

BERKSHIRE HATHAWAY INC  
Form S-3  
August 15, 2002  
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As filed with the Securities and Exchange Commission on August 15, 2002

Registration No. 333-

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**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**FORM S-3**  
**REGISTRATION STATEMENT**  
*UNDER*  
**THE SECURITIES ACT OF 1933**

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**BERKSHIRE HATHAWAY INC.**

(Exact name of Registrant as specified in its charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation or Organization)

**47-0813844**  
(I.R.S. Employer  
Identification Number)

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**1440 Kiewit Plaza**  
**Omaha, Nebraska 68131**  
**(402) 346-1400**  
(Address, Including Zip Code, and Telephone Number, Including  
Area Code, of Registrant's Principal Executive Offices)

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**Marc D. Hamburg**  
**Berkshire Hathaway Inc.**  
**1440 Kiewit Plaza**  
**Omaha, Nebraska 68131**  
**(402) 346-1400**  
(Name, Address, Including Zip Code, and Telephone Number,  
Including Area Code, of Agent for Service)

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*Copies To:*

**R. Gregory Morgan, Esq.**  
**Munger, Tolles & Olson LLP**  
**355 South Grand Avenue**  
**Los Angeles, California 90071-1560**  
**(213) 683-9100**

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**Approximate date of commencement of the proposed sale to public:** From time to time after the effective date of this Registration Statement as determined by the selling securityholders on the basis of market conditions and other factors.

If the only securities being registered on this form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  \_\_\_\_\_

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.  \_\_\_\_\_

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

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**The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price Per Unit</b>	<b>Proposed Maximum Aggregate Offering Price</b>	<b>Amount of Registration Fee</b>
Negative 0.75% SQUARZ <sup>(SM)</sup> (1)	40,000 units	\$9,944(2)	\$397,760,000(2)	\$36,594
Stripped SQUARZ <sup>(SM)</sup> (3)	40,000 units			
3.0% Senior Notes due 2007(4)	\$400,000,000 in aggregate principal amount			
Class A common stock, par value \$5.00 per share(5)	4,464 shares(6)	\$89,606	\$400,000,000	\$36,800
Class B common stock, par value \$.1667 per share(5)	133,920 shares(6)	\$2,987		
			\$797,760,000	\$73,394

- (1) A SQUARZ is an investment unit consisting of (i) a 3.0% Senior Note due 2007, payable by us, in the principal amount of \$10,000, (ii) a warrant to purchase, on or prior to May 15, 2007, 0.1116 share (subject to antidilution adjustments) of our class A common stock or 3.3480 shares (subject to antidilution adjustments) of our class B common stock, at an exercise price of \$10,000, and (iii) a fractional interest in U.S. treasury strips that will mature on a semiannual basis through May 15, 2007 ( initial pledged treasuries ). The registrant issued 40,000 SQUARZ in a private placement on May 28, 2002, each in the face amount of \$10,000 per SQUARZ, plus \$339.63 per SQUARZ for the purchase of initial pledged treasuries.
- (2) Pursuant to Rule 457(c) under the Securities Act, based on the average of the indicative bid-ask price for over-the-counter market transactions of SQUARZ (excluding the indicative price of the initial pledged treasuries that are a component thereof) on August 12, 2002, as reported to the registrant by Goldman Sachs & Co.
- (3) At the holder's option, a Stripped SQUARZ can be created from a SQUARZ and re-created into a SQUARZ. The 40,000 Stripped SQUARZ being registered hereunder represent the maximum number of Stripped SQUARZ that can be created from the SQUARZ being registered hereunder. No separate consideration will be received by the registrant in connection with the creation of a Stripped SQUARZ from a SQUARZ or its re-creation into a SQUARZ.
- (4) The note underlying a SQUARZ can be separated from that SQUARZ in connection with the creation of a Stripped SQUARZ or the exercise or cancellation of the warrant underlying that SQUARZ. No separate consideration will be received by the registrant in connection with any such separation.
- (5) The warrants underlying the SQUARZ and Stripped SQUARZ being registered hereunder can be exercised as described in footnote 1 above. In addition, each share of our class A common stock can be converted, at the option of the holder thereof, into 30 shares of our class B common stock. The 4,464 shares (subject to antidilution adjustments) of our class A common stock being registered hereunder represent the maximum aggregate number of shares of our class A common stock issuable upon the exercise of the warrants. The 133,920 shares (subject to antidilution adjustments) of our class B common stock being registered hereunder represent the maximum aggregate number of shares of our class B common stock issuable upon the exercise of the warrants or into which the class A common stock issuable upon exercise of the warrants can be converted. The registrant will receive consideration in the amount of \$10,000 per warrant exercised, regardless of whether such warrant is exercised for our class A common stock or our class B common stock. No separate consideration will be received by the registrant in connection with any conversion of class A common stock into class B common stock. The proposed maximum offering price per share was calculated pursuant to Rule 457(g) under the Securities Act based on the exercise price of the warrants.
- (6) Pursuant to Rule 416 under the Securities Act, the shares of common stock registered under this registration statement shall include an indeterminate number of shares of common stock that may be issued in connection with a stock split, stock dividend or similar event.

<sup>(SM)</sup> SQUARZ is a service mark of Goldman, Sachs & Co.

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**THE INFORMATION IN THIS PROSPECTUS IS INCOMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL THESE SECURITIES AND IT IS NOT SOLICITING AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.**

**SUBJECT TO COMPLETION, DATED AUGUST 15, 2002.**

**PROSPECTUS**

**BERKSHIRE HATHAWAY INC.**

**40,000 Negative 0.75% SQUARZ<sup>(SM)</sup>  
Up to 40,000 Stripped SQUARZ<sup>(SM)</sup>  
\$400,000,000 in Aggregate Principal Amount of 3.0% Senior Notes due 2007  
Up to 4,464 Shares (subject to antidilution adjustments) of Class A Common Stock  
Up to 133,920 Shares (subject to antidilution adjustments) of Class B Common Stock**

We issued 40,000 SQUARZ in a private placement on May 28, 2002. Each SQUARZ is an investment unit consisting of:

- a 3.0% Senior Note due 2007, payable by us, due on November 15, 2007, in the principal amount of \$10,000;
- a warrant to purchase, on or prior to May 15, 2007, 0.1116 share (subject to antidilution adjustments) of our class A common stock or 3.3480 shares (subject to antidilution adjustments) of our class B common stock, at an exercise price of \$10,000; and
- a fractional interest in U.S. treasury strips that will mature on a semiannual basis through May 15, 2007 ( initial pledged treasuries ).

We will pay interest on the note on a semiannual basis, from and including May 15, 2002, at a rate of 3.00% per annum. Warrant installment payments are payable to us on a semiannual basis, from and including May 15, 2002, at a rate of 3.75% per annum. The notes (without recourse to payments of principal thereof) and the initial pledged treasuries have been pledged for our benefit to secure the warrant installment payments.

