BERKSHIRE HATHAWAY INC
Form 11-K
August 08, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND SIMILAR

PLANS PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 001-14905

BNSF Railway Company

Non-Salaried Employees 401(k) Retirement Plan

2650 Lou Menk Drive

Fort Worth, Texas 76131-2830

(Full title of the plan and the address of the plan, if different from that of the issuer named below)

BERKSHIRE HATHAWAY INC.

3555 Farnam Street

Omaha, Nebraska 68131

(Name of issuer of the securities held pursuant to the plan and the address of its principal executive office)

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* All other supplemental 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 or the information required therein has been included in the financial statements or notes hereto.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and Administrator of the

BNSF Railway Company Non-Salaried Employees 401(k) Retirement Plan

We have audited the accompanying statements of net assets available for benefits of the BNSF Railway Company Non-Salaried Employees 401(k) Retirement Plan (the Plan) as of December 31, 2012 and 2011 and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, 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. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2012 and 2011, and the changes in its net assets available for benefits for the year ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Schedule H, Line 4i Schedule of Assets (Held at End of Year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ WHITLEY PENN LLP

Fort Worth, Texas

June 21, 2013

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BNSF RAILWAY COMPANY NON-SALARIED

EMPLOYEES 401(k) RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

(In thousands)

	As of December 31, 2012	2011
ASSETS		
Investments, at fair value:		
Investment in BNSF 401(k) Plans Master Trust (Note 4)	$ 1,896,580 *	$ 1,699,868 *
Receivables:		
Notes receivable from participants	112,890 *	108,496 *
Total assets	2,009,470	1,808,364
LIABILITIES		
Contributions owed to participants	222	4
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	2,009,248	1,808,360
Adjustment from fair value to contract value for interest in BNSF 401(k) Plans Master Trust, relating to fully benefit-responsive investment contracts (Note 4)	(16,723)	(15,222)
NET ASSETS AVAILABLE FOR BENEFITS	$ 1,992,525	$ 1,793,138

* Represents 5% or more of net assets available for benefits.

The accompanying notes are an integral part of the financial statements.

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BNSF RAILWAY COMPANY NON-SALARIED

EMPLOYEES 401(k) RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

(In thousands)

		Year Ended December 31, 2012
Additions to net assets:		
Plan interest in BNSF 401(k) Plans Master Trust investment appreciation (Note 4)	$	197,825
Interest income from notes receivable from participants		4,260
Contributions:		
Employer		7,433
Participant		125,860
Total contributions		133,293
Total additions to net assets		335,378
Deductions from net assets:		
Payment of benefits		134,564
Administrative expenses		301
Asset transfers to other plans, net		1,126
Total deductions from net assets		135,991
Net increase in net assets		199,387
Net assets available for benefits:		
Beginning of year		1,793,138
End of year	$	1,992,525

The accompanying notes are an integral part of the financial statements.

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BNSF RAILWAY COMPANY NON-SALARIED

EMPLOYEES 401(k) RETIREMENT PLAN

Notes to Financial Statements

NOTE 1 DESCRIPTION OF PLAN

The following description of the BNSF Railway Company Non-Salaried Employees 401(k) Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan s provisions.

General

The purpose of the Plan, which is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), is to offer eligible non-salaried employees of BNSF Railway Company and certain affiliated companies (collectively BNSF Railway) an opportunity to invest a portion of their income on a regular basis through payroll deductions. These amounts, supplemented in some cases by BNSF Railway s matching contributions, may be invested at the participant s direction in various investment funds.

Administration

The Plan is administered by BNSF s Vice President and Chief Human Resources Officer. Vanguard Fiduciary Trust Company (the Trustee) is responsible for the custody and management of the Plan s assets, and an affiliate of the Trustee provides recordkeeping services to the Plan. BNSF Railway s Employee Benefits Committee is responsible for appointing and removing the Trustee, specifying the investment options (if not otherwise mandated by the Plan) available under the Plan and reviewing benefit claims appeals.

Master Trust

The Plan participates in the BNSF 401(k) Plans Master Trust (the Master Trust) and, along with the Burlington Northern Santa Fe Investment and Retirement Plan (the Salaried Plan), owns a percentage of the assets in the Master Trust.

