Available-for-sale securities are stated at fair value with realized gains and losses, as determined on a specific identification basis, recognized in earnings and unrealized gains and losses recognized in accumulated other comprehensive income ("AOCI"), net of tax. Realized and unrealized gains and losses on certain trust funds related to the decommissioning of nuclear generation assets and the final reclamation of leased coal mining property are recorded as regulatory assets or liabilities since the Company expects to recover costs for these activities through rates.

The Company utilizes the equity method of accounting with respect to investments where it exercises significant influence, but not control, over the operating and financial policies of the investee. The equity method of accounting is normally applied where the Company has a voting interest of at least 20% and no greater than 50%. In applying the equity method, investments are recorded at cost and subsequently increased or decreased by the Company's proportionate share of the net earnings or losses of the investee. The Company also records its proportionate share of other comprehensive income items of the investee as a component of its comprehensive income. Dividends or other equity distributions are recorded as a reduction of the investment. Equity investments are required to be tested for impairment when it is determined that an other-than-temporary loss in value below the carrying amount has occurred.

Accounting for the Effects of Certain Types of Regulation

PacifiCorp, MidAmerican Energy, Northern Natural Gas and Kern River (the "Domestic Regulated Businesses") prepare their financial statements in accordance with the provisions of Statement of Financial Accounting Standards ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation," ("SFAS No. 71") which differs in certain respects from the application of GAAP by non-regulated businesses. In general, SFAS No. 71 recognizes that accounting for rate-regulated enterprises should reflect the economic effects of regulation. As a result, a regulated entity is required to defer the recognition of costs or income if it is probable that, through the rate-making process, there will be a corresponding increase or decrease in future rates. Accordingly, the Domestic Regulated Businesses have deferred certain costs and income that will be recognized in earnings over various future periods.

Management continually evaluates the applicability of SFAS No. 71 and assesses whether its regulatory assets are probable of future recovery by considering factors such as a change in the regulator's approach to setting rates from cost-based rate making to another form of regulation, other regulatory actions or the impact of competition which could limit the Company's ability to recover its costs. Based upon this continual assessment, management believes the application of SFAS No. 71 continues to be appropriate and its existing regulatory assets are probable of recovery. The assessment reflects the current political and regulatory climate at both the state and federal levels and is subject to change in the future. If it becomes no longer probable that these costs will be recovered, the regulatory assets and regulatory liabilities would be written off and recognized in operating income.

Allowance for Doubtful Accounts

The allowance for doubtful accounts is based on the Company's assessment of the collectibility of payments from its customers. This assessment requires judgment regarding the ability of customers to pay the amounts owed to the Company and the outcome of pending disputes and arbitrations. As of December 31, 2007 and 2006, the allowance for doubtful accounts totaled $22 million and $30 million, respectively.

Derivatives

The Company employs a number of different derivative instruments in connection with its electric and natural gas, foreign currency exchange rate and interest rate risk management activities, including forward purchases and sales, futures, swaps and options. Derivative instruments are recorded in the Consolidated Balance Sheets at fair value as either assets or liabilities unless they are designated and qualify for the normal purchases and normal sales exemption afforded by GAAP. Contracts that qualify as normal purchases or normal sales are not marked to market. Derivative contracts for commodities used in normal business operations that are settled by physical delivery, among other criteria, are eligible for and may be designated as normal purchases and normal sales pursuant to the exemption. Recognition of these contracts in operating revenue or cost of sales in the Consolidated Statements of Operations occurs when the contracts settle.

For contracts designated in hedge relationships ("hedge contracts"), the Company maintains formal documentation of the hedge. In addition, at inception and on a quarterly basis, the Company formally assesses whether the hedge contracts are highly effective in offsetting changes in cash flows or fair values of the hedged items. The Company documents hedging activity by transaction type and risk management strategy.

Changes in the fair value of a derivative designated and qualified as a cash flow hedge, to the extent effective, are included in the Consolidated Statements of Shareholders' Equity as AOCI, net of tax, until the hedged item is recognized in earnings. The Company discontinues hedge accounting prospectively when it has determined that a derivative no longer qualifies as an effective hedge, or when it is no longer probable that the hedged forecasted transaction will occur. When hedge accounting is discontinued because the derivative no longer qualifies as an effective hedge, future changes in the value of the derivative are charged to earnings. Gains and losses related to discontinued hedges that were previously recorded in AOCI will remain in AOCI until the hedged item is realized, unless it is probable that the hedged forecasted transaction will not occur at which time associated deferred amounts in AOCI are immediately recognized in current earnings.

Certain derivative electric and gas contracts utilized by the regulated operations of PacifiCorp and MidAmerican Energy are recoverable through rates. Accordingly, unrealized changes in fair value of these contracts are deferred as net regulatory assets or liabilities pursuant to SFAS No. 71.

When available, quoted market prices or prices obtained through external sources are used to measure a contract's fair value. For contracts without available quoted market prices, fair value is determined based on internally developed modeled prices. The fair value of these instruments is a function of underlying forward commodity prices, interest rates, currency rates, related volatility, counterparty creditworthiness and duration of the contracts.

Inventories

Inventories consist mainly of materials and supplies, coal stocks, gas in storage and fuel oil, which are valued at the lower of cost or market. The cost of materials and supplies, coal stocks and fuel oil is determined primarily using average cost. The cost of gas in storage is determined using the last-in-first-out ("LIFO") method. With respect to inventories carried at LIFO cost, the cost determined under the first-in-first-out method would be $73 million and $77 million higher as of December 31, 2007 and 2006, respectively.

Property, Plant and Equipment, Net

General

Property, plant and equipment is recorded at historical cost. The Company capitalizes all construction related material, direct labor costs and contract services, as well as indirect construction costs, which include capitalized interest and equity allowance for funds used during construction ("AFUDC"). The cost of major additions and betterments are capitalized, while costs for replacements, maintenance, and repairs that do not improve or extend the lives of the respective assets are charged to operating expense. Depreciation and amortization are generally computed by applying the composite and straight-line method based on estimated economic lives or regulatorily mandated recovery periods. Periodic depreciation studies are performed to determine the appropriate group lives, net salvage and group depreciate rates. The Company believes the useful lives assigned to the depreciable assets, which range from 3 to 85 years, are reasonable.

Generally when the Company retires or sells its domestic regulated property, plant and equipment, it charges the original cost to accumulated depreciation. Any net cost of removal is charged against the cost of removal regulatory liability that was established through depreciation rates. Net salvage is recorded in the related accumulated depreciation and amortization accounts and the residual gain or loss is deferred and subsequently amortized through future depreciation expense. Any gain or loss on disposals of all other assets is recorded in income or expense.

The Domestic Regulated Businesses record AFUDC, which represents the estimated debt and equity costs of capital funds necessary to finance the construction of domestic regulated facilities. AFUDC is capitalized as a component of property, plant and equipment cost, with offsetting credits to the Consolidated Statements of Operations. After construction is completed, the Company is permitted to earn a return on these costs by their inclusion in rate base, as well as recover these costs through depreciation expense over the useful life of the related assets.

Asset Retirement Obligations

The Company recognizes legal asset retirement obligations ("ARO"), mainly related to the decommissioning of nuclear generation assets and the final reclamation of leased coal mining property. The fair value of a liability for a legal ARO is recognized in the period in which it is incurred, if a reasonable estimate of fair value can be made. The fair value of the liability is added to the carrying amount of the associated asset, which is then depreciated over the remaining useful life of the asset. Subsequent to the initial recognition, the liability is adjusted for any material revisions to the expected value of the retirement obligation (with corresponding adjustments to property, plant and equipment) and for accretion of the liability due to the passage of time. The difference between the ARO liability, the corresponding ARO asset included in property, plant and equipment and amounts recovered in rates to satisfy such liabilities is recorded as a regulatory asset or liability. Estimated removal costs that PacifiCorp and MidAmerican Energy recover through approved depreciation rates, but that do not meet the requirements of a legal ARO, are accumulated in asset retirement removal costs within regulatory liabilities in the Consolidated Balance Sheets.

Impairment

The Company evaluates long-lived assets for impairment, including property, plant and equipment, when events or changes in circumstances indicate that the carrying value of these assets may not be recoverable, or the assets meet the criteria of held for sale. Upon the occurrence of a triggering event, the asset is reviewed to assess whether the estimated undiscounted cash flows expected from the use of the asset plus residual value from the ultimate disposal exceeds the carrying value of the asset. If the carrying value exceeds the estimated recoverable amounts, the asset is written down to the estimated discounted present value of the expected future cash flows from using the asset. For regulated assets, any impairment charge is offset by the establishment of a regulatory asset to the extent recovery in rates is probable. For all other assets, any resulting impairment loss is reflected in the Consolidated Statements of Operations.

Goodwill

Goodwill represents the difference between purchase cost and the fair value of net assets acquired in business acquisitions. Goodwill is allocated to each reporting unit and is tested for impairment using a variety of methods, principally discounted projected future net cash flows, at least annually and impairments, if any, are charged to earnings. The Company completed its annual review as of October 31. Key assumptions used in the testing include, but are not limited to, the use of an appropriate discount rate and estimated future cash flows. In estimating cash flows, the Company incorporates current market information as well as historical factors. During 2007, 2006 and 2005, the Company did not record any goodwill impairments.

The Company records goodwill adjustments for (i) changes in the estimates or the settlement of tax bases of acquired assets, liabilities and carryforwards and items relating to acquired entities' prior income tax returns, (ii) the tax benefit associated with the excess of tax-deductible goodwill over the reported amount of goodwill, and (iii) changes to the purchase price allocation prior to the end of the allocation period, which is generally one year from the acquisition date.

Revenue Recognition

Energy Businesses

Revenue from electric customers is recognized as electricity is delivered and includes amounts for services rendered. Revenue from the sale, distribution and transportation of natural gas is recognized when either the service is provided or the product is delivered. Revenue recognized includes unbilled as well as billed amounts.

Rates charged by the domestic regulated energy businesses are subject to federal and state regulation. When preliminary rates are permitted to be billed prior to final approval by the applicable regulator, certain revenue collected may be subject to refund and a provision for estimated refunds is accrued. Electric distribution revenues in the U.K. are limited to amounts allowed under their regulatory formula while under-recoveries are not recognized in revenue. Over- or under-recoveries of amounts allowed under the regulatory formula are either refunded to customers or recovered through adjustments in future rates.

Electricity and water is delivered in the Philippines pursuant to provisions of the respective project agreements which are accounted for as arrangements that contain both a lease and a service contract. The leases are classified as operating due to significant uncertainty regarding the collection of future amounts mainly due to the existence of political, economic and other uncertainties in the Philippines. The majority of the revenue under these arrangements is fixed.

The Company records sales, franchise and excise taxes, which are collected directly from customers and remitted directly to the taxing authorities, on a net basis in the Consolidated Statements of Operations.

Real Estate Commission Revenue and Related Fees

Commission revenue from real estate brokerage transactions and related amounts due to agents are recognized when a real estate transaction is closed. Title fee revenue from real estate transactions and related amounts due to the title insurer are recognized at closing.

Unamortized Debt Premiums, Discounts and Financing Costs

Premiums, discounts and financing costs incurred during the issuance of long-term debt are amortized over the term of the related financing using the effective interest method.

Foreign Currency

The accounts of foreign-based subsidiaries are measured in most instances using the local currency as the functional currency. Revenue and expenses of these businesses are translated into U.S. dollars at the average exchange rate for the period. Assets and liabilities are translated at the exchange rate as of the end of the reporting period. Gains or losses from translating the financial statements of foreign-based operations are included in shareholders' equity as a component of AOCI. Gains or losses arising from other transactions denominated in a foreign currency are included in the Consolidated Statements of Operations.

Income Taxes

Berkshire Hathaway commenced including the Company in its U.S. federal income tax return in 2006 as a result of converting its convertible preferred stock of MEHC into shares of MEHC common stock on February 9, 2006. The Company's provision for income taxes has been computed on a stand-alone basis. Prior to the conversion, the Company filed a consolidated U.S. federal income tax return.

Deferred tax assets and liabilities are based on differences between the financial statements and tax bases of assets and liabilities using the estimated tax rates in effect for the year in which the differences are expected to reverse. Changes in deferred income tax assets and liabilities that are associated with components of other comprehensive income are charged or credited directly to other comprehensive income. Changes in deferred income tax assets and liabilities that are associated with income tax benefits related to certain property-related basis differences and other various differences that PacifiCorp and MidAmerican Energy are required to pass on to their customers in most state jurisdictions are charged or credited directly to a regulatory asset or regulatory liability. These amounts were recognized as a net regulatory asset totaling $606 million and $581 million as of December 31, 2007 and December 31, 2006, respectively, and will be included in rates when the temporary differences reverse. Other changes in deferred income tax assets and liabilities are included as a component of income tax expense. Valuation allowances have been established for certain deferred tax assets where management has judged that realization is not likely.

Investment tax credits are generally deferred and amortized over the estimated useful lives of the related properties or as prescribed by various regulatory jurisdictions.

The Company has not provided U.S. federal deferred income taxes on its currency translation adjustment or the cumulative earnings of international subsidiaries that have been determined by management to be reinvested indefinitely. The cumulative earnings related to ongoing operations were approximately $1.5 billion as of December 31, 2007. Because of the availability of U.S. foreign tax credits, it is not practicable to determine the U.S. federal income tax liability that would be payable if such earnings were not reinvested indefinitely. Deferred taxes are provided for earnings of international subsidiaries when the Company plans to remit those earnings.

In determining the Company's tax liabilities, management is required to interpret complex tax laws and regulations. In preparing tax returns, the Company is subject to continuous examinations by federal, state, local and foreign tax authorities that may give rise to different interpretations of these complex laws and regulations. Due to the nature of the examination process, it generally takes years before these examinations are completed and these matters are resolved. The U.S. Internal Revenue Service has closed examination of the Company's income tax returns through 2003. In the U.K., each legal entity is subject to examination by HM Revenue and Customs ("HMRC"), the U.K. equivalent of the U.S. Internal Revenue Service. HMRC has closed examination of income tax returns for the separate entities from 2000 to 2005. Most significantly, Northern Electric's and Yorkshire Electricity's examinations are closed through 2001. In addition, open tax years related to a number of state and other foreign jurisdictions remain subject to examination. Although the ultimate resolution of the Company's federal, state and foreign tax examinations is uncertain, the Company believes it has made adequate provisions for these tax positions and the aggregate amount of any additional tax liabilities that may result from these examinations, if any, will not have a material adverse affect on the Company's financial results. The Company's unrecognized tax benefits are primarily included in other long-term accrued liabilities in the Consolidated Balance Sheets. The Company recognizes interest and penalties related to unrecognized tax benefits in income tax expense in the Consolidated Statements of Operations.

New Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"). The Company adopted the provisions of FIN 48 effective January 1, 2007. Under FIN 48, tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50% likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards. Refer to Note 15 for additional discussion.

In December 2007, the FASB issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), "Business Combinations" ("SFAS No. 141(R)"). SFAS No. 141(R) applies to all transactions or other events in which an entity obtains control of one or more businesses. SFAS No. 141(R) establishes how the acquirer of a business should recognize, measure and disclose in its financial statements the identifiable assets and goodwill acquired, the liabilities assumed and any noncontrolling interest in the acquired business. SFAS No. 141(R) is applied prospectively for all business combinations with an acquisition date on or after the beginning of the first annual reporting period beginning on or after December 15, 2008, with early application prohibited. SFAS No. 141(R) will not have an impact on the Company's historical Consolidated Financial Statements and will be applied to business combinations completed, if any, on or after January 1, 2009.

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. SFAS No. 160 requires entities to report noncontrolling interests as a separate component of shareholders' equity in the consolidated financial statements. The amount of earnings attributable to the parent and to the noncontrolling interests should be clearly identified and presented on the face of the consolidated statements of operations. Additionally, SFAS No. 160 requires any changes in a parent's ownership interest of its subsidiary, while retaining its control, to be accounted for as equity transactions. SFAS No. 160 is effective for fiscal years beginning on or after December 15, 2008 and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting SFAS No. 160 on its consolidated financial position and results of operations.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FASB Statement No. 115" ("SFAS No. 159"). SFAS No. 159 permits entities to elect to measure many financial instruments and certain other items at fair value. Upon adoption of SFAS No. 159, an entity may elect the fair value option for eligible items that exist at the adoption date. Subsequent to the initial adoption, the election of the fair value option should only be made at initial recognition of the asset or liability or upon a remeasurement event that gives rise to new-basis accounting. The decision about whether to elect the fair value option is applied on an instrument-by-instrument basis, is irrevocable and is applied only to an entire instrument and not only to specified risks, cash flows or portions of that instrument. SFAS No. 159 does not affect any existing accounting literature that requires certain assets and liabilities to be carried at fair value nor does it eliminate disclosure requirements included in other accounting standards. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company does not anticipate electing the fair value option for any existing eligible items. However, the Company will continue to evaluate items on a case-by-case basis for consideration of the fair value option.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. SFAS No. 157 does not impose fair value measurements on items not already accounted for at fair value; rather it applies, with certain exceptions, to other accounting pronouncements that either require or permit fair value measurements. Under SFAS No. 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal or most advantageous market. The standard clarifies that fair value should be based on the assumptions market participants would use when pricing the asset or liability. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the impact of adopting SFAS No. 157 on its consolidated financial position and results of operations.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)" ("SFAS No. 158"). The Company adopted the recognition and related disclosure provisions of SFAS No. 158 as of December 31, 2006. SFAS No. 158 also requires that an employer measure plan assets and obligations as of the end of the employer's fiscal year, eliminating the option in SFAS No. 87 and SFAS No. 106 to measure up to three months prior to the financial statement date. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end is not required until fiscal years ending after December 15, 2008. As of December 31, 2007, PacifiCorp had not yet adopted the measurement date provisions of the statement. Upon adoption of the measurement date provisions, PacifiCorp will be required to record a transitional adjustment to retained earnings or to a regulatory asset depending on whether the amount is considered probable of being recovered in rates.

(3) PacifiCorp Acquisition

General

In May 2005, MEHC reached a definitive agreement with Scottish Power plc ("ScottishPower") and its subsidiary, PacifiCorp Holdings, Inc., to acquire 100% of the common stock of ScottishPower's wholly-owned indirect subsidiary, PacifiCorp. On March 21, 2006, a wholly owned subsidiary of MEHC acquired 100% of the common stock of PacifiCorp from a wholly owned subsidiary of ScottishPower for a cash purchase price of \$5.11 billion, which was funded through the issuance of common stock (see Note 17). MEHC also incurred \$10 million of direct transaction costs associated with the acquisition, which consisted principally of investment banker commissions and outside legal and accounting fees, resulting in a total purchase price of \$5.12 billion. As a result of the acquisition, MEHC controls substantially all of PacifiCorp's voting securities, which include both common and preferred stock. The results of PacifiCorp's operations are included in the Company's results beginning March 21, 2006 (the "acquisition date").

Allocation of Purchase Price

The total purchase price was allocated to PacifiCorp's net tangible and identified intangible assets acquired and liabilities assumed based on their estimated fair values at the acquisition date. PacifiCorp's operations are regulated and are accounted for pursuant to SFAS No. 71. PacifiCorp has demonstrated a past history of recovering its costs incurred through its rate making process. Certain adjustments, which were not significant, related to derivative contracts, severance costs and income taxes were made to the purchase price allocation. The following table summarizes the adjusted fair values of the assets acquired and liabilities assumed as of the acquisition date (in millions):

	Fair Value
Current assets, including cash and cash equivalents of $183	$ 1,115
Property, plant and equipment, net	10,047
Goodwill	1,140
Regulatory assets	1,307
Other non-current assets	665
Total assets	14,274
Current liabilities, including short-term debt of $184 and current portion of long-term debt of $221	(1,283)
Regulatory liabilities	(818)
Pension and postretirement obligations	(830)
Subsidiary and project debt, less current portion	(3,762)
Deferred income taxes	(1,606)
Other non-current liabilities	(855)
Total liabilities	(9,154)
Net assets acquired	$ 5,120

Certain transition activities, pursuant to established plans, were undertaken as PacifiCorp was integrated into the Company. Costs, relating primarily to employee termination activities, have been incurred associated with such transition activities, which were completed as of March 31, 2007. The finalization of certain integration plans resulted in adjustments to the purchase price allocation for the acquired assets and assumed liabilities of PacifiCorp. Qualifying severance costs accrued during the three-month period ended March 31, 2007, and the period from the acquisition date to December 31, 2006, totaled $7 million and $41 million, respectively. Accrued severance costs were $34 million and $31 million as of March 31, 2007 and December 31, 2006, respectively.

Pro Forma Financial Information

The following pro forma condensed consolidated results of operations assume that the acquisition of PacifiCorp was completed as of January 1, 2005, and provides information for the years ended December 31 (in millions):

	2006	**2005**
Operating revenue	$ 11,453	$ 10,405
Net income	$ 1,060	$ 863

The pro forma financial information represents the historical operating results of the combined company with adjustments for purchase accounting and is not necessarily indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of each period presented.

(4) Property, Plant and Equipment, Net

Property, plant and equipment, net consist of the following as of December 31 (in millions):

	Depreciation Life	2007	2006
Regulated assets:			
Utility generation, distribution and transmission system	5-85 years	$ 30,369	$ 27,687
Interstate pipeline assets	3-67 years	5,484	5,329
		35,853	33,016
Accumulated depreciation and amortization		(12,280)	(11,872)
Regulated assets, net		23,573	21,144
Non-regulated assets:			
Independent power plants	10-30 years	680	1,184
Other assets	3-30 years	650	586
		1,330	1,770
Accumulated depreciation and amortization		(427)	(844)
Non-regulated assets, net		903	926
Net operating assets		24,476	22,070
Construction in progress		1,745	1,969
Property, plant and equipment, net		$ 26,221	$ 24,039

Substantially all of the construction in progress as of December 31, 2007 and 2006 relates to the construction of regulated assets.

Northern Natural Gas entered into a purchase and sale agreement for the West Hugoton non-strategic section of its interstate pipeline system in the fourth quarter of 2005. As a result of entering into the purchase and sale agreement, Northern Natural Gas recognized a non-cash impairment charge of $29 million ($18 million after-tax) to write down the carrying value of the asset to its fair value. The fair value was determined based on the agreed sale price. The impairment charge is recorded in operating expense in the accompanying Consolidated Statements of Operations for the year ended December 31, 2005.

(5) Jointly Owned Utility Plant

Under joint plant ownership agreements with other utilities, both PacifiCorp and MidAmerican Energy, as tenants in common, have undivided interests in jointly owned generation and transmission facilities. The Company accounts for its proportional share of each facility, and each joint owner has provided financing for its share of each generating plant or transmission line. Operating costs of each facility are assigned to joint owners based on ownership percentage or energy purchased, depending on the nature of the cost. Operating expenses in the Consolidated Statements of Operations include the Company's share of the expenses of these facilities.

The amounts shown in the table below represent the Company's share in each jointly owned facility as of December 31, 2007 (dollars in millions):

	Company Share	Plant in Service	Accumulated Depreciation/ Amortization	Construction Work-in-Progress
PacifiCorp:				
Jim Bridger Nos. 1-4	67%	$ 965	$ 482	$ 13
Wyodak	80	329	168	1
Hunter No. 1	94	304	146	1
Colstrip Nos. 3 and 4	10	243	118	1
Hunter No. 2	60	192	87	1
Hermiston[(1)]	50	170	37	2
Craig Nos. 1 and 2	19	167	77	1
Hayden No. 1	25	44	20	1
Foote Creek	79	37	13	-
Hayden No. 2	13	27	14	-
Other transmission and distribution plants	Various	80	20	2
Total PacifiCorp		2,558	1,182	23
MidAmerican Energy:				
Walter Scott, Jr. Unit No. 4	60%	634	10	-
Louisa Unit No. 1	88	750	352	1
Walter Scott, Jr. Unit No. 3	79	345	227	86
Quad Cities Unit Nos. 1 and 2	25	320	149	9
Ottumwa Unit No. 1	52	264	147	3
George Neal Unit No. 4	41	169	123	-
George Neal Unit No. 3	72	142	105	2
Transmission facilities	Various	169	46	-
Total MidAmerican Energy		2,793	1,159	101
Total		$ 5,351	$ 2,341	$ 124

(1) PacifiCorp has contracted to purchase the remaining 50% of the output of the Hermiston plant.

(6) Regulatory Matters

Regulatory Assets and Liabilities

Regulatory assets represent costs that are expected to be recovered in future rates. The Company's regulatory assets reflected in the Consolidated Balance Sheets consist of the following as of December 31 (in millions):

	Average Remaining Life	2007	2006
Deferred income taxes[1]	31 years	$ 680	$ 666
Unrealized loss on regulated derivatives[2]	8 years	276	266
Employee benefit plans[3]	11 years	274	625
Asset retirement obligations	15 years	47	46
Computer systems development costs	4 years	36	45
Other	Various	190	179
Total		$ 1,503	$ 1,827

(1) Amounts represent income tax benefits related to state accelerated tax depreciation and certain property-related basis differences that were previously flowed through to customers and will be included in rates when the temporary differences reverse.

(2) Amounts represent net unrealized losses related to derivative contracts included in rates.

(3) Amounts represent unrecognized components of benefit plans' funded status that are recoverable in rates when recognized in net periodic benefit cost.

The Company had regulatory assets not earning a return or earning less than the stipulated return as of December 31, 2007 and 2006 of $1.3 billion and $1.7 billion, respectively.

Regulatory liabilities represent income to be recognized or amounts to be returned to customers in future periods. The Company's regulatory liabilities reflected in the Consolidated Balance Sheets consist of the following as of December 31 (in millions):

	Average Remaining Life	2007	2006
Cost of removal accrual[1][2]	31 years	$ 1,198	$ 1,164
Employee benefit plans[3]	14 years	173	141
Asset retirement obligations[1]	31 years	148	133
Deferred income taxes	33 years	36	48
Iowa electric settlement accrual[1]	1 year	17	259
Unrealized gain on regulated derivatives	1 year	-	22
Other	Various	57	72
Total		$ 1,629	$ 1,839

(1) Amounts are deducted from rate base or otherwise accrue a carrying cost.

