SECTION 285.305
General Information Requirements Applicable to All Utilities Subject to this Part
Utility: MidAmerican Energy Company
Docket No. 09 -

Subpart (o)
SEC Form 10-Q
Individual Responsible: Rick Tunning

The following Form 10-Qs are provided:

MidAmerican Funding, LLC and MidAmerican Energy Company for the quarterly period ended March 31, 2009 – See 285.305 (o) Attachment 1

MidAmerican Energy Holdings Company for the quarterly period ended March 31, 2009 – See 285.305 (o) Attachment 2

Berkshire Hathaway Inc. for the quarterly period ended March 31, 2009 – See 285.305 (o) Attachment 3

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2009

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _________to _________

Commission File Number	Exact name of registrant as specified in its charter; State or other jurisdiction of incorporation or organization	IRS Employer Identification No.
333-90553	**MIDAMERICAN FUNDING, LLC** **(An Iowa Limited Liability Company)** **666 Grand Avenue, Suite 500** **Des Moines, Iowa 50309-2580**	**47-0819200**
333-15387	**MIDAMERICAN ENERGY COMPANY** **(An Iowa Corporation)** **666 Grand Avenue, Suite 500** **Des Moines, Iowa 50309-2580**	**42-1425214**

(515) 242-4300
(Registrant's telephone number, including area code)
N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

MidAmerican Funding, LLC Yes ☐ No ☒ MidAmerican Energy Company Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

MidAmerican Funding, LLC Yes ☐ No ☐ MidAmerican Energy Company Yes ☐ No ☐

Indicate by check mark whether the registrants are large accelerated filers, accelerated filers, non-accelerated filers or smaller reporting companies. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

Indicate by check mark whether either registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

All of the member's equity of MidAmerican Funding, LLC was held by its parent company, MidAmerican Energy Holdings Company as of April 30, 2009.

All common stock of MidAmerican Energy Company is held by its parent company, MHC Inc., which is a direct, wholly owned subsidiary of MidAmerican Funding, LLC. As of April 30, 2009, 70,980,203 shares of MidAmerican Energy Company common stock, without par value, were outstanding.

MidAmerican Funding, LLC ("MidAmerican Funding") and MidAmerican Energy Company ("MidAmerican Energy") separately file this combined Form 10-Q. Information relating to each individual registrant is filed by such registrant on its own behalf. Except for its subsidiary, MidAmerican Energy makes no representation as to information relating to any other subsidiary of MidAmerican Funding.

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PART I

Item 1. Financial Statements

MidAmerican Energy Company and Subsidiary

MidAmerican Funding, LLC and Subsidiaries

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholder
MidAmerican Energy Company
Des Moines, Iowa

We have reviewed the accompanying consolidated balance sheet of MidAmerican Energy Company and subsidiary (the "Company") as of March 31, 2009, and the related consolidated statements of operations and cash flows for the three-month periods ended March 31, 2009 and 2008. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet and consolidated statement of capitalization (not presented herein) of MidAmerican Energy Company and subsidiary as of December 31, 2008, and the related consolidated statements of operations, comprehensive income, cash flows, and retained earnings for the year then ended prior to retrospective adjustment for the adoption of FASB Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" (not presented herein); and in our report dated February 27, 2009, we expressed an unqualified opinion on those consolidated financial statements. We also audited the adjustments described in Note 2 that were applied to retrospectively adjust the December 31, 2008 consolidated balance sheet of MidAmerican Energy Company and subsidiary (not presented herein). In our opinion, such adjustments are appropriate and have been properly applied to the previously issued consolidated balance sheet in deriving the accompanying retrospectively adjusted consolidated balance sheet as of December 31, 2008.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
May 8, 2009

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In millions)

	As of	
	March 31, 2009	**December 31, 2008**
ASSETS		
Utility Plant, Net		
Electric	$ 9,024	$ 8,952
Gas	1,166	1,155
	10,190	10,107
Accumulated depreciation and amortization	(3,500)	(3,426)
	6,690	6,681
Construction work in progress	236	233
	6,926	6,914
Current Assets		
Cash and cash equivalents	7	9
Restricted cash and short-term investments	12	15
Receivables, net	399	464
Inventories	130	158
Other	156	114
	704	760
Other Assets		
Investments and nonregulated property, net	387	400
Regulatory assets	322	368
Other	76	78
	785	846
Total Assets	$ 8,415	$ 8,520
CAPITALIZATION AND LIABILITIES		
Capitalization		
MidAmerican Energy common shareholder's equity	$ 2,636	$ 2,569
Preferred securities	30	30
Noncontrolling interests	1	1
Long-term debt, excluding current portion	2,865	2,865
	5,532	5,465
Current Liabilities		
Short-term debt	323	457
Accounts payable	292	353
Taxes accrued	82	103
Interest accrued	28	44
Other	93	100
	818	1,057
Other Liabilities		
Deferred income taxes	763	713
Investment tax credits	35	36
Asset retirement obligations	206	200
Regulatory liabilities	676	659
Other	385	390
	2,065	1,998
Total Capitalization and Liabilities	$ 8,415	$ 8,520

The accompanying notes are an integral part of these consolidated financial statements.

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In millions)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Operating Revenues		
Regulated electric	$ 444	$ 483
Regulated gas	388	571
Nonregulated	304	318
	1,136	1,372
Operating Expenses		
Regulated:		
Cost of fuel, energy and capacity	136	176
Cost of gas sold	301	480
Other operating expenses	106	104
Maintenance	40	37
Depreciation and amortization	82	72
Property and other taxes	29	25
	694	894
Nonregulated:		
Cost of sales	279	299
Other	6	4
	285	303
Total operating expenses	979	1,197
Operating Income	157	175
Non-Operating Income		
Interest and dividend income	-	1
Allowance for equity funds	-	4
Other, net	-	(1)
	-	4
Fixed Charges		
Interest on long-term debt	39	35
Other interest expense	2	1
Allowance for borrowed funds	(1)	(3)
	40	33
Income Before Income Tax Expense	117	146
Income Tax Expense	18	39
Net Income	99	107
Preferred Dividends	-	-
Earnings on Common Stock	$ 99	$ 107

The accompanying notes are an integral part of these consolidated financial statements.

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In millions)

	Three Months Ended March 31, 2009	2008
Cash Flows From Operating Activities		
Net income	$ 99	$ 107
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	82	72
Provision for deferred income taxes, net	71	48
Amortization of other assets and liabilities	8	7
Other, net	15	(8)
Impact of changes in working capital:		
Receivables, net	63	(140)
Inventories	27	82
Derivative collateral, net	(31)	(2)
Accounts payable	(28)	41
Taxes accrued	(41)	(17)
Other current assets and liabilities	(15)	-
Net cash flows from operating activities	250	190
Cash Flows From Investing Activities		
Utility construction expenditures	(121)	(204)
Purchases of available-for-sale securities	(110)	(29)
Proceeds from sales of available-for-sale securities	99	26
Net change in restricted cash and investments	4	-
Other, net	10	2
Net cash flows from investing activities	(118)	(205)
Cash Flows From Financing Activities		
Proceeds from long-term debt	-	349
Net change in short-term debt	(134)	(86)
Other, net	-	2
Net cash flows from financing activities	(134)	265
Net Change in Cash and Cash Equivalents	(2)	250
Cash and Cash Equivalents at Beginning of Period	9	11
Cash and Cash Equivalents at End of Period	$ 7	$ 261

The accompanying notes are an integral part of these consolidated financial statements.

MIDAMERICAN ENERGY COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) General

MidAmerican Energy Company ("MidAmerican Energy") is a public utility with electric and natural gas operations and is the principal subsidiary of MHC Inc. ("MHC"). MHC is a holding company that conducts no business other than the ownership of its subsidiaries, which include the following nonregulated subsidiaries: InterCoast Capital Company, Midwest Capital Group, Inc., MEC Construction Services Co. and MidAmerican Services Company. MHC Inc. is the direct wholly owned subsidiary of MidAmerican Funding, LLC ("MidAmerican Funding"), which is an Iowa limited liability company with MidAmerican Energy Holdings Company ("MEHC") as its sole member. MEHC is a consolidated subsidiary of Berkshire Hathaway Inc.

The unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the United States Securities and Exchange Commission's rules and regulations for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements. Management believes the unaudited Consolidated Financial Statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary for the fair presentation of the Consolidated Financial Statements as of March 31, 2009, and for the three months ended March 31, 2009 and 2008. Certain amounts in the prior period Consolidated Financial Statements have been reclassified to conform to the current period presentation. Such reclassifications did not impact previously reported operating income, net income or retained earnings. The results of operations for the three months ended March 31, 2009, are not necessarily indicative of the results to be expected for the full year.

The preparation of the unaudited Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from the estimates used in preparing the unaudited Consolidated Financial Statements. Note 2 of Notes to Consolidated Financial Statements included in MidAmerican Energy's Annual Report on Form 10-K for the year ended December 31, 2008, describes the most significant accounting estimates and policies used in the preparation of the Consolidated Financial Statements. There have been no significant changes in MidAmerican Energy's assumptions regarding significant accounting policies during the first three months of 2009.

(2) New Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board (the "FASB") issued Staff Position ("FSP") No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP FAS 107-1"). FSP FAS 107-1 requires publicly traded companies to include the annual fair value disclosures required for all financial instruments within the scope of Statement of Financial Accounting Standards ("SFAS") No. 107, "Disclosures about Fair Value of Financial Instruments," in interim financial statements. FSP FAS 107-1 is effective for financial statements issued after June 15, 2009, with early application permitted. MidAmerican Energy will include the disclosures required by FSP FAS 107-1 within Notes to Consolidated Financial Statements in its June 30, 2009 interim financial statements.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP FAS 115-2"). FSP FAS 115-2 amends current other-than-temporary impairment guidance for debt securities to require a new other-than-temporary impairment model that would shift the focus from an entity's intent to hold the debt security until recovery to its intent to sell the debt security. The existing other-than-temporary impairment models for equity securities will continue to apply. In addition, FSP FAS 115-2 addresses whether an other-than-temporary impairment should be recognized in earnings, other comprehensive income or some combination thereof. FSP FAS 115-2 also expands the already required annual disclosures about other-than-temporary impairment for debt and equity securities and requires companies to include these expanded disclosures in interim financial statements. FSP FAS 115-2 is effective for financial statements issued after June 15, 2009, with early application permitted. MidAmerican Energy is currently evaluating the impact of adopting FSP FAS 115-2 on its consolidated financial results and disclosures included within Notes to Consolidated Financial Statements.

In April 2009, the FASB issued FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP FAS 157-4"). FSP FAS 157-4 clarifies the application of SFAS No. 157, "Fair Value Measurements," ("SFAS No. 157") in determining when a market is not active and if a transaction is not orderly. In addition, FSP FAS 157-4 amends SFAS No. 157 to require disclosures in interim and annual periods of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques and related inputs, if any, during the period. FSP FAS 157-4 also amends SFAS No. 157 to define "major categories" to be consistent with those described in SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." FSP FAS 157-4 is effective for financial statements issued after June 15, 2009, with early application permitted. MidAmerican Energy is currently evaluating the impact of adopting FSP FAS 157-4 on its consolidated financial results and disclosures included within Notes to Consolidated Financial Statements.

In December 2008, the FASB issued FSP No. 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" ("FSP FAS 132(R)-1"). FSP FAS 132(R)-1 is intended to improve financial reporting about plan assets of defined benefit pension and other postretirement plans by requiring enhanced disclosures to enable investors to better understand how investment allocation decisions are made and the major categories of plan assets. FSP FAS 132(R)-1 also requires disclosure of the inputs and valuation techniques used to measure fair value and the effect of fair value measurements using significant unobservable inputs on changes in plan assets. In addition, FSP FAS 132(R)-1 establishes disclosure requirements for significant concentrations of risk within plan assets. FSP FAS 132(R)-1 is effective for financial statements issued after December 15, 2009, with early application permitted. MidAmerican Energy is currently evaluating the impact of adopting FSP FAS 132(R)-1 on its disclosures included within Notes to Consolidated Financial Statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133" ("SFAS No. 161"). SFAS No. 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand how and why an entity uses derivative instruments and their effects on an entity's financial results. MidAmerican Energy adopted the disclosures required by SFAS No. 161 on January 1, 2009, and included the required disclosures within Notes to Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" ("SFAS No. 160"). SFAS No. 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. MidAmerican Energy adopted SFAS No. 160 on January 1, 2009. The implementation of SFAS No. 160 did not have a material impact on MidAmerican Energy's consolidated financial statements.

(3) Fair Value Measurements

MidAmerican Energy has various financial instruments that are measured at fair value in the Consolidated Financial Statements, including marketable debt and equity securities and commodity derivatives. MidAmerican Energy's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that MidAmerican Energy has the ability to access at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 – Unobservable inputs reflect MidAmerican Energy's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. MidAmerican Energy develops these inputs based on the best information available, including MidAmerican Energy's own data.

The following table presents MidAmerican Energy's assets and liabilities recognized in the Consolidated Balance Sheet and measured at fair value on a recurring basis as of March 31, 2009 (in millions):

	Input Levels for Fair Value Measurements				
Description	**Level 1**	**Level 2**	**Level 3**	**Other[(1)]**	**Total**
Assets[(2)]:					
Investments in available-for-sale securities	$ 166	$ 49	$ 16	$ -	$ 231
Commodity derivatives	2	63	56	(52)	69
	$ 168	$ 112	$ 72	$ (52)	$ 300
Liabilities:					
Commodity derivatives	$ (16)	$ (156)	$ (5)	$ 93	$ (84)

(1) Primarily represents cash collateral requirements of $41 million and netting under master netting arrangements.

(2) Does not include investments in either pension or other postretirement plan assets.

The following table presents MidAmerican Energy's assets and liabilities recognized in the Consolidated Balance Sheet and measured at fair value on a recurring basis as of December 31, 2008 (in millions):

	Input Levels for Fair Value Measurements				
Description	**Level 1**	**Level 2**	**Level 3**	**Other[(1)]**	**Total**
Assets[(2)]:					
Investments in available-for-sale securities	$ 148	$ 75	$ 16	$ -	$ 239
Commodity derivatives	2	55	48	(48)	57
	$ 150	$ 130	$ 64	$ (48)	$ 296
Liabilities:					
Commodity derivatives	$ (55)	$ (120)	$ (8)	$ 95	$ (88)

(1) Primarily represents cash collateral requirements of $47 million and netting under master netting arrangements.

(2) Does not include investments in either pension or other postretirement plan assets.

MidAmerican Energy's investments in debt and equity securities are classified as available-for-sale and are stated at fair value. When available, the quoted market price or net asset value of an identical security in the principal market is used to record the fair value. In the absence of a quoted market price in a readily observable market, the fair value is determined using pricing models based on observable market inputs and quoted market prices of securities with similar characteristics. The fair value of MidAmerican Energy's investments in auction rate securities, where there is no current liquid market, is determined using pricing models based on available observable market data and MidAmerican Energy's judgment about the assumptions, including liquidity and nonperformance risks, which market participants would use when pricing the asset. All of MidAmerican Energy's available-for-sale securities in Levels 1 and 2 above are held in nuclear decommissioning trusts for the Quad Cities Station.

The fair value of commodity derivatives is determined using unadjusted quoted prices for identical instruments on the applicable exchange in which MidAmerican Energy transacts. When quoted prices for identical instruments are not available, MidAmerican Energy uses forward price curves derived from market price quotations, when available, or internally developed and commercial models, with internal and external fundamental data inputs. Market price quotations are obtained from independent energy brokers, exchanges, direct communication with market participants and actual transactions executed by MidAmerican Energy. Market price quotations for certain major electricity and natural gas trading hubs are generally readily obtainable for the applicable term of MidAmerican Energy's outstanding commodity derivative instruments, and therefore, MidAmerican Energy's forward price curves for those locations and periods reflect observable market quotes. Market price quotations for other electricity and natural gas trading hubs are not as readily obtainable or the instrument is not actively traded. Given that limited market data exists for these instruments, MidAmerican Energy uses forward price curves derived from internal models based on perceived pricing relationships to major trading hubs that are based on significant unobservable inputs. Refer to Note 4 for further discussion regarding MidAmerican Energy's risk management and hedging activities.

The following table reconciles the beginning and ending balances of MidAmerican Energy's assets and liabilities measured at fair value on a recurring basis using significant Level 3 inputs for the three months ended March 31 (in millions):

	2009		2008	
	Investments in Available-For-Sale Securities	Commodity Derivatives	Investments in Available-For-Sale Securities	Commodity Derivatives
Beginning balance	$ 16	$ 40	$ 40	$ -
Changes included in earnings[1]	-	18	-	(12)
Unrealized gains (losses) included in other comprehensive income	-	-	(4)	1
Unrealized gains included in regulatory assets and liabilities	-	15	-	(4)
Settlements	-	(22)	-	2
Ending balance	$ 16	$ 51	$ 36	$ (13)

(1) Changes included in earnings are reported as nonregulated revenues in the Consolidated Statements of Operations. Net unrealized gains (losses) included in earnings for the three months ended March 31, 2009 and 2008, related to commodity derivatives held at March 31, 2009 and 2008, totaled $14 million and $(12) million, respectively.

(4) Risk Management and Hedging Activities

MidAmerican Energy is exposed to the impact of market fluctuations in commodity prices and interest rates. Exposures to commodity prices include variations in the price of wholesale electricity that is purchased and sold, fuel costs to generate electricity and natural gas supply for customers. Electricity and natural gas prices are subject to wide price swings as demand responds to, among many other items, changing weather, limited storage, transmission and transportation constraints, and lack of alternative supplies from other areas. Interest rate risk exists on variable-rate debt, commercial paper and future debt issuances. MidAmerican Energy does not engage in a material amount of proprietary trading activities.

MidAmerican Energy employs established policies and procedures to manage its risks associated with these market fluctuations through the use of various commodity and financial derivative instruments, including those that settle both physically and financially. The risk management process is designed to identify, assess, monitor, report, manage and mitigate each of the various types of risk involved in its business. To mitigate a portion of its commodity risk, MidAmerican Energy uses commodity derivative instruments, including forward contracts, futures, options, fixed price and basis swaps and other agreements, to effectively secure future supply or sell future production at fixed prices. To manage its interest rate risk on existing or future debt, MidAmerican Energy may from time to time enter into interest rate derivatives.

There have been no significant changes in MidAmerican Energy's significant accounting policies related to derivatives. Refer to Notes 2 and 5 of Notes to Consolidated Financial Statements for additional information on derivative instruments.

The following table summarizes the fair value of MidAmerican Energy's derivative contracts, on a gross basis, and reconciles those amounts to the amounts presented on a net basis on the Consolidated Balance Sheet as of March 31, 2009 (in millions):

	Balance Sheet Locations				
	Current Assets - Other	**Other Assets - Other**	**Current Liabilities - Other**	**Other Liabilities - Other**	**Total**
Not Designated as Hedging Contracts[1][2]:					
Commodity assets	$ 99	$ 17	$ 5	$ -	$ 121
Commodity liabilities	(17)	-	(18)	(8)	(43)
Total	82	17	(13)	(8)	78
Designated as Cash Flow Hedging Contracts[1]:					
Commodity assets	-	-	-	-	-
Commodity liabilities	(1)	-	(75)	(58)	(134)
Total	(1)	-	(75)	(58)	(134)
Total derivatives[3]	81	17	(88)	(66)	(56)
Cash collateral receivable (payable)	(29)	-	50	20	41
Total derivatives - net basis	$ 52	$ 17	$ (38)	$ (46)	$ (15)

(1) Derivative instruments within these categories are subject to master netting arrangements and are presented on a net basis in the Consolidated Balance Sheet.

(2) The majority of MidAmerican Energy's net commodity derivatives not designated as hedging contracts are recoverable from customers in regulated rates and as of March 31, 2009, a net regulatory liability of $70 million was recorded related to the net derivative assets of $78 million.

(3) The net notional amounts of outstanding commodity derivative contract volumes with fixed price terms that compose the mark-to-market values included above are 3.9 million megawatt hours of electricity purchases, 9.2 million decatherms of natural gas purchases and 6.5 million gallons of fuel purchases.

Not Designated As Hedging Contracts

For MidAmerican Energy's regulated electric and regulated gas commodity derivatives, the settled cost is generally recovered from customers in regulated rates. Accordingly, the net unrealized gains and losses associated with interim price movements on contracts that are accounted for as derivatives and probable of recovery in rates are recorded as net regulatory assets or regulatory liabilities. For those contracts that are not included in regulated rates, unrealized gains and losses are recognized on the Consolidated Statements of Operations as operating revenue for sales contracts and as costs of sales for purchase contracts and financial swap energy contracts.

The following table summarizes the pre-tax gains and losses on commodity derivative contracts recognized in net regulatory assets and regulatory liabilities, as well as amounts reclassified to earnings during the three months ended March 31, 2009 (in millions):

	Net Regulatory Assets (Liabilities)
Beginning balance	$ 4
Gains on derivatives recognized in net regulatory assets and liabilities	(28)
Gains on derivatives reclassified to operating revenues	13
Gains on derivatives reclassified to cost of fuel, energy and capacity	4
Losses on derivatives reclassified to cost of gas sold	(63)
Ending balance	$ (70)

The following table summarizes the pre-tax gains and losses included within the Consolidated Statement of Operations associated with MidAmerican Energy's derivative contracts, which, other than a weather derivative that is recognized in regulated cost of gas sold, are not recoverable from customers in regulated rates for the three months ended March 31, 2009 (in millions):

	Gains (Losses)
Nonregulated operating revenues	$ 18
Regulated cost of gas sold	1
Nonregulated cost of sales	(15)
Total	$ 4

Designated as Cash Flow Hedging Contracts

MidAmerican Energy uses derivative contracts accounted for as cash flow hedges to hedge electricity and natural gas commodity prices for physical delivery to nonregulated customers.

The following table summarizes the pre-tax gains and losses on derivative contracts designated and qualifying as cash flow hedges recognized in other comprehensive income ("OCI"), as well as amounts reclassified to earnings during the three months ended March 31, 2009 (in millions):

	Accumulated Other Comprehensive Loss
Beginning balance	$ 80
Losses on derivatives recognized in OCI	76
Losses on derivatives reclassified to nonregulated cost of sales	(22)
Ending balance	$ 134

Realized gains and losses on all hedges and hedge ineffectiveness are recognized in income as nonregulated operating revenues or nonregulated cost of sales depending upon the nature of the item being hedged. For the three months ended March 31, 2009 and 2008, hedge ineffectiveness was insignificant.

Credit Risk

MidAmerican Energy extends unsecured credit to other utilities, energy marketers, financial institutions and other market participants in conjunction with wholesale energy supply and marketing activities. Credit risk relates to the risk of loss that might occur as a result of nonperformance by counterparties of their contractual obligations to make or take delivery of electricity, natural gas or other commodities and to make financial settlements of these obligations. Credit risk may be concentrated to the extent that one or more groups of counterparties have similar economic, industry or other characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in market or other conditions. In addition, credit risk includes not only the risk that a counterparty may default due to circumstances relating directly to it, but also the risk that a counterparty may default due to circumstances involving other market participants that have a direct or indirect relationship with such counterparty.

MidAmerican Energy analyzes the financial condition of each significant wholesale counterparty before entering into any transactions, establishes limits on the amount of unsecured credit to be extended to each counterparty and evaluates the appropriateness of unsecured credit limits on an ongoing basis. To mitigate exposure to the financial risks of wholesale counterparties, MidAmerican Energy enters into netting and collateral arrangements that may include margining and cross-product netting agreements and obtaining third-party guarantees, letters of credit and cash deposits. Counterparties may be assessed interest fees for delayed payments. If required, MidAmerican Energy exercises rights under these arrangements, including calling on the counterparty's credit support arrangement. Based on MidAmerican Energy's policies and risk exposures related to credit, it does not anticipate a material adverse effect on its consolidated financial position and results of operations as a result of counterparty nonperformance.

Contingent Features

In accordance with industry practice, certain derivative contracts contain provisions that require MidAmerican Energy to maintain specific credit ratings from one or more of the major credit rating agencies on its senior unsecured debt. These derivative contracts may either specifically provide bilateral rights to demand cash or other security if credit exposures on a net basis exceed specified rating-dependent threshold levels ("credit-risk-related contingent features") or provide the right for counterparties to demand "adequate assurance" in the event of a material adverse change in MidAmerican Energy's creditworthiness. These rights can vary by contract and by counterparty. As of March 31, 2009, MidAmerican Energy's credit ratings from the three recognized credit rating agencies were investment grade.

The aggregate fair value of MidAmerican Energy's derivative contracts in liability positions with specific credit-risk-related contingent features totaled $160 million as of March 31, 2009, for which MidAmerican Energy had posted collateral of $70 million. If all credit-risk-related contingent features for derivative contracts in liability positions had been triggered as of March 31, 2009, MidAmerican Energy would have been required to post $80 million of additional collateral. MidAmerican Energy's collateral requirements could fluctuate considerably due to market price volatility, changes in credit ratings or other factors.

(5) Employee Benefit Plans

MidAmerican Energy sponsors a noncontributory defined benefit pension plan covering substantially all employees of MEHC and its domestic energy subsidiaries other than PacifiCorp. MidAmerican Energy also sponsors certain postretirement health care and life insurance benefits covering substantially all retired employees of MEHC and its domestic energy subsidiaries other than PacifiCorp. Net periodic benefit cost for the pension, including supplemental executive retirement plans, and other postretirement benefit plans included the following components for the three months ended March 31 (in millions):

	Pension		Other Postretirement	
	2009	2008	2009	2008
Service cost	$ 4	$ 7	$ 1	$ 2
Interest cost	8	10	3	4
Expected return on plan assets	(8)	(11)	(2)	(4)
Net amortization	-	-	1	-
Net periodic benefit cost	$ 4	$ 6	$ 3	$ 2

Employer contributions to the pension and other postretirement plans are expected to be $8 million and $14 million, respectively, during 2009. As of March 31, 2009, $2 million and $2 million of contributions had been made to the pension and other postretirement plans, respectively.

(6) Commitments and Contingencies

MidAmerican Energy is a party in a variety of legal actions or claims arising out of the normal course of business. Plaintiffs occasionally seek punitive or exemplary damages. MidAmerican Energy does not believe that such normal and routine matters will have a material effect on its financial results.

(7) Income Taxes

The effective tax rates were 15% and 27% for the three months ended March 31, 2009 and 2008, respectively. The decrease in the effective tax rate was due to the benefit of additional production tax credits and the effects of rate making.

(8) Comprehensive Income and Components of Accumulated Other Comprehensive Loss, Net

The components of comprehensive income are as follows (in millions):

	Three Months Ended March 31,	
	2009	2008
Net income	$ 99	$ 107
Other comprehensive income (loss):		
Fair value adjustment on cash flow hedges, net of tax of $(22) and $8	(32)	11
Unrealized losses on available-for-sale securities, net of tax of $- and $(2)	-	(2)
Total other comprehensive income (loss)	(32)	9
Comprehensive income	$ 67	$ 116

Accumulated other comprehensive loss, net is included in the Consolidated Balance Sheets in MidAmerican Energy common shareholder's equity and consists of the following components (in millions):

	As of	
	March 31, 2009	December 31, 2008
Fair value adjustment on cash flow hedges, net of tax of $(53) and $(31)	$ (81)	$ (49)
Unrealized losses on available-for-sale securities, net of tax of $(8) and $(8)	(11)	(11)
Total	$ (92)	$ (60)

(9) Segment Information

MidAmerican Energy has identified three reportable operating segments: regulated electric, regulated gas and nonregulated energy. The regulated electric segment derives most of its revenue from regulated retail sales of electricity to residential, commercial, and industrial customers and from wholesale sales. The regulated gas segment derives most of its revenue from regulated retail sales of natural gas to residential, commercial, and industrial customers and also obtains significant revenues by transporting gas owned by others through its distribution system. Pricing for regulated electric and regulated gas sales are established separately by regulatory agencies; therefore, management also reviews each segment separately to make decisions regarding allocation of resources and in evaluating performance. The nonregulated energy segment derives most of its revenue from nonregulated retail electric and gas activities. Common operating costs, interest income, interest expense and income tax expense are allocated to each segment based on certain factors, which primarily relate to the nature of the cost.

The following tables provide information on a reportable operating segment basis (in millions):

	Three Months Ended March 31,	
	2009	2008
Operating revenues:		
Regulated electric	$ 444	$ 483
Regulated gas	388	571
Nonregulated energy	304	318
Total	$ 1,136	$ 1,372
Depreciation and amortization:		
Regulated electric	$ 74	$ 64
Regulated gas	8	8
Total	$ 82	$ 72
Operating income:		
Regulated electric	$ 97	$ 116
Regulated gas	43	45
Nonregulated energy	17	14
Total	$ 157	$ 175

	As of	
	March 31, 2009	December 31, 2008
Total assets:		
Regulated electric	$ 7,295	$ 7,297
Regulated gas	875	972
Nonregulated energy	245	251
Total	$ 8,415	$ 8,520

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Managers and Member
MidAmerican Funding, LLC
Des Moines, Iowa

We have reviewed the accompanying consolidated balance sheet of MidAmerican Funding, LLC and subsidiaries (the "Company") as of March 31, 2009, and the related consolidated statements of operations and cash flows for the three-month periods ended March 31, 2009 and 2008. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet and consolidated statement of capitalization (not presented herein) of MidAmerican Funding, LLC and subsidiaries as of December 31, 2008, and the related consolidated statements of operations, comprehensive income, cash flows, and retained earnings for the year then ended prior to retrospective adjustment for the adoption of FASB Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" (not presented herein); and in our report dated February 27, 2009, we expressed an unqualified opinion on those consolidated financial statements. We also audited the adjustments described in Note 2 that were applied to retrospectively adjust the December 31, 2008 consolidated balance sheet of MidAmerican Funding, LLC and subsidiaries (not presented herein). In our opinion, such adjustments are appropriate and have been properly applied to the previously issued consolidated balance sheet in deriving the accompanying retrospectively adjusted consolidated balance sheet as of December 31, 2008.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
May 8, 2009

MIDAMERICAN FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(In millions)

	As of	
	March 31, 2009	**December 31, 2008**
ASSETS		
Utility Plant, Net		
Electric	$ 9,024	$ 8,952
Gas	1,166	1,155
	10,190	10,107
Accumulated depreciation and amortization	(3,500)	(3,426)
	6,690	6,681
Construction work in progress	236	233
	6,926	6,914
Current Assets		
Cash and cash equivalents	8	10
Restricted cash and short-term investments	12	15
Receivables, net	399	468
Inventories	130	158
Other	156	114
	705	765
Other Assets		
Investments and nonregulated property, net	399	415
Goodwill	1,270	1,270
Regulatory assets	322	368
Other	76	78
	2,067	2,131
Total Assets	$ 9,698	$ 9,810
CAPITALIZATION AND LIABILITIES		
Capitalization		
MidAmerican Funding member's equity	$ 3,142	$ 3,081
Noncontrolling interests	31	31
Long-term debt, excluding current portion	3,390	3,390
	6,563	6,502
Current Liabilities		
Short-term debt	323	457
Note payable to affiliate	251	59
Current portion of long-term debt	-	175
Accounts payable	292	352
Taxes accrued	77	104
Interest accrued	31	60
Other	93	100
	1,067	1,307
Other Liabilities		
Deferred income taxes	749	700
Investment tax credits	35	36
Asset retirement obligations	206	200
Regulatory liabilities	676	659
Other	402	406
	2,068	2,001
Total Capitalization and Liabilities	$ 9,698	$ 9,810

The accompanying notes are an integral part of these consolidated financial statements

MIDAMERICAN FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(In millions)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Operating Revenues		
Regulated electric	$ 444	$ 483
Regulated gas	388	571
Nonregulated	304	319
	1,136	1,373
Operating Expenses		
Regulated:		
Cost of fuel, energy and capacity	136	176
Cost of gas sold	301	480
Other operating expenses	106	104
Maintenance	40	37
Depreciation and amortization	82	72
Property and other taxes	29	25
	694	894
Nonregulated:		
Cost of sales	279	299
Other	7	5
	286	304
Total operating expenses	980	1,198
Operating Income	156	175
Non-Operating Income		
Interest and dividend income	1	1
Allowance for equity funds	-	4
Other, net	1	-
	2	5
Fixed Charges		
Interest on long-term debt	50	47
Other interest expense	2	2
Allowance for borrowed funds	(1)	(3)
	51	46
Income Before Income Tax Expense	107	134
Income Tax Expense	14	34
Net Income	93	100
Less - net income attributable to noncontrolling interests	-	-
Net Income Attributable to MidAmerican Funding	$ 93	$ 100

The accompanying notes are an integral part of these consolidated financial statements.