A holder of a SQUARZ can create a Stripped SQUARZ from a SQUARZ by separating the underlying note from the SQUARZ and pledging substitute treasury securities in lieu of that note. A holder of a Stripped SQUARZ can re-create a SQUARZ from a Stripped SQUARZ by pledging a separated note in lieu of substitute treasury securities.

A separated note may be held and traded separately from the Stripped SQUARZ that was created by the separation of that note. A warrant, however, may not be separated or traded separately from the SQUARZ or Stripped SQUARZ of which it is a component. Each share of our class A common stock can be converted, at the option of the holder thereof, into 30 shares of our class B common stock.

This prospectus relates to:

- 40,000 SQUARZ;
- an indeterminate number (up to 40,000) of Stripped SQUARZ that can be created from the SQUARZ;
- \$400,000,000 in aggregate principal amount of notes that are a component of, but can be separated from, the SQUARZ;
- an indeterminate number of shares (up to 4,464, subject to antidilution adjustments) of our class A common stock issuable upon exercise of the warrants underlying the SQUARZ and Stripped SQUARZ; and
- an indeterminate number of shares (up to 133,920, subject to antidilution adjustments) of our class B common stock issuable upon exercise of the warrants underlying the SQUARZ and Stripped SQUARZ or into which the shares of our A common stock issuable upon exercise of such warrants may be converted.

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Selling securityholders may use this prospectus to offer and sell any of the securities covered by this prospectus. We may use this prospectus to offer and sell our common stock issuable upon the exercise of the warrant underlying a SQUARZ or Stripped SQUARZ to a holder thereof who acquired that SQUARZ or Stripped SQUARZ in a transaction covered by this prospectus. The remarketing agent may use this prospectus in connection with any remarketing of the notes covered by this prospectus.

We will not receive any of the proceeds from the sale by selling securityholders of any of the securities covered by this prospectus or from a remarketing of the notes, except that if the warrant component of a SQUARZ or Stripped SQUARZ covered by this prospectus is exercised, we will receive \$10,000 per warrant exercised. We will not receive any of the proceeds in connection with any resale by such holder of the common stock issued in connection with such exercise.

The New York Stock Exchange lists both our class A common stock, which trades under the symbol BRK.A, and our class B common stock, which trades under the symbol BRK.B.

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**INVESTING IN THESE SECURITIES INVOLVE RISKS SOME OF WHICH ARE DESCRIBED IN THE RISK FACTORS SECTION BEGINNING ON PAGE 15 OF THIS PROSPECTUS.**

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**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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The date of this prospectus is \_\_\_\_\_, 2002.

(SM) SQUARZ is a service mark of Goldman, Sachs & Co.

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**NOTICE TO INVESTORS**

This prospectus is part of a registration statement that we filed with the Securities and Exchange Commission using a shelf registration process. Under this shelf process, (i) selling securityholders may use this prospectus to offer and sell any of the securities covered by this prospectus; (ii) we may use this prospectus to offer and sell our common stock issuable upon the exercise of the warrant underlying a SQUARZ or Stripped SQUARZ to a holder thereof who acquired that SQUARZ or Stripped SQUARZ in a transaction covered by this prospectus; and (iii) the remarketing agent may use this prospectus in connection with any remarketing of the notes covered by this prospectus.

You should read both this prospectus and any prospectus supplement, together with additional information described under the heading **Where You Can Find More Information**.

Any statements in this prospectus or in any accompanying prospectus supplement concerning the provisions of any document are not complete. In each instance, reference is made to the copy of that document filed or incorporated or deemed to be incorporated by reference as an exhibit to the registration statement of which this prospectus is a part or otherwise filed with the SEC. Each statement concerning the provisions of any document is qualified in its entirety by reference to the document so filed.

You should rely only on the information contained or incorporated by reference in this prospectus or a prospectus supplement. No one has been authorized to give any information or to make any representations, other than those contained or incorporated by reference in this prospectus or in a prospectus supplement, in connection with any offer made by this prospectus and any prospectus supplement. If anyone provides you with different or inconsistent information, you should not rely on it.

Neither the delivery of this prospectus or any prospectus supplement nor any sale made hereunder or thereunder shall, under any circumstances, create an implication that the information contained or incorporated by reference in this prospectus or any prospectus supplement is correct as of any time subsequent to their dates. You should assume that the information appearing in this prospectus is accurate only as of the date on the front cover of this prospectus. The business, financial condition, results of operations and prospects of Berkshire Hathaway Inc. may have changed since that date.

This prospectus and any prospectus supplement shall not constitute an offer to sell or a solicitation of an offer to buy any securities in any jurisdiction in which such offer or solicitation may not lawfully be made.

References in this prospectus to **Berkshire**, **the Company**, **we**, **us** and **our** refer to Berkshire Hathaway Inc. and its consolidated subsidiaries, unless otherwise specified.

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**BERKSHIRE HATHAWAY INC.**

We are a holding company that owns subsidiaries engaged in a number of diverse businesses. Our most important business is the property and casualty insurance business, which we conduct on both a direct and reinsurance basis through a number of subsidiaries. This group of subsidiaries includes GEICO Corporation, the sixth largest auto insurer in the United States, and General Re Corporation, one of the four largest reinsurers in the world.

The investment portfolios of our insurance subsidiaries include meaningful equity ownership percentages of other publicly traded companies, including American Express Company, The Coca-Cola Company, The Gillette Company, The Washington Post Company and Wells Fargo & Company. Much information about these publicly owned companies is available, including information released from time to time by the companies themselves.

Our non-insurance subsidiaries conduct a variety of other business activities, including:

diversified manufacturing and distribution (managed by Scott Fetzer, and whose principal products are sold under the *Kirby* and *Campbell Hausfeld* brand names);

the retail sale of home furnishings, appliances, electronics, fine jewelry and gifts (*Nebraska Furniture Mart*, *R.C. Willey Home Furnishings*, *Star Furniture*, *Jordan's Furniture*, *Borsheim's*, *Helzberg Diamond Shops* and *Ben Bridge Jeweler*);

the manufacturing and distribution of apparel (*H.H. Brown Shoe Company*, *Lowell Shoe, Inc.*, *Dexter Shoe Company*, *Justin Brands*, *Fruit of the Loom* and *Fechheimer Brothers*);

the training of operators of aircraft and ships and providing fractional ownership programs for general aviation aircraft (*FlightSafety International* and *NetJets*);

the manufacturing and distribution of a variety of building materials and related products and services (*Acme Building Brands*, *Benjamin Moore*, *Johns Manville* and *MiTek*);

the manufacturing and distribution of carpet and floor coverings (*Shaw Industries*);

proprietary investing, real estate financing, transportation equipment leasing and risk management products (*BH Finance*, *General Re Securities* and *XTRA Corporation*); and

other businesses (*Buffalo News*, *Larson-Juhl*, *See's Candies*, *International Dairy Queen* and *CORT Business Services*).

Operating decisions for our business units are made by the managers of the various businesses. Investment decisions and all other capital allocation decisions are made by Warren E. Buffett, in consultation with Charles T. Munger. Mr. Buffett is chairman of our board of directors, and Mr. Munger is vice chairman of our board of directors.

