

REDUCTION OF GREENHOUSE GAS AND OTHER AIR EMISSIONS

WHEREAS: Most independent economists and scientists conclude that the cost of reducing greenhouse gas emissions now, is far lower than the costs of mitigating greenhouse gas-caused damage later.

In this regard, we believe that long-term Berkshire shareholders are best served by present action, and will be harmed by procrastination in regard to greenhouse gas emissions and impending regulation.

The electricity generation industry accounts for more carbon dioxide (CO₂) emissions than any other sector – even more than transportation or industry. U.S. fossil fuel-powered plants account for nearly 40% of domestic and 10% of global CO₂ pollution. Berkshire Hathaway owns MidAmerican Energy Holdings, whose subsidiaries in 2008 generated approximately 73% of their electricity by burning coal.

Some narrowly-focused companies seem to believe it is beneficial to reap profits from coal-burning electricity while “externalizing” the costs of pollution and degraded public health onto society at large. But instead of “externalizing” costs, Berkshire risks “internalizing” the damage caused by its coal-burning holdings back onto itself – either harming its own companies and employees, or through liability claims paid out by our insurance businesses.

In 2010 the U.S. Environmental Protection Agency (EPA) took steps under the Clean Air Act to require new or modified electricity-generating power plants to obtain permits that limit greenhouse gas emissions. These requirements are scheduled to take effect in early 2011.

In 2010 the EPA issued a draft “Transport Rule” and will issue an “Air Toxics Rule” in 2011. These rules set significant limits on the emissions of sulfur dioxide, nitrogen oxide, mercury, and acid gases from power plants. Bernstein Research estimates that by 2015 (after both rules are in effect) 15% of coal-fired power plants will have been forced to close – unable to meet stringent new regulations – and that numerous others will require substantial investments in order to remain open.

Many utilities – including Xcel Energy, Calpine Corporation, and Progress Energy – already have established plans to replace coal-fired power plants, having seen that natural gas, efficiency, and renewable energy are far more cost-effective than retrofitting highly polluting coal-fired plants.

The Tennessee Valley Authority alone has announced plans to idle 1,000 MW of coal-generating capacity over the next five years, and to instead add:

- 1,900 MW of energy efficiency and distributed renewable resources
- 1,140 MW of nuclear generating capacity
- 1,000 MW of gas capacity

Peers of Berkshire’s energy-generation holdings – including American Electric Power, Entergy, Duke Energy, Exelon, National Grid, and Consolidated Edison – have already set absolute targets for reducing greenhouse gas emissions.

Other peers – such as CMS Energy, PSEG Power, NiSource, and Pinnacle West – have set greenhouse gas intensity targets.

THEREFORE, BE IT RESOLVED: Shareholders request that Berkshire – in response to strict new EPA regulations – establish quantitative goals for the reduction of greenhouse gas and other air emissions at its energy-generating holdings; and that Berkshire publish a report to shareholders by September 30, 2011 (at reasonable cost and omitting proprietary information) on how it will achieve these goals – including plans to retrofit or retire existing coal-burning plants at Berkshire-held companies.