MIDAMERICAN FUNDING, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(In millions)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Cash Flows From Operating Activities		
Net income	$ 93	$ 100
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	82	72
Provision for deferred income taxes, net	70	47
Amortization of other assets and liabilities	8	7
Other, net	16	(7)
Impact of changes in working capital:		
Receivables, net	67	(135)
Inventories	27	82
Derivative collateral, net	(31)	(2)
Accounts payable	(27)	42
Taxes accrued	(44)	(21)
Other current assets and liabilities	(28)	(12)
Net cash flows from operating activities	233	173
Cash Flows From Investing Activities		
Utility construction expenditures	(121)	(204)
Purchases of available-for-sale securities	(110)	(29)
Proceeds from sales of available-for-sale securities	99	26
Net change in restricted cash and investments	4	-
Other, net	10	2
Net cash flows from investing activities	(118)	(205)
Cash Flows From Financing Activities		
Proceeds from long-term debt	-	349
Retirement of long-term debt	(175)	-
Net change in note payable to affiliate	192	17
Net change in short-term debt	(134)	(86)
Other, net	-	2
Net cash flows from financing activities	(117)	282
Net Change in Cash and Cash Equivalents	(2)	250
Cash and Cash Equivalents at Beginning of Period	10	12
Cash and Cash Equivalents at End of Period	$ 8	$ 262

The accompanying notes are an integral part of these consolidated financial statements.

MIDAMERICAN FUNDING, LLC AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) General

MidAmerican Funding, LLC ("MidAmerican Funding") is an Iowa limited liability company with MidAmerican Energy Holdings Company ("MEHC") as its sole member. MEHC is a consolidated subsidiary of Berkshire Hathaway Inc. MidAmerican Funding's direct, wholly owned subsidiary is MHC Inc. ("MHC"), which constitutes substantially all of MidAmerican Funding's assets, liabilities and business activities except those related to MidAmerican Funding's long-term debt securities. MHC conducts no business other than the ownership of its subsidiaries. MHC's principal subsidiary is MidAmerican Energy Company ("MidAmerican Energy"), a public utility with electric and natural gas operations. Direct, wholly owned nonregulated subsidiaries of MHC are InterCoast Capital Company, Midwest Capital Group, Inc., MEC Construction Services Co. and MidAmerican Services Company.

The unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the United States Securities and Exchange Commission's rules and regulations for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements. Management believes the unaudited Consolidated Financial Statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary for the fair presentation of the Consolidated Financial Statements as of March 31, 2009, and for the three months ended March 31, 2009 and 2008. Certain amounts in the prior period Consolidated Financial Statements have been reclassified to conform to the current period presentation. Such reclassifications did not impact previously reported operating income, net income or retained earnings. The results of operations for the three months ended March 31, 2009, are not necessarily indicative of the results to be expected for the full year.

The preparation of the unaudited Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from the estimates used in preparing the unaudited Consolidated Financial Statements. Note 2 of Notes to Consolidated Financial Statements included in MidAmerican Funding's Annual Report on Form 10-K for the year ended December 31, 2008, describes the most significant accounting estimates and policies used in the preparation of the Consolidated Financial Statements. There have been no significant changes in MidAmerican Funding's assumptions regarding significant accounting policies during the first three months of 2009.

(2) New Accounting Pronouncements

Refer to Note 2 of MidAmerican Energy's Notes to Consolidated Financial Statements.

In December 2007, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" ("SFAS No. 160"). Under SFAS No. 160, noncontrolling interests are reported as a separate component of equity in the consolidated financial statements. The amount of earnings attributable to the parent and to the noncontrolling interests is clearly identified and presented on the face of the consolidated statements of operations. Additionally, any changes in a parent's ownership interest of its subsidiary, while retaining its control, are accounted for as equity transactions. MidAmerican Funding adopted SFAS No. 160 on January 1, 2009. The implementation of SFAS No. 160 did not have a material impact on MidAmerican Funding's consolidated financial statements. On the Consolidated Balance Sheets, MidAmerican Energy preferred securities, which was previously reported separately in the capitalization section, is now included in noncontrolling interests.

(3) Fair Value Measurements

Refer to Note 3 of MidAmerican Energy's Notes to Consolidated Financial Statements.

(4) Risk Management and Hedging Activities

Refer to Note 4 of MidAmerican Energy's Notes to Consolidated Financial Statements.

(5) Employee Benefit Plans

Refer to Note 5 of MidAmerican Energy's Notes to Consolidated Financial Statements.

(6) Income Taxes

The effective tax rates were 13% and 25% for the three months ended March 31, 2009 and 2008, respectively. The decrease in the effective tax rate was due to the benefit of additional production tax credits and the effects of rate making.

(7) Commitments and Contingencies

MidAmerican Funding is a party in a variety of legal actions or claims arising out of the normal course of business. Plaintiffs occasionally seek punitive or exemplary damages. MidAmerican Funding does not believe that such normal and routine matters will have a material effect on its financial results.

(8) Comprehensive Income and Components of Accumulated Other Comprehensive Loss, Net

Refer to Note 8 of MidAmerican Energy's Notes to Consolidated Financial Statements for the components of accumulated other comprehensive loss, net.

The components of comprehensive income attributable to MidAmerican Funding are as follows (in millions):

	Three Months Ended March 31,	
	2009	**2008**
Net income attributable to MidAmerican Funding	$ 93	$ 100
Other comprehensive income (loss) attributable to MidAmerican Funding:		
Fair value adjustment on cash flow hedges, net of tax of $(22) and $8	(32)	11
Unrealized losses on available-for-sale securities, net of tax of $- and $(2)	-	(2)
Total other comprehensive income (loss) attributable to MidAmerican Funding	(32)	9
Comprehensive income attributable to MidAmerican Funding	$ 61	$ 109

(9) Segment Information

MidAmerican Funding has identified three reportable operating segments: regulated electric, regulated gas and nonregulated energy. The regulated electric segment derives most of its revenue from regulated retail sales of electricity to residential, commercial, and industrial customers and from wholesale sales. The regulated gas segment derives most of its revenue from regulated retail sales of natural gas to residential, commercial, and industrial customers and also obtains significant revenues by transporting gas owned by others through its distribution system. Pricing for regulated electric and regulated gas sales are established separately by regulatory agencies; therefore, management also reviews each segment separately to make decisions regarding allocation of resources and in evaluating performance. The nonregulated energy segment derives most of its revenue from nonregulated retail electric and gas activities. Common operating costs, interest income, interest expense and income tax expense are allocated to each segment based on certain factors, which primarily related to the nature of the cost. "Other" in the tables below consists of the nonregulated subsidiaries of MidAmerican Funding not engaged in the energy business and parent company interest expense.

The following tables provide information on a reportable operating segment basis (in millions):

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Operating revenues:		
Regulated electric	$ 444	$ 483
Regulated gas	388	571
Nonregulated energy	304	318
Other	-	1
Total	$ 1,136	$ 1,373
Depreciation and amortization:		
Regulated electric	$ 74	$ 64
Regulated gas	8	8
Total	$ 82	$ 72
Operating income:		
Regulated electric	$ 97	$ 116
Regulated gas	43	45
Nonregulated energy	17	14
Other	(1)	-
Total	$ 156	$ 175

	As of March 31, 2009	As of December 31, 2008
Total assets[(1)]:		
Regulated electric	$ 8,486	$ 8,488
Regulated gas	953	1,051
Nonregulated energy	245	251
Other	14	20
Total	$ 9,698	$ 9,810

(1) Total assets by operating segment reflect the assignment of goodwill to applicable reporting units.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

MidAmerican Energy Company ("MidAmerican Energy") is a public utility with electric and natural gas operations and is the principal subsidiary within MidAmerican Funding, LLC ("MidAmerican Funding").

Management's Discussion and Analysis ("MD&A") addresses the financial statements of MidAmerican Funding and its subsidiaries and MidAmerican Energy and its subsidiary as presented in this joint filing. Information in MD&A related to MidAmerican Energy, whether or not segregated, also relates to MidAmerican Funding. Information related to other subsidiaries of MidAmerican Funding pertains only to the discussion of the financial condition and results of operations of MidAmerican Funding. Where necessary, discussions have been segregated under the heading "MidAmerican Funding" to allow the reader to identify information applicable only to MidAmerican Funding.

MD&A should be read in conjunction with the financial statements included in this Form 10-Q and the notes to those statements, together with MD&A in MidAmerican Energy's and MidAmerican Funding's most recently filed Annual Report on Form 10-K.

Forward-Looking Statements

This report contains statements that do not directly or exclusively relate to historical facts. These statements are ''forward-looking statements'' within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can typically be identified by the use of forward-looking words, such as ''may,'' ''could,'' ''project,'' ''believe,'' ''anticipate,'' ''expect,'' ''estimate,'' ''continue,'' "intend," ''potential,'' ''plan,'' ''forecast,'' and similar terms. These statements are based upon MidAmerican Funding's and/or MidAmerican Energy's current intentions, assumptions, expectations and beliefs and are subject to risks, uncertainties and other important factors. Many of these factors are outside the control of MidAmerican Funding or MidAmerican Energy and could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include, among others:

- general economic, political and business conditions in the jurisdictions in which MidAmerican Energy's facilities operate;
- changes in governmental, legislative, or regulatory requirements affecting MidAmerican Energy or the electric or gas utility industries;
- changes in, and compliance with, environmental laws, regulations, decisions and policies that could increase operating and capital improvement costs, reduce plant output or delay plant construction;
- the outcome of general rate cases and other proceedings conducted by regulatory commissions or other governmental and legal bodies;
- changes in economic, industry or weather conditions, as well as demographic trends, that could affect customer growth and usage or supply of electricity and gas;
- a high degree of variance between actual and forecasted load and prices that could impact the hedging strategy and costs to balance electricity and load supply;
- changes in prices and availability for both purchases and sales of wholesale electricity, coal, natural gas, other fuel sources and fuel transportation that could have a significant impact on generation capacity and energy costs;
- the financial condition and creditworthiness of MidAmerican Energy's significant customers and suppliers;
- changes in business strategy or development plans;
- availability, terms and deployment of capital, including severe reductions in demand for investment grade commercial paper, debt securities and other sources of debt financing and volatility in the London Interbank Offered Rate, the base interest rate for MidAmerican Energy's credit facilities;
- changes in MidAmerican Energy's credit ratings;
- performance of MidAmerican Energy's generating facilities, including unscheduled outages or repairs;
- risks relating to nuclear generation;

- the impact of derivative instruments used to mitigate or manage volume, price and interest rate risks, including increased collateral requirements, and changes in the commodity prices, interest rates and other conditions that affect the value of derivative instruments;
- the impact of increases in healthcare costs and changes in interest rates, mortality, morbidity, investment performance and legislation on pension and other postretirement benefits expense and funding requirements;
- unanticipated construction delays, changes in costs, receipt of required permits and authorizations, ability to fund capital projects and other factors that could affect future generating facilities and infrastructure additions;
- the impact of new accounting pronouncements or changes in current accounting estimates and assumptions on financial results;
- other risks or unforeseen events, including litigation, wars, the effects of terrorism, embargoes and other catastrophic events; and
- other business or investment considerations that may be disclosed from time to time in MidAmerican Funding's or MidAmerican Energy's filings with the United States ("U.S.") Securities and Exchange Commission ("SEC") or in other publicly disseminated written documents.

Further details of the potential risks and uncertainties affecting MidAmerican Funding or MidAmerican Energy are described in their filings with the SEC, including Item 1A and other discussions contained in this Form 10-Q. MidAmerican Funding and MidAmerican Energy undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors should not be construed as exclusive.

Results of Operations for the Three Months Ended March 31, 2009 and 2008

Overview

MidAmerican Energy's earnings on common stock decreased $8 million to $99 million for the first quarter of 2009 compared to $107 million for the first quarter of 2008. Operating income decreased $18 million compared to the first quarter of 2008 due to in large part to the current recessionary economic conditions in the United States, which has lowered demand for electricity nation-wide. Accordingly, sales volumes for electric retail industrial customers and prices for electric wholesale sales decreased compared to the first quarter of 2008. These decreases were partially offset by greater sales volumes and a lower average cost of energy due in part to the addition of wind-powered generation capacity in 2008. As a result of the increase in wind-powered generation plant, depreciation expense increased compared to the first quarter of 2008. Additionally, issuances of long-term debt in 2008, principally to fund MidAmerican Energy's construction of additional wind-powered generation capacity, resulted in higher interest expense compared to the first quarter of 2008. A reduction in income taxes due to benefits from higher tax depreciation from significant capital additions and greater production tax credits in 2009, partially offset the decreases to earnings on common stock. Net income attributable to MidAmerican Funding decreased $7 million to $93 million for the first quarter of 2009 compared to $100 million for the first quarter of 2008.

Regulated Electric Gross Margin

	First Quarter			
	2009	2008	Favorable (Unfavorable) Change	
Gross margin (in millions):				
Operating revenues	$ 444	$ 483	$ (39)	(8)%
Less - cost of fuel, energy and capacity	136	176	40	23 %
Electric gross margin	$ 308	$ 307	$ 1	- %
Sales (Gigawatt hours ("GWh")):				
Retail	5,057	5,236	$ (179)	(3)%
Wholesale	3,911	3,642	269	7 %
Total	8,968	8,878	$ 90	1 %

Electric gross margin for the first quarter of 2009 increased $1 million compared to the first quarter of 2008. Gross margin on electric retail sales increased $15 million, while gross margin on electric wholesale sales, which include sales of energy to markets operated by regional transmission organizations, other utilities, municipalities and marketers inside and outside of MidAmerican Energy's balancing authority area, decreased $14 million. The increase in electric retail gross margin was due to a reduction in the cost of energy resulting from a lower average cost of purchased electricity, less energy produced with natural gas and greater production from Quad Cities Generating Station. Additionally, recovery of electric energy efficiency programs costs increased $3 million compared to the first quarter of 2008. Changes in the recovery of energy efficiency program costs are substantially matched by changes in other operating expenses. These increases were partially offset by lower retail sales volumes, in particular sales to industrial customers, reflecting the current economic conditions, and other customers as a result of warmer temperatures experienced in the service territory in the first quarter of 2009. The decrease in electric wholesale gross margin was due to a significant reduction in the average margin on wholesale sales as a result of downward pressure on prices in the market partially offset by an increase in wholesale sales volumes resulting from increased generation available from the addition of owned generation and the impact of lower retail sales volumes.

Regulated Gas Gross Margin

	First Quarter			
	2009	**2008**	**Favorable (Unfavorable) Change**	
Gross margin (in millions):				
Operating revenues	$ 388	$ 571	$ (183)	(32)%
Less - cost of gas sold	301	480	179	37 %
Gas gross margin	$ 87	$ 91	$ (4)	(4)%
Sales (000's decatherms ("Dths")):				
Retail	37,976	41,500	(3,524)	(8)%
Wholesale	14,393	10,904	3,489	32 %
Total	52,369	52,404	(35)	- %

Regulated gas revenues include purchased gas adjustment clauses through which MidAmerican Energy is allowed to recover the cost of gas sold from its retail gas utility customers. Consequently, fluctuations in the cost of gas sold do not directly affect gross margin or net income because revenues reflect comparable fluctuations through the purchased gas adjustment clauses. Compared to the first quarter of 2008, MidAmerican Energy's average per-unit cost of gas sold decreased 37%, resulting in a $179 million decrease in gas revenues and cost of gas sold for the first quarter of 2009. Additionally, regulated gas revenues decreased due to lower retail sales volumes as a result of warmer temperatures in the first quarter of 2009.

Regulated Operating Expenses

Other operating expenses of $106 million for the first quarter of 2009 increased $2 million compared to the first quarter of 2008 due to a $4 million increase in energy efficiency program costs, which was substantially matched by an increase in related revenues.

Maintenance expense of $40 million for the first quarter of 2009 increased $3 million compared to the first quarter of 2008 due to an increase in fossil-fueled generation plant maintenance for the first quarter of 2009.

Depreciation and amortization expense of $82 million for the first quarter of 2009 increased $10 million compared to the first quarter of 2008 due to a $15 million increase in utility plant depreciation expense as a result of additional wind-powered generating facilities placed in service in 2008. The increase was partially offset by a $4 million decrease in regulatory expense related to a revenue sharing arrangement in Iowa as a result of lower Iowa electric equity returns.

Nonregulated Gross Margin

	First Quarter			
	2009	2008	Favorable (Unfavorable) Change	
MidAmerican Energy (in millions) -				
Nonregulated operating revenues	$ 304	$ 318	$ (14)	(4)%
Less - nonregulated cost of sales	279	299	20	7 %
Nonregulated gross margin	$ 25	$ 19	$ 6	32 %
MidAmerican Funding Consolidated (in millions) -				
Nonregulated operating revenues	$ 304	$ 319	$ (15)	(5) %
Less - nonregulated cost of sales	279	299	20	7 %
Nonregulated gross margin	$ 25	$ 20	$ 5	25 %
Nonregulated electric retail sales (GWh)	2,375	2,385	(10)	- %

Nonregulated revenues and cost of sales for the first quarter of 2009 decreased compared to the first quarter of 2008 due to lower average prices and costs for nonregulated gas sales and a 9% decrease in related sales volumes. An increase in nonregulated electric retail revenues and cost of sales due primarily to higher average prices and costs partially offset the decreases from nonregulated gas. Nonregulated gross margin increased $6 million compared to the first quarter of 2008 due primarily to a higher gross margin from nonregulated gas sales due to the decrease in average cost and a higher gross margin from nonregulated electric retail sales as a result of increased prices.

Non-Operating Income

MidAmerican Energy's non-operating income for the first quarter of 2009 decreased $4 million compared to the first quarter of 2008 due to a decrease in allowance for equity funds as a result of higher short-term borrowing and a decrease in construction work in progress during the first quarter of 2009. As a regulated public utility, MidAmerican Energy is allowed to capitalize, and record as income, a cost of construction for equity funds used, based on guidelines set forth by the Federal Energy Regulatory Commission ("FERC").

Fixed Charges

The $4 million increase in MidAmerican Energy's interest on long-term debt for the first quarter of 2009 compared to the first quarter of 2008 was primarily due to the issuance of $350 million of 5.3% Senior Notes in March 2008. MidAmerican Energy is allowed to capitalize, and record as a reduction to fixed charges, a cost of construction for debt funds used, based on guidelines set forth by the FERC. The $2 million decrease in allowance for borrowed funds for the first quarter of 2009 was due to a decrease in construction work in progress compared to the first quarter of 2008.

Income Taxes

MidAmerican Energy's income tax expense decreased $21 million to $18 million for the first quarter of 2009 with an effective tax rate of 15% compared to 27% for the first quarter of 2008.

Federal law provides for federal production tax credits for energy produced by renewable electricity generation facilities, including wind-powered generation, for ten years after the in-service date. MidAmerican Energy's income taxes for the first quarter of 2009 include $5 million of additional production tax credits compared to the first quarter of 2008 due to additional wind-powered generation.

State utility rate regulation in Iowa requires that the tax effect of certain timing differences be flowed through immediately to customers. Therefore, amounts that would otherwise have been recognized in income tax expense have been included as changes in regulatory assets. This treatment of such timing differences impacts the effective tax rates from year to year. Accordingly, greater tax depreciation in the first quarter of 2009, due primarily to the addition of wind-powered generation facilities in 2008, decreased the effective tax rate compared to the first quarter of 2008.

MidAmerican Funding's income tax expense decreased $20 million to $14 million for the first quarter of 2009 with an effective tax rate of 13% compared to 25% for the first quarter of 2008.

Liquidity and Capital Resources

As of March 31, 2009, MidAmerican Energy's total net liquidity available was $389 million consisting of $7 million of cash and cash equivalents and $900 million of revolving credit facilities reduced by $323 million of short-term borrowings and $195 million of the revolving credit facilities reserved to support MidAmerican Energy's variable-rate tax-exempt bond obligations. As of March 31, 2009, MidAmerican Funding's total net liquidity available was $394 million, including MHC's $4 million revolving credit facility.

Cash Flows From Operating Activities

MidAmerican Energy's net cash flows from operating activities were $250 million and $190 million for the first quarter of 2009 and 2008, respectively. MidAmerican Funding's net cash flows from operating activities were $233 million and $173 million for the first quarter of 2009 and 2008, respectively. The increase in operating cash flows for the first quarter of 2009 was primarily due to a reduction in income taxes paid resulting from greater tax depreciation on increased capital additions and greater production tax credits in 2009, as well as a reduction in payments for purchased gas due to lower prices. These increases were partially offset by greater cash collateral posted for derivative positions.

Cash Flows From Investing Activities

MidAmerican Energy's and MidAmerican Funding's net cash flows from investing activities were $(118) million and $(205) million for the first quarter of 2009 and 2008, respectively. Net cash flows from investing activities consist almost entirely of utility construction expenditures. The decrease in utility construction expenditures is due to the construction of wind-powered generation facilities during the first quarter of 2008.

Cash Flows From Financing Activities

MidAmerican Energy's net cash flows from financing activities were $(134) million for the first quarter of 2009 and $265 million for the first quarter of 2008. MidAmerican Funding's net cash flows from financing activities were $(117) million for the first quarter of 2009 and $282 million for the first quarter of 2008. During the first quarter of 2009, MidAmerican Energy made repayments of short-term debt totaling $134 million compared to $86 million in the first quarter of 2008 due to the improvement in cash flows from operating activities. In the first quarter of 2008, MidAmerican Energy received proceeds from the issuance of its long-term debt totaling $349 million. In the first quarter of 2009, MidAmerican Funding retired $175 million of 6.339% Senior notes and received $192 million through its note payable with MEHC.

Debt Authorizations and Related Matters

MidAmerican Energy has authority from the FERC to issue commercial paper and bank notes aggregating $1.2 billion through October 30, 2010. MidAmerican Energy currently has two unsecured revolving credit facilities that support its commercial paper program and its variable-rate tax-exempt bond obligations. The $645 million multi-bank credit facility reduces in July 2012 to $530 million, which expires in July 2013, and the $250 million bilateral credit facility expires in October 2009. Additionally, MidAmerican Energy has a $5 million unsecured revolving credit facility for general corporate purposes.

MidAmerican Energy currently has an effective registration statement with the SEC to issue any amount of long-term securities through October 1, 2011. It also has authorization from the FERC to issue long-term securities totaling up to $1.118 billion through May 14, 2009, and $870 million through October 30, 2010. Regarding annual and multiple year capital projects, MidAmerican Energy has authorizations from the Illinois Commerce Commission ("ICC"), expiring from May 2, 2009 to October 8, 2012, to issue up to an aggregate of $1.106 billion of long-term debt securities.

In conjunction with the March 1999 merger, MidAmerican Energy committed to the Iowa Utilities Board ("IUB") to use commercially reasonable efforts to maintain an investment grade rating on its long-term debt and to maintain its common equity level above 42% of total capitalization unless circumstances beyond its control result in the common equity level decreasing to below 39% of total capitalization. MidAmerican Energy must seek the approval of the IUB of a reasonable utility capital structure if MidAmerican Energy's common equity level decreases below 42% of total capitalization, unless the decrease is beyond the control of MidAmerican Energy. MidAmerican Energy is also required to seek the approval of the IUB if MidAmerican Energy's equity level decreases to below 39%, even if the decrease is due to circumstances beyond the control of MidAmerican Energy. If MidAmerican Energy's common equity level were to drop below the required thresholds, MidAmerican Energy's ability to issue debt could be restricted. As of March 31, 2009, MidAmerican Energy's common equity ratio was 49% computed on a basis consistent with its commitment.

MidAmerican Funding or one of its subsidiaries, including MidAmerican Energy, may from time to time seek to retire its outstanding debt through cash purchases in the open market, privately negotiated transactions or otherwise. Any debt securities repurchased by MidAmerican Funding or one of its subsidiaries may be reissued or resold by MidAmerican Funding or one of its subsidiaries from time to time and will depend on prevailing market conditions, the issuing company's liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

<u>Future Uses of Cash</u>

MidAmerican Energy and MidAmerican Funding have available a variety of sources of liquidity and capital resources, both internal and external, including cash flows from operations, public and private debt offerings, the issuance of commercial paper, the use of unsecured revolving credit facilities, and other sources. These sources are expected to provide funds required for current operations, capital expenditures, debt retirements and other capital requirements. The availability and terms under which MidAmerican Energy and MidAmerican Funding have access to external financing depends on a variety of factors, including their credit ratings, investors' judgment of risk and conditions in the overall capital market at the time of marketing, including the condition of the utility industry in general.

Utility Construction Expenditures

MidAmerican Energy's primary need for capital is utility construction expenditures. MidAmerican Energy's utility construction expenditures for 2009, excluding the non-cash allowance for equity funds used during construction, are estimated to be approximately $409 million, which includes $45 million for wind-powered generation projects, $27 million for emissions control equipment to address current and anticipated air quality regulations, and $337 million for ongoing operational projects, including connections for new customers and facilities to accommodate load growth. Capital expenditure needs are reviewed regularly by management and may change significantly as a result of such reviews, which may consider, among other factors, changes in rules and regulations, including environmental and nuclear, changes in income tax laws, general business conditions, load projections, system reliability standards, the cost and efficiency of construction labor, equipment, and materials, and the cost and availability of capital.

MidAmerican Energy continues to pursue additional cost effective wind-powered generation capacity. On March 25, 2009, MidAmerican Energy filed with the IUB for its approval a settlement agreement between MidAmerican Energy and the Iowa Office of Consumer Advocate ("OCA") in conjunction with MidAmerican Energy's ratemaking principles application for up to 1,001 MW (nameplate ratings) of additional wind-powered generation capacity in Iowa. MidAmerican Energy has not entered into any contracts for the development or construction of new wind-powered generation capacity or the purchase of any related wind turbines.

MidAmerican Energy is subject to federal, state and local laws and regulations with regard to air and water quality, hazardous and solid waste disposal and other environmental matters. The future costs (beyond existing planned capital expenditures) of complying with applicable environmental laws, regulations and rules cannot yet be reasonably estimated but could be material to MidAmerican Energy. In particular, future mandates, including those associated with addressing the issue of global climate change, may impact the operation of MidAmerican Energy's generating facilities and may require MidAmerican Energy to reduce emissions at its facilities through the installation of additional emission control equipment or to purchase additional emission allowances or offsets in the future. MidAmerican Energy is not aware of any proven, commercially available technology that eliminates or captures and stores carbon dioxide emissions from coal-fired and gas-fired generation facilities, and MidAmerican Energy is uncertain when, or if, such technology will be commercially available.

MidAmerican Energy has implemented a planning process that forecasts the site-specific controls and actions that may be required to meet emissions reductions as promulgated by the U.S. Environmental Protection Agency ("EPA"). The plan is designed to effectively manage its expenditures required to comply with emissions standards. On April 1, 2008, MidAmerican Energy submitted to the IUB an updated plan, as required every two years by Iowa law, which increased its estimate of required expenditures. That plan estimated that the cost of capital expenditures for emission control equipment included in its plan for compliance with current air quality requirements would total approximately $260 million for January 1, 2009, through December 31, 2015. Additionally, MidAmerican Energy expects to incur significant incremental operating costs in conjunction with the utilization of the emissions control equipment. Estimates of the environmental capital and operating requirements may change significantly at any time as a result of, among other factors, changes in related regulations, prices of products used to meet the requirements and management's strategies for achieving compliance with the regulations.

Refer to the "Environmental Regulations" section of Item 1 of MidAmerican Energy's Annual Report on Form 10-K for the year ended December 31, 2008, and updates provided in this Form 10-Q for a detailed discussion of environmental standards affecting MidAmerican Energy.

Contractual Obligations

Subsequent to December 31, 2008, there were no material changes outside the normal course of business in MidAmerican Energy's and MidAmerican Funding's contractual obligations from the information provided in Item 7 of their Annual Report on Form 10-K for the year ended December 31, 2008. Additionally, refer to the "Utility Construction Expenditures" discussion included in Liquidity and Capital Resources.

Environmental Matters

In addition to the updates contained herein, refer to Item 1 of MidAmerican Energy's and MidAmerican Funding's Annual Report on Form 10-K for the year ended December 31, 2008, for additional information regarding certain environmental matters affecting MidAmerican Energy's operations.

Climate Change

On April 17, 2009, the Environmental Protection Agency ("EPA") issued a proposed finding, in response to the U.S. Supreme Court's 2007 decision in the case of *Massachusetts v. EPA*, that under Section 202(a) of the Clean Air Act six greenhouse gases—carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride—threaten the public health and welfare of current and future generations. The proposed finding will be subject to a 60-day public comment period before being finalized. The finding does not include any proposed regulations regarding greenhouse gas emissions; however, such regulatory or legislative action could have a significant adverse impact on MidAmerican Energy's current and future fossil-fueled generating facilities.

Credit Ratings

As of March 31, 2009, MidAmerican Energy's senior unsecured debt credit ratings were as follows: Fitch Ratings, "A/stable;" Moody's Investor Service, "A2/stable;" and Standard & Poor's, "A-/stable." Debt and preferred securities of MidAmerican Energy are rated by nationally recognized credit rating agencies. Assigned credit ratings are based on each rating agency's assessment of MidAmerican Energy's ability to, in general, meet the obligations of its issued debt or preferred securities. The credit ratings are not a recommendation to buy, sell or hold securities, and there is no assurance that a particular credit rating will continue for any given period of time.

MidAmerican Funding and MidAmerican Energy have no credit rating downgrade triggers that would accelerate the maturity dates of their outstanding debt, and a change in ratings is not an event of default under the applicable debt instruments. MidAmerican Energy's unsecured revolving credit facilities do not require the maintenance of a minimum credit rating level in order to draw upon its availability, but under certain instances must maintain sufficient covenant tests if ratings drop below a certain level. However, commitment fees and interest rates under the credit facilities are tied to credit ratings and increase or decrease when the ratings change. A ratings downgrade could also increase the future cost of commercial paper, short- and long-term debt issuances or new credit facilities.

A change in MidAmerican Energy's credit ratings could result in the requirement to post cash collateral, letters of credit or other similar credit support under certain agreements, including derivative contracts, related to its procurement or sale of electricity, natural gas, coal, transportation and other supplies. In accordance with industry practice, certain agreements, including derivative contracts, contain provisions that require MidAmerican Energy to maintain specific credit ratings from one or more of the major credit ratings agencies on their unsecured debt. These agreements, including derivative contracts, may either specifically provide bilateral rights to demand cash or other security if credit exposures on a net basis exceed specified rating-dependent threshold levels ("credit-risk-related contingent features") or provide the right for counterparties to demand "adequate assurance" in the event of a material adverse change in MidAmerican Energy's creditworthiness. These rights can vary by contract and by counterparty. As of March 31, 2009, MidAmerican Energy's credit ratings from the three recognized credit rating agencies were investment grade. If all credit-risk-related contingent features or adequate assurance provisions for these agreements, including derivative contracts, had been triggered as of March 31, 2009, MidAmerican Energy would have been required to post $332 million of additional collateral. MidAmerican Energy's collateral requirements could fluctuate considerably due to market price volatility, changes in credit ratings or other factors. Refer to Note 4 of Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for a discussion of MidAmerican Energy's collateral requirements specific to its derivative contracts.