Our executive offices are located at 1440 Kiewit Plaza, Omaha, Nebraska 68131, and our telephone number is (402) 346-1400. We are incorporated in the State of Delaware.



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**SUMMARY**

*The following summary contains basic information about the securities covered by this prospectus (other than the common stock issuable upon exercise of the warrants underlying the SQUARZ and Stripped SQUARZ). This summary may not contain all of the information that is important to you. You should carefully read the entire prospectus for a more complete understanding of the securities covered by this prospectus.*

**SQUARZ**

Each SQUARZ consists of:

a note, payable by us, due November 15, 2007 with a principal amount of \$10,000;

a warrant to purchase, on or prior to May 15, 2007 (subject to acceleration), 0.1116 share (subject to antidilution adjustments) of our class A common stock or 3.3480 shares (subject to antidilution adjustments) of our class B common stock, at the holder's option, at an exercise price of \$10,000 and requiring the holder to make semiannual warrant installment payments; and

U.S. treasury strips that will mature on a semiannual basis through May 15, 2007. We refer to these treasury strips as the initial pledged treasuries. Because treasury strips can be purchased only in integral multiples of \$1,000, each SQUARZ evidences a fractional ownership in the treasury strips.

The proceeds on maturity of the initial pledged treasuries, together with the interest payments on the note, are designed to generate enough funds to pay the semiannual warrant installment payments on each warrant installment payment date.

**Maturity of Notes**

November 15, 2007, subject to early maturity as a result of a required acceleration event.

**Maturity of Warrants**

May 15, 2007, subject to early expiration as a result of a required acceleration event.

**Interest Payment Dates for Notes**

May 15 and November 15 of each year, beginning on November 15, 2002.

**Interest Rate on Notes**

3.00% per annum, subject to reset in connection with a successful remarketing after a required acceleration event or upon maturity of the warrants.

**Warrant Installment Payment Dates**

May 15 and November 15 of each year, beginning on November 15, 2002.

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**Pledge Arrangement**

The notes (without recourse to payments of principal thereof) and the initial pledged treasuries have been pledged to the collateral agent for our benefit to secure your obligation to make the semiannual warrant installment payments. The notes may be separated from the SQUARZ by pledging treasury securities in lieu of the notes, thus creating Stripped SQUARZ, as described below, but in no event may a warrant be held separately from its related pledged securities.

**Creation of Stripped SQUARZ**

Each holder of a SQUARZ may create a Stripped SQUARZ and withdraw one pledged note underlying such SQUARZ by substituting, as substitute pledged securities, treasury strips that will pay, on each warrant installment payment date through the maturity of the warrant, an amount equal to the warrant installment payment due on that date under the SQUARZ Agreement, minus the amount to be received on that date from the initial pledged treasuries already pledged for that SQUARZ. Upon such substitution and the receipt of an instruction from the SQUARZ agent, the collateral agent will effect the release to the SQUARZ agent of a pledged note free and clear of our security interest. Holders may create a Stripped SQUARZ at any time on or before the second business day prior to the maturity or early expiration of the related warrant.

Each Stripped SQUARZ represents beneficial ownership of the warrant, the initial pledged treasuries and the substitute pledged treasuries.

**Re-creation of SQUARZ**

Each holder of a Stripped SQUARZ may re-create a SQUARZ by substituting a note for substitute pledged treasuries. Holders may re-create SQUARZ at any time on or before the second business day prior to the maturity or early expiration of the related warrant, except that they may not re-create SQUARZ during the period beginning 15 days prior to a remarketing date.

Upon re-creation of the SQUARZ, the note will be pledged (without recourse to payments of principal thereof) to the collateral agent for our benefit to secure in part the holder's obligation to make the semiannual warrant installment payments under the SQUARZ agreement, and the substitute pledged treasuries relating to the Stripped SQUARZ will be released.

**Pledged Securities and Pledge Agreement**

The notes and the initial pledged treasuries underlying the SQUARZ have been, and any substitute pledged treasuries delivered in substitution for the pledged notes and any notes delivered in substitution for substitute pledged securities will be, pledged to the collateral agent for our benefit (without recourse, in the case of the notes, to payments of principal thereof).

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Under the pledge agreement, the pledged treasury securities and the notes (without recourse to payments of principal thereof) secure the obligations of holders of SQUARZ and Stripped SQUARZ to make warrant installment payments. A holder of a SQUARZ or a Stripped SQUARZ cannot separate or separately transfer the warrant from the pledged securities underlying the SQUARZ or Stripped SQUARZ. Your rights to the pledged securities are subject to our security interest created by the pledge agreement. You may not withdraw the remaining portion, if any, of the pledged securities related to the SQUARZ or Stripped SQUARZ from the pledge arrangement except upon:

the pledge of substitute pledged treasuries to replace a pledged note to create a Stripped SQUARZ;

the pledge of a note to replace the substitute pledged treasuries to re-create a SQUARZ;

the cancellation (when permitted) or exercise of the warrants (in each case, subject to payment of the warrant installment payment due on such date or on the next succeeding warrant installment payment date, if any); or

the maturity or early expiration date (i.e., the 30th day following notice of a required acceleration event) of the warrant (subject to payment of the warrant installment payment due on the maturity date or the warrant installment payment accrued to the early expiration date).

Subject to our security interest and the terms of the SQUARZ agreement and the pledge agreement, the holders of SQUARZ or Stripped SQUARZ retain ownership of the initial pledged treasuries, and the pledged notes or substitute pledged treasuries, as the case may be, except that payments (other than payments of principal) on or proceeds from the notes and amounts received on the initial pledged treasuries and substitute pledged treasuries will be used to make warrant installment payments on the holder's behalf.

We have no interest in the pledged securities other than our security interest.

If you cancel your warrant (when permitted), let the warrant expire without exercise, or exercise the warrant, then, except as provided below, the collateral agent will return all of the pledged securities relating to a SQUARZ or Stripped SQUARZ, as the case may be, to you, subject to any amount of warrant installment payment that may be payable. However, if you cancel (other than in the case of our bankruptcy) or exercise your warrant other than in integral multiples of 80 SQUARZ or Stripped SQUARZ, the collateral agent may retain some or all

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of your pledged treasury securities for your benefit and may only be able to distribute to you your pro rata portion of the proceeds from such treasuries as they mature. Further, if you exercise your warrant on a day that is not a warrant installment payment date, you will be required to pay the warrant installment payment that would have been due on the warrant installment payment date following that day, and if you exercise your warrant on a warrant installment payment date you will be required to pay the warrant installment payment due on that date.

In the case of our bankruptcy prior to maturity of the warrants, the warrants underlying your SQUARZ or Stripped SQUARZ will be automatically cancelled, and you will not be required to make any future warrant installment payments. Subject to the approval by the bankruptcy court, if required, your pledged securities will be released to you, or sold by the collateral agent with proceeds paid to you.

