



PRESS RELEASE

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Equitas to Acquire up to \$7 billion of additional Reinsurance Protection from National Indemnity Company, a Berkshire Hathaway Group Company

LONDON and OMAHA, NEBRASKA, 20 October 2006 – Equitas and Berkshire Hathaway Inc. (NYSE: BRK.A AND BRK.B) announced today that they have reached an agreement in principle on a structure in which National Indemnity Company, a member of the Berkshire Hathaway group of insurance companies, will:

- Reinsure all Equitas' liabilities;
- Provide up to a further \$7 billion of reinsurance cover to Equitas;
- Take on the staff and operations of Equitas and conduct the run-off of Equitas' liabilities.

The transaction will occur in two phases:

- In Phase I National Indemnity Company will provide reinsurance cover to Equitas of \$5.7 billion over and above the 31 March 2006 reserves (\$8.7 billion) of Equitas less adjustment for payments and recoveries since that date. The premium payable to National Indemnity Company will be:
 - (i) all of Equitas' assets less £172 million; and
 - (ii) a contribution of £72 million from the Corporation of Lloyd's.

In this phase the staff and operations of Equitas and the management of the run-off will all pass to an English subsidiary of Berkshire Hathaway.

- In Phase II Equitas will seek approval of the High Court to transfer all the liabilities of Reinsured Names into Equitas or a subsidiary of Berkshire Hathaway. If such a business transfer occurs before the end of 2009 National Indemnity Company will provide up to \$1.3 billion of additional reinsurance cover for a further premium of up to £40 million. At the time of any such business transfer, or on 31 December 2009 if a transfer has not occurred, Lloyd's will provide a further contribution of £18 million.

If both phases of the transaction are completed underlying policyholders will have the benefit of up to an additional \$7 billion of reinsurance cover. This will nearly double the assets available for the run-off of Equitas.

The Financial Services Authority (FSA) has been kept informed of the progress of this transaction. Completion is subject to various conditions including approvals which must be obtained before 31 March 2007 from the FSA, regulatory authorities in the United States and the Equitas Trustees. Both contributions from Lloyd's are also subject to approval by an Extraordinary General Meeting of the current membership of Lloyd's before 31 March 2007.

It is expected that upon implementation of Phase I a small return premium will be paid to Reinsured Names. Any return premium will be paid to Names pro rata to their Equitas premium.

Hugh Stevenson, Chairman of Equitas, said: "This is wonderful news for Reinsured Names. Equitas has achieved a great deal since it was set up in 1996 but we still face many threats and uncertainties. This agreement with one of the world's largest insurance groups will transform the outlook for Equitas and for Reinsured Names. The \$5.7 billion of extra cover will dramatically improve the financial position of Equitas. We believe that following the completion of Phase I Reinsured Names will be able to regard the prospect of the failure of Equitas as extremely remote."

“If, as we hope, a transfer of the liabilities from Reinsured Names is achieved, they will no longer have any liability whatsoever under policies reinsured by Equitas. They will have achieved finality and be able to sleep soundly knowing that this chapter is closed.”

Scott Moser, Chief Executive Officer of Equitas, added: “This deal represents the validation of our decade-long strategy of reducing the size and volatility of Equitas to the point that we could achieve a transformational event of this kind to provide real security to Reinsured Names.”

Warren Buffett, Chairman of Berkshire Hathaway, observed that: “a decade ago, Equitas was launched in order to resolve innumerable problems involving the most complex of insurance issues. Skeptics were many and vocal. But the management of Equitas was equal to the task, and its efforts have enormously benefited insureds, Names, Lloyd’s and the general reputation of U.K. industry. Their skill in resolving complicated and contentious matters allows the transaction announced today. Much, however, remains to be done. Putting Berkshire Hathaway’s Gibraltar-like strength behind the remaining problems – which will take many decades to resolve – eliminates any remaining worries for all concerned.”

Lloyd’s Chairman, Lord Levene, said: “We have always had every confidence in the management of Equitas and their ability to achieve a solvent run-off. This additional protection, however, is very valuable to Names who were originally reinsured by Equitas and who will now achieve finality post transfer.”

“Despite the outstanding performance of Equitas since its inception, the rating agencies sometimes cite it as having a potentially negative impact on the market’s ongoing financial strength. The successful completion of this transaction should end that once and for all,” said Lloyd’s CEO, Richard Ward.

The Equitas Trust will continue to provide a measure of oversight of the management of the run-off of Equitas' liabilities until the Names have achieved a court order releasing all liabilities. The premium payable for the Phase II reinsurance, the future costs of the Equitas Trust, other costs of running Equitas and any payments to Reinsured Names will be paid out of the assets remaining with Equitas.

The Equitas Trust will be making arrangements for briefing Reinsured Names.

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Notes to Editors:

1. Equitas, based in London, was established to reinsure and run-off the 1992 and prior years' non-life liabilities of Names, or Underwriters, at Lloyd's of London. Equitas actively manages the non-life liabilities arising from policies written by Lloyd's syndicates in 1992 and prior years. This includes agreeing comprehensive settlements and policy buy-backs that extinguish current and future claims from these policyholders.
2. The Names reinsured their liabilities into Equitas but retained the legal liability to pay valid policyholders' claims.
3. Underlying policyholders are those who bought a non-life policy from Lloyd's Underwriters that was allocated to the 1992 or an earlier year of account.
4. The Financial Services and Markets Act 2000 permits insurers to transfer their insurance business (including liabilities) subject to receiving the sanction of the High Court. Amendments are required in order to permit those who ceased to be underwriting members of Lloyd's prior to December 1996 to participate in such a transfer.
5. Berkshire Hathaway and its subsidiaries engage in diverse business activities including property casualty insurance and reinsurance, utilities and energy, finance, manufacturing, retailing and services. National Indemnity Company is a leading property/casualty insurer and a member of the Berkshire Hathaway group of insurance companies, based in Omaha, Nebraska USA.

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