Transmission System Regulation

The FERC regulates MidAmerican Energy's wholesale transmission services. The regulations require MidAmerican Energy to provide open access transmission service at cost-based rates. The FERC also regulates unbundled transmission service to retail customers. These services are offered on a non-discriminatory basis, meaning that all potential customers are provided an equal opportunity to access the transmission system. MidAmerican Energy's transmission services are managed and operated independently from its wholesale marketing activities in accordance with the FERC Standards of Conduct. MidAmerican Energy is not part of a regional transmission operator ("RTO"), but it has hired an independent transmission service coordinator ("TSC") to administer through August 2009 various MidAmerican Energy Open Access Transmission Tariff functions. The FERC approved MidAmerican Energy's selection of the TSC and the related agreement.

MidAmerican Energy has determined that participation in an RTO market as a transmission owning member would provide it with enhanced wholesale marketing opportunities through greater access to wholesale electric buyers. While MidAmerican Energy would retain ownership of its transmission assets, the RTO would be responsible for the operation of the transmission system and the administration of transmission services. MidAmerican Energy is currently in discussions with the Midwest Independent Transmission System Operator, Inc. ("MISO") and other affected persons, including transmission service and wholesale electric customers and joint owners of generation resources, regarding the process for and the timing of its joining MISO. Membership in MISO is subject to certain state and federal regulatory filings and approvals and the execution of a transmission owners agreement. The effective date of MidAmerican Energy's participation in the RTO market is expected to be during the second half of 2009.

New Accounting Pronouncements

For a discussion of new accounting pronouncements affecting MidAmerican Energy and MidAmerican Funding, refer to Note 2 of Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Critical Accounting Policies

Certain accounting policies require management to make estimates and judgments concerning transactions that will be settled several years in the future. Amounts recognized in the Consolidated Financial Statements from such estimates are necessarily based on numerous assumptions involving varying and potentially significant degrees of judgment and uncertainty. Accordingly, the amounts currently reflected in the Consolidated Financial Statements will likely increase or decrease in the future as additional information becomes available. Estimates are used for, but not limited to, the accounting for the effects of certain types of regulation, derivatives, impairment of long-lived assets and goodwill, pension and other postretirement benefits, income taxes and revenue recognition - unbilled revenue. For additional discussion of MidAmerican Energy's and MidAmerican Funding's critical accounting policies, see Item 7 of their Annual Report on Form 10-K for the year ended December 31, 2008. MidAmerican Energy's and MidAmerican Funding's critical accounting policies have not changed materially since December 31, 2008.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk affecting MidAmerican Energy and MidAmerican Funding, see Item 7A of their Annual Report on Form 10-K for the year ended December 31, 2008. MidAmerican Energy's and MidAmerican Funding's exposure to market risk and their management of such risk has not changed materially since December 31, 2008. Refer to Note 3 of Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for disclosure of MidAmerican Energy's derivative positions as of March 31, 2009 and December 31, 2008.

Item 4. Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q, the Company (MidAmerican Energy or MidAmerican Funding, as applicable) carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended). Based upon that evaluation, the Company's management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. There has been no change in the Company's internal control over financial reporting during the quarter ended March 31, 2009, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There has been no material change to MidAmerican Funding's or MidAmerican Energy's risk factors from those disclosed in Item 1A of their Annual Report on Form 10-K for the year ended December 31, 2008.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The exhibits listed on the accompanying Exhibit Index are filed as a part of this Quarterly Report.

SIGNATURES

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

MIDAMERICAN FUNDING, LLC
MIDAMERICAN ENERGY COMPANY
Registrants

Date: May 8, 2009

/s/ Thomas B. Specketer
Thomas B. Specketer
Vice President and Controller
of MidAmerican Funding, LLC
And MidAmerican Energy Company
(principal financial and accounting officer)

EXHIBIT INDEX

Exhibit No.	Description
MidAmerican Energy	
15	Awareness Letter of Independent Registered Public Accounting Firm.
31.1	Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
MidAmerican Funding	
31.3	Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.4	Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.3	Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.4	Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
MidAmerican Energy and MidAmerican Funding	
10.1	First Amendment, dated as of April 15, 2009, to the Amended and Restated Credit Agreement among MidAmerican Energy Company, the lending institutions party hereto, as banks, JPMorgan Chase Bank, N.A., as Administrative Agent, Union Bank of California, N.A., as Syndication Agent, and The Royal Bank of Scotland plc, ABN Amro Bank N.V. and BNP Paribas, as Co-Documentation Agents, dated as of July 6, 2006.

EXHIBIT 15

AWARENESS LETTER OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

MidAmerican Energy Company
Des Moines, Iowa

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited consolidated interim financial information of MidAmerican Energy Company and subsidiary for the periods ended March 31, 2009 and 2008, as indicated in our report dated May 8, 2009; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, is incorporated by reference in Registration Statement No. 333-153777 on Form S-3.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
May 8, 2009

EXHIBIT 31.1

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, William J. Fehrman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MidAmerican Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/s/ William J. Fehrman
William J. Fehrman
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Thomas B. Specketer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MidAmerican Energy Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/s/ Thomas B. Specketer
Thomas B. Specketer
Vice President and Controller
(principal financial officer)

EXHIBIT 31.3

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Gregory E. Abel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MidAmerican Funding, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/s/ Gregory E. Abel
Gregory E. Abel
President
(principal executive officer)

EXHIBIT 31.4

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Thomas B. Specketer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MidAmerican Funding, LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/s/ Thomas B. Specketer
Thomas B. Specketer
Vice President and Controller
(principal financial officer)

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, William J. Fehrman, President and Chief Executive Officer of MidAmerican Energy Company (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 8, 2009

/s/ William J. Fehrman
William J. Fehrman
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Thomas B. Specketer, Vice President and Controller of MidAmerican Energy Company (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 8, 2009

/s/ Thomas B. Specketer
Thomas B. Specketer
Vice President and Controller
(principal financial officer)

EXHIBIT 32.3

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Gregory E. Abel, President of MidAmerican Funding, LLC (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 8, 2009

/s/ Gregory E. Abel
Gregory E. Abel
President
(principal executive officer)

EXHIBIT 32.4

CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

I, Thomas B. Specketer, Vice President and Controller of MidAmerican Funding, LLC (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 8, 2009

/s/ Thomas B. Specketer
Thomas B. Specketer
Vice President and Controller
(principal financial officer)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended March 31, 2009

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from ______ to _______

Commission File Number	Exact name of registrant as specified in its charter; State or other jurisdiction of incorporation or organization	IRS Employer Identification No.
001-14881	**MIDAMERICAN ENERGY HOLDINGS COMPANY** **(An Iowa Corporation)** **666 Grand Avenue, Suite 500** **Des Moines, Iowa 50309-2580** **515-242-4300**	**94-2213782**

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definition of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☒ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

All of the shares of common equity of MidAmerican Energy Holdings Company are privately held by a limited group of investors. As of April 30, 2009, 74,859,001 shares of common stock were outstanding.

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PART I

PART I

Item 1. Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
MidAmerican Energy Holdings Company
Des Moines, Iowa

We have reviewed the accompanying consolidated balance sheet of MidAmerican Energy Holdings Company and subsidiaries (the "Company") as of March 31, 2009, and the related consolidated statements of operations, cash flows, and changes in equity for the three-month periods ended March 31, 2009 and 2008. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of MidAmerican Energy Holdings Company and subsidiaries as of December 31, 2008, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year then ended prior to retrospective adjustment for the adoption of FASB Statement No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" (not presented herein); and in our report dated February 27, 2009, we expressed an unqualified opinion on those consolidated financial statements. We also audited the adjustments described in Note 2 that were applied to retrospectively adjust the December 31, 2008 consolidated balance sheet of MidAmerican Energy Holdings Company and subsidiaries (not presented herein). In our opinion, such adjustments are appropriate and have been properly applied to the previously issued consolidated balance sheet in deriving the accompanying retrospectively adjusted consolidated balance sheet as of December 31, 2008.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
May 8, 2009

MIDAMERICAN ENERGY HOLDINGS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(Amounts in millions)

	As of	
	March 31, 2009	**December 31, 2008**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 1,072	$ 280
Trade receivables, net	1,173	1,310
Inventories	551	566
Derivative contracts	239	227
Investments	316	1,505
Other current assets	676	529
Total current assets	4,027	4,417
Property, plant and equipment, net	28,736	28,454
Goodwill	5,001	5,023
Regulatory assets	2,029	2,156
Derivative contracts	82	97
Investments and other assets	1,297	1,294
Total assets	$ 41,172	$ 41,441

The accompanying notes are an integral part of these consolidated financial statements.

MIDAMERICAN ENERGY HOLDINGS COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited) (continued)
(Amounts in millions)

	As of	
	March 31, 2009	**December 31, 2008**
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	$ 972	$ 1,240
Accrued interest	332	340
Accrued property, income and other taxes	278	561
Derivative contracts	154	183
Short-term debt	659	836
Current portion of long-term debt	246	421
Current portion of MEHC subordinated debt	234	734
Other current liabilities	615	578
Total current liabilities	3,490	4,893
Regulatory liabilities	1,526	1,506
Derivative contracts	533	546
MEHC senior debt	5,121	5,121
MEHC subordinated debt	588	587
Subsidiary debt	13,470	12,533
Deferred income taxes	4,053	3,949
Other long-term liabilities	1,769	1,829
Total liabilities	30,550	30,964
Commitments and contingencies (Note 12)		
Equity:		
MEHC shareholders' equity:		
Common stock - 115 shares authorized, no par value, 75 shares issued and outstanding	-	-
Additional paid-in capital	5,455	5,455
Retained earnings	5,848	5,631
Accumulated other comprehensive loss, net	(957)	(879)
Total MEHC shareholders' equity	10,346	10,207
Noncontrolling interests	276	270
Total equity	10,622	10,477
Total liabilities and equity	$ 41,172	$ 41,441

The accompanying notes are an integral part of these consolidated financial statements.

MIDAMERICAN ENERGY HOLDINGS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)
(Amounts in millions)

	Three-Month Periods Ended March 31, 2009	2008
Operating revenue:		
Energy	$ 2,796	$ 3,115
Real estate	173	241
Total operating revenue	2,969	3,356
Operating costs and expenses:		
Energy:		
Cost of sales	1,164	1,456
Operating expense	703	592
Depreciation and amortization	296	273
Real estate	192	263
Total operating costs and expenses	2,355	2,584
Operating income	614	772
Other income (expense):		
Interest expense	(318)	(328)
Capitalized interest	9	11
Interest and dividend income	15	18
Other, net	(44)	17
Total other income (expense)	(338)	(282)
Income before income tax expense and equity income	276	490
Income tax expense	61	147
Equity income	(9)	(3)
Net income	224	346
Less - net income attributable to noncontrolling interests	7	4
Net income attributable to MEHC	$ 217	$ 342

The accompanying notes are an integral part of these consolidated financial statements.

MIDAMERICAN ENERGY HOLDINGS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Amounts in millions)

	Three-Month Periods Ended March 31,	
	2009	**2008**
Cash flows from operating activities:		
Net income	$ 224	$ 346
Adjustments to reconcile net income to net cash flows from operating activities:		
Depreciation and amortization	300	278
Stock-based compensation	123	-
Amortization of regulatory assets and liabilities, net	18	(11)
Provision for deferred income taxes	147	118
Other, net	15	(7)
Changes in other operating assets and liabilities:		
Trade receivables and other assets	166	39
Derivative collateral, net	(19)	(2)
Trading securities	193	-
Contributions to company-sponsored postretirement plans, net	(23)	(46)
Accounts payable and other liabilities	(491)	62
Net cash flows from operating activities	653	777
Cash flows from investing activities:		
Capital expenditures	(812)	(710)
Purchases of available-for-sale securities	(125)	(61)
Proceeds from sales of available-for-sale securities	109	62
Proceeds from investments	1,000	393
Increase in restricted cash	(12)	(8)
Other, net	(3)	12
Net cash flows from investing activities	157	(312)
Cash flows from financing activities:		
Proceeds from MEHC senior debt	-	649
Repayments of MEHC subordinated debt	(500)	-
Proceeds from subsidiary debt	992	397
Repayments of subsidiary debt	(195)	(299)
Net borrowings on MEHC revolving credit facility	39	-
Net repayments of subsidiary short-term debt	(214)	(107)
Net payment of hedging instruments	-	(99)
Net purchases of common stock	(123)	-
Other, net	(16)	2
Net cash flows from financing activities	(17)	543
Effect of exchange rate changes	(1)	1
Net change in cash and cash equivalents	792	1,009
Cash and cash equivalents at beginning of period	280	1,178
Cash and cash equivalents at end of period	$ 1,072	$ 2,187

The accompanying notes are an integral part of these consolidated financial statements.

MIDAMERICAN ENERGY HOLDINGS COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)
(Amounts in millions)

	MEHC Shareholders' Equity						
	Common		Additional Paid-in	Retained	Accumulated Other Comprehensive (Loss) Income,	Noncontrolling	
	Shares	Stock	Capital	Earnings	Net	Interests	Total
Balance, January 1, 2008	75	$ -	$ 5,454	$ 3,782	$ 90	$ 256	$ 9,582
Net income	-	-	-	342	-	4	346
Other comprehensive income	-	-	-	-	9	-	9
Contributions	-	-	-	-	-	13	13
Distributions	-	-	-	-	-	(10)	(10)
Other equity transactions	-	-	-	-	-	(3)	(3)
Balance, March 31, 2008	75	$ -	$ 5,454	$ 4,124	$ 99	$ 260	$ 9,937
Balance, January 1, 2009	75	$ -	$ 5,455	$ 5,631	$ (879)	$ 270	$ 10,477
Net income	-	-	-	217	-	7	224
Other comprehensive loss	-	-	-	-	(78)	(1)	(79)
Stock-based compensation	-	-	123	-	-	-	123
Exercise of common stock options	1	-	25	-	-	-	25
Common stock purchases	(1)	-	(148)	-	-	-	(148)
Contributions	-	-	-	-	-	8	8
Distributions	-	-	-	-	-	(15)	(15)
Other equity transactions	-	-	-	-	-	7	7
Balance, March 31, 2009	75	$ -	$ 5,455	$ 5,848	$ (957)	$ 276	$ 10,622

The accompanying notes are an integral part of these consolidated financial statements.

MIDAMERICAN ENERGY HOLDINGS COMPANY AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) General

MidAmerican Energy Holdings Company ("MEHC") is a holding company that owns subsidiaries that are principally engaged in energy businesses (collectively with its subsidiaries, the "Company"). MEHC is a consolidated subsidiary of Berkshire Hathaway Inc. ("Berkshire Hathaway"). The balance of MEHC's common stock is owned by a private investor group comprised of Mr. Walter Scott, Jr. (along with family members and related entities), who is a member of MEHC's Board of Directors, and Mr. Gregory E. Abel, MEHC's President and Chief Executive Officer. As of March 31, 2009, Berkshire Hathaway, Mr. Scott (along with family members and related entities) and Mr. Abel owned 89.5%, 9.7% and 0.8%, respectively, of MEHC's voting common stock.

The Company is organized and managed as eight distinct platforms: PacifiCorp, MidAmerican Funding, LLC ("MidAmerican Funding") (which primarily includes MidAmerican Energy Company ("MidAmerican Energy")), Northern Natural Gas Company ("Northern Natural Gas"), Kern River Gas Transmission Company ("Kern River"), CE Electric UK Funding Company ("CE Electric UK") (which primarily includes Northern Electric Distribution Limited ("Northern Electric") and Yorkshire Electricity Distribution plc ("Yorkshire Electricity")), CalEnergy Generation-Foreign (which owns a majority interest in the Casecnan project in the Philippines), CalEnergy Generation-Domestic (which owns interests in independent power projects in the United States) and HomeServices of America, Inc. (collectively with its subsidiaries, "HomeServices"). Through these platforms, the Company owns and operates an electric utility company in the Western United States, a combined electric and natural gas utility company in the Midwestern United States, two interstate natural gas pipeline companies in the United States, two electricity distribution companies in Great Britain, a diversified portfolio of independent power projects and the second largest residential real estate brokerage firm in the United States.

The unaudited Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and the United States Securities and Exchange Commission's rules and regulations for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the disclosures required by GAAP for annual financial statements. Management believes the unaudited Consolidated Financial Statements contain all adjustments (consisting only of normal recurring adjustments) considered necessary for the fair presentation of the Consolidated Financial Statements as of March 31, 2009 and for the three-month periods ended March 31, 2009 and 2008. Certain amounts in the prior period Consolidated Financial Statements have been reclassified to conform to the current period presentation. Such reclassifications did not impact previously reported operating income, net income attributable to MEHC or retained earnings. The results of operations for the three-month period ended March 31, 2009 are not necessarily indicative of the results to be expected for the full year.

The preparation of the unaudited Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from the estimates used in preparing the unaudited Consolidated Financial Statements. Note 2 of Notes to Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 describes the most significant accounting estimates and policies used in the preparation of the Consolidated Financial Statements. There have been no significant changes in the Company's assumptions regarding significant accounting policies during the first three months of 2009.

(2) New Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board (the "FASB") issued Staff Position ("FSP") No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments" ("FSP FAS 107-1"). FSP FAS 107-1 requires publicly traded companies to include the annual fair value disclosures required for all financial instruments within the scope of Statement of Financial Accounting Standards ("SFAS") No. 107, "Disclosures about Fair Value of Financial Instruments," in interim financial statements. FSP FAS 107-1 is effective for financial statements issued after June 15, 2009, with early application permitted. The Company will include the disclosures required by FSP FAS 107-1 within Notes to Consolidated Financial Statements in its June 30, 2009 interim financial statements.

In April 2009, the FASB issued FSP No. FAS 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairments" ("FSP FAS 115-2"). FSP FAS 115-2 amends current other-than-temporary impairment guidance for debt securities to require a new other-than-temporary impairment model that would shift the focus from an entity's intent to hold the debt security until recovery to its intent to sell the debt security. The existing other-than-temporary impairment models for equity securities will continue to apply. In addition, FSP FAS 115-2 addresses whether an other-than-temporary impairment should be recognized in earnings, other comprehensive income or some combination thereof. FSP FAS 115-2 also expands the already required annual disclosures about other-than-temporary impairment for debt and equity securities and requires companies to include these expanded disclosures in interim financial statements. FSP FAS 115-2 is effective for financial statements issued after June 15, 2009, with early application permitted. The Company is currently evaluating the impact of adopting FSP FAS 115-2 on its consolidated financial results and disclosures included within Notes to Consolidated Financial Statements.

In April 2009, the FASB issued FSP No. FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP FAS 157-4"). FSP FAS 157-4 clarifies the application of SFAS No. 157, "Fair Value Measurements," ("SFAS No. 157") in determining when a market is not active and if a transaction is not orderly. In addition, FSP FAS 157-4 amends SFAS No. 157 to require disclosures in interim and annual periods of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques and related inputs, if any, during the period. FSP FAS 157-4 also amends SFAS No. 157 to define "major categories" to be consistent with those described in SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." FSP FAS 157-4 is effective for financial statements issued after June 15, 2009, with early application permitted. The Company is currently evaluating the impact of adopting FSP FAS 157-4 on its consolidated financial results and disclosures included within Notes to Consolidated Financial Statements.

In December 2008, the FASB issued FSP No. 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets" ("FSP FAS 132(R)-1"). FSP FAS 132(R)-1 is intended to improve financial reporting about plan assets of defined benefit pension and other postretirement plans by requiring enhanced disclosures to enable investors to better understand how investment allocation decisions are made and the major categories of plan assets. FSP FAS 132(R)-1 also requires disclosure of the inputs and valuation techniques used to measure fair value and the effect of fair value measurements using significant unobservable inputs on changes in plan assets. In addition, FSP FAS 132(R)-1 establishes disclosure requirements for significant concentrations of risk within plan assets. FSP FAS 132(R)-1 is effective for financial statements issued after December 15, 2009, with early application permitted. The Company is currently evaluating the impact of adopting FSP FAS 132(R)-1 on its disclosures included within Notes to Consolidated Financial Statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133" ("SFAS No. 161"). SFAS No. 161 is intended to improve financial reporting about derivative instruments and hedging activities by requiring enhanced disclosures to enable investors to better understand how and why an entity uses derivative instruments and their effects on an entity's financial results. The Company adopted SFAS No. 161 on January 1, 2009 and included the required disclosures within Notes to Consolidated Financial Statements.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements – an amendment of ARB No. 51" ("SFAS No. 160"). SFAS No. 160 establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The Company adopted SFAS No. 160 on January 1, 2009. As a result, the Company has presented noncontrolling interests as a separate component of equity on the Consolidated Balance Sheets. Previously, these amounts were reported as minority interest and preferred securities of subsidiaries within the mezzanine section on the Consolidated Balance Sheets. Also, the Company has presented net income attributable to noncontrolling interests separately on the Consolidated Statements of Operations. Previously, these amounts were reported as minority interest and preferred dividends of subsidiaries on the Consolidated Statements of Operations.

(3) Property, Plant and Equipment, Net

Property, plant and equipment, net consist of the following (in millions):

	Depreciation Life	March 31, 2009	December 31, 2008
Regulated assets:			
Utility generation, distribution and transmission system	5-85 years	$ 33,274	$ 32,795
Interstate pipeline assets	3-67 years	5,648	5,649
		38,922	38,444
Accumulated depreciation and amortization		(12,630)	(12,456)
Regulated assets, net		26,292	25,988
Non-regulated assets:			
Independent power plants	10-30 years	681	681
Other assets	3-30 years	542	547
		1,223	1,228
Accumulated depreciation and amortization		(445)	(430)
Non-regulated assets, net		778	798
Net operating assets		27,070	26,786
Construction in progress		1,666	1,668
Property, plant and equipment, net		$ 28,736	$ 28,454

Substantially all of the construction in progress as of March 31, 2009 and December 31, 2008 relates to the construction of regulated assets.

(4) Regulatory Matters

The following are updates to regulatory matters based upon material changes that occurred subsequent to December 31, 2008.

Rate Matters

Kern River Rate Case

In March 2006, Kern River received an initial decision from the presiding administrative law judge in Kern River's 2004 general rate case filed in April 2004. In October 2006, the Federal Energy Regulatory Commission ("FERC") issued an order that modified certain aspects of the administrative law judge's initial decision, including changing the allowed return on equity from 9.34% to 11.2% and granting Kern River an income tax allowance. In April 2008, the FERC issued an order, consistent with its policy statement, granting Kern River's request for rehearing to include master limited partnerships in the proxy group for determining the allowed rate of return on equity.

In September 2008, Kern River filed an Offer of Settlement and Stipulation ("Settlement") that was supported or not opposed by a majority of the long-term shippers on Kern River's system. In January 2009, the FERC issued an order rejecting the Settlement. The FERC found the Settlement would result in unjust and unreasonable rates and ordered Kern River to file compliance rates based on an allowed return on equity of 11.55%. Certain shippers filed timely requests for rehearing of the January 2009 order. Pursuant to the January 2009 order, Kern River made the compliance filing in March 2009. Comments and protests on Kern River's March 2009 compliance filing have been submitted and a decision from the FERC is expected in 2009.

Oregon Senate Bill 408

In October 2007, PacifiCorp filed its tax report for 2006 under Oregon Senate Bill 408 ("SB 408"), which was enacted in September 2005. SB 408 requires that PacifiCorp and other large regulated, investor-owned utilities that provide electric or natural gas service to Oregon customers file a report annually with the Oregon Public Utility Commission (the "OPUC") comparing income taxes collected and income taxes paid, as defined by the statute and its administrative rules. PacifiCorp's amended filing indicated that for the 2006 tax year, PacifiCorp paid $35 million more in federal, state and local taxes than was collected in rates from its retail customers. PacifiCorp proposed to recover $27 million of the deficiency over a one-year period starting June 1, 2008 and to defer any excess into a balancing account for future disposition. In April 2008, the OPUC approved PacifiCorp's revised request with $27 million to be recovered over a one-year period beginning June 1, 2008 and the remainder to be deferred until a later period, with interest to accrue at PacifiCorp's authorized rate of return. In June 2008, PacifiCorp recorded a $27 million regulatory asset and associated revenues representing the amount to be collected from its Oregon retail customers over the one-year period that began on June 1, 2008. In April 2009, the OPUC approved recovery of the remaining balance, including interest, associated with PacifiCorp's 2006 tax year over a one-year period beginning June 1, 2009.

The OPUC's April 2008 order is being challenged by the Industrial Customers of Northwest Utilities ("ICNU"), which filed a petition in May 2008 with the Court of Appeals of the State of Oregon ("Court of Appeals") seeking judicial review of the April 2008 order. In December 2008, ICNU filed their opening brief. In March 2009, a notice of withdrawal of the April 2008 order in judicial review was filed in the Court of Appeals by the OPUC. The notice stated that its purpose is to reconsider the order in light of the contentions raised on appeal. In the notice, the OPUC proposed to affirm, modify or reverse the order by May 25, 2009, which effectively suspended the legal proceeding until that date. The order has not been stayed and remains in lawful effect. PacifiCorp believes the outcome of these proceedings will not have a material impact on its consolidated financial results.

In October 2008, PacifiCorp filed its tax report for 2007 under SB 408. In April 2009, the OPUC approved the stipulation associated with PacifiCorp's 2007 tax report authorizing recovery of $5 million, including interest, over a one-year period beginning June 1, 2009.

(5) Fair Value Measurements

The Company has various financial instruments that are measured at fair value in the Consolidated Financial Statements, including derivative instruments and marketable debt and equity securities. The Company's financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy. A financial asset or liability classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. The three levels are as follows:

- Level 1 – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 – Inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 – Unobservable inputs reflect the Company's judgments about the assumptions market participants would use in pricing the asset or liability since limited market data exists. The Company develops these inputs based on the best information available, including the Company's own data.

The following table presents the Company's assets and liabilities recognized in the Consolidated Balance Sheet and measured at fair value on a recurring basis as of March 31, 2009 (in millions):

Description	Input Levels for Fair Value Measurements Level 1	Level 2	Level 3	Other[1]	Total
Assets[2]:					
Commodity derivatives	$ 2	$ 731	$ 75	$ (487)	$ 321
Investments in available-for-sale securities	235	98	38	-	371
Investments in trading securities	306	-	-	-	306
	$ 543	$ 829	$ 113	$ (487)	$ 998
Liabilities:					
Commodity derivatives	$ (16)	$ (785)	$ (477)	$ 597	$ (681)
Interest rate derivative	-	(6)	-	-	(6)
	$ (16)	$ (791)	$ (477)	$ 597	$ (687)

(1) Primarily represents cash collateral requirements of $110 million and netting under master netting arrangements.

(2) Does not include investments in either pension or other postretirement benefit plan assets.

The following table presents the Company's assets and liabilities recognized in the Consolidated Balance Sheet and measured at fair value on a recurring basis as of December 31, 2008 (in millions):

Description	Input Levels for Fair Value Measurements Level 1	Level 2	Level 3	Other[1]	Total
Assets[2]:					
Commodity derivatives	$ 2	$ 549	$ 136	$ (363)	$ 324
Investments in available-for-sale securities	216	123	37	-	376
Investments in trading securities	499	-	-	-	499
	$ 717	$ 672	$ 173	$ (363)	$ 1,199
Liabilities:					
Commodity derivatives	$ (55)	$ (632)	$ (505)	$ 469	$ (723)
Interest rate derivative	-	(6)	-	-	(6)
	$ (55)	$ (638)	$ (505)	$ 469	$ (729)

(1) Primarily represents cash collateral requirements and netting under master netting arrangements.

(2) Does not include investments in either pension or other postretirement benefit plan assets.

The fair value of derivative instruments is determined using unadjusted quoted prices for identical instruments on the applicable exchange in which the Company transacts. When quoted prices for identical instruments are not available, the Company uses forward price curves derived from market price quotations, when available, or internally developed and commercial models, with internal and external fundamental data inputs. Market price quotations are obtained from independent energy brokers, exchanges, direct communication with market participants and actual transactions executed by the Company. Market price quotations for certain major electricity and natural gas trading hubs are generally readily obtainable for the first six years, and therefore, the Company's forward price curves for those locations and periods reflect observable market quotes. Market price quotations for other electricity and natural gas trading hubs are not as readily obtainable for the first six years or if the instrument is not actively traded. Given that limited market data exists for these instruments, the Company uses forward price curves derived from internal models based on perceived pricing relationships to major trading hubs that are based on significant unobservable inputs. Refer to Note 6 for further discussion regarding the Company's risk management and hedging activities.

The Company's investments in debt and equity securities are classified as either available-for-sale or trading and are stated at fair value. When available, the quoted market price or net asset value of an identical security in the principal market is used to record the fair value. In the absence of a quoted market price in a readily observable market, the fair value is determined using pricing models based on observable market inputs and quoted market prices of securities with similar characteristics. The fair value of the Company's investments in auction rate securities, where there is no current liquid market, is determined using pricing models based on available observable market data and the Company's judgment about the assumptions, including liquidity and nonperformance risks, which market participants would use when pricing the asset.

The following table reconciles the beginning and ending balances of the Company's assets and liabilities measured at fair value on a recurring basis using significant Level 3 inputs for the three-month periods ended March 31 (in millions):

	2009		2008	
	Commodity Derivatives	Investments In Available-For-Sale Securities	Commodity Derivatives	Investments In Available-For-Sale Securities
Beginning balance	$ (369)	$ 37	$ (311)	$ 73
Changes included in earnings(1)	18	-	(12)	-
Unrealized gains (losses) included in other comprehensive income	-	1	1	(7)
Unrealized gains (losses) included in regulatory assets and liabilities	(2)	-	14	-
Purchases, sales, issuances and settlements	(28)	-	(17)	-
Net transfers into or out of Level 3	(21)	-	-	-
Ending balance	$ (402)	$ 38	$ (325)	$ 66

(1) Changes included in earnings are reported as operating revenues in the Consolidated Statements of Operations. Net unrealized gains (losses) included in earnings for the three-month periods ended March 31, 2009 and 2008, related to commodity derivatives held at March 31, 2009 and 2008, totaled $14 million and $(12) million, respectively.

(6) Risk Management and Hedging Activities

The Company is exposed to the impact of market fluctuations in commodity prices, interest rates and foreign currency exchange rates. The Company is principally exposed to natural gas and electricity commodity price risk through MEHC's ownership of PacifiCorp and MidAmerican Energy. Exposures to commodity prices include variations in the price of wholesale electricity that is purchased and sold, fuel costs to generate electricity and natural gas supply for customers. Electricity and natural gas prices are subject to wide price swings as demand responds to, among many other items, changing weather, limited storage, transmission and transportation constraints, and lack of alternative supplies from other areas. Interest rate risk exists on variable-rate debt, commercial paper and future debt issuances. Additionally, the Company is exposed to foreign currency risk from its business operations and investments in Great Britain. The Company does not engage in a material amount of proprietary trading activities.

The Company employs established policies and procedures to manage its risks associated with these market fluctuations through the use of various commodity and financial derivative instruments, including those that settle both physically and financially. Each of the Company's business platforms has established a risk management process that is designed to identify, assess, monitor, report, manage and mitigate each of the various types of risk involved in its business. To mitigate a portion of its commodity risk, the Company uses commodity derivative instruments, including forward contracts, futures, options, fixed price and basis swaps and other agreements, to effectively secure future supply or sell future production at fixed prices. To manage its interest rate risk on existing or future debt, the Company may from time to time enter into interest rate derivatives.

There have been no significant changes in the Company's significant accounting policies related to derivatives. Refer to Notes 2 and 5 of Notes to Consolidated Financial Statements for additional information on derivative instruments.

