

BERKSHIRE HATHAWAY INC

Form 424B2

January 08, 2014

Table of Contents

Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-186257
Registration Statement No. 333-186257-01

Calculation of Registration Fee

Title of each class of securities to be registered	Amount to be registered	Amount of registration fee (1)
Floating Rate Senior Notes due 2017	\$650,000,000	\$83,720
2.000% Senior Notes due 2018	\$100,000,000	\$12,880
Guarantee of Berkshire Hathaway Inc. of Floating Rate Senior Notes due 2017 and 2.000% Senior Notes due 2018 (2)	N/A	
TOTAL	\$750,000,000	\$96,600

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended.

(2) Pursuant to Rule 457(n), no separate fee for the guarantee is payable.

Table of Contents

Prospectus Supplement to Prospectus dated January 28, 2013

\$750,000,000

Berkshire Hathaway Finance Corporation

\$650,000,000 Floating Rate Senior Notes due 2017

\$100,000,000 2.000% Senior Notes due 2018

Unconditionally and irrevocably guaranteed by

Berkshire Hathaway Inc.

We are offering (i) \$650,000,000 of our Floating Rate Senior Notes due 2017 and (ii) \$100,000,000 of our 2.000% Senior Notes due 2018 (together, the notes). The 2.000% Senior Notes due 2018 offered by this prospectus supplement constitute an additional issuance of, and a single series with, our 2.000% Senior Notes due 2018 originally issued on August 15, 2013. On August 15, 2013, we issued \$400,000,000 of our 2.000% Senior Notes due 2018.

Interest on the Floating Rate Senior Notes due 2017 will accrue from the date of original issuance, expected to be January 10, 2014, and will be payable quarterly in arrears on January 10, April 10, July 10 and October 10 of each year, commencing on April 10, 2014. Interest on the 2.000% Senior Notes due 2018 will accrue from August 15, 2013 and will be payable semi-annually in arrears on February 15 and August 15 of each year, commencing on February 15, 2014.

The Floating Rate Senior Notes due 2017 will mature on January 10, 2017 and the 2.000% Senior Notes due 2018 will mature on August 15, 2018. All of Berkshire Hathaway Finance Corporation's obligations under the notes will be unconditionally and irrevocably guaranteed by Berkshire Hathaway Inc.

We will not have the right to redeem the Floating Rate Senior Notes due 2017. We may redeem the 2.000% Senior Notes due 2018, in whole or in part, at any time at the redemption prices as described under Description of the Notes and Guarantee Optional Redemption.

The notes will be senior unsecured indebtedness of Berkshire Hathaway Finance Corporation and will rank equally with all of its other existing and future senior unsecured indebtedness. The guarantees will be senior unsecured obligations of Berkshire Hathaway Inc. and will rank equally with all of its other existing and future senior unsecured obligations.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes.

The risks involved in investing in our debt securities are described in the Risk Factors section on page S-6 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

	Per Floating Rate Senior Note due 2017	Per 2.000% Senior Note due 2018	Total
Initial public offering price(1)	100.000%	100.231%	\$ 750,231,000
Underwriting discount	0.200%	0.325%	\$ 1,625,000
Proceeds, before expenses, to Berkshire Hathaway Finance Corporation	99.800%	99.906%	\$ 748,606,000

- (1) In the case of the Floating Rate Senior Notes due 2017, plus accrued interest from January 10, 2014 until the date of delivery. In the case of the 2.000% Senior Notes due 2018, plus accrued interest from August 15, 2013 until the date of delivery.

The underwriters expect to deliver the notes to purchasers through the book-entry delivery system of The Depository Trust Company and its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme, on or about January 10, 2014.

Joint Book-Running Managers

BofA Merrill Lynch

Goldman, Sachs & Co.

Wells Fargo Securities

Prospectus Supplement dated January 6, 2014

Table of Contents

TABLE OF CONTENTS

Prospectus Supplement

	Page
<u>Forward-Looking Information</u>	S-i
<u>About This Prospectus Supplement</u>	S-i
<u>Summary</u>	S-1
<u>Risk Factors</u>	S-6
<u>Use of Proceeds</u>	S-7
<u>Description of the Notes and Guarantees</u>	S-8
<u>Material United States Federal Income and Estate Tax Considerations</u>	S-15
<u>Underwriting (Conflicts of Interest)</u>	S-20
<u>Legal Matters</u>	S-24
<u>Experts</u>	S-24

Prospectus

	Page
<u>Forward-Looking Information</u>	i
<u>About This Prospectus</u>	1
<u>Where You Can Find More Information</u>	1
<u>Incorporation by Reference</u>	2
<u>Risk Factors</u>	4
<u>Use Of Proceeds</u>	5
<u>Description of the Debt Securities</u>	6
<u>Plan of Distribution</u>	11
<u>Legal Matters</u>	12
<u>Experts</u>	12

You should read this prospectus supplement, the accompanying prospectus, and any related free writing prospectus we file with the Securities and Exchange Commission (the "SEC") carefully before you invest in the notes. This document contains or incorporates by reference important information you should consider before making your investment decision. You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus, and any such free writing prospectus. None of Berkshire Hathaway Finance Corporation ("BHFC"), Berkshire Hathaway Inc. ("Berkshire"), and the underwriters has authorized anyone else to provide you with any different or additional information. You should not assume that the information contained in this prospectus supplement, the accompanying prospectus (as updated by this prospectus supplement), or any such free writing prospectus is accurate as of any date other than their respective dates, or that the information Berkshire previously filed with the SEC and incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date of the document incorporated by reference. The business, financial condition, results of operations and prospects of Berkshire and BHFC may have changed since those dates.