## **Warrant Installment Payments**

If you hold a warrant, you will be required to make installment payments of 3.75% of the exercise price per annum to us until the warrant matures or expires early following acceleration. However, you will not be required to make installment payments if:

you have exercised your warrant (except that the full amount of the warrant installment payment due on the date of exercise or the next warrant installment payment date after exercise will be payable on the date of exercise, unless the exercise is following notice of a required acceleration event, in which case you must pay the warrant installment payment accrued to but excluding the early expiration date of the warrant);

you have cancelled your warrant in connection with the exercise of your put right relating to the notes (except that the full amount of the installment payment due on the warrant installment payment date falling on the date of such cancellation will be payable in connection with cancellation) or in connection with a defaulted interest payment;

the warrant expires unexercised upon the early expiration date following a required acceleration event (except that you must pay the warrant installment payment accrued to but excluding the early expiration date of the warrant); or

the warrant has been automatically cancelled upon our bankruptcy.

If your notes are pledged to the collateral agent to secure your installment payment obligations, all amounts received on those notes (other than payments of principal) will be paid to the collateral agent. The collateral agent will distribute to the

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SQUARZ agent all amounts the collateral agent has received in respect of the initial pledged treasuries and any substitute pledged treasuries that mature on the applicable payment date, as well as the payments on the notes (other than principal) to be applied by the SQUARZ agent to pay your warrant installment payment obligation on that date to us. Following the occurrence of a required acceleration event, the collateral agent will sell the remaining pledged treasury securities and will apply the proceeds from such sale (along with interest payments received on the notes or proceeds of a remarketing) to pay any accrued warrant installment payment then due and then distribute to you your pro rata portion of any remaining proceeds (along with your pledged notes, if any).

**Remarketing Event**

A remarketing event will occur:

following the occurrence of a required acceleration event, in which case the remarketing date will be the third business day preceding the early expiration date of the warrants; or

in connection with the maturity of the warrants, in which case the remarketing date will be May 10, 2007.

Following a remarketing event, all of the notes other than the notes as to which the holders have opted not to participate in the remarketing will be remarketed by a remarketing agent.

The remarketing agent will use commercially reasonable efforts to remarket the participating notes at a price equal to 100.125% of the principal amount, plus any accrued and unpaid interest. If, by 4:00 p.m., New York City time, on the remarketing date, the remarketing agent is unable to remarket all of the notes participating in the remarketing at a price of at least 100% of their principal amount, plus any accrued and unpaid interest, a failed remarketing will have occurred. In the event of a failed remarketing, the holders of the notes will have certain rights to require us to repurchase the notes as described in Description of the Notes Put Rights.

After a successful remarketing, the proceeds from the remarketed notes will initially be paid to the collateral agent and to holders who held notes separate from SQUARZ. The collateral agent will then pay the net proceeds from the sale of the remarketed notes (less the portion of any warrant installment payment then due to us) to the selling holders, unless the holders are SQUARZ holders that have elected to exercise their warrants and have the proceeds applied to the exercise price, in which case the net proceeds allocable to such holders' notes will be applied toward the exercise price of the related warrants and any warrant installment payments then due to us. Any excess net proceeds will be distributed thereafter to the selling holders.

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After the remarketing:

the adjusted maturity of the notes will become the date that is 6 months following the remarketing date, provided that in the case of a remarketing in connection with the maturity of the warrants, the notes will continue to mature on their scheduled maturity date of November 15, 2007;

if the remarketing has been successful, beginning on the remarketing date, the notes will bear interest on their principal amount at the rate established in the remarketing; and

if the remarketing has been unsuccessful, the interest rate on the notes will remain at 3.00% per annum and the holders of the notes will have the right to require us to repurchase the notes.

**Remarketing Procedures**

On the fourth business day (the reset announcement date ) immediately preceding the remarketing date, the remarketing agent will determine the applicable benchmark treasury (as described in Description of the Notes Remarketing Remarketing Procedures General ) and the reset spread to be added to the yield on the applicable benchmark treasury to be used to determine the reset rate. The reset rate on the notes will be equal to the sum of the reset spread and the yield on the applicable benchmark treasury in effect on the remarketing date. The remarketing agent will establish the reset spread so that the notes with the resulting reset rate are expected to have an approximate market value on the remarketing date of 100.125% of their principal amount, plus any accrued and unpaid interest.

Holders of the SQUARZ or notes may, by notice no later than the fifth business day immediately preceding the remarketing date, elect not to participate in the remarketing. Holders who have not given such notice will be deemed to have agreed to participate in the remarketing. Holders of SQUARZ participating in the remarketing may provide notice by the fifth business day preceding the remarketing date indicating that they intend to exercise warrants in connection with such remarketing and that they elect to apply the net proceeds of a successful remarketing (or the proceeds of our repurchase of their notes following a failed remarketing) to the warrant exercise price. If a holder of a SQUARZ participating in the remarketing has given a notice of warrant exercise and elects to have the remarketing or put proceeds applied to the exercise price, any excess net proceeds will be distributed to the holder. Holders may revoke an exercise notice by submitting notice to the SQUARZ agent by 5:00 p.m., New York City time, on the maturity date or early expiration date of the warrants, at which time the exercise

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price, if previously paid in cash, will be returned. If a holder of a SQUARZ participating in the remarketing does not elect to exercise the warrant and lets the warrant expire unexercised, the proceeds from a remarketed note (net of any warrant installment payment due that was collateralized by such note) will be distributed to that holder.

**Put Rights**

A holder of SQUARZ or notes has the right to require us to repurchase the notes on a scheduled repurchase date or, in the event of a failed remarketing in conjunction with the maturity of the warrants, on the maturity date, or in the event of a failed remarketing in conjunction with a required acceleration, on the early expiration date of the warrants (the repurchase date), for the principal amount of the notes plus accrued and unpaid interest to, but excluding, the repurchase date. The scheduled repurchase dates will be May 15 of 2003, 2004, 2005 and 2006.

Except for a repurchase following a failed remarketing, a holder of a SQUARZ may require us to repurchase the related note only if that holder simultaneously surrenders and cancels the related warrant.

If a note has been separated from the related warrant by the creation of a Stripped SQUARZ, the holder or any subsequent holder of the related note has no right to require us to repurchase that note except in the event of a failed remarketing, unless the holder re-creates a SQUARZ as described above.

If the holder of a SQUARZ elects to exercise the warrant underlying that SQUARZ before the warrant matures, the holder or any subsequent holder of the related note may require us to repurchase the note as described above on any scheduled repurchase date subsequent to such warrant exercise, except that if the warrant is exercised within the 90-day period before a scheduled repurchase date, the holder may not require us to repurchase the related note on that scheduled repurchase date.

Notwithstanding the foregoing, the holder of a SQUARZ or any note may require us to repurchase the note in the event of a failed remarketing.

**Exercise of Warrants**

Except as described above, you may exercise your warrant at any time prior to the earlier of 5:00 p.m., New York City time, on May 15, 2007 (the maturity date) or the early expiration date following an acceleration of the warrants. To exercise your warrant you will be required to pay the exercise price in cash (which, in the case of exercise on the maturity date or early

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expiration date, you may direct to be paid from the proceeds of a simultaneous remarketing or, in the case of a failed remarketing, the proceeds of our repurchase of your notes).

