BERKSHIRE HATHAWAY INC
Form 10-Q
May 06, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011

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 x 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 x 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 x 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 x

Number of shares of common stock outstanding as of April 29, 2011:

Class A — 941,481
Class B — 1,061,009,224

BERKSHIRE HATHAWAY INC.

Part I Financial Information

Item 1. Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

CONSOLIDATED BALANCE SHEETS
(dollars in millions)

	March 31, 2011 (Unaudited)	December 31, 2010
ASSETS		
Insurance and Other:		
Cash and cash equivalents	$38,401	$34,767
Investments:		
Fixed maturity securities	33,968	33,803
Equity securities	61,865	59,819
Other	18,943	19,333
Receivables	19,577	20,917
Inventories	7,564	7,101
Property, plant and equipment	15,686	15,741
Goodwill	27,948	27,891
Other	13,790	13,529
	237,742	232,901
Railroad, Utilities and Energy:		
Cash and cash equivalents	2,157	2,557
Property, plant and equipment	78,087	77,385
Goodwill	20,101	20,084
Other	13,310	13,579
	113,655	113,605
Finance and Financial Products:		
Cash and cash equivalents	620	903
Investments in fixed maturity securities	1,057	1,080
Other investments	3,552	3,676
Loans and finance receivables	14,926	15,226
Goodwill	1,031	1,031
Other	3,913	3,807
	25,099	25,723
	$376,496	$372,229
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Insurance and Other:		
Losses and loss adjustment expenses	$62,391	$60,075
Unearned premiums	9,701	7,997
Life, annuity and health insurance benefits	8,726	8,565

Accounts payable, accruals and other liabilities	16,317	15,826
Notes payable and other borrowings	10,375	12,471
	107,510	104,934
Railroad, Utilities and Energy:		
Accounts payable, accruals and other liabilities	12,059	12,367
Notes payable and other borrowings	31,761	31,626
	43,820	43,993
Finance and Financial Products:		
Accounts payable, accruals and other liabilities	1,206	1,168
Derivative contract liabilities	8,087	8,371
Notes payable and other borrowings	14,410	14,477
	23,703	24,016
Income taxes, principally deferred	37,198	36,352
Total liabilities	212,231	209,295
Shareholders' equity:		
Common stock	8	8
Capital in excess of par value	37,578	37,533
Accumulated other comprehensive income	21,764	20,583
Retained earnings	100,705	99,194
Berkshire Hathaway shareholders' equity	160,055	157,318
Noncontrolling interests	4,210	5,616
Total shareholders' equity	164,265	162,934
	$376,496	$372,229

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

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

	First Quarter 2011	First Quarter 2010
	(Unaudited)	
Revenues:		
Insurance and Other:		
Insurance premiums earned	$7,482	$7,426
Sales and service revenues	16,772	15,531
Interest, dividend and other investment income	1,277	1,295
Investment gains/losses	86	1,315
Other-than-temporary impairment losses on investments	(506)	—
	25,111	25,567
Railroad, Utilities and Energy:		
Operating revenues	7,377	5,010
Other	36	40
	7,413	5,050
Finance and Financial Products:		
Interest, dividend and other investment income	398	401
Investment gains/losses	13	3
Derivative gains/losses	271	411
Other	514	605
	1,196	1,420
	33,720	32,037
Costs and expenses:		
Insurance and Other:		
Insurance losses and loss adjustment expenses	6,018	4,186
Life, annuity and health insurance benefits	1,015	1,492
Insurance underwriting expenses	1,725	1,403
Cost of sales and services	13,859	12,906
Selling, general and administrative expenses	2,035	1,839
Interest expense	67	67
	24,719	21,893
Railroad, Utilities and Energy:		
Cost of sales and operating expenses	5,572	3,832
Interest expense	425	347
	5,997	4,179
Finance and Financial Products:		
Interest expense	166	179
Other	604	688

	770	867
	31,486	26,939
Earnings before income taxes	2,234	5,098
Income tax expense	629	1,336
Earnings from equity method investment	—	50
Net earnings	1,605	3,812
Less: Earnings attributable to noncontrolling interests	94	179
Net earnings attributable to Berkshire Hathaway	$1,511	$3,633
Average common shares outstanding *	1,648,411	1,599,167
Net earnings per share attributable to Berkshire Hathaway shareholders *	$917	$2,272

* 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 per common share attributable to Berkshire Hathaway shown above represents net earnings per equivalent Class A common share. Net earnings per Class B common share is equal to one-fifteen-hundredth (1/1,500) of such amount.