Eligibility

Employees under the Plan include any person who establishes seniority under a collective bargaining agreement that provides for participation in this Plan. An employee shall be eligible to participate in the Plan upon the earlier of completion of not less than one year of continuous service with BNSF Railway or a 12-month period, computed with reference to the date on which the employee s employment commenced, and anniversaries thereof, during which the employee has not less than 1,000 hours of service, or a shorter period of participation service that an applicable collective bargaining agreement may provide for an eligible employee.

Eligible employees may become participants in the Plan by authorizing regular payroll deductions and designating an allocation method for such deductions.

Contributions

Compensation, as generally defined under the Plan, is the total of salary and other amounts received for personal services rendered as an eligible employee, excluding disciplinary or judicially ordered back pay awards, severance benefits, bonuses and certain other payments set forth in the Plan. The Plan provides that the annual compensation of each employee taken into account under the Plan for any year may not exceed a limitation pursuant to requirements of the Internal Revenue Code (IRC). During 2012, the limitation was $250 thousand.

The maximum limitation on combined total before-tax and after-tax employee contributions (other than catch-up contributions) is 25% of compensation or such other maximum amount provided in an applicable collective bargaining agreement. All employee-elected contributions are made by means of regular payroll deductions.

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Notes to Financial Statements (Continued)

BNSF Railway matches 25% of the first 4% of employee-elected before-tax contributions and/or Roth contributions for each pay period for employees whose collective bargaining agreement provides for a BNSF Railway match. Matching contributions are made in cash, as soon as practicable after the end of each pay period.

In addition, certain participants may elect to have BNSF Railway make Sick Leave Deposits into the Plan in lieu of compensation for unused sick time in accordance with an agreement between BNSF Railway and the Transportation-Communications International Union.

During the 2012 Plan year, in accordance with the provisions of the IRC, no participant could elect more than $22.5 thousand in before-tax and/or Roth after-tax contributions, which included a $5.5 thousand limit for catch-up contributions for participants age 50 or older before the close of the Plan year. This limitation does not include BNSF Railway s matching contributions. In addition, the Plan provides that annual contributions for highly-compensated employees (as defined by the IRC) may be limited based on the average rate of contributions for lower-compensated employees. In no event may the total of employee-elected pre-tax contributions, employee after-tax contributions, and BNSF Railway s matching contributions exceed the lesser of $50 thousand or 100% of a participant s compensation, as defined in IRC Section 415(c)(3), for any participant in a calendar year, subject to certain cost-of-living adjustments. Contributions with respect to any participant may be further reduced to the extent necessary to prevent disqualification of the Plan under Section 415 of the IRC, which imposes additional limitations on contributions and benefits with regard to employees who participate in other qualified plans.

Participant Accounts

Each participant s account is credited with the participant s elective contributions, BNSF Railway s matching contributions, interest, dividends and gains and losses attributable to such contributions. The benefit to which a participant is entitled is limited to the participant s vested account balance.

Participants may direct the investment of their account balances into investment options offered by the Plan. The Plan offers a company stock fund (the Company Stock Fund) which consists of Berkshire Hathaway Inc. (Berkshire) Class B common stock (BNSF is a wholly owned indirect subsidiary of Berkshire), six mutual funds, thirteen collective investment trusts and a stable value fund as investment options for participants, all of which are held by the Master Trust.

Participants may allocate both elective and employer matching contributions to any or all of the investment options in multiples of 1%. Participants may reallocate amounts from one investment option to another on a daily basis within certain guidelines as described in the Plan document and the relevant investment prospectus.

No investment election or interfund transfer may result in the investment of more than 20% of the value of a participant s account in the Company Stock Fund. Investment election funds that exceed the 20% limit are invested in a target retirement common / collective trust designed for investors planning to retire on a date closest to the participant s 65th birthday.

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EMPLOYEES 401(k) RETIREMENT PLAN

Notes to Financial Statements (Continued)

Vesting

Participants are immediately vested in their elective contributions plus any income or loss thereon. BNSF Railway s matching contributions become fully vested in accordance with the following schedule:

Number of Years of Vesting Service*	Vested Percentage
Less than 1 year	0%
1 year but less than 2 years	20%
2 years but less than 3 years	40%
3 years but less than 4 years	60%
4 years but less than 5 years	80%
5 years or more	100%

* The term Vesting Service is defined as the number of plan years in which the participant is compensated for at least 1,000 hours of work by BNSF Railway, in any capacity.