(2) Amounts represent the remaining estimated costs, as accrued through depreciation rates and exclusive of ARO liabilities, of removing electric utility assets in accordance with accepted regulatory practices.

(3) Amounts represent unrecognized components of benefit plans' funded status that are to be returned to customers in future periods when recognized in net periodic benefit cost.

Rate Matters

Iowa Electric Revenue Sharing

The Iowa Utilities Board ("IUB") has approved a series of settlement agreements between MidAmerican Energy, the Iowa Office of Consumer Advocate ("OCA") and other intervenors, under which MidAmerican Energy has agreed not to seek a general increase in electric base rates to become effective prior to January 1, 2014, unless its Iowa jurisdictional electric return on equity for any year covered by the applicable agreement falls below 10%, computed as prescribed in each respective agreement. Prior to filing for a general increase in electric rates, MidAmerican Energy is required to conduct 30 days of good faith negotiations with the signatories to the settlement agreements to attempt to avoid a general increase in such rates. As a party to the settlement agreements, the OCA has agreed not to request or support any decrease in MidAmerican Energy's Iowa electric base rates to become effective prior to January 1, 2014. The settlement agreements specifically allow the IUB to approve or order electric rate design or cost of service rate changes that could result in changes to rates for specific customers as long as such changes do not result in an overall increase in revenues for MidAmerican Energy.

The settlement agreements also each provide that revenues associated with Iowa retail electric returns on equity within specified ranges will be shared with customers and that the portion assigned to customers will be recorded as a regulatory liability. The following table summarizes the ranges of Iowa electric returns on equity subject to revenue sharing under each settlement agreement, the percent of revenues within those ranges to be assigned to customers, and the method by which the liability to customers will be settled.

Date Approved by the IUB	Years Covered	Range of Iowa Electric Return on Equity Subject to Sharing	Customers' Share of Revenues Within Range	Method to be Used to Settle Liability to Customers
December 21, 2001	2001 - 2005	12% - 14%	50%	Credits against the cost of new generation plant in Iowa
		Above 14%	83.33%	
October 17, 2003	2006 - 2010	11.75% - 13%	40%	Credits against the cost of new generation plant in Iowa
		13% - 14%	50%	
		Above 14%	83.3%	
January 31, 2005	2011	Same as 2006 - 2010		Credits to customer bills in 2012
April 18, 2006	2012	Same as 2006 - 2010		Credits to customer bills in 2013
July 27, 2007	2013	Same as 2006 - 2010(1)		Credits against the cost of wind-powered generation projects covered by this agreement

(1) If a rate case is filed pursuant to the 10% threshold, as discussed above, the revenue sharing arrangement for 2013 is changed such that the amount to be shared with customers will be 83.3% of revenues associated with Iowa operating income in excess of electric returns on equity allowed by the IUB as a result of the rate case.

The regulatory liabilities created by the settlement agreements have been and are currently recorded as a regulatory charge in depreciation and amortization expense when the liability is accrued. As a result of the credits applied to generating plant balances when the related plant is placed in service, depreciation expense is reduced over the life of the plant. On June 1, 2007, WSEC Unit 4 was placed in service. Accordingly, the January 1, 2007 balance of the revenue sharing liability of $264 million, plus the related interest accrued in 2007, was applied against the cost of WSEC Unit 4 in utility generation, distribution and transmission system.

Refund Matters

Kern River

Kern River's 2004 general rate case hearing concluded in August 2005. On March 2, 2006, Kern River received an initial decision on the case from the administrative law judge. On October 19, 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. The order also affirmed the rejection of certain issues included in Kern River's filed position, including the load factors to be used in calculating rates for the vintage system. The FERC determined that a 100% load factor should be used in the rate calculation rather than the 95% load factor requested by Kern River. The FERC also rejected a 3% inflation factor for certain operating expenses and a shorter useful life for certain plant. Kern River and other parties filed their requests for rehearing of the initial order on November 20, 2006. Kern River submitted its compliance filing, which sets forth compliance rates in accordance with the initial order, on December 18, 2006. A final order on the request for rehearing and compliance filing is not expected until after the FERC finalizes its proposed policy statement that addresses the inclusion of master limited partnerships in the proxy group used to determine a pipeline's allowed return on equity. Rate refunds will be due within 30 days after a final order on Kern River's rate case is issued. Kern River was permitted to bill the requested rate increase prior to final approval by the FERC, subject to refund, beginning effective November 1, 2004. Since that time, Kern River has recorded a provision for estimated refunds. As a result of the October 19, 2006 order, additional customer billings and the accrual of interest, the liability for rates subject to refund increased $78 million during 2006 to $107 million as of December 31, 2006. As of December 31, 2007, the liability for rates subject to refund was $191 million.

Oregon Senate Bill 408

In October 2007, PacifiCorp filed its first tax report 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 an annual tax report with the Oregon Public Utility Commission ("OPUC"). PacifiCorp's filing indicates that in 2006, PacifiCorp paid $33 million more in federal, state and local taxes than was collected in rates from its retail customers. PacifiCorp proposes to amortize $27 million of the surcharge over a one year period, which would result in an average price increase of 3%. If the OPUC issues an order providing for recovery in excess of $27 million and allows the deferral of the excess, the portion not yet recovered will be tracked in a balancing account accruing interest at PacifiCorp's weighted cost of capital. The deferred amount, if any, would be addressed in a subsequent SB 408 filing. The 2006 tax report is currently being challenged during the 180-day procedural schedule that follows the date of the filing, with rates potentially effective June 2008. PacifiCorp expects to file its 2007 tax report under SB 408 during the fourth quarter of 2008. PacifiCorp has not recorded any amounts related to either the 2006 tax report or the 2007 expected filing.

(7) Investments

Investments consist of the following as of December 31 (in millions):

	2007	2006
Guaranteed investment contracts	$ 397	$ 587
Nuclear decommissioning trust funds	276	259
Mine reclamation trust funds	112	110
Auction rate securities	73	26
Other	52	68
	910	1,050
Less current portion	(410)	(221)
Total noncurrent investments	$ 500	$ 829

Noncurrent investments are included in deferred charges, investments and other assets in the Consolidated Balance Sheets as management does not intend to use them in current operations. Gross unrealized and realized gains and losses of investments are not material as of December 31, 2007 and 2006 and for the three years in the period ended December 31, 2007, respectively.

In May 2005, certain indirect wholly owned subsidiaries of CE Electric UK purchased £300 million of fixed rate guaranteed investment contracts (£100 million at 4.75% and £200 million at 4.73%) with a portion of the proceeds of the issuance of £350 million of 5.125% bonds due in 2035. These guaranteed investment contracts matured in December 2007 (£100 million) and February 2008 (£200 million) and the proceeds were used to repay certain long-term debt of subsidiaries of CE Electric UK. The guaranteed investment contracts were reported at cost.

MidAmerican Energy has established trusts for the investment of funds for decommissioning the Quad Cities Nuclear Station Units 1 and 2. These investments in debt and equity securities are classified as available-for-sale and are reported at fair value. Funds are invested in the trust in accordance with applicable federal investment guidelines and are restricted for use as reimbursement for costs of decommissioning the Quad Cities Station. As of December 31, 2007, 54% of the fair value of the trusts' funds was invested in domestic common equity securities, 22% in domestic corporate debt securities and the remainder in investment grade municipal and U.S. Treasury bonds. As of December 31, 2006, 56% of the fair value of the trusts' funds was invested in domestic common equity securities, 13% in domestic corporate debt securities and the remainder in investment grade municipal and U.S. Treasury bonds.

PacifiCorp has established a trust for the investment of funds for final reclamation of a leased coal mining property. These investments in debt and equity securities are classified as available-for-sale and are reported at fair value. Amounts funded are based on estimated future reclamation costs and estimated future coal deliveries. As of December 31, 2007 and 2006, 52% and 56%, respectively, of the fair value of the trust's funds was invested in equity securities with the remainder invested in debt securities.

The Company has invested in AAA-rated interest bearing auction rate securities with remaining maturities of 9 to 29 years. These auction rate securities normally provide liquidity via an auction process that resets the applicable interest rate at predetermined calendar intervals, usually every 28 days or less. Interest on these securities has been paid on the scheduled auction dates. During the third and fourth quarters of 2007, auctions for the $73 million of the Company's investments in auction rate securities failed. The failures resulted in the interest rate on these investments resetting at higher levels. Although there is no current liquid market for the auction rate securities, the Company believes the underlying creditworthiness of the repayment sources for these securities' principal and interest has not materially deteriorated. Therefore, the fair value of these investments approximates the carrying amount as of December 31, 2007.

(8) Short-Term Borrowings

Short-term borrowings consist of the following as of December 31 (in millions):

	2007	2006
MEHC	$ -	$ 152
PacifiCorp	-	397
MidAmerican Energy	86	-
CE Electric UK	44	-
HomeServices	-	3
Total short-term debt	$ 130	$ 552

MEHC

MEHC has a $600 million unsecured credit facility expiring in July 2012. The credit facility has a variable interest rate based on the London Interbank Offered Rate ("LIBOR") plus 0.195%, which varies based on MEHC's credit ratings for its senior unsecured long-term debt securities, or a base rate, at MEHC's option. The credit facility supports letters of credit for the benefit of certain subsidiaries and affiliates. As of December 31, 2007, MEHC had no borrowings outstanding under its credit facility and had letters of credit issued under the credit agreement totaling $46 million. As of December 31, 2006, the outstanding balance of the credit facility totaled $152 million, at an interest rate of 5.57%, and letters of credit issued under the credit agreement totaled $60 million. The related credit agreement requires that MEHC's ratio of consolidated debt to total capitalization, including current maturities, not exceed 0.70 to 1.0 as of the last day of any quarter.

PacifiCorp

At December 31, 2007, PacifiCorp had $1.5 billion available under its unsecured revolving credit facilities. During 2007, PacifiCorp entered into an unsecured revolving credit facility with total bank commitments of $700 million available through October 23, 2012. Under PacifiCorp's previously existing unsecured revolving credit facility, $800 million is available through July 6, 2011 and $760 million is available from July 7, 2011 through July 6, 2012. Each credit facility includes a variable interest rate borrowing option based on LIBOR plus 0.195% that varies based on PacifiCorp's credit ratings for its senior unsecured long-term debt securities and supports PacifiCorp's commercial paper program. As of December 31, 2007, PacifiCorp had no borrowings outstanding under either credit facility. As of December 31, 2006, PacifiCorp had $397 million of commercial paper arrangements outstanding at an average interest rate of 5.3% and no borrowings outstanding under its revolving credit agreement. Each revolving credit agreement requires that PacifiCorp's ratio of consolidated debt to total capitalization, including current maturities, at no time exceed 0.65 to 1.0.

MidAmerican Energy

MidAmerican Energy has a $500 million unsecured revolving credit facility expiring in July 2012. The credit facility has a variable interest rate based on the LIBOR plus 0.115% that varies based on MidAmerican Energy's credit ratings for its senior unsecured long-term debt securities and supports MidAmerican Energy's $380 million commercial paper program and its variable rate pollution control revenue obligations. MidAmerican Energy had $86 million of commercial paper arrangements outstanding as of December 31, 2007, at an average rate of 4.46%, and no borrowings outstanding under its revolving credit agreement as of December 31, 2007 and 2006. The related credit agreement requires that MidAmerican Energy's ratio of consolidated debt to total capitalization, including current maturities, not exceed 0.65 to 1.0 as of the last day of any quarter.

CE Electric UK

CE Electric UK has a £100 million unsecured revolving credit facility expiring in April 2010. The facility carries a variable interest rate based on sterling LIBOR plus 0.25% to 0.40% that varies based on its credit ratings. As of December 31, 2007, the outstanding balance of the credit facility totaled $44 million, at an interest rate of 5.961%, and there were no borrowings outstanding under the facility as of December 31, 2006. The related credit agreement requires that CE Electric UK's ratio of consolidated senior net debt to regulated asset value, including current maturities, not exceed 0.8 to 1.0 at CE Electric UK and 0.65 to 1.0 at Northern Electric and Yorkshire Electricity as of June 30 and December 31. Additionally, CE Electric UK's interest coverage ratio can not exceed 2.5 to 1.0.

CE Electric UK also has a £15 million unsecured, uncommitted line of credit, which was not drawn on as of December 31, 2007 and 2006. The interest rate of this uncommitted line of credit as of December 31, 2007 is variable based on sterling LIBOR plus 0.40%.

HomeServices

HomeServices has a $125 million unsecured senior revolving credit facility expiring in December 2010. The facility carries a variable interest rate based on the prime lending rate or LIBOR, at HomeServices' option, plus 0.5% to 1.125%, that varies based on HomeServices' total debt ratio. The spread was 0.5% as of December 31, 2007 and 2006. As of December 31, 2007 and 2006 there were no borrowings outstanding under the facility. The related credit agreement requires that HomeServices' ratio of consolidated total debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") not exceed 3.0 to 1.0 at the end of any fiscal quarter and its ratio of EBITDA to interest can not be less than 2.5 to 1.0 at the end of any fiscal quarter.

(9) MEHC Senior Debt

MEHC senior debt represents unsecured senior obligations of MEHC and consists of the following, including fair value adjustments and unamortized premiums and discounts, as of December 31 (in millions):

	Par Value	2007	2006
4.625% Senior Notes, due 2007	$ -	$ -	$ 200
7.63% Senior Notes, due 2007	-	-	350
3.50% Senior Notes, due 2008	450	450	450
7.52% Senior Notes, due 2008	550	550	547
5.875% Senior Notes, due 2012	500	500	500
5.00% Senior Notes, due 2014	250	250	250
8.48% Senior Notes, due 2028	475	483	483
6.125% Senior Notes, due 2036	1,700	1,699	1,699
5.95% Senior Notes, due 2037	550	547	-
6.50% Senior Notes, due 2037	1,000	992	-
Total MEHC Senior Debt	$ 5,475	$ 5,471	$ 4,479

(10) MEHC Subordinated Debt

MEHC subordinated debt consists of the following, including fair value adjustments, as of December 31 (in millions):

	Par Value	2007	2006
CalEnergy Capital Trust II-6.25%, due 2012	$ 105	$ 96	$ 94
CalEnergy Capital Trust III-6.5%, due 2027	270	208	208
MidAmerican Capital Trust I-11%, due 2010	227	227	318
MidAmerican Capital Trust II-11%, due 2012	194	194	237
MidAmerican Capital Trust III-11%, due 2011	400	400	500
Total MEHC Subordinated Debt	$ 1,196	$ 1,125	$ 1,357

The Capital Trusts were formed for the purpose of issuing trust preferred securities to holders and investing the proceeds received in subordinated debt issued by MEHC. The terms of the MEHC subordinated debt are substantially identical to those of the trust preferred securities. The MEHC subordinated debt associated with the CalEnergy Trusts is callable at the option of MEHC at any time at par value plus accrued interest. The MEHC subordinated debt associated with the MidAmerican Capital Trusts is not callable by MEHC except upon the limited occurrence of specified events. Distributions on the MEHC subordinated debt are payable either quarterly or semi-annually, depending on the issue, in arrears, and can be deferred at the option of MEHC for up to five years. During the deferral period, interest continues to accrue on the CalEnergy Capital Trusts at their stated rates, while interest accrues on the MidAmerican Capital Trusts at 13% per annum. The CalEnergy Capital Trust preferred securities are convertible any time into cash at the option of the holder for an aggregate amount of $284 million.

The MidAmerican Capital Trusts preferred securities are held by Berkshire Hathaway and its affiliates, which are prohibited from transferring the securities absent an event of default to non-affiliated persons. Interest expense to Berkshire Hathaway for the years ended December 31, 2007, 2006 and 2005 was $108 million, $134 million and $157 million, respectively. Interest expense on the CalEnergy Capital Trusts for the years ended December 31, 2007, 2006 and 2005 was $28 million, $27 million and $27 million, respectively.

The MEHC subordinated debt is subordinated to all senior indebtedness of MEHC and is subject to certain covenants, events of default and optional and mandatory redemption provisions, all described in the indenture. Upon involuntary liquidation, the holder is entitled to par value plus any distributions in arrears. MEHC has agreed to pay to the holders of the trust preferred securities, to the extent that the applicable Trust has funds available to make such payments, quarterly distributions, redemption payments and liquidation payments on the trust preferred securities.

(11) Subsidiary and Project Debt

MEHC's direct and indirect subsidiaries are organized as legal entities separate and apart from MEHC and its other subsidiaries. Pursuant to separate financing agreements, substantially all or most of the properties of each of the Company's subsidiaries (except CE Electric UK, all of MidAmerican Energy's gas and non-Iowa electric utility properties and Northern Natural Gas) are pledged or encumbered to support or otherwise provide the security for their own project or subsidiary debt. It should not be assumed that the assets of any subsidiary will be available to satisfy MEHC's obligations or the obligations of its other subsidiaries. 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. The long-term debt of subsidiaries and projects may include provisions that allow MEHC's subsidiaries to redeem it in whole or in part at any time. These provisions generally include make-whole premiums.

Distributions at these separate legal entities are limited by various covenants including, among others, leverage ratios, interest coverage ratios and debt service coverage ratios. As of December 31, 2007, all subsidiaries were in compliance with their covenants. However, Cordova Energy's 537 MW gas-fired power plant in the Quad Cities, Illinois area is currently prohibited from making distributions by the terms of its indenture due to its failure to meet its debt service coverage ratio requirement.

Long-term debt of subsidiaries and projects consists of the following, including fair value adjustments and unamortized premiums and discounts, as of December 31 (in millions):

	Par Value	2007	2006
PacifiCorp	$ 5,173	$ 5,167	$ 4,131
MidAmerican Funding	700	654	651
MidAmerican Energy	2,477	2,471	1,821
Northern Natural Gas	950	950	800
Kern River	1,016	1,016	1,091
CE Electric UK	2,403	2,562	2,776
CE Casecnan	69	68	105
Leyte Projects	-	-	19
Cordova Funding	190	188	192
HomeServices	22	21	28
Total Subsidiary and Project Debt	$ 13,000	$ 13,097	$ 11,614

PacifiCorp

The components of PacifiCorp's long-term debt consist of the following, including unamortized premiums and discounts, as of December 31 (dollars in millions):

	Par Value	2007	2006
First mortgage bonds:			
4.3% to 9.2%, due through 2012	$ 1,169	$ 1,169	$ 1,294
5.0% to 8.8%, due 2013 to 2017	442	441	441
8.1% to 8.5%, due 2018 to 2022	175	175	175
6.7% to 8.2%, due 2023 to 2026	249	249	249
7.7% due 2031	300	299	299
5.3% to 6.3%, due 2034 to 2037	2,050	2,047	847
Pollution-control revenue obligations:			
Variable rate series (2007-3.5% to 3.8%, 2006-3.9% to 4.0%):			
Due 2013, secured by first mortgage bonds[1]	41	41	41
Due 2014 to 2025[1]	325	325	325
Due 2024, secured by first mortgage bonds[1]	176	176	176
3.4% to 5.7%, due 2014 to 2025, secured by first mortgage bonds	184	183	183
6.2%, due 2030	13	13	13
Mandatorily Redeemable Preferred Stock, due 2007	-	-	38
Capital lease obligations - 10.4% to 14.8%, due through 2036	49	49	50
	$ 5,173	$ 5,167	$ 4,131

(1) Interest rates fluctuate based on various rates, primarily on certificate of deposit rates, interbank borrowing rates, prime rates or other short-term market rates.

As of December 31, 2007, PacifiCorp had $518 million of standby letters of credit and standby bond purchase agreements available to provide credit enhancement and liquidity support for variable-rate pollution-control revenue bond obligations.

MidAmerican Funding

The components of MidAmerican Funding's senior notes and bonds consist of the following, including fair value adjustments, as of December 31 (dollars in millions):

	Par Value	2007	2006
6.339% Senior Notes, due 2009	$ 175	$ 172	$ 170
6.75% Senior Notes, due 2011	200	200	200
6.927% Senior Bonds, due 2029	325	282	281
Total MidAmerican Funding	$ 700	$ 654	$ 651

MidAmerican Funding's subsidiaries must make payments on their own indebtedness before making distributions to MidAmerican Funding. The distributions are also subject to utility regulatory restrictions agreed to by MidAmerican Energy in March 1999, whereby it committed to the IUB to use commercially reasonable efforts to maintain an investment grade rating on its long-term debt and to maintain a common equity to total capitalization ratio above 42%, except under circumstances beyond its control. MidAmerican Energy's common equity to total capitalization ratio is not allowed to decline below 39% for any reason. If the ratio declines below the defined threshold, MidAmerican Energy must seek the approval of a reasonable utility capital structure from the IUB. MidAmerican Energy's ability to issue debt could also be restricted. As of December 31, 2007, MidAmerican Energy's common equity to total capitalization ratio, computed on a basis consistent with the commitment, exceeded the minimum threshold.

MidAmerican Energy

The components of MidAmerican Energy's mortgage bonds, pollution control revenue obligations and notes consist of the following, including unamortized premiums and discounts, as of December 31 (dollars in millions):

	Par Value	2007	2006
Pollution control revenue obligations:			
6.10% Series, due 2007	$ -	$ -	$ 1
5.95% Series, due 2023, secured by general mortgage bonds	29	29	29
Variable rate series (2007-3.51%, 2006-3.97%):			
Due 2016 and 2017	38	38	38
Due 2023, secured by general mortgage bonds	28	28	28
Due 2023	7	7	7
Due 2024	35	35	35
Due 2025	13	13	13
Notes:			
5.65% Series, due 2012	400	400	-
5.125% Series, due 2013	275	275	274
4.65% Series, due 2014	350	350	350
5.95% Series, due 2017	250	249	-
6.75% Series, due 2031	400	396	396
5.75% Series, due 2035	300	300	300
5.80% Series, due 2036	350	349	349
Other	2	2	1
Total MidAmerican Energy	$ 2,477	$ 2,471	$ 1,821

Northern Natural Gas

The components of Northern Natural Gas' senior notes consist of the following, including unamortized premiums and discounts, as of December 31 (dollars in millions):

	Par Value	2007	2006
6.75% Senior Notes, due 2008	$ 150	$ 150	$ 150
7.00% Senior Notes, due 2011	250	250	250
5.375% Senior Notes, due 2012	300	300	300
5.125% Senior Notes, due 2015	100	100	100
5.80% Senior Notes, due 2037	150	150	-
Total Northern Natural Gas	$ 950	$ 950	$ 800

Kern River

The components of Kern River's term notes are due in monthly installments and consist of the following as of December 31 (dollars in millions):

	Par Value	2007	2006
6.676% Senior Notes, due 2016	$ 361	$ 361	$ 389
4.893% Senior Notes, due 2018	655	655	702
Total Kern River	$ 1,016	$ 1,016	$ 1,091

Kern River provides a debt service reserve letter of credit in amounts equal to the next six months of principal and interest payments due on the loans which were equal to $64 million as of December 31, 2007 and 2006.

CE Electric UK

The components of CE Electric UK and its subsidiaries' long-term debt consist of the following, including fair value adjustments and unamortized premiums and discounts, as of December 31 (dollars in millions):

	Par Value	2007	2006
6.995% Senior Notes, due 2007	$ -	$ -	$ 235
6.496% Yankee Bonds, due 2008	281	281	281
8.875% Bearer Bonds, due 2020[1]	198	232	231
9.25% Eurobonds, due 2020[1]	397	481	482
7.25% Sterling Bonds, due 2022[1]	397	425	417
7.25% Eurobonds, due 2028[1]	368	388	384
5.125% Bonds, due 2035[1]	397	391	389
5.125% Bonds, due 2035[1]	297	296	292
CE Gas Credit Facility, 7.94% and 7.62%[1]	68	68	65
Total CE Electric UK	$ 2,403	$ 2,562	$ 2,776

(1) The par values for these debt instruments are denominated in sterling and have been converted to U.S. dollars at the applicable exchange rate.

CE Casecnan

CE Casecnan Water and Energy Company, Inc. ("CE Casecnan") has 11.95% Senior Secured Series B Bonds, due in 2010 with a par value of $69 million. The outstanding balance of these bonds, including fair value adjustments, as of December 31, 2007 and 2006 was $68 million and $105 million, respectively.

Cordova Funding

Cordova Funding Corporation's ("Cordova Funding") senior secured bonds are due in semi-annual installments and consist of the following, including fair value adjustments, as of December 31 (dollars in millions):

	Par Value	2007	2006
8.48% - 9.07% Senior Secured Bonds, due 2019	$ 190	$ 188	$ 192

MEHC has issued a limited guarantee of a specified portion of the final scheduled principal payment on December 15, 2019, on the Cordova Funding senior secured bonds in an amount up to a maximum of $37 million.

