire B Unitized Stock Fund had fair values of \$61,296,941 and \$56,595,143 as of December 31, 2017 and 2016, respectively. The stock investment portion of this fund appreciated in value during the year ended December 31, 2017 by \$11,384,896.

Notes receivable from participants are also considered party-in-interest transactions.

As of December 31, 2017 Vanguard Group, Inc. was named administrator of any GEICO related Berkshire Common Stock allocations. In addition, the Plan invests in several Vanguard Group Inc. funds.

Certain administrative functions may be performed by officers and employees of General Re and GEICO and these officers and employees may also be participants of the Plan. General Re and GEICO pay the salaries of these officers and employees on behalf of the Plan.

6. FEDERAL INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed General Re by a letter dated November 1, 2017 that the Plan and related trust were designed in accordance with the applicable regulations of the IRC. There were no amendments to the Plan between November 1, 2017 and December 30, 2017. Effective December 31, 2017 the Plan was amended to allow GEICO employees as participants. Although the Plan has been amended since receiving the determination letter, Plan management believes that the Plan is designed and being operated in compliance with the applicable requirements of the IRC. Therefore, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires Plan management to evaluate tax provisions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Plan management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan administrator believes it is no longer subject to income tax examinations for years prior to 2014.

7. SUBSEQUENT EVENTS

In the first quarter of 2018, GEICO allocated 931,699 of unallocated shares from the Plan to its participants. These shares had a value of \$187,019,584. A debt service payment of \$18,880,180 was made in 2018 for these shares and is shown as a contribution receivable and employer contribution on the statement of net assets available for benefits and statement of changes in net assets available for benefits.

* * * * *

Table of Contents**GENERAL RE CORPORATION AND GOVERNMENT EMPLOYEES COMPANIES SAVINGS AND STOCK OWNERSHIP PLAN****FORM 5500, SCHEDULE H, PART IV, LINE 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR) AS OF DECEMBER 31, 2017 - EIN# 06-1026471; PLAN 002**

(a)	(b)	(c)	(d)	(e)
Identity of Issue, Borrower, Lessor or Similar Party	Description of Investment, Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	Cost	Current Value	
Separately Managed Funds:				
* Berkshire Hathaway	Berkshire B ESOP Fund	\$ 75,168,753	\$ 851,001,603	
* Berkshire Hathaway	Berkshire B Unitized Stock Fund - Common Stock	**	60,637,678	
	Berkshire B Unitized Stock Fund - Cash	**	659,263	
Mutual Funds:				
* Fidelity	Growth Company Fund	**	97,540,955	
* Vanguard	Institutional Index Fund	**	71,750,626	
* Fidelity	Government Institutional Fund	**	49,249,766	
* Fidelity	Balanced Fund	**	46,073,149	
* Vanguard	Mid-Cap Index Fund	**	38,530,002	
* Vanguard	Small-Cap Index Fund	**	31,003,478	
* Fidelity	Spartan US Bond Index Fund	**	27,817,067	
* Fidelity	Freedom 2025 Fund	**	22,069,608	
Neuberger Berman	Genesis Trust Fund	**	21,652,974	
Lazard	Emerging Markets Portfolio	**	20,031,806	
* Fidelity	Freedom 2020 Fund	**	18,238,368	
* Vanguard	Inflation Protected Fund	**	14,900,479	
American Funds	Capital World Growth & Income Fund	**	14,785,507	
PIMCO	High Yield Fund	**	14,585,062	
* Vanguard	All World Index Fund	**	14,546,651	
American Beacon	Large-Cap Fund	**	14,397,894	
* Fidelity	Freedom 2030 Fund	**	13,533,688	
* Fidelity	Overseas Fund	**	13,028,857	
* Fidelity	Real Estate Fund	**	10,019,510	
PIMCO	Global Bond Fund	**	9,718,978	
* Fidelity	Freedom 2035 Fund	**	9,420,388	
* Fidelity	Freedom 2040 Fund	**	8,323,896	
* Fidelity	Freedom 2015 Fund	**	5,341,268	
* Fidelity	Freedom 2050 Fund	**	3,051,557	
* Fidelity	Freedom 2010 Fund	**	1,819,470	

Edgar Filing: BERKSHIRE HATHAWAY INC - Form 11-K

*	Fidelity	Freedom Index Income Fund	**	1,095,927
Collective Trust:				
*	Fidelity Management Trust Co.	Managed Income Portfolio - Class II	**	22,704,228
Notes Receivable:				
*	Various Participants	Notes Receivable (Maturity through 2047 at interest rates from 4.25% to 11.50%)	**	5,236,353
Total				\$ 1,532,766,056

*Party-in-interest.

**Cost information is not required for participant directed investments and, therefore, is not included.