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in millions)

	First Quarter 2011	First Quarter 2010
	(Unaudited)	
Cash flows from operating activities:		
Net earnings	$1,605	$3,812
Adjustments to reconcile net earnings to operating cash flows:		
Investment (gains) losses and other-than-temporary impairment losses	407	(1,318)
Depreciation	1,135	915
Other	121	98
Changes in operating assets and liabilities before business acquisitions:		
Losses and loss adjustment expenses	1,814	153
Deferred charges reinsurance assumed	50	117
Unearned premiums	1,669	1,274
Receivables and originated loans	(2,737)	(3,013)
Derivative contract assets and liabilities	(281)	(632)
Income taxes	182	583
Other assets and liabilities	(463)	1,324
Net cash flows from operating activities	3,502	3,313
Cash flows from investing activities:		
Purchases of fixed maturity securities	(1,452)	(1,951)
Purchases of equity securities	(834)	(1,644)
Sales of fixed maturity securities	867	1,109
Redemptions and maturities of fixed maturity securities	1,665	1,031
Sales of equity securities	9	2,283
Redemptions of other investments	3,845	—
Purchases of loans and finance receivables	(1,037)	(82)
Principal collections on loans and finance receivables	1,289	174
Acquisitions of businesses, net of cash acquired	(131)	(14,911)
Purchases of property, plant and equipment	(1,482)	(1,170)
Other	122	(210)
Net cash flows from investing activities	2,861	(15,371)
Cash flows from financing activities:		
Proceeds from borrowings of insurance and other businesses	37	8,036
Proceeds from borrowings of railroad, utilities and energy businesses	191	—
Proceeds from borrowings of finance businesses	1,525	1,037
Repayments of borrowings of insurance and other businesses	(2,143)	(90)
Repayments of borrowings of railroad, utilities and energy businesses	(276)	(54)
Repayments of borrowings of finance businesses	(1,590)	(1,588)
Change in short term borrowings, net	210	(62)
Acquisitions of noncontrolling interests and other	(1,513)	(85)
Net cash flows from financing activities	(3,559)	7,194

Effects of foreign currency exchange rate changes	147	(24)
Increase (decrease) in cash and cash equivalents	2,951	(4,888)
Cash and cash equivalents at beginning of year *	38,227	30,558
Cash and cash equivalents at end of first quarter *	$41,178	$25,670
* Cash and cash equivalents are comprised of the following:		
Beginning of year—		
Insurance and Other	$34,767	$28,223
Railroad, Utilities and Energy	2,557	429
Finance and Financial Products	903	1,906
	$38,227	$30,558
End of first quarter—		
Insurance and Other	$38,401	$22,720
Railroad, Utilities and Energy	2,157	1,756
Finance and Financial Products	620	1,194
	$41,178	$25,670

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
(dollars 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, 2009	$27,082	$ 17,793	$86,227	$131,102	$4,683
Net earnings	—	—	3,633	3,633	179
Other comprehensive income, net	—	1,513	—	1,513	20
Issuance of common stock and other transactions	10,974	—	—	10,974	—
Changes in noncontrolling interests:					
Interests acquired and other transactions	(14)	1	—	(13)	(167)
Balance at March 31, 2010	$38,042	$ 19,307	$89,860	$147,209	$4,715
Balance at December 31, 2010	$37,541	$ 20,583	$99,194	$157,318	$5,616
Net earnings	—	—	1,511	1,511	94
Other comprehensive income, net	—	1,185	—	1,185	5
Issuance of common stock and other transactions	58	—	—	58	—
Changes in noncontrolling interests:					
Interests acquired and other transactions	(13)	(4)	—	(17)	(1,505)
Balance at March 31, 2011	$37,586	$ 21,764	$100,705	$160,055	$4,210

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)
(dollars in millions)

	First Quarter	
	2011	2010
Comprehensive income attributable to Berkshire Hathaway:		
Net earnings	$1,511	$3,633
Other comprehensive income:		
Net change in unrealized appreciation of investments	652	3,130
Applicable income taxes	(217)	(1,110)
Reclassification of investment appreciation in earnings	433	(335)
Applicable income taxes	(152)	117
Foreign currency translation	439	(435)
Applicable income taxes	(13)	—

Prior service cost and actuarial gains/losses of defined benefit plans	(4)	51
Applicable income taxes	—	(13)
Other, net	47	108
Other comprehensive income, net	1,185	1,513
Comprehensive income attributable to Berkshire Hathaway	$2,696	$5,146
Comprehensive income of noncontrolling interests	$99	$199

See accompanying Notes to Consolidated Financial Statements

BERKSHIRE HATHAWAY INC.
and Subsidiaries

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2011

Note 1. General

The accompanying unaudited 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 controlling financial interests as of the financial statement date. In these notes the terms "us," "we," or "our" refer to Berkshire and its consolidated subsidiaries. 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. Our significant accounting policies and practices were presented as Note 1 to the Consolidated Financial Statements included in the Annual Report. Certain immaterial amounts in 2010 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, our 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 or are other-than-temporarily impaired. 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.