HomeServices

The components of HomeServices' long-term debt consist of the following, including fair value adjustments, as of December 31 (dollars in millions):

	Par Value	2007	2006
7.12% Senior Notes, due 2010	$ 15	$ 14	$ 19
Other	7	7	9
Total HomeServices	$ 22	$ 21	$ 28

Annual Repayments of Long-Term Debt

The annual repayments of MEHC and subsidiary and project debt for the years beginning January 1, 2008 and thereafter, excluding fair value adjustments and unamortized premiums and discounts, are as follows (in millions):

	2008	2009	2010	2011	2012	Thereafter	Total
MEHC senior debt	$ 1,000	$ -	$ -	$ -	$ 500	$ 3,975	$ 5,475
MEHC subordinated debt	234	234	189	143	126	270	1,196
PacifiCorp	414	140	17	589	19	3,994	5,173
MidAmerican Funding	-	175	-	200	–	325	700
MidAmerican Energy	1	-	-	-	400	2,076	2,477
Northern Natural Gas	150	-	-	250	300	250	950
Kern River	73	75	79	81	81	627	1,016
CE Electric UK	281	-	13	9	46	2,054	2,403
CE Casecnan	38	14	17	-	-	-	69
Cordova Funding	4	6	9	9	10	152	190
HomeServices	5	11	5	-	-	1	22
Totals	$ 2,200	$ 655	$ 329	$ 1,281	$ 1,482	$ 13,724	$ 19,671

(12) Asset Retirement Obligations

The Company estimates its ARO liabilities based upon detailed engineering calculations of the amount and timing of the future cash spending for a third party to perform the required work. Spending estimates are escalated for inflation and then discounted at a credit-adjusted, risk-free rate. Changes in estimates could occur for a number of reasons including plan revisions, inflation and changes in the amount and timing of expected work. The change in the balance of the total ARO liability, which is included in other long-term accrued liabilities in the Consolidated Balance Sheets, is summarized as follows (in millions):

	2007	2006
Balance, January 1	$ 423	$ 208
PacifiCorp acquisition	-	212
Revisions	19	(17)
Additions	6	4
Retirements	(49)	(5)
Accretion	23	21
Balance, December 31	$ 422	$ 423

PacifiCorp's coal mining operations are subject to the Surface Mining Control and Reclamation Act of 1977 and similar state statutes that establish operational, reclamation and closure standards that must be met during and upon completion of mining activities. These statutes mandate that mine property be restored consistent with specific standards and the approved reclamation plan. PacifiCorp is incurring expenditures for both ongoing and final reclamation. The fair value of PacifiCorp's estimated mine reclamation costs, principally the Jim Bridger mine, was $115 million and $141 million as of December 31, 2007 and 2006, respectively, and is the asset retirement obligation for these mines. PacifiCorp has established trusts for the investment of funds for the Jim Bridger mine. The fair value of the assets held in trusts was $117 million and $110 million as of December 31, 2007 and 2006, respectively, and is reflected in other current assets and deferred charges, investments and other assets in the Consolidated Balance Sheets.

The Nuclear Regulatory Commission ("NRC") regulates the decommissioning of nuclear power plants, which includes the planning and funding for the decommissioning. In accordance with these regulations, MidAmerican Energy submits a biennial report to the NRC providing reasonable assurance that funds will be available to pay for its share of the Quad Cities Station decommissioning. The decommissioning costs are included in base rates in MidAmerican Energy's Iowa tariffs. The fair value of MidAmerican Energy's share of estimated Quad Cities Station decommissioning costs was $150 million and $142 million as of December 31, 2007 and 2006, respectively, and is the asset retirement obligation for the Quad Cities Station. MidAmerican Energy has established trusts for the investment of decommissioning funds. The fair value of the assets held in the trusts was $276 million and $259 million as of December 31, 2007 and 2006, respectively, and is reflected in deferred charges, investments and other assets in the Consolidated Balance Sheets.

In addition to the ARO liabilities, the Company has accrued for the cost of removing other electric and gas assets through its depreciation rates, in accordance with accepted regulatory practices. These accruals are reflected as regulatory liabilities and total $1.20 billion and $1.16 billion as of December 31, 2007 and 2006, respectively.

(13) Preferred Securities of Subsidiaries

The total outstanding preferred stock of PacifiCorp, which does not have mandatory redemption requirements, was $41 million as of December 31, 2007 and 2006. Generally, this preferred stock is redeemable at stipulated prices plus accrued dividends, subject to certain restrictions. In the event of voluntary liquidation, all preferred stock is entitled to stated value or a specified preference amount per share plus accrued dividends. Upon involuntary liquidation, all preferred stock is entitled to stated value plus accrued dividends. Dividends on all preferred stock are cumulative. Holders also have the right to elect members to the PacifiCorp board of directors in the event dividends payable are in default in an amount equal to four full quarterly payments.

The total outstanding cumulative preferred securities of MidAmerican Energy are not subject to mandatory redemption requirements and may be redeemed at the option of MidAmerican Energy at prices which, in the aggregate, total $31 million. The aggregate total the holders of all preferred securities outstanding as of December 31, 2007 and 2006, are entitled to upon involuntary bankruptcy is $30 million plus accrued dividends.

The total outstanding 8.061% cumulative preferred securities of a subsidiary of CE Electric UK, which are redeemable in the event of the revocation of the subsidiary's electricity distribution license by the Secretary of State, was $56 million as of December 31, 2007 and 2006.

(14) Risk Management and Hedging Activities

The Company is exposed to the impact of market fluctuations in commodity prices, principally natural gas and electricity, particularly through its ownership of PacifiCorp and MidAmerican Energy. Interest rate risk exists on variable rate debt, commercial paper and future debt issuances. The Company is also exposed to foreign currency risk primarily due to its business operations and investments in Great Britain. The Company employs established policies and procedures to manage its risks associated with these market fluctuations using various commodity and financial derivative instruments, including forward contracts, futures, options, swaps and other over-the-counter agreements. The risk management process established by each business platform is designed to identify, assess, monitor, report, manage, and mitigate each of the various types of risk involved in its business. The Company does not engage in a material amount of proprietary trading activities.

The following table summarizes the various derivative mark-to-market positions included in the Consolidated Balance Sheet as of December 31, 2007 (in millions):

	Derivative Net Assets (Liabilities)			Regulatory Net Assets	Accumulated Other Comprehensive
	Assets	Liabilities	Total	(Liabilities)	(Income) Loss[1]
Commodity	$ 396	$ (659)	$ (263)	$ 277	$ (15)
Foreign currency	1	(106)	(105)	(1)	106
	$ 397	$ (765)	$ (368)	$ 276	$ 91
Current	$ 170	$ (266)	$ (96)		
Non-current	227	(499)	(272)		
Total	$ 397	$ (765)	$ (368)		

(1) Before income taxes.

The following table summarizes the various derivative mark-to-market positions included in the Consolidated Balance Sheet as of December 31, 2006 (in millions):

	Derivative Net Assets (Liabilities)			Regulatory Net Assets	Accumulated Other Comprehensive
	Assets	Liabilities	Total	(Liabilities)	(Income) Loss[1]
Commodity	$ 467	$ (740)	$ (273)	$ 247	$ 6
Interest rate	13	-	13	-	(13)
Foreign currency	4	(149)	(145)	(3)	149
	$ 484	$ (889)	$ (405)	$ 244	$ 142
Current	$ 236	$ (271)	$ (35)		
Non-current	248	(618)	(370)		
Total	$ 484	$ (889)	$ (405)		

(1) Before income taxes.

Commodity Price Risk

The Company is subject to significant commodity risk particularly through its ownership of PacifiCorp and MidAmerican Energy. Exposures include variations in the price of wholesale electricity that is purchased and sold, fuel costs to generate electricity, and natural gas supply for regulated retail gas 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. To mitigate a portion of the risk, the Company uses derivative instruments, including forwards, futures, options, swap and other over-the-counter agreements, to effectively secure future supply or sell future production at fixed prices. The settled cost of these contracts 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, that are probable of recovery in rates, are recorded as regulatory net assets or liabilities.

MidAmerican Energy also uses futures, options and swap agreements to economically hedge gas commodity prices for physical delivery to nonregulated customers. MidAmerican Energy also enters into forward physical supply contracts and swap agreements to economically hedge electricity commodity prices for physical delivery to nonregulated customers. Nonregulated retail physical electricity contracts are considered normal purchases or sales and gains and losses on such contracts are recognized when settled. All other nonregulated gas and electric contracts are recorded at fair value.

Other MEHC subsidiaries use derivative instruments such as swaps, future, forwards and options principally as cash flow hedges for spring operational sales, natural gas storage and other transactions. During 2006, CE Gas recognized $14 million of unrealized losses on derivative contracts that became ineffective due to its inability to effectively forecast the associated hedged transactions.

Realized gains and losses on all hedges and hedge ineffectiveness are recognized in income as operating revenue, cost of sales or operating expenses depending upon the nature of the item being hedged. Net unrealized gains and losses on hedges utilized for regulatory purposes are generally recorded as regulatory assets and liabilities. As of December 31, 2007, the Company had cash flow hedges with expiration dates through October 2013. For the year ended December 31, 2007, hedge ineffectiveness was insignificant. As of December 31, 2007, $4 million of pre-tax net unrealized gains are forecasted to be reclassified from AOCI into earnings over the next twelve months as contracts settle.

Foreign Currency Risk

MEHC selectively reduces its foreign currency risk by hedging through foreign currency derivatives. CE Electric UK has entered into certain currency rate swap agreements with large multi-national financial institutions for its U.S. dollar denominated senior notes and Yankee bonds. As of December 31, 2006, the swap agreements effectively converted the U.S. dollar fixed interest rate to a fixed rate in sterling for $237 million of 6.995% senior notes and $281 million of 6.496% Yankee bonds outstanding. The swap agreement for $237 million of senior notes expired with the maturity of the senior notes on December 30, 2007, and the swap agreement for $281 million of Yankee bonds expired with the maturity of the Yankee bonds on February 25, 2008. The estimated fair value of these swap agreements as of December 31, 2007 and 2006 was a liability of $106 million and $149 million, respectively, based on quotes from the counterparties to these instruments and represents the estimated amount that the Company would expect to pay if these agreements were terminated.

Interest Rate Risk

The Company may enter into contractual agreements to hedge exposure to interest rate risk. In September 2006, MEHC entered into a treasury rate lock agreement in the notional amount of $1.55 billion to protect against an increase in interest rates on future long-term debt issuances. As of December 31, 2006, the fair value of the treasury rate lock agreement was $12 million. The financings occurred on May 11, 2007 and August 28, 2007, and MEHC received a total of $32 million, which is being amortized as a reduction to interest expense over the term of the related financings. In May 2005, MEHC entered into a treasury rate lock agreement in the notional amount of $1.6 billion to protect against an increase in interest rates on future long-term debt issuances. The financing occurred on March 24, 2006 and MEHC received $53 million, which is being amortized as a reduction to interest expense over the term of the related financing.

(15) Income Taxes

Income tax expense on continuing operations consists of the following for the years ended December 31 (in millions):

	2007	2006	2005
Current:			
Federal	$ 147	$ 6	$ 36
State	38	5	5
Foreign	141	135	74
	326	146	115
Deferred:			
Federal	188	249	57
State	(6)	-	10
Foreign	(41)	21	67
	141	270	134
Investment tax credit, net	(11)	(9)	(4)
Total	$ 456	$ 407	$ 245

A reconciliation of the federal statutory tax rate to the effective tax rate on continuing operations applicable to income before income tax expense for the years ended December 31 follows:

	2007	2006	2005
Federal statutory rate	35%	35%	35%
General business tax credits	(3)	(3)	(2)
State taxes, net of federal tax effect	2	2	2
Equity income, net of dividends received deduction	-	-	1
Tax effect of foreign income	(2)	(2)	(2)
Change in UK corporate income tax rate	(4)	-	-
Effects of ratemaking	-	1	(1)
Other items, net	-	(2)	(1)
Effective tax rate	28%	31%	32%

In 2007, the Company recognized $58 million of deferred income tax benefits upon the enactment of the reduction in the United Kingdom corporate income tax rate from 30% to 28% to be effective April 1, 2008.

The net deferred tax liability consists of the following as of December 31 (in millions):

	2007	2006
Deferred tax assets:		
Regulatory liabilities	$ 473	$ 452
Employee benefits	161	362
Accruals not currently deductible for tax purposes	154	141
Net operating loss ("NOL") and credit carryforwards	130	201
Revenue subject to refund	72	41
Uncertain tax positions	32	-
Nuclear reserve and decommissioning	24	23
Revenue sharing accruals	8	110
Other	223	172
Total deferred tax assets	1,277	1,502
Valuation allowance	(12)	(20)
Total deferred tax assets, net	1,265	1,482
Deferred tax liabilities:		
Property, plant and equipment, net	(3,654)	(3,562)
Regulatory assets	(984)	(1,095)
Other	(60)	(122)
Total deferred tax liabilities	(4,698)	(4,779)
Net deferred tax liability	$ (3,433)	$ (3,297)
Reflected as:		
Deferred income taxes-current asset	$ 162	$ 152
Deferred income taxes-non-current liability	(3,595)	(3,449)
	$ (3,433)	$ (3,297)

As of December 31, 2007, the Company has available unused NOL and credit carryforwards that may be applied against future taxable income and that expire at various intervals between 2008 and 2027.

The Company adopted FIN 48 effective January 1, 2007 and had $117 million of net unrecognized tax benefits. Of this amount, the Company recognized a net increase in the liability for unrecognized tax benefits of $22 million as a cumulative effect of adopting FIN 48, which was offset by reductions in beginning retained earnings of $5 million, deferred income tax liabilities of $31 million and goodwill of $15 million and an increase in regulatory assets of $1 million in the Consolidated Balance Sheet. The remaining $95 million had been previously accrued under SFAS No. 5, "Accounting for Contingencies," or SFAS No. 109, "Accounting for Income Taxes."

As of December 31, 2007, net unrecognized tax benefits totaled $127 million which included $104 million of tax positions that, if recognized, would have an impact on the effective tax rate. The remaining unrecognized tax benefits relate to positions for which ultimate deductibility is highly certain but for which there is uncertainty as to the timing of such deductibility and tax positions related to acquired companies. Recognition of these tax benefits, other than applicable interest and penalties, would not affect the Company's effective tax rate.

(16) Other Income and Expense

Other Income

Other income, as shown on the Consolidated Statements of Operations, for the years ending December 31 consists of the following (in millions):

	2007	2006	2005
Gain on Mirant bankruptcy claim	$ 3	$ 89	$ -
Allowance for equity funds used during construction	85	57	26
Gains on sales of non-strategic assets and investments	1	55	23
Corporate-owned life insurance income	12	13	5
Other	21	25	21
Total other income	$ 122	$ 239	$ 75

Gain on Mirant Americas Energy Marketing ("Mirant") Bankruptcy Claim

Mirant was one of the shippers that entered into a 15-year, 2003 Expansion Project, firm gas transportation contract with Kern River (the "Mirant Agreement") and provided a letter of credit equivalent to 12 months of reservation charges as security for its obligations thereunder. In July 2003, Mirant filed for Chapter 11 bankruptcy protection. Kern River claimed $210 million in damages due to the rejection of the Mirant Agreement. The bankruptcy court ultimately determined that Kern River was entitled to a general unsecured claim of $74 million in addition to $15 million of cash collateral. In January 2006, Mirant emerged from bankruptcy. In February 2006, Kern River received an initial distribution of such shares in payment of the majority of its allowed claim. Kern River sold all of the shares of new Mirant stock received from its allowed claim amount plus interest in the first quarter of 2006 and recognized a gain from those sales of $89 million.

(17) Shareholders' Equity

Preferred Stock

As of December 31, 2005, Berkshire Hathaway owned 41,263,395 shares of MEHC's no par zero-coupon convertible preferred stock. Each share of preferred stock was convertible at the option of the holder into one share of MEHC's common stock subject to certain adjustments as described in MEHC's Amended and Restated Articles of Incorporation. The convertible preferred stock was convertible into common stock only upon the occurrence of specified events, including modification or elimination of the Public Utility Holding Company Act of 1935 ("PUHCA 1935") so that holding company registration would not be triggered by conversion. On February 9, 2006, following the effective date of the repeal of the Public Utility Holding Company Act of 1935, Berkshire Hathaway converted its 41,263,395 shares of MEHC's no par zero-coupon convertible preferred stock into an equal number of shares of MEHC's common stock.

Common Stock

On March 14, 2000, and as amended on December 7, 2005, MEHC's shareholders entered into a Shareholder Agreement that provides specific rights to certain shareholders. One of these rights allows certain shareholders the ability to put their common shares back to MEHC at the then current fair value dependent on certain circumstances controlled by MEHC.

On March 1, 2006, MEHC and Berkshire Hathaway entered into an Equity Commitment Agreement (the "Berkshire Equity Commitment") pursuant to which Berkshire Hathaway has agreed to purchase up to $3.5 billion of common equity of MEHC upon any requests authorized from time to time by the Board of Directors of MEHC. The proceeds of any such equity contribution shall only be used for the purpose of (a) paying when due MEHC's debt obligations and (b) funding the general corporate purposes and capital requirements of the Company's regulated subsidiaries. Berkshire Hathaway will have up to 180 days to fund any such request. The Berkshire Equity Commitment will expire on February 28, 2011.

On March 2, 2006, MEHC amended its Articles of Incorporation to (i) increase the amount of its common stock authorized for issuance to 115,000,000 shares and (ii) no longer provide for the authorization to issue any preferred stock of MEHC.

In March 2006, MEHC repurchased 12,068,412 shares of common stock for an aggregate purchase price of $1.75 billion.

On March 21, 2006, Berkshire Hathaway and certain other of MEHC's existing shareholders and related companies invested $5.11 billion, in the aggregate, in 35,237,931 shares of MEHC's common stock in order to provide equity funding for the PacifiCorp acquisition (see Note 3). The per-share value assigned to the shares of common stock issued, which were effected pursuant to a private placement and were exempt from the registration requirements of the Securities Act of 1933, as amended, was based on an assumed fair market value as agreed to by MEHC's shareholders.

Common Stock Options

There were no common stock options granted, forfeited or that expired during each of the three years in the period ended December 31, 2007. There were 370,000 common stock options exercised during the year ended December 31, 2007 having a weighted-average exercise price of $26.99 per share. There were 703,329 common stock options outstanding and exercisable with an exercise price of $35.05 per share and a remaining contractual life of 2.25 years as of December 31, 2007.

There were 775,000 common stock options exercised during the year ended December 31, 2006 having a weighted-average exercise price of $28.65 per share. There were 1,073,329 common stock options outstanding and exercisable with a weighted-average exercise price of $32.27 per share as of December 31, 2006. As of December 31, 2006, 370,000 of the outstanding and exercisable common stock options had exercise prices ranging from $24.22 to $34.69 per share, a weighted-average exercise price of $26.99 per share and a remaining contractual life of 1.25 years. The remaining 703,329 outstanding and exercisable common stock options had an exercise price of $35.05 per share and a remaining contractual life of 3.25 years.

There were 200,000 common stock options exercised during the year ended December 31, 2005 having an exercise price of $29.01 per share. There were 1,848,329 common stock options outstanding and exercisable with a weighted-average exercise price of $30.75 per share as of December 31, 2005. 1,145,000 of the outstanding and exercisable common stock options had exercise prices ranging from $15.94 to $34.69 per share, a weighted-average exercise price of $28.11 per share and a remaining contractual life of 2.25 years. The remaining 703,329 outstanding and exercisable common stock options had an exercise price of $35.05 per share and a remaining contractual life of 4.25 years. There were 2,048,329 common stock options outstanding and exercisable with a weighted-average exercise price of $30.58 per share as of December 31, 2004.

(18) Commitments and Contingencies

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 and believes it is in material compliance with current environmental requirements.

Air Quality

Litigation was filed in the federal district court for the southern district of New York seeking to require reductions of carbon dioxide emissions from generating facilities of five large electric utilities. The court dismissed the suit, ruling that critical issues affecting the United States, like greenhouse gas emissions reductions, are not the domain of the courts and should be resolved by the executive branch of the federal government and the U.S. Congress. This ruling has been appealed to the Second Circuit Court of Appeals. The outcome of climate change litigation and federal and state climate change initiatives cannot be determined at this time; however, adoption of stringent limits on greenhouse gas emissions could significantly impact the Company's fossil-fueled facilities and, therefore, its financial results.

The Environmental Protection Agency's regulation of certain pollutants under the Clean Air Act, and its failure to regulate other pollutants, is being challenged by various lawsuits brought by both individual state attorney generals and environmental groups. To the extent that these actions may be successful in imposing additional and/or more stringent regulation of emissions on fossil-fueled facilities in general and PacifiCorp's and MidAmerican Energy's facilities in particular, such actions could significantly impact the Company's fossil-fueled facilities and, therefore, its financial results.

Accrued Environmental Costs

The Company is fully or partly responsible for environmental remediation that results from other than normal operations 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 expense is 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 December 31, 2007 and 2006 was $38 million and $50 million, respectively, and is included in other liabilities and other long-term accrued liabilities on the Consolidated Balance Sheets. Environmental remediation liabilities that result from the normal operation of a long-lived asset and that are associated with the retirement of those assets is accounted for as an asset retirement obligation.

Hydroelectric Relicensing

PacifiCorp's hydroelectric portfolio consists of 47 plants with an aggregate facility net owned capacity of 1,158 MW. The FERC regulates 98% of the net capacity of this portfolio through 16 individual licenses. Several of PacifiCorp's hydroelectric plants are in some stage of relicensing with the FERC. Hydroelectric relicensing and the related environmental compliance requirements and litigation are subject to uncertainties. PacifiCorp expects that future costs relating to these matters may be significant and will consist primarily of additional relicensing costs, operations and maintenance expense, and capital expenditures. Electricity generation reductions may result from the additional environmental requirements. PacifiCorp had incurred $89 million and $79 million in costs as of December 31, 2007 and 2006, respectively, for ongoing hydroelectric relicensing, which are included in construction in progress and reflected in property, plant and equipment, net in the Consolidated Balance Sheet.

In February 2004, PacifiCorp filed with the FERC a final application for a new license to operate the 169 MW (nameplate rating) Klamath hydroelectric project 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 to operate under annual licenses until the new operating license is issued. As part of the relicensing process, the United States Departments of Interior and Commerce filed proposed licensing terms and conditions with the FERC in March 2006, which proposed that PacifiCorp construct upstream and downstream fish passage facilities at the Klamath hydroelectric project's four mainstem dams. In April 2006, PacifiCorp filed alternatives to the federal agencies' proposal and requested an administrative hearing to challenge some of the federal agencies' factual assumptions supporting their proposal for the construction of the fish passage facilities. A hearing was held in August 2006 before an administrative law judge. The administrative law judge issued a ruling in September 2006 generally supporting the federal agencies' factual assumptions. In January 2007, the United States Departments of Interior and Commerce filed modified terms and conditions consistent with March 2006 filings and rejected the alternatives proposed by PacifiCorp. PacifiCorp is prepared to meet and implement the federal agencies' terms and conditions as part of the project's relicensing. However, PacifiCorp expects to continue in settlement discussions with various parties in the Klamath Basin area who have intervened with the FERC licensing proceeding to try to achieve a mutually acceptable outcome for the project.

Also, as part of the relicensing process, the FERC is required to perform an environmental review. In September 2006, the FERC issued its draft environmental impact statement on the Klamath hydroelectric project license. PacifiCorp filed comments on the draft statement by the close of the public comment period on December 1, 2006. Subsequently, 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 hydroelectric project's impact on endangered species under the proposed new FERC license. The United States Fish and Wildlife Service asserts the hydroelectric project is currently not covered by previously issued biological opinions, and that consultation under the Endangered Species Act is required by the issuance of annual license renewals. PacifiCorp disputes these assertions, and believes federal case law is clear that consultation on annual FERC licenses is not required. PacifiCorp will need to obtain water quality certifications from Oregon and California prior to the FERC issuing a final license. PacifiCorp currently has applications pending before each state.

In the relicensing of the Klamath hydroelectric project, PacifiCorp had incurred $48 million and $42 million in costs as of December 31, 2007 and 2006, respectively, which are included in construction in progress and reflected in property, plant and equipment, net in the Consolidated Balance Sheets. 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.

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 compliant 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. A five-day trial on the liability phase is scheduled to begin on April 2008. The remedy-phase trail has not yet been set. 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

Pursuant to the share ownership adjustment mechanism in the CE Casecnan shareholder agreement, which is based upon proforma financial projections of the Casecnan Project prepared following commencement of commercial operations, in February 2002, 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. On July 8, 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 NIA arbitration.

On February 21, 2007, the appellate court issued a decision, and as a result of the decision, CE Casecnan Ltd. determined that LPG would retain ownership of 10% of the shares of CE Casecnan, with the remaining 5% ownership being transferred to CE Casecnan Ltd. subject to certain buy-up rights under the shareholder agreement. At a hearing on October 10, 2007, the court determined that LPG was ready, willing and able to exercise its buy-up rights in 2007. Additional hearings were held on October 23 and 24, 2007, regarding the issue of the buy-up price calculation and a written decision was issued on February 4, 2008 specifying the method for determining LPG's buy-up price. A final judgment has not been issued on the buy-up right and price and when issued will be subject to appeal. LPG waived its request for a jury trial for the breach of fiduciary duty claim and the parties have entered into a stipulation which provides for a trial of such claim by the court based on the existing record of the case. The trial date has been set for March 12, 2008. The Company intends to vigorously defend and pursue the remaining claims.

In February 2003, San Lorenzo Ruiz Builders and Developers Group, Inc. ("San Lorenzo"), an original shareholder substantially all of whose shares in CE Casecnan were purchased by MEHC in 1998, threatened to initiate legal action against the Company in the Philippines in connection with certain aspects of its option to repurchase such shares. The Company believes that San Lorenzo has no valid basis for any claim and, if named as a defendant in any action that may be commenced by San Lorenzo, the Company will vigorously defend such action. On July 1, 2005, MEHC and CE Casecnan Ltd. commenced an action against San Lorenzo in the District Court of Douglas County, Nebraska, seeking a declaratory judgment as to MEHC's and CE Casecnan Ltd.'s rights vis-à-vis San Lorenzo in respect of such shares. San Lorenzo filed a motion to dismiss on September 19, 2005. Subsequently, San Lorenzo purported to exercise its option to repurchase such shares. On January 30, 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 Cascenan, that it is the rightful owner of such shares and that it is due all dividends paid on such shares. On March 9, 2006, the court granted San Lorenzo's motion to dismiss, but has since permitted MEHC and CE Casecnan Ltd. to file an amended complaint incorporating the purported exercise of the option. The complaint has been amended and the action is proceeding. Currently, the action is in the discovery phase and a one-week trial has been set to begin on November 3, 2008. The impact, if any, of San Lorenzo's purported exercise of its option and the Nebraska litigation on the Company cannot be determined at this time. The Company intends to vigorously defend the counterclaims.