Participant Loans

Participants may borrow from their accounts a minimum of $1 thousand up to a maximum equal to the lesser of $50 thousand or 50% of their vested account balance. Participants may have up to two loans outstanding at any time. Loan transactions are treated as a transfer to (from) the investment fund from (to) the participant loan account. Loan terms can be up to five years, or fifteen years for the purchase of a primary residence. The loans are collateralized by the balance in the participant s account and bear interest at the prime rate plus 1.00%. Interest rates on loans outstanding as of December 31, 2012, range from 4.25% to 10.50%. Principal and interest are paid ratably through payroll deductions for active employees.

Benefit Payments to Participants

Subject to certain Plan and IRC restrictions, a participant may, at any time, elect to withdraw all or a specified portion of the value of the participant s account in the Plan, including vested BNSF Railway s matching contributions. Both the Plan and the IRC allow a participant who has not attained age 59 $^1/_2$ to withdraw the participant s pre-tax and Roth after-tax contributions only in the event of hardship (as defined in the Plan). Earnings on pre-tax contributions credited after December 31, 1988, are not available for withdrawal for hardship.

No distribution from the Plan, unless in the event of hardship or attainment of age 59 $^1/_2$, will be made until a participant retires, dies (in which case, payment shall be made to his or her beneficiary), becomes disabled or otherwise terminates employment with BNSF Railway.

By law, a distribution of benefits must occur or commence no later than April 1 of the calendar year following the later of the year when a participant attains age 70 $^1/_2$ or retires. In the event of the death of a participant, the participant s account is distributed to his beneficiary. Immediate lump-sum distributions are required in the case of accounts valued at up to $5 thousand. Mandatory lump-sum distributions which are greater than $1 thousand will be transferred to an individual retirement account for the benefit of the participant unless the participant elects to receive the distribution directly or roll-over the distribution into another eligible retirement plan.

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BNSF RAILWAY COMPANY NON-SALARIED

EMPLOYEES 401(k) RETIREMENT PLAN

Notes to Financial Statements (Continued)

Forfeited Accounts

The Plan provides for the forfeiture of nonvested matching contributions related to terminated employees. Forfeitures shall be used in the following order (as described by the Plan document):

- First, to restore previously forfeited amounts of other participants who have resumed employment with BNSF Railway;
- Second, to offset future BNSF Railway matching contributions; and
- Finally, to pay administrative expenses of the Plan.

Forfeitures used were $25 thousand in 2012. At December 31, 2012 and 2011, unused forfeited balances totaled less than $1 thousand each year.

Plan Amendment and Termination

The Plan may be amended at any time. No such amendment, however, may adversely affect the rights of participants in the Plan with respect to contributions made prior to the date of the amendment. BNSF Railway matching contributions may be discontinued and participation by BNSF Railway in the Plan may be terminated at any time at the election of BNSF Railway. In the event the Plan is terminated, each participant shall receive the full amount of Plan assets in their respective accounts.

The Plan is subject to the provisions of ERISA applicable to defined contribution plans. The Plan provides for an individual account for each participating employee. Plan benefits are based solely on the amount contributed to the participating employee s account plus any income, expenses, gains and losses attributed to such account. Consequently, Plan benefits are not insured by the Pension Benefit Guaranty Corporation pursuant to Title IV of ERISA.

Voting Rights

During 2012, each participant was entitled to exercise voting rights attributable to the shares of Berkshire s Class B common stock allocated to the participant s account.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies, which conform with accounting principles generally accepted in the United States of America and with the requirements of ERISA, have been used consistently in the preparation of the Plan s financial statements:

Basis of Accounting

The financial statements of the Plan have been prepared under the accrual method of accounting.

Authoritative accounting guidance requires investment contracts held by a defined contribution plan to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate a permitted withdrawal transaction under the terms of the Plan. The Plan invests in investment contracts through the Master Trust. The Statements of Net Assets Available for Benefits present the fair value of the investment in the Master Trust as well as the adjustment of the investment in the Master Trust from fair value to contract value relating to investment contracts. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

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Notes to Financial Statements (Continued)

New Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurements and Disclosure Requirements in U.S. GAAP and IFRSs.* ASU 2011-04 amended ASC 820, to converge the fair value measurement guidance in US generally accepted accounting principles and International Financial Reporting Standards. Some of the amendments clarify the application of existing fair value measurement requirements, while other amendments change a particular principle in ASC 820. In addition, ASU 2011-04 requires additional Level 3 fair value disclosures. The amendments are to be applied prospectively and are effective for annual periods beginning after December 15, 2011. Refer to Note 3 for disclosures related to ASU 2011-04.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from these estimates.