Table of Contents

FORWARD-LOOKING INFORMATION

Certain statements contained, or incorporated by reference, in this prospectus supplement are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include statements that are predictive in nature, that depend upon or refer to future events or conditions, that include words such as expects, anticipates, intends, plans, believes, estimates, or similar expressions. In addition, any statements concerning future financial performance (including future revenues, earnings or growth rates), ongoing business strategies or prospects, and possible future actions by BHFC or Berkshire, which may be provided by management are also forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties, and assumptions about BHFC and Berkshire, economic and market factors and the industries in which they do business, among other things. These statements are not guarantees of future performance and neither BHFC nor Berkshire has any specific intention to update these statements.

Actual events and results may differ materially from those expressed or forecasted in forward-looking statements due to a number of factors. The principal important risk factors that could cause Berkshire's actual performance and future events and actions to differ materially from such forward-looking statements, include, but are not limited to, continuing volatility in the capital or credit markets and other changes in the securities and capital markets, changes in market prices of Berkshire's investments in fixed maturity and equity securities, losses realized from derivative contracts, the occurrence of one or more catastrophic events, such as an earthquake, hurricane, or act of terrorism that causes losses insured by Berkshire's insurance subsidiaries, changes in laws or regulations, changes in federal income tax laws, and changes in general economic and market factors that affect the prices of securities or the industries in which Berkshire and its affiliates do business.

Unless required by law, neither BHFC nor Berkshire undertakes any obligation to publicly update or revise any forward-looking statements to reflect events or developments after the date of this prospectus supplement.

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of the offering of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which provides more general information. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or any document incorporated herein and therein by reference, on the other hand, you should rely on the information contained in this prospectus supplement.

The information in this prospectus supplement is not complete and may be changed. You should rely only on the information provided in or incorporated by reference in this prospectus supplement, the accompanying prospectus, or documents to which BHFC and Berkshire otherwise refer you. Neither BHFC nor Berkshire is making an offer of these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus, as well as information Berkshire has filed or will file with the SEC and incorporated by reference in this prospectus supplement and accompanying prospectus, is accurate as of the date of the applicable document or other date referred to in that document. The business, financial condition, and results of operations of BHFC and Berkshire may have changed since that date.

Table of Contents

In this prospectus supplement, unless otherwise specified or the context otherwise implies, references to dollars and \$ are to U.S. dollars. Unless we indicate otherwise or unless the context requires otherwise, all references in this prospectus supplement to we, us, our, or similar references are references to either Berkshire or BHFC or both.

This prospectus supplement is based on information provided by us and by other sources that we believe are reliable. We cannot assure you that this information is accurate or complete. This prospectus supplement summarizes certain documents and other information and we refer you to them for a more complete understanding of what we discuss in this prospectus supplement.

S-ii

Table of Contents

SUMMARY

The following summary is qualified in its entirety by the more detailed information included elsewhere in or incorporated by reference into this prospectus supplement or the accompanying prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should carefully read the entire prospectus supplement and the accompanying prospectus, together with documents incorporated by reference, in their entirety before making an investment decision.

Berkshire Hathaway Inc.

Berkshire, a Delaware corporation, is a holding company owning subsidiaries that engage in a number of diverse business activities including insurance and reinsurance, freight rail transportation, utilities and energy, finance, manufacturing, services and retailing. Included in the group of subsidiaries that underwrite insurance and reinsurance is GEICO, the third largest private passenger auto insurer in the United States and two of the largest reinsurers in the world, General Re and the Berkshire Hathaway Reinsurance Group. Other subsidiaries that underwrite property and casualty insurance include National Indemnity Company, Columbia Insurance Company, National Fire & Marine Insurance Company, National Liability and Fire Insurance Company, Berkshire Hathaway Homestate Insurance Company, Medical Protective Company, Applied Underwriters, U.S. Liability Insurance Company, Central States Indemnity Company, Cypress Insurance Company, Boat U.S. and the GUARD Insurance Group.

Burlington Northern Santa Fe, LLC (BNSF) is a holding company that, through its subsidiaries, is engaged primarily in the freight rail transportation business. BNSF's rail operations make up one of the largest railroad systems in North America. MidAmerican Energy Holdings Company (MidAmerican) is an international energy holding company owning a wide variety of operating companies engaged in the generation, transmission and distribution of energy. Among MidAmerican's operating energy companies are Northern Powergrid; MidAmerican Energy Company; PacifiCorp Energy; Pacific Power and Rocky Mountain Power; NV Energy; and Kern River Gas Transmission Company and Northern Natural Gas. In addition, MidAmerican owns HomeServices of America, a real estate brokerage firm. Berkshire's finance and financial products businesses primarily engage in proprietary investing strategies (BH Finance), consumer lending (Clayton Homes, Inc.) and transportation equipment and furniture leasing (XTRA and CORT). McLane Company is a wholesale distributor of groceries and nonfood items to discount retailers, convenience stores, quick service restaurants and others. The Marmon Group is an international association of approximately 160 manufacturing and service businesses that operate independently within diverse business sectors. The Lubrizol Corporation is a specialty chemical company that produces and supplies chemical products for transportation, industrial and consumer markets.

Numerous business activities are conducted through Berkshire's other manufacturing, services and retailing subsidiaries. Shaw Industries is the world's largest manufacturer of tufted broadloom carpet. Benjamin Moore is a formulator, manufacturer and retailer of architectural and industrial coatings. Johns Manville is a leading manufacturer of insulation and building products. Acme Building Brands is a manufacturer of face brick and concrete masonry products. MiTek Inc. produces steel connector products and engineering software for the building components market. Fruit of the Loom, Russell Athletic, Vanity Fair, Garan, Fechheimer, H.H. Brown Shoe Group, Justin Brands, and Brooks manufacture, license and distribute apparel and footwear under a variety of brand names. FlightSafety International provides training to aircraft operators. NetJets provides fractional ownership programs for general aviation aircraft. Nebraska Furniture Mart, R.C. Willey Home Furnishings, Star Furniture and Jordan's Furniture are retailers of home furnishings. Borsheims, Helzberg Diamond Shops and Ben Bridge Jeweler are retailers of fine jewelry.