Unconditional Purchase Obligations

The Company has the following unconditional purchase obligations as of December 31, 2007 (in millions) which are not reflected in the Consolidated Balance Sheet:

	Minimum payments required for						
	2008	**2009**	**2010**	**2011**	**2012**	**2013 and After**	**Total**
Contract type:							
Coal, electricity and natural gas contract commitments	$ 1,637	$ 1,249	$ 1,040	$ 656	$ 399	$ 3,542	$ 8,523
Purchase obligations	440	54	31	11	15	51	602
Owned hydroelectric commitments	39	50	59	87	39	538	812
Operating leases, easements and maintenance contracts	100	80	67	54	40	208	549
	$ 2,216	$ 1,433	$ 1,197	$ 808	$ 493	$ 4,339	$ 10,486

Coal, Electricity and Natural Gas Contract Commitments

PacifiCorp and MidAmerican Energy have fuel supply and related transportation contracts for their coal-fired and gas generating stations. PacifiCorp and MidAmerican Energy expect to supplement these contracts with additional contracts and spot market purchases to fulfill their future fossil fuel needs. PacifiCorp and MidAmerican Energy acquire a portion of their electricity through long-term purchases and/or exchange agreements. Included in the purchased electricity payments are any power purchase agreements that meet the definition of an operating lease.

Purchase obligations

The Company has purchase obligations for an ongoing construction program to meet increased electricity usage, customer growth and system reliability objectives. Additionally, the Company has various other purchase obligations that are non-cancelable or cancelable only under certain conditions related to equipment maintenance and various other service and maintenance agreements.

Owned Hydroelectric Commitments

As part of the hydroelectric relicensing process, PacifiCorp entered into settlement agreements with various interested parties that resulted in commitments for environmental mitigation and enhancement measures over the life of the licenses.

Operating Leases, Easements and Maintenance Contracts

The Company has non-cancelable operating leases primarily for computer equipment, office space, certain operating facilities, land and rail cars. These leases generally require the Company to pay for insurance, taxes and maintenance applicable to the leased property. Certain leases contain renewal options for varying periods and escalation clauses for adjusting rent to reflect changes in price indices. The Company also has non-cancelable easements for land on which its wind-farm turbines are located, as well as non-cancelable maintenance contracts for the turbines. Rent expense on non-cancelable operating leases totaled $122 million for 2007, $117 million for 2006 and $79 million for 2005.

Guarantees

The Company has entered into guarantees as part of the normal course of business and the sale of certain assets. These guarantees are not expected to have a material impact on the Company's consolidated financial results. The Company is generally required to obtain state regulatory commission approval prior to guaranteeing debt or obligations of other parties. The following represent the material indemnification obligations of the Company as of December 31, 2007.

PacifiCorp

PacifiCorp has made certain commitments related to the decommissioning or reclamation of certain jointly owned facilities and mine sites. The decommissioning commitments require PacifiCorp to pay a proportionate share of the decommissioning costs based upon percentage of ownership. The mine reclamation commitments require PacifiCorp to pay the mining entity a proportionate share of the mine's reclamation costs based on the amount of coal purchased by PacifiCorp. In the event of default by any of the other joint participants, PacifiCorp potentially may be obligated to absorb, directly or by paying additional sums to the entity, a proportionate share of the defaulting party's liability. PacifiCorp has recorded its estimated share of the decommissioning and reclamation commitments.

(19) Employee Benefit Plans

Domestic Operations

PacifiCorp sponsors defined benefit pension plans that cover the majority of its employees. PacifiCorp's pension plans include a noncontributory defined benefit pension plan, a supplemental executive retirement plan ("SERP") and certain multi-employer and joint trust union plans to which PacifiCorp contributes on behalf of certain bargaining units. MidAmerican Energy sponsors defined benefit pension plans that cover substantially all employees of MEHC and its domestic energy subsidiaries other than PacifiCorp. MidAmerican Energy's pension plans included a noncontributory defined benefit pension plan and a SERP. PacifiCorp and MidAmerican Energy also provide certain postretirement health care and life insurance benefits through various plans for eligible retirees.

Changes to the Company's domestic defined benefit and other postretirement plans include the following:

- Effective June 1, 2007, PacifiCorp switched from a traditional final average pay formula for its noncontributory defined benefit pension plan to a cash balance formula for its non-union employees. As a result of the change in benefits under the traditional final average pay formula were frozen as of May 31, 2007 for non-union employees, and PacifiCorp's pension liability and regulatory assets each decreased by $111 million.

- Non-union employees hired on or after January 1, 2008, are not eligible to participate in the PacifiCorp-sponsored or MidAmerican Energy-sponsored noncontributory defined benefit pension plans. These non-union employees will be eligible to receive enhanced benefits under PacifiCorp's and MidAmerican Energy's defined contribution plans.

- Effective December 31, 2007, Local Union No. 659 of the International Brotherhood of Electrical Workers ("Local 659") elected to cease participation in PacifiCorp's noncontributory defined benefit pension plan and participate only in PacifiCorp's defined contribution plan with enhanced benefits. As a result of this election, the Local 659 participants' benefits were frozen as of December 31, 2007.

- MidAmerican Energy's other postretirement benefit plan was amended for non-union employees on July 1, 2004, and substantially all union participants on July 1, 2006. As a result, non-union employees hired after June 30, 2004, and union employees hired after June 30, 2006, are not eligible for postretirement benefits other than pensions. The plan, as amended, provides retiree medical accounts for participants to which the Company makes fixed contributions until the employee's retirement. Participants will use such accounts to pay a portion of their medical premiums during retirement.

Plan assets and benefit obligations for PacifiCorp-sponsored plans were measured as of September 30, 2007 and MidAmerican Energy-sponsored plans were measured as of December 31, 2007. For purposes of calculating the expected return on pension plan assets, a market-related value is used. Market-related value is equal to fair value except for gains and losses on equity investments, which are amortized into market-related value on a straight-line basis over five years.

Combined net periodic benefit cost for the pension, including SERP, and other postretirement benefits plans included the following components for the years ended December 31 (in millions):

	Pension			Other Postretirement		
	2007	2006	2005	2007	2006	2005
Service cost	$ 55	$ 49	$ 26	$ 14	$ 14	$ 7
Interest cost	111	97	36	47	40	14
Expected return on plan assets	(112)	(95)	(38)	(40)	(30)	(10)
Net amortization	28	27	4	21	20	4
Net periodic benefit cost	$ 82	$ 78	$ 28	$ 42	$ 44	$ 15

The following table is a reconciliation of the combined fair value of plan assets as of December 31 (in millions):

	Pension		Other Postretirement	
	2007	2006	2007	2006
Plan assets at fair value, beginning of year	$ 1,548	$ 613	$ 532	$ 191
PacifiCorp acquisition	-	829	-	293
Employer contributions	86	81	58	47
Participant contributions	-	-	20	16
Actual return on plan assets	175	137	56	35
Benefits paid and other	(171)	(112)	(63)	(50)
Plan assets at fair value, end of year	$ 1,638	$ 1,548	$ 603	$ 532

The SERPs have no plan assets; however the Company has Rabbi trusts that hold corporate-owned life insurance and other investments to provide funding for the future cash requirements of the SERPs. The cash surrender value of all of the policies included in the Rabbi trusts, net of amounts borrowed against the cash surrender value, plus the fair market value of other Rabbi trust investments, was $159 million and $148 million as of December 31, 2007 and 2006, respectively. These assets are not included in the plan assets in the above table, but are reflected in the Consolidated Balance Sheet. The portion of the pension projected benefit obligation, included in the table below, related to the SERPs was $155 million and $161 million as of December 31, 2007 and 2006, respectively.

The following table is a reconciliation of the combined benefit obligations as of December 31 (in millions):

	Pension		Other Postretirement	
	2007	2006	2007	2006
Benefit obligation, beginning of year	$ 2,038	$ 678	$ 824	$ 250
PacifiCorp acquisition	-	1,341	-	581
Service cost	55	49	14	14
Interest cost	111	97	47	40
Participant contributions	-	-	20	16
Plan amendments	(130)	4	-	(16)
Actuarial (gain) loss	(90)	(19)	(49)	(11)
Benefits paid and other	(171)	(112)	(63)	(50)
Benefit obligation, end of year	$ 1,813	$ 2,038	$ 793	$ 824
Accumulated benefit obligation, end of year	$ 1,702	$ 1,807		

PacifiCorp's noncontributory defined benefit pension plan's accumulated benefit obligation exceeded the fair value of the plan's assets by $46 million and $228 million as of December 31, 2007 and 2006, respectively. Additionally, the accumulated benefit obligations related to the SERPs totaled $152 million and $156 million as of December 31, 2007 and 2006, respectively.

The combined funded status of the plans and the amounts recognized in the Consolidated Balance Sheets as of December 31 are as follows (in millions):

	Pension		Other Postretirement	
	2007	2006	2007	2006
Plan assets at fair value, end of year	$ 1,638	$ 1,548	$ 603	$ 532
Less - Benefit obligations, end of year	1,813	2,038	793	824
Funded status	(175)	(490)	(190)	(292)
Contributions after the measurement date but before year-end	-	-	12	27
Amounts recognized in the Consolidated Balance Sheets	$ (175)	$ (490)	$ (178)	$ (265)
Amounts recognized in the Consolidated Balance Sheets:				
Deferred charges, investments and other assets	$ 77	$ 66	$ -	$ -
Other current liabilities	(11)	(11)	-	(1)
Other long-term accrued liabilities	(241)	(545)	(178)	(264)
Amounts recognized	$ (175)	$ (490)	$ (178)	$ (265)
Amounts not yet recognized as components of net periodic benefit cost:				
Net loss	$ 108	$ 292	$ 70	$ 144
Prior service cost (credit)	(109)	18	13	16
Net transition obligation	3	5	63	76
Total	$ 2	$ 315	$ 146	$ 236

A reconciliation of the amounts not yet recognized as components of net periodic benefit cost for the year ended December 31, 2007 is as follows (in millions):

	Regulatory Asset	Regulatory Liability	Accumulated Other Comprehensive Loss	Total
Pension				
Balance, beginning of year	$ 423	$ (122)	$ 14	$ 315
Net gain arising during the year	(123)	(26)	(6)	(155)
Prior service cost arising during the year	(129)	-	(1)	(130)
Net amortization	(25)	-	(3)	(28)
Total	(277)	(26)	(10)	(313)
Balance, end of year	$ 146	$ (148)	$ 4	$ 2

	Regulatory Asset	Regulatory Liability	Deferred Income Taxes	Total
Other Postretirement				
Balance, beginning of year	$ 190	$ (25)	$ 71	$ 236
Net gain arising during the year	(54)	-	(15)	(69)
Net amortization	(21)	-	-	(21)
Total	(75)	-	(15)	(90)
Balance, end of year	$ 115	$ (25)	$ 56	$ 146

The net loss, prior service cost and net transition obligation that will be amortized in 2008 into net periodic benefit cost are estimated to be as follows (in millions):

	Net Loss	Prior Service Cost	Net Transition Obligation	Total
Pension benefits	$ 15	$ (10)	$ 2	$ 7
Other postretirement benefits	1	3	13	17
Total	$ 16	$ (7)	$ 15	$ 24

Plan Assumptions

Assumptions used to determine benefit obligations as of December 31 and net benefit cost for the years ended December 31 were as follows:

	Pension			Other Postretirement		
	2007	2006	2005	2007	2006	2005
	%	%	%	%	%	%
Benefit obligations as of the measurement date:						
PacifiCorp-sponsored plans -						
Discount rate	6.30	5.85	-	6.45	6.00	-
Rate of compensation increase	4.00	4.00	-	N/A	N/A	N/A
MidAmerican Energy-sponsored plans -						
Discount rate	6.00	5.75	5.75	6.00	5.75	5.75
Rate of compensation increase	4.50	4.50	5.00	N/A	N/A	N/A
Net benefit cost for the years ended December 31:						
PacifiCorp-sponsored plans -						
Discount rate	5.76	5.75	-	6.00	5.75	-
Expected return on plan assets	8.00	8.50	-	8.00	8.50	-
Rate of compensation increase	4.00	4.00	-	N/A	N/A	N/A
MidAmerican Energy-sponsored plans -						
Discount rate	5.75	5.75	5.75	5.75	5.75	5.75
Expected return on plan assets	7.50	7.00	7.00	7.50	7.00	7.00
Rate of compensation increase	4.50	5.00	5.00	N/A	N/A	N/A

	2007	2006
Assumed health care cost trend rates as of the measurement date:		
PacifiCorp-sponsored plans -		
Health care cost trend rate assumed for next year – under 65	9.00%	10.00%
Health care cost trend rate assumed for next year – over 65	7.00%	8.00%
Rate that the cost trend rate gradually declines to	5.00%	5.00%
Year that the rate reaches the rate it is assumed to remain at – under 65	2012	2012
Year that the rate reaches the rate it is assumed to remain at – over 65	2010	2010
MidAmerican Energy-sponsored plans -		
Health care cost trend rate assumed for next year	9.00%	8.00%
Rate that the cost trend rate gradually declines to	5.00%	5.00%
Year that the rate reaches the rate it is assumed to remain at	2016	2010

A one-percentage-point change in assumed health care cost trend rates would have the following effects (in millions):

	Increase (Decrease)	
	One Percentage-Point Increase	One Percentage-Point Decrease
Effect on total service and interest cost	$ 5	$ (4)
Effect on other postretirement benefit obligation	57	(48)

Contributions and Benefit Payments

Employer contributions to the pension and other postretirement plans are expected to be $77 million and $41 million, respectively, for 2008. The Company's policy is to contribute the minimum required amount to its pension plans and the net periodic cost to its other postretirement plans. The Pension Protection Act of 2006 changes funding rules beginning in 2008 and may have the effect of making minimum pension funding requirements more volatile than they have been historically. Accordingly, the Company continually evaluates its funding strategies.

The Company's expected benefit payments to participants from its pension and other postretirement plans for 2008 through 2012 and for the five years thereafter are summarized below (in millions):

	Projected Benefit Payments			
		Other Postretirement		
	Pension	Gross	Medicare Subsidy	Net of Subsidy
2008	$ 139	$ 54	$ 6	$ 48
2009	139	57	7	50
2010	133	59	7	52
2011	137	63	7	56
2012	148	64	9	55
2013-17	828	364	53	311

Investment Policy and Asset Allocation

The Company's investment policy for its pension and other postretirement plans is to balance risk and return through a diversified portfolio of equity securities, fixed income securities and other alternative investments. Asset allocation for the pension and other postretirement plans are as indicated in the tables below. Maturities for fixed income securities are managed to targets consistent with prudent risk tolerances. Sufficient liquidity is maintained to meet near-term benefit payment obligations. The plans retain outside investment advisors to manage plan investments within the parameters outlined by each plan's Pension and Employee Benefits Plans Administrative Committee. The weighted-average return on assets assumption is based on historical performance for the types of assets in which the plans invest.

PacifiCorp's other postretirement plan assets are composed of three different trust accounts. The 401(h) account is invested in the same manner as the assets of the pension plan. Each of the two Voluntary Employees' Beneficiaries Association ("VEBA") Trusts has its own investment allocation strategies. PacifiCorp's asset allocation as of December 31 was as follows:

	Pension and Other Postretirement			VEBA Trusts		
	2007	2006	Target	2007	2006	Target
	%	%	%	%	%	%
Equity securities	56	58	53-57	64	65	63-67
Debt securities	35	35	35	36	35	33-37
Other	9	7	8-12	-	-	-
Total	100	100		100	100	

MidAmerican Energy's asset allocation as of December 31 was as follows:

	Pension			Other Postretirement		
	2007	2006	Target	2007	2006	Target
	%	%	%	%	%	%
Equity securities	69	70	65-75	52	52	60-80
Debt securities	24	24	20-30	46	47	25-35
Real estate and other	7	6	0-10	2	1	0-5
Total	100	100		100	100	

New target ranges for MidAmerican Energy's other postretirement benefit plan assets were approved by MidAmerican Energy's Administrative Committee in December 2007. No rebalancing took place before December 31, 2007.

Defined Contribution Plans

The Company sponsors defined contribution pension plans (401(k) plans) and an employee savings plan covering substantially all employees. The Company's contributions vary depending on the plan, but are based primarily on each participant's level of contribution and cannot exceed the maximum allowable for tax purposes. Total Company contributions were $36 million, $34 million and $17 million for 2007, 2006 and 2005, respectively.

United Kingdom Operations

Certain wholly-owned subsidiaries of CE Electric UK participate in the Northern Electric group of the United Kingdom industry-wide Electricity Supply Pension Scheme (the "UK Plan"), which provides pension and other related defined benefits, based on final pensionable pay, to the majority of the employees of CE Electric UK.

Plan assets and obligations for the UK Plan are measured as of December 31, 2007. For purposes of calculating the expected return on pension plan assets, a market-related value is used. Market-related value is equal to fair value except for gains and losses on equity investments which are amortized into market-related value on a straight-line basis over five years. The components of the net periodic benefit cost for the UK Plan for the years ended December 31 was as follows (in millions):

	2007	2006	2005
Service cost	$ 24	$ 18	$ 15
Interest cost	95	78	77
Expected return on plan assets	(118)	(101)	(97)
Net amortization	31	34	25
Net periodic benefit cost	$ 32	$ 29	$ 20

The following table is a reconciliation of the fair value of plan assets as of December 31 (in millions):

	2007	2006
Plan assets at fair value, beginning of year	$ 1,795	$ 1,420
Employer contributions	71	66
Participant contributions	7	6
Actual return on plan assets	87	167
Benefits paid	(79)	(70)
Foreign currency exchange rate changes	24	206
Plan assets at fair value, end of year	$ 1,905	$ 1,795

The following table is a reconciliation of the benefit obligation as of December 31 (in millions):

	2007	2006
Benefit obligation, beginning of year	$ 1,813	$ 1,559
Service cost	24	18
Interest cost	95	78
Participant contributions	7	6
Benefits paid	(79)	(70)
Experience loss and change of assumptions	(64)	4
Foreign currency exchange rate changes	24	218
Benefit obligation, end of year	$ 1,820	$ 1,813
Accumulated benefit obligation, end of year	$ 1,725	$ 1,724

The funded status of the plan and the amounts recognized in the Consolidated Balance Sheets as of December 31 is as follows (in millions):

	2007	2006
Plan assets at fair value, end of year	$ 1,905	$ 1,795
Less - Benefit obligation, end of year	1,820	1,813
Funded status	$ 85	$ (18)
Amounts recognized in the Consolidated Balance Sheets:		
Deferred charges, investments and other assets	$ 85	$ -
Other long-term accrued liabilities	-	(18)
Amounts recognized	$ 85	$ (18)
Amounts not yet recognized as components of net periodic benefit cost:		
Net loss	$ 442	$ 500
Prior service cost	11	13
Total	$ 453	$ 513

A reconciliation of the amounts not yet recognized as components of net periodic benefit cost, which are included in accumulated other comprehensive income (loss) in the Consolidated Balance Sheets, for the year ended December 31, 2007 is as follows (in millions):

Balance, beginning of year	$ 513
Net gain arising during the year	(34)
Net amortization	(31)
Foreign currency exchange rate changes	5
Total	(60)
Balance, end of year	$ 453

The net loss and prior service cost that will be amortized from accumulated other comprehensive income (loss) in 2008 into net periodic benefit cost is estimated to be $19 million and $2 million, respectively.

Plan Assumptions

Assumptions used to determine benefit obligations as of December 31 and net periodic benefit cost for the years ended December 31 are as follows:

	2007	2006	2005
	%	%	%
Benefit obligations as of December 31:			
Discount rate	5.90	5.20	4.75
Rate of compensation increase	3.45	3.25	2.75
Net benefit cost for the years ended December 31:			
Discount rate	5.20	4.75	5.25
Expected return on plan assets	7.00	7.00	7.00
Rate of compensation increase	3.25	2.75	2.75

Contributions and Benefit Payments

The expected benefit payments to participants in the UK Plan for 2008 through 2012 and for the five years thereafter are summarized below (in millions):

2008	$ 80
2009	83
2010	85
2011	87
2012	89
2013-2017	486

Employer contributions to the UK Plan, including £23 million for the funding deficiency, are currently expected to be £48 million for 2008.

Investment Policy and Asset Allocation

CE Electric UK's investment policy for its pension plan is to balance risk and return through a diversified portfolio of equity securities, fixed income securities and real estate. Maturities for fixed income securities are managed such that sufficient liquidity exists to meet near-term benefit payment obligations. The plan retains outside investment advisors to manage plan investments within the parameters set by the trustees of the UK Plan in consultation with CE Electric UK. The return on assets assumption is based on a weighted average of the expected historical performance for the types of assets in which the plans invest.

CE Electric UK's pension plan asset allocation as of December 31 was as follows:

	Percentage of Plan Assets		
	2007	**2006**	**Target**
	%	%	%
Equity securities	41	52	40
Debt securities	46	37	50
Real estate and other	13	11	10
Total	100	100	

(20) Fair Value of Financial Instruments

The carrying amounts of cash and cash equivalents, short-term investments, receivables, payables, accrued liabilities and short-term borrowings approximates fair value because of the short-term maturity or frequent remarketing of these instruments. Derivative instruments are recorded at their fair values, which are based upon published market indexes as adjusted for other market factors such as location pricing differences or internally developed models. Substantially all investments are carried at their fair values, which are based on quoted market prices.

The fair value of the Company's long-term debt has been estimated based upon quoted market prices, where available, or at the present value of future cash flows discounted at rates consistent with comparable maturities with similar credit risks. The carrying amount of variable-rate long-term debt approximates fair value because of the frequent repricing of these instruments at market rates. The following table presents the carrying amount and estimated fair value of the Company's long-term debt, including the current portion, as of December 31 (in millions):

	2007		2006	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
Long-term debt	$ 19,693	$ 20,525	$ 17,449	$ 18,293

(21) Supplemental Cash Flow Information

The summary of supplemental cash flow information for the years ending December 31 follows (in millions):

	2007	2006	2005
Interest paid	$ 1,230	$ 1,076	$ 861
Income taxes paid[1]	$ 287	$ 132	$ 61

(1) 2007 includes $133 million of income taxes paid to Berkshire Hathaway and 2006 is net of $20 million of income taxes received from Berkshire Hathaway.

(22) Components of Accumulated Other Comprehensive Income (Loss), Net

Accumulated other comprehensive income (loss), net is included in the Consolidated Balance Sheets in the common shareholders' equity section, and consists of the following components, net of tax, as of December 31 (in millions):

	2007	2006
Unrecognized amounts on retirement benefits, net of tax of $(128) and $(160)	$ (329)	$ (367)
Foreign currency translation adjustment	356	326
Fair value adjustment on cash flow hedges, net of tax of $38 and $21	57	29
Unrealized gains on marketable securities, net of tax of $4 and $3	6	5
Total accumulated other comprehensive income (loss), net	$ 90	$ (7)

(23) 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 eliminations and adjustments, including the allocation of goodwill, have been made. Information related to the Company's reportable segments is shown below (in millions):

	Year Ended December 31,		
	2007	2006	2005
Operating revenue:			
PacifiCorp	$ 4,258	$ 2,939	$ -
MidAmerican Energy	4,267	3,453	3,166
Northern Natural Gas	664	634	569
Kern River	404	325	324
CE Electric UK	1,079	928	884
CalEnergy Generation-Foreign	220	336	312
CalEnergy Generation-Domestic	32	32	34
HomeServices	1,500	1,702	1,868
Corporate/other[1]	(48)	(48)	(41)
Total operating revenue	$ 12,376	$ 10,301	$ 7,116
Depreciation and amortization:			
PacifiCorp	$ 496	$ 368	$ -
MidAmerican Energy	269	275	269
Northern Natural Gas	58	57	30
Kern River	80	56	62
CE Electric UK	187	138	136
CalEnergy Generation-Foreign	50	80	90
CalEnergy Generation-Domestic	8	8	9
HomeServices	20	32	18
Corporate/other[1]	(18)	(7)	(6)
Total depreciation and amortization	$ 1,150	$ 1,007	$ 608
Operating income:			
PacifiCorp	$ 917	$ 528	$ -
MidAmerican Energy	514	421	381
Northern Natural Gas	308	269	209
Kern River	277	217	204
CE Electric UK	555	516	484
CalEnergy Generation-Foreign	142	230	185
CalEnergy Generation-Domestic	12	14	15
HomeServices	33	55	125
Corporate/other[1]	(70)	(130)	(74)
Total operating income	2,688	2,120	1,529
Interest expense	(1,320)	(1,152)	(891)
Capitalized interest	54	40	17
Interest and dividend income	105	73	58
Other income	122	239	75
Other expense	(10)	(13)	(23)
Total income from continuing operations before income tax expense, minority interest and preferred dividends of subsidiaries and equity income	$ 1,639	$ 1,307	$ 765

	Year Ended December 31,		
	2007	2006	2005
Interest expense:			
PacifiCorp	$ 314	$ 224	$ -
MidAmerican Energy	179	155	138
Northern Natural Gas	58	50	53
Kern River	75	74	73
CE Electric UK	241	215	218
CalEnergy Generation-Foreign	13	20	31
CalEnergy Generation-Domestic	17	18	18
HomeServices	2	2	2
Corporate/other[(1)]	285	233	173
MEHC subordinated debt	136	161	185
Total interest expense	$ 1,320	$ 1,152	$ 891
Income tax expense:			
PacifiCorp	$ 240	$ 139	$ -
MidAmerican Energy	111	94	91
Northern Natural Gas	106	85	71
Kern River	78	87	50
CE Electric UK	47	100	93
CalEnergy Generation-Foreign	56	68	56
CalEnergy Generation-Domestic	-	1	(1)
HomeServices	15	30	56
Corporate/other[(1)]	(197)	(197)	(171)
Total income tax expense	$ 456	$ 407	$ 245
Capital expenditures:			
PacifiCorp	$ 1,518	$ 1,114	$ -
MidAmerican Energy	1,300	758	701
Northern Natural Gas	225	122	125
Kern River	15	3	7
CE Electric UK	422	404	342
CalEnergy Generation-Foreign	1	2	1
CalEnergy Generation-Domestic	-	-	1
HomeServices	26	18	19
Corporate/other[(1)]	5	2	-
Total capital expenditures	$ 3,512	$ 2,423	$ 1,196

	As of December 31,		
	2007	2006	2005
Property, plant and equipment, net:			
PacifiCorp	$ 11,849	$ 10,810	$ -
MidAmerican Energy	5,737	5,034	4,448
Northern Natural Gas	1,856	1,655	1,585
Kern River	1,772	1,843	1,891
CE Electric UK	4,606	4,266	3,501
CalEnergy Generation-Foreign	303	352	431
CalEnergy Generation-Domestic	223	230	242
HomeServices	76	67	62
Corporate/other[(1)]	(201)	(218)	(245)
Total property, plant and equipment, net	$ 26,221	$ 24,039	$ 11,915

	As of December 31,		
	2007	2006	2005
Total assets:			
PacifiCorp	$ 16,049	$ 14,970	$ -
MidAmerican Energy	9,377	8,651	8,003
Northern Natural Gas	2,488	2,277	2,245
Kern River	1,943	2,057	2,100
CE Electric UK	6,802	6,561	5,743
CalEnergy Generation-Foreign	479	559	643
CalEnergy Generation-Domestic	544	545	555
HomeServices	709	795	814
Corporate/other[1]	825	32	268
Total assets	$ 39,216	$ 36,447	$ 20,371

(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 related interest income and (ii) intersegment eliminations.

