

BERKSHIRE HATHAWAY INC.

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WARREN E. BUFFETT, CHAIRMAN

December 28, 2021

The Honorable Bernard Sanders
United States Senator
332 Dirksen Senate Office Building
Washington, DC 20510

Dear Senator Sanders:

Berkshire Hathaway is organized and has been run for some decades with an operating structure that is far different than any large business in the United States. I'm enclosing our often-repeated Part I, Item 1 of the 100-page+ 10-K Berkshire files with the SEC. This introduction emphasizes our unique operating style, one that has long been recognized by our shareholders, the investment world and the communities in which our subsidiaries operate.

Our companies deal individually with their own labor and personnel decisions (except for the selection of the CEO). We have never purchased or sold a company because of its union or non-union status. Some of our companies have as many as a dozen unions; others have none.

I'm passing along your letter to the CEO of Precision Castparts but making no recommendation to him as to any action. He is responsible for his business.

Among the many extensively unionized companies Berkshire owns has been the Buffalo News, which we owned for about 40 years. You can check with Senator Schumer as to the behavior in respect to unions of this former subsidiary or with Senator Brown about Ohio-based NetJets, where Berkshire's industry-leading subsidiary has long been among the most unionized companies within its industry. Our ownership of California-based See's Candy extends over 50 years. The company has employed many union workers over the entire period and Senator Feinstein can give you an opinion as to its performance.

Sincerely,



Warren E. Buffett

WEB/db
Enclosure

Part I

Item 1. Business Description

Berkshire Hathaway Inc. ("Berkshire," "Company" or "Registrant") is a holding company owning subsidiaries engaged in a large number of diverse business activities. The most important of these are insurance businesses conducted on both a primary basis and a reinsurance basis, a freight rail transportation business and a group of utility and energy generation and distribution businesses. Berkshire also owns and operates numerous other businesses engaged in a variety of activities, as identified herein. Berkshire is domiciled in the state of Delaware, and its corporate headquarters is in Omaha, Nebraska.

Berkshire's operating businesses are managed on an unusually decentralized basis. There are few centralized or integrated business functions. Berkshire's corporate senior management team participates in and is ultimately responsible for significant capital allocation decisions, investment activities and the selection of the Chief Executive to head each of the operating businesses.

Berkshire's senior management is also responsible for establishing and monitoring Berkshire's corporate governance practices, including monitoring governance efforts, including those at the operating businesses, and participating in the resolution of governance-related issues as needed. Berkshire's Board of Directors is responsible for assuring an appropriate successor to the Chief Executive Officer. The Berkshire Code of Business Conduct and Ethics emphasizes, among other things, the commitment to ethics and compliance with the law and provides basic standards for ethical and legal behavior of its employees.

Berkshire and its consolidated subsidiaries employed approximately 360,000 people worldwide at the end of 2020. Human capital and resources are an integral and essential component of Berkshire's businesses. Consistent with Berkshire's decentralized management philosophy, Berkshire's operating businesses establish specific policies and practices for their businesses concerning the attraction and retention of personnel within the organizations. Such policies and practices generally address, among other things: maintaining a safe work environment for employees, customers and other business partners, offering competitive compensation to employees, including health insurance and retirement benefits and incentives, providing learning and career development opportunities, and hiring practices intended to identify qualified candidates and promote diversity and inclusion in the workforce.

Insurance and Reinsurance Businesses

Berkshire's insurance and reinsurance business activities are conducted through numerous domestic and foreign-based insurance entities. Berkshire's insurance businesses provide insurance and reinsurance of property and casualty and life, accident and health risks worldwide. Berkshire's insurance businesses employed approximately 51,000 people at the end of 2020.

In direct or primary insurance activities, the insurer assumes the risk of loss from persons or organizations that are directly subject to the risks. Such risks may relate to property, casualty (or liability), life, accident, health, financial or other perils that may arise from an insurable event. In reinsurance activities, the reinsurer assumes defined portions of risks that other direct insurers or reinsurers assumed in their own insuring activities.

Reinsurance contracts are normally classified as treaty or facultative contracts. Treaty reinsurance refers to reinsurance coverage for all or a portion of a specified group or class of risks ceded by the direct insurer, while facultative reinsurance involves coverage of specific individual underlying risks. Reinsurance contracts are further classified as quota-share or excess. Under quota-share (proportional or pro-rata) reinsurance, the reinsurer shares proportionally in the original premiums and losses of the direct insurer or reinsurer. Excess (or non-proportional) reinsurance provides for the indemnification of the direct insurer or reinsurer for all or a portion of the loss in excess of an agreed upon amount or "retention." Both quota-share and excess reinsurance contracts may provide for aggregate limits of indemnification.

Insurance and reinsurance are generally subject to regulatory oversight throughout the world. Except for regulatory considerations, there are virtually no barriers to entry into the insurance and reinsurance industry. Competitors may be domestic or foreign, as well as licensed or unlicensed. The number of competitors within the industry is not known. Insurers and reinsurers compete on the basis of reliability, financial strength and stability, financial ratings, underwriting consistency, service, business ethics, price, performance, capacity, policy terms and coverage conditions.