Table of Contents

In addition, other manufacturing, service and retail businesses include: Buffalo News and the BH Media Group, publishers of daily and Sunday newspapers; See's Candies, a manufacturer and seller of boxed chocolates and other confectionery products; Scott Fetzer, a diversified manufacturer and distributor of commercial and industrial products; Larson-Juhl, a designer, manufacturer and distributor of high-quality picture framing products; CTB International, a manufacturer of equipment for the livestock and agricultural industries; International Dairy Queen, a licensor and service provider to about 6,200 stores that offer prepared dairy treats and food; The Pampered Chef, a leading direct seller of kitchen tools in the United States; Forest River, a leading manufacturer of leisure vehicles in the United States; Business Wire, the leading global distributor of corporate news, multimedia and regulatory filings; Iscar Metalworking Companies, an industry leader in the metal cutting tools business; TTI, Inc., a leading distributor of electronic components; Richline Group, a leading jewelry manufacturer; and Oriental Trading Company, a direct retailer of party supplies and novelties. On June 7, 2013, Berkshire acquired a 50% common ownership interest (along with preferred stock and warrants) in H.J. Heinz Company, one of the world's leading marketers and producers of healthy, convenient and affordable foods.

Operating decisions for Berkshire's various businesses are made by managers of the business units. Investment decisions and all other capital allocation decisions are made for Berkshire and its subsidiaries by Warren E. Buffett, in consultation with Charles T. Munger. Mr. Buffett is Chairman and Mr. Munger is Vice Chairman of Berkshire's Board of Directors. Berkshire's businesses collectively employ approximately 290,000 people.

Berkshire's executive offices are located at 3555 Farnam Street, Omaha, Nebraska 68131, and its telephone number is (402) 346-1400.

Berkshire Hathaway Finance Corporation

BHFC is a Delaware corporation that was created by Berkshire on August 4, 2003. Assets of BHFC consist of term loans to Vanderbilt Mortgage and Finance, Inc. (Vanderbilt), a wholly owned subsidiary of Clayton Homes, Inc. and an indirect wholly owned subsidiary of Berkshire. BHFC currently charges Vanderbilt interest at a rate which is either 50 or 100 basis points higher than it pays on its related debt obligations.

BHFC's executive offices are located at 3555 Farnam Street, Omaha, Nebraska 68131, and its telephone number is (402) 346-1400.

Table of Contents

The Offering

Issuer	Berkshire Hathaway Finance Corporation, a wholly owned finance subsidiary of Berkshire Hathaway Inc.
Guarantor	Berkshire Hathaway Inc.
Securities Offered	<p>\$650,000,000 aggregate principal amount of Floating Rate Senior Notes due 2017.</p> <p>\$100,000,000 aggregate principal amount of 2.000% Senior Notes due 2018.</p>
Offering Price	<p>100.000% in respect of the Floating Rate Senior Notes due 2017 plus accrued interest from January 10, 2014 until the date of delivery.</p> <p>100.231% in respect of the 2.000% Senior Notes due 2018 plus accrued interest from August 15, 2013 until the date of delivery.</p>
Maturity Date	<p>January 10, 2017 in respect of the Floating Rate Senior Notes due 2017.</p> <p>August 15, 2018 in respect of the 2.000% Senior Notes due 2018.</p>
Interest	<p>The Floating Rate Senior Notes due 2017 will bear interest at a rate per annum equal to LIBOR plus 0.15%, payable quarterly in arrears on January 10, April 10, July 10 and October 10 of each year, commencing on April 10, 2014.</p> <p>The 2.000% Senior Notes due 2018 will bear interest at a rate per annum equal to 2.000%, payable semi-annually in arrears on February 15 and August 15 of each year, commencing on February 15, 2014.</p>
Guarantee	All of BHFC's obligations under the notes will be unconditionally and irrevocably guaranteed by Berkshire.
Ranking	Each series of notes will be unsecured senior obligations of BHFC, will rank <i>pari passu</i> in right of payment with all of BHFC's unsubordinated, unsecured indebtedness and will be senior in right of payment to all of its subordinated indebtedness. As of September 30, 2013, BHFC had no secured indebtedness and \$11.2 billion of indebtedness.

The guarantees will be unsecured senior obligations of Berkshire, will rank *pari passu* with all of its unsubordinated, unsecured indebtedness and senior to all of its subordinated indebtedness, and will be effectively subordinated to all of its existing and future secured indebtedness to the extent of the assets securing such indebtedness and structurally subordinated to all existing and future indebtedness of its subsidiaries (secured or unsecured). As of September 30, 2013, Berkshire had no secured indebtedness and \$8.3 billion of indebtedness, and its subsidiaries had \$57.4 billion of indebtedness.