If you exercise your warrant, you must deliver to the SQUARZ agent cash equal to the exercise price to settle the exercise of your warrant (which may be provided from the proceeds of a simultaneous remarketing or a put of the note) as described above; provided, however, that you must net-share settle your warrant if at the time of exercise there is not an effective registration statement covering the shares of our common stock issuable upon exercise of the warrants and the shares issued on net-share settlement would not be restricted securities under the Securities Act.

## **Acceleration of Warrants**

The warrants will expire 30 days following notice of a required acceleration event. A required acceleration event is the occurrence of either of the following events prior to October 15, 2006:

the market value of a SQUARZ is less than 95% of its underlying value on each of the ten consecutive trading days beginning on the first trading day following our receipt of notice from a holder requesting that we make a determination of the market value and underlying value of a SQUARZ; or

the occurrence of a change of control, as defined in Description of the Warrants Change of Control.

The method of determining the market value and underlying value of the SQUARZ is described in Description of the Warrants Acceleration of Warrants.

If a required acceleration event occurs, we will cause the notes to be remarketed. If you wish to exercise your warrants in this case, you may use the proceeds obtained from a successful remarketing to pay the exercise price, and if the remarketing fails, require us to repurchase the notes and use the repurchase price to pay the exercise price.

You will be required to make any warrant installment payment that has accrued to but excluding the early expiration date.

## **Registration Rights**

We will use our best efforts to keep the registration statement of which this prospectus is a part effective until the earliest of:

with respect to (i) the SQUARZ, Stripped SQUARZ and notes, May 28, 2004 and (ii) the common stock issuable upon exercise of the registered warrants, the first date as of which no registered warrants remain outstanding (whether



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due to exercise, cancellation, or expiration), and (iii) the common stock issuable upon exercise of the unregistered warrants, the earlier of (x) two years following the last date as of which an unregistered warrant is exercised and (y) the first date on which no underlying unregistered warrant has been exercised and no underlying unregistered warrant remains outstanding (whether due to expiration, cancellation, or otherwise);

the date when the holders of the SQUARZ, Stripped SQUARZ, notes, and common stock issuable upon exercise of the warrants are able to sell all such securities immediately without restriction pursuant to the volume limitation provisions of Rule 144 under the Securities Act; and

the date when all of the SQUARZ, Stripped SQUARZ, notes, and common stock issuable upon exercise of the warrants held by holders that complete and deliver in a timely manner the selling securityholder election and questionnaire described below are registered under the shelf registration statement and disposed of in accordance with the shelf registration statement.

See Description of the Registration Rights Agreement.

As used in this prospectus, a registered warrant is a warrant underlying a SQUARZ or Stripped SQUARZ of a holder thereof that acquired that SQUARZ or Stripped SQUARZ in a transaction covered by this prospectus. As used in this prospectus, an unregistered warrant is any warrant underlying a SQUARZ or Stripped SQUARZ other than a registered warrant, including any warrant underlying a SQUARZ or Stripped SQUARZ of a holder thereof that did not acquire that SQUARZ or Stripped SQUARZ in a transaction covered by this prospectus.

**Form and Denomination**

The Depository Trust Company ( DTC ) is acting as securities depository for the SQUARZ and the Stripped SQUARZ, and is expected to act as such for any notes separated in connection with the creation of a Stripped SQUARZ, each of which shall be issued only as fully registered securities registered in the name of DTC or its nominee for credit to an account of a direct or indirect participant in DTC as described below and each of which will be evidenced by one or more global certificates deposited with or on behalf of DTC and registered in the name of Cede & Co. as DTC s nominee; provided, however, that we may elect, and have currently elected, to issue the notes in certificated form directly to the SQUARZ agent or the collateral agent.

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**United States Federal Income Tax Consequences**

If you purchase a SQUARZ, you will be treated for U.S. federal income tax purposes as having acquired beneficial ownership of a note, a warrant, and the corresponding initial pledged treasuries. The purchase price paid for a SQUARZ will be allocated among the note, the warrant and the initial pledged treasuries based on their respective fair market values (taking into account the obligation to make warrant installment payments). The amount of the purchase price allocated to the initial pledged treasuries will be further allocable among the initial pledged treasuries in accordance with their relative fair market values. The purchase price paid for a Stripped SQUARZ will be allocated among the warrant and the initial and substitute pledged treasuries based on their respective fair market values (taking into account the obligation to make warrant installment payments). The amount of the purchase price allocated to the initial and substitute pledged treasuries will be further allocable among the initial and substitute pledged treasuries in accordance with their relative fair market values. Because warrant installment payments made by a holder are capital expenditures and thus not currently deductible for U.S. federal income tax purposes, a holder will not be able to use the warrant installment payments made by the holder to offset current ordinary interest or discount income recognized in respect of the initial pledged treasuries and the note (or, in the case of a Stripped SQUARZ, in respect of the initial and substitute pledged treasuries). Therefore, a holder of SQUARZ or Stripped SQUARZ will recognize current taxable ordinary interest or discount income in respect of the SQUARZ or Stripped SQUARZ without receiving net current cash distributions. Moreover, losses recognized by a holder in respect of a SQUARZ or Stripped SQUARZ held as a capital asset will constitute capital losses, which may be used to offset ordinary interest or discount income in respect of SQUARZ or Stripped SQUARZ only by individual investors and to a very limited extent. See U.S. Federal Income Tax Consequences in this prospectus.

An investment in a SQUARZ involves certain tax-related risks. As there is no statutory, judicial or administrative authority directly addressing the U.S. federal income tax treatment of the SQUARZ or instruments similar to the SQUARZ, you are urged to consult your own tax advisor with respect to the tax consequences of the purchase, ownership and disposition of the SQUARZ. See Risk Factors in this prospectus.

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**RISK FACTORS**

*You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones facing Berkshire or a holder of the securities covered by this prospectus. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations or adversely affect those securities.*

*If any of the following risks actually occurs, our business, financial condition or results of operations could be materially adversely affected, and the trading price or value of the SQUARZ, Stripped SQUARZ, notes and our common stock could decline substantially.*

*This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in the forward-looking statements as a result of a number of factors, including the risks described below or in our SEC reports incorporated by reference in this prospectus.*

**Risks Related to an Equity Investment in Berkshire**

**A terrorist attack causing large and widespread loss of life or property could result in a large aggregation of losses for Berkshire's insurance business.**

The terrorist attack on September 11, 2001 revealed that Berkshire's insurance companies are currently exposed to the risk of a large aggregation of losses. Before September 11, we did not adequately evaluate the possibility of large-scale terrorism losses when setting insurance prices or evaluating the risk of multiple losses stemming from a single event or from related events (aggregation risk). Consequently, our insurance companies wrote some insurance policies for which they did not charge premiums commensurate with the risk of losses that could result from, for example, a nuclear detonation in a major metropolis or a biological or chemical attack in multiple buildings. We have attempted since September 11 to account adequately for such risks in writing new insurance and reinsurance, but exposures related to prior insurance and reinsurance coverages remain on our books. While these exposures generally run off over the balance of this year, the risks posed by global terrorism are inherently hard to predict so that our ability to anticipate how risks will aggregate is quite imperfect.