Note 2. New accounting pronouncements

In October 2010, the FASB issued Accounting Standards Update ("ASU") 2010-26, "Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts." ASU 2010-26 modifies the types of costs incurred by insurance entities that are deferred in the acquiring or renewing of insurance contracts. ASU 2010-26 requires that only direct incremental costs related to successful efforts are capitalized. Capitalized costs may include certain advertising costs which are allowed to be capitalized if the primary purpose of the advertising is to elicit sales to customers proven to have responded directly to the advertising and the probable future revenues generated from the advertising are proven to be in excess of expected future costs to be incurred in realizing those revenues. ASU 2010-26 is effective for fiscal years and interim periods beginning after December 15, 2011 and may be applied on a prospective or retrospective basis. We are evaluating the effect that the adoption of ASU 2010-26 will have on our Consolidated Financial Statements.

In December 2010, the FASB issued ASU 2010-28, "When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts." ASU 2010-28 modifies Step 1 of the goodwill impairment test for reporting units with zero or negative carrying amounts. For those reporting units, Step 2 of the goodwill impairment test is required if it is more likely than not that a goodwill impairment exists, after considering whether there are any adverse qualitative factors indicating that an impairment may exist. ASU 2010-28 is effective prospectively for fiscal years and interim periods beginning after December 15, 2011. We do not anticipate the adoption of ASU 2010-28 will have a material impact on our Consolidated Financial Statements.

Note 3. Significant business acquisitions

Our long-held acquisition strategy is to purchase businesses with consistent earning power, good returns on equity and able and honest management at sensible prices.

On February 12, 2010, we acquired all of the outstanding common stock of the Burlington Northern Santa Fe Corporation that we did not already own (about 264.5 million shares or 77.5%) for aggregate consideration of $26.5 billion that consisted of cash of approximately $15.9 billion with the remainder in Berkshire common stock (80,931 Class A shares and 20,976,621 Class B shares). Approximately 50% of the cash component was funded with existing cash balances and the remaining 50% was funded with proceeds from debt issued by Berkshire. The acquisition was completed through the merger of a wholly-owned merger subsidiary (a Delaware limited liability company) and Burlington Northern Santa Fe Corporation. The merger subsidiary was the surviving entity and was renamed Burlington Northern Santa Fe, LLC ("BNSF"). BNSF is based in Fort Worth, Texas, and through BNSF Railway Company operates one of the largest railroad systems in North America with approximately 32,000 route miles (including 23,000 route miles of track owned by BNSF) of track in 28 states and two Canadian provinces.

Notes To Consolidated Financial Statements (Continued)

Note 3. Significant business acquisitions (Continued)

Prior to February 12, 2010, we owned 76.8 million shares of BNSF (22.5% of the outstanding shares), which were acquired between August 2006 and January 2009. We accounted for those shares pursuant to the equity method and as of February 12, 2010, our investment had a carrying value of $6.6 billion. We are accounting for the acquisition of BNSF pursuant to the acquisition method under Accounting Standards Codification Section 805 Business Combinations (“ASC 805”). Upon completion of the acquisition of the remaining BNSF shares, we were required under ASC 805 to re-measure our previously owned investment in BNSF at fair value as of the acquisition date. In the first quarter of 2010, we recognized a one-time holding gain of approximately $1 billion for the difference between the fair value of the BNSF shares and our carrying value under the equity method. BNSF’s financial statements are included in our Consolidated Financial Statements beginning as of February 13, 2010.

In the first quarter of 2011, we acquired 16.5% of the outstanding common stock of Marmon Holdings, Inc. (“Marmon”) for approximately $1.5 billion in cash, thus increasing our ownership to 80.2%. We have owned a controlling interest in Marmon since 2008. We increased our interests in the underlying assets and liabilities of Marmon; however, under current GAAP, the excess of the purchase price over the carrying value of the noncontrolling interests acquired is not allocable to assets or liabilities. Accordingly, we recorded a charge of approximately $600 million to capital in excess of par value in our consolidated shareholders’ equity on December 31, 2010 in connection with this transaction.