The following table summarizes the fair value of the Company's derivative contracts, on a gross basis, and reconciles those amounts to the amounts presented on a net basis on the Consolidated Balance Sheet as of March 31, 2009 (in millions):

	Balance Sheet Locations				
	Derivative Assets		Derivative Liabilities		
	Current	Noncurrent	Current	Noncurrent	Total
Not Designated as Hedging Contracts(1)(2):					
Commodity assets	$ 511	$ 216	$ 41	$ 15	$ 783
Commodity liabilities	(172)	(71)	(265)	(581)	(1,089)
Total	339	145	(224)	(566)	(306)
Designated as Cash Flow Hedging Contracts(1):					
Commodity assets	3	1	19	2	25
Commodity liabilities	(2)	-	(100)	(87)	(189)
Interest rate liability	-	-	-	(6)	(6)
Total	1	1	(81)	(91)	(170)
Total derivatives(3)	340	146	(305)	(657)	(476)
Cash collateral receivable (payable)	(101)	(64)	151	124	110
Total derivatives - net basis	$ 239	$ 82	$ (154)	$ (533)	$ (366)

(1) Derivative instruments within these categories are subject to master netting arrangements and are presented on a net basis in the Consolidated Balance Sheet.

(2) The majority of the Company's commodity derivatives not designated as hedging contracts are recoverable from customers in regulated rates and as of March 31, 2009, a net regulatory asset of $315 million was recorded related to the net liabilities of $306 million.

(3) The net notional amounts of outstanding commodity derivative contract volumes with fixed price terms that compose the mark-to-market values included above are (18) million megawatt hours of net electricity sales, 263 million decatherms of natural gas purchases and 13 million gallons of fuel purchases. The Company had 54 million decatherms of natural gas basis swaps. The notional amount of the Company's interest rate derivative is denominated in Australian dollars ("AUD") and totaled AUD $62 million.

Not Designated as Hedging Contracts

For most of the Company's commodity derivatives not designated as hedging contracts, the settled cost is generally recovered from customers in regulated rates. Accordingly, the net unrealized gains and losses associated with interim price movements on contracts that are accounted for as derivatives and probable of recovery in rates are recorded as net regulatory assets or regulatory liabilities. For those contracts that are not included in regulated rates, unrealized gains and losses are recognized on the Consolidated Statements of Operations as operating revenue for sales contracts and as costs of sales and operating expense for purchase contracts and energy swap contracts.

The following table summarizes the pre-tax gains and losses on commodity derivative contracts recognized in net regulatory assets, as well as amounts reclassified to earnings during the three-month period ended March 31, 2009 (in millions):

	Net Regulatory Assets (Liabilities)
Beginning balance	$ 446
Gains on derivatives recognized in net regulatory assets	(101)
Gains on derivatives reclassified to earnings - operating revenue	92
Losses on derivatives reclassified to earnings - cost of sales	(122)
Ending balance	$ 315

The following table summarizes the pre-tax gains and losses included within the Consolidated Statement of Operations associated with the Company's commodity derivative contracts that are not recoverable from customers in regulated rates for the three-month period ended March 31, 2009 (in millions):

	Gains (Losses)
Operating revenue	$ 21
Costs of sales	(14)
Operating expense	(1)
Total	$ 6

Designated as Cash Flow Hedging Contracts

The Company uses derivative contracts accounted for as cash flow hedges to hedge electricity and natural gas commodity prices for physical delivery to nonregulated customers, spring operational sales, natural gas storage and other transactions.

The following table summarizes pre-tax gains and losses on derivative contracts designated and qualifying as cash flow hedges recognized in other comprehensive income ("OCI"), as well as amounts reclassified to earnings during the three-month period ended March 31, 2009 (in millions):

	Accumulated Other Comprehensive Loss		
	Commodity Derivatives	Interest Rate Derivative	Total
Beginning balance	$ 83	$ 6	$ 89
Losses on derivatives recognized in OCI	88	-	88
Losses on derivatives reclassified to cost of sales	(23)	-	(23)
Ending balance	$ 148	$ 6	$ 154

Realized gains and losses on all hedges and hedge ineffectiveness are recognized in income as operating revenue or costs of sales and operating expense depending upon the nature of the item being hedged. For the three-month periods ended March 31, 2009 and 2008, hedge ineffectiveness was insignificant.

Credit Risk

PacifiCorp and MidAmerican Energy extend unsecured credit to other utilities, energy marketers, financial institutions and other market participants in conjunction with wholesale energy supply and marketing activities. Credit risk relates to the risk of loss that might occur as a result of nonperformance by counterparties of their contractual obligations to make or take delivery of electricity, natural gas or other commodities and to make financial settlements of these obligations. Credit risk may be concentrated to the extent that one or more groups of counterparties have similar economic, industry or other characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in market or other conditions. In addition, credit risk includes not only the risk that a counterparty may default due to circumstances relating directly to it, but also the risk that a counterparty may default due to circumstances involving other market participants that have a direct or indirect relationship with such counterparty.

PacifiCorp and MidAmerican Energy analyze the financial condition of each significant wholesale counterparty before entering into any transactions, establish limits on the amount of unsecured credit to be extended to each counterparty and evaluate the appropriateness of unsecured credit limits on an ongoing basis. To mitigate exposure to the financial risks of wholesale counterparties, PacifiCorp and MidAmerican Energy enter into netting and collateral arrangements that may include margining and cross-product netting agreements and obtaining third-party guarantees, letters of credit and cash deposits. Counterparties may be assessed interest fees for delayed payments. If required, PacifiCorp and MidAmerican Energy exercise rights under these arrangements, including calling on the counterparty's credit support arrangement. Based on the Company's policies and risk exposures related to credit, the Company does not anticipate a material adverse effect on its consolidated financial results as a result of counterparty nonperformance.

Contingent Features

In accordance with industry practice, certain derivative contracts contain provisions that require MEHC's subsidiaries, principally PacifiCorp and MidAmerican Energy, to maintain specific credit ratings from one or more of the major credit rating agencies on their unsecured debt. These derivative contracts may either specifically provide bilateral rights to demand cash or other security if credit exposures on a net basis exceed specified rating-dependent threshold levels ("credit-risk-related contingent features") or provide the right for counterparties to demand "adequate assurance" in the event of a material adverse change in the subsidiary's creditworthiness. These rights can vary by contract and by counterparty. As of March 31, 2009, each subsidiary's credit ratings from the three recognized credit rating agencies were investment grade.

The aggregate fair value of the Company's derivative contracts in liability positions with specific credit-risk-related contingent features totaled $1.046 billion as of March 31, 2009, for which the Company had posted collateral of $275 million. If all credit-risk-related contingent features for derivative contracts in liability positions had been triggered as of March 31, 2009, the Company would have been required to post $430 million of additional collateral. The Company's collateral requirements could fluctuate considerably due to market price volatility, changes in credit ratings or other factors.

(7) Investments

In January 2009, the Company received $1 billion, plus accrued interest, in full satisfaction of the 14% Senior Notes from Constellation Energy Group, Inc. ("Constellation Energy"). For the three-month period ended March 31, 2009, the Company recognized losses on Constellation Energy common stock still held as of March 31, 2009 totaling $66 million and recognized gains on Constellation Energy common stock sold during the three-month period ended March 31, 2009 totaling $10 million, each of which are included in other, net on the Consolidated Statement of Operations.

In September 2008, MEHC reached a definitive agreement with BYD Company Limited ("BYD") to purchase 225 million shares, representing approximately a 10% interest in BYD, at a price of Hong Kong ("HK") $8 per share or HK$1.8 billion (approximately $230 million). Established in 1995, BYD is a Hong Kong listed company with two main businesses: technology, including rechargeable batteries, chargers and cell phone design and assembly, and automobiles. BYD has seven production bases in Guangdong, Beijing, Shanghai, and Xi'an and has offices in the United States, Europe, Japan, South Korea, India, Taiwan, Hong Kong and other regions. BYD has over 130,000 employees. The purchase was approved by an affirmative vote of the holders of two thirds of the outstanding shares of BYD at an extraordinary general meeting held on December 3, 2008. The closing remains subject to approval by the China Securities Regulatory Commission and the filing of amendments to BYD's articles of association. In the event that the conditions precedent are not fulfilled by September 26, 2009, as amended, the parties are not bound to proceed with the transaction. MEHC expects the transaction to close in 2009.

(8) Recent Debt Transactions

In January 2009, PacifiCorp issued $350 million of its 5.5% First Mortgage Bonds due January 15, 2019 and $650 million of its 6.0% First Mortgage Bonds due January 15, 2039.

(9) Related Party Transactions

As of March 31, 2009 and December 31, 2008, Berkshire Hathaway and its affiliates held 11% mandatory redeemable preferred securities due from certain wholly-owned subsidiary trusts of MEHC of $587 million and $1.09 billion, respectively. Interest expense on these securities totaled $18 million and $23 million for the three-month periods ended March 31, 2009 and 2008, respectively. Accrued interest totaled $12 million and $27 million as of March 31, 2009 and December 31, 2008, respectively. In January 2009, MEHC repaid the remaining $500 million to affiliates of Berkshire Hathaway in full satisfaction of the aggregate amount owed pursuant to the $1 billion of 11% mandatory redeemable trust preferred securities issued by MidAmerican Capital Trust IV to affiliates of Berkshire Hathaway in September 2008.

For the three-month period ended March 31, 2009, the Company made cash payments for income taxes to Berkshire Hathaway totaling $315 million. For the three-month period ended March 31, 2008, the Company received cash payments for income taxes from Berkshire Hathaway totaling $25 million.

(10) Employee Benefit Plans

Domestic Operations

Combined net periodic benefit cost for domestic pension and other postretirement benefit plans included the following components for the three-month periods ended March 31 (in millions):

	Pension		Other Postretirement	
	2009	2008	2009	2008
Service cost	$ 8	$ 14	$ 2	$ 4
Interest cost	26	26	11	12
Expected return on plan assets	(26)	(29)	(9)	(11)
Net amortization	1	2	5	4
Net periodic benefit cost	$ 9	$ 13	$ 9	$ 9

Employer contributions to domestic pension and other postretirement benefit plans are expected to be $62 million and $39 million, respectively, for 2009. As of March 31, 2009, $22 million and $8 million of contributions had been made to the domestic pension and other postretirement benefit plans, respectively.

United Kingdom Operations

Net periodic benefit cost for the UK pension plan included the following components for the three-month periods ended March 31 (in millions):

	2009	2008
Service cost	$ 3	$ 6
Interest cost	19	26
Expected return on plan assets	(24)	(32)
Net amortization	4	5
Net periodic benefit cost	$ 2	$ 5

Employer contributions to the UK pension plan are expected to be £44 million for 2009. As of March 31, 2009, £11 million, or $16 million, of contributions had been made to the UK pension plan.

(11) Income Taxes

The effective tax rates were 22% and 30% for the three-month periods ended March 31, 2009 and 2008, respectively. The decrease in the effective tax rate was due to the benefit of additional production tax credits and the effects of rate making at PacifiCorp and MidAmerican Funding, partially offset by a favorable foreign tax ruling in 2008.

(12) Commitments and Contingencies

Legal Matters

The Company is party in a variety of legal actions arising out of the normal course of business. Plaintiffs occasionally seek punitive or exemplary damages. The Company does not believe that such normal and routine litigation will have a material effect on its consolidated financial results. The Company is also involved in other kinds of legal actions, some of which assert or may assert claims or seek to impose fines and penalties in substantial amounts and are described below.

PacifiCorp

In February 2007, the Sierra Club and the Wyoming Outdoor Council filed a complaint against PacifiCorp in the federal district court in Cheyenne, Wyoming, alleging violations of the Wyoming state opacity standards at PacifiCorp's Jim Bridger plant in Wyoming. Under Wyoming state requirements, which are part of the Jim Bridger plant's Title V permit and are enforceable by private citizens under the federal Clean Air Act, a potential source of pollutants such as a coal-fired generating facility must meet minimum standards for opacity, which is a measurement of light that is obscured in the flue of a generating facility. The complaint alleges thousands of violations of asserted six-minute compliance periods and seeks an injunction ordering the Jim Bridger plant's compliance with opacity limits, civil penalties of $32,500 per day per violation and the plaintiffs' costs of litigation. The court granted a motion to bifurcate the trial into separate liability and remedy phases. In March 2008, the court indefinitely postponed the date for the liability-phase trial. The remedy-phase trial has not yet been scheduled. The court also has before it a number of motions on which it has not yet ruled. PacifiCorp believes it has a number of defenses to the claims. PacifiCorp intends to vigorously oppose the lawsuit but cannot predict its outcome at this time. PacifiCorp has already committed to invest at least $812 million in pollution control equipment at its generating facilities, including the Jim Bridger plant. This commitment is expected to significantly reduce system-wide emissions, including emissions at the Jim Bridger plant.

CalEnergy Generation-Foreign

In February 2002, pursuant to the share ownership adjustment mechanism in the CE Casecnan shareholder agreement, MEHC's indirect wholly owned subsidiary, CE Casecnan Ltd., advised the minority shareholder of CE Casecnan, LaPrairie Group Contractors (International) Ltd. ("LPG") that MEHC's indirect ownership interest in CE Casecnan had increased to 100% effective from commencement of commercial operations. In July 2002, LPG filed a complaint in the Superior Court of the State of California, City and County of San Francisco against CE Casecnan Ltd. and MEHC. LPG's complaint, as amended, seeks compensatory and punitive damages arising out of CE Casecnan Ltd.'s and MEHC's alleged improper calculation of the proforma financial projections and alleged improper settlement of the Philippine National Irrigation Administration arbitration. In January 2006, the Superior Court of the State of California entered a judgment in favor of LPG against CE Casecnan Ltd. Pursuant to the judgment, 15% of the distributions of CE Casecnan were deposited into escrow plus interest at 9% per annum. The judgment was appealed, and as a result of the appellate decision, CE Casecnan Ltd. determined that LPG would retain ownership of 10% of the shares of CE Casecnan, with the remaining 5% share to be transferred to CE Casecnan Ltd. subject to certain buy-up rights under the shareholder agreement, which are also being litigated. Certain predicate issues have been determined by the court and the remaining issues are fully briefed and pending before the court. The Company intends to vigorously defend and pursue the remaining claims.

In July 2005, MEHC and CE Casecnan Ltd. commenced an action against San Lorenzo Ruiz Builders and Developers Group, Inc. ("San Lorenzo") in the District Court of Douglas County, Nebraska, seeking a declaratory judgment as to San Lorenzo's right to repurchase 15% of the shares in CE Casecnan. In January 2006, San Lorenzo filed a counterclaim against MEHC and CE Casecnan Ltd. seeking declaratory relief that it has effectively exercised its option to purchase 15% of the shares of CE Casecnan, that it is the rightful owner of such shares and that it is due all dividends paid on such shares. Currently, the action is in the discovery phase and a trial has been set to begin in November 2009. The impact, if any, of this litigation on the Company cannot be determined at this time. The Company intends to vigorously defend the counterclaims.

Environmental Matters

The Company is subject to federal, state, local and foreign laws and regulations regarding air and water quality, hazardous and solid waste disposal and other environmental matters that have the potential to impact the Company's current and future operations. The Company believes it is in material compliance with current environmental requirements.

Accrued Environmental Costs

The Company is fully or partly responsible for environmental remediation at various contaminated sites, including sites that are or were part of the Company's operations and sites owned by third parties. The Company accrues environmental remediation expenses when the expenses are believed to be probable and can be reasonably estimated. The quantification of environmental exposures is based on many factors, including changing laws and regulations, advancements in environmental technologies, the quality of available site-specific information, site investigation results, expected remediation or settlement timelines, the Company's proportionate responsibility, contractual indemnities and coverage provided by insurance policies. The liability recorded as of March 31, 2009 and December 31, 2008 was $30 million and $33 million, respectively, and is included in other current liabilities and other long-term liabilities on the Consolidated Balance Sheets. Environmental remediation liabilities that separately result from the normal operation of long-lived assets and that are associated with the retirement of those assets are separately accounted for as asset retirement obligations.

Hydroelectric Relicensing

PacifiCorp's hydroelectric portfolio consists of 47 generating facilities with an aggregate facility net owned capacity of 1,158 megawatts ("MW"). The FERC regulates 98% of the net capacity of this portfolio through 16 individual licenses, which typically have terms of 30 to 50 years. PacifiCorp's Klamath hydroelectric system is the remaining hydroelectric generating facility actively engaged in the relicensing process with the FERC.

In February 2004, PacifiCorp filed with the FERC a final application for a new license to operate the 169-MW Klamath hydroelectric system in anticipation of the March 2006 expiration of the existing license. PacifiCorp is currently operating under an annual license issued by the FERC and expects to continue operating under annual licenses until the relicensing process is complete. As part of the relicensing process, the FERC is required to perform an environmental review, and in November 2007, the FERC issued its final environmental impact statement. The United States Fish and Wildlife Service and the National Marine Fisheries Service issued final biological opinions in December 2007 analyzing the Klamath hydroelectric system's impact on endangered species under a new FERC license consistent with the FERC staff's recommended license alternative and terms and conditions issued by the United States Departments of the Interior and Commerce. These terms and conditions include construction of upstream and downstream fish passage facilities at the Klamath hydroelectric system's four mainstem dams. PacifiCorp will need to obtain water quality certifications from Oregon and California prior to the FERC issuing a final license. PacifiCorp currently has water quality applications pending in Oregon and California.

In November 2008, PacifiCorp signed a non-binding agreement in principle (the "AIP") that lays out a framework for the disposition of PacifiCorp's Klamath hydroelectric system relicensing process, including a path toward dam transfer and removal by an entity other than PacifiCorp no earlier than 2020. Parties to the AIP are PacifiCorp, the United States Department of the Interior, the State of Oregon and the State of California. Any transfer of facilities and subsequent removal are contingent on PacifiCorp reaching a comprehensive final settlement with the AIP signatories and other stakeholders. Negotiations on a final agreement have begun and the AIP states that a final agreement is expected no later than June 30, 2009. As provided in the AIP, PacifiCorp's support for a definitive settlement will depend on the inclusion of protection for PacifiCorp and its customers from uncapped dam removal costs and liabilities.

The AIP includes provisions to:

- Perform studies and implement certain measures designed to benefit aquatic species and their habitat in the Klamath Basin;
- Support and implement legislation in Oregon authorizing a customer surcharge intended to cover potential dam removal; and
- Require parties to support proposed federal legislation introduced to facilitate a final agreement.

Assuming a final agreement is reached, the United States government will conduct scientific and engineering studies and consult with state, local and tribal governments and other stakeholders, as appropriate, to determine by March 31, 2012 whether the benefits of dam removal will justify the costs.

In addition to signing the AIP, PacifiCorp recently provided both the United States Fish and Wildlife Service and the National Marine Fisheries Service an interim conservation plan aimed at providing additional protections for endangered species in the Klamath Basin. PacifiCorp is currently collaborating with both agencies to implement the plan.

Hydroelectric relicensing and the related environmental compliance requirements and litigation are subject to uncertainties. PacifiCorp expects that future costs relating to these matters will be significant and will consist primarily of additional relicensing costs, as well as ongoing operations and maintenance expense and capital expenditures required by its hydroelectric licenses. Electricity generation reductions may result from the additional environmental requirements. PacifiCorp had incurred $60 million and $57 million in costs, included in construction in progress and reflected in property, plant and equipment, net on the Consolidated Balance Sheets, as of March 31, 2009 and December 31, 2008, respectively, for ongoing hydroelectric relicensing. While the costs of implementing new license provisions cannot be determined until such time as a new license is issued, such costs could be material.

FERC Investigation

During 2007, the Western Electricity Coordinating Council (the "WECC") audited PacifiCorp's compliance with several of the reliability standards developed by the North American Electric Reliability Corporation (the "NERC"). In April 2008, PacifiCorp received notice of a preliminary non-public investigation from the FERC and the NERC to determine whether an outage that occurred in PacifiCorp's transmission system in February 2008 involved any violations of reliability standards. In November 2008, PacifiCorp received preliminary findings from the FERC staff regarding its non-public investigation into the February 2008 outage. Also in November 2008, in conjunction with the reliability standards review, the FERC assumed control of certain aspects of the WECC's 2007 audit. PacifiCorp has engaged in discussions with FERC staff regarding their findings related to the WECC audit and the non-public investigation. However, PacifiCorp cannot predict the impact of the audit or the non-public investigation, if any, on its consolidated financial results at this time.

(13) MEHC Shareholders' Equity

Common stock options exercised during the three-month period ended March 31, 2009 were 703,329 having an exercise price of $35.05 per share, or $25 million. MEHC purchased the shares issued from the options exercised for $148 million. As a result, the Company recognized $125 million of stock-based compensation expense, including the Company's share of payroll taxes, for the three-month period ended March 31, 2009, which is included in operating expense on the Consolidated Statement of Operations.

(14) Comprehensive Income and Components of Accumulated Other Comprehensive Loss, Net

Comprehensive income attributable to MEHC consists of the following components (in millions):

	Three-Month Periods Ended March 31,	
	2009	**2008**
Net income attributable to MEHC	$ 217	$ 342
Other comprehensive (loss) income attributable to MEHC:		
Unrecognized amounts on retirement benefits, net of tax of $4 and $1	10	3
Foreign currency translation adjustment	(48)	2
Fair value adjustment on cash flow hedges, net of tax of $(26) and $8	(40)	12
Unrealized losses on marketable securities, net of tax of $- and $(5)	-	(8)
Total other comprehensive (loss) income attributable to MEHC	(78)	9
Comprehensive income attributable to MEHC	$ 139	$ 351

Accumulated other comprehensive loss attributable to MEHC, net consists of the following components (in millions):

	As of	
	March 31, 2009	**December 31, 2008**
Unrecognized amounts on retirement benefits, net of tax of $(152) and $(156)	$ (391)	$ (401)
Foreign currency translation adjustment	(494)	(446)
Fair value adjustment on cash flow hedges, net of tax of $(29) and $(3)	(47)	(7)
Unrealized losses on marketable securities, net of tax of $(16) and $(16)	(25)	(25)
Total accumulated other comprehensive loss attributable to MEHC, net	$ (957)	$ (879)

(15) Segment Information

MEHC's reportable segments were determined based on how the Company's strategic units are managed. The Company's foreign reportable segments include CE Electric UK, whose business is principally in Great Britain, and CalEnergy Generation-Foreign, whose business is in the Philippines. Intersegment transactions, including the allocation of goodwill, have been eliminated or adjusted, as appropriate. Information related to the Company's reportable segments is shown below (in millions):

	Three-Month Periods Ended March 31,	
	2009	2008
Operating revenue:		
PacifiCorp	$ 1,116	$ 1,095
MidAmerican Funding	1,136	1,373
Northern Natural Gas	241	232
Kern River	97	110
CE Electric UK	193	285
CalEnergy Generation-Foreign	23	29
CalEnergy Generation-Domestic	8	7
HomeServices	173	241
Corporate/other[1]	(18)	(16)
Total operating revenue	$ 2,969	$ 3,356
Depreciation and amortization:		
PacifiCorp	$ 134	$ 117
MidAmerican Funding	82	72
Northern Natural Gas	16	15
Kern River	24	21
CE Electric UK	36	44
CalEnergy Generation-Foreign	6	5
CalEnergy Generation-Domestic	2	2
HomeServices	4	5
Corporate/other[1]	(4)	(3)
Total depreciation and amortization	$ 300	$ 278
Operating income:		
PacifiCorp	$ 260	$ 231
MidAmerican Funding	156	175
Northern Natural Gas	159	148
Kern River	61	76
CE Electric UK	102	167
CalEnergy Generation-Foreign	16	21
CalEnergy Generation-Domestic	4	3
HomeServices	(19)	(22)
Corporate/other[1]	(125)	(27)
Total operating income	614	772
Interest expense	(318)	(328)
Capitalized interest	9	11
Interest and dividend income	15	18
Other, net	(44)	17
Total income before income tax expense and equity income	$ 276	$ 490

	Three-Month Periods Ended March 31, 2009	Three-Month Periods Ended March 31, 2008
Interest expense:		
PacifiCorp	$ 99	$ 84
MidAmerican Funding	51	48
Northern Natural Gas	15	15
Kern River	14	18
CE Electric UK	34	51
CalEnergy Generation-Foreign	1	2
CalEnergy Generation-Domestic	4	4
Corporate/other(1)	100	106
Total interest expense	$ 318	$ 328

	As of March 31, 2009	As of December 31, 2008
Total assets:		
PacifiCorp	$ 19,205	$ 18,339
MidAmerican Funding	10,561	10,632
Northern Natural Gas	2,614	2,595
Kern River	1,866	1,910
CE Electric UK	4,842	4,921
CalEnergy Generation-Foreign	456	442
CalEnergy Generation-Domestic	559	550
HomeServices	672	674
Corporate/other(1)	397	1,378
Total assets	$ 41,172	$ 41,441

(1) The remaining differences between the segment amounts and the consolidated amounts described as "Corporate/other" relate principally to intersegment eliminations for operating revenue and, for the other items presented, to (i) corporate functions, including administrative costs, interest expense, corporate cash and investments and related interest income and (ii) intersegment eliminations.

Goodwill is allocated to each reportable segment included in total assets above. Goodwill as of December 31, 2008 and the changes for the three-month period ended March 31, 2009 by reportable segment are as follows (in millions):

	PacifiCorp	MidAmerican Funding	Northern Natural Gas	Kern River	CE Electric UK	CalEnergy Generation Domestic	Home-Services	Total
Goodwill at December 31, 2008	$ 1,126	$ 2,102	$ 249	$ 34	$ 1,050	$ 71	$ 391	$ 5,023
Foreign currency translation	-	-	-	-	(15)	-	-	(15)
Other	-	-	(7)	-	-	-	-	(7)
Goodwill at March 31, 2009	$ 1,126	$ 2,102	$ 242	$ 34	$ 1,035	$ 71	$ 391	$ 5,001

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following is management's discussion and analysis of certain significant factors that have affected the financial condition and results of operations of MidAmerican Energy Holdings Company ("MEHC") and its subsidiaries (collectively, the "Company") during the periods included herein. Explanations include management's best estimate of the impact of weather, customer growth and other factors. This discussion should be read in conjunction with the Company's historical unaudited Consolidated Financial Statements and Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q. The Company's actual results in the future could differ significantly from the historical results.

The Company's operations are organized and managed as eight distinct platforms: PacifiCorp, MidAmerican Funding, LLC ("MidAmerican Funding") (which primarily includes MidAmerican Energy Company ("MidAmerican Energy")), Northern Natural Gas Company ("Northern Natural Gas"), Kern River Gas Transmission Company ("Kern River"), CE Electric UK Funding Company ("CE Electric UK") (which primarily includes Northern Electric Distribution Limited ("Northern Electric") and Yorkshire Electricity Distribution plc ("Yorkshire Electricity")), CalEnergy Generation-Foreign (which owns a majority interest in the Casecnan project in the Philippines), CalEnergy Generation-Domestic (which owns interests in independent power projects in the United States) and HomeServices of America, Inc. (collectively with its subsidiaries, "HomeServices"). Through these platforms, MEHC owns and operates an electric utility company in the Western United States, a combined electric and natural gas utility company in the Midwestern United States, two interstate natural gas pipeline companies in the United States, two electricity distribution companies in Great Britain, a diversified portfolio of independent power projects and the second largest residential real estate brokerage firm in the United States.

Forward-Looking Statements

This report contains statements that do not directly or exclusively relate to historical facts. These statements are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can typically be identified by the use of forward-looking words, such as "may," "could," "project," "believe," "anticipate," "expect," "estimate," "continue," "intend," "potential," "plan," "forecast" and similar terms. These statements are based upon the Company's current intentions, assumptions, expectations and beliefs and are subject to risks, uncertainties and other important factors. Many of these factors are outside the Company's control and could cause actual results to differ materially from those expressed or implied by the Company's forward-looking statements. These factors include, among others:

- general economic, political and business conditions in the jurisdictions in which the Company's facilities operate;
- changes in governmental, legislative or regulatory requirements affecting the Company or the electric or gas utility, pipeline or power generation industries;
- changes in, and compliance with, environmental laws, regulations, decisions and policies that could increase operating and capital improvement costs, reduce plant output or delay plant construction;
- the outcome of general rate cases and other proceedings conducted by regulatory commissions or other governmental and legal bodies;
- changes in economic, industry or weather conditions, as well as demographic trends, that could affect customer growth and usage or supply of electricity and gas or the Company's ability to obtain long-term contracts with customers;
- a high degree of variance between actual and forecasted load and prices that could impact the hedging strategy and costs to balance electricity and load supply;
- changes in prices and availability for both purchases and sales of wholesale electricity, coal, natural gas, other fuel sources and fuel transportation that could have a significant impact on generation capacity and energy costs;
- the financial condition and creditworthiness of the Company's significant customers and suppliers;
- changes in business strategy or development plans;

- availability, terms and deployment of capital, including severe reductions in demand for investment-grade commercial paper, debt securities and other sources of debt financing and volatility in the London Interbank Offered Rate, the base interest rate for MEHC's and its subsidiaries' credit facilities;
- changes in MEHC's and its subsidiaries' credit ratings;
- performance of the Company's generating facilities, including unscheduled outages or repairs;
- risks relating to nuclear generation;
- the impact of derivative instruments used to mitigate or manage volume, price and interest rate risk, including increased collateral requirements, and changes in the commodity prices, interest rates and other conditions that affect the value of derivatives instruments;
- the impact of increases in healthcare costs and changes in interest rates, mortality, morbidity, investment performance and legislation on pension and other postretirement benefits expense and funding requirements;
- changes in the residential real estate brokerage and mortgage industries that could affect brokerage transaction levels;
- unanticipated construction delays, changes in costs, receipt of required permits and authorizations, ability to fund capital projects and other factors that could affect future generating facilities and infrastructure additions;
- the impact of new accounting pronouncements or changes in current accounting estimates and assumptions on financial results;
- the Company's ability to successfully integrate future acquired operations into its business;
- other risks or unforeseen events, including litigation, wars, the effects of terrorism, embargoes and other catastrophic events; and
- other business or investment considerations that may be disclosed from time to time in MEHC's filings with the United States Securities and Exchange Commission (the "SEC") or in other publicly disseminated written documents.

Further details of the potential risks and uncertainties affecting the Company are described in MEHC's filings with the SEC, including Item 1A and other discussions contained in this Form 10-Q. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The foregoing review of factors should not be construed as exclusive.

Results of Operations for the Three-Month Periods Ended March 31, 2009 and 2008

Overview

Net income attributable to MEHC for 2009 was $217 million, a decrease of $125 million, or 37%, compared to 2008. The 2009 results included an after-tax stock-based compensation charge of $75 million as a result of the purchase of shares of common stock that were issued upon the exercise of stock options and an after-tax loss on the Constellation Energy Group, Inc. ("Constellation Energy") common stock investment of $33 million. Additionally, the stronger United States dollar resulted in decreased net income from CE Electric UK of $18 million. Excluding the impact of these items, net income attributable to MEHC increased $1 million for 2009 compared to 2008. Net income attributable to MEHC was higher due to increased operating income at PacifiCorp and Northern Natural Gas, partially offset by lower operating income at MidAmerican Funding, Kern River and CE Electric UK. PacifiCorp's operating income was higher due to higher margins and net derivative movements, partially offset by higher depreciation expense. Northern Natural Gas' operating income was higher due to additional revenue related to the completion of expansion projects. MidAmerican Funding's operating income was lower due to higher depreciation associated with new wind generating facilities placed in service, the timing of maintenance and higher property taxes. Lower per unit wholesale revenues at MidAmerican Funding were largely offset by higher sales units and lower per unit costs of sales from additional wind and nuclear generation. Operating income was lower at Kern River due to benefits from a 2008 reduction in the customer rate case refund liability, while operating income at CE Electric UK was lower due to lower distribution tariffs in 2009.

Segment Results

The reportable segment financial information includes all necessary adjustments and eliminations needed to conform to the Company's significant accounting policies. The differences between the segment amounts and the consolidated amounts, described as "Corporate/other," relate principally to corporate functions, including administrative costs and intersegment eliminations.