S-3

Table of Contents

Redemption	<p>We will not have the right to redeem the Floating Rate Senior Notes due 2017.</p> <p>BHFC will have the option to redeem the 2.000% Senior Notes due 2018, in whole or in part, at any time at a redemption price equal to the greater of (A) 100% of the principal amount of the 2.000% Senior Notes due 2018 to be redeemed or (B) as determined by the quotation agent and as described herein under Description of the Notes and Guarantee Optional Redemption, the sum of the present values of the remaining scheduled payments of principal and interest on the 2.000% Senior Notes due 2018 to be redeemed, not including any portion of such payments of interest accrued as of the date on which the 2.000% Senior Notes due 2018 are to be redeemed, discounted to the date on which the 2.000% Senior Notes due 2018 are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the adjusted treasury rate described herein under Description of the Notes and Guarantee Optional Redemption plus 10 basis points, plus accrued and unpaid interest to the date on which the 2.000% Senior Notes due 2018 are to be redeemed.</p>
Repayment	<p>The notes will not be repayable at the option of the holder prior to maturity.</p>
Sinking Fund	<p>The notes are not subject to a sinking fund provision.</p>
Form and Denomination	<p>The Depository Trust Company (DTC) will act as securities depository for the notes, which will be issued only as fully registered global securities registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC, except in certain circumstances. One or more fully registered global notes will be issued to DTC for each series of the notes. The notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.</p>
Use of Proceeds	<p>We expect to use the net proceeds of this offering to pay at maturity (i) our Floating Rate Senior Notes due 2014 and having an aggregate principal amount of \$375,000,000 at 100% of the principal amount thereof and (ii) our 1.500% Senior Notes due 2014 and having an aggregate principal amount of \$375,000,000 at 100% of the principal amount thereof, in each case, plus accrued and unpaid interest thereon. Any remaining proceeds will be used for general corporate purposes. See Use of Proceeds in this prospectus supplement.</p>
Trustee	<p>The Bank of New York Mellon Trust Company, N.A.</p>
Governing Law	<p>New York</p>
Risk Factors	<p>You should carefully consider the specific factors set forth under Risk Factors on page S-6 of this prospectus supplement as well as the information and data included elsewhere or incorporated by reference in this prospectus supplement or the accompanying prospectus, before making an investment decision.</p>

Table of Contents

Conflicts of Interest

Berkshire owns more than 10% of the outstanding preferred stock of Bank of America Corporation, the parent company of Merrill Lynch, Pierce, Fenner & Smith Incorporated. Accordingly, this offering is being made in compliance with the requirements of Rule 5121 of the Financial Industry Regulatory Authority. Because the notes to be offered will be rated investment grade, pursuant to Rule 5121, the appointment of a qualified independent underwriter is not necessary. Merrill Lynch, Pierce, Fenner & Smith Incorporated will not confirm sales of the debt securities to any account over which it exercises discretionary authority without the prior written approval of the customer.

S-5

Table of Contents

RISK FACTORS

An investment in our securities involves some degree of risk. Prior to making a decision about investing in our securities, you should carefully consider the risks described in the section entitled "Risk Factors" in any prospectus supplement and the risks described in Berkshire's most recent Annual Report on Form 10-K filed with the SEC, in each case as these risk factors are amended or supplemented by subsequent Quarterly Reports on Form 10-Q. The occurrence of any of these risks could materially adversely affect our business, operating results and financial condition.

The risks and uncertainties we describe are not the only ones facing us. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business or operations. Any adverse effect on our business, financial condition or operating results could result in a decline in the value of our securities and the loss of all or part of your investment.

There is currently no trading market for the notes and an active trading market for the notes may not develop.

The notes are new issues of securities with no established trading market, and we do not intend to list them on any securities exchange or automated quotation system. As a result, an active trading market for the notes may not develop, or if one does develop, it may not be sustained. If an active trading market fails to develop or cannot be sustained, you may not be able to resell your notes at their fair market value or at all.

Table of Contents

USE OF PROCEEDS

We expect to use the net proceeds of this offering to pay at maturity (i) BHFC's Floating Rate Senior Notes due January 10, 2014 and having an aggregate principal amount of \$375,000,000 at 100% of the principal amount thereof and (ii) BHFC's 1.500% Senior Notes due January 10, 2014 and having an aggregate principal amount of \$375,000,000 at 100% of the principal amount thereof, in each case, plus accrued and unpaid interest thereon. Any remaining proceeds will be used for general corporate purposes.

Certain of the underwriters or their affiliates own debt securities that we expect to pay at maturity with the net proceeds of this offering.

S-7

Table of Contents

DESCRIPTION OF THE NOTES AND GUARANTEES

The following description of certain material terms of the notes and the guarantees does not purport to be complete.

This description of the notes and guarantees is intended to be an overview of the material provisions of the notes and the guarantees and is intended to supplement, and to the extent of any inconsistency replace, the description of the general terms and provisions of the debt securities set forth in the accompanying prospectus, to which we refer you. The notes and the guarantees will be issued under an indenture, dated as of February 1, 2010 (the indenture), among Berkshire, BHFC and The Bank of New York Mellon Trust Company, N.A., a national banking association, as trustee (the trustee). Since this description of the notes and guarantees is only a summary, we urge you to read the indenture (including definitions of terms used therein) and the forms of notes and guarantees because they, and not this description, define your rights as a beneficial holder of the notes. You may request copies of these documents from us at our address set forth above under Summary Berkshire Hathaway Finance Corporation. The indenture and the forms of the notes, including the guarantees to be endorsed thereon, are included or incorporated by reference as an exhibit to the registration statement of which this prospectus supplement forms a part.

General

The \$650,000,000 Floating Rate Senior Notes due 2017 offered by this prospectus supplement will be issued as a separate series under the indenture. The Floating Rate Senior Notes due 2017 will be our senior unsecured obligations and will be initially limited in aggregate principal amount to \$650,000,000. The \$100,000,000 2.000% Senior Notes due 2018 offered by this prospectus supplement will become part of the same series with, and will be designated by the same CUSIP number as, our outstanding series of 2.000% Senior Notes due 2018 originally issued on August 15, 2013. Upon the issuance of the 2.000% Senior Notes due 2018 offered by this prospectus supplement, the outstanding aggregate principal amount of the 2.000% Senior Notes due 2018 will be \$500,000,000.

The Floating Rate Senior Notes due 2017 will be referred to herein as the floating rate notes. The 2.000% Senior Notes due 2018 will be referred to herein as the fixed rate notes. The floating rate notes and the fixed rate notes will be collectively referred to herein as the notes.