On March 13, 2011, Berkshire and The Lubrizol Corporation (“Lubrizol”) entered into a merger agreement, whereby Berkshire will acquire all of the outstanding shares of Lubrizol common stock for cash of $135 per share. The aggregate merger consideration is expected to be approximately $9.0 billion. The acquisition is subject to the approval of Lubrizol shareholders and is also subject to various regulatory approvals and other customary closing conditions. The acquisition is currently expected to close in the third quarter of 2011.

Lubrizol is an innovative specialty chemical company that produces and supplies technologies to customers in the global transportation, industrial and consumer markets. These technologies include lubricant additives for engine oils, other transportation-related fluids and industrial lubricants, as well as fuel additives for gasoline and diesel fuel. In addition, Lubrizol makes ingredients and additives for personal care products and pharmaceuticals; specialty materials, including plastics technology; and performance coatings in the form of specialty resins and additives. Lubrizol’s industry-leading technologies in additives, ingredients and compounds enhance the quality, performance and value of customers’ products, while reducing their environmental impact. For the year ended December 31, 2010, Lubrizol reported consolidated revenues of $5.4 billion and net earnings of $732 million.

Note 4. Investments in fixed maturity securities

Investments in securities with fixed maturities as of March 31, 2011 and December 31, 2010 are summarized below (in millions).

	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2011				
U.S. Treasury, U.S. government corporations and agencies	$2,110	$38	$(2)	$2,146
States, municipalities and political subdivisions	3,220	217	—	3,437
Foreign governments	12,201	196	(70)	12,327
Corporate bonds	11,688	2,473	(41)	14,120

Mortgage-backed securities	2,702	303	(10)	2,995
	$31,921	$3,227	$(123)	$35,025
Insurance and other	$30,963	$3,128	$(123)	$33,968
Finance and financial products	958	99	—	1,057
	$31,921	$3,227	$(123)	$35,025
December 31, 2010				
U.S. Treasury, U.S. government corporations and agencies	$2,151	$48	$(2)	$2,197
States, municipalities and political subdivisions	3,356	225	—	3,581
Foreign governments	11,721	242	(51)	11,912
Corporate bonds	11,773	2,304	(23)	14,054
Mortgage-backed securities	2,838	312	(11)	3,139
	$31,839	$3,131	$(87)	$34,883
Insurance and other	$30,862	$3,028	$(87)	$33,803
Finance and financial products	977	103	—	1,080
	$31,839	$3,131	$(87)	$34,883

Notes To Consolidated Financial Statements (Continued)

Note 4. Investments in fixed maturity securities (Continued)

As of March 31, 2011, the fair value of investments that have been in a continuous unrealized loss position for more than 12 months was $389 million and the unrealized loss was approximately $22 million. As of December 31, 2010, investments that were in a continuous unrealized loss position for more than 12 months had unrealized losses of $24 million.

The amortized cost and estimated fair value of securities with fixed maturities at March 31, 2011 are summarized below by contractual maturity dates. Actual maturities will differ from contractual maturities because issuers of certain of the securities retain early call or prepayment rights. Amounts are in millions.

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years	Mortgage-backed securities	Total
Amortized cost	$7,273	$ 14,632	$ 4,497	$2,817	$ 2,702	$31,921
Fair value	7,396	15,985	5,240	3,409	2,995	35,025

Note 5. Investments in equity securities

Investments in equity securities as of March 31, 2011 and December 31, 2010 are summarized below (in millions).

	Cost Basis	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2011				
American Express Company	$1,287	$5,566	$—	$6,853
The Coca-Cola Company	1,299	11,969	—	13,268
The Procter & Gamble Company	4,321	138	—	4,459
Wells Fargo & Company	7,678	3,704	—	11,382
Other	21,344	6,087	(154)	27,277
	$35,929	$27,464	$(154)	$63,239
Insurance and other	$35,261	$26,758	$(154)	$61,865
Railroad, utilities and energy *	232	630	—	862
Finance and financial products *	436	76	—	512
	$35,929	$27,464	$(154)	$63,239
December 31, 2010				
American Express Company	$1,287	$5,220	$—	$6,507
The Coca-Cola Company	1,299	11,855	—	13,154
The Procter & Gamble Company	4,321	336	—	4,657
Wells Fargo & Company	8,015	3,521	(413)	11,123
Other	20,622	5,709	(259)	26,072
	$35,544	$26,641	$(672)	$61,513
Insurance and other	$34,875	$25,616	$(672)	$59,819
Railroad, utilities and energy *	232	950	—	1,182

Finance and financial products *	437	75	—	512
	$35,544	$26,641	$(672)	$61,513

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* Included in Other assets.