**Our tolerance for risk in our insurance business may result in a high degree of volatility in our periodic reported earnings.**

Berkshire has been and continues to be willing to assume more risk than any other insurer has knowingly taken on. We are willing to lose as much as \$2 to \$2.5 billion from a single loss event (as we did on September 11) if we are properly paid for the risk assumed. Also, since September 11, we have written some coverages for future terrorist-related losses. In all cases, however, we have attempted to avoid writing groups of policies from which losses might seriously aggregate. Our tolerance for huge losses may in some future periods result in huge losses. This policy may result in a high degree of volatility in our periodic reported earnings.

**Our insurance companies' investments are unusually concentrated.**

Compared to other insurers, Berkshire's insurance subsidiaries keep an unusually high percentage of their assets in common stocks and diversify their portfolios far less than is conventional. A significant decline in the general stock market or in the price of our major investments may produce a large decrease in Berkshire's book value, one far greater than likely to be experienced by most other

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property-casualty insurance companies. Such a decrease could have a material adverse effect on the share price of our class A and class B common stock.

### **We are dependent upon a few key people.**

Investment decisions and all other capital allocation decisions are made for Berkshire's businesses by Warren E. Buffett, chairman of our board of directors, age 71, in consultation with Charles T. Munger, vice chairman of our board of directors, age 78. If for any reason the services of Berkshire's key personnel, particularly Mr. Buffett, were to become unavailable to Berkshire, there could be a material adverse effect both on Berkshire and on the market prices of the SQUARZ, Stripped SQUARZ, and our class A and class B common stock.

### **The past growth rate in Berkshire stock is not an indication of future results.**

In the years since Berkshire's present management acquired control of Berkshire, its book value per share has grown at a highly satisfactory rate. Because of the large size of Berkshire's capital base (stockholders' equity of approximately \$62.4 billion as of June 30, 2002), Berkshire's book value per share cannot increase in the future at a rate even close to its past rate.

### **Our class B common stock is not convertible and has a lower vote and stock price than our class A common stock.**

Each share of our class A common stock is convertible into thirty shares of our class B common stock, but shares of our class B common stock are not convertible into shares of our class A common stock or any other security. Although a share of our class B common stock may sell below one-thirtieth of the market price of a share of our class A common stock, it is unlikely that a share of our class B common stock will sell significantly above one-thirtieth of the market price of a share of our class A common stock because higher prices than that would cause arbitrage activity to ensue. Also, holders of our class A common stock are entitled to one vote, but holders of our class B common stock are entitled to only one two-hundredth of a vote, for each share on matters submitted to a vote of Berkshire stockholders. See Description of Berkshire's Capital Stock.

## **Risks Related to the SQUARZ**

### **The value of the shares of our common stock you receive upon exercise of your warrant may decline during the period from the date on which you exercise your warrant to the date on which the shares of our common stock are delivered.**

Following any exercise of your warrant up to and including the date on which the shares are delivered, you are subject to the risk of decline in the price of our common stock, and therefore a reduction in the value of the shares you receive upon settlement of exercise of your warrant.

### **You are required to pledge zero-coupon U.S. treasury securities to us because the warrant installment payments exceed the interest we pay on the notes.**

Because the warrant installment payments exceed the interest that we pay on the notes, treasury strips that mature on each warrant installment date through the stated maturity of the warrants were pledged to the collateral agent for our benefit. The total principal amount of the treasury strips together with interest payments on the note underlying a SQUARZ (or the total principal amount of the treasury securities underlying a Stripped SQUARZ) will fund the aggregate of your warrant installment payments through the stated maturity of the warrant. As described in Description of the Warrants Warrant Installment Payments, these treasury strips were pledged to us on behalf of the holders of SQUARZ.

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**The trading price for our common stock and the general level of interest rates and our credit quality will directly affect the trading price for the SQUARZ.**

Our credit quality, operating results and prospects and economic, financial and other factors will affect the trading prices of our common stock. In addition, market conditions can affect the capital markets generally, in turn affecting the price of our common stock and our debt. These conditions may include the level of, and fluctuations in, the trading prices of stocks and debt generally or the trading prices of publicly traded companies in which we hold significant stakes. Fluctuations in interest rates may affect the relative value of our common stock which can be acquired upon exercise of the warrants and the relative value of the note component of the SQUARZ, which, in either case, could affect the trading prices of the SQUARZ.

**You may suffer dilution of our common stock issuable upon exercise of your warrant.**

The number of shares of our common stock issuable upon settlement of your warrant is subject to adjustment only for stock splits and combinations, stock dividends and specified other transactions described in this prospectus. See Description of the Warrants Antidilution Adjustments. The number of shares of our common stock issuable upon settlement of each warrant is not subject to adjustment for other transactions or events, such as issuances of common stock for cash or in connection with acquisitions, which could adversely affect the price of our common stock. The terms of the SQUARZ do not restrict our ability to offer common stock in the future or to engage in other transactions that could dilute our common stock. Moreover, we have no obligation to consider the interests of the holders of the SQUARZ in engaging in any such offering or transaction.

**You will have none of the rights of a stockholder.**

Until you acquire shares of our common stock upon exercise of your warrant, you will have no rights with respect to our common stock, including voting rights or rights to receive dividends or other distributions, if any, on our common stock. Upon exercise of your warrant, you will be entitled to exercise the rights of a holder of common stock only as to actions for which the record date occurs after the date on which you are issued shares of common stock.

**Your pledged securities are encumbered.**

Although holders of SQUARZ or Stripped SQUARZ will be beneficial owners of the underlying treasury strips and the pledged notes or treasury securities, as the case may be, those securities have been pledged to the collateral agent to secure their obligations to make warrant installment payments. Therefore, for so long as the warrants remain outstanding, holders will not be allowed to withdraw their pledged securities from this pledge arrangement, except upon substitution of other securities as described in this prospectus, and once the warrants are no longer outstanding holders will be permitted to withdraw pledged securities only to the extent they have not been used to satisfy warrant installment payments. Additionally, notwithstanding holders' right to cancel their warrants in the event we become the subject of a case under the U.S. Bankruptcy Code, the delivery of the pledged securities to you may be delayed by the imposition of the automatic stay of Section 362 of the Bankruptcy Code.

**The SQUARZ agreement will not be qualified under the Trust Indenture Act of 1939; the obligations of the SQUARZ agent are limited.**

The SQUARZ agreement relating to the SQUARZ will not be qualified under the Trust Indenture Act of 1939. The SQUARZ agent under the SQUARZ agreement, who will act as the agent and the attorney-in-fact for holders of the SQUARZ and the Stripped SQUARZ, will not be qualified as a trustee under the Trust Indenture Act of 1939. Accordingly, holders of SQUARZ will not have the benefits of

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the protections of the Trust Indenture Act of 1939. Under the terms of the SQUARZ agreement, the SQUARZ agent has only limited obligations to the holders of the SQUARZ and Stripped SQUARZ. The Bank of New York will act in several agency roles, including as SQUARZ agent for the holders of SQUARZ and Stripped SQUARZ and as collateral agent for us.