We may at any time, without notice to or consent of the holders of the notes offered by this prospectus supplement, issue additional notes of the same series as any series of the notes offered hereby. Any such additional notes will have the same ranking, interest rate, maturity date and other terms as such series of notes offered hereby, except for possible variations permitted under the indenture. Any such additional notes, together with the notes offered hereby of such series and, in the case of the fixed rate notes, the notes of such series previously issued, will constitute a single series of notes under the indenture.

The entire principal amount of the floating rate notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on January 10, 2017. The entire principal amount of the fixed rate notes will mature and become due and payable, together with any accrued and unpaid interest thereon, on August 15, 2018. The notes will have the benefit of an unconditional and irrevocable guarantee from Berkshire.

The notes of each series will be evidenced by one or more global notes deposited with a custodian for and registered in the name of a nominee of DTC. Except as described herein, beneficial interests in the global notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants. See Book-Entry Delivery and Form.

You will not have the right to cause us to repurchase the notes in whole or in part at any time before they mature. The notes are not subject to a sinking fund provision.

Table of Contents

Interest

Fixed Rate Notes

The fixed rate notes will accrue interest at a rate of 2.000% per annum. The fixed rate notes offered by this prospectus supplement will accrue interest on their stated principal amount from August 15, 2013, or from the most recent date to which interest has been paid or duly provided for, and accrued and unpaid interest will be payable semi-annually in arrears on February 15 and August 15 of each year, which we refer to as fixed rate note interest payment dates, commencing on February 15, 2014.

Interest will be paid to the person in whose name a fixed rate note is registered at the close of business on the February 1 and August 1 (whether or not a business day), which we refer to as record dates, immediately preceding the relevant fixed rate note interest payment date.

The amount of interest payable on the fixed rate notes for any full semi-annual interest period will be computed on the basis of a 360-day year of twelve 30-day months. The amount of interest payable for any period shorter than a full semi-annual interest period for which interest is computed will be computed on the basis of 30-day months and, for periods of less than a month, the actual number of days elapsed per 30-day month. If any date on which interest is payable on the fixed rate notes is not a business day, then payment of the interest payable on such date will be made on the next succeeding day that is a business day (and without any interest or other payment in respect of any such delay) with the same force and effect as if made on such fixed rate note interest payment date. For purposes of this prospectus supplement, a business day means any day, other than a Saturday or Sunday, that is not a day on which banking institutions in the Borough of Manhattan, The City of New York are authorized or required by law, regulation or executive order to close.

Floating Rate Notes

The floating rate notes will accrue interest from January 10, 2014, or from the most recent date to which interest has been paid or duly provided for, at a rate per annum equal to LIBOR (as defined below) plus 0.15% per annum, as determined by the calculation agent as described below.

Interest on the floating rate notes will be payable quarterly in arrears on January 10, April 10, July 10 and October 10 of each year, which we refer to as floating rate note interest payment dates, commencing April 10, 2014, to the person in whose name a floating rate note is registered at the close of business on the preceding January 1, April 1, July 1 and October 1, as applicable (whether or not a business day), which we also refer to as record dates. If any floating rate note interest payment date (other than the maturity date of the floating rate notes) falls on a day that is not a business day, the floating rate note interest payment date will be postponed to the next day that is a business day and interest will accrue to but excluding the date interest is paid. However, if the postponement would cause the day to fall in the next calendar month, the floating rate note interest payment date will instead be brought forward to the immediately preceding business day. If the maturity date of the floating rate notes is not a business day, then payment of the principal and interest payable on such date will be made on the next succeeding day that is a business day (and without any interest or other payment in respect of any such delay) with the same force and effect as if made on such maturity date.

The rate of interest on the floating rate notes will reset quarterly (the interest reset period, and the first day of each interest reset period will be an interest reset date). The interest reset dates will be the same dates as the floating rate note interest payment dates.

The calculation agent for the notes is The Bank of New York Mellon Trust Company, N.A., which we refer to as the calculation agent.

The calculation agent will determine the initial interest rate on the second London business day preceding the issue date for the floating rate notes and the interest rate for each succeeding interest reset period on the second London business day preceding the applicable interest reset date, in each case by reference to LIBOR, each of which days we refer to as an interest determination date.

Table of Contents

London business day means any day on which dealings in deposits in U.S. Dollars are transacted in the London interbank market.

The interest rate for the floating rate notes will be based on the London interbank offered rate, which we refer to as LIBOR, and will be determined by the calculation agent as follows:

- (i) As of an interest determination date, LIBOR will be the rate for deposits in U.S. dollars for a period of three months, commencing on the date of issuance of the floating rate notes or on each interest reset date, as the case may be, that appears on the Reuters Screen LIBOR01 Page, or any successor service, at approximately 11:00 a.m., London time, on that interest determination date.
- (ii) If no rate appears, then the calculation agent will request the principal London offices of each of four major reference banks in the London interbank market, as selected and identified by us, to provide the calculation agent with its offered quotation for deposits in U.S. dollars for a period of three months, commencing on the date of issuance of the floating rate notes or on the interest reset date, as the case may be, to prime banks in the London interbank market at approximately 11:00 a.m., London time, on that interest determination date and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If at least two quotations are provided, LIBOR determined on that interest determination date will be the arithmetic mean of those quotations. If fewer than two quotations are provided, LIBOR will be determined for the issue date of the floating rate notes or the interest reset date, as the case may be, as the arithmetic mean of the rates quoted at approximately 11:00 a.m., New York time, on the issue date or that interest reset date, as the case may be, by three major banks in New York City, as selected and identified by us, for loans in U.S. dollars to leading European banks, for a period of three months, commencing on the issue date of the floating rate notes or the interest reset date, as the case may be, and in a principal amount that is representative of a single transaction in U.S. dollars in that market at that time. If the banks so selected and identified by us are not quoting as set forth above, LIBOR for that interest determination date will remain LIBOR for the immediately preceding interest reset period, or, if there was no preceding interest reset period, the rate of interest payable will be the initial interest rate.