A comparison of operating revenue and operating income for the Company's reportable segments are summarized as follows (in millions):

	First Quarter			
	2009	2008	Change	
Operating revenue:				
PacifiCorp	$ 1,116	$ 1,095	$ 21	2%
MidAmerican Funding	1,136	1,373	(237)	(17)
Northern Natural Gas	241	232	9	4
Kern River	97	110	(13)	(12)
CE Electric UK	193	285	(92)	(32)
CalEnergy Generation-Foreign	23	29	(6)	(21)
CalEnergy Generation-Domestic	8	7	1	14
HomeServices	173	241	(68)	(28)
Corporate/other	(18)	(16)	(2)	(13)
Total operating revenue	$ 2,969	$ 3,356	$ (387)	(12)
Operating income:				
PacifiCorp	$ 260	$ 231	$ 29	13%
MidAmerican Funding	156	175	(19)	(11)
Northern Natural Gas	159	148	11	7
Kern River	61	76	(15)	(20)
CE Electric UK	102	167	(65)	(39)
CalEnergy Generation-Foreign	16	21	(5)	(24)
CalEnergy Generation-Domestic	4	3	1	33
HomeServices	(19)	(22)	3	14
Corporate/other	(125)	(27)	(98)	*
Total operating income	$ 614	$ 772	$ (158)	(20)

* Not meaningful

PacifiCorp

Operating revenue increased $21 million for 2009 compared to 2008 due to favorable changes in the fair value of energy sales contracts accounted for as derivatives of $20 million and higher retail revenues of $14 million, partially offset by a $13 million decrease in wholesale and other revenue. The increase in retail revenue was due to higher prices approved by regulators totaling $28 million, partially offset by a 3% decrease in retail volumes principally related to lower average customer usage due to lower electricity demand as a result of current economic conditions. The decrease in wholesale and other revenue was due to lower average wholesale prices of $49 million, partially offset by a 7% increase in volumes totaling $17 million and higher revenue attributable to PacifiCorp's majority owned coal mining operations. Overall, sales volumes decreased 1% for 2009 compared to 2008.

Operating income increased $29 million for 2009 compared to 2008 due to higher revenue of $21 million and lower energy costs of $39 million, partially offset by higher operating expenses of $14 million due to higher costs attributable to PacifiCorp's majority owned coal mining operations and depreciation and amortization of $17 million due to the addition of new generating facilities. The decrease in energy costs consisted of the following (in millions):

	Increase (Decrease)
Purchased electricity	$ (52)
Cost of natural gas, coal and other fuel	5
Changes in the fair value of energy purchase contracts accounted for as derivatives	9
Transmission and other	(1)
	$ (39)

The decrease in the cost of purchased electricity was due to lower average costs of $46 million and a decrease in the volume of purchased electricity of $21 million, partially offset by the effects of regulatory cost recovery adjustment mechanisms of $15 million. The addition of the Chehalis natural gas plant and new wind generating facilities in the second half of 2008 and the first quarter of 2009, along with the 1% decrease in overall sales volumes, allowed PacifiCorp to reduce its need for purchased electricity by 11%.

The cost of natural gas, coal and other fuel increased $5 million due to additional gas necessary to fuel Chehalis and other natural gas plants, partially offset by lower coal consumption from lower dispatch of the coal-fired generating facilities.

MidAmerican Funding

MidAmerican Funding's operating revenue and operating income are summarized as follows (in millions):

	First Quarter			
	2009	2008	Change	
Operating revenue:				
Regulated electric	$ 444	$ 483	$ (39)	(8)%
Regulated natural gas	388	571	(183)	(32)
Nonregulated and other	304	319	(15)	(5)
Total operating revenue	$ 1,136	$ 1,373	$ (237)	(17)
Operating income:				
Regulated electric	$ 97	$ 116	$ (19)	(16)%
Regulated natural gas	43	45	(2)	(4)
Nonregulated and other	16	14	2	14
Total operating income	$ 156	$ 175	$ (19)	(11)

Regulated electric operating revenue decreased $39 million for 2009 compared to 2008. Wholesale revenue decreased $35 million due to a 28% decrease in average prices, reflecting reduced demand for electricity from current economic conditions, partially offset by a 7% increase in volumes from additional generation placed in service. Retail revenue decreased $4 million on lower volumes of 3% primarily related to lower industrial load and mild temperatures experienced in the service territory in 2009, partially offset by an increase in the average number of retail customers and higher demand-side management revenue. Overall, sales volumes increased by 1%. Regulated electric operating income decreased $19 million for 2009 compared to 2008. The lower revenue was largely offset by a decrease in the cost of energy of $40 million due to a lower average cost of purchased electricity of $23 million and a decrease in natural gas costs of $19 million due to lower volumes. The addition of new wind generating facilities in 2008 and the improved availability of the Quad Cities Nuclear Generating Station in 2009 allowed MidAmerican Funding to replace more expensive sources of electricity. Operating expenses increased $10 million as a result of increased demand-side management program costs, which are recovered from customers, the timing of scheduled maintenance and higher property taxes. Depreciation and amortization increased $10 million due to new wind generating facilities placed in service in 2008, partially offset by lower Iowa revenue sharing accruals.

Regulated natural gas operating revenue decreased $183 million for 2009 compared to 2008 due primarily to a reduction in the average per-unit cost of gas sold, which was passed on to customers, and lower retail sales volumes of 8% as a result of warmer temperatures. Regulated natural gas operating income decreased $2 million for 2009 compared to 2008 as a result of the warmer temperatures.

Nonregulated and other operating revenue decreased $15 million for 2009 compared to 2008 due to lower gas revenue of $26 million as a result of a 14% decrease in average prices and a 9% decrease in volumes, partially offset by higher electric revenue of $10 million due to a 6% increase in average prices. Nonregulated and other operating income increased $2 million for 2009 compared to 2008 due to higher margins, partially offset by higher operating expenses.

Northern Natural Gas

Operating revenue increased $9 million for 2009 compared to 2008 due to higher transportation revenue of $7 million resulting from the Northern Lights and other transportation expansion projects and higher storage revenue due to the expansion of its Redfield storage facilities. Operating income increased $11 million for 2009 compared to 2008 due to the higher transportation and storage revenues and lower operating expenses.

Kern River

Operating revenue decreased $13 million for 2009 compared to 2008 due to a $21 million reduction in Kern River's customer refund liability recognized in 2008 related to the rate proceeding estimate, partially offset by higher market oriented and demand revenue of $8 million. Operating income decreased $15 million due to the lower operating revenue and higher depreciation of $2 million.

CE Electric UK

Operating revenue decreased $92 million for 2009 compared to 2008 due primarily to the impact from the foreign currency exchange rate totaling $72 million and lower distribution revenue of $18 million. Distribution revenue decreased as tariff rates were increased from April 2007 through March 2008 to bill under-recovered amounts under the regulatory formula. The tariff rates were lowered in April 2008. Operating income decreased $65 million for 2009 compared to 2008 due to the impact from the foreign currency exchange rate on operating income totaling $38 million. In addition to the lower distribution revenue, operating expenses increased $8 million due primarily to insurance recoveries in 2008 and depreciation and amortization increased $6 million reflecting additional capital expenditures.

CalEnergy Generation-Foreign

Operating revenue decreased $6 million and operating income decreased $5 million for 2009 compared to 2008 due to the higher than normal water flow and variable energy fees earned in 2008 at the Casecnan project.

HomeServices

Operating revenue decreased $68 million for 2009 compared to 2008 due to declines in transaction volumes and average home sale prices of 21% and 15%, respectively, reflecting the continuing weak United States housing market. Operating income increased $3 million for 2009 compared to 2008 due to lower commissions and operating expenses, offset by the lower revenue.

Corporate/other

Operating income decreased $98 million due to $125 million of stock-based compensation expense, including the Company's share of payroll taxes, as a result of the purchase of common stock issued by MEHC upon the exercise of the last remaining stock options that had been granted to certain members of management at the time of Berkshire Hathaway Inc.'s acquisition of MEHC in 2000, partially offset by expense in 2008 for executive compensation and the nuclear project.

Consolidated Other Income and Expense Items

Interest Expense

Interest expense is summarized as follows (in millions):

	First Quarter			
	2009	2008	Change	
Subsidiary debt	$ 210	$ 211	$ (1)	-%
MEHC senior debt and other	84	87	(3)	(3)
MEHC subordinated debt - Berkshire Hathaway Inc.	18	23	(5)	(22)
MEHC subordinated debt - other	6	7	(1)	(14)
Total interest expense	$ 318	$ 328	$ (10)	(3)

Interest expense decreased $10 million for 2009 compared to 2008 due to changes in the foreign currency exchange rate of $13 million, debt retirements and scheduled principal repayments, partially offset by debt issuances at domestic energy businesses and MEHC. The $1 billion long-term debt issuance by PacifiCorp in January 2009 resulted in $15 million of interest expense in the first quarter of 2009.

Other, Net

Other, net was expense of $44 million in 2009 compared to income of $17 million in 2008, a decrease of $61 million due primarily to the $56 million loss on the Constellation Energy common stock investment.

Income Tax Expense

Income tax expense decreased $86 million to $61 million for 2009 due primarily to lower pre-tax income. The effective tax rates were 22% and 30% for 2009 and 2008, respectively. The decrease in the effective tax rate was due to the benefit of additional production tax credits and the effects of rate making at PacifiCorp and MidAmerican Funding, partially offset by a favorable foreign tax ruling in 2008.

Equity Income

Equity income increased $6 million to $9 million for 2009 due to higher equity earnings at HomeServices related to its mortgage business.

Liquidity and Capital Resources

Each of MEHC's direct and indirect subsidiaries is organized as a legal entity separate and apart from MEHC and its other subsidiaries. Pursuant to separate financing agreements, the assets of each subsidiary may be pledged or encumbered to support or otherwise provide the security for its own subsidiary debt. It should not be assumed that any asset of any subsidiary of MEHC's will be available to satisfy the obligations of MEHC or any of its other subsidiaries' obligations. However, unrestricted cash or other assets which are available for distribution may, subject to applicable law, regulatory commitments and the terms of financing and ring-fencing arrangements for such parties, be advanced, loaned, paid as dividends or otherwise distributed or contributed to MEHC or affiliates thereof.

As of March 31, 2009, the Company's total net liquidity available was $6.7 billion. The components of total net liquidity available are as follows (in millions):

	MEHC	PacifiCorp	MidAmerican Funding	Other Reporting Segments	Total[1]
Cash and cash equivalents	$ 28	$ 808	$ 8	$ 228	$ 1,072
Available revolving credit facilities	$ 835	$ 1,395	$ 904	$ 268	$ 3,402
Less:					
Short-term borrowings and issuance of commercial paper	(255)	-	(323)	(81)	(659)
Tax-exempt bond support, letters of credit and other	(43)	(258)	(195)	(73)	(569)
Net revolving credit facilities available	$ 537	$ 1,137	$ 386	$ 114	$ 2,174
Net liquidity available before Berkshire Equity Commitment	$ 565	$ 1,945	$ 394	$ 342	$ 3,246
Berkshire Equity Commitment[2]	3,500				3,500
Total net liquidity available	$ 4,065				$ 6,746
Unsecured revolving credit facilities:					
Maturity date[3]	2009, 2013	2012-2013	2009, 2013	2010	
Largest single bank commitment as a % of total[4]	30%	15%	36%	27%	

(1) The above table does not include unused revolving credit facilities and letters of credit for investments that are accounted for under the equity method.

(2) On March 1, 2006, MEHC and Berkshire Hathaway entered into the Berkshire Equity Commitment pursuant to which Berkshire Hathaway has agreed to purchase up to $3.5 billion of MEHC's common equity upon any requests authorized from time to time by MEHC's Board of Directors. The proceeds of any such equity contribution shall only be used for the purpose of (i) paying when due MEHC's debt obligations and (ii) funding the general corporate purposes and capital requirements of MEHC's regulated subsidiaries. The Berkshire Equity Commitment expires on February 28, 2011.

(3) MEHC and MidAmerican Energy each have a $250 million credit facility expiring in 2009. For further discussion regarding the Company's credit facilities, refer to Note 10 of Notes to Consolidated Financial Statements in Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

(4) An inability of financial institutions to honor their commitments could adversely affect the Company's short-term liquidity and ability to meet long-term commitments.

The Company's cash and cash equivalents were $1.1 billion as of March 31, 2009, compared to $280 million as of December 31, 2008. The Company has restricted cash and investments included in other current assets and investments and other assets on the Consolidated Balance Sheets of $385 million and $395 million as of March 31, 2009 and December 31, 2008, respectively, related to (i) the Company's debt service reserve requirements relating to certain projects, (ii) trust funds related to nuclear decommissioning and coal mine reclamation, and (iii) unpaid dividends declared obligations. The debt service funds are restricted by their respective project debt agreements to be used only for the related project.

Operating Activities

Net cash flows from operating activities for the three-month periods ended March 31, 2009 and 2008 were $653 million and $777 million, respectively. The decrease was mainly due to higher income taxes paid of $326 million as a result of taxable income from the Constellation Energy transactions and the impact from the foreign currency exchange rate, partially offset by proceeds from the sale of Constellation Energy common stock, improved margins and working capital.

As of March 31, 2009, the Company held 14.8 million shares of Constellation Energy common stock with a total fair value of $306 million. During the three-month period ended March 31, 2009, shares of Constellation Energy common stock traded at a high of $27.97 per share and a low of $15.05 per share.

Investing Activities

Net cash flows from investing activities for the three-month periods ended March 31, 2009 and 2008 were $157 million and $(312) million, respectively. In January 2009, the Company received $1 billion, plus accrued interest, in full satisfaction of the 14% Senior Notes from Constellation Energy. In February 2008, the Company received proceeds from the maturity of a guaranteed investment contract of $393 million. Capital expenditures increased $102 million due primarily to higher capital expenditures at PacifiCorp associated with wind-powered generating facilities, including payments for wind-powered generating facilities placed in service in December 2008, transmission expansion, system upgrades and scheduled maintenance, partially offset by lower spending in 2009 associated with the construction of wind-powered generating facilities at MidAmerican Funding.

Capital Expenditures

Capital expenditures by reportable segment are summarized as follows (in millions):

	First Quarter	
	2009	**2008**
Capital expenditures(1):		
PacifiCorp	$ 567	$ 352
MidAmerican Funding	121	204
Northern Natural Gas	24	25
CE Electric UK	90	122
Other	10	7
Total capital expenditures	$ 812	$ 710

(1) Excludes amounts for non-cash equity allowance for funds used during construction ("AFUDC").

Capital expenditures consisted mainly of the following:

In 2009:

- PacifiCorp spent $201 million during the first three months of 2009 on the development and construction of wind-powered generating facilities. In January 2009, 138 megawatts ("MW") (nameplate ratings) of additional wind-powered generating facilities were placed in service by PacifiCorp. An additional 127.5 MW (nameplate ratings) of owned wind-powered generating facilities are expected to be placed in service by December 31, 2009.
- Combined, PacifiCorp and MidAmerican Energy spent $107 million for transmission system expansion and upgrades, including the Energy Gateway Transmission Expansion Project at PacifiCorp.
- Combined, PacifiCorp and MidAmerican Energy spent $69 million on emissions control equipment.
- Combined, PacifiCorp and MidAmerican Energy spent $311 million for distribution, generation, mining and other infrastructure needed to serve existing and expected growing demand.

In 2008:

- Combined, PacifiCorp and MidAmerican Energy spent $182 million during the first three months of 2008 on the development and construction of wind-powered generating facilities.
- Combined, PacifiCorp and MidAmerican Energy spent $73 million on emissions control equipment.
- Combined, PacifiCorp and MidAmerican Energy spent $30 million for transmission system expansion and upgrades.
- Combined, PacifiCorp and MidAmerican Energy spent $271 million for distribution, generation, mining and other infrastructure needed to serve existing and growing demand.

Financing Activities

Net cash flows from financing activities for the three-month period ended March 31, 2009 were $(17) million. Sources of cash totaled $1.031 billion and consisted of proceeds from the issuance of subsidiary debt totaling $992 million and net borrowings on the MEHC revolving credit facility totaling $39 million. Uses of cash totaled $1.048 billion and consisted mainly of $500 million for repayments of MEHC subordinated debt, $214 million for net repayments of subsidiary short-term debt, $195 million for repayments of subsidiary debt and $123 million for net purchases of common stock.

Net cash flows from financing activities for the three-month period ended March 31, 2008 were $543 million. Sources of cash totaled $1.048 billion and consisted mainly of proceeds from the issuance of MEHC senior debt totaling $649 million and subsidiary debt totaling $397 million. Uses of cash totaled $505 million and consisted mainly of $299 million for repayments of subsidiary debt, $107 million of net repayments of subsidiary short-term debt and a $99 million payment of hedging instruments related to the maturity of United States dollar denominated debt at CE Electric UK.

Long-term Debt

In January 2009, PacifiCorp issued $350 million of its 5.5% First Mortgage Bonds due January 15, 2019 and $650 million of its 6.0% First Mortgage Bonds due January 15, 2039.

In January 2009, MEHC repaid the remaining $500 million to affiliates of Berkshire Hathaway in full satisfaction of the aggregate amount owed pursuant to the $1 billion of 11% mandatory redeemable trust preferred securities issued by MidAmerican Capital Trust IV to affiliates of Berkshire Hathaway in September 2008.

The Company may from time to time seek to acquire its outstanding securities through cash purchases in the open market, privately negotiated transactions or otherwise. Any debt securities repurchased by the Company may be reissued or resold by the Company from time to time and will depend on prevailing market conditions, the Company's liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Future Uses of Cash

The Company has available a variety of sources of liquidity and capital resources, both internal and external, including net cash flows from operating activities, public and private debt offerings, the issuance of commercial paper, the use of unsecured revolving credit facilities, the issuance of equity and other sources. These sources are expected to provide funds required for current operations, capital expenditures, acquisitions, investments, debt retirements and other capital requirements. The availability and terms under which each subsidiary has access to external financing depends on a variety of factors, including its credit rating, investors' judgment of risk and conditions in the overall capital market, including the condition of the utility industry in general. Additionally, the Berkshire Equity Commitment can be used for the purpose of (i) paying when due MEHC's debt obligations and (ii) funding the general corporate purposes and capital requirements of MEHC's regulated subsidiaries. Berkshire Hathaway will have up to 180 days to fund any such request in increments of at least $250 million pursuant to one or more drawings authorized by MEHC's Board of Directors. The funding of any such drawing will be made by means of a cash equity contribution to us in exchange for additional shares of MEHC's common stock. The Berkshire Equity Commitment expires on February 28, 2011.

Capital Expenditures

The Company has significant future capital requirements. Forecasted capital expenditures for fiscal 2009, which exclude non-cash equity AFUDC, are approximately $3.5 billion. Capital expenditure needs are reviewed regularly by management and may change significantly as a result of these reviews, which may consider, among other factors, changes in rules and regulations, including environmental and nuclear, changes in income tax laws, general business conditions, load projections, system reliability standards, the cost and efficiency of construction labor, equipment and materials, and the cost and availability of capital.

Forecasted capital expenditures for fiscal 2009 include the following:

- PacifiCorp expects to spend $579 million for the Energy Gateway Transmission Expansion Project, which includes the construction of a 135-mile, double-circuit, 345-kilovolt transmission line to be built between the Populus substation located in southern Idaho and the Terminal substation located in the Salt Lake City area, one of the first major segments of the project.
- Combined, PacifiCorp and MidAmerican Energy anticipate spending $454 million on wind-powered generating facilities of which 127.5 MW (nameplate ratings) are expected to be placed in service in 2009 and 111 MW (nameplate ratings) with planned in service dates in 2010.
- Combined, PacifiCorp and MidAmerican Energy are projecting to spend $416 million for emissions control equipment in 2009.
- Projects mainly for distribution, transmission, generation, mining and other infrastructure needed to serve existing and expected growing demand.

The above estimates also include PacifiCorp's commitments for investments in emissions reduction technology resulting from MEHC's acquisition of PacifiCorp as discussed further in Note 18 of Notes to Consolidated Financial Statements in Item 8 of the Company's Annual Report on Form 10-K. Evaluation and development efforts are in progress related to additional prospective wind-powered generating facilities scheduled for completion during and after 2009.

MidAmerican Energy continues to evaluate additional cost effective wind-powered generation capacity. In March 2009, MidAmerican Energy filed with the IUB for its approval a settlement agreement between MidAmerican Energy and the Iowa Office of Consumer Advocate ("OCA") in conjunction with MidAmerican Energy's ratemaking principles application for up to 1,001 MW (nameplate ratings) of additional wind-powered generation capacity in Iowa. MidAmerican Energy has not entered into any contracts for the development or construction of new wind-powered generation capacity or the purchase of any related wind turbines.

The Company is subject to federal, state, local and foreign laws and regulations with regard to air and water quality, renewable portfolio standards, hazardous and solid waste disposal and other environmental matters. The future costs (beyond existing planned capital expenditures) of complying with applicable environmental laws, regulations and rules cannot yet be reasonably estimated but could be material to the Company. In particular, future mandates, including those associated with addressing the issue of global climate change, may impact the operation of the Company's domestic generating facilities and may require PacifiCorp, MidAmerican Energy and other company-owned generation assets to reduce emissions at their facilities through the installation of additional emission control equipment or to purchase additional emission allowances or offsets in the future. The Company is not aware of any proven commercially available technology that eliminates or captures and stores carbon dioxide emissions from coal-fired and gas-fired generation facilities, and the Company is uncertain when, or if, such technology will be commercially available.

Refer to the "Environmental Regulation" section of Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008 and the "Environmental Regulation" section of this Form 10-Q for a detailed discussion.

BYD Company Limited

In September 2008, MEHC reached a definitive agreement with BYD Company Limited ("BYD") to purchase 225 million shares, representing approximately a 10% interest in BYD, at a price of HK$8 per share or HK$1.8 billion (approximately $230 million). MEHC will finance the investment from general corporate funds. Refer to Note 7 of Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for additional discussion regarding the proposed transaction.

Contractual Obligations

Subsequent to December 31, 2008, there were no material changes outside the normal course of business in contractual obligations from the information provided in Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008, other than the 2009 debt issuances previously discussed. Additionally, refer to the "Capital Expenditures" discussion included in "Liquidity and Capital Resources."

Regulatory Matters

In addition to the updates contained herein regarding updates to regulatory matters based upon material changes that occurred subsequent to December 31, 2008, refer to Note 4 of Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for additional regulatory matter updates.

PacifiCorp

Utah

In July 2008, PacifiCorp filed a general rate case with the Utah Public Service Commission (the "UPSC") requesting an annual increase of $161 million, or an average price increase of 11%, prior to any consideration for the UPSC's order in the 2007 general rate case. In September 2008, PacifiCorp filed supplemental testimony that reflected then-current revenues and other adjustments based on the August 2008 order in the 2007 general rate case. The supplemental filing reduced PacifiCorp's request to $115 million. In October 2008, the UPSC issued an order changing the test period from the twelve months ending June 2009 using end-of-period rate base to the forecast calendar year 2009 using average rate base. In December 2008, PacifiCorp updated its filing to reflect the change in the test period. The updated filing proposes an increase of $116 million, or an average price increase of 8%. The UPSC issued an order resetting the beginning of the 240-day statutory time period required to process the case to the date of the September 2008 supplemental filing. In February 2009, a settlement agreement was reached among the parties who had filed testimony in the cost of capital phase of the rate case. A stipulation was filed with the UPSC requesting that the UPSC set the weighted cost of capital at 8.4% with a return on equity at 10.6%. The UPSC approved the cost of capital settlement agreement by bench order in March 2009. Rebuttal testimony was filed with the UPSC for the 2008 general rate case in March 2009 supporting a rate increase of $57 million, or 4%, which reflects the cost of capital settlement. In March 2009, a settlement agreement was filed with the UPSC resolving all remaining revenue requirement issues resulting in parties agreeing, among other settlement terms, on a $45 million, or 3%, rate increase that will be effective on May 8, 2009. In April 2009, the UPSC issued its final order approving the revenue requirement settlement agreement without modification.

In March 2009, PacifiCorp filed for an energy cost adjustment mechanism with the UPSC. The filing recommends that the UPSC adopt the energy cost adjustment mechanism to recover the difference between base net power costs set in the next Utah general rate case and actual net power costs. This proceeding will be scheduled in June 2009 with the general rate case discussed below.

In April 2009, PacifiCorp filed a notice of intent to file a general rate case with the UPSC in June 2009. PacifiCorp is proposing to use a twelve month ending December 31, 2010 forecasted test period. Furthermore, PacifiCorp is requesting that the UPSC approve the proposed test period and set a procedural schedule that will provide a decision on the test period that will enable PacifiCorp to finalize the revenue requirement and complete the preparation of other material in order to file the general rate case in June 2009.

Oregon

In March 2009, PacifiCorp made the initial filing for the annual transition adjustment mechanism ("TAM") with the OPUC for an annual increase of $21 million, or 2%, to recover the anticipated net power costs for the year beginning January 1, 2010. The expected effective date for the TAM is January 1, 2010. In April 2009, PacifiCorp filed a general rate case for an increase of $92 million, or 9%. If approved, rates will be effective no later than February 3, 2010.

Wyoming

In July 2008, PacifiCorp filed a general rate case with the Wyoming Public Service Commission (the "WPSC") requesting an annual increase of $34 million, or an average price increase of 7%, with an effective date of May 24, 2009. Power costs were excluded from the filing and were addressed separately in PacifiCorp's annual power cost adjustment mechanism ("PCAM") application filed in February 2009. In October 2008, the general rate case request was reduced by $5 million, to $29 million, to reflect a change in the in-service date of the High Plains wind-powered generating plant. In March 2009, a settlement agreement was filed with the WPSC requesting an increase in Wyoming rates of $18 million annually, beginning May 24, 2009, for an average overall increase of 4%. The WPSC held and completed public hearings on the 2008 general rate case in March 2009. The WPSC issued a bench decision approving the stipulation agreement and an $18 million rate increase effective with service on and after May 24, 2009. The final order is expected in May 2009.

In February 2009, PacifiCorp filed its annual PCAM application with the WPSC. The PCAM application requests recovery of the difference between actual net power costs and the amount included in base rates, subject to certain limitations, for the period December 1, 2007 through November 30, 2008, and establishes for the first time, an adjustment for the difference between forecasted net power costs and the amount included in base rates for the period December 1, 2008 through November 30, 2009. In the 2009 PCAM docket, PacifiCorp is requesting a $2 million reduction to the current annual surcharge rate based on the results for the twelve-month period ending November 30, 2008, as well as a $16 million increase to the annual surcharge rate for the forecasted twelve-month period ending November 30, 2009, resulting in a net increase to the annual surcharge rate of $14 million, or 3%, on a combined basis. In March 2009, the WPSC approved PacifiCorp's motion to implement an interim rate increase of $7 million effective April 1, 2009 consistent with the interim PCAM increase agreed to in the 2008 general rate case settlement agreement. A public hearing regarding the 2009 PCAM docket is scheduled for August 12, 2009.

Idaho

In September 2008, PacifiCorp filed a general rate case with the Idaho Public Utilities Commission (the "IPUC") for an annual increase of $6 million, or an average price increase of 4%. In February 2009, a settlement signed by PacifiCorp, the IPUC staff and intervening parties was filed with the IPUC resolving all issues in the 2008 general rate case. The agreement stipulates a $4 million increase, or 3% average rate increase, for non-contract retail customers in Idaho. As part of the stipulation, intervening parties acknowledged that PacifiCorp's acquisition of the 520-MW natural gas-fired Chehalis plant was prudent and the investment should be included in PacifiCorp's revenue requirement, and that PacifiCorp has demonstrated that its demand-side management programs are prudent. The parties also agreed on a base level of net power costs for any future energy cost adjustment mechanism calculations if a mechanism is adopted in Idaho. In February 2009, parties to the stipulation filed supporting testimony recommending the IPUC approve the stipulation as filed. Public hearings were held in March 2009 for the IPUC to hear evidence in support of the settlement and associated price increase. In April 2009, the IPUC issued an order approving the stipulation effective April 18, 2009.

Environmental Regulation

In addition to the updates contained herein, refer to Note 12 of Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q and Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008 for additional information regarding certain environmental matters affecting PacifiCorp's and MidAmerican Energy's operations.

Climate Change

In April 2009, the Environmental Protection Agency ("EPA") issued a proposed finding, in response to the United States Supreme Court's 2007 decision in the case of *Massachusetts v. EPA*, that under Section 202(a) of the Clean Air Act six greenhouse gases – carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, and sulfur hexafluoride – threaten the public health and welfare of current and future generations. The proposed finding will be subject to a 60-day public comment period before being finalized. The finding does not include any proposed regulations regarding greenhouse gas emissions; however, such regulatory or legislative action could have a significant adverse impact on PacifiCorp's and MidAmerican Energy's current and future fossil-fueled generating facilities.

Credit Ratings

As of March 31, 2009, MEHC's senior unsecured debt credit ratings were as follows: Moody's Investor Service, "Baa1/stable;" Standard & Poor's, "BBB+/stable;" and Fitch Ratings, "BBB+/stable." Debt and preferred securities of MEHC and certain of its subsidiaries are rated by nationally recognized credit rating agencies. Assigned credit ratings are based on each rating agency's assessment of the rated company's ability to, in general, meet the obligations of its issued debt or preferred securities. The credit ratings are not a recommendation to buy, sell or hold securities, and there is no assurance that a particular credit rating will continue for any given period of time.

MEHC and its subsidiaries have no credit rating downgrade triggers that would accelerate the maturity dates of outstanding debt and a change in ratings is not an event of default under the applicable debt instruments. The Company's unsecured revolving credit facilities do not require the maintenance of a minimum credit rating level in order to draw upon their availability, but under certain instances must maintain sufficient covenant tests if ratings drop below a certain level. However, commitment fees and interest rates under the credit facilities are tied to credit ratings and increase or decrease when the ratings change. A ratings downgrade could also increase the future cost of commercial paper, short- and long-term debt issuances or new credit facilities.

A change in each of MEHC's subsidiary's, principally PacifiCorp and MidAmerican Energy, credit ratings could result in the requirement to post cash collateral, letters of credit or other similar credit support under certain agreements, including derivative contracts, related to their procurement or sale of electricity, natural gas, coal, transportation and other supplies. In accordance with industry practice, certain agreements, including derivative contracts, contain provisions that require MEHC's subsidiaries to maintain specific credit ratings from one or more of the major credit ratings agencies on their unsecured debt. These agreements, including derivative contracts, may either specifically provide bilateral rights to demand cash or other security if credit exposures on a net basis exceed specified rating-dependent threshold levels ("credit-risk-related contingent features") or provide the right for counterparties to demand "adequate assurance" in the event of a material adverse change in the subsidiary's creditworthiness. These rights can vary by contract and by counterparty. As of March 31, 2009, each subsidiary's credit ratings from the three recognized credit rating agencies were investment grade. If all credit-risk-related contingent features or adequate assurance provisions for these agreements, including derivative contracts, had been triggered as of March 31, 2009, the Company would have been required to post $763 million of additional collateral. The Company's collateral requirements could fluctuate considerably due to market price volatility, changes in credit ratings or other factors. Refer to Note 6 of Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for a discussion of the Company's collateral requirements specific to the Company's derivative contracts.

New Accounting Pronouncements

For a discussion of new accounting pronouncements affecting the Company, refer to Note 2 of Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q.

Critical Accounting Policies

Certain accounting policies require management to make estimates and judgments concerning transactions that will be settled several years in the future. Amounts recognized in the Consolidated Financial Statements from such estimates are necessarily based on numerous assumptions involving varying and potentially significant degrees of judgment and uncertainty. Accordingly, the amounts currently reflected in the Consolidated Financial Statements will likely increase or decrease in the future as additional information becomes available. Estimates are used for, but not limited to, the accounting for the effects of certain types of regulation, derivatives, impairment of long-lived assets and goodwill, pension and other postretirement benefits, income taxes and revenue recognition - unbilled revenue. For additional discussion of the Company's critical accounting policies, see Item 7 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008. The Company's critical accounting policies have not changed materially since December 31, 2008.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk affecting the Company, see Item 7A of the Company's Annual Report on Form 10-K for the year ended December 31, 2008. The Company's exposure to market risk and its management of such risk has not changed materially since December 31, 2008. Refer to Note 6 of Notes to Consolidated Financial Statements included in Item 1 of this Form 10-Q for disclosure of the Company's derivative positions as of March 31, 2009 and December 31, 2008.