The following table shows the change in the carrying amount of goodwill by reportable segment for the years ended December 31, 2007 and 2006 (in millions):

	PacifiCorp	MidAmerican Energy	Northern Natural Gas	Kern River	CE Electric UK	CalEnergy Generation Domestic	Home-Services	Total
Balance, January 1, 2006	$ -	$ 2,118	$ 327	$ 34	$ 1,207	$ 72	$ 398	$ 4,156
Acquisitions	1,118	-	-	-	-	-	34	1,152
Reclassification of intangible assets[1]	-	-	-	-	-	-	(45)	(45)
Foreign currency translation adjustment	-	-	-	-	126	-	-	126
Other goodwill adjustments[2]	-	(10)	(26)	-	(5)	(1)	(2)	(44)
Balance, December 31, 2006	1,118	2,108	301	34	1,328	71	385	5,345
Acquisitions[3]	22	-	-	-	-	-	9	31
Adoption of FIN 48	(10)	(4)	-	-	(1)	-	-	(15)
Foreign currency translation adjustment	-	-	-	-	14	-	-	14
Other goodwill adjustments[2]	(5)	4	(26)	-	(6)	-	(3)	(36)
Balance, December 31, 2007	$ 1,125	$ 2,108	$ 275	$ 34	$ 1,335	$ 71	$ 391	$ 5,339

(1) During 2006, the Company reclassified $45 million of identifiable intangible assets from goodwill that principally related to trade names at HomeServices that were determined to have finite lives.

(2) Other goodwill adjustments relate primarily to income tax adjustments.

(3) The $22 million adjustment to PacifiCorp's goodwill was due to the completion of the purchase price allocation in the first quarter of 2007.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A(T). Controls and Procedures

Disclosure Controls and Procedures

At the end of the period covered by this Annual Report on Form 10-K, 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 are effective in timely alerting them to material information relating to the Company required to be included in the Company's periodic SEC filings. There has been no change in the Company's internal control over financial reporting during the quarter ended December 31, 2007 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in the Securities Exchange Act of 1934 Rule 13a-15(f). 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), the Company's management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2007 as required by the Securities Exchange Act of 1934 Rule 13a-15(c). In making this assessment, the Company's management used the criteria set forth in the framework in "Internal Control - Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the evaluation conducted under the framework in "Internal Control - Integrated Framework," the Company's management concluded that the Company's internal control over financial reporting was effective as of December 31, 2007.

This report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to temporary rules of the SEC that permit the Company to provide only management's report in this Annual Report on Form 10-K.

MidAmerican Energy Holdings Company
February 21, 2008

Item 9B. Other Information

On February 25, 2008, David L. Sokol, Chairman and Chief Executive Officer of MEHC, Gregory E. Abel, President and Chief Operating Officer of MEHC, and Patrick J. Goodman, Senior Vice President and Chief Financial Officer of MEHC, each executed an amended and restated employment agreement effective as of January 1, 2008. Each employment agreement is filed as an exhibit to this Annual Report on Form 10-K.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The Board of Directors appoints executive officers annually. There are no family relationships among the executive officers, nor, except as set forth in employment agreements, any arrangements or understandings between any executive officer and any other person pursuant to which the executive officer was appointed. Set forth below is certain information, as of January 31, 2008, with respect to the current directors and executive officers of MEHC:

DAVID L. SOKOL, 51, Chairman of the Board of Directors and Chief Executive Officer. Mr. Sokol has been the Chief Executive Officer since 1993, the Chairman of the Board of Directors since 1994 and a director since 1991. Mr. Sokol joined MEHC in 1991.

GREGORY E. ABEL, 45, President and Director. Mr. Abel has been the President and Chief Operating Officer since 1998 and a director since 2000. Mr. Abel joined MEHC in 1992. Mr. Abel is also a director of PacifiCorp.

PATRICK J. GOODMAN, 41, Senior Vice President and Chief Financial Officer since 1999. Mr. Goodman joined MEHC in 1995. Mr. Goodman is also a director of PacifiCorp.

DOUGLAS L. ANDERSON, 49, Senior Vice President, General Counsel and Corporate Secretary since 2001. Mr. Anderson joined MEHC in 1993. Mr. Anderson is also a director of PacifiCorp.

MAUREEN E. SAMMON, 44, Senior Vice President and Chief Administrative Officer since 2007. Ms. Sammon has been employed by MidAmerican Energy and its predecessor companies since 1986 and has held several positions, including Manager of Benefits and Vice President, Human Resources and Insurance.

WARREN E. BUFFETT, 77, Director. Mr. Buffett has been a director of MEHC since 2000 and has been Chairman of the Board of Directors and Chief Executive Officer of Berkshire Hathaway for more than five years. Mr. Buffett is also a director of The Washington Post Company.

WALTER SCOTT, JR., 76, Director. Mr. Scott has been a director of MEHC since 1991 and has been Chairman of the Board of Directors of Level 3 Communications, Inc., a successor to certain businesses of Peter Kiewit & Sons', Inc., for more than five years. Mr. Scott is also a director of Peter Kiewit & Sons', Inc., Berkshire Hathaway and Valmont Industries, Inc.

MARC D. HAMBURG, 58, Director. Mr. Hamburg has been a director of MEHC since 2000 and has been Vice President-Chief Financial Officer and Treasurer of Berkshire Hathaway for more than five years.

Audit Committee and Audit Committee Financial Expert

The audit committee of the Board of Directors is comprised of Mr. Marc D. Hamburg. The Board of Directors has determined that Mr. Hamburg qualifies as an "audit committee financial expert," as defined by SEC rules, based on his education, experience and background. Based on the standards of the New York Stock Exchange Inc., on which the common stock of MEHC's majority owner, Berkshire Hathaway, is listed, MEHC's Board of Directors has determined that Mr. Hamburg is not independent because of his employment by Berkshire Hathaway.

Code of Ethics

MEHC has adopted a code of ethics that applies to its principal executive officer, its principal financial and accounting officer, or persons acting in such capacities, and certain other covered officers. The code of ethics is incorporated by reference in the exhibits to this Annual Report on Form 10-K.

Item 11. Executive Compensation

Compensation Discussion and Analysis

Compensation Philosophy and Overall Objectives

We believe that the compensation paid to each of our Chairman and Chief Executive Officer, or CEO, our Chief Financial Officer, or CFO, and our three other most highly compensated executive officers, to whom we refer collectively as our Named Executive Officers, or NEOs, should be closely aligned with our overall performance, and each NEO's contribution to that performance, on both a short- and long-term basis, and that such compensation should be sufficient to attract and retain highly qualified leaders who can create significant value for our organization. Our compensation programs are designed to provide our NEOs with meaningful incentives for superior corporate and individual performance. Performance is evaluated on a subjective basis within the context of both financial and non-financial objectives that we believe contribute to our long-term success, among which are financial strength, customer service, operational excellence, employee commitment and safety, environmental respect and regulatory integrity.

How is Compensation Determined

Our Compensation Committee is comprised of Messrs. Warren E. Buffett and Walter Scott, Jr. The Compensation Committee is responsible for the establishment and oversight of our compensation policy. Approval of compensation decisions for our NEOs is made by the Compensation Committee, unless specifically delegated. Although the Compensation Committee reviews each NEO's complete compensation package at least annually, it has delegated to the CEO and President and Chief Operating Officer, or President, authority to approve off-cycle pay changes, performance awards and participation in other employee benefit plans and programs.

Our criteria for assessing executive performance and determining compensation in any year is inherently subjective and is not based upon specific formulas or weighting of factors. Given the uniqueness of each NEO's duties, we do not specifically use other companies as benchmarks when establishing our NEOs' initial compensation. Subsequently, the Compensation Committee reviews peer company data when making annual base salary and incentive recommendations for the CEO and the President. The peer companies for 2007 were American Electric Power Company, Inc., Consolidated Edison, Inc., Dominion Resources, Inc., Duke Energy Corporation, Edison International, Energy Future Holdings Corp. (formerly TXU Corp.), Entergy Corporation, Exelon Corporation, FirstEnergy Corp., FPL Group, Inc., PG&E Corporation, Progress Energy, Inc., Public Service Enterprise Group Incorporated, Sempra Energy, The Southern Company and Xcel Energy Inc.

Discussion and Analysis of Specific Compensation Elements

Base Salary

We determine base salaries for all our NEOs by reviewing our overall performance and each NEO's performance, the value each NEO brings to us and general labor market conditions. While base salary provides a base level of compensation intended to be competitive with the external market, the annual base salary adjustment for each NEO is determined on a subjective basis after consideration of these factors and is not based on target percentiles or other formal criteria. The CEO makes recommendations regarding the President's base salary, the CEO and President together make recommendations regarding the other NEOs' base salaries, and the Compensation Committee must approve all annual merit increases, which take effect on January 1 of each year. The Compensation Committee alone sets our CEO's base salary. Base salaries for all NEOs increased on average by 2.5% effective January 1, 2007. An increase or decrease in base pay may also result from a promotion or other significant change in a NEO's responsibilities during the year. Ms. Sammon received a base pay increase in May 2007 when she was appointed our Chief Administrative Officer. There were no other base salary changes for our NEOs during the year after the January 1, 2007 merit increase.

Short-Term Incentive Compensation

The objective of short-term incentive compensation is to reward the achievement of significant annual corporate goals while also providing NEOs with competitive total cash compensation.

Performance Incentive Plan

Under our Performance Incentive Plan, or PIP, all NEOs are eligible to earn an annual discretionary cash incentive award, which is determined on a subjective basis and is not based on a specific formula or cap. Awards paid to a NEO under the PIP are based on a variety of measures linked to our overall performance and each NEO's contribution to that performance. An individual NEO's performance is measured against defined objectives that commonly include financial measures (e.g., net income and cash flow) and non-financial measures (e.g., customer service, operational excellence, employee commitment and safety, environmental respect and regulatory integrity), as well as the NEO's response to issues and opportunities that arise during the year. The CEO and President recommend annual incentive awards for the other NEOs to the Compensation Committee prior to the last committee meeting of each year, traditionally held in the fourth quarter. The CEO recommends the annual incentive award for the President, and the Compensation Committee determines the CEO's award. If approved by the Compensation Committee, awards are paid prior to year-end.

Performance Awards

In addition to the annual awards under the PIP, we may grant cash performance awards periodically during the year to one or more NEOs to reward the accomplishment of significant non-recurring tasks or projects. These awards are discretionary and approved by the President, as delegated by the CEO and the Compensation Committee. In 2007, awards were granted to Mr. Anderson and Ms. Sammon in recognition of support provided relative to certain non-routine projects. Although both Messrs. Sokol and Abel are eligible for performance awards, neither has been granted an award in the past five years.

Long-Term Incentive Compensation

The objective of long-term incentive compensation is to retain NEOs, reward their exceptional performance and motivate them to create long-term, sustainable value. Our current long-term incentive compensation program is cash-based. We have not issued stock options or other forms of equity-based awards since March 2000. All stock options held by Messrs. Sokol and Abel are fully vested.

Long-Term Incentive Partnership Plan

The MidAmerican Energy Holdings Company Long-Term Incentive Partnership Plan, or LTIP, is designed to retain key employees and to align our interests and the interests of the participating employees. Messrs. Goodman and Anderson and Ms. Sammon, as well as 76 other employees, participate in this plan, while our CEO and President do not. Our LTIP provides for annual awards based upon significant accomplishments by the individual participants and the achievement of the financial and non-financial objectives previously described. The goals are developed with the objective of being attainable with a sustained, focused and concerted effort and are determined and communicated in January of each plan year. Participation is discretionary and is determined by the CEO and President who recommend awards to the Compensation Committee annually in the fourth quarter. Except for limited situations of extraordinary performance, awards are capped at 1.5 times base salary. The value is finalized in the first quarter of the following year. These cash-based awards are subject to mandatory deferral and equal annual vesting over a five-year period starting in the performance year. Participants allocate the value of their deferral accounts among various investment alternatives, which are determined by a vote of all participants. Gains or losses may be incurred based on the investment performance. Participating NEOs may elect to defer all or a part of the award or receive payment in cash after the five-year mandatory deferral and vesting period. Vested balances (including any investment profits or losses thereon) of terminating participants are paid at the time of termination.

Other Employee Benefits

Supplemental Executive Retirement Plan

The MidAmerican Energy Company Supplemental Retirement Plan for Designated Officers, or SERP, provides additional retirement benefits to participants. We include the SERP as part of the participating NEO's overall compensation in order to provide a comprehensive, competitive package and as a key retention tool. Messrs. Sokol, Abel and Goodman participate, and the plan is currently closed to any new participants. The SERP provides annual retirement benefits of up to 65% of a participant's total cash compensation in effect immediately prior to retirement, subject to an annual $1 million maximum retirement benefit. Total cash compensation means (i) the highest amount payable to a participant as monthly base salary during the five years immediately prior to retirement multiplied by 12, plus (ii) the average of the participant's annual awards under an annual incentive bonus program during the three years immediately prior to the year of retirement and (iii) special, additional or non-recurring bonus awards, if any, that are required to be included in total cash compensation pursuant to a participant's employment agreement or approved for inclusion by the Board of Directors. All participating NEOs have met the five-year service requirement under the plan. Mr. Goodman's SERP benefit will be reduced by the amount of his regular retirement benefit under the MidAmerican Energy Company Retirement Plan and ratably for retirement between ages 55 and 65.

Deferred Compensation Plan

The MidAmerican Energy Holdings Company Executive Voluntary Deferred Compensation Plan, or DCP, provides a means for all NEOs to make voluntary deferrals of up to 50% of base salary and 100% of short-term incentive compensation awards. The deferrals and any investment returns grow on a tax-deferred basis. Amounts deferred under the DCP receive a rate of return based on the returns of any combination of eight investment options offered under the DCP and selected by the participant, and the plan allows participants to choose from three forms of distribution. While the plan allows us to make discretionary contributions, we have not made contributions to date. We include the DCP as part of the participating NEO's overall compensation in order to provide a comprehensive, competitive package.

Financial Planning and Tax Preparation

This benefit provides NEOs with financial planning and tax preparation services. The value of the benefit is included in the NEO's taxable income. It is offered both as a competitive benefit itself and also to help ensure our NEOs best utilize the other forms of compensation we provide to them.

Executive Life Insurance

We provide universal life insurance to Messrs. Sokol, Abel and Goodman, having a death benefit of two times annual base salary during employment, reducing to one times annual base salary in retirement. The value of the benefit is included in the NEO's taxable income. We include the executive life insurance as part of the participating NEO's overall compensation in order to provide a comprehensive, competitive package.

Impact of Accounting and Tax

Compensation paid under our executive compensation plans has been reported as an expense in our historical Consolidated Financial Statements. We are entitled to a statutory exemption from the deductibility limitations of executive compensation under Section 162(m) of the Internal Revenue Code as we are a non-publicly held affiliate of a consolidated taxpayer, Berkshire Hathaway.

Potential Payments Upon Termination

Certain NEOs are entitled to post-termination payments in the event their employment is terminated under certain circumstances. We believe these post-termination payments are an important component of the competitive compensation package we offer to these NEOs.

Compensation Committee Report

The Compensation Committee, consisting of Messrs. Buffett and Scott, has reviewed and discussed the Compensation Discussion and Analysis with management and, based on this review and discussion, has recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Annual Report on Form 10-K.

Summary Compensation Table

The following table sets forth information regarding compensation earned by each of our NEOs during the years indicated:

Name and Principal Position	Year	Base Salary ($)	Bonus[1] ($)	Non-Equity Incentive Plan Compensation[2] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[3] ($)	All Other Compensation[4] ($)	Total[5][6] ($)
David L. Sokol, Chairman and Chief Executive Officer	2007	$ 850,000	$4,000,000	$ -	$ -	$ 213,038	$ 5,063,038
	2006	850,000	2,500,000	26,250,000	344,000	281,735	30,225,735
Gregory E. Abel, President	2007	775,000	4,000,000	-	-	370,624	5,145,624
	2006	760,000	2,200,000	26,250,000	234,000	265,386	29,709,386
Patrick J. Goodman, Senior Vice President and Chief Financial Officer	2007	320,000	889,306	-	51,000	47,868	1,308,174
	2006	307,500	1,025,453	-	89,000	51,248	1,473,201
Douglas L. Anderson, Senior Vice President and General Counsel	2007	291,500	788,705	-	20,000	29,372	1,129,577
	2006	283,000	802,560	-	28,000	45,101	1,158,661
Maureen E. Sammon, Senior Vice President and Chief Administrative Officer	2007	196,659	452,903	-	17,000	20,291	686,853
	2006	185,000	434,035	-	29,000	20,207	668,242

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(1) Consists of annual cash incentive awards earned pursuant to the PIP for our NEOs, as well as performance awards earned related to non-routine projects and the vesting of LTIP awards and associated earnings for Messrs. Goodman and Anderson and Ms. Sammon. The breakout for 2007 is as follows:

	PIP	Performance Awards	LTIP	
David L. Sokol	$ 4,000,000	$ -	$ -	
Gregory E. Abel	4,000,000	-	-	
Patrick J. Goodman	340,000	-	549,306	($101,306 in investment profits)
Douglas L. Anderson	325,000	25,000	438,705	($89,474 in investment profits)
Maureen E. Sammon	155,000	25,000	272,903	($55,353 in investment profits)

LTIP awards are subject to mandatory deferral and equal annual vesting over a five–year period starting in the performance year. Participants allocate the value of their deferral accounts among various investment alternatives, which are determined by a vote of all participants. Gains or losses may be incurred based on the investment performance. Participating NEOs may elect to defer all or a part of the award or receive payment in cash after the five-year mandatory deferral and vesting period. Vested balances (including any investment profits or losses thereon) of terminating participants are paid at the time of termination. Because the amounts to be paid out may increase or decrease depending on investment performance, the ultimate payouts are undeterminable.

Net income, the net income target goal and the matrix below were used in determining the gross amount of the LTIP award available to the group. Net income is subject to discretionary adjustment by the CEO, President and Compensation Committee. In 2007, the gross award and per-point value were adjusted to eliminate the earnings benefit of a reduction in the United Kingdom corporate income tax rate from 30% to 28% and for failing to achieve certain non-financial performance factors.

Net Income	**Award**
Less than or equal to net income target goal	None
Exceeds net income target goal by 0.01% - 3.25%	15% of excess
Exceeds net income target goal by 3.251% - 6.50%	15% of the first 3.25% excess; 25% of excess over 3.25%
Exceeds net income target goal by more than 6.50%	15% of the first 3.25% excess; 25% of the next 3.25% excess; 35% of excess over 6.50%

A pool of up to 100,000 points in aggregate is allocated between plan participants either as initial points or year-end performance points. A nominating committee recommends the point allocation, subject to approval by the CEO and President, based upon a discretionary evaluation of individual achievement of financial and non-financial goals previously described herein. A participant's award equals his or her allocated points multiplied by the final per-point value, capped at 1.5 times base salary except in extraordinary circumstances.

(2) Amounts consist of cash awards earned pursuant to the Incremental Profit Sharing Plan, or IPSP, for Messrs. Sokol and Abel. While the initial IPSP performance period ended in 2007, the adjusted diluted earnings per share target of $12.37 was achieved in 2006 and Messrs. Sokol and Abel received the remaining full awards under the plan in 2006.

(3) Amounts are based upon the aggregate increase in the actuarial present value of all qualified and nonqualified defined benefit plans, which include our cash balance and SERP, as applicable. Amounts are computed using assumptions consistent with those used in preparing the related pension disclosures included in our Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K and are as of the pension plans' measurement dates. No participant in our DCP earned "above-market" or "preferential" earnings on amounts deferred.

(4) Amounts consist of vacation payouts, life insurance premiums and defined contribution plan matching and profit-sharing contributions we paid on behalf of the NEOs, as well as perquisites and other personal benefits related to the personal use of corporate aircraft and financial planning and tax preparation that we paid on behalf of Messrs. Sokol, Abel, Goodman and Anderson. The personal use of corporate aircraft represents our incremental cost of providing this personal benefit determined by applying the percentage of flight hours used for personal use to our variable expenses incurred from operating our corporate aircraft. All other compensation is based upon amounts paid by us.

Items required to be reported and quantified are as follows: Mr. Sokol - life insurance premiums of $51,935, personal use of corporate aircraft of $114,981 and vacation payouts of $29,422; Mr. Abel - life insurance premiums of $36,218 and personal use of corporate aircraft of $318,241; Mr. Goodman - life insurance premiums of $19,149 and vacation payouts of $12,384; and Mr. Anderson - vacation payouts of $17,938.

(5) Any amounts voluntarily deferred by the NEO, if applicable, are included in the appropriate column in the summary compensation table.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth information regarding outstanding equity awards held by each of our NEOs at December 31, 2007:

Name	Number of securities underlying unexercised options (#) Exercisable[1]	Number of securities underlying unexercised options (#) Unexercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price ($)	Option Expiration Date
David L. Sokol	549,277	-	-	$ 35.05	March 14, 2010
Gregory E. Abel	154,052	-	-	35.05	March 14, 2010
Patrick J. Goodman	-	-	-	-	-
Douglas L. Anderson	-	-	-	-	-
Maureen E. Sammon	-	-	-	-	-

(1) We have not issued stock options or other forms of equity-based awards since March 2000. All outstanding stock options relate to previously granted options held by Messrs. Sokol and Abel and were fully vested prior to 2007. Accordingly, we have omitted the Stock Awards columns from the Outstanding Equity Awards at Fiscal Year-End Table.

Option Exercises and Stock Vested

The following table sets forth information regarding stock options exercised by Mr. Abel during the year ended December 31, 2007:

	Option Awards[1]	
Name	Number of shares acquired on exercise (#)	Value realized on exercise ($)
Gregory E. Abel	370,000	54,765,332

(1) We have not issued stock options or other forms of equity-based awards since March 2000. All stock options relate to previously granted options held by Mr. Abel and were fully vested prior to 2007. Accordingly, we have omitted the Stock Awards columns from the Option Exercises and Stock Vested Table.

Pension Benefits

The following table sets forth certain information regarding the defined benefit pension plan accounts held by each of our NEOs at December 31, 2007:

Name	Plan name	Number of years credited service[1] (#)	Present value of accumulated benefit[2] ($)	Payments during last fiscal year ($)
David L. Sokol	SERP	n/a	$ 5,692,000	$ -
	MidAmerican Energy Company Retirement Plan	n/a	186,000	-
Gregory E. Abel	SERP	n/a	3,727,000	-
	MidAmerican Energy Company Retirement Plan	n/a	176,000	-
Patrick J. Goodman	SERP	13 years	432,000	-
	MidAmerican Energy Company Retirement Plan	9 years	169,000	-
Douglas L. Anderson	MidAmerican Energy Company Retirement Plan	9 years	176,000	-
Maureen E. Sammon	MidAmerican Energy Company Retirement Plan	21 years	199,000	-

(1) The pension benefits for Messrs. Sokol and Abel do not depend on their years of service, as both have already reached their maximum benefit levels based on their respective ages and previous triggering events described in their employment agreements. Mr. Goodman's credited years of service includes nine years of service with us and, for purposes of the SERP only, four additional years of imputed service from a predecessor company.

(2) Amounts are computed using assumptions consistent with those used in preparing the related pension disclosures included in our Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K and are as of December 31, 2007, the plans' measurement date. The present value of accumulated benefits for the SERP was calculated using the following assumptions: (1) Mr. Sokol – a 100% joint and survivor annuity; (2) Mr. Abel – a 15-year certain and life annuity; and (3) Mr. Goodman – a 66 2/3% joint and survivor annuity. The present value of accumulated benefits for the MidAmerican Energy Company Retirement Plan was calculated using a lump sum payment assumption. The present value assumptions used in calculating the present value of accumulated benefits for both the SERP and the MidAmerican Energy Company Retirement Plan were as follows: a cash balance interest crediting rate of 5.71% in 2007, 4.20% in 2008 and 5.00% thereafter; cash balance conversion rates (not applicable in 2007) of 4.75% in 2008, 5.00% in 2009, 5.25% in 2010, 5.50% in 2011 and 5.75% in 2012 and thereafter; a discount rate of 6.00%; an expected retirement age of 65; and postretirement mortality using the RP-2000 M/F tables.

The SERP provides additional retirement benefits to participants. The SERP provides annual retirement benefits up to 65% of a participant's total cash compensation in effect immediately prior to retirement, subject to an annual $1 million maximum retirement benefit. Total cash compensation means (i) the highest amount payable to a participant as monthly base salary during the five years immediately prior to retirement multiplied by 12, plus (ii) the average of the participant's awards under an annual incentive bonus program during the three years immediately prior to the year of retirement and (iii) special, additional or non-recurring bonus awards, if any, that are required to be included in total cash compensation pursuant to a participant's employment agreement or approved for inclusion by the Board of Directors. Mr. Goodman's SERP benefit will be reduced by the amount of his regular retirement benefit under the MidAmerican Energy Company Retirement Plan and ratably for retirement between ages 55 and 65. A survivor benefit is payable to a surviving spouse under the SERP. Benefits from the SERP will be paid out of general corporate funds; however, through a Rabbi trust, we maintain life insurance on the participants in amounts expected to be sufficient to fund the after-tax cost of the projected benefits. Deferred compensation is considered part of the salary covered by the SERP.