As of March 31, 2011, there were no unrealized losses on equity investments that were in a continuous loss position for more than twelve months and for which other-than-temporary impairment losses were not recorded. As of December 31, 2010 such unrealized losses were $531 million.

Notes To Consolidated Financial Statements (Continued)

Note 5. Investments in equity securities (Continued)

During the first quarter of 2011, we recorded other-than-temporary impairment ("OTTI") losses in earnings of $506 million related to certain equity securities. The charge to earnings was offset by a reduction in unrealized losses recorded in other comprehensive income resulting in no impact on our consolidated shareholders' equity. Included in the OTTI losses was $337 million related to 103.6 million shares of our Wells Fargo & Company investment. These shares had an aggregate original cost of $3,621 million. We also hold an additional 255.4 million shares of Wells Fargo which were acquired at an aggregate cost of $4,394 million. These shares had an unrealized gain of $3,704 million as of March 31, 2011. Due to the length of time that certain of our Wells Fargo shares were in a continuous unrealized loss position and because we account for gains and losses on a specific identification basis, accounting regulations required us to record the unrealized losses in earnings. However, the unrealized gains are not reflected in earnings but are instead recorded directly in shareholders' equity as a component of accumulated other comprehensive income.

Note 6. Other Investments

Other investments include fixed maturity and equity securities of The Goldman Sachs Group, Inc. ("GS"), General Electric Company ("GE"), Wm. Wrigley Jr. Company ("Wrigley") and The Dow Chemical Company ("Dow"). A summary of other investments follows (in millions).

	Cost	Unrealized Gains	Fair Value	Carrying Value
March 31, 2011				
Other fixed maturity and equity securities:				
Insurance and other	$15,506	$4,512	$20,018	$18,943
Finance and financial products	2,742	823	3,565	3,552
	$18,248	$5,335	$23,583	$22,495
December 31, 2010				
Other fixed maturity and equity securities:				
Insurance and other	$15,700	$4,758	$20,458	$19,333
Finance and financial products	2,742	947	3,689	3,676
	$18,442	$5,705	$24,147	$23,009

In 2008, we acquired 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") for a combined cost of $5 billion. Under its terms, the GS Preferred is redeemable at any time by GS at a price of $110,000 per share ($5.5 billion in aggregate). In March 2011, GS notified us that it would redeem our GS Preferred investment in its entirety and on April 18, 2011, we received the redemption proceeds of $5.5 billion. The GS Warrants remain outstanding and expire in 2013 and can be exercised for an aggregate cost of $5 billion ($115/share). In 2008, we also acquired 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") for a combined cost of $3 billion. The GE Preferred may be redeemed by GE beginning in October 2011 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).

In 2008, we acquired $4.4 billion par amount of 11.45% Wrigley subordinated notes due in 2018 and $2.1 billion of 5% Wrigley preferred stock. In 2009, we also acquired $1.0 billion par amount of Wrigley senior notes due in 2013 and 2014. We currently own $800 million of the Wrigley senior notes. The Wrigley subordinated and senior notes are classified as held-to-maturity and we carry these investments at cost, adjusted for foreign currency exchange rate changes that apply to certain of the senior notes. We carry the Wrigley preferred stock at fair value classified as available-for-sale.

In 2009, we acquired 3,000,000 shares of Series A Cumulative Convertible Perpetual Preferred Stock of Dow ("Dow Preferred") for a cost of $3 billion. Under certain conditions, we can convert each share of the Dow Preferred into 24.201 shares (equivalent to a conversion price of $41.32 per share) of Dow common stock. Beginning in April 2014, if Dow's common stock price exceeds $53.72 per share for any 20 trading days in a consecutive 30-day window, Dow, at its option, at any time, in whole or in part, may convert the Dow Preferred into Dow common stock at the then applicable conversion rate. The Dow Preferred is entitled to dividends at a rate of 8.5% per annum.

Notes To Consolidated Financial Statements (Continued)

Note 7. Investment gains/losses

Investment gains/losses are summarized below (in millions).

	First Quarter	
	2011	2010
Fixed maturity securities —		