Accrued interest on the floating rate notes will be calculated by multiplying the principal amount of such notes by an accrued interest factor. The accrued interest factor will be computed by adding the interest factors calculated for each day in the period for which interest is being paid. The interest factor for each day is computed by dividing the interest rate applicable to that day by 360. The interest rate in effect on any interest reset date will be the applicable rate as reset on that date. The interest rate applicable to any other day is the interest rate from the immediately preceding interest reset date, or if none, the initial interest rate. All percentages used in or resulting from any calculation for the rate of interest on the notes will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with .000005% rounded up to .00001%), and all U.S. dollar amounts used in or resulting from these calculations will be rounded to the nearest cent (with one-half cent rounded upward).

Any amounts payable on any notes that are not punctually paid on any payment date will cease to be payable to the person in whose name such notes are registered on the relevant record date, and such defaulted payment will instead be payable to the person in whose name such notes are registered on the special record date or other specified date determined in accordance with the indenture.

Guarantee of Notes

Berkshire will unconditionally and irrevocably guarantee the payment of all of BHFC's obligations under the notes offered hereby pursuant to a guarantee to be endorsed on the notes offered hereby, the form of which is included in the indenture, which is filed as an exhibit to the registration statement of which this prospectus forms a part. If we default in the payment of the principal of, or premium, if any, or interest on, such notes when and as the same shall become due, whether upon maturity, acceleration, or otherwise, without the necessity of action by the trustee or any holder of such notes, Berkshire shall be required promptly and fully to make such payment.

Table of Contents

Ranking

The notes will be our senior unsecured obligations and will rank *pari passu* in right of payment with all of our unsubordinated, unsecured indebtedness and will be senior in right of payment to all of our subordinated indebtedness. As of September 30, 2013, BHFC had no secured indebtedness and \$11.2 billion of indebtedness.

The guarantees will be senior unsecured obligations of Berkshire, will rank *pari passu* with all of Berkshire's unsubordinated, unsecured indebtedness and senior to all of Berkshire's subordinated indebtedness, and will be effectively subordinated to all of Berkshire's existing and future secured indebtedness to the extent of the assets securing such indebtedness and structurally subordinated to all existing and future indebtedness of Berkshire's subsidiaries (secured or unsecured). As of September 30, 2013, Berkshire had no secured indebtedness and \$8.3 billion of indebtedness, and its subsidiaries had \$57.4 billion of indebtedness.

Optional Redemption

We will not have the right to redeem the floating rate notes.

We will have the option to redeem the fixed rate notes in whole or in part, at any time, at a redemption price equal to the greater of (A) 100% of the principal amount of the fixed rate notes to be redeemed or (B) as determined by the quotation agent described below, the sum of the present values of the remaining scheduled payments of principal and interest on the fixed rate notes to be redeemed, not including any portion of such payments of interest accrued as of the date on which the fixed rate notes are to be redeemed, discounted to the date on which the fixed rate notes are to be redeemed on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months, at the adjusted treasury rate described below plus 10 basis points, plus accrued and unpaid interest on the fixed rate notes to be redeemed to the date on which such notes are to be redeemed.

We will utilize the following procedures to calculate the adjusted treasury rate described in the previous paragraph. We will appoint Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and a primary U.S. government securities dealer in New York City selected by Wells Fargo Securities, LLC or their respective successors, and one or more other primary U.S. Government securities dealers in New York City as reference dealers, and we will appoint Merrill Lynch, Pierce, Fenner & Smith Incorporated or its successor to act as our quotation agent. If any of the foregoing or their respective successors are no longer a primary U.S. Government securities dealer in New York City, we will substitute another primary U.S. Government securities dealer in New York City in its place as a reference dealer.

The quotation agent will select a United States Treasury security which has a maturity comparable to the remaining maturity of the fixed rate notes to be redeemed which would be used in accordance with customary financial practice to price new issues of corporate debt securities with a maturity comparable to the remaining maturity of such notes. The reference dealers will provide us with the bid and asked prices for that comparable United States Treasury security as of 5:00 p.m. (New York City time) on the third business day before the redemption date. We will calculate the average of the bid and asked prices provided by each reference dealer, eliminate the highest and the lowest reference dealer quotations and then calculate the average of the remaining reference dealer quotations. However, if we obtain fewer than three reference dealer quotations, we will calculate the average of all the reference dealer quotations and not eliminate any quotations. We call this average quotation the comparable treasury price. The adjusted treasury rate with respect to the fixed rate notes to be redeemed will be the semi-annual equivalent yield to maturity of a security whose price is equal to the applicable comparable treasury price, in each case expressed as a percentage of its principal amount.

We may redeem the fixed rate notes at any time on a redemption date of our choice. However, we must give the holders of such notes notice of the redemption not less than 30 days or more than 60 days before the redemption date. We will give the notice in the manner described under

Notices. If we elect to redeem fewer than all the fixed rate notes, the trustee will select the particular notes to be redeemed by such method that the trustee deems fair and appropriate.

Table of Contents

Book-Entry Delivery and Form

General

The notes offered hereby will be issued in registered, global form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. The notes will be issued on the issue date therefor only against payment in immediately available funds.

The notes of each series offered hereby initially will be represented by one or more permanent global certificates (which may be subdivided) in definitive, fully registered form without interest coupons, which we refer to as the global notes.

The global notes will be deposited upon issuance with the trustee as custodian for DTC in New York, New York, and registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC (including the Euroclear Bank S.A./N.V. (Euroclear) or Clearstream Banking, société anonyme (Clearstream)), as described below under Depository Procedures.