Under the MidAmerican Energy Company Retirement Plan, each NEO has an account, for record-keeping purposes only, to which credits are allocated annually based upon a percentage of the NEO's base salary and incentive paid in the plan year. In addition, all balances in the accounts of NEOs earn a fixed rate of interest that is credited annually. The interest rate for a particular year is based on the one-year constant maturity Treasury yield plus seven-tenths of one percentage point. Each NEO is vested in the MidAmerican Energy Company Retirement Plan. At retirement, or other termination of employment, an amount equal to the vested balance then credited to the account is payable to the NEO in the form of a lump sum or an annuity.

Nonqualified Deferred Compensation

The following table sets forth certain information regarding the nonqualified deferred compensation plan accounts held by each of our NEOs at December 31, 2007:

Name	Executive contributions in 2007[1] ($)	Registrant contributions in 2007 ($)	Aggregate earnings in 2007 ($)	Aggregate withdrawals/ distributions ($)	Aggregate balance as of December 31, 2007[2] ($)
David L. Sokol	$ -	$ -	$ -	$ -	$ -
Gregory E. Abel	-	-	56,424	329,285	1,005,654
Patrick J. Goodman	140,000	-	59,959	59,457	1,261,200
Douglas L. Anderson	469,024	-	33,886	-	1,434,116
Maureen E. Sammon	162,765	-	3,977	-	606,467

(1) The contribution amount shown for Mr. Goodman is included in the 2007 total compensation reported for him in the Summary Compensation Table and is not additional earned compensation. The contribution amounts shown for Mr. Anderson and Ms. Sammon include $200,208 and $113,579, respectively, earned towards their 2003 LTIP awards prior to 2007 and thus not included in the 2007 total compensation reported for them in the Summary Compensation Table.

(2) Excludes the value of 10,041 shares of our common stock reserved for issuance to Mr. Abel. Mr. Abel deferred the right to receive the value of these shares pursuant to a legacy nonqualified deferred compensation plan.

Eligibility for our DCP is restricted to select management and highly compensated employees. The plan provides tax benefits to eligible participants by allowing them to defer compensation on a pretax basis, thus reducing their current taxable income. Deferrals and any investment returns grow on a tax-deferred basis, thus participants pay no income tax until they receive distributions. The DCP permits participants to make a voluntary deferral of up to 50% of base salary and 100% of short-term incentive compensation awards. All deferrals are net of social security taxes due on that bonus or award. Amounts deferred under the DCP receive a rate of return based on the returns of any combination of eight investment options offered by the plan and selected by the participant. Gains or losses are calculated monthly, and returns are posted to accounts based on participants' fund allocation elections. Participants can change their fund allocations as of the end of any calendar month.

The DCP allows participants to maintain three accounts based upon when they want to receive payments: retirement distribution, in-service distribution and education distribution. Both the retirement and in-service accounts can be distributed as lump sums or in up to 10 annual installments. The education account is distributed in four annual installments. If a participant leaves employment prior to retirement (age 55) all amounts in the participant's account will be paid out in a lump sum as soon as administratively practicable. Participants are 100% vested in their deferrals and any investment gains or losses recorded in their accounts.

Participants in our LTIP also have the option of deferring all or a part of those awards after the five-year mandatory deferral and vesting period. The provisions governing the deferral of LTIP awards are similar to those described for the DCP above.

Potential Payments Upon Termination

We have entered into employment agreements with Messrs. Sokol, Abel and Goodman that provide for payments following termination of employment under various circumstances, which do not include change-in-control provisions.

Mr. Sokol's employment will terminate upon his resignation, permanent disability, death, termination by us with or without cause, or our failure to provide Mr. Sokol with the compensation or to maintain the job responsibilities set forth in his employment agreement. A termination of employment of either Messrs. Abel or Goodman will occur upon his resignation (with or without good reason), permanent disability, death, or termination by us with or without cause. The employment agreements for Messrs. Sokol and Abel also include provisions specific to the calculation of their respective SERP benefits.

Neither Mr. Anderson nor Ms. Sammon has an employment agreement. Where a NEO does not have an employment agreement, or in the event that the agreements for Messrs. Sokol, Abel and Goodman do not address an issue, payments upon termination are determined by the applicable plan documents and our general employment policies and practices as discussed below.

The following discussion provides further detail on post-termination payments.

David L. Sokol

Mr. Sokol's employment agreement provides that we may terminate his employment with cause, in which case we must pay him any accrued but unpaid base salary and a bonus of not less than the minimum annual bonus as defined in his employment agreement. If termination is due to death, permanent disability or other than for cause, Mr. Sokol is entitled to receive an amount equal to three times the sum of his annual base salary then in effect and the greater of his minimum annual bonus or his average annual bonus for the two preceding years, plus continuation of his senior executive employee benefits (or the economic equivalent thereof) for three years. If Mr. Sokol resigns, we must pay him any accrued but unpaid base salary and a bonus of not less than the annual minimum bonus, unless he resigns for good reason, in which case he will receive the same benefits as if he were terminated other than for cause.

If Mr. Sokol relinquishes his position as Chief Executive Officer but offers to remain employed as the Chairman of the Board, he is to receive a special achievement bonus equal to two times the sum of his annual base salary then in effect and the greater of his minimum annual bonus or his average annual bonus for the two preceding years. This total payment as of December 31, 2007 is estimated at $8,200,000 (and is not included in the termination scenarios table below). He will also receive an annual salary of $750,000 and will be eligible for an annual bonus.

In the event Mr. Sokol has relinquished his position as Chief Executive Officer and is subsequently terminated as Chairman of the Board due to death, disability or other than for cause, he is entitled to (i) any accrued but unpaid base salary plus an amount equal to the aggregate annual base salary that would have been paid to him through the fifth anniversary of the date he commenced his employment solely as Chairman of the Board and (ii) the continuation of his senior executive employee benefits (or the economic equivalent thereof) through such fifth anniversary.

Payments made in accordance with the employment agreement are contingent on Mr. Sokol complying with the confidentiality and post-employment restrictions described therein. The term of the agreement expires on August 21, 2009, but is extended automatically for additional one year terms thereafter subject to Mr. Sokol's election to decline renewal at least 120 days prior to the then current expiration date or termination.

The following table sets forth the estimated enhancements to payments pursuant to the termination scenarios described above. Payments or benefits that are not enhanced in form or amount upon the occurrence of a particular termination scenario, which include 401(k) account balances and those portions of life insurance benefits and cash balance pension amounts that would have otherwise been paid, are not included herein. All estimated payments reflected in the table below assume termination on December 31, 2007, and are payable as lump sums unless otherwise noted.

Termination Scenario	Cash Severance[2]	Incentive	Life Insurance[3]	Pension[4]	Benefits Continuation[5]	Excise Tax[6]
Retirement	$ -	$ -	$ -	$9,390,000	$ -	$ -
Voluntary and Involuntary With Cause	4,000,000	-	-	9,390,000	-	-
Involuntary Without Cause, Company Breach and Disability	12,300,000	-	-	9,390,000	110,252	-
Death	12,300,000	-	1,667,786	8,673,000	110,252	-
Following Change in Position[1]	3,750,000	-	-	9,390,000	183,753	-

(1) The amounts shown in the Following Change in Position termination scenario are only applicable if the termination is due to death, disability or other than for cause.

(2) The cash severance payments are determined in accordance with Mr. Sokol's employment agreement.

(3) Life insurance benefits are equal to two times base salary, as of the preceding June 1, less the benefits otherwise payable in all other termination scenarios, which are equal to the total cash value of the policies less cumulative premiums paid by us.

(4) Pension values represent the excess of the present value of benefits payable under each termination scenario over the amount already reflected in the Pension Benefits Table. Mr. Sokol's death scenario is based on a 100% joint and survivor with 15-year certain annuity commencing immediately. Mr. Sokol's other termination scenarios are based on a 100% joint and survivor annuity commencing immediately.

(5) Includes health and welfare, life insurance and financial planning and tax preparation benefits for three years (five years in the case of termination following a change in position). The health and welfare benefit amounts are estimated using the rates we currently charge employees terminating employment but electing to continue their medical, dental and vision insurance after termination. These amounts are grossed-up for taxes and then reduced by the amount Mr. Sokol would have paid if he had continued his employment. The life insurance benefit amounts are based on the cost of individual policies offering benefits equivalent to our group coverage and are grossed-up for taxes. These amounts also assume benefit continuation for the entire three year period (five year period in the case of termination following a change in position), with no offset by another employer. We will also continue to provide financial planning and tax preparation reimbursement, or the economic equivalent thereof, for three years or pay a lump sum cash amount to keep Mr. Sokol in the same economic position on an after-tax basis. The amount included is based on an annual estimated cost using the most recent three-year average annual reimbursement. If it is determined that benefits paid with respect to the extension of medical and dental benefits to Mr. Sokol would not be exempt from taxation under the Internal Revenue Code, the Company shall pay to Mr. Sokol a lump sum cash payment following separation from service to allow him to obtain equivalent medical and dental benefits and which would put him in the same after-tax economic position.

(6) As provided in Mr. Sokol's employment agreement, should it be deemed under Section 280G of the Internal Revenue Code that termination payments constitute excess parachute payments subject to an excise tax, we will gross up such payments to cover the excise tax and any additional taxes associated with such gross-up. Based on computations prescribed under Section 280G and related regulations, we do not believe that any of the termination scenarios are subject to an excise tax.

Gregory E. Abel

Mr. Abel's employment agreement entitles him to receive two years base salary continuation and payments in respect of average bonuses for the prior two years in the event we terminate his employment other than for cause. The payments are to be paid as a lump sum with no discount for present valuation.

In addition, if Mr. Abel's employment is terminated due to death, permanent disability or other than for cause, he is entitled to continuation of his senior executive employee benefits (or the economic equivalent thereof) for two years. If Mr. Abel resigns, we must pay him any accrued but unpaid base salary, unless he resigns for good reason, in which case he will receive the same benefits as if he were terminated other than for cause.

Payments made in accordance with the employment agreement are contingent on Mr. Abel complying with the confidentiality and post-employment restrictions described therein. The term of the agreement effectively expires on August 6, 2012, and is extended automatically for additional one year terms thereafter subject to Mr. Abel's election to decline renewal at least 365 days prior to the August 6 that is four years prior to the current expiration date (or by August 6, 2008 for the agreement not to extend to August 6, 2013).

The following table sets forth the estimated enhancements to payments pursuant to the termination scenarios indicated. Payments or benefits that are not enhanced in form or amount upon the occurrence of a particular termination scenario, which include 401(k) and nonqualified deferred compensation account balances and those portions of life insurance benefits and cash balance pension amounts that would have otherwise been paid, are not included herein. All estimated payments reflected in the table below assume termination on December 31, 2007, and are payable as lump sums unless otherwise noted.

Termination Scenario	Cash Severance[1]	Incentive	Life Insurance[2]	Pension[3]	Benefits Continuation[4]	Excise Tax[5]
Retirement, Voluntary and Involuntary With Cause	$ -	$ -	$ -	$9,550,000	$ -	$ -
Involuntary Without Cause, Disability and Voluntary With Good Reason	7,750,000	-	-	9,550,000	38,596	-
Death	7,750,000	-	1,529,784	10,519,000	38,596	-

(1) The cash severance payments are determined in accordance with Mr. Abel's employment agreement.

(2) Life insurance benefits are equal to two times base salary, as of the preceding June 1, less the benefits otherwise payable in all other termination scenarios, which are equal to the total cash value of the policies less cumulative premiums paid by us.

(3) Pension values represent the excess of the present value of benefits payable under each termination scenario over the amount already reflected in the Pension Benefits Table. Mr. Abel's death scenario is based on a 100% joint and survivor with 30-year certain annuity commencing immediately. Mr. Abel's other termination scenarios are based on a 100% joint and survivor with 15-year certain annuity commencing at age 47.

(4) Includes health and welfare, life insurance and financial planning and tax preparation benefits for two years. The health and welfare benefit amounts are estimated using the rates we currently charge employees terminating employment but electing to continue their medical, dental and vision insurance after termination. These amounts are grossed-up for taxes and then reduced by the amount Mr. Abel would have paid if he had continued his employment. The life insurance benefit amounts are based on the cost of individual policies offering benefits equivalent to our group coverage and are grossed-up for taxes. These amounts also assume benefit continuation for the entire two year period, with no offset by another employer. We will also continue to provide financial planning and tax preparation reimbursement, or the economic equivalent thereof, for two years or pay a lump sum cash amount to keep Mr. Abel in the same economic position on an after-tax basis. The amount included is based on an annual estimated cost using the most recent three-year average annual reimbursement. If it is determined that benefits paid with respect to the extension of medical and dental benefits to Mr. Abel would not be exempt from taxation under the Internal Revenue Code, the Company shall pay to Mr. Abel a lump sum cash payment following separation from service to allow him to obtain equivalent medical and dental benefits and which would put him in the same after-tax economic position.

(5) As provided in Mr. Abel's employment agreement, should it be deemed under Section 280G of the Internal Revenue Code that termination payments constitute excess parachute payments subject to an excise tax, we will gross up such payments to cover the excise tax and any additional taxes associated with such gross-up. Based on computations prescribed under Section 280G and related regulations, we believe that none of the termination scenarios are subject to any excise tax.

Patrick J. Goodman

Mr. Goodman's employment agreement entitles him to receive two years base salary continuation and payments in respect of average bonuses for the prior two years in the event we terminate his employment other than for cause. The payments are to be paid as a lump sum with no discount for present valuation.

In addition, if Mr. Goodman's employment is terminated due to death, permanent disability or other than for cause, he is entitled to continuation of his senior executive employee benefits (or the economic equivalent thereof) for one year. If Mr. Goodman resigns, we must pay him any accrued but unpaid base salary, unless he resigns for good reason, in which case he will receive the same benefits as if he were terminated other than for cause.

Payments made in accordance with the employment agreement are contingent on Mr. Goodman complying with the confidentiality and post-employment restrictions described therein. The term of the agreement expires on April 21, 2009, but is extended automatically for additional one year terms thereafter subject to Mr. Goodman's election to decline renewal at least 365 days prior to the then current expiration date or termination.

The following table sets forth the estimated enhancements to payments pursuant to the termination scenarios indicated. Payments or benefits that are not enhanced in form or amount upon the occurrence of a particular termination scenario, which include 401(k) and nonqualified deferred compensation account balances and those portions of long-term incentive payments, life insurance benefits and cash balance pension amounts that would have otherwise been paid, are not included herein. All estimated payments reflected in the table below assume termination on December 31, 2007, and are payable as lump sums unless otherwise noted.

Termination Scenario	Cash Severance[1]	Incentive[2]	Life Insurance[3]	Pension[4]	Benefits Continuation[5]	Excise Tax[6]
Retirement and Voluntary	$ -	$ -	$ -	$462,000	$ -	$ -
Involuntary With Cause	-	-	-	-	-	-
Involuntary Without Cause and Voluntary With Good Reason	2,771,546	-	-	462,000	14,030	1,099,888
Death	2,771,546	1,174,487	635,155	3,762,000	14,030	-
Disability	2,771,546	1,174,487	-	1,616,000	14,030	-

(1) The cash severance payments are determined in accordance with Mr. Goodman's employment agreement.

(2) Amounts represent the unvested portion of Mr. Goodman's LTIP account, which becomes 100% vested upon his death or disability.

(3) Life insurance benefits are equal to two times base salary, as of the preceding June 1, less the benefits otherwise payable in all other termination scenarios, which are equal to the total cash value of the policies less cumulative premiums paid by us.

(4) Pension values represent the excess of the present value of benefits payable under each termination scenario over the amount already reflected in the Pension Benefits Table. Mr. Goodman's voluntary termination, retirement, involuntary without cause, and change in control termination scenarios are based on a 66 2/3% joint and survivor annuity commencing at age 55 (reductions for termination prior to age 55 and commencement prior to age 65). Mr. Goodman's disability scenario is based on a 66 2/3% joint and survivor annuity commencing at age 55 (no reduction for termination prior to age 55, reduced for commencement prior to age 65). Mr. Goodman's death scenario is based on a 100% joint and survivor with 15-year certain annuity commencing immediately (no reduction for termination prior to age 55 and commencement prior to age 65).

(5) Includes health and welfare, life insurance and financial planning and tax preparation benefits for one year. The health and welfare benefit amounts are estimated using the rates we currently charge employees terminating employment but electing to continue their medical, dental and vision insurance after termination. These amounts are grossed-up for taxes and then reduced by the amount Mr. Goodman would have paid if he had continued his employment. The life insurance benefit amounts are based on the cost of individual policies offering benefits equivalent to our group coverage and are grossed-up for taxes. These amounts also assume benefit continuation for the entire one year period, with no offset by another employer. We will also continue to provide financial planning and tax preparation reimbursement, or the economic equivalent thereof, for one year or pay a lump sum cash amount to keep Mr. Goodman in the same economic position on an after-tax basis. The amount included is based on an annual estimated cost using the most recent three-year average annual reimbursement.

(6) As provided in Mr. Goodman's employment agreement, should it be deemed under Section 280G of the Internal Revenue Code that termination payments constitute excess parachute payments subject to an excise tax, we will gross up such payments to cover the excise tax and any additional taxes associated with such gross-up. Based on computations prescribed under Section 280G and related regulations, we believe that only the Involuntary Without Cause and Voluntary With Good Reason termination scenarios are subject to any excise tax.

Douglas L. Anderson

The following table sets forth the estimated enhancements to payments pursuant to the termination scenarios indicated. Payments or benefits that are not enhanced in form or amount upon the occurrence of a particular termination scenario, which include 401(k) and nonqualified deferred compensation account balances and those portions of long-term incentive payments and cash balance pension amounts that would have otherwise been paid, are not included herein. All estimated payments reflected in the table below assume termination on December 31, 2007, and are payable as lump sums unless otherwise noted.

Termination Scenario	Cash Severance	Incentive[1]	Life Insurance	Pension[2]	Benefits Continuation	Excise Tax
Retirement, Voluntary and Involuntary With or Without Cause	$ -	$ -	$ -	$29,000	$ -	$ -
Death and Disability	-	859,086	-	29,000	-	-

(1) Amounts represent the unvested portion of Mr. Anderson's LTIP account, which becomes 100% vested upon his death or disability.

(2) Pension values represent the excess of the present value of benefits payable under each termination scenario over the amount already reflected in the Pension Benefits Table.

Maureen E. Sammon

The following table sets forth the estimated enhancements to payments pursuant to the termination scenarios indicated. Payments or benefits that are not enhanced in form or amount upon the occurrence of a particular termination scenario, which include 401(k) and nonqualified deferred compensation account balances and those portions of long-term incentive payments and cash balance pension amounts that would have otherwise been paid, are not included herein. All estimated payments reflected in the table below assume termination on December 31, 2007, and are payable as lump sums unless otherwise noted.

Termination Scenario	Cash Severance	Incentive[1]	Life Insurance	Pension[2]	Benefits Continuation	Excise Tax
Retirement, Voluntary and Involuntary With or Without Cause	$ -	$ -	$ -	$45,000	$ -	$ -
Death and Disability	-	538,689	-	45,000	-	-

(1) Amounts represent the unvested portion of Ms. Sammon's LTIP account, which becomes 100% vested upon her death or disability.

(2) Pension values represent the excess of the present value of benefits payable under each termination scenario over the amount already reflected in the Pension Benefits Table.

Director Compensation

Our directors are not paid any fees for serving as directors. All directors are reimbursed for their expenses incurred in attending Board of Directors meetings.

Compensation Committee Interlocks and Insider Participation

Mr. Buffett is the Chairman of the Board of Directors and Chief Executive Officer of Berkshire Hathaway, our majority owner. Mr. Scott is a former officer of ours. Based on the standards of the New York Stock Exchange, Inc. on which the common stock of our majority owner, Berkshire Hathaway, is listed, our Board of Directors has determined that Messrs. Buffett and Scott are not independent because of their ownership of our common stock. None of our executive officers serves as a member of the compensation committee of any company that has an executive officer serving as a member of our Board of Directors. None of our executive officers serves as a member of the board of directors of any company that has an executive officer serving as a member of our Compensation Committee. See also Item 13 of this Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Beneficial Ownership

We are a consolidated subsidiary of Berkshire Hathaway. The remainder of our common stock is owned by a private investor group comprised of Messrs. Scott, Sokol and Abel. The following table sets forth certain information regarding beneficial ownership of our shares of common stock held by each of our directors, executive officers and all of our directors and executive officers as a group as of January 31, 2008:

Name and Address of Beneficial Owner (1)	Number of Shares Beneficially Owned (2)	Percentage Of Class (2)
Berkshire Hathaway(3)	66,063,061	88.25%
Walter Scott, Jr.(4)	4,972,000	6.64%
David L. Sokol(5)	549,277	0.73%
Gregory E. Abel(6)	749,992	1.00%
Douglas L. Anderson	-	-
Warren E. Buffett(7)	-	-
Patrick J. Goodman	-	-
Marc D. Hamburg(7)	-	-
Maureen E. Sammon	-	-
All directors and executive officers as a group (8 persons)	6,271,269	8.30%

(1) Unless otherwise indicated, each address is c/o MidAmerican Energy Holdings Company at 666 Grand Avenue, 29th Floor, Des Moines, Iowa 50309.

(2) Includes shares of which the listed beneficial owner is deemed to have the right to acquire beneficial ownership under Rule 13d-3(d) under the Securities Exchange Act, including, among other things, shares which the listed beneficial owner has the right to acquire within 60 days.

(3) Such beneficial owner's address is 1440 Kiewit Plaza, Omaha, Nebraska 68131.

(4) Excludes 3,228,000 shares held by family members and family controlled trusts and corporations, or Scott Family Interests, as to which Mr. Scott disclaims beneficial ownership. Mr. Scott's address is 1000 Kiewit Plaza, Omaha, Nebraska 68131.

(5) Includes options to purchase 549,277 shares of common stock that are presently exercisable or become exercisable within 60 days.

(6) Includes options to purchase 154,052 shares of common stock that are presently exercisable or become exercisable within 60 days.

(7) Excludes 66,063,061 shares of common stock held by Berkshire Hathaway as to which Messrs. Buffett and Hamburg disclaim beneficial ownership.

The following table sets forth certain information regarding beneficial ownership of Class A and Class B shares of Berkshire Hathaway's common stock held by each of our directors, executive officers and all of our directors and executive officers as a group as of January 31, 2008:

Name and Address of Beneficial Owner [1]	Number of Shares Beneficially Owned [2]	Percentage Of Class [2]
Walter Scott, Jr. [3][4]		
Class A	100	*
Class B	-	-
David L. Sokol [4]		
Class A	1,162	*
Class B	103	*
Gregory E. Abel [4]		
Class A	-	-
Class B	6	*
Douglas L. Anderson		
Class A	3	*
Class B	-	-
Warren E. Buffett [5]		
Class A	350,000	32.36%
Class B	2,564,355	18.30%
Patrick J. Goodman		
Class A	2	*
Class B	3	*
Marc D. Hamburg		
Class A	-	-
Class B	-	-
Maureen E. Sammon		
Class A	-	-
Class B	21	*
All directors and executive officers as a group (8 persons)		
Class A	351,267	32.48%
Class B	2,564,488	18.30%

* Less than 1%

(1) Unless otherwise indicated, each address is c/o MidAmerican Energy Holdings Company at 666 Grand Avenue, 29th Floor, Des Moines, Iowa 50309.

(2) Includes shares which the listed beneficial owner is deemed to have the right to acquire beneficial ownership under Rule 13d-3(d) under the Securities Exchange Act, including, among other things, shares which the listed beneficial owner has the right to acquire within 60 days.

(3) Does not include 10 Class A shares owned by Mr. Scott's wife. Mr. Scott's address is 1000 Kiewit Plaza, Omaha, Nebraska 68131.

(4) In accordance with a shareholders agreement, as amended on December 7, 2005, based on an assumed value for our common stock and the closing price of Berkshire Hathaway common stock on January 31, 2008, Mr. Scott and the Scott Family Interests and Messrs. Sokol and Abel would be entitled to exchange their shares of our common stock and their shares acquired by exercise of options to purchase our common stock for either 12,661, 848 and 1,158, respectively, shares of Berkshire Hathaway Class A stock or 378,461, 25,351 and 34,615, respectively, shares of Berkshire Hathaway Class B stock. Assuming an exchange of all available MEHC shares into either Berkshire Hathaway Class A shares or Berkshire Hathaway Class B shares, Mr. Scott and the Scott Family Interests would beneficially own 1.17% of the outstanding shares of Berkshire Hathaway Class A stock or 2.63% of the outstanding shares of Berkshire Hathaway Class B stock, and each of Messrs. Sokol and Abel would beneficially own less than 1% of the outstanding shares of either class of stock. On January 24, 2008, Mr. Sokol exchanged 629,931 shares of our common stock for 955 Berkshire Hathaway Class A shares and three Berkshire Hathaway Class B shares.

(5) Mr. Buffett's address is 1440 Kiewit Plaza, Omaha, Nebraska 68131.

Other Matters

Mr. Sokol's employment agreement gives him the right during the term of his employment to serve as a member of the Board of Directors and to nominate two additional directors.