Item 4. Controls and Procedures

At the end of the period covered by this Quarterly Report on Form 10-Q, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities and Exchange Act of 1934, as amended). Based upon that evaluation, the Company's management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), concluded that the Company's disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and is accumulated and communicated to management, including the Company's Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. There has been no change in the Company's internal control over financial reporting during the quarter ended March 31, 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

Item 1. Legal Proceedings

For a description of certain legal proceedings affecting the Company, refer to Item 3 of the Company's Annual Report on Form 10-K for the year ended December 31, 2008. Refer to Note 12 of Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q for material developments since December 31, 2008.

Item 1A. Risk Factors

There has been no material change to the Company's risk factors from those disclosed in Item 1A of the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Submission of Matters to a Vote of Security Holders

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

The exhibits listed on the accompanying Exhibit Index are filed as part of this Quarterly Report.

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 thereunto duly authorized.

MIDAMERICAN ENERGY HOLDINGS COMPANY
(Registrant)

Date: May 8, 2009

/s/ Patrick J. Goodman
Patrick J. Goodman
Senior Vice President and Chief Financial Officer
(principal financial and accounting officer)

EXHIBIT INDEX

Exhibit No.	Description
10.1	First Amendment, dated as of April 15, 2009, to the Amended and Restated Credit Agreement, dated as of July 6, 2006, by and among MidAmerican Energy Holdings Company, as Borrower, The Banks and Other Financial Institutions Parties Hereto, as Banks, JPMorgan Chase Bank, N.A., as L/C Issuer, Union Bank of California, N.A., as Administrative Agent, The Royal Bank of Scotland PLC, as Syndication Agent, and ABN Amro Bank N.V., JPMorgan Chase Bank, N.A. and BNP Paribas as Co-Documentation Agents.
10.2	First Amendment, dated as of April 15, 2009, to the Amended and Restated Credit Agreement, dated as of July 6, 2006, by and among MidAmerican Energy Company, the Lending Institutions Party Hereto, as Banks, Union Bank of California, N.A., as Syndication Agent, JPMorgan Chase Bank, N.A., as Administrative Agent, and The Royal Bank of Scotland plc, ABN AMRO Bank N.V. and BNP Paribas as Co-Documentation Agents (incorporated by reference to Exhibit 10.1 to the MidAmerican Energy Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2009).
10.3	First Amendment, dated as of April 15, 2009, to the $700,000,000 Credit Agreement dated as of October 23, 2007 among PacifiCorp, The Banks Party thereto, The Royal Bank of Scotland plc, as Syndication Agent, and Union Bank of California, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.1 to the PacifiCorp Quarterly Report on Form 10-Q for the quarter ended March 31, 2009).
10.4	First Amendment, dated as of April 15, 2009, to the $800,000,000 Amended and Restated Credit Agreement dated as of July 6, 2006 among PacifiCorp, The Banks Party thereto, The Royal Bank of Scotland plc, as Syndication Agent, and JPMorgan Chase Bank, N.A., as Administrative Agent (incorporated by reference to Exhibit 10.2 to the PacifiCorp Quarterly Report on Form 10-Q for the quarter ended March 31, 2009).
15	Awareness Letter of Independent Registered Public Accounting Firm.
31.1	Principal Executive Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Principal Financial Officer Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Principal Executive Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Principal Financial Officer Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 15

AWARENESS LETTER OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

MidAmerican Energy Holdings Company
Des Moines, Iowa

We have reviewed, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the unaudited consolidated interim financial information of MidAmerican Energy Holdings Company and subsidiaries for the periods ended March 31, 2009 and 2008, as indicated in our report dated May 8, 2009; because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in your Quarterly Report on Form 10-Q for the quarter ended March 31, 2009, is incorporated by reference in Registration Statement No. 333-147957 on Form S-8.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
May 8, 2009

EXHIBIT 31.1

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Gregory E. Abel, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MidAmerican Energy Holdings Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/s/ Gregory E. Abel
Gregory E. Abel
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Patrick J. Goodman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of MidAmerican Energy Holdings Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/s/ Patrick J. Goodman
Patrick J. Goodman
Senior Vice President and Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Gregory E. Abel, President and Chief Executive Officer of MidAmerican Energy Holdings Company (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 8, 2009

/s/ Gregory E. Abel
Gregory E. Abel
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Patrick J. Goodman, Senior Vice President and Chief Financial Officer of MidAmerican Energy Holdings Company (the “Company”), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the quarterly period ended March 31, 2009 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 8, 2009

/s/ Patrick J. Goodman
Patrick J. Goodman
Senior Vice President and Chief Financial Officer
(principal financial officer)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2009

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _________ to _________

Commission file number 001-14905

BERKSHIRE HATHAWAY INC.
(Exact name of registrant as specified in its charter)

Delaware	**47-0813844**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**

3555 Farnam Street, Omaha, Nebraska 68131
(Address of principal executive office)
(Zip Code)

(402) 346-1400
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Number of shares of common stock outstanding as of May 4, 2009:

Class A — 1,057,428
Class B —14,828,842

BERKSHIRE HATHAWAY INC.

Part I Financial Information

Item 1. Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in millions)

	March 31, 2009 (Unaudited)	December 31, 2008
ASSETS		
Insurance and Other:		
Cash and cash equivalents	$ 22,726	$ 24,302
Investments:		
Fixed maturity securities	29,367	27,115
Equity securities	37,578	49,073
Other	25,152	21,535
Loans and receivables	15,951	14,925
Inventories	6,802	7,500
Property, plant, equipment and assets held for lease	17,133	16,703
Goodwill	27,497	27,477
Other	13,250	13,257
	195,456	201,887
Utilities and Energy:		
Cash and cash equivalents	1,072	280
Property, plant and equipment	28,736	28,454
Goodwill	5,258	5,280
Other	6,137	7,556
	41,203	41,570
Finance and Financial Products:		
Cash and cash equivalents	1,753	957
Investments in fixed maturity securities	3,778	4,517
Loans and finance receivables	13,769	13,942
Goodwill	1,024	1,024
Other	3,559	3,502
	23,883	23,942
	$260,542	$267,399
LIABILITIES AND SHAREHOLDERS' EQUITY		
Insurance and Other:		
Losses and loss adjustment expenses	$ 58,457	$ 56,620
Unearned premiums	9,137	7,861
Life and health insurance benefits	3,645	3,619
Accounts payable, accruals and other liabilities	14,235	14,987
Notes payable and other borrowings	4,329	4,349
	89,803	87,436
Utilities and Energy:		
Accounts payable, accruals and other liabilities	5,893	6,175
Notes payable and other borrowings	19,731	19,145
	25,624	25,320
Finance and Financial Products:		
Accounts payable, accruals and other liabilities	2,562	2,656
Derivative contract liabilities	15,432	14,612
Notes payable and other borrowings	13,755	13,388
	31,749	30,656
Income taxes, principally deferred	6,447	10,280
Total liabilities	153,623	153,692
Shareholders' equity:		
Common stock and capital in excess of par value	27,090	27,141
Accumulated other comprehensive income	(930)	3,954
Retained earnings	76,638	78,172
Berkshire Hathaway shareholders' equity	102,798	109,267
Noncontrolling interests	4,121	4,440
Total shareholders' equity	106,919	113,707
	$260,542	$267,399

See accompanying Notes to Interim Condensed Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(dollars in millions except per share amounts)

	First Quarter 2009	First Quarter 2008
	(Unaudited)	
Revenues:		
Insurance and Other:		
Insurance premiums earned	$ 8,183	$ 6,209
Sales and service revenues	14,310	14,760
Interest, dividend and other investment income	1,318	1,184
Investment gains/losses	(3,558)	115
	20,253	22,268
Utilities and Energy:		
Operating revenues	2,969	3,356
Other	(20)	38
	2,949	3,394
Finance and Financial Products:		
Interest income	418	438
Investment gains/losses	92	—
Derivative gains/losses	(1,517)	(1,641)
Other	589	716
	(418)	(487)
	22,784	25,175
Costs and expenses:		
Insurance and Other:		
Insurance losses and loss adjustment expenses	6,014	4,040
Life and health insurance benefits	482	490
Insurance underwriting expenses	1,348	1,397
Cost of sales and services	11,958	12,108
Selling, general and administrative expenses	1,963	1,860
Interest expense	34	33
	21,799	19,928
Utilities and Energy:		
Cost of sales and operating expenses	2,355	2,584
Interest expense	291	294
	2,646	2,878
Finance and Financial Products:		
Interest expense	163	149
Other	719	767
	882	916
	25,327	23,722
Earnings (loss) before income taxes and equity method earnings	(2,543)	1,453
Income tax expense/benefit	(1,014)	408
Earnings from equity method investments	83	—
Net earnings (loss)	(1,446)	1,045
Less: Earnings attributable to noncontrolling interests	88	105
Net earnings (loss) attributable to Berkshire Hathaway	$ (1,534)	$ 940
Average common shares outstanding *	1,549,483	1,548,395
Net earnings (loss) per share attributable to Berkshire Hathaway shareholders *	$ (990)	$ 607

* *Average shares outstanding include average Class A common shares and average Class B common shares determined on an equivalent Class A common stock basis. Net earnings (loss) per common share attributable to Berkshire Hathaway shown above represents net earnings (loss) per equivalent Class A common share. Net earnings (loss) per Class B common share is equal to one-thirtieth (1/30) of such amount.*

See accompanying Notes to Interim Condensed Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in millions)

	First Quarter 2009	First Quarter 2008
	(Unaudited)	
Net cash flows from operating activities	$ 4,642	$ 3,353
Cash flows from investing activities:		
Purchases of fixed maturity securities	(4,897)	(10,511)
Purchases of equity securities	(624)	(1,537)
Purchases of other investments	(3,098)	—
Sales of fixed maturity securities	1,655	1,566
Redemptions and maturities of fixed maturity securities	1,614	2,548
Sales of equity securities	739	104
Purchases of loans and finance receivables	(110)	(653)
Principal collections on loans and finance receivables	174	174
Acquisitions of businesses and noncontrolling interests	(530)	(4,873)
Purchases of property, plant, equipment and assets held for lease	(1,373)	(1,041)
Other	1,023	881
Net cash flows from investing activities	(5,427)	(13,342)
Cash flows from financing activities:		
Proceeds from borrowings of finance businesses	467	2,068
Proceeds from borrowings of utilities and energy businesses	992	1,046
Proceeds from other borrowings	25	58
Repayments of borrowings of finance businesses	(116)	(1,357)
Repayments of borrowings of utilities and energy businesses	(195)	(399)
Repayments of other borrowings	(228)	(88)
Change in short term borrowings	1	(155)
Other	(21)	32
Net cash flows from financing activities	925	1,205
Effects of foreign currency exchange rate changes	(128)	21
Increase (decrease) in cash and cash equivalents	12	(8,763)
Cash and cash equivalents at beginning of year *	25,539	44,329
Cash and cash equivalents at end of first quarter *	$25,551	$ 35,566
Supplemental cash flow information:		
Cash paid during the period for:		
Income taxes	$ 225	$ 201
Interest of finance and financial products businesses	172	145
Interest of utilities and energy businesses	282	295
Interest of insurance and other businesses	32	37
Non-cash investing activity:		
Liabilities assumed in connection with acquisitions of businesses	—	3,848
** Cash and cash equivalents are comprised of the following:*		
Beginning of year—		
Insurance and Other	*$24,302*	*$ 37,703*
Utilities and Energy	*280*	*1,178*
Finance and Financial Products	*957*	*5,448*
	$25,539	*$ 44,329*
End of first quarter—		
Insurance and Other	*$22,726*	*$ 31,102*
Utilities and Energy	*1,072*	*2,187*
Finance and Financial Products	*1,753*	*2,277*
	$25,551	*$ 35,566*

See accompanying Notes to Interim Condensed Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2009

Note 1. General

The accompanying unaudited Condensed Consolidated Financial Statements include the accounts of Berkshire Hathaway Inc. ("Berkshire" or "Company") consolidated with the accounts of all its subsidiaries and affiliates in which Berkshire holds a controlling financial interest as of the financial statement date. Reference is made to Berkshire's most recently issued Annual Report on Form 10-K ("Annual Report") that included information necessary or useful to understanding Berkshire's businesses and financial statement presentations. In particular, Berkshire's significant accounting policies and practices were presented as Note 1 to the Consolidated Financial Statements included in the Annual Report. Certain immaterial amounts in 2008 have been reclassified to conform with the current year presentation. Financial information in this Report reflects any adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary to a fair statement of results for the interim periods in accordance with accounting principles generally accepted in the United States ("GAAP").

For a number of reasons, Berkshire's results for interim periods are not normally indicative of results to be expected for the year. The timing and magnitude of catastrophe losses incurred by insurance subsidiaries and the estimation error inherent to the process of determining liabilities for unpaid losses of insurance subsidiaries can be relatively more significant to results of interim periods than to results for a full year. Variations in the amounts and timing of investment gains/losses can cause significant variations in periodic net earnings. Investment gains/losses are recorded when investments are sold, other-than-temporarily impaired or in instances as required under GAAP, when investments are marked-to-market. In addition, changes in the fair value of derivative assets/liabilities associated with derivative contracts that do not qualify for hedge accounting treatment can cause significant variations in periodic net earnings.

As of January 1, 2009, Berkshire adopted SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 requires that noncontrolling interests (formerly known as "minority interests") be displayed in the consolidated balance sheet as a separate component of shareholders' equity and that the consolidated net earnings attributable to the noncontrolling interests be clearly indentified and presented in the consolidated statement of earnings. In addition, changes in ownership interests where the parent retains a controlling interest are to be reported as transactions affecting shareholders' equity. Previously such transactions were reported as additional investment purchases (potentially resulting in recognition of additional other assets, including goodwill, or liabilities). During the first quarter of 2009, Berkshire acquired certain noncontrolling interests in subsidiaries that resulted in a reduction to shareholders' equity attributable to Berkshire of approximately $118 million, representing the excess of consideration paid over the previously recorded balance sheet carrying amount of the acquired noncontrolling (minority) interests.

Note 2. Accounting pronouncements to be adopted

In April 2009, the FASB issued three Staff Positions ("FSP") to amend Financial Accounting Standards ("FAS") relating to financial instruments. Each of these pronouncements is effective for interim and annual periods ending after June 15, 2009.

FSP FAS 115-2 and FAS 124-2 "Recognition and Presentation of Other-Than-Temporary Impairments" amends the recognition, measurement and presentation standards for other-than-temporary impairments of debt securities. With respect to an investment in a debt security, an other-than-temporary impairment occurs if the investor (a) intends to sell, (b) will more likely than not be required to sell before amortized cost is recovered or (c) does not expect to ultimately recover the amortized cost basis even if it does not intend to sell. Under (a) and (b) the entire other-than-temporary loss is recognized in earnings. Under (c) a credit loss is recognized in earnings to the extent that the present value of expected cash flows is less than the amortized cost basis and any difference between fair value and the amortized cost basis net of the credit loss is reflected in other comprehensive income net of applicable income taxes.

FSP FAS 107-1 and APB 28-1 "Interim Disclosures about Fair Value of Financial Instruments" requires publicly traded companies to make fair value disclosures of financial instruments whether or not such instruments are carried in the financial statements at fair value in interim financial statements. Previously, disclosures for instruments not carried at fair value were required only in annual statements.

FSP FAS 157-4 "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" clarifies that adjustments to quoted market prices

Note 2. Accounting pronouncements to be adopted *(Continued)*

may be required in illiquid or disorderly markets in order to estimate fair value in accordance with SFAS 157 and provides guidance on the circumstances indicating whether markets are illiquid or disorderly. FSP FAS 157-4 prescribes no specific methodology for making adjustments to quoted prices but rather confirms that different valuation techniques may be appropriate under the circumstances to determine the value that would be received to sell an asset or paid to transfer a liability in an orderly transaction.

Berkshire is currently evaluating the effect that these new accounting pronouncements will have on its consolidated financial statements and related disclosures.

Note 3. Business acquisitions

Berkshire's long-held acquisition strategy is to purchase businesses with consistent earnings, good returns on equity, able and honest management and at sensible prices. On March 18, 2008, Berkshire acquired 60% of Marmon Holdings, Inc. ("Marmon"), a private company owned by trusts for the benefit of members of the Pritzker Family of Chicago, for $4.5 billion. In the second quarter of 2008, Berkshire acquired additional shares and currently owns 63.6% of Marmon. Under the terms of the purchase agreement, Berkshire will acquire the remaining interests in Marmon between 2011 and 2014 for consideration based on the future earnings of Marmon. Berkshire also acquired several other relatively small businesses during 2008. Consideration paid for all businesses acquired in 2008 was approximately $6.1 billion.

Marmon consists of approximately 130 manufacturing and service businesses that operate independently within eleven diverse business sectors. These sectors are: Engineered Wire & Cable, serving energy related markets, residential and non-residential construction and other industries; Building Wire, producing copper electrical wiring for residential, commercial and industrial buildings; Transportation Services & Engineered Products, including railroad tank cars and intermodal tank containers; Highway Technologies, primarily serving the heavy-duty highway transportation industry; Distribution Services for specialty pipe and steel tubing; Flow Products, producing a variety of metal products and materials for the plumbing, HVAC/R, construction and industrial markets; Industrial Products, including metal fasteners, safety products and metal fabrication; Construction Services, providing the leasing and operation of mobile cranes primarily to the energy, mining and petrochemical markets; Water Treatment equipment for residential, commercial and industrial applications; Retail Store Fixtures, providing store fixtures and accessories for major retailers worldwide; and Food Service Equipment, providing food preparation equipment and shopping carts for restaurants and retailers worldwide. Marmon operates more than 250 manufacturing, distribution and service facilities, primarily in North America, Europe and China.

The results of operations for businesses acquired in 2008 are included in Berkshire's consolidated results from the effective date of each acquisition. The following table sets forth certain unaudited pro forma consolidated earnings data for 2008 as if each acquisition occurring during 2008 was consummated on the same terms at the beginning of the year. Pro forma data for 2009 was not materially different from the amounts reported. Amounts are in millions, except earnings per share.

	2008
Total revenues	$26,587
Net earnings attributable to Berkshire Hathaway	930
Earnings per equivalent Class A common share attributable to Berkshire Hathaway shareholders	601

Note 4. Investments in fixed maturity securities

Data with respect to investments in fixed maturity securities follows (in millions).

	Insurance and other		Finance and financial products	
	Mar. 31, 2009	Dec. 31, 2008	Mar. 31, 2009	Dec. 31, 2008
Amortized cost	$29,632	$27,618	$3,620	$4,297
Gross unrealized gains	1,440	1,151	279	289
Gross unrealized losses	(1,705)	(1,654)	(121)	(69)
Fair value	$29,367	$27,115	$3,778	$4,517

Notes To Interim Condensed Consolidated Financial Statements *(Continued)*

Note 4. Investments in fixed maturity securities *(Continued)*

Unrealized losses at March 31, 2009 and December 31, 2008 included $193 million and $176 million, respectively, related to securities that have been in an unrealized loss position for 12 months or more. Berkshire has the ability and intent to hold these securities until fair value recovers.

Note 5. Investments in equity securities

Investments in equity securities are summarized below (in millions).

	March 31, 2009	December 31, 2008
Cost	$ 36,319	$40,140
Gross unrealized gains	11,312	14,782
Gross unrealized losses	(10,053)	(5,849)
Fair value	$ 37,578	$49,073

Unrealized losses at March 31, 2009 included $524 million related to securities that have been in an unrealized loss position for 12 months or more.

Note 6. Other Investments

A summary of other investments as of March 31, 2009 and December 31, 2008 follows (in millions).

	March 31, 2009			
	Cost	Unrealized Gain/Loss	Fair Value	Carrying Value
Fixed maturity and equity	$17,119	$ 975	$18,094	$17,808
Equity method	6,350	(632)	5,718	7,344
	$23,469	$ 343	$23,812	$25,152

	December 31, 2008			
	Cost	Unrealized Gain	Fair Value	Carrying Value
Fixed maturity and equity	$14,452	$ 36	$14,488	$14,675
Equity method	5,919	352	6,271	6,860
	$20,371	$ 388	$20,759	$21,535

Fixed maturity and equity investments in the preceding table include perpetual preferred stock and common stock warrants of The Goldman Sachs Group, Inc. ("GS") and The General Electric Company ("GE") and preferred stock and subordinated notes of Wm. Wrigley Jr. Company ("Wrigley"). The GS, GE and Wrigley securities were acquired in the fourth quarter of 2008. At March 31, 2009, other fixed maturity and equity investments also include a convertible perpetual instrument of Swiss Reinsurance Company Ltd. ("Swiss Re").

Berkshire owns 50,000 shares of 10% Cumulative Perpetual Preferred Stock of GS ("GS Preferred") and Warrants to purchase 43,478,260 shares of common stock of GS ("GS Warrants") which were acquired for a combined cost of $5 billion. The GS Preferred may be redeemed at any time by GS at a price of $110,000 per share ($5.5 billion in aggregate). The GS Warrants expire in 2013 and can be exercised for an additional aggregate cost of $5 billion ($115/share). Berkshire also owns 30,000 shares of 10% Cumulative Perpetual Preferred Stock of GE ("GE Preferred") and Warrants to purchase 134,831,460 shares of common stock of GE ("GE Warrants") which were acquired for a combined cost of $3 billion. The GE Preferred may be redeemed beginning in October 2011 by GE at a price of $110,000 per share ($3.3 billion in aggregate). The GE Warrants expire in 2013 and can be exercised for an additional aggregate cost of $3 billion ($22.25/share).

Note 6. Other Investments *(Continued)*

Berkshire owns $4.4 billion par amount of 11.45% subordinated notes due 2018 of Wrigley ("Wrigley Notes") and $2.1 billion of 5% preferred stock of Wrigley ("Wrigley Preferred"). The Wrigley Notes and Wrigley Preferred were acquired in connection with Mars, Incorporated's acquisition of Wrigley.

On March 23, 2009, Berkshire acquired a 12% convertible perpetual capital instrument issued by Swiss Re at a cost of 3 billion Swiss Francs ("CHF"), which is also the face amount of the instrument. The instrument has no maturity or mandatory redemption date but can be redeemed under certain conditions at the option of Swiss Re at 140% of the face amount until March 23, 2011 and thereafter at 120% of the face amount. The instrument possesses no voting rights and is subordinated to senior securities of Swiss Re as defined in the agreement. Beginning March 23, 2012, the instrument can be converted into 120,000,000 common shares of Swiss Re (a rate of 25 CHF per share of Swiss Re common stock).

Equity method investments include Burlington Northern Santa Fe Corporation ("BNSF") and Moody's Corporation ("Moody's"). During the fourth quarter of 2008, Berkshire's investment in each of these companies exceeded 20%. Accordingly, Berkshire adopted the equity method of accounting with respect to these investments as of December 31, 2008. As of March 31, 2009, Berkshire owned 22.6% of BNSF's and 20.4% of Moody's outstanding common stock. Prior to December 31, 2008, the BNSF and Moody's investments were accounted for as available-for-sale equity securities recorded in the financial statements at fair value. The cumulative effect of adopting the equity method with respect to the investments in BNSF and Moody's was recorded in the financial statements as of December 31, 2008. Prior years' financial statements were not restated due to immateriality.

On April 1, 2009, Berkshire acquired 3,000,000 shares of Series A Cumulative Convertible Perpetual Preferred Stock of The Dow Chemical Company ("Dow Preferred") for a cost of $3 billion. The Dow Preferred was issued in connection with Dow's acquisition of the Rohm and Haas Company. Under certain conditions, the Dow Preferred is convertible at the option of Berkshire or the issuer into common stock of Dow. The conversion rate is 24.201 shares of common stock per each Dow Preferred share, subject to adjustment. The Dow Preferred is entitled to dividends at a rate of 8.5% per annum.

Note 7. Derivative contracts of finance and financial products businesses

Derivative contracts of Berkshire's finance and financial products businesses, with limited exceptions, are not designated as hedges for financial reporting purposes. These contracts were initially entered into with the expectation that the premiums received would exceed the amounts ultimately paid to counterparties. Changes in the fair values of such contracts are reported in earnings as derivative gains/losses. A summary of derivative contracts outstanding as of March 31, 2009 and December 31, 2008 follows (in millions).

	March 31, 2009			December 31, 2008		
	Assets [3]	Liabilities	Notional Value	Assets [3]	Liabilities	Notional Value
Equity index put options	$ —	$10,188	$35,489[1]	$ —	$10,022	$37,134[1]
Credit default obligations:						
High yield indexes	—	3,666	7,216[2]	—	3,031	7,892[2]
States/municipalities	—	887	16,681[2]	—	958	18,364[2]
Individual corporate	—	238	3,875[2]	—	105	3,900[2]
Other	476	481		503	528	
Counterparty netting and funds held as collateral	(277)	(28)		(295)	(32)	
	$ 199	$15,432		$ 208	$14,612	

(1) *Represents the aggregate undiscounted amount payable at the contract expiration dates assuming that the value of each index is zero at the contract expiration date. The reduction in notional value at March 31, 2009 as compared to December 31, 2008 is solely due to the impact of changes in foreign currency exchange rates on non-U.S. index contracts.*

(2) *Represents the maximum undiscounted future value of losses payable under the contracts, assuming a sufficient number of credit defaults occur. The number of losses required to exhaust contract limits under substantially all of the contracts is dependent on the loss recovery rate related to the specific obligor at the time of the default.*

(3) *Included in other assets of finance and financial products businesses.*

Note 7. Derivative contracts of finance and financial products businesses *(Continued)*

A summary of derivative gains (losses) included in the Condensed Consolidated Statements of Earnings are as follows (in millions):

	First Quarter	
	2009	2008
Equity index put options	$ (166)	$(1,177)
Credit default obligations	(1,351)	(475)
Other	—	11
	$(1,517)	$(1,641)

Berkshire has written equity index put option contracts on four major equity indexes including three indexes outside of the United States. These contracts are European style options and will be settled on the contract expiration dates, which occur between September 2019 and January 2028. Future payments, if any, under these contracts will be required if the underlying index value is below the strike price at the contract expiration dates. Premiums on these contracts were received in full at the contract inception dates and therefore Berkshire has no counterparty credit risk. At March 31, 2009, the aggregate intrinsic value (the undiscounted liability assuming the contracts are settled on their future expiration dates based on the March 31, 2009 index values) was $13.3 billion. However, these contracts may not be terminated or fully settled before the expiration dates and therefore the ultimate amount of cash basis gains or losses on these contracts will not be known for many years.

Credit default contracts include various high yield indexes, state/municipal debt issuers and individual corporation issuers. These contracts cover the loss in value of specified debt obligations of the issuers arising from default events, which are usually for non-payment or bankruptcy. Loss amounts are subject to contract limits.

High yield indexes are comprised of specified North American corporate issuers (usually 100 in number) whose obligations are rated below investment grade. The weighted average contract duration at March 31, 2009 was approximately 2 years. State and municipality contracts are comprised of over 500 reference obligations issuers, which had a weighted average duration at March 31, 2009 of approximately 12 years. Risks related to approximately 50% of the municipality notional amount cannot be settled before the maturity dates of the underlying obligations, which range from 2019 to 2054.

Premiums on the high yield index and state/municipality contracts were received in full at the inception dates of the contracts and, as a result, Berkshire has no counterparty credit risk. Berkshire's payment obligations under certain of these contracts are on a first loss basis. Several other contracts are subject to aggregate loss deductibles that must be satisfied before Berkshire has any payment obligations.

Credit default contracts written on individual corporate issuers in North America primarily relate to investment grade obligations. Installment premiums are due from counterparties over the terms of the contracts. In most instances, premiums are due from counterparties on a quarterly basis. Most individual issuer contracts expire in 2013.

With limited exception, Berkshire's equity index put option and credit default contracts contain no collateral posting requirements with respect to changes in either the fair value or intrinsic value of the contracts and/or a downgrade of Berkshire's credit rating. Under certain conditions, a few contracts require that Berkshire post collateral. As of March 31, 2009, Berkshire's collateral posting requirement under such contracts was approximately $1 billion.

Note 8. Fair value measurements

Berkshire holds investments and has financial obligations that are required to be carried at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. Fair value measurements assume the asset or liability is exchanged in an orderly manner; the exchange is in the principal market for that asset or liability (or in the most advantageous market when no principal market exists); and the market participants are independent, knowledgeable, able and willing to transact an exchange. Nonperformance risk (credit risk) is considered in valuing liabilities.

Fair values for substantially all of Berkshire's financial instruments were measured using market or income approaches. Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, the

Notes To Interim Condensed Consolidated Financial Statements *(Continued)*

Note 8. Fair value measurements *(Continued)*

estimates presented herein are not necessarily indicative of the amounts that could be realized in an actual current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value.

SFAS 157 establishes a hierarchy for measuring fair value consisting of Levels 1 through 3.

Level 1 – Inputs represent unadjusted quoted prices for identical assets or liabilities exchanged in active markets. Substantially all of Berkshire's equity investments are traded on an exchange in active markets and fair value is based on the closing prices as of the balance sheet date.

Level 2 – Inputs include directly or indirectly observable inputs (other than Level 1 inputs) such as quoted prices for similar assets or liabilities exchanged in active or inactive markets; quoted prices for identical assets or liabilities exchanged in inactive markets; other inputs that may be considered in fair value determinations of the assets or liabilities, such as interest rates and yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. Fair values for Berkshire's investments in fixed maturity securities are primarily based on market prices and market data available for instruments with similar characteristics since active markets are not common for many instruments. Pricing evaluations are based on yield curves for instruments with similar characteristics, such as credit rating, estimated duration, and yields for other instruments of the issuer or entities in the same industry sector.

Level 3 – Inputs include unobservable inputs used in the measurement of assets and liabilities. Management is required to use its own assumptions regarding unobservable inputs because there is little, if any, market activity in the assets or liabilities or related observable inputs that can be corroborated at the measurement date. Unobservable inputs require management to make certain projections and assumptions about the information that would be used by market participants in pricing assets or liabilities. Measurements of non-exchange traded derivative contracts and certain other investments carried at fair value are based primarily on valuation models, discounted cash flow models or other valuation techniques that are believed to be used by market participants. Berkshire values its equity index put option contracts based on the Black-Scholes option valuation model which Berkshire believes is widely used by market participants. Credit default contracts are primarily valued based on indications of bid or offer data as of the balance sheet date. These contracts are not exchange traded and certain of the terms of Berkshire's contracts are not standard in derivatives markets. For example, Berkshire is not required to post collateral under most of its contracts. For these reasons, Berkshire has classified these contracts as Level 3.

Financial assets and liabilities measured at fair value in the financial statements as of March 31, 2009 and December 31, 2008 are summarized below (in millions).

March 31, 2009	Total Fair Value	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Insurance and other:				
Investments in fixed maturity securities	$29,367	$ 4,948	$23,917	$ 502
Investments in equity securities	37,578	37,182	72	324
Other investments	11,356	—	—	11,356
Finance and financial products:				
Investments in fixed maturity securities	3,778	—	3,393	385
Net derivative contract liabilities	15,233	—	255	14,978
Utilities and energy:				
Net derivative contract (assets)/liabilities	366	14	(43)	395
December 31, 2008				
Insurance and other:				
Investments in fixed maturity securities	$27,115	$ 4,961	$21,650	$ 504
Investments in equity securities	49,073	48,666	79	328
Other investments	8,223	—	—	8,223
Finance and financial products:				
Investments in fixed maturity securities	4,517	—	4,382	135
Net derivative contract liabilities	14,404	—	288	14,116
Utilities and energy:				
Net derivative contract liabilities	405	—	2	403

Note 8. Fair value measurements *(Continued)*

Reconciliations of assets and liabilities measured at fair value on a recurring basis with the use of significant unobservable inputs (Level 3) for the first quarter of 2009 and 2008 follow (in millions).

