



Berkshire Hathaway
Specialty Insurance®

Getting to “FOREVER” the BHSI way!

DECEMBER 30, 2015

Team,

In lieu of a “lengthy” year-end note, and as a way to commemorate our journey together in 2015 (and prior) and to vividly punctuate who we are as a company, I have sent to each of our (permanent) offices a gift that I believe will serve as a wonderful way for us to reflect upon all that we have accomplished together, and the terrific opportunities that lie ahead for us. These identical gifts, which will be received next week in thirteen offices in six countries, are for all of you (including the team members in temporary office space or that work remotely), to be shared as a team. It is my hope that they will serve to further strengthen our bonds to one another and to the shared journey of building a “FOREVER” BHSI. I hope you’ll like them.

And while I will refrain from writing you a “lengthy” year-end note, I will, while I (hopefully) have your attention, offer you a few thoughts:

First, thank you for all that you do for BHSI - you are what makes BHSI a special place, you are why our customers “want” to do business with us, you are why additional talented people “want” to be part of our team; and for me, very importantly, you are what makes me most proud to say I am part of the BHSI team - thank you!

Second, let’s never forget that people (all of you and many others that will follow) are the most essential ingredient to the success of BHSI, and that an intense focus on “capabilities” and “character” are the best way to build a great company. This was the starting point for the building of BHSI - a “FOREVER” business with “no finish line” - and it remains and will remain a focal point for us for centuries (I’ve upgraded from my previously and often stated “decades” - no point in being short term focused when you’re on a journey to “FOREVER”!). Not compromising in this pursuit will have a very positive impact on all of us and BHSI.

Third, let’s always “win together” by showing up every day and supporting one another, and by each one of us contributing at a high level. High performing teams do these things. “Individual excellence in a team framework” requires this.

Fourth, let’s make our “customers” “want” BHSI, be they brokers and insureds who evaluate and select us as their insurance carrier partner, current and potential team members who choose to be part of our team, or vendors and other business partners who are working hard to support our business - none of these people and their support should be taken for granted - we must show up every day and win their support. We should be proud of what we’ve accomplished, all the while representing BHSI with passion, humility, and a lack of arrogance. If we do, we will be “wanted”.

Fifth, in everything we do “have a sense of urgency, but don’t be in a rush” - let’s play the long game by moving with great pace to get things done, but not sacrificing thoughtfulness in the process. By taking this approach we will both out-work and out-smart the competition. This is the only way to build a sustainable and enduring business - one that lasts “FOREVER”.

Sixth, let’s always recognize “simplicity” as an overarching tenet of who we are and how we do business. Business is about value creation, and taking a “simple” approach to things will almost always help maximize value creation. The alternative is “complexity”, which in almost all cases will impede and impair value creation. Let’s embrace the former, and avoid the latter - it’s a lot more fun this way.

Seventh, let’s be a true values based organization, where respect, integrity, excellence, collaboration, and passion shine through in all that we do. And let’s use these values to help us define what exceptional “character” is, and to help us operationalize our “meritocracy” - a performance culture that rewards team members for both “what they do” and “how they do it”.

Eighth, as we continue on our journey to be “the finest property casualty insurance company in the world” let’s continue to challenge ourselves and one another to be better. Perfection is a lofty and unattainable goal, but it is must be our goal if we are to continue to attract and retain great people - people who want to learn and improve, people who want to build and recognize opportunity. When we trip on our way to perfection, let’s pick ourselves and one another up, learn, lead, and get better.

Ninth, let’s always “do the right thing”. We are an organization that values “integrity”, and one that believes that the reputation of the organization is an asset to be nurtured and protected. Let’s always remember there is no short cut to success - “doing the right thing” is the only way to get there.

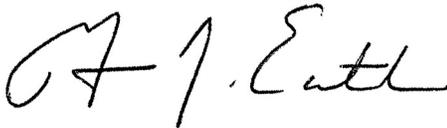
Tenth, our success in launching BHSI over the past thirty-two months notwithstanding, the financial performance history of the property casualty insurance industry should teach us to be humble and to not become complacent - this is a very difficult business. "Winning Isn't Normal" could be the tag line for the industry. Fortunately, we have the opportunity to do things differently - to think differently, to build differently, to act and behave differently, and in the process get a different and better outcome and result. Stay focused, I like our chances.

Lastly, as we grow and the company becomes bigger, let's continue to find ways to act "small", find ways to stay connected, and create more ways to make BHSI special ("wanted"). New team member welcome emails will continue to matter. Team member numbers and hoodies will continue to matter. BHSI birthday videos will continue to matter. Team member pictures on the company directory will continue to matter. Hand written notes will continue to matter. Let's challenge ourselves to find even more ways to make BHSI a great company.

To end (and to avoid this becoming a "lengthy" year-end note, which isn't easy for me!), let me once again thank you for all that you do for BHSI. Your hard work, passion, and determination allowed us to continue to successfully build BHSI in 2015 - more team members, more countries, more products and capabilities, more infrastructure, and importantly, more customers! As we move into 2016 we will undoubtedly be faced with the continuation of a highly competitive market, but also one that I believe will present us with a tremendous amount of opportunity if we stay focused on the things I've outlined in this note and that have become the very fabric of who we are and the way we do business - the BHSI way!

Thanks for a great run so far - I look forward to it lasting "FOREVER"! Happy New Year!

Sincerely,

A handwritten signature in black ink, appearing to read "P. Eastwood". The signature is fluid and cursive, with a large initial "P" and a stylized "E".

Peter Eastwood

President & Chief Executive Officer