Pursuant to a shareholders agreement, as amended on December 7, 2005, Mr. Scott or any of the Scott Family Interests and Messrs. Sokol and Abel are able to require Berkshire Hathaway to exchange any or all of their respective shares of our common stock for shares of Berkshire Hathaway common stock. The number of shares of Berkshire Hathaway stock to be exchanged is based on the fair market value of our common stock divided by the closing price of the Berkshire Hathaway stock on the day prior to the date of exchange.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Certain Relationships and Related Transactions

The Berkshire Hathaway Inc. Code of Business Conduct and Ethics and the MEHC Code of Business Conduct, or the Codes, which apply to all of our directors, officers and employees and those of our subsidiaries, generally govern the review, approval or ratification of any related-person transaction. A related-person transaction is one in which we or any of our subsidiaries participate and in which one or more of our directors, executive officers, holders of more than five percent of our voting securities or any of such persons' immediate family members have a direct or indirect material interest.

Under the Codes, all of our directors and executive officers (including those of our subsidiaries) must disclose to our legal department any material transaction or relationship that reasonably could be expected to give rise to a conflict with our interests. No action may be taken with respect to such transaction or relationship until approved by the legal department. For our chief executive officer and chief financial officer, prior approval for any such transaction or relationship must be given by Berkshire Hathaway's audit committee. In addition, prior legal department approval must be obtained before a director or executive officer can accept employment, offices or board positions in other for-profit businesses, or engage in his or her own business that raises a potential conflict or appearance of conflict with our interests. Transactions with Berkshire Hathaway require the approval of our Board of Directors.

Under a subscription agreement with us, which expired in March 2007, Berkshire Hathaway had agreed to purchase, under certain circumstances, additional shares of 11% trust issued mandatorily redeemable preferred securities to be issued by our wholly owned subsidiary trust in the event that certain of our other outstanding trust preferred securities, which were outstanding prior to the closing of our acquisition by a private investor group on March 14, 2000, were tendered for conversion to cash by the current holders.

At December 31, 2007 and 2006, Berkshire Hathaway and its affiliates held 11% mandatorily redeemable preferred securities due from certain of our wholly owned subsidiary trusts with liquidation preferences of $821 million and $1.06 billion, respectively. Principal repayments and interest expense on these securities totaled $234 million and $108 million, respectively, during 2007.

On November 12, 2007, we issued 370,000 shares of our common stock, no par value, to Mr. Abel upon the exercise by Mr. Abel of 370,000 of his outstanding common stock options. The common stock options were exercisable at a weighted-average price of $26.99 per share and the aggregate exercise price paid by Mr. Abel was $10 million. This issuance was pursuant to a private placement and was exempt from the registration requirements of the Securities Act of 1933, as amended.

Director Independence

Based on the standards of the New York Stock Exchange, Inc., on which the common stock of our majority owner, Berkshire Hathaway, is listed, our Board of Directors has determined that none of our directors are considered independent because of their employment by Berkshire Hathaway or MEHC or their ownership of our common stock.

Item 14. Principal Accountant Fees and Services

The following table shows the Company's fees paid or accrued for audit and audit-related services and fees paid for tax and all other services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, the "Deloitte Entities") for each of the last two years (in millions):

	2007	2006
Audit Fees[1]	$ 5.3	$ 4.8
Audit-Related Fees[2]	0.5	0.8
Tax Fees[3]	0.3	0.3
All Other Fees	-	-
Total aggregate fees billed	$ 6.1	$ 5.9

(1) Audit fees include fees for the audit of the Company's consolidated financial statements and interim reviews of the Company's quarterly financial statements, audit services provided in connection with required statutory audits of certain of MEHC's subsidiaries and comfort letters, consents and other services related to SEC matters.

(2) Audit-related fees primarily include fees for assurance and related services for any other statutory or regulatory requirements, audits of certain subsidiary employee benefit plans and consultations on various accounting and reporting matters.

(3) Tax fees include fees for services relating to tax compliance, tax planning and tax advice. These services include assistance regarding federal, state and international tax compliance, tax return preparation and tax audits.

The audit committee reviewed and approved the services rendered by the Deloitte Entities in and for fiscal 2007 as set forth in the above table and concluded that the non-audit services were compatible with maintaining the principal accountant's independence. Under the Sarbanes-Oxley Act of 2002, all audit and non-audit services performed by the Company's principal accountant require the approval in advance by the audit committee in order to assure that such services do not impair the principal accountant's independence from the Company. Accordingly, the audit committee has an Audit and Non-Audit Services Pre-Approval Policy (the "Policy") which sets forth the procedures and the conditions pursuant to which services to be performed by the principal accountant are to be pre-approved. Pursuant to the Policy, certain services described in detail in the Policy may be pre-approved on an annual basis together with pre-approved maximum fee levels for such services. The services eligible for annual pre-approval consist of services that would be included under the categories of Audit Fees, Audit-Related Fees and Tax Fees. If not pre-approved on an annual basis, proposed services must otherwise be separately approved prior to being performed by the principal accountant. In addition, any services that receive annual pre-approval but exceed the pre-approved maximum fee level also will require separate approval by the audit committee prior to being performed. The Policy does not delegate the audit committee's responsibilities to pre-approve services performed by the principal accountant to management.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements and Schedules

(i) Financial Statements

Financial Statements are included in Item 8.

(ii) Financial Statement Schedules

See Schedule I on page 150.
See Schedule II on page 153.

Schedules not listed above have been omitted because they are either not applicable, not required or the information required to be set forth therein is included in the consolidated financial statements or notes thereto.

(b) Exhibits

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

(c) Financial statements required by Regulation S-X, which are excluded from the Annual Report by Rule 14a-3(b).

Not applicable.

Schedule I

MidAmerican Energy Holdings Company
Parent Company Only
Condensed Balance Sheets
As of December 31, 2007 and 2006
(Amounts in millions)

	2007	2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 765	$ 3
Derivative contracts	-	12
Other current assets	4	5
Total current assets	769	20
Investments in and advances to subsidiaries and joint ventures	13,995	12,788
Equipment, net	34	33
Goodwill	1,278	1,276
Deferred charges, investments and other assets	135	145
Total assets	$ 16,211	$ 14,262
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and other current liabilities	$ 167	$ 151
Short-term debt	-	152
Current portion of senior debt	1,000	550
Current portion of subordinated debt	234	234
Total current liabilities	1,401	1,087
Other long-term accrued liabilities	121	104
Senior debt	4,471	3,929
Subordinated debt	891	1,123
Total liabilities	6,884	6,243
Minority interest	1	8
Shareholders' equity:		
Common stock-115 shares authorized, no par value, 75 shares and 74 shares issued and outstanding as of December 31, 2007 and 2006, respectively	-	-
Additional paid in capital	5,454	5,420
Retained earnings	3,782	2,598
Accumulated other comprehensive income (loss), net	90	(7)
Total shareholders' equity	9,326	8,011
Total liabilities and shareholders' equity	$ 16,211	$ 14,262

The notes to the consolidated MEHC financial statements are an integral part of this financial statement schedule.

Schedule I

MidAmerican Energy Holdings Company
Parent Company Only (continued)
Condensed Statements of Operations
For the three years ended December 31, 2007
(Amounts in millions)

	2007	2006	2005
Revenues:			
Equity in undistributed earnings of subsidiary companies and joint ventures	$ 970	$ 664	$ 547
Dividends and distributions from subsidiary companies and joint ventures	483	592	257
Interest and other income	27	13	19
Total revenues	1,480	1,269	823
Costs and expenses:			
General and administration	15	107	51
Depreciation and amortization	2	5	6
Interest	459	427	387
Total costs and expenses	476	539	444
Income before income taxes and minority interest	1,004	730	379
Income tax benefit	185	187	185
Minority interest	-	(1)	(1)
Net income	$ 1,189	$ 916	$ 563

The notes to the consolidated MEHC financial statements are an integral part of this financial statement schedule.

MidAmerican Energy Holdings Company
Parent Company Only (continued)
Condensed Statements of Cash Flows
For the three years ended December 31, 2007
(Amounts in millions)

	2007	2006	2005
Cash flows from operating activities	$ (204)	$ (250)	$ (154)
Cash flows from investing activities:			
(Increase) decrease in advances to and investments in subsidiaries and joint ventures	317	(4,708)	204
Purchases of available-for-sale securities	(407)	(148)	(1,667)
Proceeds from sale of available-for-sale securities	399	140	1,750
Other, net	19	-	18
Net cash flows from investing activities	328	(4,716)	305
Cash flows from financing activities:			
Proceeds from the issuances of common stock	10	5,132	-
Purchases of common stock	-	(1,750)	-
Proceeds from senior debt	1,539	1,699	-
Repayments of subordinated debt	(234)	(234)	(189)
Repayments of senior debt	(550)	-	(260)
Net (repayments of) proceeds from revolving credit facility	(152)	101	51
Net repayment of affiliate notes	-	(22)	(23)
Other, net	25	41	6
Net cash flows from financing activities	638	4,967	(415)
Net change in cash and cash equivalents	762	1	(264)
Cash and cash equivalents at beginning of year	3	2	266
Cash and cash equivalents at end of year	$ 765	$ 3	$ 2

The notes to the consolidated MEHC financial statements are an integral part of this financial statement schedule.

Schedule II

MIDAMERICAN ENERGY HOLDINGS COMPANY
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
FOR THE THREE YEARS ENDED DECEMBER 31, 2007
(Amounts in millions)

Column A Description	Column B Balance at Beginning of Year	Column C Charged to Income	Column C Acquisition Reserves[1]	Column D Deductions	Column E Balance at End of Year
Reserves Deducted From Assets To Which They Apply:					
Reserve for uncollectible accounts receivable:					
Year ended 2007	$ 30	$ 24	$ -	$ (32)	$ 22
Year ended 2006	21	19	11	(21)	30
Year ended 2005	26	13	-	(18)	21
Reserves Not Deducted From Assets[2]:					
Year ended 2007	$ 12	$ 3	$ -	$ (3)	$ 12
Year ended 2006	12	3	-	(3)	12
Year ended 2005	11	4	-	(3)	12

The notes to the consolidated MEHC financial statements are an integral part of this financial statement schedule.

(1) Acquisition reserves represent the reserves recorded at PacifiCorp at the date of acquisition.

(2) Reserves not deducted from assets relate primarily to estimated liabilities for losses retained by MEHC for workers compensation, public liability and property damage claims.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 on this 29th day of February 2008.

MIDAMERICAN ENERGY HOLDINGS COMPANY

/s/ David L. Sokol*
David L. Sokol
Chairman of the Board and Chief Executive Officer
(principal executive officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ David L. Sokol* David L. Sokol	Chairman of the Board, Chief Executive Officer, and Director (principal executive officer)	February 29, 2008
/s/ Gregory E. Abel* Gregory E. Abel	President, Chief Operating Officer and Director	February 29, 2008
/s/ Patrick J. Goodman Patrick J. Goodman	Senior Vice President and Chief Financial Officer (principal financial and accounting officer)	February 29, 2008
/s/ Walter Scott, Jr.* Walter Scott, Jr.	Director	February 29, 2008
/s/ Marc D. Hamburg* Marc D. Hamburg	Director	February 29, 2008
/s/ Warren E. Buffett* Warren E. Buffett	Director	February 29, 2008
* By: /s/ Douglas L. Anderson Douglas L. Anderson	Attorney-in-Fact	February 29, 2008

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(D) OF THE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE ACT

No annual report to security holders covering MidAmerican Energy Holdings Company's last fiscal year or proxy material has been sent to security holders.

EXHIBIT INDEX

Exhibit No.

3.1	Second Amended and Restated Articles of Incorporation of MidAmerican Energy Holdings Company effective March 2, 2006 (incorporated by reference to Exhibit 3.1 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 2005).
3.2	Amended and Restated Bylaws of MidAmerican Energy Holdings Company (incorporated by reference to Exhibit 3.2 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 2005).
4.1	Indenture, dated as of October 4, 2002, by and between MidAmerican Energy Holdings Company and The Bank of New York, Trustee, relating to the 5.875% Senior Notes due 2012 (incorporated by reference to Exhibit 4.1 to the MidAmerican Energy Holdings Company Registration Statement No. 333-101699 dated December 6, 2002).
4.2	First Supplemental Indenture, dated as of October 4, 2002, by and between MidAmerican Energy Holdings Company and The Bank of New York, Trustee, relating to the 5.875% Senior Notes due 2012 (incorporated by reference to Exhibit 4.2 to the MidAmerican Energy Holdings Company Registration Statement No. 333-101699 dated December 6, 2002).
4.3	Second Supplemental Indenture, dated as of May 16, 2003, by and between MidAmerican Energy Holdings Company and The Bank of New York, Trustee, relating to the 3.50% Senior Notes due 2008 (incorporated by reference to Exhibit 4.3 to the MidAmerican Energy Holdings Company's Registration Statement No. 333-105690 dated May 23, 2003).
4.4	Third Supplemental Indenture, dated as of February 12, 2004, by and between MidAmerican Energy Holdings Company and The Bank of New York, Trustee, relating to the 5.00% Senior Notes due 2014 (incorporated by reference to Exhibit 4.4 to the MidAmerican Energy Holdings Company Registration Statement No. 333-113022 dated February 23, 2004).
4.5	Fourth Supplemental Indenture, dated as of March 24, 2006, by and between MidAmerican Energy Holdings Company and The Bank of New York Trust Company, N.A., Trustee, relating to the 6.125% Senior Bonds due 2036 (incorporated by reference to Exhibit 4.1 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated March 28, 2006).
4.6	Fifth Supplemental Indenture, dated as of May 11, 2007, by and between MidAmerican Energy Holdings Company and The Bank of New York Trust Company, N.A., Trustee, relating to the 5.95% Senior Bonds due 2037 (incorporated by reference to Exhibit 4.1 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated May 11, 2007).
4.7	Sixth Supplemental Indenture, dated as of August 28, 2007, by and between MidAmerican Energy Holdings Company and The Bank of New York Trust Company, N.A., Trustee, relating to the 6.50% Senior Bonds due 2037 (incorporated by reference to Exhibit 4.1 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated August 28, 2007).
4.8	Indenture dated as of February 26, 1997, by and between MidAmerican Energy Holdings Company and the Bank of New York, Trustee relating to the 6¼% Convertible Junior Subordinated Debentures due 2012 (incorporated by reference to Exhibit 10.129 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 1995).
4.9	Indenture, dated as of October 15, 1997, by and between MidAmerican Energy Holdings Company and IBJ Schroder Bank & Trust Company, Trustee (incorporated by reference to Exhibit 4.1 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated October 23, 1997).

Exhibit No.

4.10	Form of Second Supplemental Indenture, dated as of September 22, 1998 by and between MidAmerican Energy Holdings Company and IBJ Schroder Bank & Trust Company, Trustee, relating to the 7.52% Senior Notes in the principal amount of $450,000,000 due 2008, and the 8.48% Senior Notes in the principal amount of $475,000,000 due 2028 (incorporated by reference to Exhibit 4.1 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated September 17, 1998).
4.11	Form of Third Supplemental Indenture, dated as of November 13, 1998, by and between MidAmerican Energy Holdings Company and IBJ Schroder Bank & Trust Company, Trustee, relating to the 7.52% Senior Notes in the principal amount of $100,000,000 due 2008 (incorporated by reference to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated November 10, 1998).
4.12	Indenture, dated as of March 14, 2000, by and between MidAmerican Energy Holdings Company and the Bank of New York, Trustee (incorporated by reference to Exhibit 4.9 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K/A for the year ended December 31, 1999).
4.13	Indenture, dated as of March 12, 2002, by and between MidAmerican Energy Holdings Company and the Bank of New York, Trustee (incorporated by reference to Exhibit 4.11 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 2001).
4.14	Amended and Restated Declaration of Trust of MidAmerican Capital Trust III, dated as of August 16, 2002 (incorporated by reference to Exhibit 4.14 to the MidAmerican Energy Holdings Company Registration Statement No. 333-101699 dated December 6, 2002).
4.15	Amended and Restated Declaration of Trust of MidAmerican Capital Trust II, dated as of March 12, 2002 (incorporated by reference to Exhibit 4.15 to the MidAmerican Energy Holdings Company Registration Statement No. 333-101699 dated December 6, 2002).
4.16	Amended and Restated Declaration of Trust of MidAmerican Capital Trust I, dated as of March 14, 2000 (incorporated by reference to Exhibit 4.16 to the MidAmerican Energy Holdings Company Registration Statement No. 333-101699 dated December 6, 2002).
4.17	Indenture, dated as of August 16, 2002, by and between MidAmerican Energy Holdings Company and the Bank of New York, Trustee (incorporated by reference to Exhibit 4.17 to the MidAmerican Energy Holdings Company Registration Statement No. 333-101699 dated December 6, 2002).
4.18	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 (incorporated by reference to Exhibit 99.1 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended June 30, 2006).
4.19	Trust Indenture, dated as of November 27, 1995, by and between CE Casecnan Water and Energy Company, Inc. and Chemical Trust Company of California, Trustee (incorporated by reference to Exhibit 4.1 to the CE Casecnan Water and Energy Company, Inc. Registration Statement on Form S-4 dated January 25, 1996).
4.20	Indenture and First Supplemental Indenture, dated March 11, 1999, by and between MidAmerican Funding, LLC and IBJ Whitehall Bank & Trust Company, Trustee, relating to the $700 million Senior Notes and Bonds (incorporated by reference to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 1998).
4.21	Second Supplemental Indenture, dated as of March 1, 2001, by and between MidAmerican Funding, LLC and The Bank of New York, Trustee (incorporated by reference to Exhibit 4.4 to the MidAmerican Funding, LLC Registration Statement on Form S-3, Registration No. 333-56624).

Exhibit No.

4.22	General Mortgage Indenture and Deed of Trust, dated as of January 1, 1993, by and between Midwest Power Systems Inc. and Morgan Guaranty Trust Company of New York, Trustee (incorporated by reference to Exhibit 4(b)-1 to the Midwest Resources Inc. Annual Report on Form 10-K for the year ended December 31, 1992, Commission File No. 1-10654).
4.23	First Supplemental Indenture, dated as of January 1, 1993, by and between Midwest Power Systems Inc. and Morgan Guaranty Trust Company of New York, Trustee (incorporated by reference to Exhibit 4(b)-2 to the Midwest Resources Inc. Annual Report on Form 10-K for the year ended December 31, 1992, Commission File No. 1-10654).
4.24	Second Supplemental Indenture, dated as of January 15, 1993, by and between Midwest Power Systems Inc. and Morgan Guaranty Trust Company of New York, Trustee (incorporated by reference to Exhibit 4(b)-3 to the Midwest Resources Inc. Annual Report on Form 10-K for the year ended December 31, 1992, Commission File No. 1-10654).
4.25	Third Supplemental Indenture, dated as of May 1, 1993, by and between Midwest Power Systems Inc. and Morgan Guaranty Trust Company of New York, Trustee (incorporated by reference to Exhibit 4.4 to the Midwest Resources Inc. Annual Report on Form 10-K for the year ended December 31, 1993, Commission File No. 1-10654).
4.26	Fourth Supplemental Indenture, dated as of October 1, 1994, by and between Midwest Power Systems Inc. and Harris Trust and Savings Bank, Trustee (incorporated by reference to Exhibit 4.5 to the Midwest Resources Inc. Annual Report on Form 10-K for the year ended December 31, 1994, Commission File No. 1-10654).
4.27	Fifth Supplemental Indenture, dated as of November 1, 1994, by and between Midwest Power Systems Inc. and Harris Trust and Savings Bank, Trustee (incorporated by reference to Exhibit 4.6 to the Midwest Resources Inc. Annual Report on Form 10-K for the year ended December 31, 1994, Commission File No. 1-10654).
4.28	Sixth Supplemental Indenture, dated as of July 1, 1995, by and between Midwest Power Systems Inc. and Harris Trust and Savings Bank, Trustee (incorporated by reference to Exhibit 4.15 to the MidAmerican Energy Company Annual Report on Form 10-K for the year ended December 31, 1995, Commission File No. 1-11505).
4.29	Indenture dated as of December 1, 1996, by and between MidAmerican Energy Company and the First National Bank of Chicago, Trustee (incorporated by reference to Exhibit 4(l) to the MidAmerican Energy Company Registration Statement on Form S-3, Registration No. 333-15387).
4.30	First Supplemental Indenture, dated as of February 8, 2002, by and between MidAmerican Energy Company and The Bank of New York, Trustee (incorporated by reference to Exhibit 4.3 to the MidAmerican Energy Company Annual Report on Form 10-K for the year ended December 31, 2004, Commission File No. 333-15387).
4.31	Second Supplemental Indenture, dated as of January 14, 2003, by and between MidAmerican Energy Company and The Bank of New York, Trustee (incorporated by reference to Exhibit 4.2 to the MidAmerican Energy Company Annual Report on Form 10-K for the year ended December 31, 2004, Commission File No. 333-15387).
4.32	Third Supplemental Indenture, dated as of October 1, 2004, by and between MidAmerican Energy Company and The Bank of New York, Trustee (incorporated by reference to Exhibit 4.1 to the MidAmerican Energy Company Annual Report on Form 10-K for the year ended December 31, 2004, Commission File No. 333-15387).

Exhibit No.

4.33	Fourth Supplemental Indenture, dated November 1, 2005, by and between MidAmerican Energy Company and the Bank of New York Trust Company, NA, Trustee (incorporated by reference to Exhibit 4.1 to the MidAmerican Energy Company Annual Report on Form 10-K for the year ended December 31, 2005).
4.34	Fiscal Agency Agreement, dated as of October 15, 2002, by and between Northern Natural Gas Company and J.P. Morgan Trust Company, National Association, Fiscal Agent, relating to the $300,000,000 in principal amount of the 5.375% Senior Notes due 2012 (incorporated by reference to Exhibit 10.47 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 2003).
4.35	Trust Indenture, dated as of August 13, 2001, among Kern River Funding Corporation, Kern River Gas Transmission Company and JP Morgan Chase Bank, Trustee, relating to the $510,000,000 in principal amount of the 6.676% Senior Notes due 2016 (incorporated by reference to Exhibit 10.48 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 2003).
4.36	Third Supplemental Indenture, dated as of May 1, 2003, among Kern River Funding Corporation, Kern River Gas Transmission Company and JPMorgan Chase Bank, Trustee, relating to the $836,000,000 in principal amount of the 4.893% Senior Notes due 2018 (incorporated by reference to Exhibit 10.49 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 2003).
4.37	Trust Deed, dated December 15, 1997 among CE Electric UK Funding Company, AMBAC Insurance UK Limited and The Law Debenture Trust Corporation, p.l.c., Trustee (incorporated by reference to Exhibit 99.1 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated March 30, 2004).
4.38	Insurance and Indemnity Agreement, dated December 15, 1997 by and between CE Electric UK Funding Company and AMBAC Insurance UK Limited (incorporated by reference to Exhibit 99.2 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated March 30, 2004).
4.39	Supplemental Agreement to Insurance and Indemnity Agreement, dated September 19, 2001, by and between CE Electric UK Funding Company and AMBAC Insurance UK Limited (incorporated by reference to Exhibit 99.3 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated March 30, 2004).
4.40	Fiscal Agency Agreement, dated as of September 4, 1998, by and between Northern Natural Gas Company and Chase Bank of Texas, National Association, Fiscal Agent, relating to the $150,000,000 in principal amount of the 6.75% Senior Notes due 2008 (incorporated by reference to Exhibit 10.69 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
4.41	Fiscal Agency Agreement, dated as of May 24, 1999, by and between Northern Natural Gas Company and Chase Bank of Texas, National Association, Fiscal Agent, relating to the $250,000,000 in principal amount of the 7.00% Senior Notes due 2011 (incorporated by reference to Exhibit 10.70 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
4.42	Trust Indenture, dated as of September 10, 1999, by and between Cordova Funding Corporation and Chase Manhattan Bank and Trust Company, National Association, Trustee, relating to the $225,000,000 in principal amount of the 8.75% Senior Secured Bonds due 2019 (incorporated by reference to Exhibit 10.71 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
4.43	Trust Deed, dated as of February 4, 1998 among Yorkshire Power Finance Limited, Yorkshire Power Group Limited and Bankers Trustee Company Limited, Trustee, relating to the £200,000,000 in principal amount of the 7.25% Guaranteed Bonds due 2028 (incorporated by reference to Exhibit 10.74 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).

Exhibit No.

4.44	First Supplemental Trust Deed, dated as of October 1, 2001, among Yorkshire Power Finance Limited, Yorkshire Power Group Limited and Bankers Trustee Company Limited, Trustee, relating to the £200,000,000 in principal amount of the 7.25% Guaranteed Bonds due 2028 (incorporated by reference to Exhibit 10.75 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
4.45	Third Supplemental Trust Deed, dated as of October 1, 2001, among Yorkshire Electricity Distribution plc, Yorkshire Electricity Group plc and Bankers Trustee Company Limited, Trustee, relating to the £200,000,000 in principal amount of the 9.25% Bonds due 2020 (incorporated by reference to Exhibit 10.76 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
4.46	Indenture, dated as of February 1, 2000, among Yorkshire Power Finance 2 Limited, Yorkshire Power Group Limited and The Bank of New York, Trustee (incorporated by reference to Exhibit 10.78 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
4.47	First Supplemental Trust Deed, dated as of September 27, 2001, among Northern Electric Finance plc, Northern Electric plc, Northern Electric Distribution Limited and The Law Debenture Trust Corporation p.l.c., Trustee, relating to the £100,000,000 in principal amount of the 8.875% Guaranteed Bonds due 2020 (incorporated by reference to Exhibit 10.81 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
4.48	Trust Deed, dated as of January 17, 1995, by and between Yorkshire Electricity Group plc and Bankers Trustee Company Limited, Trustee, relating to the £200,000,000 in principal amount of the 9 1/4% Bonds due 2020 (incorporated by reference to Exhibit 10.83 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2004).
4.49	Master Trust Deed, dated as of October 16, 1995, by and between Northern Electric Finance plc, Northern Electric plc and The Law Debenture Trust Corporation p.l.c., Trustee, relating to the £100,000,000 in principal amount of the 8.875% Guaranteed Bonds due 2020 (incorporated by reference to Exhibit 10.70 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 2004).
4.50	Fiscal Agency Agreement, dated April 14, 2005, by and between Northern Natural Gas Company and J.P. Morgan Trust Company, National Association, Fiscal Agent, relating to the $100,000,000 in principal amount of the 5.125% Senior Notes due 2015 (incorporated by reference to Exhibit 99.1 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated April 18, 2005).
4.51	£100,000,000 Facility Agreement, dated April 4, 2005 among CE Electric UK Funding Company, the subsidiaries of CE Electric UK Funding Company listed in Part 1 of Schedule 1, Lloyds TSB Bank plc and The Royal Bank of Scotland plc (incorporated by reference to Exhibit 99.1 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated April 20, 2005).
4.52	Trust Deed dated May 5, 2005 among Northern Electric Finance plc, Northern Electric Distribution Limited, Ambac Assurance UK Limited and HSBC Trustee (C.I.) Limited (incorporated by reference to Exhibit 99.1 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2005).
4.53	Reimbursement and Indemnity Agreement dated May 5, 2005 among Northern Electric Finance plc, Northern Electric Distribution Limited and Ambac Assurance UK Limited (incorporated by reference to Exhibit 99.2 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2005).