### **You may receive unregistered, not freely tradable, stock upon exercise of your warrant.**

If for some reason the registration statement of which this prospectus is a part does not stay effective (see Description of the Registration Rights Agreement ), then the common stock issued upon exercise of warrants when the registration statement is not effective must be issued and sold pursuant to an exemption from the registration requirements of the Securities Act. In that event, the shares received on warrant exercise would be restricted securities under the Securities Act and not freely tradable. Also, a holder of a SQUARZ or Stripped SQUARZ that has never been resold pursuant to an effective registration statement will receive upon exercise of the warrant underlying that SQUARZ or Stripped SQUARZ restricted common stock that cannot be freely traded unless there is an effective registration statement at the time covering the resale of that stock.

### **Because of the lack of an established trading market for the SQUARZ, the Stripped SQUARZ and the notes, you may not be able to sell your SQUARZ, Stripped SQUARZ or notes at all or at an attractive price.**

Prior to our initial offering of SQUARZ, there was no trading market for the SQUARZ. Although Goldman, Sachs & Co. has advised us that it currently is making and intends to continue to make a market in the SQUARZ, it is not obligated to do so and may discontinue such market making at any time without notice. In addition, such market making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, there can be no assurance that any market for the SQUARZ will be maintained. If an active market for the SQUARZ fails to be sustained, the trading price of the SQUARZ could be materially adversely affected. We do not intend to apply for listing of the SQUARZ, the Stripped SQUARZ or the notes on any securities exchange.

## **Risks Related to Tax Consequences**

### **No authority directly addresses the U.S. federal income tax consequences of the purchase, ownership and disposition of the SQUARZ.**

No statutory, judicial or administrative authority directly addresses the treatment of the SQUARZ or instruments similar to the SQUARZ for U.S. federal income tax purposes. As a result, you are urged to consult your own tax advisor with respect to the tax consequences of the purchase, ownership and disposition of the SQUARZ.

### **U.S. holders will recognize current taxable income in respect of the SQUARZ and Stripped SQUARZ without receiving current cash distributions and a holder might not be able to offset losses in respect of SQUARZ or Stripped SQUARZ against that income.**

Because warrant installment payments made by a holder are capital expenditures and thus not currently deductible, you should not assume that any present value of future net cash flows from our estimated proved reserves as set forth in our Annual Report on Form 10-K for the year ended December 31, 2011 represents the market value of our oil and natural gas reserves.

### ***Lower oil, natural gas, and natural gas liquids prices and other factors have resulted, and in the future may result, in ceiling test write-downs and other impairments of our asset carrying values.***

We use the full cost method of accounting to report our oil and natural gas activities. Under this method, we capitalize the cost to acquire, explore for, and develop oil and natural gas properties. Under full cost accounting rules, the net capitalized costs of proved oil and natural gas properties may not exceed a ceiling limit, which is based upon the present value of estimated future net cash flows from proved reserves, discounted at 10%. If net capitalized costs of proved oil and natural gas properties exceed the ceiling limit, we must charge the amount of the excess to earnings. This is called a ceiling test write-down. Under the accounting rules, we are required to perform a ceiling test each quarter. A ceiling test write-down does not impact cash flows from operating activities, but it does reduce our shareholders' equity.

Investments in unproved properties are also assessed periodically to ascertain whether impairment has occurred. Unproved properties whose costs are individually significant are

assessed individually by considering the primary lease terms of the properties, the holding period of the properties, and geographic and geologic data obtained relating to the properties. The amount of impairment assessed, if any, is added to the costs to be amortized, or is reported as a period expense, as appropriate. If an impairment of unproved properties results in a reclassification to proved oil and natural gas properties, the amount by which the ceiling limit exceeds the capitalized costs of proved oil and natural gas properties would be reduced.

We also assess the carrying amount of goodwill in the second quarter of each year and at other periods when events occur that may indicate an impairment exists. These events include, for example, a significant decline in oil, natural gas, and natural gas liquids prices or a decline in our market capitalization.

The risk that we will be required to write-down the carrying value of our oil and natural gas properties, our unproved properties, or goodwill increases when oil, natural gas, and natural gas liquids prices are low. In addition, write-downs may occur if we experience substantial downward adjustments to our estimated proved reserves or our unproved property values, or if estimated future development or operating costs increase. For example, in the second quarter of 2012, we incurred a \$349 million ceiling test write-down, and primarily in connection therewith, we recorded a \$290 million valuation allowance on our deferred tax assets. Additional write-downs of the United States cost center may be required in subsequent periods if, among other things, the unweighted arithmetic average of the first-day-of-the-month oil, natural gas, and natural gas liquids prices used in the calculation of the present value of future net revenue from estimated production of estimated proved reserves decline compared to prices used as of June 30, 2012, unproved property values decrease, estimated proved reserve volumes are revised downward, or costs incurred in exploration, development, or acquisition activities exceed the discounted future net cash flows from the additional reserves, if any, attributable to the cost center. We expect that we will incur an additional ceiling test write-down in the third quarter of 2012 that is similar in magnitude to our second quarter write-down. In addition, we expect to recognize a non-cash impairment charge of approximately \$65 million in the third quarter of 2012 related to our operations in South Africa.

*If we are not able to replace reserves, we will not be able to sustain or grow production.*

In general, the volume of production from oil and natural gas properties declines as reserves are depleted, with the rate of decline depending on reservoir characteristics. Unless we replace the reserves we produce through successful development, exploration or acquisition, our proved reserves and production will decline over time.

We do not always find commercially productive reserves through our drilling operations. The seismic data and other technologies that we use when drilling wells do not allow us to determine conclusively prior to drilling a well whether oil or natural gas is present or can be produced economically. Moreover, the costs of drilling, completing, and operating wells are often uncertain. Our drilling activities, therefore, may result in the total loss of our investment or a return on investment significantly below expectation.



***Most of our undeveloped leasehold acreage is subject to leases that will expire over the next several years unless production is established on units containing the acreage.***

A sizable portion of our acreage is currently undeveloped. Unless production in paying quantities is established on units containing certain of these leases during their terms, the leases will expire. If our leases expire, we will lose our right to develop the related properties. Our drilling plans for these areas are subject to change based upon various factors, including drilling results, oil and natural gas prices, cash flow, the availability and cost of capital, drilling and production costs, availability of drilling services and equipment, gathering system and pipeline transportation constraints, and regulatory approvals.

***The marketability of our production is dependent upon transportation and processing facilities over which we may have no control.***

We deliver the majority of our oil and natural gas through gathering facilities that we do not own or operate. As a result, we are subject to the risk that these facilities may be temporarily unavailable due to mechanical reasons or market conditions, or may not be available to us in the future. If we experience interruptions or loss of pipeline capacity or access to gathering systems that impact a substantial amount of our production, it could have an adverse impact on our cash flow.