	Investments in fixed maturity securities	Investments in equity securities	Other investments	Net derivative contract liabilities
Balance at January 1, 2009	$639	$328	$ 8,223	$(14,519)
Gains (losses) included in:				
Earnings *	—	—	—	(1,499)
Other comprehensive income	(25)	(3)	466	—
Regulatory assets and liabilities	—	—	—	39
Purchases, sales, issuances and settlements	271	(1)	2,667	627
Transfers into (out of) Level 3	2	—	—	(21)
Balance at March 31, 2009	$887	$324	$11,356	$(15,373)

* *Gains and losses related to changes in valuations are included in the Condensed Consolidated Statements of Earnings as a component of investment gains/losses, derivative gains/losses or other revenues as appropriate. Substantially all of the losses included in earnings were unrealized losses related to liabilities outstanding as of March 31, 2009.*

	Investments in fixed maturity securities	Investments in equity securities	Net derivative contract liabilities
Balance at January 1, 2008	$393	$356	$(6,784)
Gains (losses) included in:			
Earnings *	10	—	(1,679)
Other comprehensive income	(10)	(41)	1
Regulatory assets and liabilities	—	—	14
Purchases, sales, issuances and settlements	(13)	—	(878)
Transfers into (out of) Level 3	4	—	—
Balance at March 31, 2008	$384	$315	$(9,326)

* *Gains and losses related to changes in valuations are included in the Condensed Consolidated Statements of Earnings as a component of investment gains/losses, derivative gains/losses or other revenues as appropriate. Substantially all of the losses included in earnings were unrealized losses related to liabilities outstanding as of March 31, 2008.*

Note 9. Loans and receivables

Loans and receivables of insurance and other businesses are comprised of the following (in millions).

	March 31, 2009	December 31, 2008
Insurance premiums receivable	$ 6,172	$ 4,961
Reinsurance recoverables	3,179	3,235
Trade and other receivables	7,021	7,141
Allowances for uncollectible accounts	(421)	(412)
	$15,951	$14,925

Loans and finance receivables of finance and financial products businesses are comprised of the following (in millions).

	March 31, 2009	December 31, 2008
Consumer installment loans and finance receivables	$13,049	$13,190
Commercial loans and finance receivables	1,030	1,050
Allowances for uncollectible loans	(310)	(298)
	$13,769	$13,942

Note 10. Property, plant, equipment and assets held for lease

Property, plant, equipment and assets held for lease of insurance and other businesses is comprised of the following (in millions).

	Ranges of estimated useful life	March 31, 2009	December 31, 2008
Land	—	$ 730	$ 751
Buildings and improvements	3 – 40 years	4,418	4,351
Machinery and equipment	3 – 25 years	11,609	11,009
Furniture, fixtures and other	3 – 20 years	1,751	1,856
Assets held for lease	12 – 30 years	5,524	5,311
		24,032	23,278
Accumulated depreciation		(6,899)	(6,575)
		$17,133	$16,703

Property, plant and equipment of utilities and energy businesses is comprised of the following (in millions).

	Ranges of estimated useful life	March 31, 2009	December 31, 2008
Utility generation, distribution and transmission system	5 – 85 years	$ 33,274	$ 32,795
Interstate pipeline assets	3 – 67 years	5,648	5,649
Independent power plants and other assets	3 – 30 years	1,223	1,228
Construction in progress	—	1,666	1,668
		41,811	41,340
Accumulated depreciation		(13,075)	(12,886)
		$ 28,736	$ 28,454

The utility generation, distribution and transmission system and interstate pipeline assets are the regulated assets of public utility and natural gas pipeline subsidiaries. At March 31, 2009 and December 31, 2008, accumulated depreciation and amortization related to regulated assets was $12.6 billion and $12.5 billion, respectively. Substantially all of the construction in progress related to the construction of regulated assets.

Note 11. Inventories

Inventories are comprised of the following (in millions).

	March 31, 2009	December 31, 2008
Raw materials	$1,078	$1,161
Work in process and other	594	607
Finished manufactured goods	2,606	2,580
Purchased goods	2,524	3,152
	$6,802	$7,500

Note 12. Income taxes

The liability for income taxes as of March 31, 2009 and December 31, 2008 is as follows (in millions).

	March 31, 2009	December 31, 2008
Payable currently	$ 259	$ 161
Deferred	5,378	9,316
Other	810	803
	$6,447	$10,280

Notes To Interim Condensed Consolidated Financial Statements *(Continued)*

Note 13. Notes payable and other borrowings

Notes payable and other borrowings of Berkshire and its subsidiaries are summarized below (in millions).

	March 31, 2009	December 31, 2008
Insurance and other:		
Issued or guaranteed by Berkshire due 2009-2035	$2,395	$2,275
Issued by subsidiaries and not guaranteed by Berkshire due 2009-2041	1,934	2,074
	$4,329	$4,349

Debt issued or guaranteed by Berkshire includes short term borrowings of $1.9 billion as of March 31, 2009 and $1.8 billion as of December 31, 2008.

	March 31, 2009	December 31, 2008
Utilities and energy:		
Issued by MidAmerican Energy Holdings Company ("MidAmerican") and its subsidiaries and not guaranteed by Berkshire:		
MidAmerican senior unsecured debt due 2012-2037	$ 5,121	$ 5,121
Subsidiary debt due 2009-2039	14,119	13,573
Other	491	451
	$19,731	$19,145

MidAmerican senior debt has a weighted average interest rate of about 6.3% as of March 31, 2009. Subsidiary debt of utilities and energy businesses represents amounts issued by subsidiaries of MidAmerican pursuant to separate financing agreements and has a weighted average interest rate of about 6% as of March 31, 2009. All or substantially all of the assets of certain utility subsidiaries are or may be pledged or encumbered to support or otherwise secure the debt. These borrowing arrangements generally contain various covenants including, but not limited to, leverage ratios, interest coverage ratios and debt service coverage ratios. As of March 31, 2009, MidAmerican and its subsidiaries were in compliance with all applicable covenants. Subsidiary debt with an aggregate par amount of $1.0 billion was issued in the first quarter of 2009. These borrowings mature in 2019 and 2039 and have interest rates of 5.5% and 6.0%.

	March 31, 2009	December 31, 2008
Finance and financial products:		
Issued by Berkshire Hathaway Finance Corporation ("BHFC") and guaranteed by Berkshire	$11,044	$10,778
Issued by other subsidiaries and guaranteed by Berkshire due 2009-2027	707	706
Issued by other subsidiaries and not guaranteed by Berkshire 2009-2036	2,004	1,904
	$13,755	$13,388

Debt issued by BHFC matures between 2010 and 2018 and pays interest at a weighted average rate of approximately 4.3% as of March 31, 2009. In April 2009, BHFC issued $750 million par amount of 4% notes due in 2012.

Note 14. Shareholders' equity

The following table summarizes Berkshire's Class A and B common stock activity during the first quarter of 2009.

	Class A common stock (1,650,000 shares authorized) Issued and Outstanding	Class B common stock (55,000,000 shares authorized) Issued and Outstanding
Balance at December 31, 2008	1,059,001	14,706,996
Issuance of Class B common stock and conversions of Class A common stock to Class B	(1,492)	119,408
Balance at March 31, 2009	1,057,509	14,826,404

Notes To Interim Condensed Consolidated Financial Statements *(Continued)*

Note 14. Shareholders' equity *(Continued)*

Each share of Class A common stock ($5 par per share) is convertible, at the option of the holder, into thirty shares of Class B common stock ($0.1667 par per share). Class B common stock is not convertible into Class A common stock. Class B common stock has economic rights equal to one-thirtieth (1/30) of the economic rights of Class A common stock. Accordingly, on an equivalent Class A common stock basis, there are 1,551,722 shares outstanding at March 31, 2009 and 1,549,234 shares outstanding at December 31, 2008. Each Class A common share is entitled to one vote per share. Each Class B common share possesses the voting rights of one-two-hundredth (1/200) of the voting rights of a Class A share. Class A and Class B common shares vote together as a single class. In March 2009, Berkshire issued 74,574 shares of Class B common stock to acquire certain noncontrolling shareholder interests in MidAmerican.

Changes in shareholders' equity for the first quarter of 2008 and 2009 are shown in the table below (in millions).

	Berkshire Hathaway shareholders' equity				
	Common stock and capital in excess of par value	Accumulated other comprehensive income	Retained earnings	Total	Non-controlling interests
Balance at December 31, 2007	$26,960	$21,620	$72,153	$120,733	$2,668
Net earnings (loss)	—	—	940	940	105
Other comprehensive income, net	—	(2,449)	—	(2,449)	(6)
Issuance of common stock	148	—	—	148	—
Other changes in noncontrolling interests:					
Business acquisitions	—	—	—	—	1,712
Noncontrolling interests acquired	—	—	—	—	(205)
Balance at March 31, 2008	$27,108	$19,171	$73,093	$119,372	$4,274
Balance at December 31, 2008	$27,141	$ 3,954	$78,172	$109,267	$4,440
Net earnings (loss)	—	—	(1,534)	(1,534)	88
Other comprehensive income, net	—	(4,993)	—	(4,993)	(94)
Issuance of common stock	176	—	—	176	—
Other changes in noncontrolling interests:					
Noncontrolling interests acquired	(227)	109	—	(118)	(313)
Balance at March 31, 2009	$27,090	$ (930)	$76,638	$102,798	$4,121

Berkshire's comprehensive income for the first quarter of 2009 and 2008 is shown in the table below (in millions).

	First Quarter	
	2009	2008
Comprehensive income attributable to Berkshire:		
Net earnings (loss)	$(1,534)	$ 940
Other comprehensive income:		
Net change in unrealized appreciation of investments	(7,034)	(3,998)
Applicable income taxes	2,460	1,408
Foreign currency translation and other	(506)	103
Applicable income taxes	87	38
Other comprehensive income	(4,993)	(2,449)
Comprehensive income attributable to Berkshire	$(6,527)	$(1,509)
Comprehensive income of noncontrolling interests	$ (6)	$ 99

Notes To Interim Condensed Consolidated Financial Statements *(Continued)*

Note 15. Business segment data

Berkshire's consolidated segment data for the first quarter of 2009 and 2008 is as follows (in millions).

	Revenues First Quarter 2009	Revenues First Quarter 2008
Operating Businesses:		
Insurance group:		
Premiums earned:		
GEICO	$ 3,261	$ 3,032
General Re	1,379	1,704
Berkshire Hathaway Reinsurance Group	3,087	984
Berkshire Hathaway Primary Group	456	489
Investment income	1,310	1,099
Total insurance group	9,493	7,308
Finance and financial products	1,009	1,158
Marmon	1,254	265
McLane Company	6,993	6,989
MidAmerican	2,949	3,394
Shaw Industries	1,003	1,224
Other businesses	4,795	6,391
	27,496	26,729
Reconciliation of segments to consolidated amount:		
Investment and derivative gains/losses	(4,983)	(1,526)
Eliminations and other	271	(28)
	$22,784	$25,175

	Earnings (loss) before income taxes and equity method earnings First Quarter 2009	Earnings (loss) before income taxes and equity method earnings First Quarter 2008
Operating Businesses:		
Insurance group:		
Underwriting:		
GEICO	$ 148	$ 186
General Re	(16)	42
Berkshire Hathaway Reinsurance Group	203	29
Berkshire Hathaway Primary Group	4	25
Net investment income	1,298	1,089
Total insurance group	1,637	1,371
Finance and financial products	127	241
Marmon	162	28
McLane Company	143	73
MidAmerican	303	516
Shaw Industries	55	51
Other businesses	151	693
	2,578	2,973
Reconciliation of segments to consolidated amount:		
Investment and derivative gains/losses	(4,983)	(1,526)
Interest expense, excluding interest allocated to operating businesses	(8)	(8)
Eliminations and other	(130)	14
	$(2,543)	$ 1,453

Notes To Interim Condensed Consolidated Financial Statements *(Continued)*

Note 16. Contingencies

Berkshire and its subsidiaries are parties in a variety of legal actions arising out of the normal course of business. In particular, such legal actions affect Berkshire's insurance and reinsurance businesses. Such litigation generally seeks to establish liability directly through insurance contracts or indirectly through reinsurance contracts issued by Berkshire subsidiaries. Plaintiffs occasionally seek punitive or exemplary damages. Berkshire does not believe that such normal and routine litigation will have a material effect on its financial condition or results of operations. Berkshire and certain of its subsidiaries are also involved in other kinds of legal actions, some of which assert or may assert claims or seek to impose fines and penalties in substantial amounts.

a) *Governmental Investigations*

Berkshire, General Re Corporation ("General Re") and certain of Berkshire's insurance subsidiaries, including General Reinsurance Corporation ("General Reinsurance") and National Indemnity Company ("NICO") have been continuing to cooperate fully with the U.S. Securities and Exchange Commission ("SEC"), the U.S. Department of Justice, the U.S. Attorney for the Eastern District of Virginia and the New York State Attorney General ("NYAG") in their ongoing investigations of non-traditional products. General Re originally received subpoenas from the SEC and NYAG in January 2005. Berkshire, General Re, General Reinsurance and NICO have been providing information to the government relating to transactions between General Reinsurance or NICO (or their respective subsidiaries or affiliates) and other insurers in response to the January 2005 subpoenas and related requests and, in the case of General Reinsurance (or its subsidiaries or affiliates), in response to subpoenas from other U.S. Attorneys conducting investigations relating to certain of these transactions. In particular, Berkshire and General Re have been responding to requests from the government for information relating to certain transactions that may have been accounted for incorrectly by counterparties of General Reinsurance (or its subsidiaries or affiliates). The government has interviewed a number of current and former officers and employees of General Re and General Reinsurance as well as Berkshire's Chairman and CEO, Warren E. Buffett, in connection with these investigations.

In one case, a transaction initially effected with American International Group ("AIG") in late 2000 (the "AIG Transaction"), AIG has corrected its prior accounting for the transaction on the grounds, as stated in AIG's 2004 10-K, that the transaction was done to accomplish a desired accounting result and did not entail sufficient qualifying risk transfer to support reinsurance accounting. General Reinsurance has been named in related civil actions brought against AIG. As part of their ongoing investigations, governmental authorities have also inquired about the accounting by certain of Berkshire's insurance subsidiaries for certain assumed and ceded finite reinsurance transactions.

In June 2005, John Houldsworth, the former Chief Executive Officer of Cologne Reinsurance Company (Dublin) Limited ("CRD"), a subsidiary of General Re, and Richard Napier, a former Senior Vice President of General Re who had served as an account representative for the AIG account, each pleaded guilty to a federal criminal charge of conspiring with others to misstate certain AIG financial statements in connection with the AIG Transaction and entered into a partial settlement agreement with the SEC with respect to such matters.

On February 25, 2008, Ronald Ferguson, General Re's former Chief Executive Officer, Elizabeth Monrad, General Re's former Chief Financial Officer, Christopher Garand, a former General Reinsurance Senior Vice President and Robert Graham, a former General Reinsurance Senior Vice President and Assistant General Counsel, were each convicted in a trial in the U.S. District Court for the District of Connecticut on charges of conspiracy, mail fraud, securities fraud and making false statements to the SEC in connection with the AIG Transaction. These individuals have the right to appeal their convictions. Following their convictions, each of these individuals agreed to a judgment of a forfeiture allegation which required them to be jointly and severally liable for a payment of $5 million to the U.S. Government. This $5 million amount, which represented the fee received by General Reinsurance in connection with the AIG Transaction, was paid by General Reinsurance in April 2008. Each of these individuals, who had previously received a "Wells" notice in 2005 from the SEC, is also the subject of an SEC enforcement action for allegedly aiding and abetting AIG's violations of the antifraud provisions and other provisions of the federal securities laws in connection with the AIG Transaction. The SEC case is presently stayed. Joseph Brandon, who resigned as the Chief Executive Officer of General Re effective on April 14, 2008, also received a "Wells" notice from the SEC in 2005.

Berkshire understands that the government is evaluating the actions of General Re and its subsidiaries, as well as those of their counterparties, to determine whether General Re or its subsidiaries conspired with others to misstate counterparty financial statements or aided and abetted such misstatements by the counterparties. Berkshire believes that government authorities are continuing to evaluate possible legal actions against General Re and its subsidiaries.

Notes To Interim Condensed Consolidated Financial Statements *(Continued)*

Note 16. Contingencies *(Continued)*

Various state insurance departments have issued subpoenas or otherwise requested that General Reinsurance, NICO and their affiliates provide documents and information relating to non-traditional products. The Office of the Connecticut Attorney General has also issued a subpoena to General Reinsurance for information relating to non-traditional products. General Reinsurance, NICO and their affiliates have been cooperating fully with these subpoenas and requests.

CRD is also providing information to and cooperating fully with the Irish Financial Services Regulatory Authority in its inquiries regarding the activities of CRD. The Office of the Director of Corporate Enforcement in Ireland is conducting a preliminary evaluation in relation to CRD concerning, in particular, transactions between CRD and AIG. CRD is cooperating fully with this preliminary evaluation.

Berkshire cannot at this time predict the outcome of these matters and is unable to estimate a range of possible loss and cannot predict whether or not the outcomes will have a material adverse effect on Berkshire's business or results of operations for at least the quarterly period when these matters are completed or otherwise resolved.

b) *Civil Litigation*

Reference is made to Note 20 to the Annual Report on Form 10-K for the year ended December 31, 2008 for detailed discussion of such actions. There have been no material developments related to such actions since December 31, 2008.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Net earnings (loss) attributable to Berkshire are disaggregated in the table that follows. Amounts are after deducting income taxes and exclude earnings attributable to noncontrolling interests. Amounts are in millions.

	First Quarter	
	2009	2008
Insurance – underwriting	$ 219	$ 181
Insurance – investment income	1,033	802
Utilities and energy	203	316
Manufacturing, service and retailing	258	487
Finance and financial products	78	147
Other	(86)	(2)
Investment and derivative gains/losses	(3,239)	(991)
Net earnings (loss) attributable to Berkshire	$(1,534)	$ 940

Berkshire's operating businesses are managed on an unusually decentralized basis. There are essentially no centralized or integrated business functions (such as sales, marketing, purchasing, legal or human resources) and there is minimal involvement by Berkshire's corporate headquarters in the day-to-day business activities of the operating businesses. Berkshire's corporate office management participates in and is ultimately responsible for significant capital allocation decisions, investment activities and the selection of the Chief Executive to head each of the operating businesses. The business segment data (Note 15 to the Interim Condensed Consolidated Financial Statements) should be read in conjunction with this discussion.

The declines in global economic activity over the last half of 2008 (and in the fourth quarter in particular) continued through the first quarter of 2009. Berkshire's operating results for the first quarter reflect those declines. Earnings of most of Berkshire's diverse group of manufacturing, service and retailing businesses for the first quarter of 2009 declined compared to the first quarter of 2008. The effects from the current worldwide economic recession resulted in lower sales volume, revenues and profit margins as consumers have significantly curtailed spending, particularly for discretionary items.

Prices for equity securities also experienced significant declines over the first quarter of 2009, which negatively impacted the fair value of Berkshire's equity investments (particularly in financial institutions). After-tax investment and derivative losses of $3.2 billion were included in earnings and primarily related to high yield credit default contracts, dispositions of certain equity securities and non-cash other-than-temporary impairment charges with respect to certain equity securities. The unrealized appreciation in Berkshire's equity investment portfolio declined approximately $4.9 billion, after-tax, during the first quarter of 2009. However, as of May 7, the unrealized appreciation of such investments increased approximately $5.0 billion, after-tax, from the amount as of March 31. Berkshire also experienced a number of losses under its high yield credit default contracts as underlying issuers (who are usually highly leveraged) defaulted as a result of the slumping economy.

In response to the crises in the financial and capital markets and global recession, the U.S. and other governments around the world are taking measures to stabilize financial institutions, regulate markets (including over-the-counter derivatives markets) and stimulate economic activity. While management hopes such actions will prove successful, the potential impact on Berkshire is not clear at this time. It is expected that the current economic conditions will persist at least through 2009 before meaningful improvements become evident. Berkshire's operating companies have taken and will continue to take cost reduction actions to manage through the current economic situation. Management believes that the economic franchises of Berkshire's business operations remain intact and that operating results will ultimately return to more normal historical levels, although it cannot predict the timing of a recovery.

Insurance —Underwriting

Berkshire's management views insurance businesses as possessing two distinct operations – underwriting and investing. Underwriting decisions are the responsibility of the unit managers; investing, with limited exception, is the responsibility of Berkshire's Chairman and CEO, Warren E. Buffett. Accordingly, Berkshire evaluates performance of underwriting operations without any allocation of investment income.

Berkshire's principal insurance and reinsurance underwriting units are: (1) GEICO, (2) General Re, (3) Berkshire Hathaway Reinsurance Group and (4) Berkshire Hathaway Primary Group. Through General Re, Berkshire also reinsures life and health risks.

Insurance—Underwriting *(Continued)*

Periodic underwriting results can be affected significantly by changes in estimates for unpaid losses and loss adjustment expenses, including amounts established for occurrences in prior years. In addition, the timing and amount of catastrophe losses produce significant volatility in periodic underwriting results. A key marketing strategy followed by all of the insurance businesses is the maintenance of extraordinary capital strength. Statutory surplus of Berkshire's insurance businesses was approximately $51 billion at December 31, 2008. This superior capital strength creates opportunities, especially with respect to reinsurance activities, to negotiate and enter into insurance and reinsurance contracts specially designed to meet the unique needs of insurance and reinsurance buyers.

A summary follows of underwriting results from Berkshire's insurance businesses. Amounts are in millions.

	First Quarter	
	2009	2008
Underwriting gain (loss) attributable to:		
GEICO	$148	$186
General Re	(16)	42
Berkshire Hathaway Reinsurance Group	203	29
Berkshire Hathaway Primary Group	4	25
Pre-tax underwriting gain	339	282
Income taxes and noncontrolling interests	120	101
Net underwriting gain	$219	$181

GEICO

GEICO provides primarily private passenger automobile coverages to insureds in 49 states and the District of Columbia. GEICO policies are marketed mainly by direct response methods in which customers apply for coverage directly to the company via the Internet, over the telephone or through the mail. This is a significant element in GEICO's strategy to be a low-cost insurer. In addition, GEICO strives to provide excellent service to customers, with the goal of establishing long-term customer relationships. GEICO's underwriting results are summarized in the table below. Dollar amounts are in millions.

	First Quarter			
	2009		2008	
	Amount	%	Amount	%
Premiums earned	$3,261	100.0	$3,032	100.0
Losses and loss adjustment expenses	2,514	77.1	2,285	75.4
Underwriting expenses	599	18.4	561	18.5
Total losses and expenses	3,113	95.5	2,846	93.9
Pre-tax underwriting gain	$ 148		$ 186	

Premiums earned in the first quarter of 2009 were $3,261 million, an increase of $229 million (7.6%) over the first quarter of 2008. The growth in premiums earned for voluntary auto was 7.4%, reflecting a 10.3% increase in policies-in-force, partially offset by a slight decline in average premiums per policy compared to 2008. The number of policies-in-force increased in 2009 as more consumers switched to GEICO to save money, which management believes is in response to the economic recession. The weakening economy is also believed to be causing customers to raise policy deductibles and reduce coverage in order to save money. Policies-in-force over the last twelve months increased 8% in the preferred risk auto markets and 16% in the standard and nonstandard auto markets. Voluntary auto new business sales in the first quarter of 2009 increased 32% versus 2008. Voluntary auto policies-in-force at March 31, 2009 were 430,000 greater than at December 31, 2008.

Losses and loss adjustment expenses incurred in the first quarter of 2009 were $2,514 million, an increase of $229 million (10.0%) over the first quarter of 2008. The loss ratio was 77.1% in the first quarter of 2009 compared to 75.4% in 2008. The higher loss ratio in 2009 reflected an overall increase in average claim severities and the effect of lower average premiums per policy, partially offset by overall declines in claim frequencies. Average injury severities in 2009 increased in the four to seven

Insurance—Underwriting *(Continued)*

GEICO *(Continued)*

percent range while average physical damage severities increased in the three to five percent range over 2008. Claims frequencies in 2009 for physical damage coverages decreased in the five to seven percent range from 2008 while frequencies for injury coverages decreased in the two to four percent range. Incurred losses from catastrophe events for the first quarter of 2009 and 2008 were insignificant. Management anticipates that loss ratios over the remainder of 2009 will be generally higher than in 2008, resulting in comparatively lower underwriting gains. Underwriting expenses in the first quarter of 2009 increased 6.8% over 2008 to $599 million due to higher policy issuance costs and increased salary and employee benefit expenses.

General Re

General Re conducts a reinsurance business offering property and casualty and life and health coverages to clients worldwide. Property and casualty reinsurance is written in North America on a direct basis through General Reinsurance Corporation and internationally through Cologne Re (based in Germany) and other wholly-owned affiliates. Property and casualty reinsurance is also written through brokers with respect to Faraday in London. Life and health reinsurance is written worldwide through Cologne Re. General Re strives to generate underwriting gains in essentially all product lines. Underwriting performance is not evaluated based upon market share and underwriters are instructed to reject inadequately priced risks. General Re's underwriting results are summarized in the following table. Amounts are in millions.

	First Quarter			
	Premiums earned		Pre-tax underwriting gain (loss)	
	2009	2008	2009	2008
Property/casualty	$ 763	$1,038	$(23)	$15
Life/health	616	666	7	27
	$1,379	$1,704	$(16)	$42

Property/casualty

Property/casualty premiums earned in the first quarter of 2009 and 2008 were $763 million and $1,038 million, respectively. Premiums earned in the first quarter of 2008 included $205 million with respect to a reinsurance-to-close transaction that increased General Re's economic interest in the runoff of Lloyd's Syndicate 435's 2000 year of account from 39% to 100%. Under this transaction, General Re also assumed a corresponding amount of net loss reserves. As a result, the transaction had no impact on net underwriting gains in the first quarter of 2008. There was no similar transaction in 2009.

Excluding the effect of the reinsurance-to-close transaction mentioned above and the effects of currency rate changes, premiums earned in the first quarter of 2009 were relatively unchanged from 2008. Premium volume in 2009 may remain flat or slightly increase over 2008 if current market conditions continue.

Underwriting results in the first quarter of 2009 included $34 million of underwriting losses from property business partially offset by $11 million of underwriting gains from casualty/workers' compensation business. The property results in 2009 included $71 million of catastrophe losses primarily from winter storm Klaus in Europe and the Victoria bushfires in Australia. The timing and magnitude of catastrophe and large individual losses produces significant volatility in periodic underwriting results. The pre-tax underwriting gains from casualty/workers' compensation business reflects favorable run-off of prior years' loss reserves.

Underwriting results in the first quarter of 2008 produced an underwriting gain of $15 million which included $46 million of property gains and $31 million of casualty and workers' compensation losses. Property results for the first quarter of 2008 included a $32 million loss from winter storm Emma in Germany.

Life/health

Premiums earned in the first quarter of 2009 were $616 million, a decrease of $50 million (7.5%) from 2008. Excluding the effects of changes in foreign currency exchange rates, premiums earned in 2009 increased by 3.9% over the first quarter of 2008. The increase in premium volume was primarily due to increased life business in the international segment. Underwriting results for the life/health operations produced underwriting gains of $7 million and $27 million in the first quarter of 2009 and 2008, respectively. The decline in underwriting gains in 2009 was primarily due to higher mortality rates in the life business.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations *(Continued)*

Insurance—Underwriting *(Continued)*

Berkshire Hathaway Reinsurance Group

The Berkshire Hathaway Reinsurance Group ("BHRG") underwrites excess-of-loss reinsurance and quota-share coverages for insurers and reinsurers worldwide. BHRG's business includes catastrophe excess-of-loss reinsurance and excess direct and facultative reinsurance for large or otherwise unusual discrete property risks referred to as individual risk. Retroactive reinsurance policies provide indemnification of losses and loss adjustment expenses with respect to past loss events. Other multi-line refers to other business written on both a quota-share and excess basis, participations in and contracts with Lloyd's syndicates, as well as property, aviation and workers' compensation programs. BHRG's underwriting results are summarized in the table below. Amounts are in millions.

	First Quarter			
	Premiums earned		Pre-tax underwriting gain (loss)	
	2009	2008	2009	2008
Catastrophe and individual risk	$ 254	$217	$ 153	$ 174
Retroactive reinsurance	1,809	—	(107)	(121)
Other multi-line	1,024	767	157	(24)
	$3,087	$984	$ 203	$ 29

Premiums earned in the first quarter of 2009 from catastrophe and individual risk contracts increased $37 million (17%) versus the first quarter of 2008. The level of business written in a given period will vary significantly due to changes in market conditions and management's assessment of the adequacy of premium rates. Underwriting results for the first quarter of 2009 and 2008 reflected no significant catastrophe losses.

Premiums from retroactive reinsurance in the first quarter of 2009 included 2 billion Swiss Francs ("CHF") (approximately $1.7 billion) from an adverse loss development contract with Swiss Reinsurance Company Limited and its affiliates ("Swiss Re") covering substantially all of Swiss Re's non-life insurance losses and allocated loss adjustment expenses for loss events occurring prior to January 1, 2009. The Swiss Re contract provides aggregate limits of indemnification of 5 billion CHF in excess of a retention of Swiss Re's reported loss reserves (58.725 billion CHF) less 2 billion CHF. The impact on underwriting results from this contract was negligible as the premiums earned were offset by a corresponding amount of losses incurred.

Retroactive policies generally provide very large, but limited, indemnification of unpaid losses and loss adjustment expenses with respect to past loss events that are generally expected to be paid over long periods of time. The underwriting losses from retroactive policies primarily represent the periodic amortization of deferred charges established at the inception of the contracts. At March 31, 2009, unamortized deferred charges for all of BHRG's retroactive contracts were approximately $3.8 billion and gross unpaid losses were approximately $18.4 billion.

Premiums earned in the first quarter of 2009 from other multi-line business were $1,024 million, an increase of $257 million over the first quarter of 2008. Premiums earned in the first quarter included $665 million in 2009 and $139 million in 2008 from the five-year 20% quota-share contract with Swiss Re covering substantially all of Swiss Re's property/casualty risks incepting from January 1, 2008. Excluding the Swiss Re quota-share contract, other multi-line business premiums earned declined $269 million (43%) versus 2008, primarily due to lower property volume. Other multi-line reinsurance produced an underwriting gain of $157 million in the first quarter of 2009 versus a $24 million loss in 2008. Underwriting results in 2009 reflected underwriting gains under the Swiss Re quota-share contract, improved loss ratios for property business and increased foreign currency transaction gains on reinsurance liabilities denominated in foreign currencies.

Berkshire Hathaway Primary Group

Premiums earned in the first quarter by Berkshire's various primary insurers were $456 million in 2009 and $489 million in 2008. For the first quarter, Berkshire's primary insurers produced underwriting gains of $4 million in 2009 and $25 million in 2008. Underwriting results in the first quarter of 2009 were lower for most of the primary insurance operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations *(Continued)*

Insurance—Investment Income

A summary of net investment income of Berkshire's insurance operations follows. Amounts are in millions.

	First Quarter 2009	First Quarter 2008
Investment income before taxes, noncontrolling interests and equity method earnings	$1,298	$1,089
Income taxes and noncontrolling interests	348	287
Net investment income before equity method earnings	950	802
Equity method earnings	83	—
Net investment income	$1,033	$ 802

Investment income consists of interest and dividends earned on cash equivalents and fixed maturity and equity investments of Berkshire's insurance businesses. Pre-tax investment income earned in the first quarter of 2009 exceeded amounts earned in 2008 by $209 million. The increase in investment income in 2009 primarily reflected earnings from several large investments made during the fourth quarter of 2008, partially offset by lower earnings on cash and cash equivalents due to lower interest rates and lower average cash balances in 2009.