Income Recognition

Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded when earned. Dividend income is recorded on the ex-dividend date. Capital gain distributions are included in dividend income. Net appreciation or depreciation in the fair value of investments consists of realized and unrealized gains and losses on investments.

Risks and Uncertainties

The Plan provides for various investment options in a variety of stocks, mutual funds, common collective trusts and other investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the Plan s financial statements.

Benefit Payments to Participants

Benefits are recorded when paid.

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Notes to Financial Statements (Continued)

NOTE 3 VALUATION

Various inputs are used to determine the fair value of the Plan s investments. These inputs are summarized in the three broad levels listed below:

Level 1 Quoted prices for identical assets or liabilities in active markets that BNSF Railway has the ability to access at the measurement date.

Level 2 Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations in which all significant inputs are observable market data.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The Plan s investment in the Master Trust is stated at fair value. The fair value of the Plan s interest in the Master Trust is based on the specific interest that each Plan has in the underlying participant-directed investment options. The investments held by the Master Trust are valued as follows: (1) Investments in registered investment companies are valued at the quoted net asset value of the respective investment company. Net asset value is considered a Level 1 input if redemptions at this value are available to all shareholders without restriction. (2) Individual assets of the synthetic guaranteed investment contracts (GICs) are valued at representative quoted market prices which are considered a Level 2 input. The fair value of the wrap contract for the synthetic GIC is determined through the market value of the underlying assets plus or minus any adjustments estimated through a rebidding process which is also a Level 2 input. (3) The Company Stock Fund is valued using a quoted active market price which is considered a Level 1 input. (4) The fair value of a traditional GIC is calculated by discounting the related cash flows based on current yields of similar instruments with comparable durations which is considered a Level 2 input. 5) Common / Collective trusts are valued at the calculated net asset value of the respective investment entity. Although these trusts are not publicly traded and are considered a level 2 input, the underlying assets are publicly traded on exchanges and price quotes for the assets held by these trusts are readily available.

The following table summarizes the Plan s investments as of December 31, 2012, based on the valuation inputs (in thousands):

	Total	Level 1 Inputs	Level 2 Inputs
Registered investment companies			
Index funds	$ 343,995	$ 343,995	$
Balanced fund	214,680	214,680	
Growth funds	156,659	156,659	
Value fund	131,047	131,047	
Total registered investment companies	846,381	$ 846,381	$
Common / Collective Trusts	477,526		477,526
Synthetic GICs	359,389		359,389
Company Stock Fund	184,237	184,237	
Cash and cash equivalents	22,665	22,665	
Traditional GICs	6,382		6,382
Total	$ 1,896,580	$ 1,053,283	$ 843,297

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Notes to Financial Statements (Continued)

The following table summarizes the Plan s investments as of December 31, 2011, based on the valuation inputs (in thousands):

		Total		Level 1 Inputs		Level 2 Inputs
Registered investment companies						
Index funds	$	305,871	$	305,871	$	
Balanced fund		194,501		194,501		
Value fund		113,157		113,157		
Growth fund		78,781		78,781		
Blend fund		61,062		61,062		
Total registered investment companies		753,372	$	753,372	$	
Common / Collective Trusts		413,397				413,397
Synthetic GICs		350,388				350,388
Company Stock Fund		167,306		167,306		
Cash and cash equivalents		9,308		9,308		
Traditional GICs		6,097				6,097
Total	$	1,699,868	$	929,986	$	769,882

NOTE 4 INVESTMENT IN MASTER TRUST

All of the Plan s investments are in a Master Trust, which was established for the investment of assets of the Plan and of the Salaried Plan of BNSF. Each participating retirement plan has an undivided interest in the Master Trust. The assets of the Master Trust are held by the Trustee. For both the years ended December 31, 2012 and 2011, the Plan s interest in the net assets of the Master Trust was 61%. The following table presents the fair values of investments in the Master Trust (in thousands):

	As of December 31, 2012	2011
Investments, at fair value:		
Registered investment companies		