***Drilling is a high-risk activity that could result in substantial losses for us.***

We conduct a portion of our drilling activities through a wholly-owned drilling subsidiary that operates drilling rigs and provides services to us and third parties. The activities conducted by the drilling subsidiary are subject to many risks, including well blow-outs, cratering and explosions, pipe failures, fires, uncontrollable flows of oil, natural gas, brine, or well fluids, other environmental hazards, and risks outside of our control, including, among other things, the risk of natural gas leaks, oil spills, pipeline ruptures, and discharges of toxic gases. Substantial losses may be caused by injury or loss of life, severe damage to or destruction of property, natural resources, and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties, and suspension of operations. We maintain insurance against some, but not all, of the risks described above. Generally, pollution related environmental risks are not fully insurable. We do not insure against business interruption. We cannot assure that our insurance will be fully adequate to cover other losses or liabilities. Also, we cannot predict the continued availability of insurance at premium levels that justify its purchase.

***Our use of hedging transactions could reduce our cash flow and/or result in reported losses.***

We periodically enter into hedging agreements for a portion of our anticipated oil, natural gas, and natural gas liquids production. Our commodity hedging agreements are limited in duration, usually for periods of one year or less; however, we sometimes enter into hedges for longer periods. Should commodity prices increase after we have entered into a hedging transaction, our cash flows will be lower than they would have been without the hedging transaction.

For financial reporting purposes, we do not use hedge accounting, thus we are required to record changes in the fair value of our hedging instruments through our earnings rather than through other comprehensive income had we elected to use hedge accounting. As a consequence, we may report material unrealized losses or gains on our hedging agreements



prior to their expiry. The amount of the actual realized losses or gains will differ and will be based on the actual prices of the commodities on the settlement dates as compared to the hedged prices contained in the hedging agreements. As a result, our periodic financial results will be subject to fluctuations related to our derivative instruments.

Moreover, we may not be able to fully implement our hedging program due to certain regulatory constraints. The Dodd-Frank Wall Street Reform and Consumer Protection Act enacted by Congress is expected to, among other things, impose new requirements and oversight on hedging transactions, including new clearing and margin requirements. While implementing regulations are yet to be finalized by the relevant federal agencies, to the extent that they are applicable to us or our counterparties, we may incur increased costs and cash collateral requirements that could affect our ability to hedge risks associated with our business.

*We may incur significant costs related to environmental and other governmental laws and regulations, including those related to hydraulic fracturing, that may materially affect our operations.*

Our oil and natural gas operations are subject to various U.S. federal, state, and local laws and regulations, and local and national laws and regulations in Italy and South Africa. Many of the laws and regulations to which our operations are subject include those relating to the protection of the environment. We could incur material costs, including clean-up costs, fines and civil and criminal sanctions and third-party claims for property damage and personal injury as a result of violations of, or liabilities under, present or future environmental laws and regulations.

We routinely utilize hydraulic fracturing, which is an important and common practice used to stimulate production of hydrocarbons from tight, or low-permeability formations. State oil and gas commissions typically regulate the process. However, several federal entities, including the U.S. Environmental Protection Agency ( EPA ), have also recently asserted potential regulatory authority over hydraulic fracturing. Some states, such as Texas, have adopted, and some states, including others in which we operate, are considering adopting, regulations that could impose more stringent permitting, disclosure, and well construction requirements on hydraulic fracturing operations. If new laws or regulations that significantly restrict hydraulic fracturing are adopted, such laws could make it more difficult or costly for us to operate. Restrictions on, or increased costs of, hydraulic fracturing could also reduce the amount of oil and natural gas that we are ultimately able to produce from our reserves.

*Recently proposed or finalized rules and guidance imposing more stringent requirements on the oil and gas exploration and production industry could cause us to incur increased capital expenditures and operating costs as well as decrease our levels of production.*

On April 17, 2012, the EPA approved final regulations under the Clean Air Act that, among other things, require additional emissions controls for natural gas and natural gas liquids production, including New Source Performance Standards to address emissions of sulfur dioxide and volatile organic compounds ( VOCs ) and a separate set of emission standards to address hazardous air pollutants frequently associated with such production activities. The final regulations require, among other things, the reduction of VOC emissions from natural gas wells through the use of reduced emission completions or green completions on all hydraulically fractured wells constructed or refractured after January 1, 2015. For well completion operations occurring at such well sites before January 1, 2015, the final regulations allow operators to

capture and direct flowback emissions to completion combustion devices, such as flares, in lieu of performing green completions. These regulations also establish specific new requirements regarding emissions from dehydrators, storage tanks and other production equipment. Compliance with these requirements could increase our costs of development and production, which costs may be significant.

In addition, federal agencies have recently announced two other regulatory initiatives regarding certain aspects of hydraulic fracturing that could further increase our costs to operate and decrease our levels of production. On May 4, 2012, the U.S. Department of the Interior announced proposed rules that if adopted, would require disclosure of chemicals used in hydraulic fracturing activities upon federal and Indian lands and also would strengthen standards for well-bore integrity and the management of fluids that return to the surface during and after fracturing operations on federal and Indian lands. Also on May 4, 2012, the EPA issued draft guidance for federal Safe Drinking Water Act permits issued to oil and natural gas exploration and production operators using diesel during hydraulic fracturing. The adoption or implementation of these regulatory initiatives could cause us to incur increased expenditures and decrease our levels of production.

***The credit risk of financial institutions could adversely affect us.***

We have entered into transactions with counterparties in the financial services industry, including commercial banks, insurance companies, and their affiliates. These transactions expose us to credit risk in the event of default of our counterparty, principally with respect to hedging agreements but also insurance contracts and bank lending commitments. Deterioration in the credit markets may impact the credit ratings of our current and potential counterparties and affect their ability to fulfill their existing obligations to us and their willingness to enter into future transactions with us. See Note 9 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2011 for a more complete discussion of credit risk with respect to our derivative instruments.

***We may face liabilities related to the pending bankruptcy of Pacific Energy Resources, Ltd.***

In August 2007, we closed on the sale of our oil and gas assets in Alaska (the Alaska Assets) to Pacific Energy Resources, Ltd. (PERL). In March 2009, PERL filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. PERL requested, and the bankruptcy court has approved, abandonment of PERL's interests in certain of the Alaska Assets. The remaining working interest owners in the Alaska Assets have made the assertion that, in its role as assignor of the Alaska Assets, Forest should be held liable for any contractual obligations of PERL with respect to the Alaska Assets, including obligations related to operating costs and for costs associated with the final plugging and decommissioning of wells and platforms. While we recently settled certain litigation relating to the Alaska Assets, litigation relating to decommissioning of the Spurr platform in Cook Inlet remains outstanding.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

<b>Exhibit</b>	<b>Description</b>
99.1	Press Release CEO.
99.2	Press Release Guidance.
99.3	Press Release Notes Offering.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

FOREST OIL CORPORATION  
(Registrant)

Dated: September 12, 2012

By

*/s/* Cyrus D. Marter IV  
Cyrus D. Marter IV  
Senior Vice President, General  
Counsel and Secretary

**INDEX TO EXHIBITS FILED WITH THE CURRENT REPORT ON FORM 8-K**

<b>Exhibit</b>	<b>Description</b>
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