Except as set forth below, the global notes may be transferred, in whole and not in part, only to DTC, to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the global notes may not be exchanged for notes in certificated form except in the limited circumstances described below under Exchange of Book-Entry Notes for Certificated Notes.

Transfers of beneficial interests in the global notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream is provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures and urge investors to contact the systems or their participants directly to discuss these matters.

DTC is a limited-purpose trust company created to hold securities for its participating organizations, referred to as participants, and facilitate the clearance and settlement of transactions in those securities between DTC's participants through electronic book-entry changes in accounts of its participants. DTC's participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly, which entities are referred to as indirect participants. Persons who are not DTC participants may beneficially own securities held by or on behalf of DTC only through participants or indirect participants. DTC has no knowledge of the identity of beneficial owners of securities held by or on behalf of DTC. DTC's records reflect only the identity of its participants to whose accounts securities are credited. The ownership interests and transfer of ownership interests of each beneficial owner of each security held by or on behalf of DTC are recorded on the records of DTC's participants and indirect participants.

Pursuant to procedures established by DTC:

upon deposit of the global notes, DTC will credit the accounts of its participants designated by the underwriters with portions of the principal amount of the global notes; and

ownership of such interests in the global notes will be maintained by DTC (with respect to its participants) or by DTC's participants and indirect participants (with respect to other owners of beneficial interests in the global notes).

Table of Contents

Investors in the global notes may hold their interests therein directly through DTC, if they are participants in such system, or indirectly through organizations (including Euroclear and Clearstream) that are participants or indirect participants in such system. Euroclear and Clearstream will hold interests in the notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositaries, which are Euroclear Bank, S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. The depositaries, in turn, will hold interests in the notes in customers' securities accounts in the depositaries' names on the books of DTC.

All interests in a global note, including those held through Euroclear or Clearstream, will be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream will also be subject to the procedures and requirements of these systems. The laws of some jurisdictions require that certain persons take physical delivery of certificates evidencing securities they own. Consequently, the ability to transfer beneficial interests in a global note to such persons will be limited to that extent. Because DTC can act only on behalf of its participants, which in turn act on behalf of indirect participants, the ability of beneficial owners of interests in a global note to pledge such interests to persons or entities that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests. For certain other restrictions on the transferability of the notes, see Exchange of Book-Entry Notes for Certificated Notes.

Except as described below, owners of interests in the global notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or holders thereof under the indenture for any purpose.

Payments in respect of the principal of, and interest on, a global note registered in the name of DTC or its nominee will be payable by the trustee (or the paying agent if other than the trustee) to DTC in its capacity as the registered holder under the indenture. We and the trustee will treat the persons in whose names the notes, including the global notes, are registered as the owners thereof for the purpose of receiving such payments and for any and all other purposes whatsoever. Consequently, neither we nor the trustee or any of our respective agents has or will have any responsibility or liability for:

any aspect of DTC's records or any participant's or indirect participant's records relating to or payments made on account of beneficial ownership interests in the global notes, or for maintaining, supervising or reviewing any of DTC's records or any participant's or indirect participant's records relating to the beneficial ownership interests in the global notes; or

any other matter relating to the actions and practices of DTC or any of its participants or indirect participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant participants with the payment on the payment date in amounts proportionate to their respective holdings in the principal amount of the relevant security as shown on the records of DTC, unless DTC has reason to believe it will not receive payment on such payment date. Payments by the participants and the indirect participants to the beneficial owners of notes will be governed by standing instructions and customary practices and will be the responsibility of the participants or the indirect participants and will not be the responsibility of DTC, the trustee or us. Neither we nor the trustee will be liable for any delay by DTC or any of its participants in identifying the beneficial owners of the notes, and we and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between participants in DTC will be effected in accordance with DTC's procedures, and will be settled in same day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Table of Contents

Cross-market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their depositories. Cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in that system in accordance with the rules and procedures and within the established deadlines (Brussels time) of that system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositories to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant global note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a global note from a participant in DTC will be credited and reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream as a result of sales of interests in a global note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more participants to whose account with DTC interests in the global notes are credited and only in respect of such portion of the aggregate principal amount of the notes as to which such participant or participants has or have given such direction.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the global notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and the procedures may be discontinued at any time. None of us, Berkshire or the trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

The information in this section concerning DTC, Euroclear and Clearstream and their book-entry systems has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

Exchange of Book-Entry Notes for Certificated Notes

The global notes are exchangeable for certificated notes of the same series in definitive, fully registered form without interest coupons only in the following limited circumstances:

DTC notifies us that (1) it is unwilling or unable to continue as depository for the global notes of such series or (2) it has ceased to be a clearing agency registered under the Exchange Act,

if there shall have occurred and be continuing an event of default with respect to the notes of such series, or

if we determine, in our sole discretion, that the global notes are exchangeable in accordance with the terms of the indenture.

In all cases, certificated notes delivered in exchange for any global note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by or on behalf of DTC (in accordance with its customary procedures).

Notices

Except as otherwise described herein, notice to registered holders of the notes will be given by mail to the addresses as they appear in the security register. Notices will be deemed to have been given on the date of such mailing.