In October 2008, Berkshire subsidiaries acquired the Wrigley, Goldman Sachs and General Electric securities for an aggregate cost of $14.5 billion and in March 2009 Berkshire invested 3 billion CHF in a 12% convertible perpetual instrument of Swiss Re. In addition, on April 1, 2009, Berkshire invested $3 billion in an 8.5% Cumulative Convertible Perpetual Preferred Stock of The Dow Chemical Company. See Note 6 to the Interim Condensed Consolidated Financial Statements. Interest and dividends from these securities will be approximately $2 billion per annum, which is expected to produce comparative increases in investment income over the remainder of 2009. However, dividends from Berkshire's investments in Wells Fargo and U.S. Bancorp common stock will be comparatively lower in 2009 as a result of dividend rate cuts announced by those companies.

Beginning in 2009, investment income also includes earnings from equity method investments (BNSF and Moody's). Equity method earnings represents Berkshire's proportionate share of the net earnings of these companies. Dividends earned on these investments in the first quarter of 2009 were $36 million, but were not reflected in Berkshire's earnings through the application of the equity method. For the first quarter of 2008, dividends earned from these investments ($25 million) were included in investment income.

A summary of cash and investments held in Berkshire's insurance businesses follows. Amounts are in millions.

	March 31, 2009	Dec. 31, 2008	March 31, 2008
Cash and cash equivalents	$ 16,828	$ 18,845	$ 26,086
Equity securities	37,464	48,892	72,283
Fixed maturity securities	29,138	26,932	31,098
Other *	25,152	21,535	—
	$108,582	$116,204	$129,467

* *Other investments include the investments in Wrigley, Goldman Sachs, General Electric and Swiss Re as well as investments in BNSF and Moody's, which beginning as of December 31, 2008 are accounted for under the equity method. At March 31, 2008, investments in BNSF and Moody's are included in equity securities.*

Fixed maturity securities as of March 31, 2009 were as follows. Amounts are in millions.

	Amortized Cost	Unrealized Gains/Losses	Fair Value
U.S. Treasury, government corporations and agencies	$ 2,522	$ 95	$ 2,617
States, municipalities and political subdivisions	4,050	268	4,318
Foreign governments	9,274	299	9,573
Corporate bonds, investment grade	5,456	76	5,532
Corporate bonds, non-investment grade	5,340	(1,006)	4,334
Mortgage-backed securities	2,765	(1)	2,764
	$29,407	$ (269)	$29,138

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations *(Continued)*

Insurance—Investment Income *(Continued)*

All U.S. government obligations are rated AAA by the major rating agencies and approximately 85% of all state, municipal and political subdivisions, foreign government obligations and mortgage-backed securities were rated AA or higher. Non-investment grade securities represent securities that are rated below BBB- or Baa3.

Invested assets derive from shareholder capital and reinvested earnings as well as net liabilities assumed under insurance contracts or "float." The major components of float are unpaid losses, unearned premiums and other liabilities to policyholders less premiums and reinsurance receivables, deferred charges assumed under retroactive reinsurance contracts and deferred policy acquisition costs. Float was approximately $60 billion at March 31, 2009 and $58 billion as of December 31, 2008. The cost of float, as represented by the ratio of pre-tax underwriting gain or loss to average float, was negative in 2009 and 2008, as Berkshire's insurance businesses generated underwriting gains in each period.

Utilities and Energy ("MidAmerican")

Revenues and earnings from MidAmerican are summarized below. Amounts are in millions.

	First Quarter			
	Revenues		Earnings	
	2009	2008	2009	2008
MidAmerican Energy Company	$1,138	$1,378	$ 108	$ 134
PacifiCorp	1,131	1,107	184	168
Natural gas pipelines	340	344	192	192
U.K. utilities	193	289	68	120
Real estate brokerage	178	245	(13)	(19)
Other	(31)	31	(156)	4
	$2,949	$3,394		
Earnings before corporate interest and income taxes			383	599
Interest, other than to Berkshire			(80)	(83)
Interest on Berkshire junior debt			(18)	(23)
Income taxes and noncontrolling interests			(68)	(151)
Net earnings			$ 217	$ 342
Earnings attributable to Berkshire *			$ 203	$ 316
Debt owed to others at March 31			$19,731	$19,640
Debt owed to Berkshire at March 31			$ 587	$ 821

* *Net of noncontrolling interests and includes interest earned by Berkshire (net of related income taxes).*

Berkshire currently owns an 89.5% interest in MidAmerican Energy Holdings Company ("MidAmerican"), an international energy company. MidAmerican's domestic regulated energy interests are comprised of two regulated utility companies and two interstate natural gas pipeline companies with over 17,000 miles of pipeline in operation. In the United Kingdom, electricity distribution subsidiaries serve about 3.8 million electricity end users. The rates that MidAmerican's utilities, electricity distribution businesses and natural gas pipelines charge customers for energy and other services are generally subject to regulatory approval. Rates are based in large part on the costs of business operations, including a return on capital. To the extent these operations are not allowed to include such costs in the approved rates, operating results will be adversely affected. In addition, MidAmerican's other businesses include a diversified portfolio of independent power projects and the second-largest residential real estate brokerage firm in the United States.

First quarter 2009 revenues of MidAmerican Energy Company ("MEC") declined $240 million (17%) from 2008. In 2009, MEC's regulated natural gas revenues were $183 million less than 2008, primarily due to lower average per-unit cost of gas sold, which is directly passed through to customers, and to lower sales volume (decreased demand due to warmer temperatures). In addition, MEC's regulated electricity revenues in 2009 declined $39 million from 2008 primarily due to a 28% decrease in average wholesale prices, reflecting reduced demand. First quarter 2009 earnings before corporate interest and income taxes ("EBIT") of MEC declined $26 million (19%) from 2008 due primarily to the decline in electricity revenues.

Utilities and Energy ("MidAmerican") *(Continued)*

PacifiCorp's aggregate revenues in the first quarter of 2009 ($1,131 million) increased slightly ($24 million or 2%) versus 2008 reflecting small increases in retail revenues and small decreases in wholesale revenues. EBIT increased $16 million (10%) compared to 2008, reflecting higher revenues and lower energy costs, partially offset by increased depreciation and interest expense.

Natural gas pipelines revenues and EBIT in 2009 were relatively unchanged from 2008. U.K. utility revenues in the first quarter of 2009 declined $96 million (33%) versus 2008 principally due to the impact from foreign currency exchange rates as a result of a much stronger U.S. Dollar in 2009 and, to a lesser extent, from lower distribution revenues. EBIT of the U.K. utilities in the first quarter of 2009 decreased $52 million (43%) from 2008, most of which was attributable to foreign currency exchange rate changes.

Real estate brokerage revenues in the first quarter of 2009 declined $67 million (27%) from 2008 due to declines in transaction volume and lower home sales prices, reflecting the continuing weakness in U.S. housing markets. The real estate brokerage business generated a pre-tax loss of $13 million in 2009, a $6 million decrease from the loss in the first quarter of 2008. The impact of the revenue decline was offset by lower commission and other operating expenses.

Other EBIT in the first quarter of 2009 included a $56 million loss associated with the Constellation Energy common stock investment and $125 million in stock-based compensation expense as a result of the purchase of common stock issued by MidAmerican upon the exercise of the last remaining stock options that had been granted to certain members of management at the time of Berkshire's acquisition of MidAmerican in 2000.

Manufacturing, Service and Retailing

Many of Berkshire's subsidiaries are engaged in a wide variety of manufacturing, service and retailing businesses. A comparison of revenues and pre-tax earnings for Berkshire's manufacturing, service and retailing businesses follows. Amounts are in millions.

	First Quarter			
	Revenues		Earnings	
	2009	2008	2009	2008
Marmon	$ 1,254	$ 265	$162	$ 28
McLane Company	6,993	6,989	143	73
Shaw Industries	1,003	1,224	55	51
Other manufacturing	2,632	3,503	121	452
Other service	1,506	2,126	14	209
Retailing	657	762	16	32
	$14,045	$14,869		
Pre-tax earnings			$511	$845
Income taxes and noncontrolling interests			253	358
			$258	$487

Marmon

Berkshire acquired a 60% interest in Marmon Holdings, Inc. ("Marmon") on March 18, 2008 and currently owns a 63.6% interest. Marmon's revenues, costs and expenses are included in Berkshire's Consolidated Financial Statements beginning as of that date. See Note 3 to the Interim Condensed Consolidated Financial Statements for additional information concerning the acquisition and Marmon's operations. For the full three months ended March 31, 2009, Marmon's revenues and earnings were $1.3 billion and $162 million, respectively, representing a 27% decrease in revenues and 23% decrease in earnings from the comparable 2008 quarterly results. While all eleven sectors were impacted by the ongoing economic recession and financial stresses, the earnings decreases were primarily in the Distribution Services, Transportation Services & Engineered Products and Highway Technologies sectors. The Building Wire, Retail Store Fixtures, Food Service Equipment and Water Treatment sectors, on the other hand, achieved earnings approximately equal to the first quarter of 2008.

Manufacturing, Service and Retailing *(Continued)*

McLane Company

McLane's revenues for the first quarter of 2009 ($6,993 million) were essentially unchanged from 2008. Pre-tax earnings for the first quarter of 2009 were $143 million, an increase of $70 million (96%) over 2008. Earnings for the first quarter of 2009 included the net impact of a substantial inventory price change gain associated with an increase in federal excise taxes on cigarettes that became effective April 1, 2009. Many tobacco manufacturers, in anticipation of the tax increase, raised prices in March, which allowed McLane to generate a one-time price change gain. The one-time inventory price gain was partially offset by a federally mandated one-time floor stock tax on related inventory held. Increases in federal excise taxes are expected to have a negative effect on future sales and gross margin rates.

McLane's business is marked by high sales volume and very low profit margins and has been subject to increased price competition in recent years. The gross margin rate was 6.95% in 2009 versus 6.03% in 2008. Approximately one-third of McLane's annual revenues are from Wal-Mart. A curtailment of purchasing by Wal-Mart could have a material adverse impact on the earnings of McLane.

Shaw Industries

Shaw Industries' revenues in the first quarter of 2009 were $1,003 million, a decrease of $221 million (18%) from the first quarter of 2008. The decline in revenues was driven by comparatively lower sales unit volume, partially offset by higher average selling prices. Pre-tax earnings for the first quarter of 2009 were $55 million, a slight increase over the first quarter of 2008. Operating margins improved as a result of lower raw material costs, partially offset by relatively higher operating costs attributable to decreased plant operating levels and costs related to plant closures during the quarter. Operating results for the first quarter of 2009 reflect the effects of the ongoing recession and the slow residential real estate activity.

Other manufacturing

Berkshire's other manufacturing businesses include a wide array of businesses. Included in this group are several manufacturers of building products (Acme Building Brands, Benjamin Moore, Johns Manville and MiTek) and apparel (led by Fruit of the Loom which includes the Russell athletic apparel and sporting goods business and the Vanity Fair Brands women's intimate apparel business). Also included in this group are Forest River, a leading manufacturer of leisure vehicles and ISCAR Metalworking Companies ("IMC"), an industry leader in the metal cutting tools business with operations worldwide.

Revenues from other manufacturing activities for the first quarter of 2009 were $2,632 million, a decrease of $871 million (25%) from 2008. Nearly all of the businesses in this group experienced the adverse effects of the global economic recession. First quarter 2009 revenues declined significantly (apparel businesses—13%; building products businesses—26%; and other businesses—32%), as consumers and customers dramatically cut purchases. In addition, IMC which derives most of its revenue outside of the U.S., was negatively affected by weaker currency exchange rates relative to the U.S Dollar.

Pre-tax earnings of the other manufacturing businesses were $121 million in the first quarter of 2009, a decrease of $331 million (73%) versus 2008. The declines in earnings reflected the dramatic drop in revenues as well as relatively higher costs resulting from lower manufacturing efficiencies. Lower earnings were generated by essentially all of these businesses. Each has taken actions to reduce costs, slow production and reduce or delay capital spending until the economy improves.

Other service

Berkshire's other service businesses include NetJets, the world's leading provider of fractional ownership programs for general aviation aircraft and FlightSafety, a provider of high technology training to operators of aircraft. Among the other businesses included in this group are: TTI, a leading electronic components distributor; Business Wire, a leading distributor of corporate news, multimedia and regulatory filings; The Pampered Chef, a direct seller of high quality kitchen tools; International Dairy Queen, a licensor and service provider to about 5,700 stores that offer prepared dairy treats and food; The Buffalo News, a publisher of a daily and Sunday newspaper; and businesses that provide management and other services to insurance companies.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations *(Continued)*

Manufacturing, Service and Retailing *(Continued)*

Other service (Continued)

Revenues of the other service businesses were $1,506 million in the first quarter of 2009, a decrease of $620 million (29%) compared to 2008. Pre-tax earnings were $14 million in 2009, a decrease of $195 million (93%) from 2008. Revenues of NetJets in 2009 as compared to 2008 declined significantly as a result of an 80% decline in aircraft sales as well as lower flight revenue hours. The decrease in revenues and pre-tax earnings reflects the negative impact of the global recession on substantially all of Berkshire's other service businesses and in particular, NetJets' fractional ownership business which reported a pre-tax loss of $96 million (includes writedowns of aircraft of approximately $55 million) as compared to pre-tax earnings of $45 million in 2008.

Retailing

Berkshire's retailing operations consist of four home furnishings businesses (Nebraska Furniture Mart, R.C. Willey, Star Furniture and Jordan's), three jewelry businesses (Borsheims, Helzberg and Ben Bridge) and See's Candies. Revenues of the retailing businesses were $657 million in the first quarter of 2009, a decrease of $105 million (14%) compared to 2008. Pre-tax earnings in the first quarter of 2009 were $16 million, a decrease of $16 million (50%) from 2008. Throughout 2008 and in the fourth quarter in particular, as the impact of the economic recession in the U.S. worsened, consumer spending declined. These conditions continued through the first quarter of 2009. First quarter revenues and pre-tax earnings declined in both the jewelry and home furnishings businesses as a result of the general economic conditions and were lower at See's due primarily to the timing of the Easter holiday.

Finance and Financial Products

A summary of revenues and pre-tax earnings from Berkshire's finance and financial products businesses follows. Amounts are in millions.

	First Quarter			
	Revenues		Earnings	
	2009	2008	2009	2008
Manufactured housing and finance	$ 727	$ 817	$ 42	$115
Furniture/transportation equipment leasing	173	190	3	18
Other	109	151	82	108
	$1,009	$1,158		
Pre-tax earnings			$127	$241
Income taxes and noncontrolling interests			49	94
			$ 78	$147

Revenues in the first quarter of 2009 from manufactured housing and finance activities (Clayton Homes) declined $90 million (11%) from 2008 due primarily to a 25% decline in home unit sales, partially offset by a 7% increase in interest from installment loans. The increase in interest reflects higher average installment loan balances in 2009 versus 2008 due primarily to portfolio acquisitions in 2008. Installment loan balances were approximately $12.5 billion as of March 31, 2009, relatively unchanged from year end 2008. Pre-tax earnings of Clayton Homes in the first quarter of 2009 were $42 million, a decrease of $73 million (63%) compared with 2008. Pre-tax earnings for the first quarter of 2009 reflected a $38 million increase in the provision for loan losses, lower earnings from manufacturing as a result of lower unit sales, lower capacity utilization and increased interest expense. Pre-tax earnings in the first quarter of 2008 included a $22 million gain from the sale of certain housing community assets.

Revenues and pre-tax earnings from furniture and transportation equipment leasing activities in 2009 declined $17 million and $15 million, respectively, compared to 2008. The declines primarily reflect lower rental income driven by relatively low utilization rates for over-the-road trailer and storage units. Significant cost components of this business are fixed (depreciation and facility expenses), so pre-tax earnings generally change disproportionately to revenues. Revenues and operating results of Clayton Homes and the leasing businesses have been negatively affected by the economic recession as well as the credit crisis.

Finance and Financial Products *(Continued)*

Earnings from other finance business activities consist primarily of interest income earned on short-term and fixed maturity investments and from a small portfolio of commercial real estate loans. In addition, other activities include earnings from a 100 basis point interest rate spread on the $11 billion in BHFC's borrowings, which are used in connection with Clayton Homes' installment lending activities. A corresponding charge is reflected in Clayton Homes' earnings.

Investment and Derivative Gains/Losses

A summary of investment and derivative gains and losses follows. Amounts are in millions.

	First Quarter	
	2009	2008
Investment gains/losses –		
Sales and other	$ (370)	$ 115
Other-than-temporary impairments	(3,096)	—
Derivative gains/losses	(1,517)	(1,641)
Gains/losses before income taxes and noncontrolling interests	(4,983)	(1,526)
Income taxes and noncontrolling interests	(1,744)	(535)
Net gains/losses	$(3,239)	$ (991)

Investment gains or losses are recognized upon the sales of investments, recognition of non-cash other-than-temporary impairment losses or as otherwise required under GAAP. The timing of realized gains or losses from sales can have a material effect on periodic earnings. However, such gains or losses usually have little, if any, impact on total shareholders' equity because most equity and fixed maturity investments are carried at fair value with any unrealized gain or loss included as a component of accumulated other comprehensive income.

Investment losses from other-than-temporary impairments for the first quarter of 2009 predominantly relate to Berkshire's investment in ConocoPhillips common stock. The market price of ConocoPhillips shares declined sharply over the last half of 2008. In the first quarter of 2009, Berkshire sold approximately 13.7 million shares of ConocoPhillips and sold additional shares in April. Although Berkshire expects the market price for ConocoPhillips shares to increase over time to levels that exceed original cost, Berkshire may sell some additional shares before the price recovers. Sales in 2009 were or may be in anticipation of other investment opportunities, to increase overall liquidity and to carry back realized capital losses to prior years for income tax purposes. Capital losses can be carried back three years and carried forward five years for federal income tax purposes. Income taxes of approximately $690 million that were paid on capital gains in 2006 will be fully recoverable if capital losses of at least $1.98 billion are generated by the end of 2009. Since a significant portion of the decline in the market value of Berkshire's investment in ConocoPhillips occurred during the last half of 2008, a significant portion of the other-than-temporary impairment losses recorded in earnings in the first quarter of 2009 was recognized in other comprehensive income as of December 31, 2008.

Berkshire considers several factors in determining other-than-temporary impairment losses including the current and expected long-term business prospects of the issuer, the length of time and relative magnitude of the price decline and its ability and intent to hold the investment until the price recovers.

Derivative gains/losses primarily represent the non-cash changes in fair value of credit default and equity index put option contracts. Changes in the fair values of these contracts are reflected in earnings and can be significant, reflecting the volatility of equity and credit markets. Management does not view the periodic gains or losses from the changes in fair value as meaningful given the volatile nature of equity and credit markets over short periods of time. Losses from derivative contracts in the first quarter of 2009 were primarily attributable to the high yield credit default contracts whereas the losses in the first quarter of 2008 were principally related to the equity index put option contracts.

Losses from the high yield credit default contracts for the first quarter of 2009 were approximately $1.3 billion, which reflected several defaults and the widening of credit default spreads with respect to the underlying non-investment grade issuers. These issuers are typically highly leveraged and therefore dependent on having ongoing access to the capital markets. The freezing of the credit markets in 2008 and 2009 was detrimental to these issuers. As a result, several defaults occurred in the first quarter of 2009 and additional defaults occurred in April. In the first quarter of 2009, credit default loss payments were approximately $675 million and additional payments of approximately $450 million were made since March 31.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations *(Continued)*

Investment and Derivative Gains/Losses *(Continued)*

In the first quarter of 2009, losses from equity index put option contracts were $166 million, reflecting declines in the equity indexes which were partially offset by the impact of a stronger U.S. Dollar on non-U.S. index contracts. In the first quarter of 2008, losses from the equity index put option contracts of approximately $1.2 billion were principally attributable to changes in the estimated fair value of the contracts as a result of declines in equity indexes and declines in the value of the U.S. Dollar versus the Euro and Japanese Yen. Berkshire's payment obligations under equity index put option contracts are determined as of the contract expiration dates, which begin in 2019.

Financial Condition

Berkshire's balance sheet continues to reflect significant liquidity and a strong capital base. Consolidated Berkshire shareholders' equity at March 31, 2009 was $102.8 billion, a decline of $6.5 billion from December 31, 2008. The decline was principally attributable to after-tax unrealized losses on the consolidated portfolio of investments in equity securities during the first quarter of 2009. Consolidated cash and invested assets of insurance and other businesses was approximately $114.8 billion at March 31, 2009, a decline of about $7.2 billion from December 31, 2008 which was principally due to the declines in the values of investments in equity securities. Cash and cash equivalents of insurance and other businesses was $22.7 billion as of March 31, 2009. Berkshire's invested assets are held predominantly in its insurance businesses.

During the first quarter of 2009, Berkshire acquired a 12% convertible perpetual instrument issued by Swiss Re for an additional $2.7 billion. On April 1, 2009, Berkshire invested $3 billion in an 8.5% Cumulative Convertible Perpetual Preferred Stock of The Dow Chemical Company. Investment income generated by these investments will greatly exceed income currently earned on short-term investments (which, for the first quarter of 2009 was at rates, generally, less than 0.50% per annum).

Capital expenditures of the utilities and energy businesses in the first quarter of 2009 were approximately $812 million. Forecasted capital expenditures for 2009 are estimated at $3.5 billion. MidAmerican intends to fund these capital expenditures with cash flows from operations and debt proceeds. MidAmerican's borrowings were $19.7 billion at March 31, 2009, an increase of $586 million from December 31, 2008. During the first quarter of 2009, MidAmerican issued $350 million of 5.5% bonds maturing in 2019 and $650 million of 6.0% bonds maturing in 2039. Notes payable and other borrowings maturing over the remainder of 2009 is $226 million and an additional $1.26 billion is due before the end of 2011. Berkshire has committed until February 28, 2011 to provide up to $3.5 billion of additional capital to MidAmerican to permit the repayment of its debt obligations or to fund its regulated utility subsidiaries. Berkshire does not intend to guarantee the repayment of debt by MidAmerican or any of its subsidiaries.

Assets of the finance and financial products businesses, which consisted primarily of loans and finance receivables, fixed maturity securities and cash and cash equivalents, were approximately $23.9 billion as of March 31, 2009 and at December 31, 2008. Liabilities were $31.7 billion as of March 31, 2009 and $30.7 billion at December 31, 2008. As of March 31, 2009, notes payable and other borrowings of $13.8 billion included $11.0 billion of medium-term notes issued by Berkshire Hathaway Finance Corporation ("BHFC"). In the first quarter of 2009, BHFC issued $250 million of 5.4% notes due in 2018 and in April 2009 issued $750 million of 4.0% notes due in 2012. The BHFC notes are unsecured and mature at various dates extending through 2018, beginning with a $1.5 billion maturity in January 2010. The proceeds from the medium-term notes were used to finance originated and acquired loans of Clayton Homes. The full and timely payment of principal and interest on the notes is guaranteed by Berkshire.

During 2008 and continuing into 2009, access to credit markets became limited as a consequence of the ongoing worldwide credit crisis. As a result, interest rates for investment grade corporate issuers increased relative to government obligations, even for companies with strong credit histories and ratings. Although management believes that the credit crisis is temporary and that Berkshire has ample liquidity and capital to withstand these conditions, restricted access to credit markets over longer periods could have a significant negative impact on operations, particularly the utilities and energy businesses and the finance and financial products operations. Management believes that it currently maintains ample liquidity to cover its existing contractual obligations and provide for contingent liquidity needs.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations *(Continued)*

Contractual Obligations

Berkshire and its subsidiaries are parties to contracts associated with ongoing business and financing activities, which will result in cash payments to counterparties in future periods. Certain obligations reflected in the Condensed Consolidated Balance Sheets, such as notes payable, require future payments on contractually specified dates and in fixed and determinable amounts. The timing and amount of the payment of other obligations, such as unpaid property and casualty loss reserves and long duration credit default and equity index put option contracts, are contingent upon the outcome of future events. Actual payments will likely vary, perhaps significantly, from estimates.

Other obligations pertain to the acquisition of goods or services in the future, which are not currently reflected in the financial statements, such as minimum rentals under operating leases. Berkshire's consolidated contractual obligations as of March 31, 2009 did not change materially from those disclosed in "Contractual Obligations," included in "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in Berkshire's Annual Report on Form 10-K for the year ended December 31, 2008. However, as a result of the impact of the global economic recession, certain aircraft purchase commitments with respect to the NetJets operation have been delayed.

Critical Accounting Policies

In applying certain accounting policies, Berkshire's management is required to make estimates and judgments regarding transactions that have occurred and ultimately will be settled several years in the future. Amounts recognized in the financial statements from such estimates are necessarily based on assumptions about numerous factors involving varying, and possibly significant, degrees of judgment and uncertainty. Accordingly, the amounts currently recorded in the financial statements may prove, with the benefit of hindsight, to be inaccurate. Reference is made to "Critical Accounting Policies" discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Berkshire's Annual Report on Form 10-K for the year ended December 31, 2008 for additional discussion regarding these estimates.

Berkshire's Condensed Consolidated Balance Sheet as of March 31, 2009 includes estimated liabilities for unpaid losses from property and casualty insurance and reinsurance contracts of $58.5 billion. Due to the inherent uncertainties in the process of establishing loss reserve amounts, the actual ultimate claim amounts will likely differ from the currently recorded amounts. A very small percentage change in estimates of this magnitude will result in a material effect on reported earnings. The effects from changes in these estimates are recorded as a component of losses incurred in the period of the change.

Berkshire's Condensed Consolidated Balance Sheet as of March 31, 2009 includes goodwill of acquired businesses of $33.8 billion. A significant amount of judgment is required in performing goodwill impairment tests. Such tests include periodically determining or reviewing the estimated fair value of Berkshire's reporting units. There are several methods of estimating a reporting unit's fair value, including market quotations, asset and liability fair values and other valuation techniques, such as discounted projected future net earnings and multiples of earnings. If the carrying amount of a reporting unit, including goodwill, exceeds the estimated fair value, then individual assets, including identifiable intangible assets, and liabilities of the reporting unit are estimated at fair value. The excess of the estimated fair value of the reporting unit over the estimated fair value of net assets would establish the implied value of goodwill. The excess of the recorded amount of goodwill over the implied value is then charged to earnings as an impairment loss. Although Berkshire has not concluded that any significant amounts of goodwill were impaired in recent years, the ultimate length and depth of the ongoing economic recession could adversely impact the long-term economic values of certain of its businesses and result in impairment charges in future periods. Conversely, in light of Berkshire's strong capital position, the current recession may enhance the long-term economic value of Berkshire's subsidiaries.

Berkshire's consolidated financial position reflects very significant amounts of invested assets and derivative contract liabilities that are measured at fair value. A substantial portion of invested assets are carried at fair value based upon current market quotations and, when not available, based upon fair value pricing matrices or models. Derivative contract values reflect estimates of the amounts at which the contracts could be exchanged based upon varying levels of observable market information and other assumptions. Certain of Berkshire's fixed maturity securities are not actively traded in the securities markets, and loans and finance receivables of Berkshire's finance businesses are not traded at all. Considerable judgment may be required in determining the assumptions used in certain valuation models, including interest rate, loan prepayment speed, credit risk and liquidity risk assumptions. Changes in these assumptions may produce a significant effect on values. Furthermore, accounting and reporting standards are continually and rapidly changing in the area of financial instruments, which may impact the values recorded in the financial statements in future periods.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations *(Continued)*

Critical Accounting Policies *(Continued)*

Information concerning recently issued accounting pronouncements which are not yet effective is included in Note 2 to the Interim Condensed Consolidated Financial Statements. Berkshire is currently evaluating the impact of these accounting pronouncements.

Forward-Looking Statements

Investors are cautioned that certain statements contained in this document as well as some statements in periodic press releases and some oral statements of Berkshire officials during presentations about Berkshire, are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Act"). Forward-looking statements include statements which are predictive in nature, which depend upon or refer to future events or conditions, which 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 Berkshire actions, which may be provided by management, are also forward-looking statements as defined by the Act. Forward-looking statements are based on current expectations and projections about future events and are subject to risks, uncertainties and assumptions about Berkshire, economic and market factors and the industries in which Berkshire does business, among other things. These statements are not guaranties of future performance and Berkshire has no 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, 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 insurance 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to Berkshire's most recently issued Annual Report and in particular the "Market Risk Disclosures" included in "Management's Discussion and Analysis of Financial Condition and Results of Operations." As of March 31, 2009, there are no material changes in the market risks described in Berkshire's Annual Report on Form 10-K for the year ended December 31, 2008.

Item 4. Controls and Procedures

As of the end of the period covered by this Quarterly Report on Form 10-Q, the Corporation carried out an evaluation, under the supervision and with the participation of the Corporation's management, including the Chairman (Chief Executive Officer) and the Senior Vice President-Treasurer (Chief Financial Officer), of the effectiveness of the design and operation of the Corporation's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15. Based upon that evaluation, the Chairman (Chief Executive Officer) and the Senior Vice President-Treasurer (Chief Financial Officer) concluded that the Corporation's disclosure controls and procedures are effective in timely alerting them to material information relating to the Corporation (including its consolidated subsidiaries) required to be included in the Corporation's periodic SEC filings. During the quarter, there have been no significant changes in the Corporation's internal control over financial reporting or in other factors that could significantly affect internal control over financial reporting.

Part II Other Information

Item 1. Legal Proceedings

Berkshire and its subsidiaries are parties in a variety of legal actions arising out of the normal course of business. In particular, such legal actions affect Berkshire's insurance and reinsurance businesses. Such litigation generally seeks to establish liability directly through insurance contracts or indirectly through reinsurance contracts issued by Berkshire subsidiaries. Plaintiffs occasionally seek punitive or exemplary damages. Berkshire does not believe that such normal and routine litigation will have a material effect on its financial condition or results of operations. Berkshire and certain of its subsidiaries are also involved in other kinds of legal actions, some of which assert or may assert claims or seek to impose fines and penalties in substantial amounts. Reference is made to Note 20 to the Annual Report on Form 10-K for the year ended December 31, 2008 and Note 16 to the Interim Condensed Consolidated Financial Statements included in Part I of this Form 10-Q for detailed discussion of such actions.

Item 1A. Risk Factors

Berkshire's significant business risks are described in Item 1A to Form 10-K for the year ended December 31, 2008 to which reference is made herein.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission of Matters to a Vote of Security Holders

None

Item 5. Other Information

None

Item 6. Exhibits

a. Exhibits

31.1 Rule 13a-14(a)/15d-14(a) Certifications
31.2 Rule 13a-14(a)/15d-14(a) Certifications
32.1 Section 1350 Certifications
32.2 Section 1350 Certifications

SIGNATURE

Pursuant to the requirement of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

BERKSHIRE HATHAWAY INC.
(Registrant)

Date May 8, 2009

/s/ Marc D. Hamburg

(Signature)
Marc D. Hamburg,
Senior Vice President and
Principal Financial Officer

EXHIBIT 31.1

Quarter ended March 31, 2009

Rule 13a-14(a)/15d-14(a) Certifications

CERTIFICATIONS

I, Warren E. Buffett, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Berkshire Hathaway Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/S/ WARREN E. BUFFETT

Chairman—Principal Executive Officer

EXHIBIT 31.2

Quarter ended March 31, 2009

Rule 13a-14(a)/15d-14(a) Certifications

CERTIFICATIONS

I, Marc D. Hamburg, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Berkshire Hathaway Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 8, 2009

/s/ MARC D. HAMBURG

Senior Vice President—Principal Financial Officer

EXHIBIT 32.1

Section 1350 Certifications

Quarter ended March 31, 2009

I, Warren E. Buffett, Chairman and Chief Executive Officer of Berkshire Hathaway Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 8, 2009

/s/ Warren E. Buffett

Warren E. Buffett
Chairman and Chief Executive Officer

EXHIBIT 32.2

Section 1350 Certifications

Quarter ended March 31, 2009

I, Marc D. Hamburg, Senior Vice President and Chief Financial Officer of Berkshire Hathaway Inc. (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that to the best of my knowledge:

(1) the Quarterly Report on Form 10-Q of the Company for the period ended March 31, 2009 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 8, 2009

/s/ MARC D. HAMBURG

Marc D. Hamburg
Senior Vice President and Chief Financial Officer