Exhibit No.

4.54	Trust Deed, dated May 5, 2005 among Yorkshire Electricity Distribution plc, Ambac Assurance UK Limited and HSBC Trustee (C.I.) Limited (incorporated by reference to Exhibit 99.3 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2005).
4.55	Reimbursement and Indemnity Agreement, dated May 5, 2005 between Yorkshire Electricity Distribution plc and Ambac Assurance UK Limited (incorporated by reference to Exhibit 99.4 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2005).
4.56	Supplemental Trust Deed, dated May 5, 2005 among CE Electric UK Funding Company, Ambac Assurance UK Limited and The Law Debenture Trust Corporation plc (incorporated by reference to Exhibit 99.5 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2005).
4.57	Second Supplemental Agreement to Insurance and Indemnity Agreement, dated May 5, 2005 by and between CE Electric UK Funding Company and Ambac Assurance UK Limited (incorporated by reference to Exhibit 99.6 to the MidAmerican Energy Holdings Company Quarterly Report on Form 10-Q for the quarter ended March 31, 2005).
4.58	Amended and Restated Credit Agreement, dated as of July 6, 2006, 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 June 30, 2006).
4.59	Shareholders Agreement, dated as of March 14, 2000 (incorporated by reference to Exhibit 4.19 to the MidAmerican Energy Holdings Company Registration Statement No. 333-101699 dated December 6, 2002).
4.60	Amendment No. 1 to Shareholders Agreement, dated December 7, 2005 (incorporated by reference to Exhibit 4.17 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 2005).
4.61	Equity Commitment Agreement, dated as of March 1, 2006, by and between Berkshire Hathaway Inc. and MidAmerican Energy Holdings Company (incorporated by reference to Exhibit 10.72 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 2005).
4.62	Fiscal Agency Agreement, dated February 12, 2007, by and between Northern Natural Gas Company and Bank of New York Trust Company, N.A., Fiscal Agent, relating to the $150,000,000 in principal amount of the 5.80% Senior Bonds due 2037 (incorporated by reference to Exhibit 99.1 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated February 12, 2007).
4.63	Indenture, dated as of October 1, 2006, by and between MidAmerican Energy Company and the Bank of New York Trust Company, N.A., Trustee (incorporated by reference to Exhibit 4.1 to the MidAmerican Energy Company Quarterly Report on Form 10-Q for the quarter ended September 30, 2006).
4.64	First Supplemental Indenture, dated as of October 6, 2006, by and between MidAmerican Energy Company and the Bank of New York Trust Company, N.A., Trustee (incorporated by reference to Exhibit 4.2 to the MidAmerican Energy Company Quarterly Report on Form 10-Q for the quarter ended September 30, 2006).
4.65	Second Supplemental Indenture, dated June 29, 2007, by and between MidAmerican Energy Company and The Bank of New York Trust Company, N.A., Trustee (incorporated by reference to Exhibit 4.1 to the MidAmerican Energy Company Current Report on Form 8-K dated June 29, 2007).

Exhibit No.

4.66 Mortgage and Deed of Trust dated as of January 9, 1989, between PacifiCorp and JP Morgan Chase Bank (formerly known as The Chase Manhattan Bank), Trustee, incorporated by reference to Exhibit 4-E to PacifiCorp's Form 8-B, File No. 1-5152, as supplemented and modified by 21 Supplemental Indentures, each incorporated by reference, as follows:

Exhibit Number	PacifiCorp File Type	File Date	File Number
(4)(b)	SE	November 2, 1989	33-31861
(4)(a)	8-K	January 9, 1990	1-5152
(4)(a)	8-K	September 11, 1991	1-5152
4(a)	8-K	January 7, 1992	1-5152
4(a)	10-Q	Quarter ended March 31, 1992	1-5152
4(a)	10-Q	Quarter ended September 30, 1992	1-5152
4(a)	8-K	April 1, 1993	1-5152
4(a)	10-Q	Quarter ended September 30, 1993	1-5152
(4)b	10-Q	Quarter ended June 30, 1994	1-5152
(4)b	10-K	Year ended December 31, 1994	1-5152
(4)b	10-K	Year ended December 31, 1995	1-5152
(4)b	10-K	Year ended December 31, 1996	1-5152
(4)b	10-K	Year ended December 31, 1998	1-5152
99(a)	8-K	November 21, 2001	1-5152
4.1	10-Q	Quarter ended June 30, 2003	1-5152
99	8-K	September 8, 2003	1-5152
4	8-K	August 24, 2004	1-5152
4	8-K	June 13, 2005	1-5152
4.2	8-K	August 14, 2006	1-5152
4	8-K	March 14, 2007	1-5152
4.1	8-K	October 3, 2007	1-5152

4.67 $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 99 to the PacifiCorp Quarterly Report on Form 10-Q for the quarter ended September 30, 2007).

10.1 Amended and Restated Employment Agreement, dated February 25, 2008, by and between MidAmerican Energy Holdings Company and David L. Sokol.

10.2 Non-Qualified Stock Option Agreements of David L. Sokol, dated March 14, 2000 (incorporated by reference to Exhibit 10.3 to the MidAmerican Energy Holdings Company Registration Statement No. 333-101699 dated December 6, 2002) and the related 2000 Stock Option Plan attached as Exhibit A thereto (incorporated by reference to Exhibit 10.3 of MidAmerican Energy Holdings Company's Registration Statement No. 333-143286 dated May 25, 2007).

10.3 Amended and Restated Employment Agreement, dated February 25, 2008, by and between MidAmerican Energy Holdings Company and Gregory E. Abel.

10.4 Non-Qualified Stock Option Agreements of Gregory E. Abel, dated March 14, 2000 (incorporated by reference to Exhibit 10.5 to the MidAmerican Energy Holdings Company Registration Statement No. 333-101699 dated December 6, 2002) and the related 2000 Stock Option Plan attached as Exhibit A thereto (incorporated by reference to Exhibit 10.5 of MidAmerican Energy Holdings Company's Registration Statement No. 333-143286 dated May 25, 2007).

Exhibit No.

10.5	Amended and Restated Employment Agreement, dated February 25, 2008, by and between MidAmerican Energy Holdings Company and Patrick J. Goodman.
10.6	Amended and Restated Casecnan Project Agreement, dated June 26, 1995, between the National Irrigation Administration and CE Casecnan Water and Energy Company Inc. (incorporated by reference to Exhibit 10.1 to the CE Casecnan Water and Energy Company, Inc. Registration Statement on Form S-4 dated January 25, 1996).
10.7	Supplemental Agreement, dated as of September 29, 2003, by and between CE Casecnan Water and Energy Company, Inc. and the Philippines National Irrigation Administration (incorporated by reference to Exhibit 98.1 to the MidAmerican Energy Holdings Company Current Report on Form 8-K dated October 15, 2003).
10.8	CalEnergy Company, Inc. Voluntary Deferred Compensation Plan, effective December 1, 1997, First Amendment, dated as of August 17, 1999, and Second Amendment effective March 14, 2000 (incorporated by reference to Exhibit 10.50 to the MidAmerican Energy Holdings Company Registration Statement No. 333-101699 dated December 6, 2002).
10.9	MidAmerican Energy Holdings Company Executive Voluntary Deferred Compensation Plan restated effective as of January 1, 2007.
10.10	MidAmerican Energy Company First Amended and Restated Supplemental Retirement Plan for Designated Officers dated as of May 10, 1999 amended on February 25, 2008 to be effective as of January 1, 2005.
10.11	MidAmerican Energy Holdings Company Long-Term Incentive Partnership Plan as Amended and Restated January 1, 2007.
10.12	Summary of Key Terms of Compensation Arrangements with MidAmerican Energy Holdings Company Named Executive Officers and Directors.
14.1	MidAmerican Energy Holdings Company Code of Ethics for Chief Executive Officer, Chief Financial Officer and Other Covered Officers (incorporated by reference to Exhibit 14.1 to the MidAmerican Energy Holdings Company Annual Report on Form 10-K for the year ended December 31, 2003).
21.1	Subsidiaries of the Registrant.
23.1	Consent of Deloitte & Touche LLP.
24.1	Power of Attorney.
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 21.1

MIDAMERICAN ENERGY HOLDINGS COMPANY
SUBSIDIARIES AND JOINT VENTURES

Pursuant to Item 601(b)(21)(ii) of Regulation S-K, we have omitted dormant subsidiaries (all of which, when considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary as of the end of our last fiscal year).

MidAmerican Funding, LLC	Iowa
MHC Inc.	Iowa
MidAmerican Energy Company	Iowa
CBEC Railway Inc.	Iowa
InterCoast Capital Company	Delaware
Cimmred Leasing Company	South Dakota
IWG Co. 8	Delaware
MHC Investment Company	South Dakota
MWR Capital Inc.	South Dakota
Midwest Capital Group, Inc.	Iowa
Dakota Dunes Development Company	Iowa
Two Rivers Inc.	South Dakota
MidAmerican Services Company	Iowa
MEC Construction Services Co.	Iowa
CE Electric UK Funding Company	England
CalEnergy Gas (Holdings) Limited	England
CalEnergy Gas Limited	England
CalEnergy Gas (Australia) Limited	England
CalEnergy Gas (Polska) sp. z.o.o.	Poland
CalEnergy Resources Limited	England
CalEnergy Resources (Poland) sp.z.o.o.	Poland
CE Electric (Ireland) Limited	Republic of Ireland
CE Electric UK Holdings	England
CE Electric UK Limited	England
CE UK Gas Holdings Limited	England
DCUSA Limited	England
ElectraLink Limited	England
Electricity Pensions Trustee Limited	England
ESN Holdings Limited	England
Gemserv Limited	England
Integrated Utility Services Limited	England
Integrated Utility Services Limited	Republic of Ireland
Kings Road Developments Limited	England
MRA Service Company Limited	England
Northern Electric plc	England
Northern Electric Distribution Limited	England
Northern Electric Finance plc	England
Northern Electric & Gas Limited	England
Northern Electric GenCo	England
Northern Electric Generation (Peaking) Limited	England
Northern Electric Properties Limited	England
Northern Electric Retail Limited	England
Northern Transport Finance Limited	England
Selectusonline Limited	England
Vehicle Lease and Service Limited	England
Yorkshire Cayman Holding Limited	Cayman Islands
Yorkshire Electricity Distribution plc	England
Yorkshire Electricity Group plc	England
Yorkshire Holdings plc	England

Yorkshire Power Finance Limited	Cayman Islands
Yorkshire Power Group Limited	England
HomeServices of America, Inc.	Delaware
Allerton Capital, Ltd.	Iowa
Arizona Home Services, LLC	Arizona
Caldwell Mill, LLP	Alabama
California Title Company	California
Capitol Intermediary Company	Nebraska
Capitol Land Exchange, Inc.	Nebraska
Capitol Title Company	Nebraska
CBSHOME Real Estate Company	Nebraska
CBSHOME Real Estate of Iowa, Inc.	Delaware
CBSHOME Relocation Services, Inc.	Nebraska
Champion Realty, Inc.	Maryland
Chancellor Title Services, Inc.	Maryland
Columbia Title of Florida, Inc.	Florida
Cornerstone Title Company, L.L.C.	Georgia
Edina Financial Services, Inc.	Minnesota
Edina Realty, Inc.	Minnesota
Edina Realty Referral Network, Inc.	Minnesota
Edina Realty Relocation, Inc.	Minnesota
Edina Realty Title, Inc.	Minnesota
Esslinger-Wooten-Maxwell, Inc.	Florida
E-W-M Referral Services, Inc.	Florida
FFR, Inc.	Iowa
First Realty, Ltd.	Iowa
First Reserve Insurance, Inc.	Florida
FMLC Mortgage, LLC	Delaware
For Rent, Inc.	Arizona
Heritage Title Services, LLC	Georgia
HMSV Financial Services, Inc.	Delaware
HN Heritage Title Holdings, LLC	Georgia
HN Insurance Holdings, LLC	Georgia
HN Insurance Services, LLC	Georgia
HN Mortgage, LLC	Georgia
HN Real Estate Group, L.L.C.	Georgia
HN Real Estate Group, N.C., Inc.	North Carolina
HN Referral Corporation	Georgia
Home Services Referral Network, LLC	Indiana
HomeServices Financial, LLC	Delaware
HomeServices Financial Holdings, Inc.	Delaware
HomeServices Financial-Iowa, LLC	Delaware
HomeServices Lending, LLC	Delaware
HomeServices Insurance, Inc.	Nebraska
HomeServices of Alabama, Inc.	Delaware
HomeServices of California, Inc.	Delaware
HomeServices of Florida, Inc.	Florida
HomeServices of Iowa, Inc.	Delaware
HomeServices of Kentucky, Inc.	Kentucky
HomeServices of Kentucky Real Estate Academy, LLC	Kentucky
HomeServices of Nebraska, Inc.	Delaware
HomeServices of Nevada, Inc.	Delaware
HomeServices of the Carolinas, Inc.	Delaware
HomeServices Relocation, LLC	Delaware
HSR Equity Funding, Inc.	Delaware
Huff Commercial Group, LLC	Kentucky
Huff-Drees Realty, Inc.	Ohio

IMO Co., Inc.	Missouri
Iowa Realty Co., Inc.	Iowa
Iowa Realty Insurance Agency, Inc.	Iowa
Iowa Title Company	Iowa
Iowa Title Linn County II, LLC	Iowa
JBRC, Inc.	Kentucky
J.D. Reece Mortgage Company	Kansas
J.P. & A. Inc.	Georgia
Jenny Pruitt & Associates, Inc.	Georgia
Jenny Pruitt Insurance Services, LLC	Georgia
Jim Huff Realty, Inc.	Kentucky
JRHBW Realty, Inc.	Alabama
J. S. White & Associates, Inc.	Alabama
Kansas City Title, Inc.	Kansas
Kentucky Residential Referral Services, LLC	Kentucky
Larabee School of Real Estate and Insurance, Inc.	Nebraska
Limestone Springs Holdings, LLC	California
Lincoln Title Company, LLC	Nebraska
Long Title Agency, LLC	Arizona
Meridian Title Services, LLC	Georgia
Mid-America Referral Network, Inc.	Kansas
MidAmerican Commercial Real Estate Services, Inc.	Kansas
Midland Escrow Services, Inc.	Iowa
MortgageSouth, LLC	Alabama
Nebraska Land Title and Abstract Company	Nebraska
Pickford Escrow Company, Inc.	California
Pickford Golden State Member, LLC	California
Pickford Holdings LLC	California
Pickford North County LP	California
Pickford Real Estate, Inc.	California
Pickford Realty, Ltd.	California
Pickford Services Company	California
Plaza Financial Services, LLC	Kansas
Plaza Mortgage Services, LLC	Kansas
Preferred Carolinas Realty, Inc.	North Carolina
Preferred Carolinas Title Agency, LLC	North Carolina
Professional Referral Organization, Inc.	Maryland
Real Estate Links, LLC	Illinois
Real Estate Referral Network, Inc.	Nebraska
Reece & Nichols Alliance, Inc.	Kansas
Reece & Nichols Realtors, Inc.	Kansas
Referral Company of North Carolina, Inc.	North Carolina
RHL Referral Company, LLC	Arizona
Roberts Brothers, Inc.	Alabama
Roy H. Long Realty Co., Inc.	Arizona
San Diego PCRE, Inc.	California
Semonin Realtors, Inc.	Delaware
Southwest Relocation, LLC	Arizona
The Escrow Firm, Inc.	California
The Referral Company	Iowa
TITLE INFO NOW, LLC	Minnesota
TitleSouth, LLC	Alabama
Township Title Services, LLC	Georgia
Traditions Title Agency, LLC	Ohio
Trinity Mortgage Partners, Inc.	Georgia
United Settlement Services, LC	Iowa
CE Generation, LLC	Delaware

CalEnergy Operating Corporation	Delaware
California Energy Development Corporation	Delaware
California Energy Yuma Corporation	Utah
CE Salton Sea Inc.	Delaware
CE Texas Power, LLC	Delaware
CE Texas Resources, LLC	Delaware
CE Turbo LLC	Delaware
Conejo Energy Company	California
Del Ranch, L. P.	California
Desert Valley Company	California
Elmore, L.P.	California
Falcon Power Operating Company	Texas
CE Gen Oil Company	Texas
CE Gen Pipeline Corporation	Texas
CE Gen Power Corporation	Texas
Fish Lake Power LLC	Delaware
FSRI Holdings, Inc	Texas
Imperial Magma LLC	Delaware
Leathers, L.P.	California
Magma Land Company I	Nevada
Magma Power Company	Nevada
Niguel Energy Company	California
North Country Gas Pipeline Corporation	New York
Power Resources, Ltd.	Texas
Salton Sea Brine Processing L. P.	California
Salton Sea Funding Corporation	Delaware
Salton Sea Power Company	Nevada
Salton Sea Power Generation L. P.	California
Salton Sea Power L.L.C.	Delaware
Salton Sea Royalty LLC	Delaware
San Felipe Energy Company	California
Saranac Energy Company, Inc.	Delaware
Saranac Power Partners, LP	Delaware
SECI Holdings, Inc.	Delaware
VPC Geothermal LLC	Delaware
Vulcan Power Company	Nevada
Vulcan/BN Geothermal Power Company	Nevada
Yuma Cogeneration Associates	Arizona
BG Energy Holding LLC	Delaware
BG Energy LLC	Delaware
CalEnergy Capital Trust II	Delaware
CalEnergy Capital Trust III	Delaware
CalEnergy Generation Operating Company	Delaware
CalEnergy Holdings, Inc.	Delaware
CalEnergy International Ltd.	Bermuda
CalEnergy International Services, Inc.	Delaware
CalEnergy Investments C.V.	Netherlands
CalEnergy Minerals Development LLC	Delaware
CalEnergy Minerals, LLC	Delaware
CalEnergy Pacific Holdings Corp.	Delaware
CalEnergy U.K. Inc.	Delaware
CE Casecnan Ltd.	Bermuda
CE Casecnan II, Inc.	Philippines
CE Casecnan Water and Energy Company, Inc.	Philippines
CE Cebu Geothermal Power Company, Inc.	Philippines
CE Electric (NY), Inc.	Delaware
CE Electric, Inc.	Delaware

CE Exploration Company	Delaware
CE Geothermal, Inc.	Delaware
CE Insurance Services Limited	Isle of Man
CE International Investments, Inc.	Delaware
CE Luzon Geothermal Power Company, Inc.	Philippines
CE Mahanagdong II, Inc.	Philippines
CE Mahanagdong Ltd.	Bermuda
CE Obsidian Energy LLC	Delaware
CE Obsidian Holding, LLC	Delaware
CE Philippines II, Inc.	Philippines
CE Philippines Ltd.	Bermuda
CE Power, Inc.	Delaware
Cordova Energy Company, LLC	Delaware
Cordova Funding Corporation	Delaware
Kern River Funding Corporation	Delaware
Kern River Gas Transmission Company	Texas
KR Acquisition 1, LLC	Delaware
KR Acquisition 2, LLC	Delaware
KR Holding, LLC	Delaware
M & M Ranch Acquisition Company, LLC	Delaware
M & M Ranch Holding Company, LLC	Delaware
Magma Netherlands B.V.	Netherlands
MEHC Investment, Inc.	South Dakota
MidAmerican Capital Trust I	Delaware
MidAmerican Capital Trust II	Delaware
MidAmerican Capital Trust III	Delaware
MidAmerican Nuclear Energy Company, LLC	Delaware
MidAmerican Nuclear Energy Holdings Company, LLC	Delaware
MEHC Insurance Services Ltd.	Vermont
MEHC America Transco, LLC	Delaware
MEHC Texas Transco, LLC	Delaware
Electric Transmission America, LLC	Delaware
Electric Transmission Texas, LLC	Delaware
MidAmerican Energy Machining Services LLC	Delaware
NNGC Acquisition, LLC	Delaware
Northern Natural Gas Company	Delaware
Beaver Assets, LLC	Delaware
PPW Holdings LLC	Delaware
PacifiCorp	Oregon
Energy West Mining Company	Utah
PacifiCorp Investment Management, Inc.	Oregon
Glenrock Coal Company	Wyoming
Interwest Mining Company	Oregon
Pacific Minerals, Inc.	Wyoming
PacifiCorp Environmental Remediation Company	Delware
PacifiCorp Future Generations, Inc.	Oregon
Canopy Botanicals, Inc.	Delaware
Canopy Botanicals, SRL	Boliva
Trapper Mining Inc.	Delaware
Quad Cities Energy Company	Iowa
Salton Sea Minerals Corp.	Delaware
S.W. Hydro, Inc.	Delaware
Tongonan Power Investment, Inc.	Philippines
Visayas Geothermal Power Company	Philippines
Wailuku Holding Company, LLC	Delaware
Wailuku River Hydroelectric Power Company	Hawaii
Wailuku River Hydroelectric Limited Partnership	Hawaii

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-147957 on Form S-8 of our report dated February 27, 2008 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the adoption of Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)," as of December 31, 2006), relating to the financial statements and financial statement schedules of MidAmerican Energy Holdings Company, appearing in this Annual Report on Form 10-K of MidAmerican Energy Holdings Company for the year ended December 31, 2007.

/s/ Deloitte & Touche LLP

Des Moines, Iowa
February 27, 2008

EXHIBIT 24.1

POWER OF ATTORNEY

The undersigned, a member of the Board of Directors or an officer of MIDAMERICAN ENERGY HOLDINGS COMPANY, an Iowa corporation (the "Company"), hereby constitutes and appoints Douglas L. Anderson and Paul J. Leighton and each of them, as his/her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for and in his/her stead, in any and all capacities, to sign on his/her behalf the Company's Annual Report on Form 10-K for the fiscal year ending December 31, 2007 and to execute any amendments thereto and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission and applicable stock exchanges, with the full power and authority to do and perform each and every act and thing necessary or advisable to all intents and purposes as he/she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his/her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Executed as of February 29, 2008

/s/ David L. Sokol DAVID L. SOKOL	/s/ Gregory E. Abel GREGORY E. ABEL
/s/ Patrick J. Goodman PATRICK J. GOODMAN	/s/ Warren E. Buffett WARREN E. BUFFETT
/s/ Marc D. Hamburg MARC D. HAMBURG	/s/ Walter Scott, Jr. WALTER SCOTT, JR.

EXHIBIT 31.1

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

I, David L. Sokol, certify that:

1. I have reviewed this annual report on Form 10-K 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: February 29, 2008

/s/ David L. Sokol
David L. Sokol
Chairman 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 annual report on Form 10-K 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: February 29, 2008

/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, David L. Sokol, Chairman 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 Annual Report on Form 10-K of the Company for the annual period ended December 31, 2007 (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.

Date: February 29, 2008

/s/ David L. Sokol
David L. Sokol
Chairman 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 Annual Report on Form 10-K of the Company for the annual period ended December 31, 2007 (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.

Date: February 29, 2008

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

Exhibit 5

STATE OF KANSAS
OFFICE OF SECRETARY OF STATE
RON THORNBURGH

To all to whom these presents shall come, Greetings:

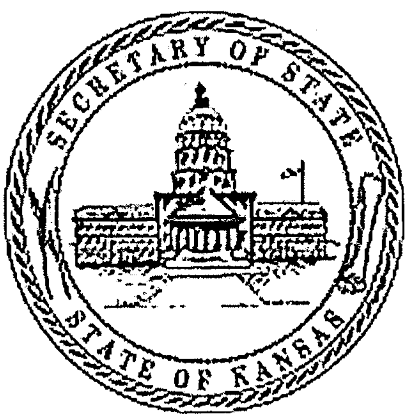
I, RON THORNBURGH, Secretary of State of the state of Kansas, do hereby certify that I am the custodian of records of the State of Kansas relating to business entities and that I am the proper official to execute this certificate.

Entity Name: WESTAR ENERGY, INC.

Structure: KANSAS FOR PROFIT CORPORATION

Business Entity ID Number: 0087775

Was filed in this office on March 06, 1924 and has complied with the applicable provisions of the laws of the state of Kansas and on this date is in good standing and authorized to transact business or to conduct affairs within this state



In testimony whereof: I hereto set my hand and cause to be affixed my official seal. Done at the City of Topeka, this 14 of May , 2008.

RON THORNBURGH
SECRETARY OF STATE

Certificate ID: 172575 - To verify the validity of this certificate please visit https://www.accesskansas.org/businessentity/validate.html and enter the certificate ID number.

Kansas Online
Business Entity Search

A partnership of the
KANSAS SECRETARY of STATE
and the INFORMATION NETWORK
of KANSAS, INC.

Kansas Secretary of State
Business Entity Certificate Validation

Certificate Valid

A Certificate of Good Standing was issued by the Kansas Secretary of State bearing Certificate ID **172575** on **May 14, 2008**. This Certificate pertains to the business entity **WESTAR ENERGY, INC.**, which is a(n) **KANSAS FOR PROFIT CORPORATION**. This business has an incorporation date of **March 06, 1924** and is identified by business entity File # **0087775**. The information for this certificate was based on **May 14, 2008**.

Validate Another Certificate