Table of Contents

**MATERIAL UNITED STATES FEDERAL INCOME AND
ESTATE TAX CONSIDERATIONS**

The following is a summary of the material U.S. federal income and estate tax considerations that may be relevant to initial holders of the notes. The summary is limited to holders that purchase notes in the initial offering for cash at their initial offering price, and that hold such notes as capital assets within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (the Code) (generally, for investment). The summary does not purport to address all of the tax considerations that may be relevant to a particular holder or to deal with the tax considerations that may be relevant to holders in special tax situations, such as banks, thrifts, real estate investment trusts, regulated investment companies, partnerships and other pass-through entities, insurance companies, dealers in securities or currencies, traders in securities electing to mark to market, foreign persons (except to the extent specifically provided below), tax-exempt organizations, expatriates and certain former citizens or long-term residents of the U.S., persons holding notes as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment, persons deemed to sell the notes under the constructive sale provisions of the Code, or U.S. holders (as defined below) whose functional currency is not the U.S. dollar, nor does it address alternative minimum taxes or state, local, or foreign taxes.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) or other pass-through entity holds notes, the tax treatment of a partner or a member generally will depend upon the status of the partner or the member and upon the activities of the partnership or pass-through entity. A partnership or pass-through entity considering a purchase of notes, and partners or members in such a partnership or pass-through entity, should consult their own tax advisors regarding the tax consequences to them of the purchase, ownership and disposition of notes.

Under the terms of the fixed rate notes, we may be obligated in certain circumstances to pay amounts in excess of stated interest or principal on the fixed rate notes. It is possible that the Internal Revenue Service (IRS) could assert that the payment of such excess amounts is a contingent payment and the fixed rate notes are therefore contingent payment debt instruments for U.S. federal income tax purposes. Under the applicable Treasury regulations, however, for purposes of determining whether a debt instrument is a contingent payment debt instrument, remote or incidental contingencies (determined as of the issue date) are ignored. We believe that the possibility of making additional payments is remote and/or incidental. Accordingly, we do not intend to treat the fixed rate notes as contingent payment debt instruments. Our position will be binding on holders of the fixed rate notes, unless a holder timely and explicitly discloses to the IRS that it takes a position different from ours. Our position, however, is not binding on the IRS. If the IRS successfully challenges this position, the timing and amount of income included and the character of the income recognized with respect to the fixed rate notes may be materially different from the consequences discussed herein. Holders should consult their own tax advisors regarding this issue. The remainder of this discussion assumes that the fixed rate notes are not treated as contingent payment debt instruments.

This summary is based upon the Code, Treasury regulations, IRS rulings and pronouncements and administrative and judicial decisions currently in effect, all of which are subject to change (possibly with retroactive effect) or possible differing interpretations. No ruling has been or will be sought from the IRS with respect to the U.S. federal income tax consequences of the purchase, ownership and disposition of the notes. As a result, the IRS could disagree with portions of this discussion.

Persons considering a purchase of notes should consult their own tax advisors with respect to the tax consequences to them of the purchase, ownership and disposition of notes in light of their own particular circumstances, including the tax consequences under state, local, foreign and other tax laws and the possible effects of any changes in applicable tax laws.

Table of Contents

Consequences to U.S. Holders

The following discussion summarizes the material U.S. federal income tax considerations relevant to a U.S. holder. For purposes of this discussion, the term "U.S. holder" means a beneficial owner of a note that is (1) an individual who is a citizen or resident of the United States, (2) a corporation or other entity treated as a corporation for U.S. federal income tax purposes, in each case, that is created or organized in or under the laws of the United States or any political subdivision thereof, (3) a trust if it (i) is subject to the primary supervision of a U.S. court and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person, or (4) an estate, the income of which is subject to U.S. federal income tax regardless of its source.

Pre-Issuance Accrued Interest

The initial offering price for the fixed rate notes offered by this prospectus supplement will include amounts attributable to interest accrued from August 15, 2013, which we call "pre-issuance accrued interest." Pre-issuance accrued interest will be included in the accrued interest to be paid on the fixed rate notes on the first interest payment date after the issuance of the fixed rate notes. In accordance with applicable Treasury regulations, for U.S. federal income tax purposes, we will treat the fixed rate notes as having been purchased for a price that does not include any pre-issuance accrued interest. If the fixed rate notes are so treated, the portion of the first stated interest payment equal to the pre-issuance accrued interest will be treated as a nontaxable return of such pre-issuance accrued interest and, accordingly, will not be taxable as interest on the fixed rate notes.

Payments or Accruals of Interest

Payments or accruals of interest on a note (other than any pre-issuance accrued interest excluded from the purchase price of a fixed rate note, as discussed above under "Pre-Issuance Accrued Interest") will be taxable to U.S. holders as ordinary interest income at the time such U.S. holders receive or accrue such amounts (in accordance with a holder's regular method of tax accounting).

Amortizable Premium

If a U.S. holder's initial purchase price for a fixed rate note (excluding any pre-issuance accrued interest excluded from the purchase price of a fixed rate note, as discussed above under "Pre-Issuance Accrued Interest") exceeds the stated principal amount of such fixed rate note, the holder will be considered to have amortizable bond premium equal to such excess. A U.S. holder generally may elect to amortize the premium over the remaining term of such fixed rate note on a constant yield method as an offset to interest when includible in income under the holder's regular method of tax accounting. However, because the fixed rate notes may be redeemed by us prior to maturity at a premium, special rules apply that may reduce or eliminate the amount of premium that a U.S. holder may amortize with respect to the fixed rate notes. U.S. holders should consult their tax advisors about these special rules. If a U.S. holder makes this election, the holder will be required to reduce its adjusted tax basis in such fixed rate note by the amount of the premium amortized. If a U.S. holder does not make this election, the premium will decrease the gain or increase the loss the holder would otherwise recognize on disposition of such fixed rate note. An election to amortize premium on a constant yield method will also apply to all other taxable debt instruments held or subsequently acquired by a U.S. holder on or after the first day of the first taxable year for which the election is made. Such an election may not be revoked without the consent of the IRS. U.S. holders should consult their own tax advisors about this election.

Sale, Exchange, Redemption or Other Disposition of a Note

When a U.S. holder disposes of a note by sale, exchange, redemption or other disposition, the